

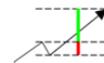
The Big Picture Report

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September 9th, 2014

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“Quantitative approach for asymmetric results”



The Adaptive Asset Allocation of francescomaggioni.com

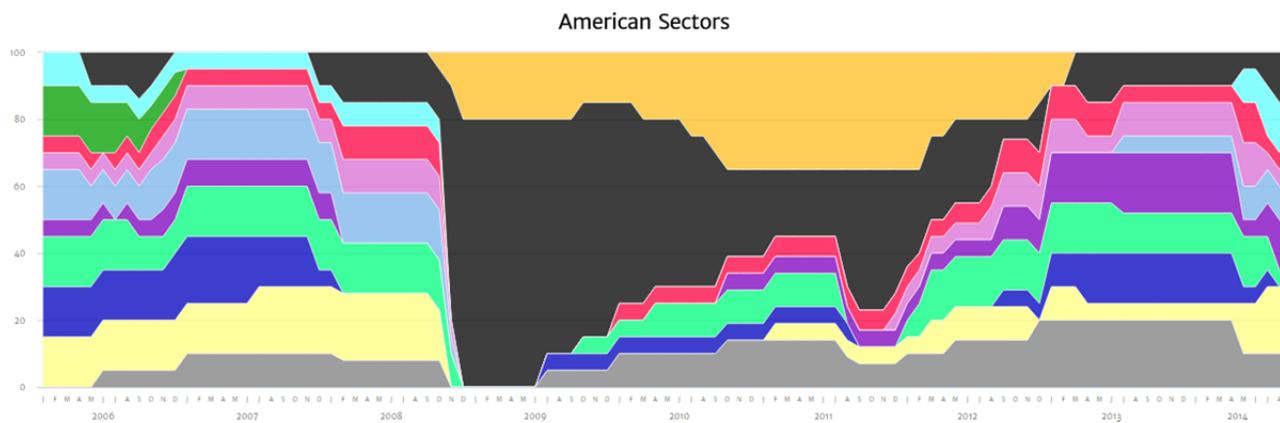
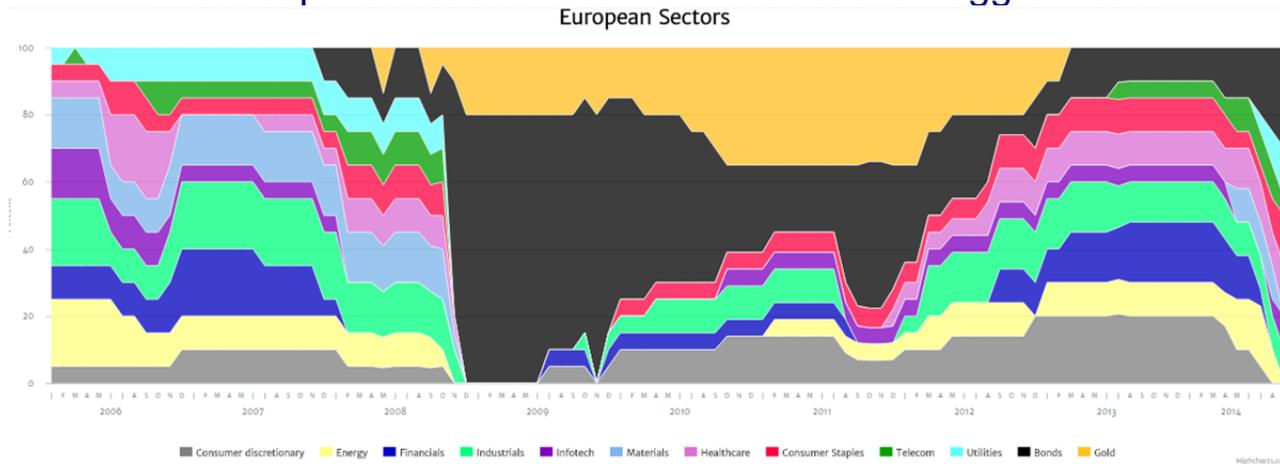


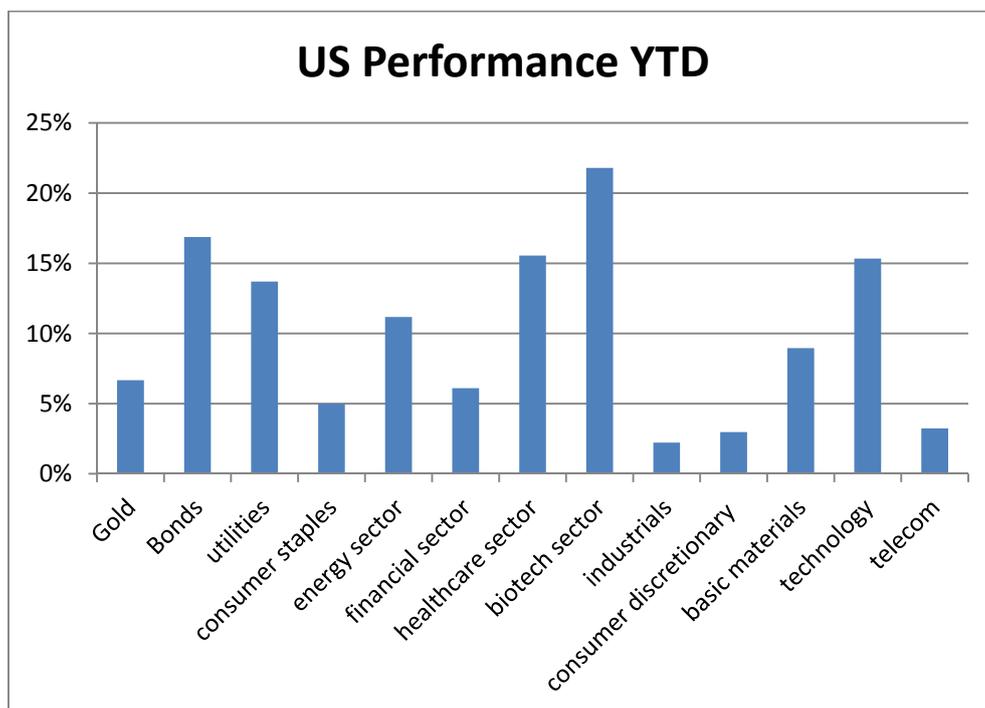
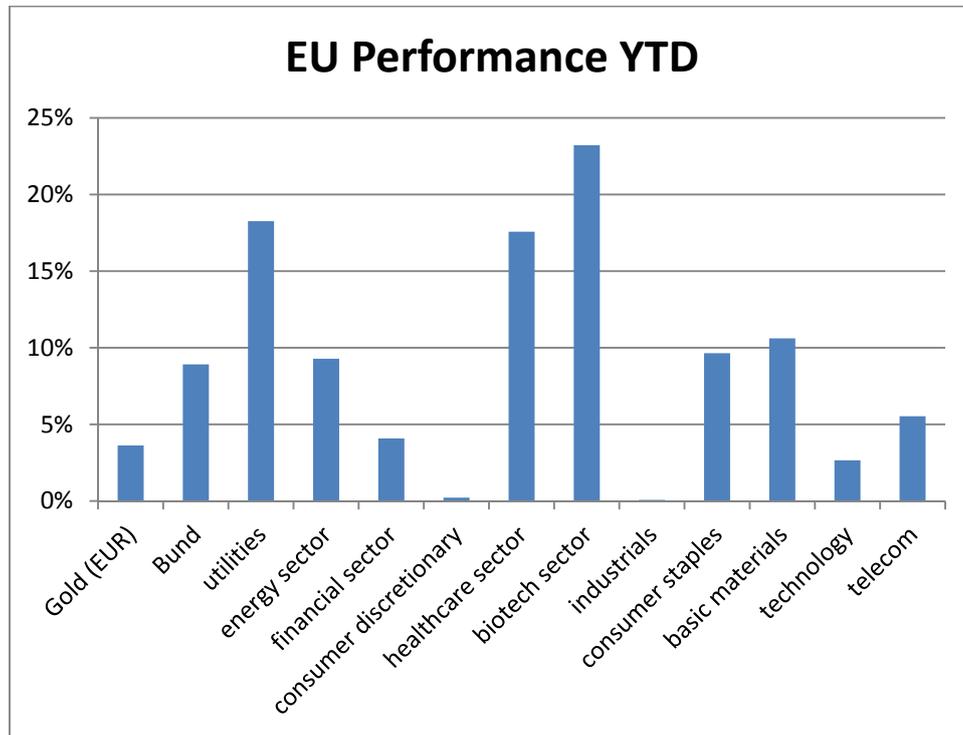
Figure 1: The Asset Allocation page of www.francescomaggioni.com

The charts above represent the adaptive asset allocation for the European and American markets since 2006 that you can find in my website at this link <http://www.francescomaggioni.com/asset.php> of which I am not sure how many of you are familiar with.

This asset allocation is updated monthly and is the result of looking at a number of factors and indicators, the most important being the relative strength among each sector. The goal of this work is to recognize which sectors are the strongest, in order to overweight such sectors, and which are either the weakest or simply weaker. Another very useful information after the asset allocation has been confirmed is to see which sectors overall are overweighted, either the pro cyclic ones or the defensive ones in order to understand whether the big money think we are in an expansion

process or contraction. This exercise is quite valuable this very moment as the two allocations differs the most. My European allocation is 80% invested into defensive sectors, and in bonds among them, while in the US the (slight) majority, 55% is in cyclical sectors.

How is it possible to understand whether my allocation makes sense or not? Well, let's see how each sector has performed since the beginning of 2014 and we'll see if I was able to find the right (strongest) sectors. Below the table for EU and US.



You will see that the actual sector winner is not in my asset allocation, the Biotech.

I have to admit I decided to insert this “sub” sector into this table while working on it; soon it will also be included in the website. To see how close my asset allocation is to the table simply ignore (for the moment) the Biotech sector.



Mr. Maggioni has been working in the financial markets for the last 15 years covering different roles and working in tier 1 consulting companies and banks worldwide.

In recent years his studies have been focused on the psycho-emotional aspects of trading and how those aspects have an impact on traders' behavior.

Before starting this venture, he was head of a hedge fund desk at HSBC Private Bank in Monaco and before that he was employed at Credit Suisse Asset Management (CSAM) in Zurich covering the in-house single manager hedge funds.

Most of his experience in hedge funds was gained while working in a Swiss family office where he was in charge of the research and analysis as well as due diligence for US and European hedge funds. He also performed quantitative analysis and portfolio construction for several funds advised by the family office.

Prior to that he worked as an external consultant for KPMG Financial Services in the Milan office. In 2002 he has been hired by Ernst & Young LLP, San Francisco as auditor for hedge funds, auditing large single funds and fund of funds. In 2000 he joined Ernst & Young in Milan as an auditor for mid-sized companies.

Mr. Maggioni holds an MBA from IUM and a Portfolio Management degree from the University of Chicago GSB.

Useful Links:

European Central Bank:	www.ecb.int
Bank for International Settlements:	www.bis.org
International Monetary Fund:	www.imf.org
Federal Reserve:	www.federalreserve.gov
US CFTC	www.cftc.gov

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