



# Autonomous Fund Management

January 2022 Newsletter

## Introduction

Autonomous Fund Management (AFM) is a portfolio and fund-management procedure designed for the digital marketplace. Instead of relying on traditional research and analysis, it uses mathematics and safety nets to obtain better and more stable results.

Detailed information can be found on the AFM website [afmsa.ch](https://afmsa.ch)

## 2019 - 2021 statistics

AFM live accounts outperformed the S&P500 index 80% of the time between 2019 and 2021.

		2019								Yearly outperf.					
		J	J	A	S	O	N	D							
AFM		7.6%	2.1%	-2.8%	2.2%	2.7%	3.2%	2.3%	1.2%						
SPX		7.2%	1.9%	-2.9%	1.8%	2.6%	3.1%	2.5%							
		2020													
		J	F	M	A	M	J	J	A	S	O	N	D		
AFM		-0.3%	-8.2%	-11.2%	14.0%	5.4%	1.4%	5.7%	7.1%	-3.9%	-2.4%	11.1%	3.9%	5.1%	
SPX		-0.2%	-8.4%	-12.5%	12.7%	4.5%	1.8%	5.5%	7.0%	-4.0%	-2.7%	10.8%	3.7%		
		2021													
		J	F	M	A	M	J	J	A	S	O	N	D		
AFM		-0.3%	2.5%	4.6%	5.4%	0.7%	2.3%	2.1%	3.0%	-4.5%	6.5%	-0.8%	4.6%	1.8%	
SPX		-1.1%	2.6%	4.2%	5.2%	0.6%	2.2%	2.3%	2.9%	-4.8%	6.9%	-0.8%	4.4%		
Total outperformance												2019-2021		9.98%	

### AFM uses

- Real-time quotes, turnover
- Proprietary
  - portfolio configurations
  - algorithms, parameters

### not

- Fundamental research & analysis
- Earnings notifications
- Press releases, forecasts
- Analyst ratings



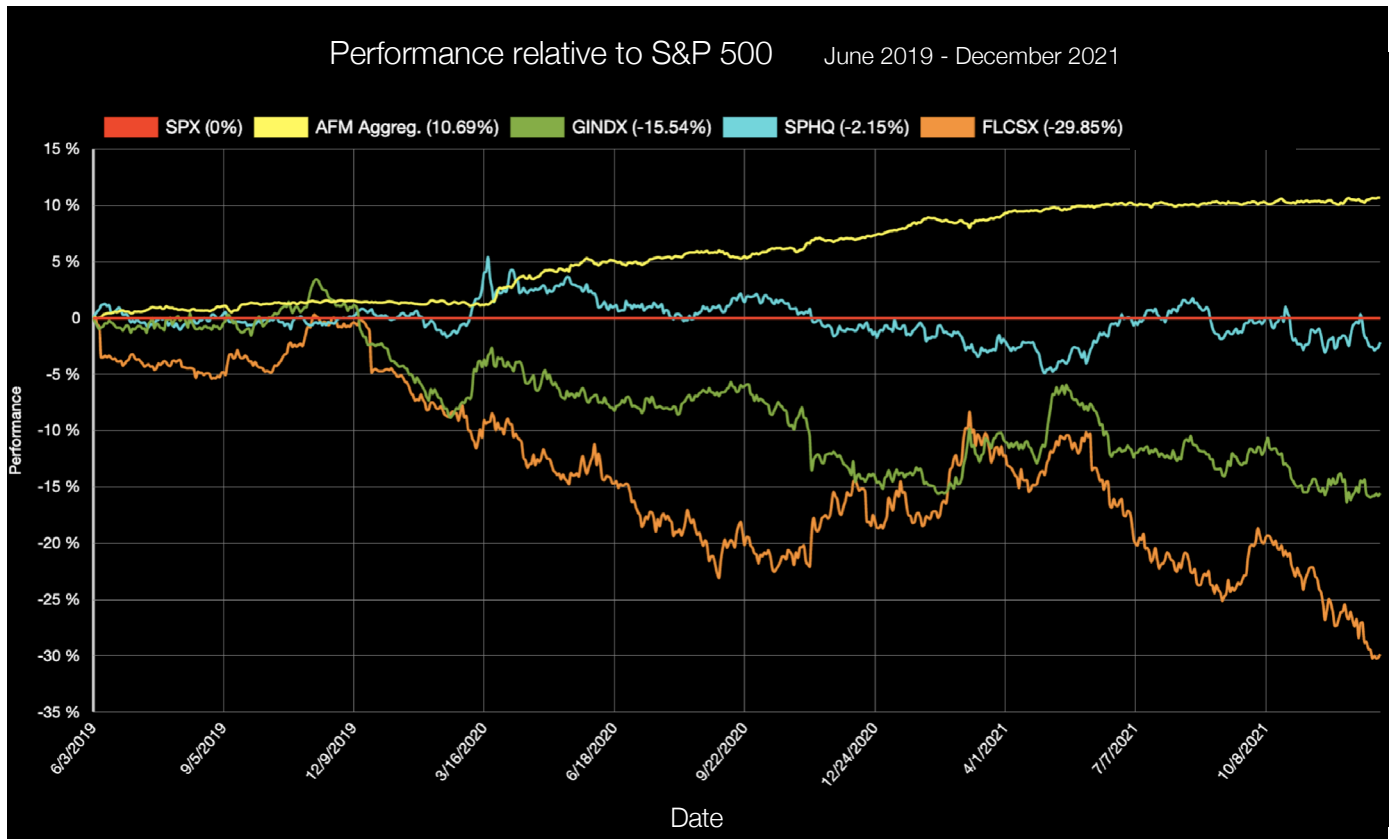
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Performance

### Stability

The stability of AFM-managed portfolios and their annual outperformance of the S&P500 index are the dominant features of the procedure.



The chart shows aggregated AFM portfolios performance when compared to a group of exchange-traded funds.

2019 - 2021					
	Strategy	Average monthly diff. to index	Standard Deviation (monthly diff.)	% outperfm. (months)	Category
AFM	Enhanced Indexing	0.23%	0.39%	81%	Large Blend
SPHQ	Enhanced Indexing	-0.06%	1.04%	42%	Large Blend
GINDX	Enhanced Indexing	-0.31%	1.58%	42%	Large Blend
FLCSX	Actively managed	-0.52%	2.19%	35%	Large Blend

**SPHQ** - The Invesco S&P 500 Quality ETF is based on the S&P 500 Quality Index.

**GINDX** - The Gotham Index Plus Fund was created as an investment that seeks to more closely track an index than purely active funds by combining an index investment with an active long/short overlay.

**FLCSX** - Fidelity Large Cap Stock Fund is a diversified domestic equity strategy with a large-cap core orientation.

**Standard deviation** measures the degree to which a fund fluctuates in relation to its mean return.

**Enhanced Indexing (EI)** is a management approach that attempts to amplify the returns of an underlying portfolio or index and outperform strict indexing. It also attempts to minimize tracking error.

#### Outperformance



How best-performing live portfolio slowly outperformed the index by 14.3% over 2 1/2 years.

## Using AFM

### Standard setup

Accounts are separated into 2 categories:

1. A **Master Account** to which AFM has no access.
2. A number (usually 3-6) of **sub-accounts** funded through the **MA**.

AFM configures the sub-accounts and launches the procedure.

### .... other

The investor retains full ownership of his accounts at all times.

- AFM's objective is to outperform an index of choice over time on a relative basis.
- The AFM website provides detailed information not generally available on the broker website.
- Investors can follow the performance of their portfolios in real time (or over time).

Master account	
sub-account	1
	2
	3
	4
	etc.

### Fees

Investors pay a monthly oversight fee depending on the sub-accounts' net worth.

No performance commissions or other expenses are charged. Nor are termination charges applied.

AFM does not share in broker commissions or other retro-commission arrangements.

### Contact

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