

Press Release

Solactive releases innovative Global Equity Index with Research Company CIMalgo AB

5 June 2019

Solactive is pleased to announce the release of its latest innovation in complex Index development. The Solactive CIMalgo Wedge R100 Index uses sophisticated algorithms that reduce the portfolio's beta and volatility while keeping exposure to the global equity market.

After the release of a series of thematic indices with various asset managers, Frankfurt's multi-asset index shop, Solactive, releases a novum in complex indexing: The **Solactive CIMalgo Wedge R100 Index** contains a scientific approach that intends to track the price movements of a portfolio of 100 equally weighted stocks, selected from a universe of the 2000 largest corporations globally.

CIMalgo's quantitative strategies refute conventional portfolio theory, which suggests that a reduction of a portfolio's risk goes in line with a sacrifice in returns. By applying to the base universe a **Binary Differential Evolution Algorithm** – which is a powerful, fast, and robust optimizer – least qualified securities for the portfolio are filtered from the initial basket. To further refine the index constituents, the methodology utilizes statistical **change-point detection** when calculating the variance-covariance matrix to identify high volatility amplitudes. The final index results in a portfolio selection avoiding drawdowns without compromising its upside potential.

"A whole universe of complex and elaborated strategies is developed holistically within Solactive," says Timo Pfeiffer, Head of Research at Solactive. "The collaboration with CIMalgo was very fruitful since both Solactive and CIMalgo share the same methodological approach towards indexing."

André L Havas, Senior Partner at CIMalgo, comments: *"CIMalgo has developed an investment technique that allows for investors to have exposure towards global equities with superior risk mitigation in place. A consequence of this, in a world of low-interest rates and scarce asset allocation plays, is that the investor can avoid large drawdowns in portfolios without making calls on the global equity market. Any liability or payout-driven investor will be able to hold equities and their inherent superior returns to a higher degree for a longer*

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duration of time with CIMalgo's technique for mitigating volatility without giving up the upside. For CIMalgo to partner up with Solactive was a natural choice given the sophistication and understanding of complex investment matter, being a true innovator as well as having a global commercial reach."

Leif G Bohman, CEO & Founder CIMalgo comments: *"The objective of the Solactive CIMalgo Wedge R100 index is to significantly outperform leading global indices by an optimized covariation model to deliver sustainable Alpha by reducing the model's Beta and volatility from a global universe of 2000 Blue-Chip high liquidity stocks and without any market or sector bias."*

For further information, please visit <http://www.solactive.com>.

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Note to editors

About Solactive

Solactive AG is an innovative index provider and financial data and technology provider that focuses on the development, calculation and distribution of tailor-made indices across all asset classes. As at January 2019, Solactive AG served approximately 400 clients in Europe, America and Asia, with approximately USD 200 billion invested in products linked to indices calculated by the company globally, primarily via 380 exchange-traded funds from a number of well-known providers. Solactive AG was established in 2007 and is headquartered in Frankfurt, with additional offices in Berlin, Dresden, Hong Kong and Toronto. For further information, please visit www.solactive.com.

About CIMalgo

CIMalgo is a Research & Development company providing quantitative trading solutions, customized portfolio models and global stock-market analytics. CIMalgo's proprietary and patented methods are based on mathematical finance, computational epistemology and machine learning. For further information, please visit www.cimalgo.com.

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