RISK PREMIUM INVESTMENTS

Risk Premium Investments (RPI)

RPI designs, builds and manages absolute return and customized alternative risk premium (ARP) portfolios for institutional investors.

We are experts in ARP

- We have a singular focus on risk premia
- We are independent with an unbiased perspective on investment alternatives
- Our team has broad and deep experience in asset allocation, multi-asset investments, portfolio construction, quantitative research and risk management
- We offer flexible implementation focused on delivering results

Some objectives require specific solutions. RPI can analyze an investor's existing investments across asset classes to identify existing risk premium factor exposures using a proprietary method called *strategy detective™*. We design and implement multi-asset risk premium investment strategies on behalf of our clients to increase the portfolio's expected return in a risk-controlled framework.

RPI is independent and wholly-owned by its partners. As of February 1, 2019, discretionary assets under management exceeded $600 million.

RPI products

RPI Multi-Strat

RPI Multi-Strat is a multi-asset class absolute-return ARP investment. RPI Multi-Strat combines equity, fixed income, commodity, currency, and volatility systematic multi-factor portfolios, each designed to isolate and capture desired factor exposures and control market, regional, and sector betas.

RPI EMN

RPI EMN is a global equity market neutral ARP portfolio. RPI EMN balances Value, Momentum, and Quality styles employing thirteen multi-signal factors. RPI EMN typically holds long and short positions in about 1,200 developed market equities.

Custom Portfolios

RPI uses *strategy detective™* and other methods to analyze client portfolios. We craft objective-specific ARP investment strategies that are typically applied as overlay or completion portfolios.

How RPI views ARP

Definition: A risk premium is the expected excess return on a security or portfolio for bearing specific risk, where the excess return is the difference between an actual return and that of a riskless security. A risk premium strategy systematically captures this excess return in a risk-controlled fashion. Alternative risk premia (ARP) capture risk-transfer and behavioral premia found outside of general market betas.

- Other industry names for risk premium strategies may include: factor, factor beta, smart beta, alpha, strategy beta, advanced beta, alternative beta, exotic beta, member of the factor zoo, fancy beta, strategic beta, dynamic beta, efficient beta, enhanced beta, …
- We prefer to use straightforward terms, such as:
    - **factors** - represent the systematic performance risk attributable to a specific strategy or transfer of risk; the performance can be positive or negative
    - **risk premia** - are factors which have a positive expected return, either in the long run or in a specific regime (a subset of factors)
    - **factor value** - the degree to which a factor's current premium is below or at a long-term equilibrium expected return—is the risk premium a good "value" now? (for example, risk premia are sometimes overvalued due to crowding)
    - **factor fingerprint** - a map of factor exposures showing the types and sources of risk factor exposures of a single manager, a portfolio of managers or an entire multi-asset class fund
    - **factor structural integrity** - the ability of a factor to perform as expected in cost-efficient manner under both normal and extreme real-world market conditions. Structural integrity requires features which explicitly manage risks such as: overvaluation/crowding, driver vulnerability, implementation trading exploitation, unanticipated risk "hot spots," hidden trading costs, geometric dilution of precision, etc.

Our Clients

RPI was founded, in part, on feedback from institutional investors who were seeking an independent fiduciary to partner with the investment staff in a confidential relationship to:

- Measure risk premium strategy exposures in active, multi-manager investment portfolios
- Interpret the exposures and map the managers into a risk budgeting framework
- Provide objective feedback

RPI has developed investment strategies which apply to:

- **Institutional Investors:** Endowments, foundations, corporate pensions (ERISA compliant), non-governmental organizations and sovereign wealth funds
- **Asset Managers:** Fund of funds (hedge funds, liquid and private investments), specialist equity, fixed income or alternatives managers
- **Insurance companies:** General account portfolio solutions and synthetic investments

Our clients engage us as advisors: discretionary, non-discretionary or both.

- As a **discretionary** fiduciary investment advisor, we design and manage specific risk premium investments on an ongoing and dynamic basis
- As a **non-discretionary** fiduciary investment advisor, we serve as strategic partner and assist with specific objectives and responsibilities as an extension of the investor's staff

Leadership

Maarten Nederlof
Founding Partner, Chief Executive Officer and Chief Investment Officer

Mr. Nederlof began his career as a quantitative strategist at Salomon Brothers, Inc, was the head of research and portfolio management at TSA Capital Management, the Head of Investor Risk at Capital Market Risk Advisors and a Portfolio Manager and Managing Director at K2 Advisors LLC in Stamford, CT. In addition, Mr. Nederlof was the Global Co-Head of the Hedge Fund Capital Group at Deutsche Bank Securities and the Global Head of the Pension Strategies Group for both Deutsche Bank and Deutsche Asset

Management as well as serving on their global Investment Committee. Prior to founding Risk Premium Investment Management Company, Mr. Nederlof was a Partner and Head of Portfolio Solutions at Pacific Alternative Asset Management Company (PAAMCO). For ten years Mr. Nederlof served as a member of the Investment Committee of the John D. and Catherine T. MacArthur Foundation. A pioneer in strategy risk premium implementation solutions, Mr. Nederlof designed the industry's first-known quantitative dynamic multiasset risk premium investment strategy swap for an institutional investor while at Salomon Brothers in 1989.

Elaine C Lloyd
Founding Partner, Managing Director and Chief Operating Officer

Ms. Lloyd began her career in the Economic Research Department at Irving Trust and then moved into Foreign Exchange Sales. She continued in FX Sales at JP Morgan, followed by joining Morgan Stanley's FX Sales group, where she rose to Managing Director. In 1996 Ms. Lloyd moved to Deutsche Bank where Ms. Lloyd was instrumental in the formation of the FX Select platform which evolved into the DB Select hedge fund platform offering. In 2011 Ms. Lloyd joined Axiom Investment Advisors in NY in the role of Director of Marketing and Investor Relations.

Ms. Lloyd holds a Bachelor of Arts from Saint Anselm College and an MBA in finance from New York's Stern School of Business

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Andrew Baehr, CFA, CAIA
Partner and Managing Director, Investment Strategy

Mr. Baehr began his career at Banque Paribas in 1996, working with asset managers, hedge funds, and private banks on a range of equity, interest rate, and foreign exchange derivatives transactions. Subsequently, on equity derivatives desks in New York and

London at Bankers Trust, Deutsche Bank, and Morgan Stanley, he helped usher in new risk premium and risk redistribution strategies that provided exposure to implied volatility, correlation, and dividends.

In 2007, Baehr joined BNP Paribas as a Managing Director and launched North America Long Only Sales, a solutions team that grew to serve over fifty pension funds, asset managers, insurance companies, and endowments. Most recently, he drove product campaigns for multi-asset quantitative index strategies to insurance companies and asset management firms at Credit Suisse.

Since 2008, Baehr has served on the Board of Directors of Goodwill NYNJ and sits on the Investment and Audit Committees. He holds BA and MBA degrees from Columbia University. He is a CFA® charterholder and holds the Chartered Alternative Investment Analyst designation.

Christopher J Campisano, CFA, CAIA
Partner and Managing Director, Investment Strategy

Mr. Campisano began his institutional investment career managing the domestic equity program for the Ameritech Pension Trust, and ultimately became Chair of the Asset Allocation Committee. Subsequent to Ameritech, Mr. Campisano performed similar functions for the Xerox Pension fund in both public and private asset classes, and then the Delta Air Lines Benefit Trusts, taking on responsibility for managing internal domestic equity assets, as well as building out the hedge fund portfolio.

After spending 14 years as a corporate plan sponsor, Mr. Campisano moved to the asset management side of the business with Barclays Global Investors (subsequently BlackRock). Throughout his 11 years at BGI/BLK, Mr. Campisano was responsible for designing, building and managing both scalable, as well as custom, structured product investment solutions with broad applicability, for a variety of institutional clients.

Mr. Campisano is a founding member of the Chicago Quantitative Alliance, and, as a member of the Risk Standards Working Group in 1996, co-authored the “Risk Standards for Institutional Investment Managers and Institutional Investors”. Mr. Campisano holds a BSBA in Finance from the University of Arizona and an MBA in Finance from the University of Chicago (now Booth) Graduate School of Business. He is also a holder of both the Chartered Financial Analyst and Chartered Alternative Investment Analyst designations.

Todd A Groth, CFA
Partner and Managing Director, Quantitative Research

Mr. Groth began his investment management career at Pacific Alternative Asset Management Company (PAAMCO) within the Quantitative Risk Analysis group, where he developed risk attribution and portfolio construction tools for hedge fund portfolios. In addition, Mr. Groth was a member of the Capital Markets Group and the Strategic Allocation Committee, where he developed cross-asset strategies and firm views on hedge fund strategies. Prior to joining RPI, Mr. Groth was a Vice President at Investcorp Investment Advisors, where he developed and launched dynamic multi-asset liquid alternative products as a portfolio manager within the Cross Asset Strategy team.

Mr. Groth holds a B.S. Degree in Mechanical Engineering from the University of California – San Diego, an M.S. Degree in Mechanical Engineering from the University of California – Los Angeles, and a Masters Degree in Financial Engineering from the Anderson School of Business, University of California – Los Angeles. He is also a holder of the Chartered Financial Analyst designation.

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