

ABSTRACT

TECHNIQUES FOR INVESTING IN PROXY ASSETS

A new form of security designated the proxy asset provides risk management capabilities, such as liquid interests in illiquid assets and economic indicators, without the deficiencies associated with other types of financial instruments. A proxy assets set is defined to respond to one or more indices. Each proxy asset has a share value and a number of shares. The proxy assets have a proxy assets set account value equal to a sum over all proxy assets of the products of the share value and the number of shares. At least one proxy asset account value per share is a function of an index. The function is called an account formula. The account value for the entire set of proxy assets is constrained by a value of a resources pool. The proxy asset account value is reevaluated according to the account formula upon occurrence of each event of a plurality of predetermined events.

(Figure: NA)

