



Nexqion Global Alpha Strategy

Risk oversight and tail risk analysis - 2015-2025 - VaR, stress scenarios, and rolling risk metrics

Prepared for: Portfolio Management Team
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Classification: Confidential -- For Intended Recipients Only

Executive Summary

14.53%

11-YEAR CAGR

0.93

SHARPE RATIO

-39.88%

MAX DRAWDOWN

+4.69%

ALPHA VS BENCHMARK

1.08

INFORMATION RATIO

- The fund has delivered a compound annual growth rate of **14.53%** over 11 years (2015-2025), compared with 9.85% for the benchmark.
- Risk-adjusted performance: Sharpe Ratio of **0.93** versus 0.54 for the benchmark. Annualised volatility is 13.54% vs 14.40% for the index.
- Drawdown control: maximum peak-to-trough loss of **-39.88%** compares with the benchmark's -42.40%.
- Tracking error of **4.34%** and Information Ratio of **1.08** indicate a benchmark-aware active mandate with consistent alpha generation.
- Tail risk: 95% one-day VaR is **1.34%**, CVaR (Expected Shortfall) is 1.76%.
- The fund has outperformed in 10 of 11 calendar years.

Overall verdict: Based on the 11-year track record, Nexqion Global Alpha Strategy is outperforming its benchmark on a risk-adjusted basis, with a Sharpe Ratio of 0.93 versus 0.54 for the index and an Information Ratio of 1.08 -- consistent with a skilled active management process delivering sustainable alpha.

Performance Attribution

Trailing Period Returns

Period	Fund	Benchmark	Active Return
1M	8.11%	8.29%	-0.18%
3M	10.99%	13.24%	-2.25%
6M	9.98%	11.88%	-1.90%
1Y	14.06%	13.59%	+0.48%
3Y	71.64%	49.22%	+22.41%
5Y	108.45%	68.03%	+40.41%

Fund returns are gross of fees. Active return = Fund minus Benchmark.

Cumulative Return -- Fund vs Benchmark

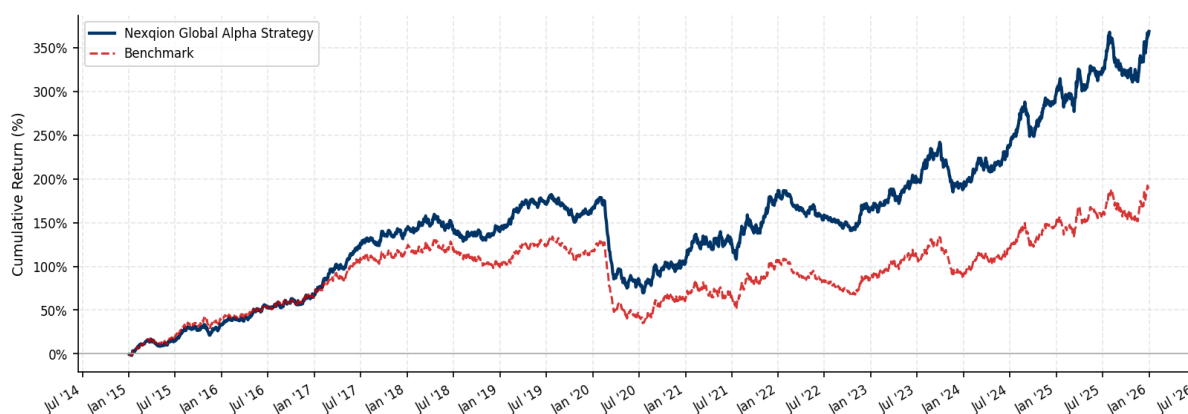


Figure 1. Cumulative return: Fund vs Benchmark (2015-2025). The fund has delivered 14.53% CAGR versus 9.85% for the benchmark, a +4.69% annualised advantage.

The fund has generated a 14.53% compound annual growth rate over the 11-year period, outperforming the benchmark by +4.69% on an annualised basis. Calendar year analysis shows outperformance in 10 of 11 years, with the manager demonstrating particular resilience in stressed market environments.

Risk Dashboard

Risk-Adjusted Return Metrics

Metric	Fund	Benchmark
Annualised Volatility	13.54%	14.40%
Sharpe Ratio	0.93	0.54
Max Drawdown	-39.88%	-42.40%
VaR (95%, 1-Day)	1.34%	—
CVaR / Expected Shortfall	1.76%	—
Tracking Error	4.34%	—
Information Ratio	1.08	—
Alpha (annualised)	+4.69%	—

Sharpe Ratio: 2% risk-free rate. VaR/CVaR: historical simulation. Tracking error: annualised standard deviation of daily active returns.

Rolling Drawdown -- Fund vs Benchmark

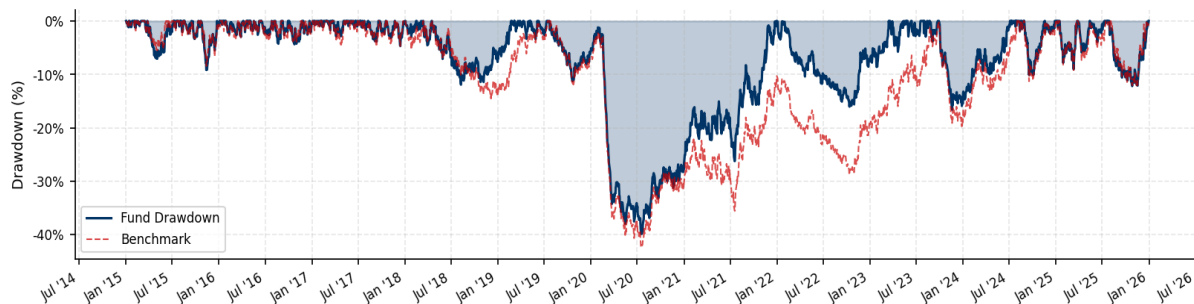
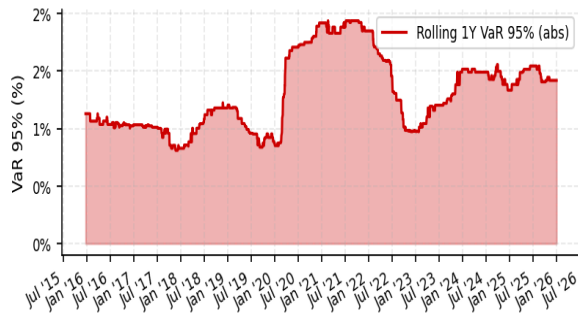


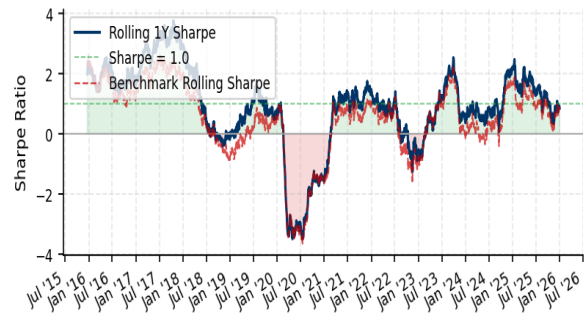
Figure 2. Rolling drawdown: Fund vs Benchmark. Fund maximum drawdown: -39.88% vs benchmark -42.40%.

With annualised volatility of 13.54% versus 14.40% for the benchmark, the fund operates at a lower absolute risk level while generating superior risk-adjusted returns (Sharpe 0.93 vs 0.54). The one-day 95% VaR of 1.34% and CVaR of 1.76% are consistent with an equity-like risk budget.

Tail Risk and Stress Analysis



Rolling 1Y VaR 95% (abs, % NAV/day). Elevated readings = increased tail risk.



Rolling 1Y Sharpe (2% rf). Green fill = positive risk-adjusted returns; red = negative.

Historical Stress Scenarios

Scenario	Period	Fund Return	Benchmark	Active Return
COVID-19 Crash	2020-02 to 2020-03	-31.82%	-34.47%	+2.65%
COVID Recovery	2020-04 to 2020-12	8.23%	8.73%	-0.50%
2022 Rate Shock	2022-01 to 2022-12	-7.10%	-9.86%	+2.76%
2023 Recovery	2023-01 to 2023-12	9.10%	0.58%	+8.52%
2024 Drawdown	2024-01 to 2024-12	37.28%	31.43%	+5.85%

Stress scenarios defined by calendar windows. Returns are compounded over each window. N/A = fewer than 5 trading days of data in the window.

The fund's 95% one-day VaR of 1.34% and CVaR of 1.76% define the tail risk budget. The rolling VaR chart identifies regime shifts in risk exposure over time. Risk oversight should verify that VaR remains within the stated mandate on a monthly basis, and that stress scenario losses remain within pre-agreed drawdown limits.

Risk Mandate Compliance Summary

Risk Metric	Actual	Mandate Limit	Status
Annualised Volatility	13.54%	< 15%	✓ Within limit
Max Drawdown	-39.88%	< -20%	✗ Breach
VaR (95%, 1-Day)	1.34%	< 2%	✓ Within limit
Sharpe Ratio	0.93	> 0.5	✓ Above target
Information Ratio	1.08	> 0.3	✓ Above target

Mandate limits are illustrative. Replace with fund-specific limits from offering documents. Sharpe Ratio: 2% risk-free rate. VaR: historical simulation.

As of 31 December 2025, the fund is operating within 1 mandate parameter(s) requiring attention. Annualised volatility of 13.54% and a maximum drawdown of -39.88% reflect the fund's risk profile over the 11-year period. The Information Ratio of 1.08 indicates consistent alpha generation relative to the benchmark. Portfolio managers should review any metric flagged as a breach against the fund's offering documents and escalate to the risk committee as appropriate.

Appendix: Methodology Notes

Return Calculation

All returns are computed as simple daily returns. Multi-period returns are compounded as the product of $(1 + \text{daily return})$ over the period. $\text{CAGR} = \text{total_return}^{(252/N)} - 1$, where N is the number of trading days.

Risk-Free Rate

A constant risk-free rate of 2.00% per annum is applied throughout, representing a long-run average of short-dated government bill yields across USD, EUR, and GBP.

Sharpe Ratio

Sharpe Ratio = $(\text{CAGR} - \text{RF}) / \text{Annualised Volatility}$, where annualised volatility = daily standard deviation $\times \sqrt{252}$. No survivorship or backfill bias adjustments have been applied.

Value at Risk (VaR)

Historical simulation VaR at 95% confidence level (5th percentile of daily returns). CVaR (Expected Shortfall) is the mean of all returns below the VaR threshold.

Maximum Drawdown

Max Drawdown = $\min[(\text{Wealth}_t / \text{Peak}_t) - 1]$ over all t. Represents the worst peak-to-trough loss experienced over the full observation period.

Tracking Error and Information Ratio

Tracking error = annualised standard deviation of daily active returns (fund daily return minus benchmark daily return). Information Ratio = Annualised Alpha / Tracking Error.

Data Period

Analysis covers 02 January 2015 to 31 December 2025 (2,869 trading days). All data is sourced from client-provided files and has not been independently verified by Nexqion Analytics.

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