

Zettner & Co



Trendline Selection AMC

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Trendline Selection

The Trendline Selection AMC is an actively managed investment certificate focusing predominantly on stocks with strong momentum. Investment decisions are driven by quantitative algorithms that determine entry and exit points. To ensure quality, we handpick 10 securities with optimal momentum and tolerable downside risk from an algorithm-curated selection.

Product **AMC**

Counterparty **ZKB**

Asset Class **Stocks**



Why Invest?

Catch Behavioural Trends Early On

Algorithmic Signals

Not Fundamental

Why Invest?

Catch Behavioural Trends Early On

This trend-following momentum strategy is mainly based on signals related to prices, enabling us to capitalise on new trends early on as the price is often a first mover and up to date. Using the Trendline Selection, investors in the certificate can exploit behavioural effects such as herding. We aim to invest in new trends as early as possible to profit from as much of the market move as possible.

Algorithmic Signals

Price-related signals have two main advantages. First, they can be tested and optimised using historical datasets without too many biases. This enables us to empirically test our signals for significance before and while in use. Second, we can track signals across an investment universe of thousands of stocks within seconds thanks to algorithms that are screening the markets on an ongoing basis. This results in numerous investment opportunities.

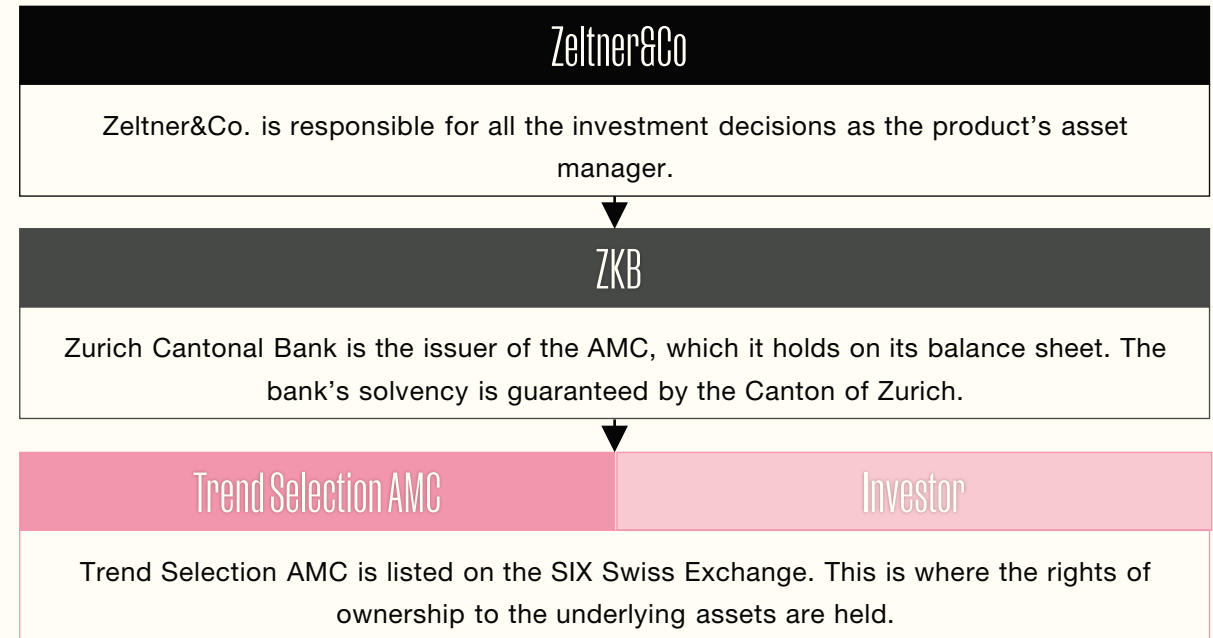
Not Fundamental

Our algorithm only considers price-related signals; we do not use fundamental factors like a firm's net income or book value as inputs. Fundamentals are often considered by stock investors, but involve the drawback of being lagging indicators as published results always cover the past, whereas the stock price is an up-to-date indicator. Because the strategy is based on prices, an allocation could be a good way of diversifying a broad portfolio that includes strategies managed according to a fundamental approach.

Facts

Product	Facts
ISIN	CH1139767094
Issuer	Zurich Cantonal Bank
Paying Agent	Zurich Cantonal Bank
Issuer Rating	Standard & Poor's AAA, Moody's Aaa, Fitch AAA
Asset Manager	Zeltner & Co GmbH
Type of Product	Actively Managed Certificate (AMC)
Category	Tracker Certificate
Currency	USD
Launch Date	27 Mai 2022
Term	Open-End
Fix Fee (Administration and Management Fee)	1.5%
Performance Fee	15% with High Watermark
Liquidity	Daily
Issue Price	100% of Basket Value
Nominal	USD 100
Agio	0%
Subscription Fee	0%
Redemption Fee	0%

Setup



We selected Zurich Cantonal Bank as the AMC's issuer as the Canton of Zurich bears responsibility for the bank's solvency by law. The bank is one of only five in the world to have a credit rating of AAA/Aaa. It is also an experienced AMC issuer and is based in Switzerland.

Main Risks

Risks	Rationale
Macroeconomic Risk	The macroeconomic environment can have a significant negative impact on stocks, which can lead to larger price movements
Cluster Risk	Investing in an equity portfolio can bear significant cluster risks as different stocks are highly correlated.
Counterparty Risk	All counterparties required in the AMC structure have a potential risk of default and other complications, which could lead to strong drawdowns or other risks like exceptional illiquidity.
Default Risk	Stock products represent company shares, there is a risk of bankruptcy and therefore significant drawdowns
Financial Risk	Past performance does not indicate future positive returns. An investment in this product is therefore no guarantee of a profit.

Investment Philosophy

Strategy

We aim to outperform the MSCI World by producing a highly concentrated portfolio of primarily stocks, with occasional investments in derivatives or ETFs. The portfolio typically has a high tracking error relative to the MSCI World. We select holdings using quantitative algorithms that focus on signals resulting from price movements and trends; we do not incorporate fundamental analysis in our process.

Investment Universe

The investment universe consists of a global pool of stocks and derivatives with stocks as their underlying asset. The stocks must be part of a predefined list of indices that is monitored by the algorithm.

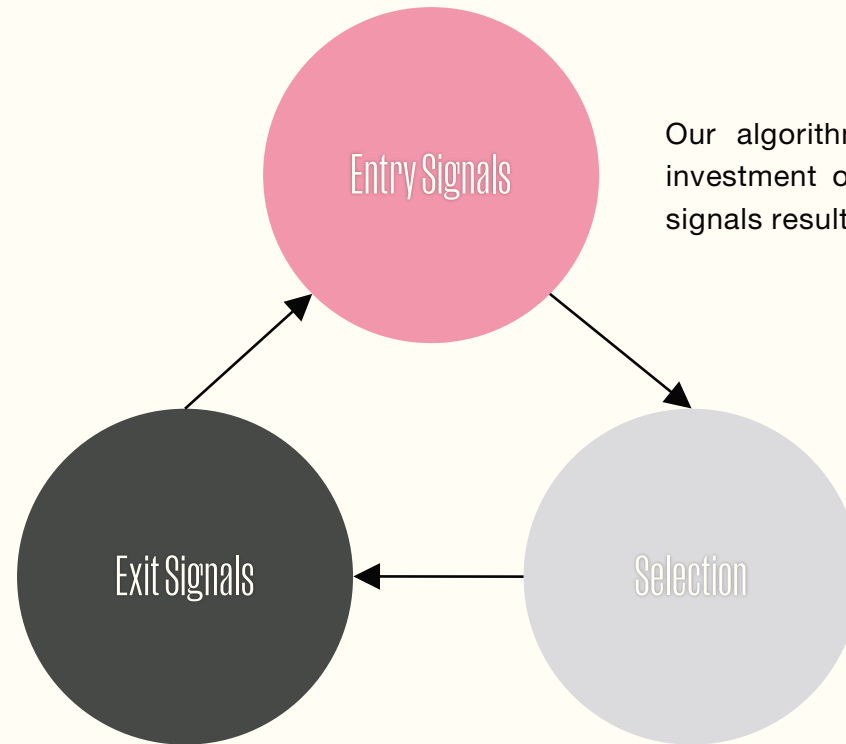
Advisory Board

The Advisory Board, which consists of Thomas Zeltner, Kim Wirth and internal analysts, tested the signals, developed the algorithm and is responsible for its constant maintenance and implementing its stock selection.



Investment Philosophy

We constantly screen the portfolio for signals that could indicate the end of a trend. Once an exit from a position is triggered, the position will be replaced by another security arising from the entry signal list in accordance with the selection process.



Our algorithm scans a huge universe of stocks to pinpoint new investment opportunities based on technical analysis. The weighted signals result in a list of potential investment ideas.

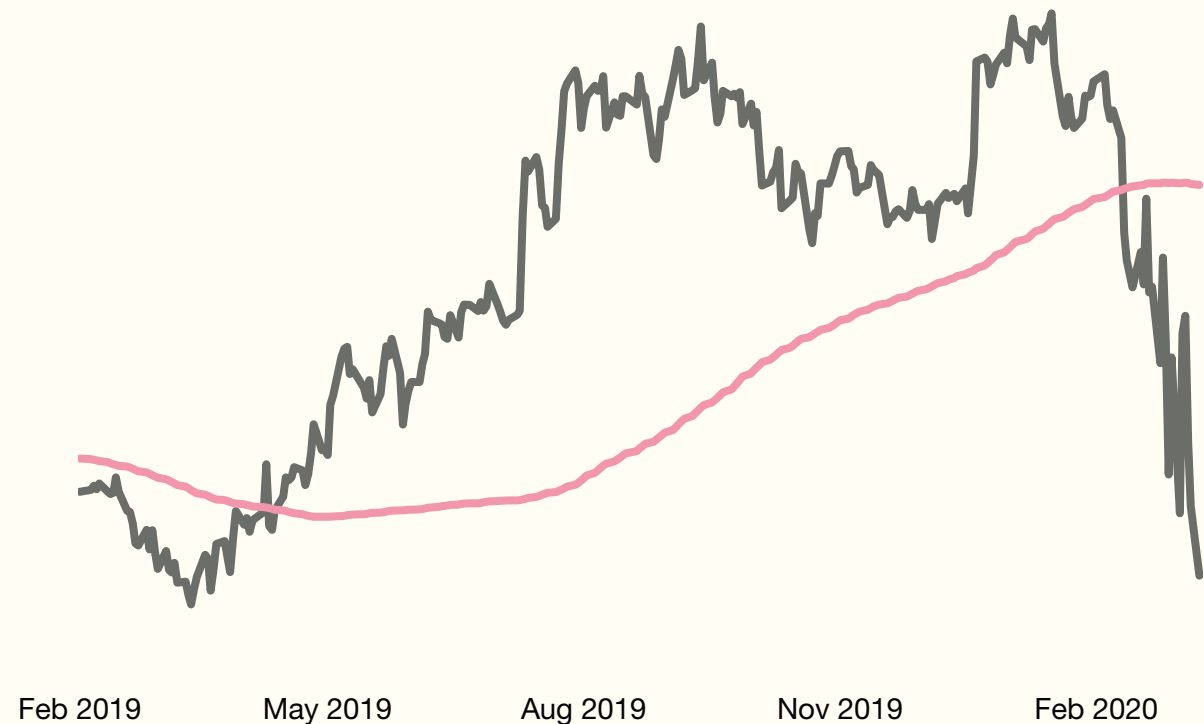
From there, we select individual holdings based on multiple criteria to optimise intra-portfolio correlations and ensure the portfolio is well diversified, both at the sector and regional levels.

Learn About Price Signals

Moving Average

Moving averages are often used to identify trends. Once a price crosses above a moving average, investors could consider buying the stock and holding it as long as the price remains above the moving average. Moving averages can also be used as an exit signal. Moving averages are most commonly based on average prices over the past 200 days or 50 days. The graph shows how the moving average can be a good buy or sell signal for trending stocks.

Moving average example (random stock)



Advisory Board



Thomas Zeltner

Thomas Zeltner is in charge of managing the family office and investment boutique. He has had a significant influence on the family's investment decisions since 2015 and steered the family through the succession phase. He serves Zeltner & Co both as Chairman of the Board and as CEO. He learned about traditional private banking from experienced peers, studied the latest research and best practices and always looks out for disruptive new techniques to find the best way to manage family wealth in the 21st century.

Thomas lives in Zurich and is an avid fan of motorsport – a passion he shared with his father. He enjoys spending time outdoors and keeping fit.



Kim Wirth

Kim Wirth is the co-founder of Zeltner & Co. He is the firm's CIO and a member of the Board. Having worked in a variety of financial companies in fields such as real estate, private banking, investments and commodities, he has amassed considerable expertise that means he is ideally placed to run a cross-asset-class investment office. His network of contacts includes experts in a wide range of asset classes and a number of industries.

Kim grew up in the countryside near the small town Solothurn and now lives in the centre of Zurich. He is the CIO – no time for hobbies.

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