

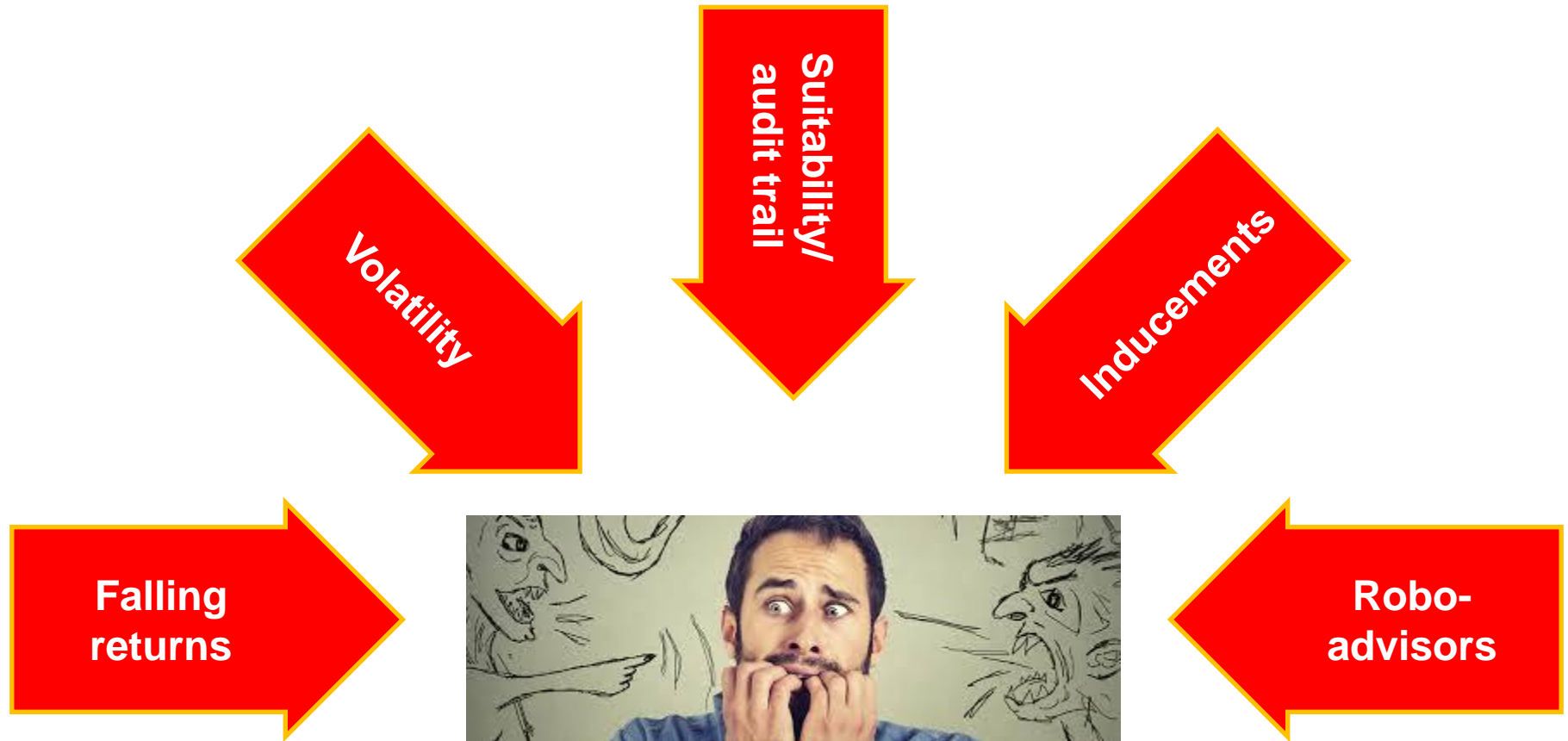
New Solutions for the Structuring of Assets

What it means for
Clients and Intermediaries

Simon Colboc
CIFA XIVth International Forum
Monaco, 3 June 2016

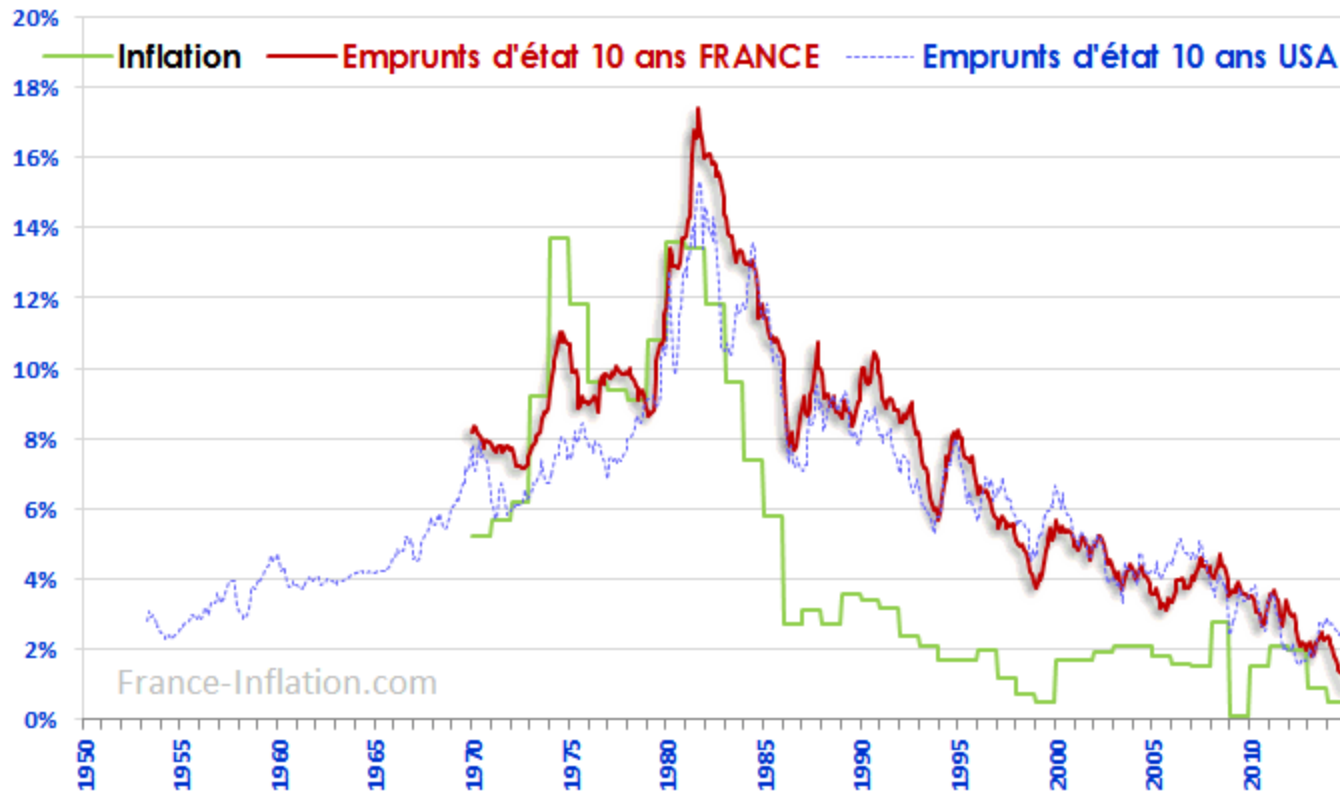


We keep hearing Advisor models are under threat



Interest rates have bottomed out...

...after 25 years of gradual reduction



Source: http://france-inflation.com/taux_10ans.php

We are no longer buoyed by rising tides



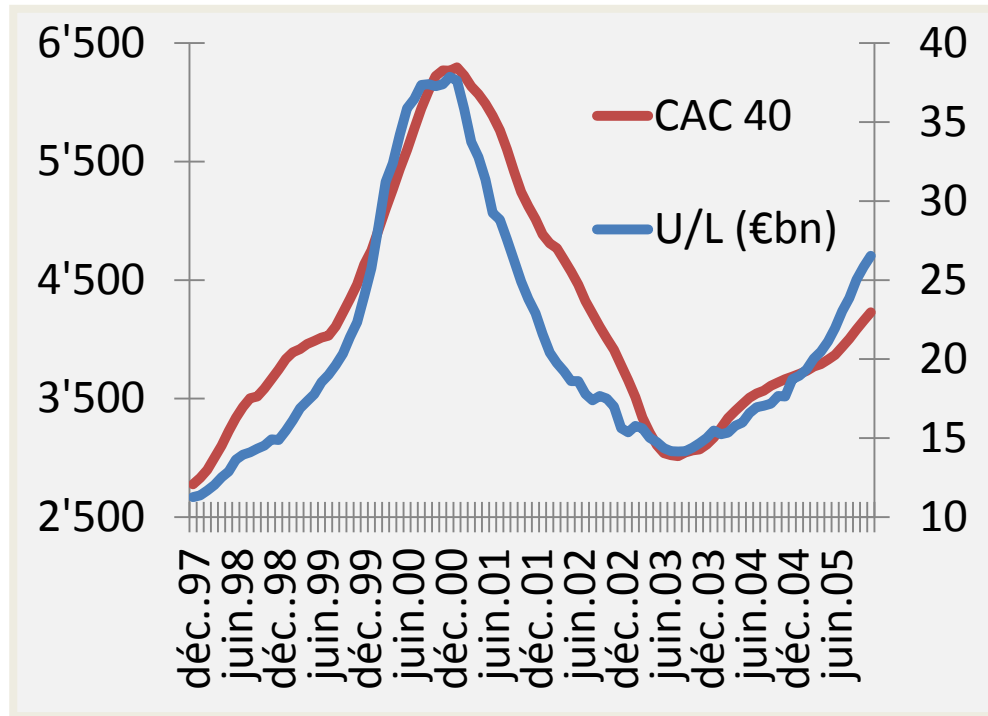
*Only when the tide goes out do you discover
who's been swimming naked.*

Warren Buffett

Timing the market: sounds like a good idea

But it often ends in tears

Comparison of Unit-linked investment with stockmarket variations (France)

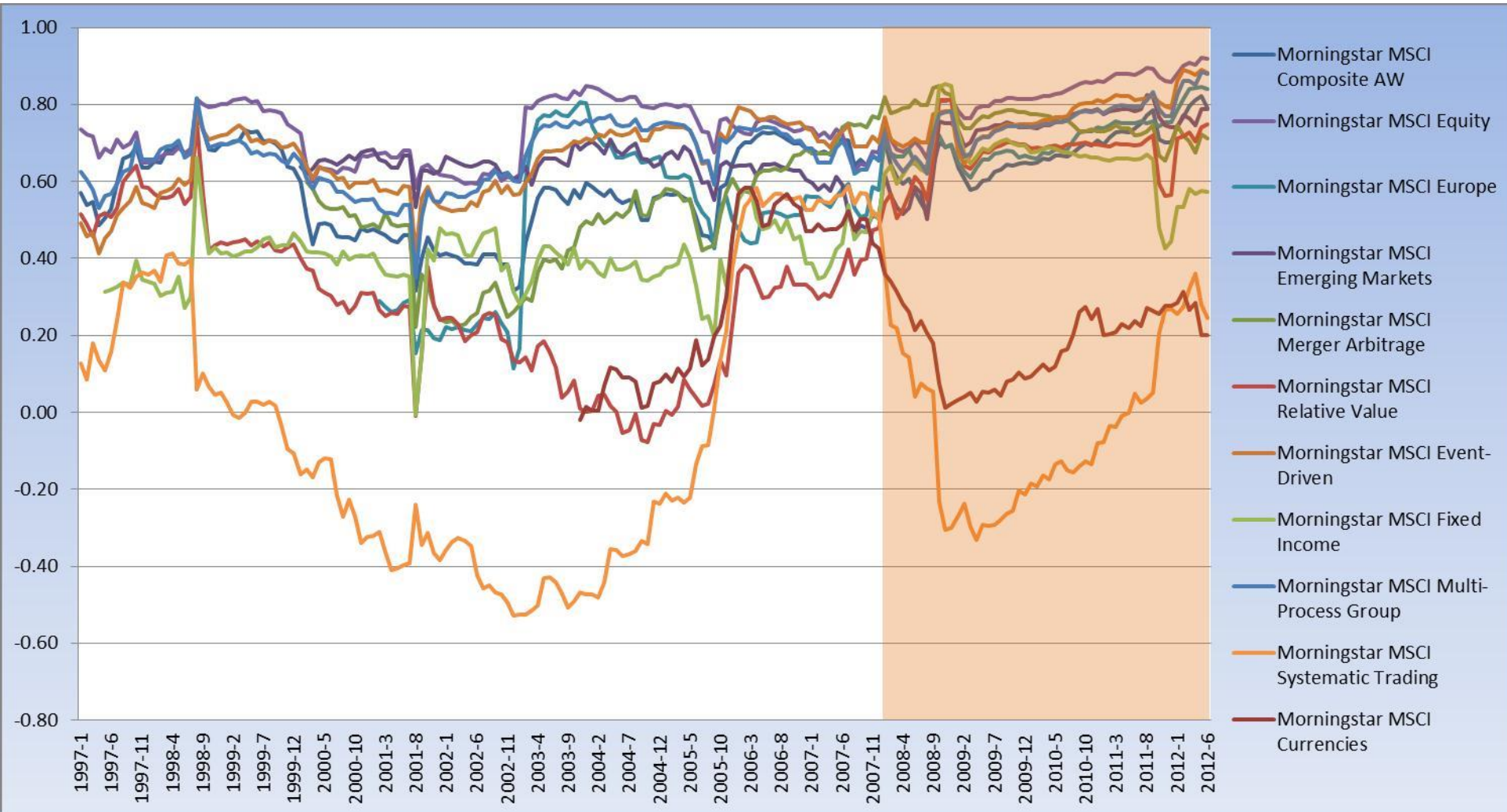


Source: FFSA 2005 (12-month average)

It's tough to make predictions, especially about the future

Yogi Berra

Has diversification disappeared?

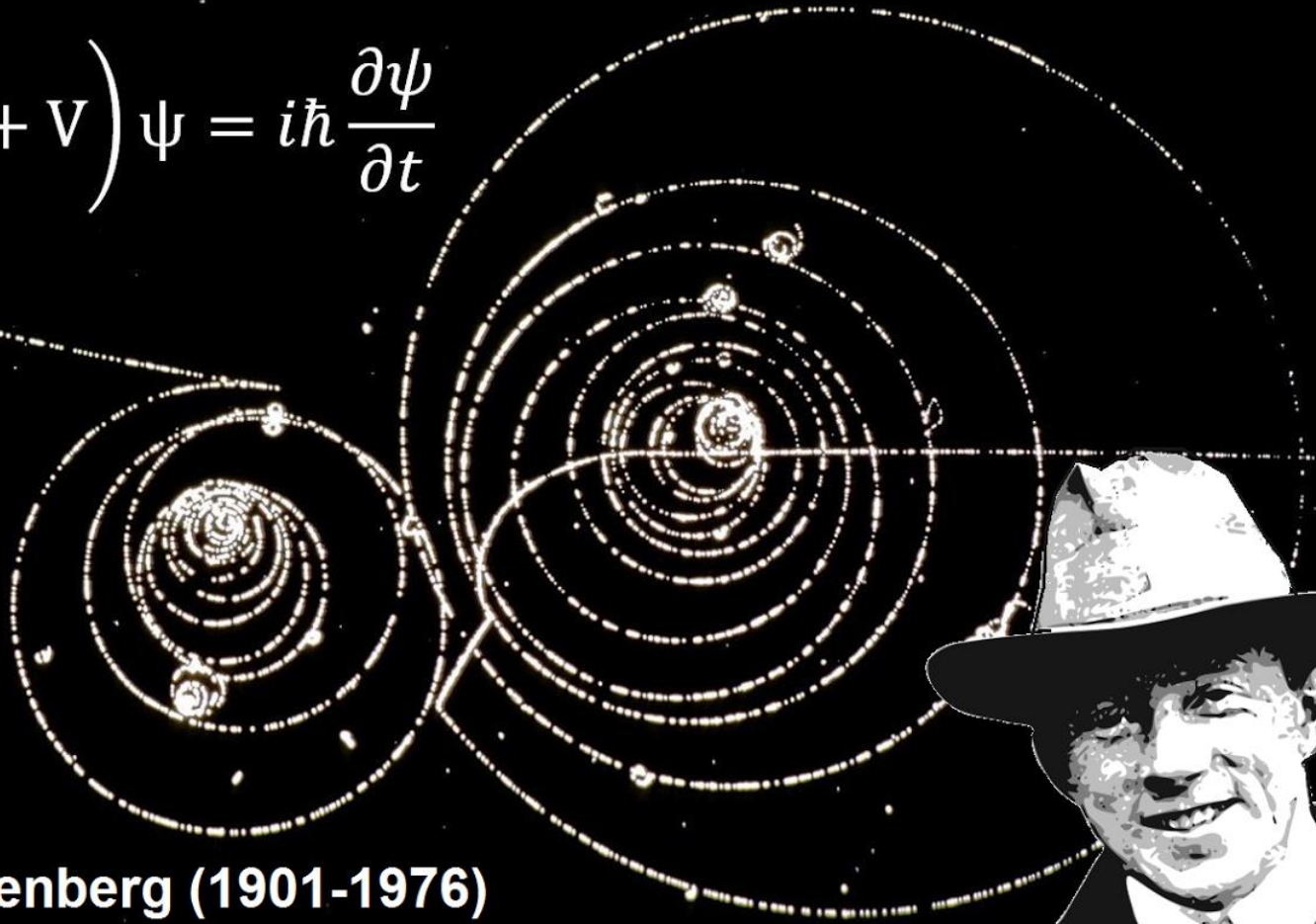


Source: <http://www.morningstar.com/advisor/t/61384189/the-rising-correlation-between-hedge-funds-and-stock-markets.htm>

Observation skews performance

$$\left(\frac{-\hbar^2}{2m} \nabla^2 + V \right) \psi = i\hbar \frac{\partial \psi}{\partial t}$$

$$\Delta x_i \Delta p_i \geq \frac{\hbar}{2}$$



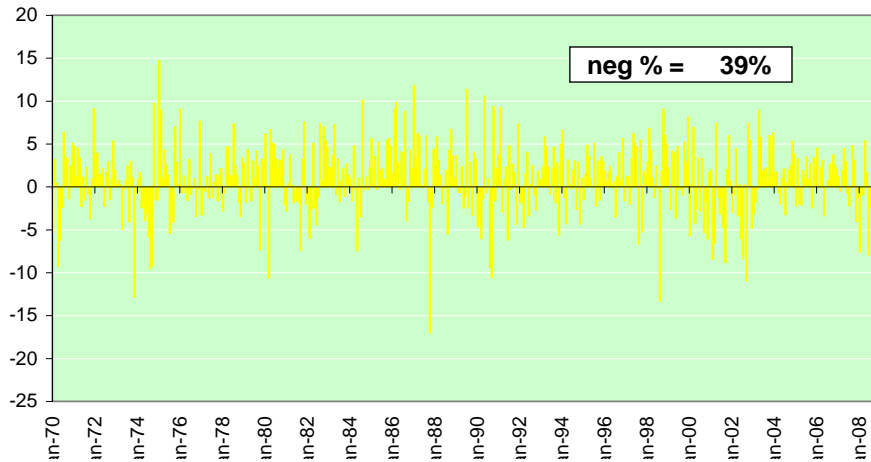
Werner Heisenberg (1901-1976)

Winner of the 1932 Nobel Prize in Physics

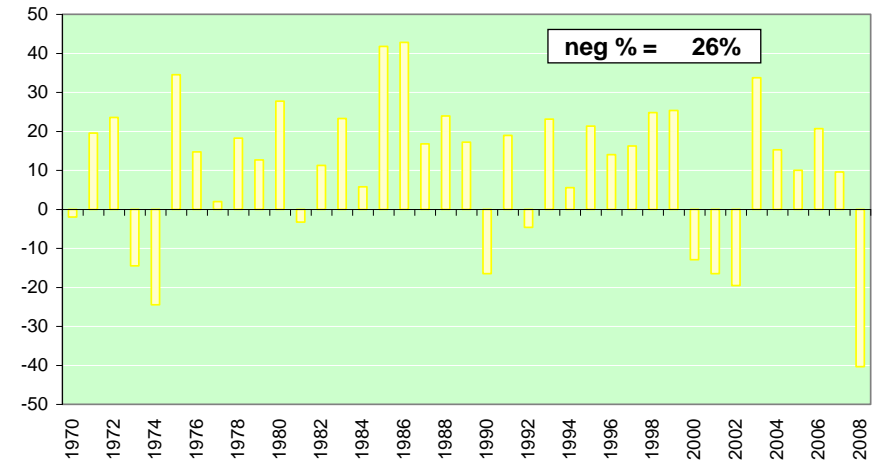
The limits of transparency

MSCI World: returns per time interval and probability of positive returns

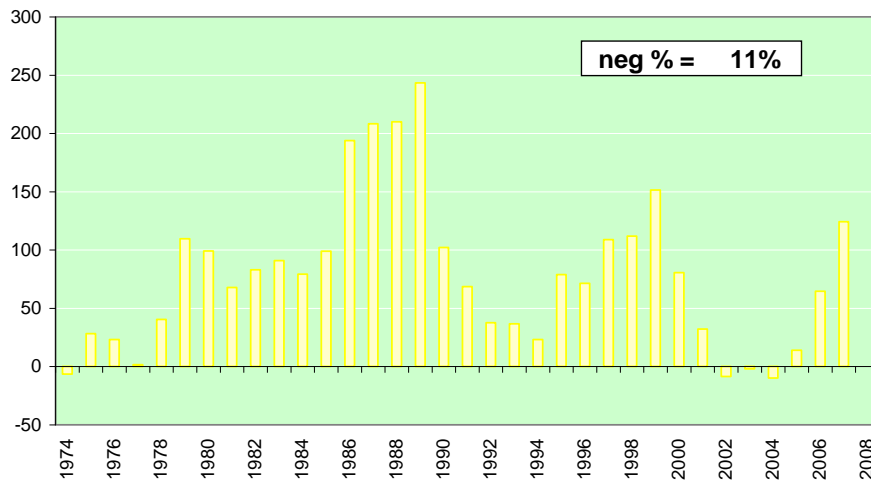
interval = 1 month



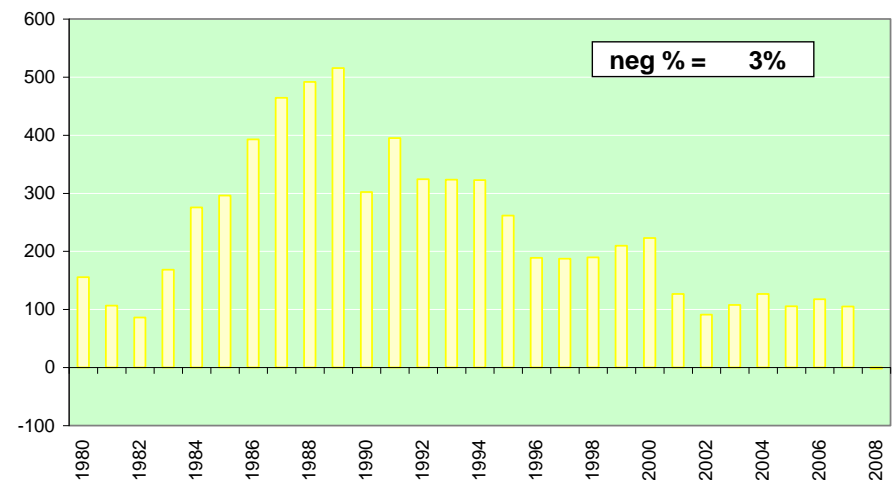
interval = 1 year



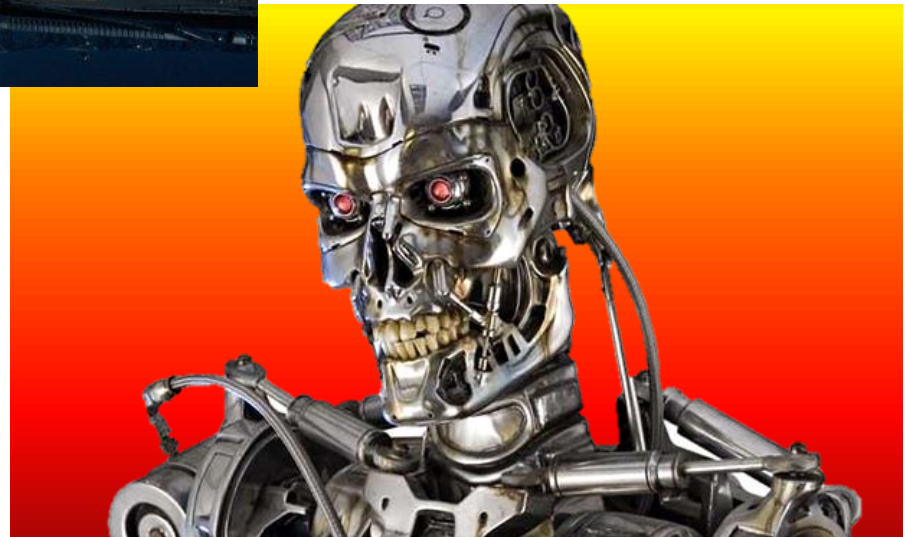
interval = 5 years_overlapping



interval = 10 years_overlapping



Will advisors be replaced by robots?



Advisors retain their greatest asset: client trust



Robot for Advisors:

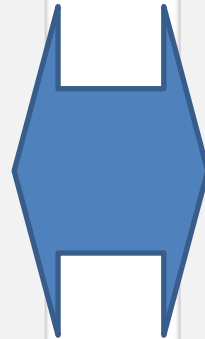
Robo-investor tool to support face-to-face advice and
remove non client-related tasks



What objective(s)?

What time horizon(s)?

What risk aversion?



Overall asset allocation

Simulation

Choice of funds

This looks like what we did with the wraps and the platforms... how is it a revolution?

revolution

[rev-uh-loo-shuhn]

noun

1. an overthrow or repudiation and the thorough replacement of an established government or political system by the people governed.
2. Sociology. a radical and pervasive change in society and the social structure, especially one made suddenly and often accompanied by violence.
3. a sudden, complete or marked change in something: the present revolution in church architecture.
4. a procedure or course, as if in a circuit, back to a starting point.
5. a single turn of this kind.



Thank you!



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