



# PEGASSETS

FAIR. HONEST. TRANSPARENT.

Our corporate mandate is to provide the latest innovations in financial technology marketplace.

The ability for active managers to receive high fees, while delivering returns below their benchmark indexes, can't continue. Investors have responded rationally to this underperformance by withdrawing assets from active managers. Over the past five years active managers have lost \$750 billion in assets, while their passive manager counterparts, including ETF issuers, have gathered \$1.3 trillion in new assets.

## What's the Solution? – Ensemble Active Management

Ensemble Active Management (EAM) reflects the intersection of proven machine learning technologies which are applied to active asset management portfolios (using “Ensemble Methods”) and traditional Active Management investment decisions. Ensemble Methods is a time-tested, multiple-expert system designed to improve the accuracy of single-expert predictive decision algorithms or predictive analytics engines. Or to put it another way...Ensemble Active Management can be thought of as the mathematical search for many second opinions as applied to selecting stocks for an investment portfolio.

***Would you not seek several medical opinions to a serious medical problem? EAM selects stocks with the highest consensus agreement across multiple managers' high-conviction best ideas.***

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PEGASSETS, launched in 2018, in response to investment needs for innovation in the ETF and Mutual Fund marketplace, PEGASSETS licensing this new FinTech.

- ❖ Driven by the need for new active investment models to stem the asset flow into passive vehicles, the effort to launch PEGASSETS was spearheaded by Robert Tull. Robert Tull was named 2018 Global ETF Award Winner – Greatest Contributor to the ETF marketplace, and who has played a leading role in the design and development of over 400 exchange traded products in the U.S., Europe, and Pacific Rim including leading the team that introduced the first WEBS for Morgan Stanley (which evolved into the iShares product line).

## ***YOU OWN IT!***

PEGASSETS does not provide investment management, rather it licenses the capability for clients to build custom, proprietary EAM portfolios. The client owns the product and the track record and can put their own name on it.

## **MANGER'S SETUP WORKS:**

- Sign a no-obligation Memorandum of Understanding
- Select index benchmark (i.e. S&P 500, Russell 1000 & Russell 2000, etc.)
- Select mutual funds that are measured against the same benchmark. Funds should have unique investment approaches and a majority of funds selected must have a positive alpha from high conviction stock selections

- Profile the investment mandates, indicating any specific constraints.

### **Constructing a proprietary product that you can put your name on, *you own it!***

#### WHAT HAPPENS NEXT:

- Enabled by [Pegassets'](#) IP license your proprietary product is established in the machine learning application with deep learning and predictive analytics capabilities.
- A back test is run (typically for a 3 – year period) and an analysis of EAM portfolio back tested provided showing returns versus the selected benchmark, the underlying funds used to create the EAM portfolio, as well as the Morningstar peer group. Information regarding the success rate of the portfolio and average excess return are provided.
- For a period of time, you can evaluate a live test of the EAM portfolio, with data files delivered every two weeks.

Once you are satisfied, we move forward with an official contract. There is no upfront charge for the EAM solution. Fees are based on assets managed utilizing the EAM portfolio, providing a very cost efficient way to introduce new products or strategies to your clients.