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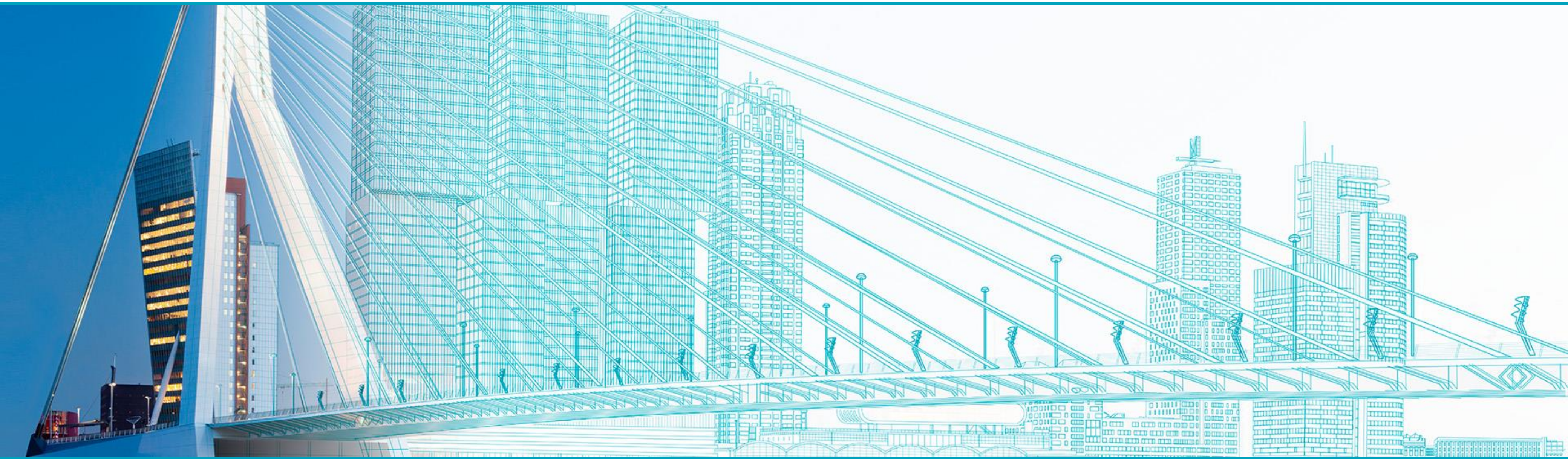


Frontrunning Risiken – Wenn zu viel Transparenz zum Risiko wird

Factor Investing vs. Smart-Beta-Strategien

Wiesbadener Investorentag

8. Juni 2017

Dr. Bernhard Breloer

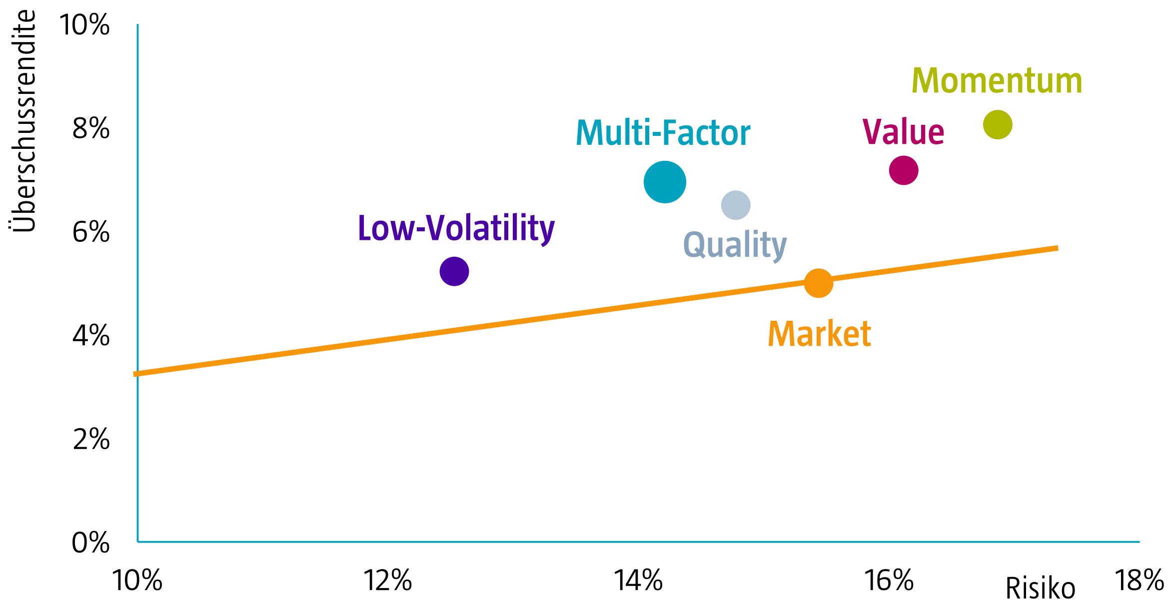
For professional investors

Warum sind Faktorstrategien für Investoren interessant?

Akademische Literatur

- Die überwiegende Anzahl von aktiven Fonds underperformen (nach Kosten)
- Die Performance der erfolgreichen Fonds kann im Wesentlichen durch Faktor-Prämien erklärt werden.

Historische Performance von einfachen Faktorstrategien



Quelle: Blitz, "Factor Investing Revisited", *Journal of Index Investing*, 2015. Performance figures for generic U.S. value-weighted factor portfolios from 1963:07 to 2014:12.
Quality is defined as the equal weighted combination of the Profitability and Investment factor portfolios.

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Aktive Faktorstrategien vs. Smart Beta Indizes: Ein Unterschied?

Factor Investing

- Systematische Allokation zu Faktorprämien
- Z. B. Value, Momentum, Low-Volatility, Quality

Smart-Beta-Indizes

- Regelbasierte Indizes, die gezielt von einer marktwertbasierten Index abweichen
- Z. B. Fundamental Indexing, MinVol Indizes

Eignen sich Smart-Beta-Indizes als Werkzeug zur Implementierung von Faktorstrategien?

- Smart-Beta-Indizes können verwendet werden, um Faktorstrategien umzusetzen!
- **ABER: Smart-Beta-Indizes weisen auch Verbesserungspotenzial auf**

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Welche Bedenken haben Investoren bezogen auf Smart-Beta-Produkte?

FTSE Russell Survey 2016

	Concern rank		
Implementation concerns	**2014**	**2015**	**2016**
How to determine the best strategy or combination of strategies for my portfolio	1	1	1
Unintended factor biases	2	2	2
Unintended sector biases	5	5	3
High turnover	9	8	4
Underperforming the benchmark index	6	3	5
How to determine the % of portfolio to allocate	3	6	6
If used tactically, how to monitor and adjust exposures	4	4	7
Cost of implementation	8	7	8
Lack of transparency	7	9	9
How to time the implementation of the strategy	11	11	10
Tracking error to the benchmark	10	10	11

Quelle: FTSE Russell. Smart beta: 2016 global survey findings from asset owners.

Agenda

Smart-Beta-Indizes vs. aktive Faktorstrategien

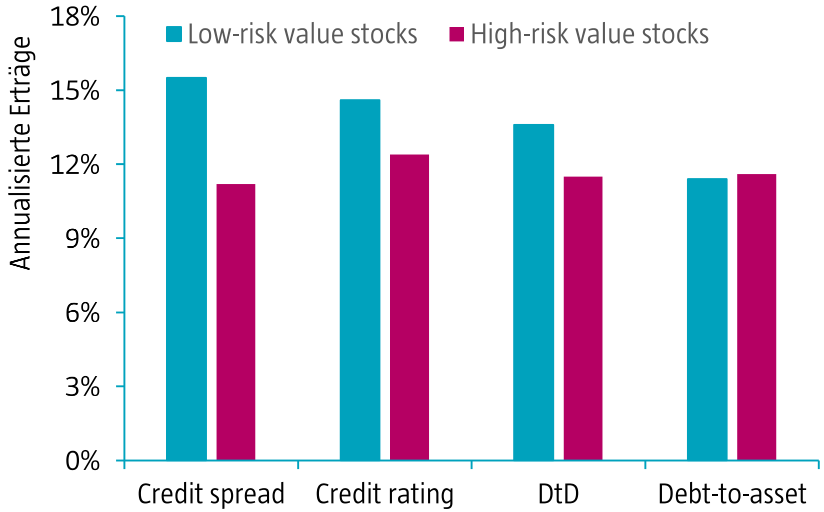
- Fallstrick 1: Unnötige Risiken
- Fallstrick 2: Richtiges Faktormanagement
- Fallstrick 3: Effiziente Portfoliokonstruktion
- Fallstrick 4: Optimale Faktordefinition
- Fallstrick 5: Gefahr von Frontrunning

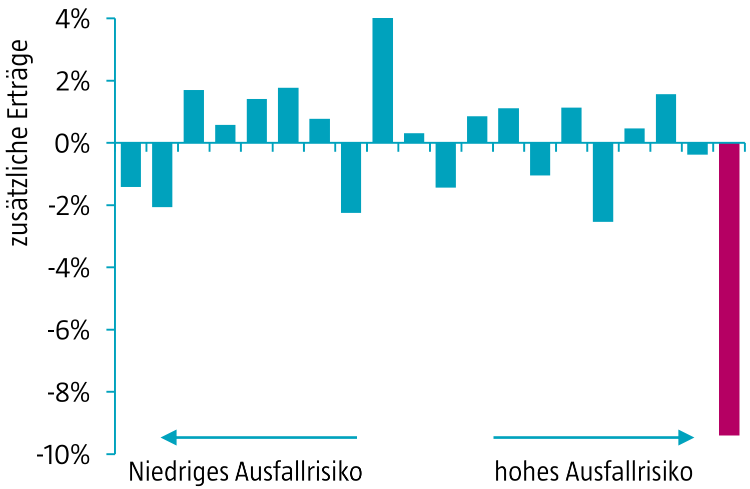
Fallstrick 1: Smart-Beta-Indizes können unnötige Risiken eingehen

Beispiel: Value-Fallen

- Einfache Value-Strategien allokieren Aktien, die aus gutem Grund günstig sind
- Z. B. Aktien mit hohem Ausfallrisiko oder schwachen operativen Ergebnissen

Relation zusätzliche Erträge (Outperformance) von Value und Ausfallrisiko in den Emerging Markets: 1993 -2014





Source: Robeco Quantitative Equities. Left chart: Based on De Groot & Huij (2015), "Are the Fama-French factors really a compensation for distress risk?", SSRN working paper no. 1840551. Right chart: Based on monthly rankings of the MSCI Emerging Markets Index by Robeco's distance-to-default factor assuming a one-month holding period (ignoring transaction costs) over the period January 1993 – December 2014.

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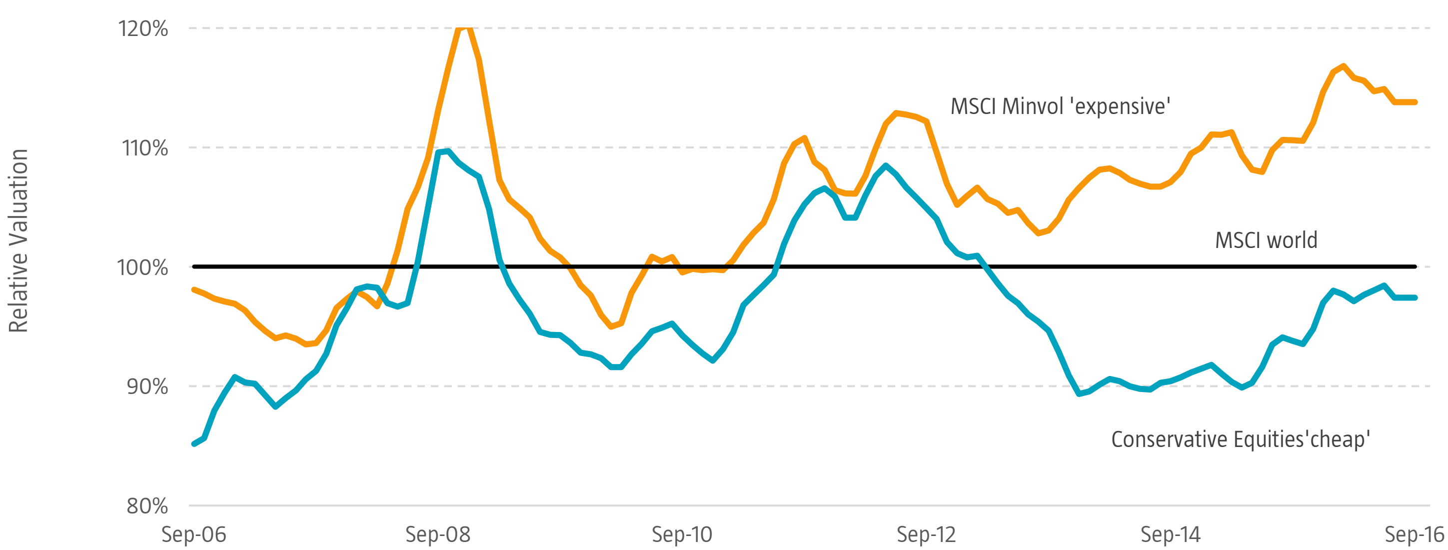
Fallstrick 2: Smart-Beta-Indizes wenden sich gegen erwiesene Faktoren

Beispiel: Bewertung von Low-Risk-Strategien

- MSCI Minimum Volatility Index berücksichtigt nicht explizit Value
- Folge: Aktuell je nach Region bis zu 20 % teurer als der Marktindex

Relative Bewertung eines Minvol Index und einer globalen Robeco Conservative Strategie, 2006-2016



Quelle: Robeco, August 2016; Polfliet/van Vliet; "Low-Vol investing: Is there still value in low-volatility?"

Fallstrick 3: Smart-Beta-Indizes haben eine ineffiziente Portfoliokonstruktion

Ineffiziente Nutzung von Cashflows

- Kauf des alten Portfolios anstelle einer neuen Optimierung

Ausrichtung des Anlageuniversums

- Faktorprämien sind auch im Small/Mid-Cap Segment vorhanden
- Off-Benchmark Positionen?

Länder- und Sektorkonzentrationen – Das richtige Maß

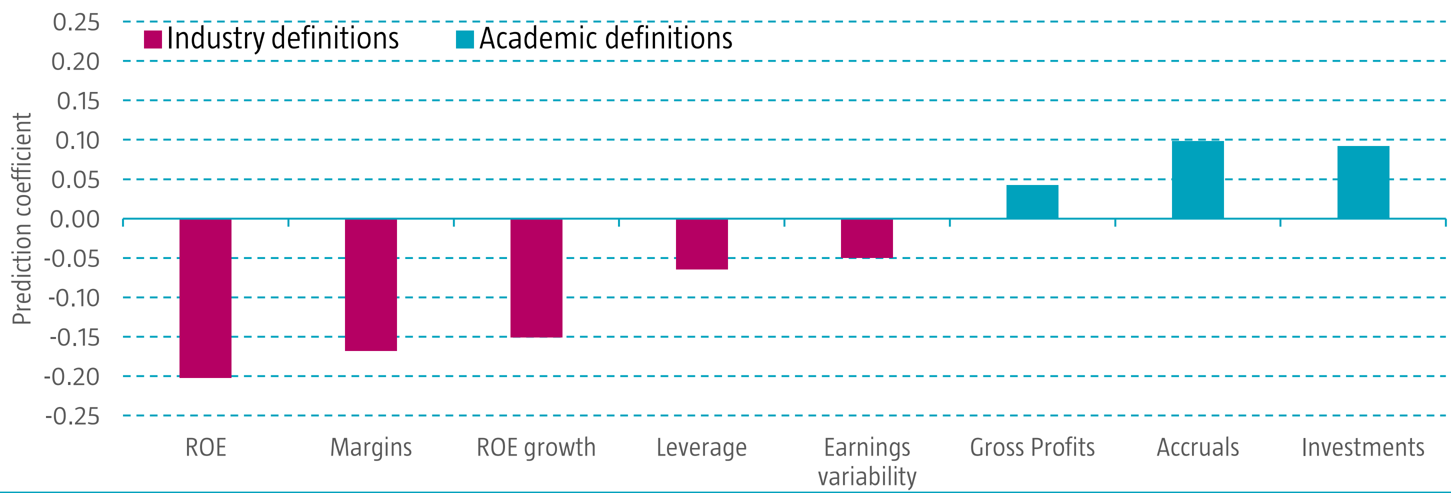
- Verringertes Faktor-Exposure durch zu eng gewählte Restriktionen *oder*
- Zu extreme Länder- und Sektorallokationen aufgrund fehlende Restriktionen

Fallstrick 4: Definitionen von Faktoren in Smart-Beta-Indizes können effizienter sein

Industrie Quality-Definitionen
- Return on Equity/Assets
- Verschuldungsgrad
- Gewinnstabilität, ...

Akademische Quality-Definitionen
- Nettoausschüttung
- Rückstellungen
- (Brutto-)Profitabilität

Quality premium: Welche Variablen zeigen einen Zusammenhang mit zukünftigen Gewinnwachstum auf?



Quelle: Adopted from Kyosev, Hanauer, Huij and Lansdorp (2016, working paper). The graph shows coefficients from a regression of future earnings growth on 'academic-based' quality definition and 'industry-based' quality definition. The 'academic ' composite consists of standardized accruals, gross profitability and investments, the 'industry' composite consists of ROE, margins, ROE growth, leverage, and earnings variability. The sample period is from January 1986 to December 2014 for United States, Europe Japan and developed markets and from January 1993 to December 2014 for emerging markets.

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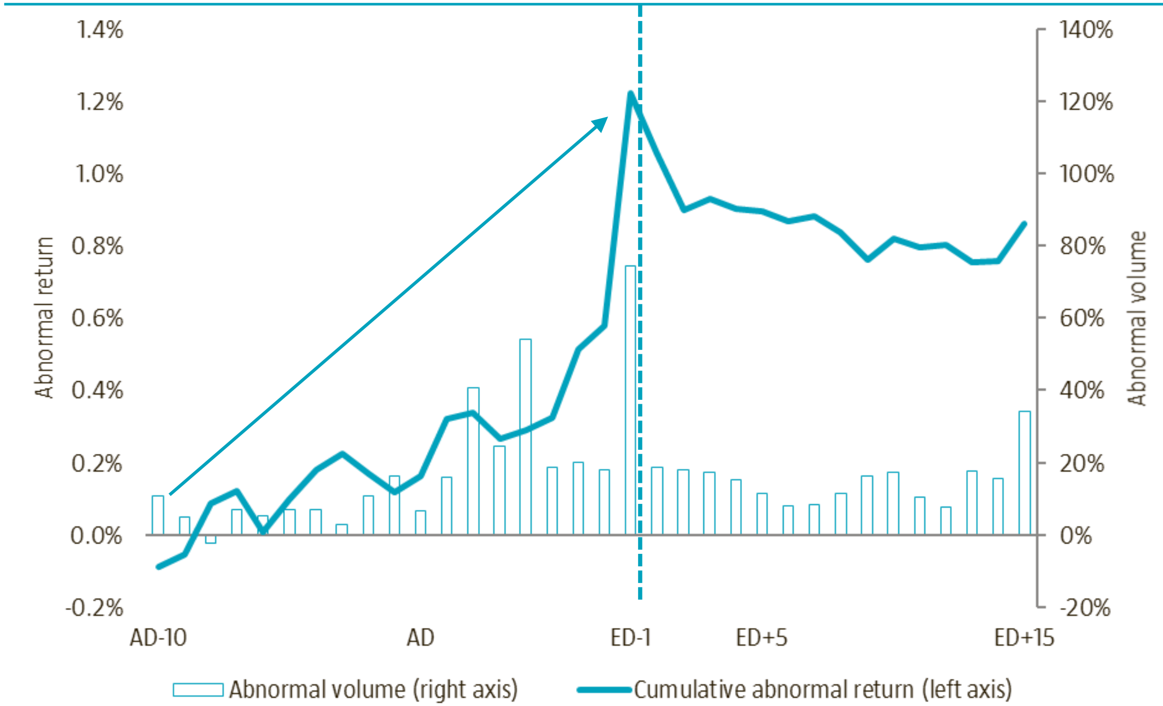
Fallstrick 5: Smart-Beta-Indizes können Opfer von Frontrunning sein

Die Kehrseite von Transparenz & Einfachheit

- Ist es gut, dass jeder vorher weiß, welche Trades ausgeführt werden?
- Folgen: Frontrunning; limitierte Kapazität

Untersuchung: Abnormales Handelsvolumen und Renditen vor dem Index-Rebalancing



Quelle: Huij and Kyosev, 2016, Working paper. Results are calculated for MSCI Minimum Volatility USD indexes, returns are in USD. The graphs show the average cumulative outperformance and abnormal volume of new over all constituents in the MSCI Minimum Volatility indexes during Sep-2010 – Dec-2015. AD is announcement day, ED is effective day

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Ausblick: Risiko starker Mittelzuflüsse in Faktorstrategien

Overcrowding in Smart-Beta-Strategien?

- Teure Bewertung von Low-Vol-ETFs (vgl. auch Fallstrick 2)
- Nachfrage im Low-Vol-ETFs wird durch Nachfrage in High-Beta-Strategien ausgeglichen
- Hedgefonds ignorieren Low-Vol-Aktien

Figure 1B: Market beta 0 to 1.75 range

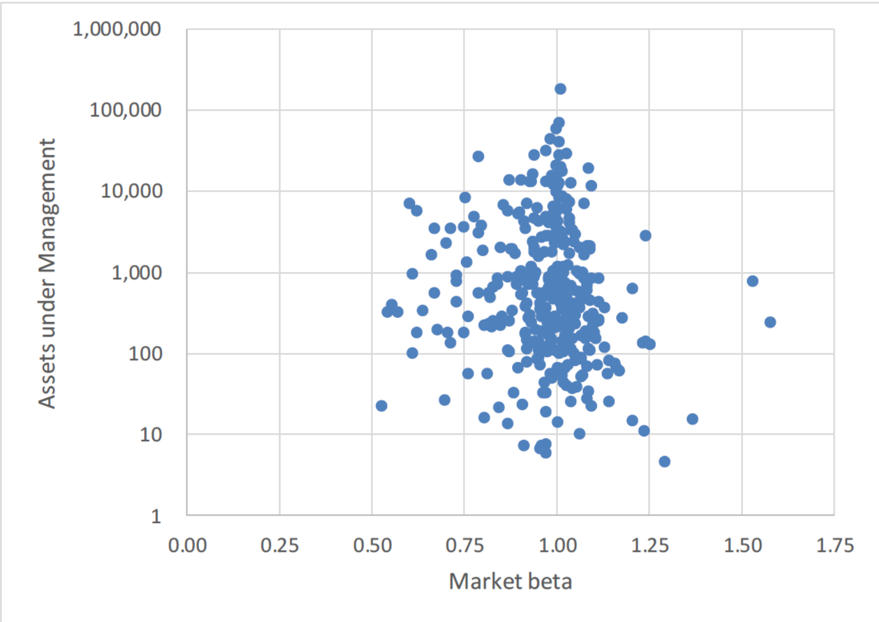
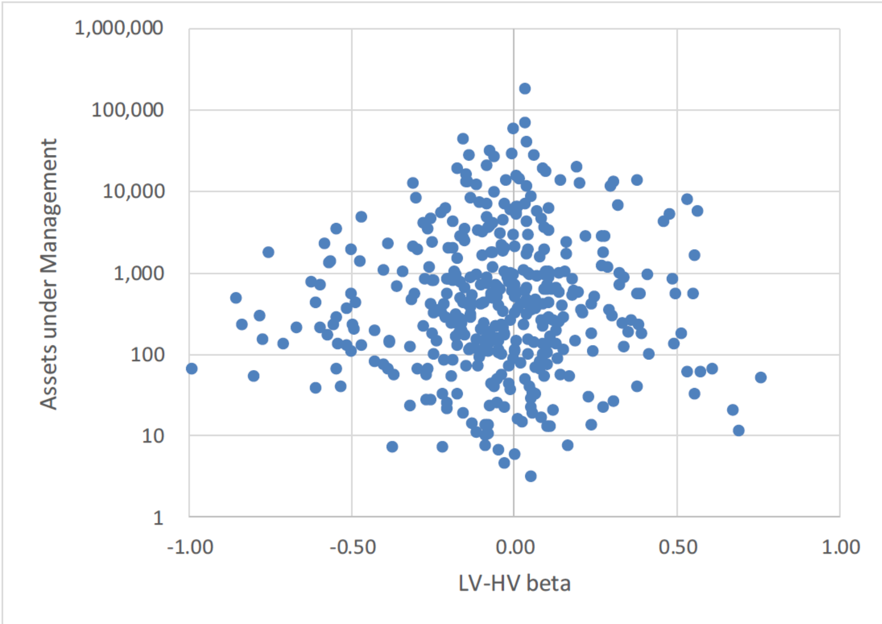


Figure 5B: LV-HV beta -1 to 1 range



Quelle: Blitz, David (2017): "Are Exchange-Traded Funds Harvestings Factor Premiums?" Working paper.

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Zusammenfassung

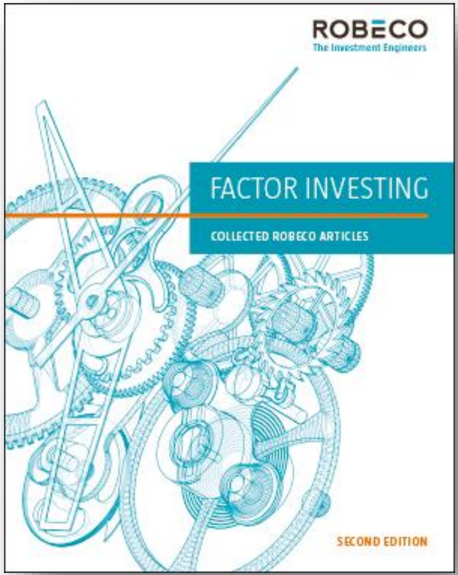
Smart-Beta-Indizes haben einige ansprechende Eigenschaften

- "Einfache" Konstruktion
- Transparenz
- Günstig

Aber: Es gibt Verbesserungspotenzial bezogen auf…

- Risikoreduktion
- Faktormanagement
- Portfoliokonstruktion und -rebalancing
- Faktordefinition
- Transparenz → Gefahren des Frontrunning

Weitere Informationen: www.robeco.com/factorinvesting



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