EASY NEU ALPHA PARTNERS SA

An introduction to

Easy Neu Alpha Partners SA

Colombier, Neuchatel Switzerland

Alpha Production in Multi Asset Class

ARIF Association Romande des Intermédiaires Financiers

EASY NEU ALPHA PARTNERS SA

Introduction

Who are we?

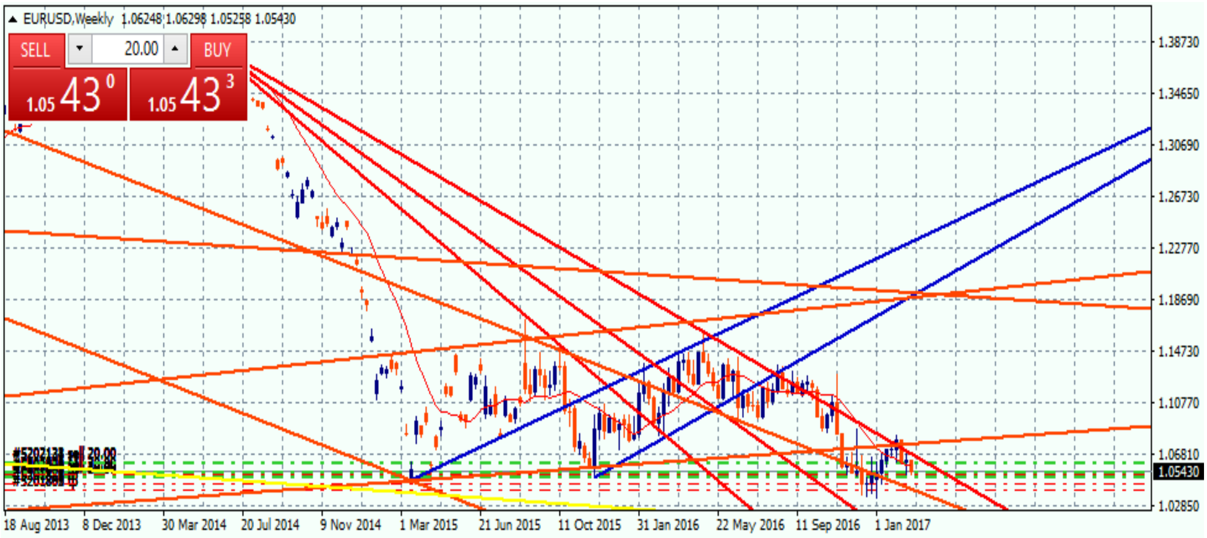
Easy Neu Alpha Partners SA is a multi-asset class asset manager focused on Alpha Production as well as pure Beta.

The company was formed in 2016 to bring together the talents of its Managing Partners in a regulated entity that focuses on delivering high capital returns whilst using limited amounts of leverage.

Easy Neu Alpha Partners SA is the combination of two highly experienced financial market experts with over 65 years of experience in high end financial market firms and hedge funds.

We use a combination of trading styles which are complimentary to each other in the terms of performance whilst diverse enough in their nature to accommodate all market conditions.

We use both systematic and economic driven models with a mix of discretionary to provide as diverse a portfolio structure as possible to withstand all market conditions.



Richard Morrish CEO

Richard started his career in 1978 on the London Stock Exchange where he completed a five year apprenticeship for partnership in the London Stock Exchange. Whilst his concentration was on the sovereign debt markets, his time included periods in all the major exchanges and markets including covering the Bank of England.

He moved on the inception of the Financial Futures Market to Grieveson Grant & Co where he acted as the head of sales and worked on establishing and maintaining relationships with US Investment Banks to build the cash futures arbitrage models. Richard then moved to County NatWest Bank to head their Cash/Futures Arbitrage book and covering the risk assessment to derivative exposures before finally arriving at Continental Bank to head their global futures division as the Managing Director.

Richard then started his own futures company and traded as an independent trader in the Futures Market (Local). His success led him to be approached by a leading Chicago Based Fund who asked him to set up and run a hedge fund in the UK using financial futures which then developed into acquiring a further hedge fund. The concentration was in Alpha Production with one fund concentrated on Short term trading and one on Strategic Global Macro.

Richard stepped down from his active fund roles in 2005 and concentrated on his advisor roles to various hedge fund investment committees before taking a role to assisting establishing MIG to be become a Swiss Bank. He has continued his trading activities and partnered with Howard Friend in 2009 where they have worked and planned on establishing a bespoke investment company which is now planning its future as a Swiss Bank.

A regular contributor over the years to CNBC, Bloomberg and various other media outlets, Richard has been a sought after speaker at conferences on Global Macro Economics and markets.

Howard Friend CIO

Howard has been actively involved in the financial markets since 1988. He started his career at Japanese investment firm Newcrest where he acquired his securities dealing licence and worked as an execution/sales trader in Japanese derivatives and Eurobonds. Whilst at Newcrest he developed a keen interest in chart analysis and devoted his career to the development of alpha creation methodologies. After spells in senior research positions at independent research provider MCM Europe and hedge fund Trysail Investments, Howard joined IDEA Global as Chief Technical Strategist where he headed up a worldwide team which provided short-term trading recommendations and research in FX, futures and commodities markets for the firm's hedge fund/investment bank client base.

Whilst at IDEA Howard studied for and passed the four-year Chartered Market Technicians course and become a Member of the Market Technicians Association. He became self-taught in trading system development and learned how to program trading strategies in TradeStation's EasyLanguage which he used to develop his alpha creation models.

In 2009 Howard joined MIG BANK in Switzerland where he ran his trading models for the Bank's client base before leaving in 2012 to trade client funds as a Swiss self-regulated Independent Asset Manager under ARIF. During this time he formed a partnership with Richard Morrish with a view to establishing a bespoke investment company which is now planning its future as a Swiss Bank.

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What Is Alpha?

Alpha Production is the use of both short and long term trading strategies to enhance returns whilst maintaining an active management of portfolios. Alpha is about creating high performance in returns whilst mitigating risk and minimising negative performance.

Positions are usually based across multi-asset classes though mandates may vary to a specific market environment.

Most Alpha outperforms standard Beta production.

Beta is the global asset allocation on the basis of passive management and fine tuning of strategic long term goals. These may include yield/income enhancement or have a bias for capital growth. The passive management role tends to reflect overall market sentiment and normally tracks overall asset class performance. The overall performance tends to reflect the mixed asset class performance as it is usually balanced between fixed income and equities.

Alpha is not restricted to long only or even an obligation to commitment of capital to assets. The majority of the times Alpha Producers are cash based in their operation. Whilst leverage can be implemented it is not usually used other than to reflect a diversification in the trading environment, the creation of synthetic long shorts across multi-asset classes to reflect issues like risk on or off, strength to a particular product or regional area.

Alpha Production tends to be short term in its nature, looking for anomalies in short term pricing. Our models have a tendency to focus on intraday and multi-day opportunity. This maintains fluidity in the capital utilisation. The assessment of risk is critical to the process and the use of stop losses and take profits are common place in this process.

Our implementations of strategic longer term trades are executed through the use of options either on physical or on a derivative of the physical. Our use of options is only undertaken on the basis of close ended risk, we never write options or take the open ended exposed risk. The definition of the ultimate capital at risk is paramount to the process of Alpha Production and its success.

Value of Alpha to a portfolio?

It is clear that the current low interest rate environment does not help investors and pushes them to more exotic and generally illiquid products to try to enhance portfolio performance. Whilst this can make sense in the short term, the long term could present significant issues, especially in illiquid investments.

A sound investment portfolio should reflect the goals and aims of the investor for capital growth or income stream, this should include a degree of Alpha. Alpha is about enhanced performance and an increased risk element to achieve this. As such customers should make this a percentage of their portfolio which represents their overall investment policy.

A small percentage of an aggressive Alpha can deliver an overall boost to the global portfolio. It is clear that a 20% performance enhancement on a 10% element of overall portfolio would add a 2% overall boost to the capital growth.

The capital utilisation is significantly lower than standard Beta investment, when linked to deep liquidity markets makes for a more fluid cash flow should there be any crisis or need for redemption. Every portfolio should include free cash and in effect, the free cash element can be held within the Alpha production side of global portfolio.

Trading Methodology- Howard Friend

Howard uses a mixture of algorithmic trading systems which have been designed to be both short term (intraday) and longer term (multiday) which operate in a manner which spreads risks across various trading environments.

The important aspect is that the systems are balanced to both long term and short term trading environments where the relative performances are balanced against the trading environment generally. Thus by not being dependant on solely one model, the risk mitigation is enhanced to bring a balanced and consistent longer term performance curve.

The models accommodate both trending and ranging markets, whilst also have models which activate in breakout and gap markets to enhance overall performance.

The systems operate on a 24/6 basis, where overall capital utilisation is maintained at a low level.

The systems can be tuned to the ultimate client risk appetite using long term historical data which indicates the correct level of leverage to achieve the clients' required risk profiling mandate. It is purely a process of dialling in the risk appetite and adjusting the execute models.

Howard's methodology has been proven over the years to be consistent to long term performance in returns matched with controlled and managed risk that is suitable for all appetites.

Trading Methodology- Richard Morrish

With forty years of financial market experience and over Thirty years of trading experience, Richard has seen nearly every market condition that is imaginable and has spent his years developing his own propriety trade system which he has refined over the years.

It is a system which is based off Gann and Harmonics, so it is capable of determining large structural moves as well as the short term moves with a large degree of accuracy. The advantage of understanding the structural moves indicates the markets which are reactive to these moves post the events. This helps to distribute risk across other markets.

The key is to understand the confluence of signs that are generated, to then engage with spread risk across counter intuitive markets. The system is capable of being engaged in all asset classes and this again is useful in identifying markets which are out of sync and will close extended differentials.

The use of intraday and short term trading is to allow the acquisition of structural trades but also manage to engage in taking advantage of short term moves to develop activity and engagement in the markets. This produces lower returns but frequent and often trading ideas to maintain the trading focus which tests the structural positions signalling.

The important aspect is to adjust the risk to compliment the underlying clients' appetite and manage the positional and intraday activity to represent their desired risk mandate. This model allows the scalability to match these appetites and to work within the confines that they create.

Combination of Trading – The Key Factor to Success

The success of the two models has been demonstrated over the long term and the merged records give strong real returns on an unleveraged basis of approximately 20% per annum.

The combination of the two models adjusts the risk profiling to accommodate the variances in the markets, thus enabling them to eliminate the risk of large negative swings to performance.

Systematic modelling does not mean high frequency, it is a low frequency trading system which allows the models to operate on a low risk basis and low leverage operational term reducing the need for high leverage.

The Gann and Harmonic models combined with the economic models is aimed at low to zero leverage with a strategic model which utilises long side option engagement which prevents open ended risk profiling.

There are two distinct strands to the asset allocation process

1) The use of discretionary allocation for both strategic and short term alpha production. This process is delivered by means of a Gann and Harmonic based technical system proprietary to the company, as well as an economic modelling.

2) The second is a purely systematic approach using both long term and short term models which assess and evaluated real value of markets on the basis of a swing based system. This system has been honed and tuned over a decade to become reactionary to timing and trend momentum.

Past Performance

Whilst past performance can not necessarily reflect future performance, it is a good guide to expectation of performance.

Over the past decade, our combined records on an unleveraged basis reflect returns of approximately 20% per annum. Some clients request higher risk profiles and we will accommodate these but the commiserate draws are amplified as a result.

We look to seek performance and maintain low capital utilisation by using high liquidity markets, where the depth of market can accommodate significant volumes without creating market distortions in pricing. We expect the majority of our activity to be executed at the market prices showing at the time, as the depth of market is sufficient even in high volatility to be able to enter and exit smoothly with minimal market disruption.

Why Easy Neu Alpha Partners SA?

We are a company which is based on knowledge and experience. We engage in a sole purpose of alpha creation with limited capital utilisation to mitigate risk within our overall activities. The combination of the two distinct trading methodologies lends itself to a diversification of risk overall which balances the overall performance to consistent performance. Whilst draws and negative performance is possible, yes, every system can hit patches of negative returns; the balance of the systems which are contrarian to each other tends to produce more smoothed long term performance.

This performance has averaged approximately 20% a year over the last eight years when the systems have been blended. It is the careful crafted blending of the systems which has produced a stable and profitable performance drawn from years of market experience spread across all asset classes.

Our goal is to produce alpha and to be active but not reactive to markets. It is the active aspect that helps the overall performance statistics. We trade to signals which give us the real perception of risk reward structures which balance and supply the correct levels of engagement to markets which fit the client's overall risk appetite.

Our view is to place the client first in the protection and preservation of capital whilst identifying the markets which are most valid to be used in the daily trading environment. This view to capital preservation places us in a unique attitude to asset allocation and trading activity, whilst fitting the client's overall risk mandate.

We are transparent and visible in our trading, should we hit 50% of our targeted risk mandate expressed at the outset by our client, we advise them that this has been hit. We stop and neutralise all positions should we hit full mandate and advise clients immediately of such action. We will seek a mandate extension if the mandate has been triggered by unforeseen market circumstances, such as the Swiss removal of their Euro peg, to enable clients to assess their overall involvement.

We unlike others will not use hedging or neutralisation to maintain unrealised losses and not reveal them to clients. Our entire process is enter trade and close the trade, either to its targeted stop loss or profit targets, there is no trying to run profits. Most traders lose most often by building a winning trade but never realising it. This is why we have clear defined processes and targets. If these targets are met either on the winning side or the losing side we are out. The next trade is exactly that, the next trade. A completed trade is one where are expectations are fulfilled.

If your desire is to have your capital managed by experienced, knowledgeable traders with a proven history, then Easy Neu Alpha Partners SA is your partner for the future. We view clients as partners to us and not a soulless entity; hence we produce a monthly report with clear statistics for performance, as well as a review of the month just completed and the month ahead. We want to share our views and outlook to clients, so they can better understand our reasoning and engagement in markets, how we performed and why we performed.

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Historic Track Record

Year	January	February	March	April	May	June	July	August	September	October	November	December	YTD	DD
***2016	3.35%	5.30%	10.09%	11.33%	2.60%	20.79%	1.91%	4.48%	0.11%	0.45%	5.82%	9.71%	75.94%	0%
*2015	-4.96%	0.98%	-2.00%	0.34%	3.36%	5.09%	2.66%	-20.42%	26.64%	2.78%	4.03%	3.55%	22.05%	-20.53%
2014	-1.11%	-3.45%	-1.25%	-1.55%	7.09%	3.83%	2.52%	0.65%	-2.77%	0.15%	0.15%	1.27%	5.53%	-7.31%
2013	-0.60%	15.68%	0.57%	2.93%	2.57%	-2.08%	-0.42%	0.31%	0.82%	1.14%	-2.37%	-2.11%	16.46%	-4.48%
2012	1.84%	-0.33%	0.76%	0.08%	-3.41%	2.65%	2.07%	-1.83%	-1.29%	6.23%	0.21%	-1.70%	5.27%	-3.12%
2011	-0.34%	-1.52%	1.86%	0.78%	5.92%	4.22%	-0.27%	1.24%	-2.08%	1.99%	1.40%	2.49%	15.70%	-1.35%
2010	1.99%	13.48%	1.93%	1.86%	1.26%	5.26%	4.34%	1.31%	2.96%	3.85%	0.40%	0.26%	38.90%	0%
2009	0.02%	0.15%	-2.56%	1.60%	0.65%	1.26%	-2.34%	2.76%	0.87%	3.81%	0.13%	8.96%	14.19%	-3.50%
**2008	3.17%	3.98%	7.80%	3.68%	0.90%	1.30%	4.31%	-1.11%	4.46%	0.58%	1.11%	1.93%	28.49%	-2.75%
**2007				1.07%	-0.48%	10.47%	7.51%	1.32%	11.06%	3.18%	10.87%	17.12%	62.12%	-1.19%

** From May 2015 the mandate was increased to a more aggressive mandate for higher performance, Leverage was lifted and draw ratios increased*

*** 2007/8 represent higher than normal volatility in the markets which helped the ultra high performance as a result of the financial collapse*

**** 2016 Saw strong performance as a result of Brexit and high market volatility in general with the Trump Victory*

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