# MOMENTUM MANAGEMENT V4
# ON THE ENTIRE SEVEN FORCE RANGE

**Press Release - March 15, 2022**

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## DEAR INVESTORS,

Seven Capital Management **Research & Development activities' aim to improve** and make perfect our Momentum management strategies with three main objectives :

- **Increasing** our long-term expected annualized return;
- **Reducing the amplitude** of declines in net asset value as well as their duration;
- All this with a **specific volatility target** for each of the funds of the Seven Force range.

This R&D activity has been concentrated for the past two years around **two essential areas of research**, in our view:

- **Accelerating the increase of equities exposures** following significant and rapid declines in the equity markets (such as October 2018 – March 2020 or as currently with the War in Ukraine).
- **Identifying market stress sequences as soon as possible** in order to initiate a process of reducing exposure.

Of the three families of momentum indicators that make up our portfolio, Macro Momentum Indicators - Price Momentum Indicators – **Risk Momentum Indicators**, the family of Risk Momentum Indicators is clearly the one that displays the greatest **responsiveness and adaptability** to prevailing market conditions.

Indeed, the classic price momentum strategies, although particularly effective during long bear markets of the 2000 - 2003 or 2007 - 2009 types, display a **much greater inertia**. Ditto for macro momentum strategies.

Let's consider the shock of the last quarter of 2018 as an example.

The so-called "classic" momentum strategies only started to meaningfully raise equities exposure of the Seven Force 5 portfolio towards the end of March 2019, when 2/3 of the 2019 rise was actually made during the 1st quarter.

Aware of this fact, we decided to **focus our research on risk indicators** that had shown much more responsiveness, both at the time of the decline during Q4 2018 and at the start of the following uptrend during Q1 2019.

Thus 2019 ended with a +3.78% performance for the Seven Force 5 in the V3 version against a gain of + 11% for the V4 version.

Armed with the elements of analysis detailed above and an in-depth study of the portfolio simulation results carried over nearly two years, **we have just implemented the new V4 version of our process for the entire range of Seven Force funds.**

If the depth of the maximum declines in net asset value (Max Drawdown) remains the same, the re-exposure capacity of version V4 allows a significant reduction in the duration of these decline periods, going from 653 days for Version 3 to 357 days for the version V4.

This ability of the **V4 version** to take on risk more quickly also makes it possible to significantly increase the expected return which, over a long period, since 2000, has increased from 5%/year to 6.5%/year, i.e. **an increase of 30%.**

**It is the culmination of 2 years of research, analysis and daily monitoring of the Seven Force 5 portfolio**, in order to control its parameters, which allowed us to validate this new version.

Therefore we have decided to implement the version **V4** of our management process for all funds in the Seven Force range: Seven Force 2 - Seven Force 5 - Seven Force 10.

Would you have any questions about the new V4 version, please do not hesitate to contact the Seven Capital teams.

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