



SMI[®] Risk Control Indizes

Balance Your SMI[®] Investment Risk Profile

The SMI Risk Control RV (realized volatility) indices are designed to balance the risk profile of an investment in the SMI index while aiming to realize a given target volatility. They combine the advantages of equity and money markets by allocating assets flexibly between the corresponding SMI equity index and a money market investment. In volatile markets (realized volatility > target volatility), the asset allocation is shifted more heavily towards a risk-free money market investment (SARON) avoiding extreme losses, whereas in less volatile markets (realized volatility < target volatility), the index concept allows for a leveraged investment (up to a maximum of 1.5) in the respective equity index. Thanks to dynamic allocation between the risky and risk-free component, the SMI Risk Control Indices offer you a significantly more stabilized risk profile including improved diversification of your portfolio. The SMI Risk Control RV indices apply the historical volatility of the risky indices component (SMI equity index) to determine the asset allocation. The follow-

ing table contains common vendor codes for the indices with the target volatility levels of 20%, 15%, 10% or 5%. The different target risk levels therefore enable investors to incorporate their own individual risk appetite.

Your advantages at a glance

- Higher expected portfolio returns at a given risk level
- Reduces the exposure to equity indices in volatile markets in order to avoid severe losses
- Incorporates the individual investor's own risk appetite by using four target volatility levels
- More stable risk profile and better portfolio diversification than a standard market-cap weighted equity index
- Simple replication using the familiar SMI index as equity portion

Overview of all SMI[®] Risk Control Indices

Index Name (full)	ISIN	Symbol	Reuters	Bloomberg
SMI Risk Control 5% RV CHF (Excess Return)	CH0149551019	SRC5E	.SRC5E	SRC5E
SMI Risk Control 5% RV CHF (Gross Return)	CH0149551043	SRC5G	.SRC5G	SRC5G
SMI Risk Control 10% RV CHF (Excess Return)	CH0149551068	SRC10E	.SRC10E	SRC10E
SMI Risk Control 10% RV CHF (Gross Return)	CH0149551324	SRC10G	.SRC10G	SRC10G
SMI Risk Control 15% RV CHF (Excess Return)	CH0149551936	SRC15E	.SRC15E	SRC15E
SMI Risk Control 15% RV CHF (Gross Return)	CH0149551951	SRC15G	.SRC15G	SRC15G
SMI Risk Control 20% RV CHF (Excess Return)	CH0149552009	SRC20E	.SRC20E	SRC20E
SMI Risk Control 20% RV CHF (Gross Return)	CH0149552017	SRC20G	.SRC20G	SRC20G

Index methodology

Example: SMI Risk Control RV 20% index

The index is composed of an investment in the SMI index and a risk-free money market investment, measured on the basis of the SARON. If the volatility of the SMI Risk Control RV 20% index deviates from the target level, a rebalancing is triggered. To avoid daily re-allocations due to minimal deviations between the realized and target risk level, a buffer is introduced. In volatile markets (realized volatility > target volatility), the asset allocation is shifted more heavily towards the risk-free money market investment, whereas in less vola-

tile markets (realized volatility < target volatility) a larger position in the SMI index is taken. To exploit the potential of an equity investment in less volatile markets, the index concept allows for a leveraged position in the SMI up to a cap level of 150%.

Quick facts

- Calculation hours: 08:59:00–17:33:00
- Calculation frequency: 1 sec
- Launch date: 1 June 2012
- History: available since 16 May 2000

Key figures for the SMI Risk Control Indices

The following table represents a comparison between the risk/return profile of the SMI Risk Control Indices and the SMI index.

ISIN	Index Name (full)	YTD	1y	3y	5y	Volatility
CH0149551019	SMI® Risk Control 5% RV CHF (Excess Return)	9.36%	9.36%	1.85%	3.20%	4.99%
CH0149551043	SMI® Risk Control 5% RV CHF (Gross Return)	8.56%	8.56%	1.11%	2.74%	4.98%
CH0149551068	SMI® Risk Control 10% RV CHF (Excess Return)	19.34%	19.34%	3.48%	6.24%	9.98%
CH0149551324	SMI® Risk Control 10% RV CHF (Gross Return)	18.46%	18.46%	2.73%	5.77%	9.97%
CH0149551936	SMI® Risk Control 15% RV CHF (Excess Return)	27.73%	27.73%	4.29%	9.24%	12.08%
CH0149551951	SMI® Risk Control 15% RV CHF (Gross Return)	26.78%	26.78%	3.53%	8.75%	12.07%
CH0149552009	SMI® Risk Control 20% RV CHF (Excess Return)	28.80%	28.80%	3.69%	11.40%	12.08%
CH0149552017	SMI® Risk Control 20% RV CHF (Gross Return)	27.84%	27.84%	2.94%	10.91%	12.07%

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All used data are on a yearly basis as of 29.12.2017. Source: SIX Swiss Exchange Ltd

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