

Our mindset – your asset.

Tailor-made wealth management to individual and institutional investors.



## Your asset.

Highgate Wealth Management's managing partners have over a century of combined experience in the financial markets, acquired in some of the most renowned and traditional financial institutions of the world. They have joined forces at Highgate to put at the service of their clients their complementary skill sets and expertise.

From the outset, Highgate's partners endeavored to create a company that based on the principles of independence, objectivity and transparency, perfectly aligned the interests of its clients with its own.

As an independent asset manager, Highgate has resolved important conflicts of interest that are present when the client's asset manager is also a multi-service financial institution. The company's structural independence is reinforced by transparent revenue streams. Highgate's only source of income is the fees charged to its clients, making it clear whom Highgate works for.

Highgate's agile and dynamic structure combined with our partner custodian banks' solidity is like David and Goliath playing alongside in the same team, a powerful end-result. However, the picture would not have been complete unless the environment where Highgate operates provided the requisite conditions. Highgate is headquartered in Switzerland, a center of great tradition in the asset management industry, which continues to be the only financial center of demonstrated seriousness with unwavering commitment to the banking secrecy.

## Our mindset.

Our mission is to help our clients create a suitable and achievable financial plan, and successfully implement that plan in an integrated and cost-efficient manner, through client-by-client strategy design, objective and independent advice, and above-average risk-adjusted return.

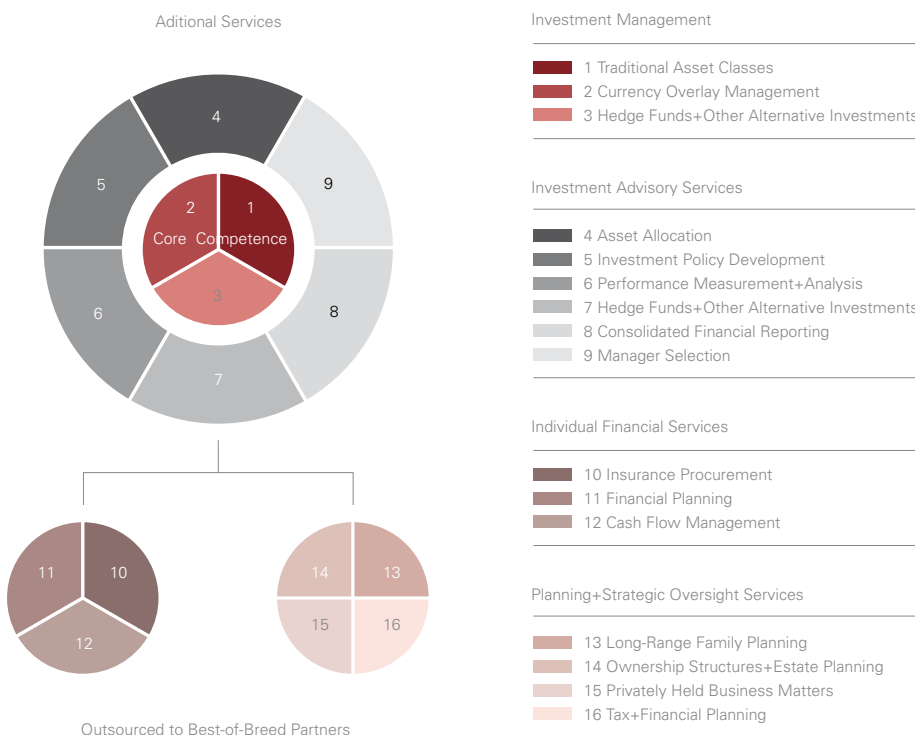
Highgate's competence driven decision-making process allows for proactive and timely responses to financial market dynamics, greatly reducing the time-gap between deciding and implementing a strategic change.

At the core of our strategy is a dynamic asset management process that enables Highgate to successfully navigate the ever-changing market conditions.

And then, there is Time. We have more of it... Highgate's lean organizational structure and competence-based responsibility allocation, avoids time being spent with pure bureaucratic and managerial functions. The time rescued from non-value-adding activities provides the right platform for long-term client firm relationship creation and personalized service.

## Our Products and Services.

Highgate focuses its activities in the area of investment management. However, Highgate has built an extensive network of best-of-breed service providers in the areas of individual financial services, and planning and strategic oversight services. We would be glad to help you find the most suitable service provider in areas outside our direct scope of operation.



## Your Partners.



### **Daniel A. Schwitter**

President of the Board of Directors.

Daniel Schwitter has over 40 years of financial markets experience, of which over 30 years spent at UBS. His macroeconomic analysis expertise inherent in his successful execution of his former position as UBS's Global Head of Treasury and partaking in the UBS's Global Risk Management Council is invaluable to the successful implementation of Highgate's investment strategy. Daniel Schwitter is responsible for the articulation of Highgate's macroeconomic view, country and currency allocation recommendation as well as the currency management. Daniel Schwitter is a graduate from the Swiss Business School.

### **Vinicio Marsiaj, CFA**

Member of the Board and Chief Executive Officer.

Vinicio Marsiaj, with an extensive academic background, brings to Highgate in-depth knowledge of the various financial instruments available to today's investors and the experience implementing them in various underlying markets. He has successfully managed classic asset classes (internationally diversified, balanced portfolios while a portfolio manager at JP Morgan Investment Management) as well as alternative asset classes (precious metals, base metals and energy derivatives and structured products while at UBS AG). Vinicio Marsiaj is responsible for Highgate's portfolio management and portfolio advisory. Vinicio Marsiaj has a Master of Business Administration (MBA) degree from The Wharton School of the University of Pennsylvania, a Master of Science (MSc) degree from the University of London, and is a CFA chart holder.

### **Jean-Jacques Baume**

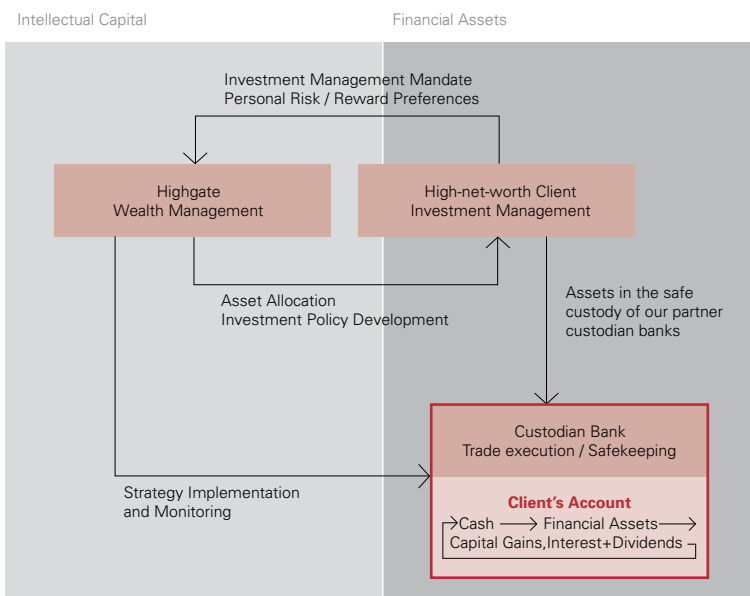
Member of the Board and Technology+Risk Management Advisor.

Jean-Jacques Baume's many years experience has been in the areas of foreign exchange, money market and precious metals systems, risk management and controlling, cash management and accounting. He was responsible for the functional architecture and was deeply involved in the development and deployment of a state of the art foreign exchange and interest rate risk management system of a large Swiss bank. Jean-Jacques Baume leads Highgate's efforts in the architectural design and deployment of Highgate's asset and risk management systems. Jean-Jacques Baume is a graduate (Dipl.) from the Swiss Federal Institute of Technology (ETH) Zurich, has a postgraduate degree from University of California, Berkeley and is a member of ASCO (Association of Management Consultants Switzerland).



## Highgate as your Investment Manager.

Highgate provides tailor-made solutions to individual and institutional investors. Our clients' assets are deposited in the safe custody of our partner custodian banks, some of the world's most solid and reputable financial institutions, in an account opened in the client's name, and for the client's exclusive access. Highgate, with a limited power of attorney, which allows for the re-allocation of assets but not withdrawals, interacts with the custodian bank re-allocating the assets to optimize the portfolio mix in strict accordance with the investment management mandate agreed with the client.



Highgate's partner custodian banks are some of the world's most solid and reputable financial institutions, including UBS, HSBC, Credit Suisse and Julius Baer. They were selected according to their creditworthiness, service quality, global reach and client orientation.

# The Investment Process.

A successful investment strategy is achieved through a dynamic investment process, incorporating both strategic and tactical steps:

**Strategic:** consists of developing a “base” asset mix that supports the investor’s goals over a specified time horizon. The composition of the mix is determined by the investor’s time horizon, constraints and risk tolerance;

and

**Tactic:** consists of making changes to the “base” asset mix according to current market conditions and the portfolio manager’s insights.

On the way to creating, our core, strategic asset allocation, Highgate strives to find a good balance between theory and practice, the qualitative and the quantitative. On the one hand, Highgate employs its proprietary Dynamic Re-Allocation Model, a quantitative tool that on a periodic basis makes recommendations as to indicated proportions to allocate to cash, fixed income and equity asset classes. On the other hand, Highgate elaborates its market view with respect to currencies, interest rates and overall equity market fundamentals and trends. Finally, these two sources of information are pulled together and adjusted when needed to arrive at Highgate’s strategic (core) asset allocation.

## The Dynamic Re-Allocation Model.

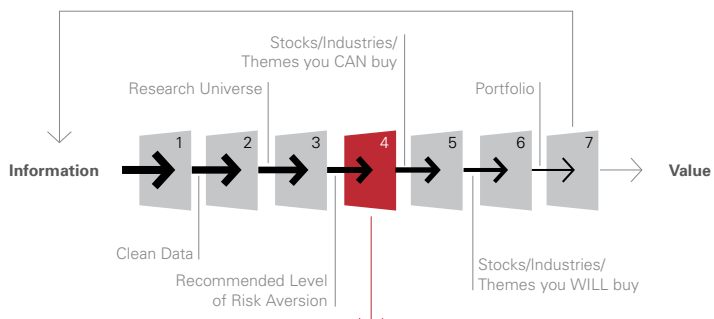
The Dynamic Re-Allocation Model (DRM) is a proprietary dynamic asset allocation model developed by Highgate. Although not the only element, Highgate's DRM is central to Highgate both tactical and strategic asset allocation processes. Alongside decades of highly relevant experience covering many markets and market conditions, the DRM helps Highgate's partners manage the dynamism so fundamental to navigate today's markets, and incorporates the necessary quantitative rigor to deal with the inevitable complexities of finance.

The DRM is based on fundamental economic theories and employs sophisticated econometric techniques. Effectively, the model functions as an external advisor to Highgate's portfolio managers, making recommendations that are objective and independent, devoid of emotional content and unbiased with respect to existing portfolio holdings.

On a monthly basis, after being fed the most recent financial data, the model suggests allocations to cash, fixed income and equity markets. The fixed income allocation is made up of sub-allocations to short-, medium- and long-term parts of the Treasury yield curve, and to the corporate investment grade market. The equity allocation is the sum of the sub-allocations made to the 10 industrial sectors of the Dow Jones Global Indices.

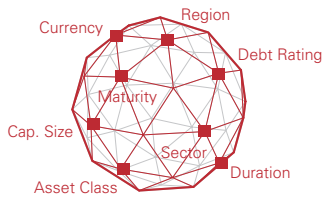
Technically speaking, the model gives asset allocation, duration bucketing as well as sector rotation recommendations. The optimal asset allocation and sector rotation recommendations are revised monthly, however monitored daily and tactically adjusted as needed.

The DRM has wide applications. Strategies can be implemented in a variety of currencies and may include: (a) multi-asset-class absolute/benchmarked return strategies; (b) single-asset-class relative/benchmarked return strategies; (c) long-only strategies; (d) long-short strategies; etc.



Dynamic Re-Allocation Strategy Filters

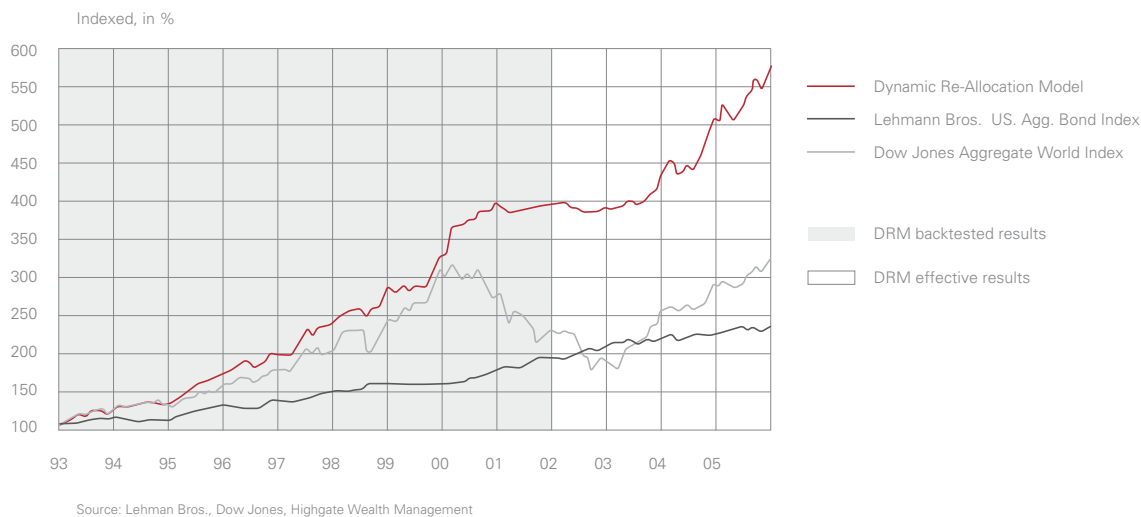
- 1 Data Collection+Cleaning Process
- 2 Macro Policy / Philosophy
- 3 Asset Market's Risk Assessment
- 4 Dynamic Re-Allocation Model
- 5 Empirical Assessment+Adjustment
- 6 Portfolio Construction+Management Process
- 7 Performance Attribution, Quality Control+Enhancement



Dynamic Re-Allocation Model's Monthly Recommendation

## DRM Investment Results.

As already mentioned, the DRM has wide applications. Below you will find model results for our US Dollar, absolute return driven, internationally diversified model portfolio.



Important take-away points from the chart:

- Unquestionable superiority of a dynamic strategy over static alternatives,
- Looking at the period 1993 to 1999, one can see that in good years, periods of positive performance in the equity markets, Highgate's DRM performed as well as the market,
- Looking at the period 2000 to 2003, an extremely negative period for equity markets, one can see that Highgate's DRM conserved capital,

Performing well in positive years and conserving capital in negative ones is the dream of any portfolio manager.

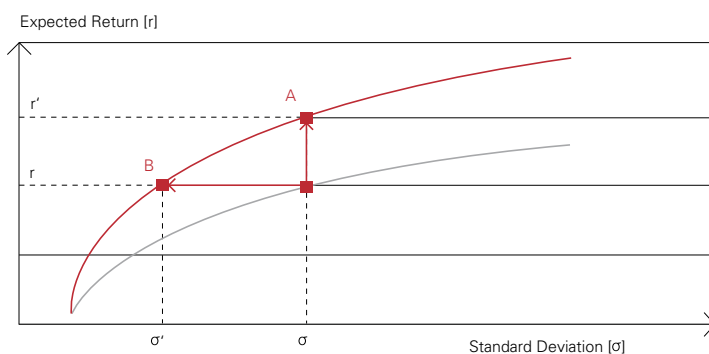
# Currency Overlay Management.

A successful investment strategy would not be complete without encompassing currency risk management and return enhancing techniques designed to deal with the currency risks inherent in an internationally diversified portfolio. To that end, it is an essential part of Highgate's strategy to use the latest thinking in currency overlay management techniques as well as the exceptional experience in the currency markets brought to bear by some of Highgate's partners.

Currency overlay management, priced and sold as a stand-alone service to individual and institutional clients by the big financial institutions, is an integral part of Highgate's portfolio management process at no additional costs to our clients.

Currency overlay management's combination of low expected correlation ( $E[\rho]$ ) to traditional asset classes, low expected volatility ( $E[\sigma]$ ) and positive expected return ( $E[r]$ ), shifts the efficient frontier north-westerly. In other words, for the same amount of incurred risk  $[\sigma]$  the investor can hope to achieve a higher return  $[r']$  (point A). Equivalently, for the same amount of expected return  $[r]$  the investor incurs a lower level of risk  $[\sigma']$  (point B).

## A North-Westerly Shift in the Frontier



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