

# Investment Process



RCieSOLUTION

CONCEPT TOWER BUILDING  
GRZYBOWSKA 87  
WARSAW 00-844  
T.+48 (22) 219 95 76



## Preface

In our customer presentations and studies, we receive an ever-increasing number of questions for more detailed information on the design of the investment process. What are the criteria we use when looking for investment opportunities and portfolios? How do we work in a team to make decisions that are most relevant to each client? These issues are important to us because it is important for us to have a disciplined and collegial approach to work. We believe that our investment process is robust and provides the opportunity for consistent returns tailored to the risk profile. On the other hand, cohesion drives the ability to provide our investment knowledge in a way that is tailored to individual needs.

As part of our commitment to transparency and accountability, we wrote this material. It gives you insights into how we think and how we work and shows the resources and experience associated with our investment strategies.

On behalf of RCieSolution thank you for your interest in our company and our capabilities. I hope that reading this document will make it easier for our clients to understand how we work on their behalf. We feel honored by the trust that the customer gives us while understanding the responsibility that we are trying to deliver.

Rafal Ciepielski  
CEO RCieSolution

## Reliable investment culture

RCieSolution has implemented a consistent investment culture through a well-defined investment process. We believe in the institutional rigor and the discipline that governs our decisions. With an active and flexible approach, we strive to achieve positive returns across all investment strategies. Investors have access to our knowledge through the discretion of managed portfolios. We have developed many investment solutions that share a common platform and tailor strategies to individual needs and risk profiles.

As active managers we strive to increase our return and reduce losses in two ways:

- Resource allocation decisions that involve adjusting the share of the portfolio to strategic positions to reflect the changing economic and market situation.
- Choice of security with liquidity preferences and high quality assets priced at an attractive price

All strategies reflect the best opportunities in a variety of global classrooms and regions. We pride ourselves on our ability to provide highly personalized service, supported by these direct relationships. In addition, we offer investors detailed information needed to understand the sources of returns and risks. We are constantly striving to improve and develop our services. We use access to leading research and innovative analytical tools.

By investing our clients' resources, we follow four principles:

- focus on circumspect management of investments;
- differentiated approach;
- active investment management;
- institutional discipline in collegial culture.

### **Circumspect management**

People who choose to invest capital and who come to us for our investment knowledge, often need life or longer to gain capital. We understand that our primary task is to invest in the principles of prudent management. As part of this process, we help investors understand the benefits of multidimensional and consistent operation. We explain how volatility diminishes over time and why long-term investment horizons are important.

We invest according to today's market conditions in the context of the long-term strategic framework. Asset allocation and the decision to choose security focus on delivering the optimum combination of income and growth and achieving return on agreed risk tolerance.

### **Differentiated approach**

A single asset class rarely surpasses all market conditions. That is why I believe that the best way to actually benefit and reduce risk is diversification - investing in different asset classes, global regions and types of investment. We invest mainly in liquid assets to respond to the changing market, generating a profit that takes into account customer needs. In order to determine the optimal combination of asset portfolio components, we are constantly analyzing the expected long-term return on investment and the corresponding risks. The strategic framework thus defined enables the appropriate balance of assets to meet the different investment criteria.

### **Active management**

We are active investors and we strive to deliver value through tactical asset allocation decisions, taking into account individual security requirements. This process involves defining a broad spectrum of different asset classes operating under different market conditions and choosing the optimum investment. The objective of tactical resource allocation is not fundamentally changing the long-term portfolio risk profile but increasing profits and reducing losses by aligning the strategic framework.

Our asset allocation decisions are conducted using a systematic review of the key drivers of return - growth, value, liquidity, currency and management - which we define as the investment context. The safety selection process is based on our ability to identify relevant investments in attractive valuations through rigorous and conservative analysis.

### **Institutional discipline**

The investment process is a decision-making framework, designed to meet risk objectives and return associated with individual mandates. Internal risk control helps ensure that your investment approach is aligned with your goals. Our ability to measure and monitor risk in combination with performance and precision gives us the information we need to accurately monitor the suitability of selected solutions.

### **How we structured the investment process**

We have designed the investment process to ensure optimal investment effects. It has four main components:

- **Investor.** We start with a clear understanding of individual needs and relevance to determine the risk profile for each investment strategy. Investors often work with a consultant to develop and fully understand the needs of the parties.
- **Process.** A structured process that generates value for portfolios through the strengths of allocation and security. Respect for knowledge and mutual respect count.
- **Wallet.** Based on the views generated by the asset allocation processes and the selection of investments, the constructed portfolios take into account the specific needs of investors and risk profiles. Such a defined approach creates individual responsibility within shared investment concepts.
- **Risk and efficiency oversight and investment review.**

We have a close risk monitoring system (CRMS) and a highly disciplined internal review process. This structure facilitates the monitoring of risk profiles and analyzes the key attributes of portfolios and their sources of performance. Our goal is to provide a number of detailed investment reports and their valuations to ensure transparency and to understand our investment. These reports act as supporting materials during the meetings with investors and advisers on the process of verifying the investment service.

## **Understanding the objectives of the investor**

In order to determine the optimal investment strategy for each investor, we set their return expectations against the risks they are willing to accept. There are many issues to consider, including financial circumstances, ability to absorb losses and comfort levels when investing in financial markets. Other goals include time and the need for income over capital growth. Our approach is most appropriate for long-term investors and is not suitable for short-term time frames or commercial orientation. Some investors are working with investment managers directly to set appropriate investment objectives and tolerances. Others work with an advisor to determine the right investment approach. We recommend that everyone has their own financial plan (either prepared alone or with an advisor) to ensure goals and risk tolerance. We develop investment strategies that meet the needs of each investor.

## **Strategic asset allocation**

We believe that the best way to achieve risk-adjusted returns above market is diversification. Our goal is to provide investors with a wide range of investments that may have a low correlation in terms of results. We believe that the choice of optimal asset allocation is the most important factor affecting long-term returns. That is why the basis of our investment approach is based on identifying the most effective combination of asset classes that, in the long run, faces the best possible returns in the face of defined risk. This is the long-term strategic asset allocation we designed for each risk profile. We observe markets using optimization models that facilitate understanding of anticipated risk changes and changing investment scenarios. It is worth noting that the value of investment in each type of assets and income from them are a variable function not guaranteed. Shares usually offer the best opportunities to generate long-term capital growth, income, but also the risk associated with investing in stocks is higher. Investors with greater risk tolerance have greater allocation of shares and alternative assets, such as commodities or cryptocurrencies and more international exposure. Depending on the individual investment mandates, we usually orient the wallets towards the investor's domestic currency in order to reduce the impact of exchange rate fluctuations. For all investments, our decision-making process includes a review of currency risk as part of the investment justification for each asset class and collateral.

## **Allocation of tactical resources**

Prolonged periods may occur when asset price levels deviate significantly from their long-term trends. Therefore, we must be willing to actively invest from the point of view of asset allocation and security. We are reaching tactical decisions regarding asset allocation through quarterly meetings of the Strategic Policy Committee. The purpose of resource allocation is to improve return and minimize

losses, achieved by adjusting the strategic framework. By making decisions, we analyze portfolios to reflect prevailing market conditions, but not in a way that fundamentally changes the risk profile of the strategy.

### **The role of the Strategic Policy Committee**

We believe that risky assets should be favored when:

- Economic growth improves;
- Liquidity conditions are good;
- Valuation is relatively low;
- Risk related to events or other risk is low and / or falling.

We use a wide variety of tools during SPC meetings:

- an asset allocation model that analyzes the relative attractiveness of different asset classes, including factors such as valuation, revenue and profit and macroeconomic factors. It provides an assessment of the relative returns on the capital markets, as well as a comparison of values for shares and bonds.
- systematic assessment of market and economic data taking into account changes in growth, value, liquidity, currency and governance (current economic landscape, market and politics). We call it GVLCM system. This analysis influences our asset ranking.
- external research strategists. They share their investment forecasts and recommendations on asset allocation with the investment team, so we can benefit from a variety of perspectives and an exchange of views.

We believe that these broad and disciplined data form the basis of a robust check and review process. The SPC discusses the overestimation and underestimation of individual asset classes using all these input data and evaluates them before reaching an agreed view. The latter form the basis of the conclusions. In other words, we combine investment strategies generated with customization. As a result, all investors benefit from the discipline of a centralized approach, individual attention and adaptation that requires a changing system.

Thank you for your attention.

RCiESolution Team