



1Q21 REPORT SUMMARY

- During the first quarter of 2021, the Memnon ARP Strategy returned 0.6% gross of fees.
- The reflation theme printed the pulse of markets and weighed on government bonds in developed and emerging countries. ARP managed to generate performance through its active positioning favouring equities, notably in European markets. Commodities also performed well in this context. Our absolute-return strategies (Satellite) completing the Global Macro portfolio (Core) also contributed positively to the performance.
- Reopening economies, governments' support, massive extra-savings (12% of GDP in the US), population enthusiasm, low inventories laid the ground for inflation overshooting expectations, and for longer than anticipated.
- We continue to favour a scenario of rising equities, government stimulus plans being a powerful support to global markets. At the same time, we keep in mind that equities are at risk should uncontrolled inflation force central banks to a less accommodative path. Hence alternative protective strategies (long VIX) are kept in place to compensate for Bonds' expected lack of protective power for Equities portfolios in a downmarket triggered by inflationary fears.
- In the short and mid term, we aim at reinforcing ARP's inflation proof features: reinforced commodities exposure, wisely picked equity sectors, short positions on ultra-long bonds combined with active trends, Memnon ARP is well equipped to address the upcoming inflationary environment.

The performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher. Periods over one-year are annualized.

The commentary is not intended as a guarantee of profitable outcomes. Any forward-looking statements are based on certain expectations and assumptions that are susceptible to changes in circumstances

PERFORMANCE

PERFORMANCE (INCEPTION – SEP 2013)

	1Q21	YTD	1Y	3Y pa	5Y pa	Inception pa
Memnon ARP (gross)	0.6	0.6	12.5	2.8	3.7	4.0

STATISTICS (SINCE INCEPTION – FEB 2011)

	Portfolio
Annual Return (%p.a.)	4.0
Volatility (%p.a.)	5.9

ASSETS

	M EUR	M USD
Memnon ARP	20	24
Firm	1,992	2,337

SNAPSHOT

EXPOSURES (CORE)

Asset Class	Region	Exposure
Govt Bonds	N.America	20%
	Europe	28%
	Japan	17%
Equity	N.America	8%
	Europe	17%
	Japan	10%
	Emerging	5%
Commodities	Diversified	14%
Credit	HY	4%
	Emerg. Debt	1%
Total		124%

MEMNON ARP

Investment Objective

- We think the Memnon ARP strategy can generate **regular positive returns** for investors by taking directional Long or Short exposures on global markets. While the research output is **fully systematic** and based on a proprietary risk budgeting approach, the final portfolio construction is **controlled** by our macro investment team.

Process

- **Core Directional:** The investments process relies on a systematic analysis of hundreds of complementary variables that translates into capital allocation to the most promising asset classes (Govts bonds, Equities, Commodities, Credit) in each region of the world. Zadig relies on our macro team that is at the forefront of innovation in portfolio construction and asset allocation research. Combining risk budgeting with trend following and macro data mining, the investment process relies on multiple sources of performance.
- **Satellite:** To enhance performance and possibly generate returns in all market conditions, notably in markets with no clear trend, **market neutral strategies** in Equities, Bonds and FX complete the Core strategy. **Short biased** strategies are implemented to address liquidity driven flash crashes driven by high leverage on financial markets.

Why invest in Memnon ARP

- **Participation to macro trends.** Interventionism and stimulus plans are building a track for markets to continue their expansion. At the same time, vulnerability and fragility is looming (record leverage, uncertain fundamentals), hence the necessity to be agile and flexible rather than remain long and hope for diversification to protect against periods of prolonged asset class decline.
- **Hedge for inflation.** Historically equities are not inflation proof. Companies need to cope with rising production prices and preserve their margins. Through its capacity to short the bond market, the Equity market and go long commodities, Memnon ARP is fully equipped and prepared to deal with an inflationary environment.



Sebastien Maillard
Head of Macro Strategies
20 years of experience

HOPE FOR THE BEST, PREPARE FOR THE WORST

Economies are reopening and governments continue to support consumers leading to massive extra-savings (12% of GDP in the US). This translates into very high consumption while supply is limited, and stocks are low.

Memnon ARP is well equipped to address the upcoming inflationary environment: exposure to commodities and active trend following strategies have proved to be - at least historically - the best performing strategies when inflation crush returns on other assets.

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