WealthPartners
FINANCIAL SOLUTIONS

INVESTMENT PHILOSOPHY

with

WEALTHPARTNERS

Objectives & Risk Management

We

We aim to maximise the probability of a client meeting their objectives whilst ensuring we implement a strategy that is consistent with their tolerance towards risk.

We believe the primary risk that must be managed is that long term goals may not be met.

This will be influenced by a multitude of factors including:

> the exposure to volatile assets in the portfolio

> the level of saving and spending by the client

> the underlying level of real interest rates, inflation and tax

The first step to risk management is to determine the level of risk that is appropriate for any particular investor. After that level of risk is adopted it is important to make sure that the portfolio is appropriately diversified at all times.

Asset allocation

We prefer Fund managers who are able to protect capital when broad market swings occur. We include investment managers who have the ability to tactically alter their asset allocation based on prevailing market conditions to add value and reduce the risk of portfolios.

To add value in asset allocation we use multiple analytical tools, including:

> **Macroeconomic**

These tools allow us to model how broad economic themes are likely to affect our portfolios and identify when strategic adjustments may be necessary.

> **Valuation**

These tools allow us to ascertain where the underlying fundamentals of an investment are not appropriately reflected in its return and hence avoid investments that are overvalued and identify investments that are undervalued.

> **Technical**

These tools allow us to model what characteristics an investment is likely to add to our portfolios, including its relationship with other investments and its ability to reduce overall risk within a portfolio.

Asset classes & Currency management

We believe that some markets are less efficient than others. We will only use active portfolio management in those sectors where managers in general have a clear record of outperformance, including: small companies, alternative investments, and mature emerging markets.

In order to successfully add value through portfolio selection, we have access to superior research such as: Morningstar, AMP Financial Planning research, VanEyk and our own internal capabilities.

We believe that currency can be managed on a tactical basis through the use of fully hedged / unhedged currency exposure to investment funds.

Illiquidity in a portfolio is fine as long as there are sufficient liquid assets to provide for regular cash flow needs plus reserves for emergencies or other opportunities. If illiquid assets are where the best opportunities lie we should not be worried about tying some capital up for periods of time.

We will only invest in alternative assets if we really understand the opportunity including; the risks, what is likely to drive sustainable returns, the fees, and potential for illiquidity.

The role of secure debt in a portfolio is to provide stability in a downturn and a guaranteed source of income. We do not take risks with this part of the portfolio.

We use investments with credit risk in portfolios to take advantage of the higher premiums above secure debt that are available from time to time. When the premiums are insufficient we will ignore this asset class.

Taxes & fees

Whilst after tax returns are important, we primarily believe tax should not be the key driver in selecting an investment manager. We believe the total return to an investor is our main objective. If we make sound investment decisions the tax will look after itself.

We consider after fee outcomes. Fees should not drive decisions so long as they are more than offset by the value created by active management.