portfolio construction forum

CONFERENCE

Objectives-based financial advice in practice

Stephen Furness, Director, MGD Wealth
Dr Bart Dowling, Investment Strategist, Select Asset Management
Andrew Fairweather, Winston Capital Partners

Thinking about... lifecycle investing in practice.

How to implement **contemporary approaches to portfolio construction** into a financial planning practice in a **post GFC**, **post FOFA** world, using case studies and discussion.

Our pathway to fit Graham's brief…

1. **Implemented Solutions to manage lifecycle goals – Post FoFA**
   Andrew Fairweather | Representing Select IP
2. **Strategy first – Contemporary approach to advice**
   Stephen Furness | Head of Investment Advisory, MGD Wealth
3. **Portfolio construction second – Contemporary approach, Post GFC**
   Dr Bart Dowling | Investment Strategist, Select IP

Implemented solutions to manage lifecycle goals Post FoFA

Andrew Fairweather | Representing Select Investment Partners

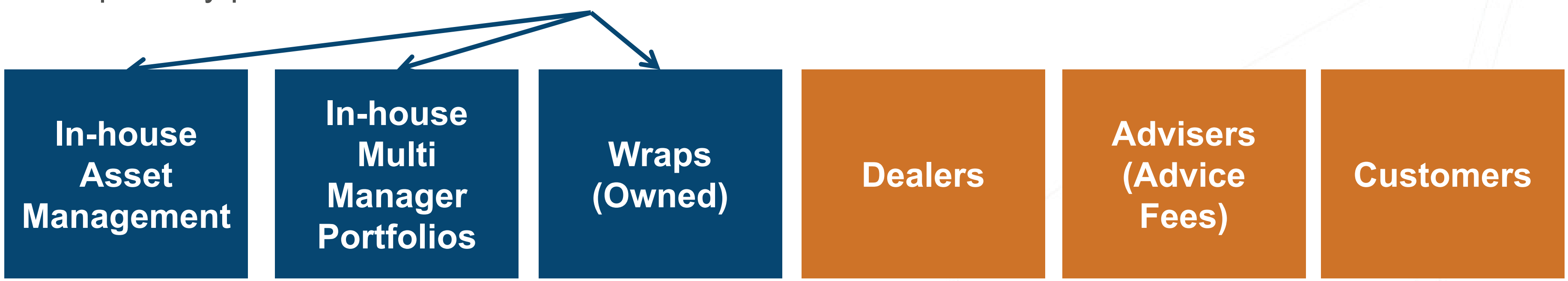
What investment problems are boutiques faced with?

1. There are few off the shelf portfolio services that meet the needs of planning groups if adopting a lifecycle goals approach to advice
2. Managing wealth is more complex than ever before and the costs of creating in-house portfolio capabilities is prohibitive
3. Large dealers have an '**unfair advantage**' across the value chain, where internal revenues can be shifted in a FoFA world
4. Boutiques are at a structural disadvantage from a cost, scale and scope point of view
5. Clients are demanding more in terms of the delivery of their portfolios and want more information, more often
6. Advisers are constrained in what funds/structures they can use to manage money in a world where having fewer constraints makes sense

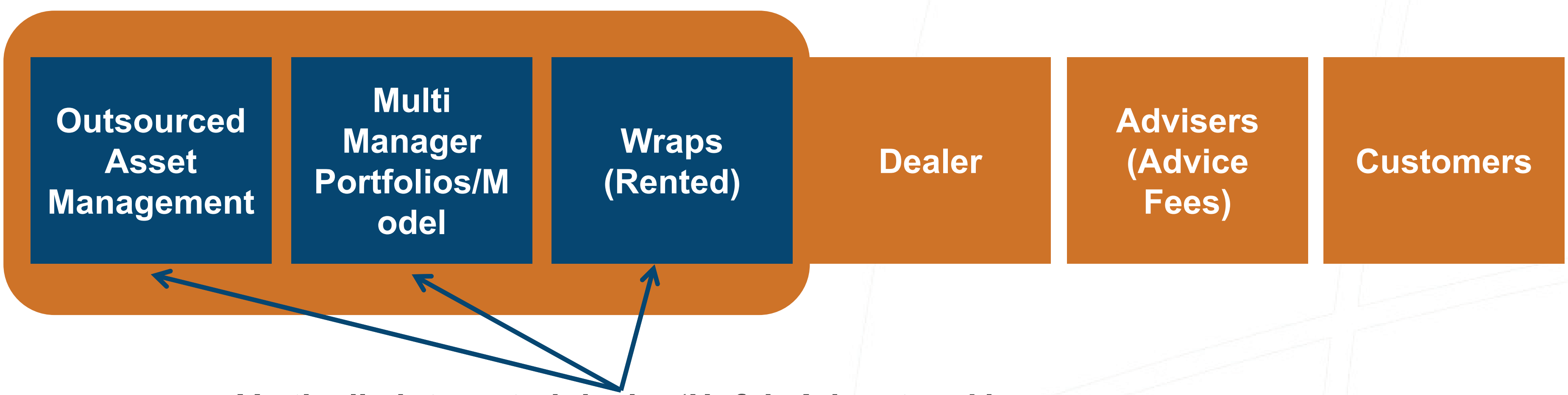
A snapshot value chain

Vertically integrated firm

Separately priced services that can cross-subsidise ‘losses’ elsewhere



Boutique dealer



Vertically integrated dealer ‘Unfair Advantage’ here

ifa
News and business intelligence for financial advisers

Vertical integration drives AMP wealth results

Written by Aleks Vickovich
Thursday, 15 August 2013

AMP has announced $393 million net half-yearly profits, pointing to strong results on its platform and wealth businesses and product recommendation from a growing adviser network.

Outgoing chief executive Craig Dunn – he is to be replaced by former AMP Financial Services managing director Craig Meller, the company's board has announced – said the AMP wealth management business was a strong contributor to the overall results.

"The combined earnings from all businesses, excluding our wealth protection business, were up 17 per cent, as net cashflows increased significantly in our wealth management business, investment markets continued to improve and we drove down costs," Mr Dunn said.

Operating earnings for the wealth business for 1H 13 were up 20 per cent compared with 1H 12, according to the published results.

In addition, the combined assets under management on the North platform and AMP Flexible Super was $15.5 billion as at 30 June 2013 – up 80 per cent on 12 months ago, off the back of "more AMP planners choosing to recommend the North platform to their customers".

The growth of the company's licensee channels has continued, growing from 3,636 to 3,680 total AMP advisers from financial year 2012 (FY12) to FY13.

"All of AMP's financial planner groups experienced good uplifts in net cashflows," the report states.

Today's News

- Macquarie Wrap accounts reach record FUA
- BT announces platform updates
- Vertical integration drives AMP wealth results
- CFP Board announces online course
- Chambers client claims revealed

Subscribe to our free E-Bulletin

enter email... | Subscribe

Feature Video

Most Read News Stories

This is what you should/could be doing for yourself…

‘Unfair advantage’ delivered to boutiques at very low cost

Asset Management
- Scale
- Access
- Liquidity
- Co-investment

Multi Manager Portfolios
- Sophisticated tools
- Best of breed
- Complete transparency
- Risk management
- Institutional quality

Wraps (Rented)
- Saving in admin fees

Dealer
- FoFA compliant revenue and scale
- Compliance
- All RE services delivered at one stop shop

Advisers (Advice Fees)
- More time on strategy & comms
- Integrated into desktop
- Less admin

Customers (open market)
- Best of breed
- Institutional quality
- Performance equity

For original thinking, be select.

Post FoFA World Legal structure – implemented unit trust option

Investment Manager

THE PORTFOLIO

Asset Consultant & RE

Investors

Auditor
Tax Services
Compliance Plan Audit

Custodian
Fund Administrator
Registry

Legal counsel
PDS Sign Off

The barriers to entry are increasing…

1. Platform requirements have increased (APRA related) e.g. APRA requirement to provide Standard Risk Measure, which requires forward risk modelling capability
2. Boutiques moving to one to two portfolios and supporting the proposition with satellites for cost purposes
3. PI Insurers interrogating underlying assets/structure
4. Customers go from multiple unit prices to one
5. Those operating MDA's may be impacted by ASIC discussion paper changes (if they occur)

Strategy First – Contemporary approach to advice

Stephen Furness | Head of Investment Advisory, MGD Wealth

www.mgdwealth.com.au

About MGD – snapshot…

- Total Wealth approach including tax, accounting, SMSF administration and corporate advisory
- Liability Driven Investment (LDI) advice process
- Nine employees in planning division
- BT wrap and xPlan user
- Self licensed but BT Select
- FUM of $300m
- Separate revenue streams (advice, risk and investments) – valued differently
- Average FUM per client $950k
- Fee for service
- Three LDI implemented portfolios using Select Investment Partners and Select Fund Services for RE + bespoke

mgd wealth
connect the dots

Our approach is all about understanding a client's Total Wealth Management requirements

Lifecycle advice is what we have always done!

www.mgdwealth.coı

connect the dots

MGD Section – Strategy First

1. What problem are we solving for?
2. Issues encountered with the LDI approach
3. Why an implemented portfolio made sense for MGD?
4. The why, the how and the what of objective based advice
5. The importance of client communication
6. **Group discussion**

What problem are we solving for?

- Investors do not think in terms of risk profiles in the traditional sense, they think in cashflow terms (e.g. liabilities)
- They mentally account for future cash flows; short, medium and long term in buckets – (e.g. holiday bucket, car bucket, child education etc)
- They are not static risk allocators, behaving like the flawed models suggest and always worry about capital preservation
- Deale/Researcher models are not dynamic enough to cope with volatile markets and a nightmare to administer
- Most off the shelf multi managers are SAA focused and conflicted by use of in-house assets
- We see our value add as strategic planning and communication and not as Warren Buffett

The industry is not structured to deal with lifecycle advice and LDI portfolios

- Risk profiling does not provide a satisfactory basis for advice with a cash flow approach
- There are no off the shelf tools that provide modeling for cashflows and the presentation of the data to clients
- SAA does that does not take valuation into consideration, does not work well with LDI approach – need to look forward
- Client communication moves from performance measurement as a primary, to 'are we on track' conversations
- Model portfolios are static and with investment and administration limitations and conflicts (e.g. small universe, pay for rating, no hedging, liquidity spectrum…)
- Minimum investment limits exclude many world class managers

Why we chose an implemented portfolio solution to complement our lifecylce advice process?

- No off the shelf portfolios to manage for our advice process
- To solve administration and investment limitation issue
- No conflicts with research of managers – none get paid to be rated
- Clients best interests drove the process
- We wanted to own the performance, increase revenue and increase the customer investment experience
- Engaged Select to create three portfolios to match the liability timeframes (e.g 3 to 5 years, 5 to 10 years and long term)
- LDI20 our latest portfolio – FutureFund like with monthly pricing)

mgd wealth
connect the dots

Pre and post the our implementation

Pre implementation

- Traditional bespoke/models investing via APL - very static (buy and hold)
- Limited to wrap menus and research rated products to build portfolios
- Conservative through to high growth risk profile approach
- No genuine risk management science and tools
- Asset allocation calls very difficult to implement in a timely manner
- Required army of paraplanners and support staff
- Clients demand more

Post Implementation

- Institutional and unconstrained
- CPS aligned to LDI philosophies – supported by bespoke investing
- Back office efficiencies and performance equity across clients
- BDM visits now limited
- Compliance, governance and risk management now best of breed
- More time on strategy and communication
- Bespoke investments still implemented via APL

The why, the how and the what of lifecycle advice – we call it LDI

Strategy first, portfolio construction second…

MGD Wealth Investment Advisory believes that the key to constructing an appropriate investment portfolio is an intimate knowledge of its clients' financial affairs and goals.

That is because their **investment portfolio is ultimately there to provide the funding requirements** (known as 'portfolio liabilities') over the short, medium and long term. MGD Wealth's **Liability Driven Investing** (or LDI) approach factors that in, and forms the backbone of the investment strategies prepared for clients.

Investment Process Overview - Discovery

Strategy first, portfolio construction second…

Goals

- What are your personal and financial goals?
- Otherwise known as 'Portfolio Liabilities'

Timing

- What is the timing of your 'Portfolio Liabilities?
- Short, medium and long term

Financial Resources

- What financial resources are available?
- Super, SGC, savings, property, shares, inheritance

Investment Process Overview - Analysis

Strategy first, portfolio construction second…

Inflation

- What is the inflationary impact on your portfolio liabilities?
- How does this impact your capital adequacy levels?

Present Value

- What is the present day value of funding your portfolio liabilities?
- What level of investment capital is required?
- What investment return assumptions are to be considered?

Gap Analysis

- Are you on track to fund your portfolio liabilities?
- Do you have a shortfall or surplus of investment capital?
- What are the risks in meeting your portfolio liabilities?

Investment Process Overview - Implement

Strategy first, portfolio construction second…

Trade Offs

- Can all your portfolio liabilities be achieved?
- Does your investment risk tolerance match the return assumptions?
- What is more or less important to you?

TWM Strategy

- Are your Total Wealth Management (TWM) affairs in order?
- Strategies to bridge the portfolio liability funding gap

Portfolio Strategy

- What is the best portfolio strategy to meet your portfolio liabilities?
- What is the appropriate allocation across the LDI Investment Strategies?
- What other tailored portfolio strategies are required?

mgd wealth
connect the dots

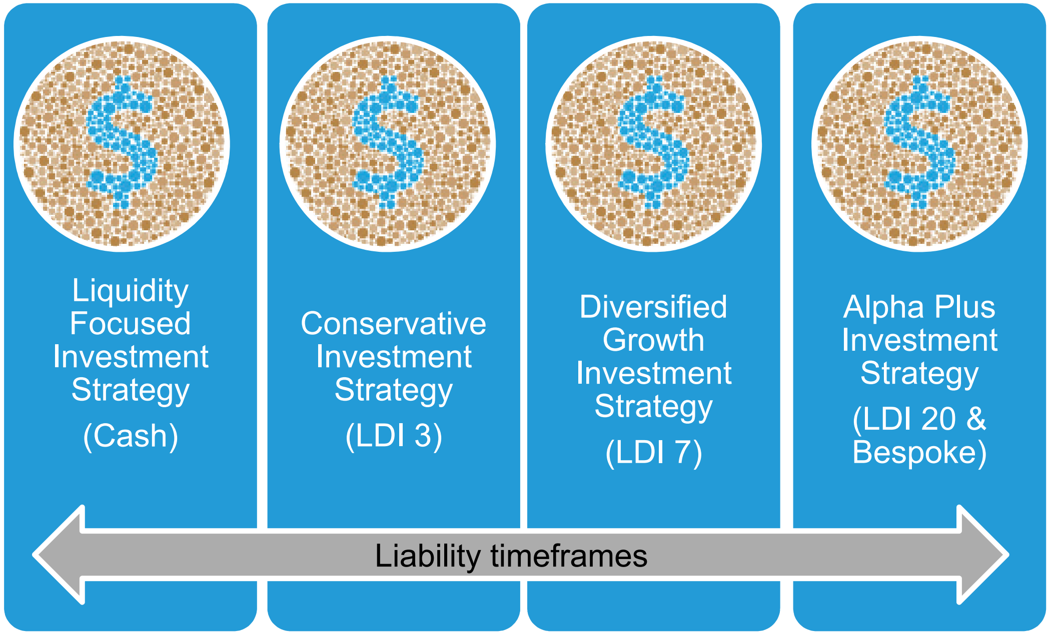
Investment Process Overview - Review

Strategy first, portfolio construction second…

Ongoing Review

- What has changed in your life to impact on your portfolio liabilities?
- What is the revised allocation across the LDI Investment Strategies?
- What other economic or personal changes are relevant?

Implemented portfolios strategies to meet client liabilities – cash + objectives



www.mgdwealth.com.au

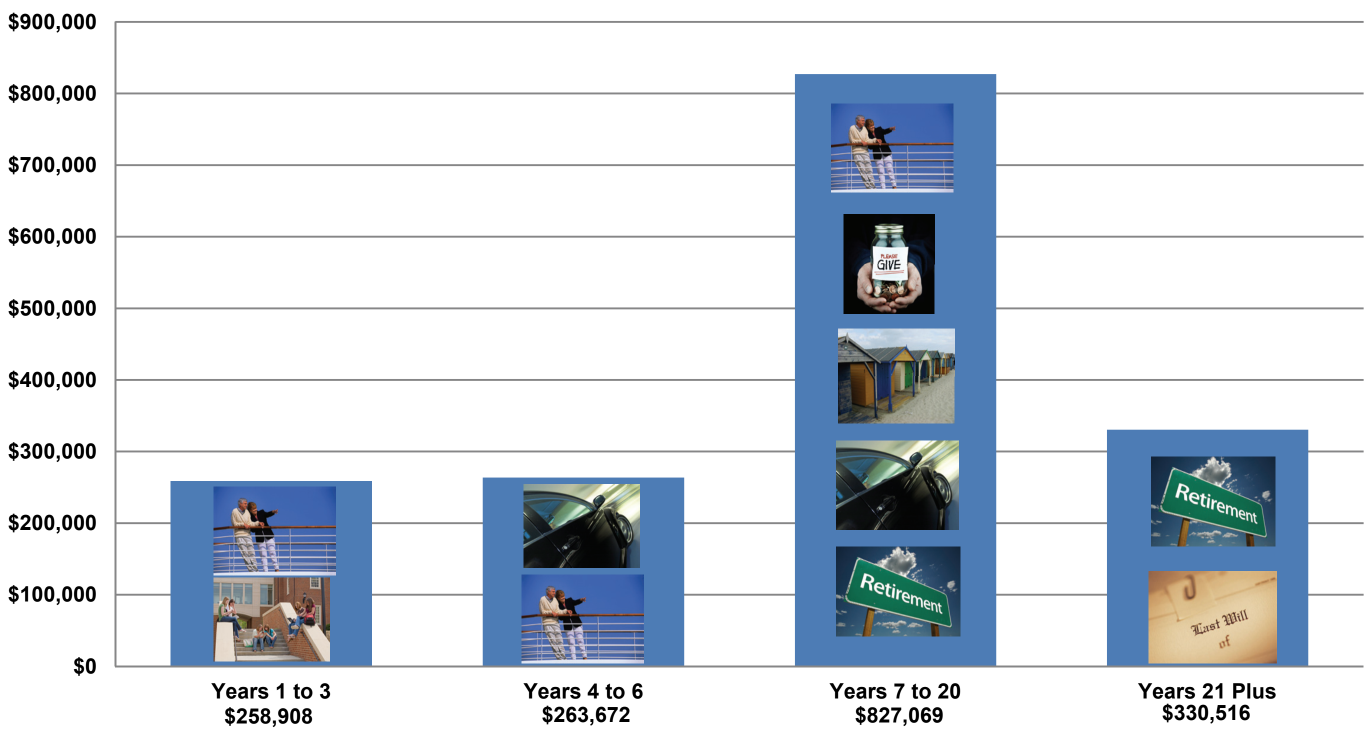
What Do We Mean By 'Portfolio Liabilities'?

What 'portfolio liabilities' need to be funded by your portfolio?…

mgd wealth
connect the dots

Why is 'Portfolio Liability' Timing Important?

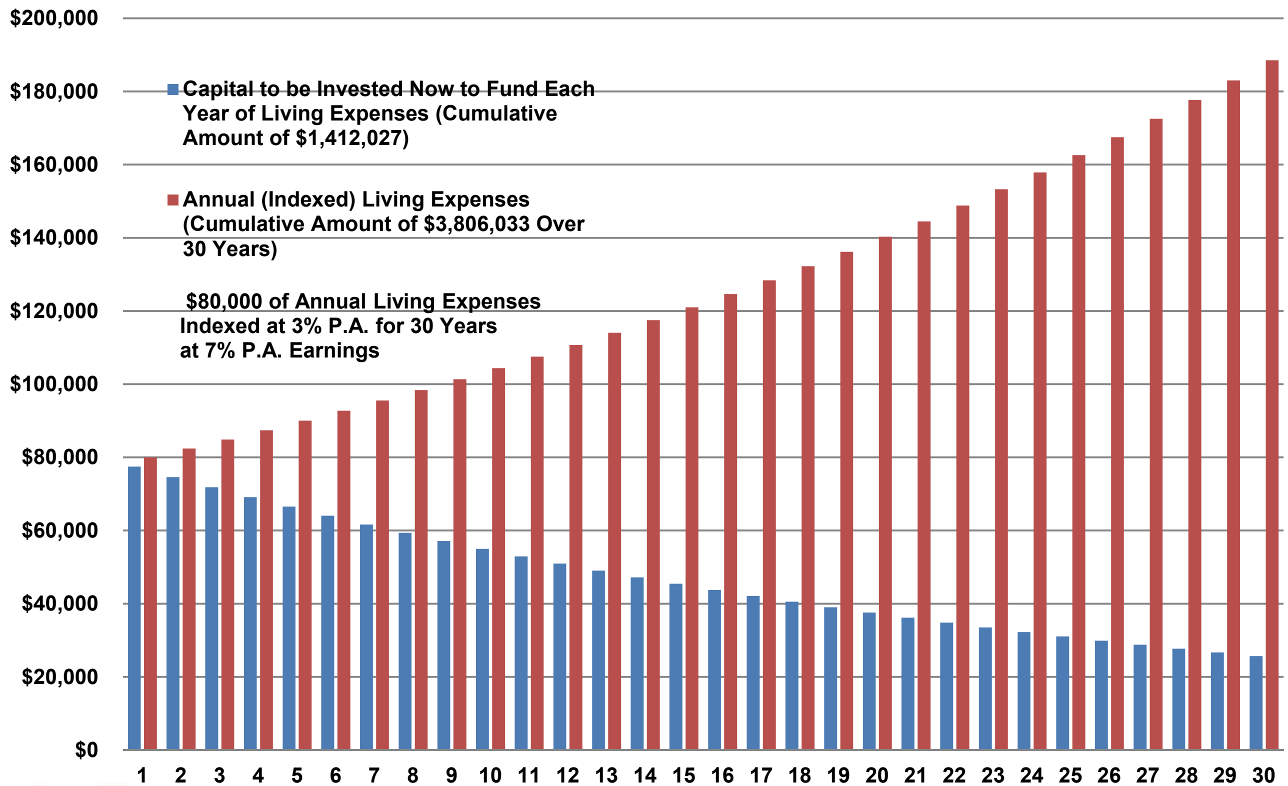
When do your 'portfolio liabilities' fall due?…
When is capital required to meet your 'portfolio liabilities'?…



www.mgdwealth.com.au

What is 'Present Day Value of Goals'?

What is today's value of your future 'portfolio liabilities'?…



www.mgdwealth.com.au

mgd wealth connect the dots

Why is inflation an important consideration?

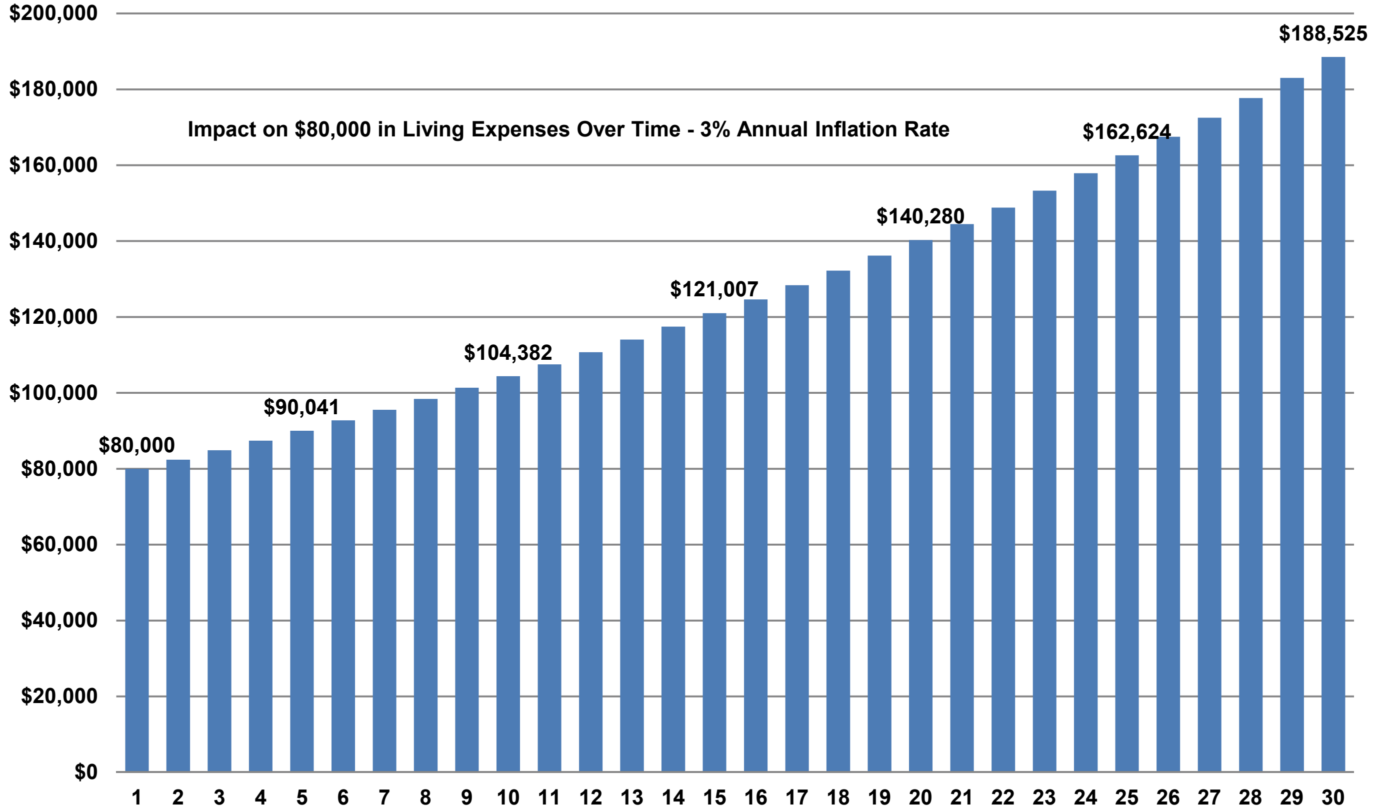
What is the effect of inflation on your ‘portfolio liabilities’?

YEAR	Bread (4lb loaf)	Milk (quart)	Sugar	Butter (lb)	Potatoes (lb)	Tea (lb)
1970	21c	19c	42c	53c	45c	30c
1980	54c	63c	90c	$1.00	36c	74c
1990	$1.37	85c	$2.17	$2.09	99c	$1.64
1999	$2.33	$1.40	$2.21	$2.09	$1.55	$3.34

Table Sources
Australian Bureau of Statistics
Australians Historical Statistics
Prices, price indexes and cost of living in Australia

Why is inflation an important consideration?

What is the effect of inflation on your 'portfolio liabilities'?

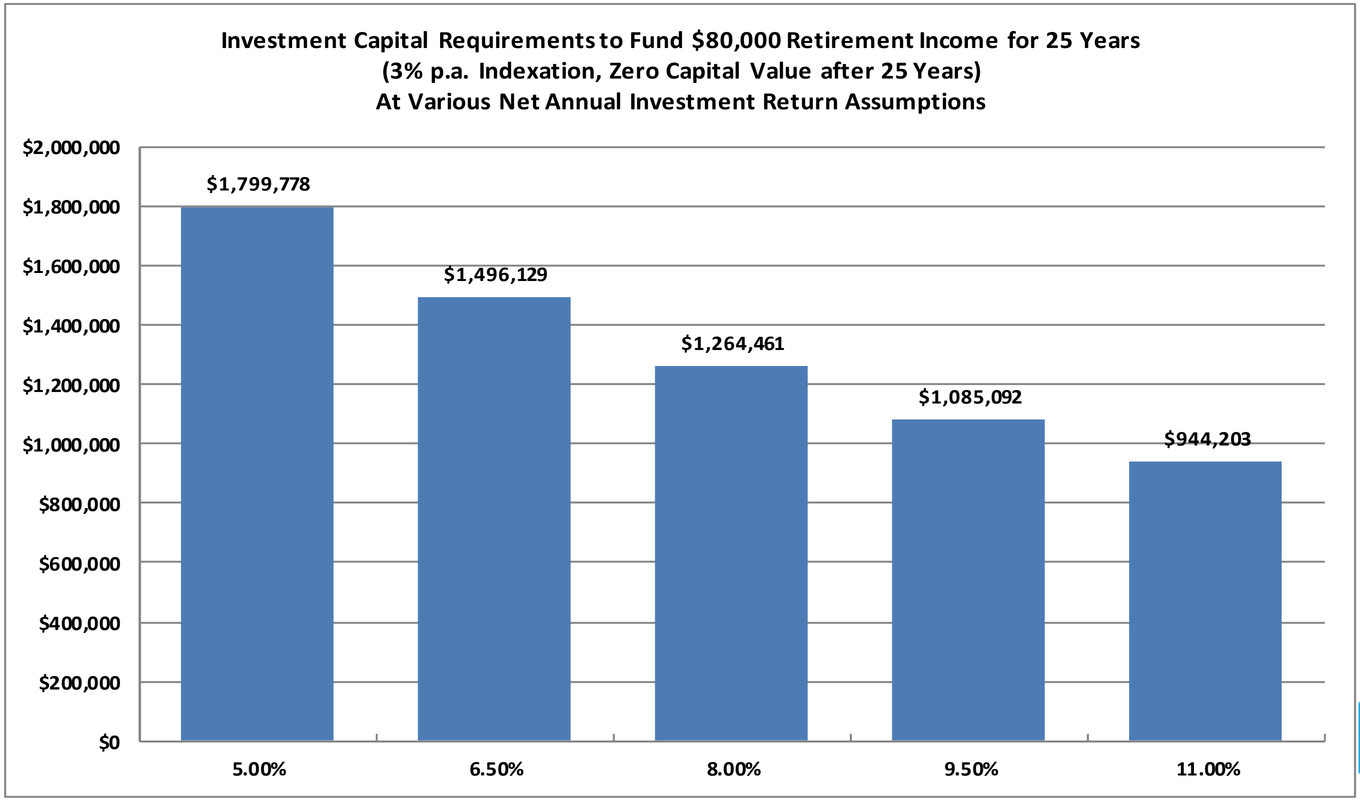


www.mgdwealth.com.au

connect the dots

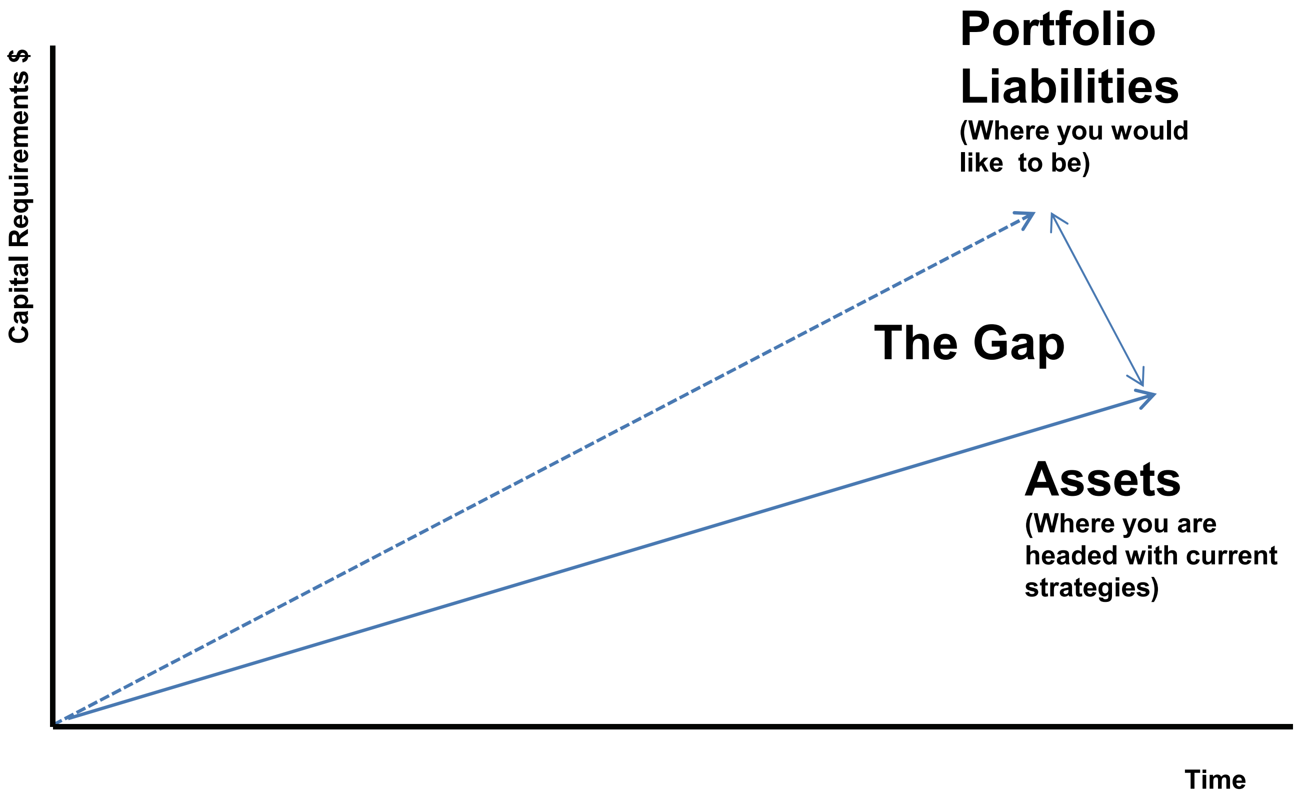
What Investment Return Do You Need?

What return is required to achieve your 'portfolio liabilities'?…



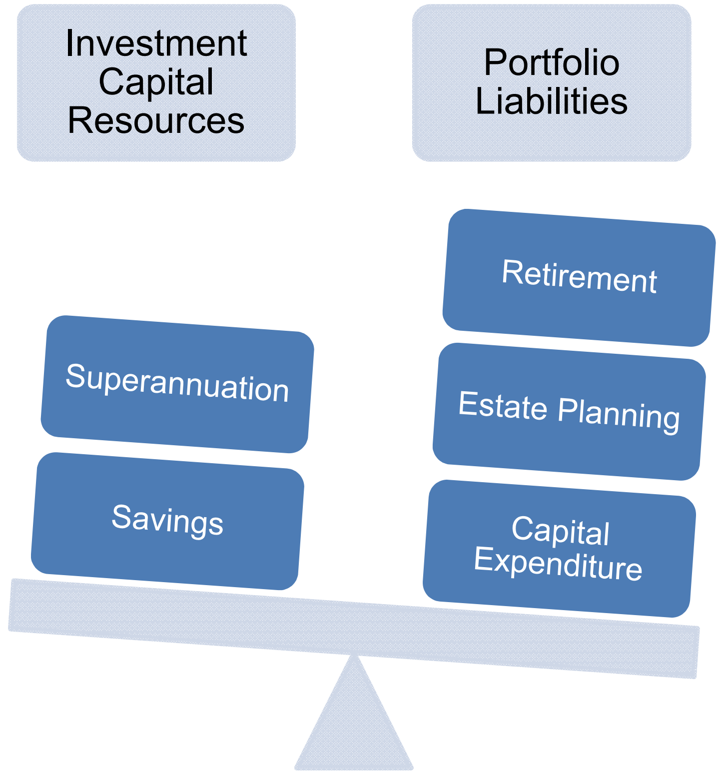
Why is Gap Analysis Important?

Are you on track? Is there a gap between assets and liabilities?...



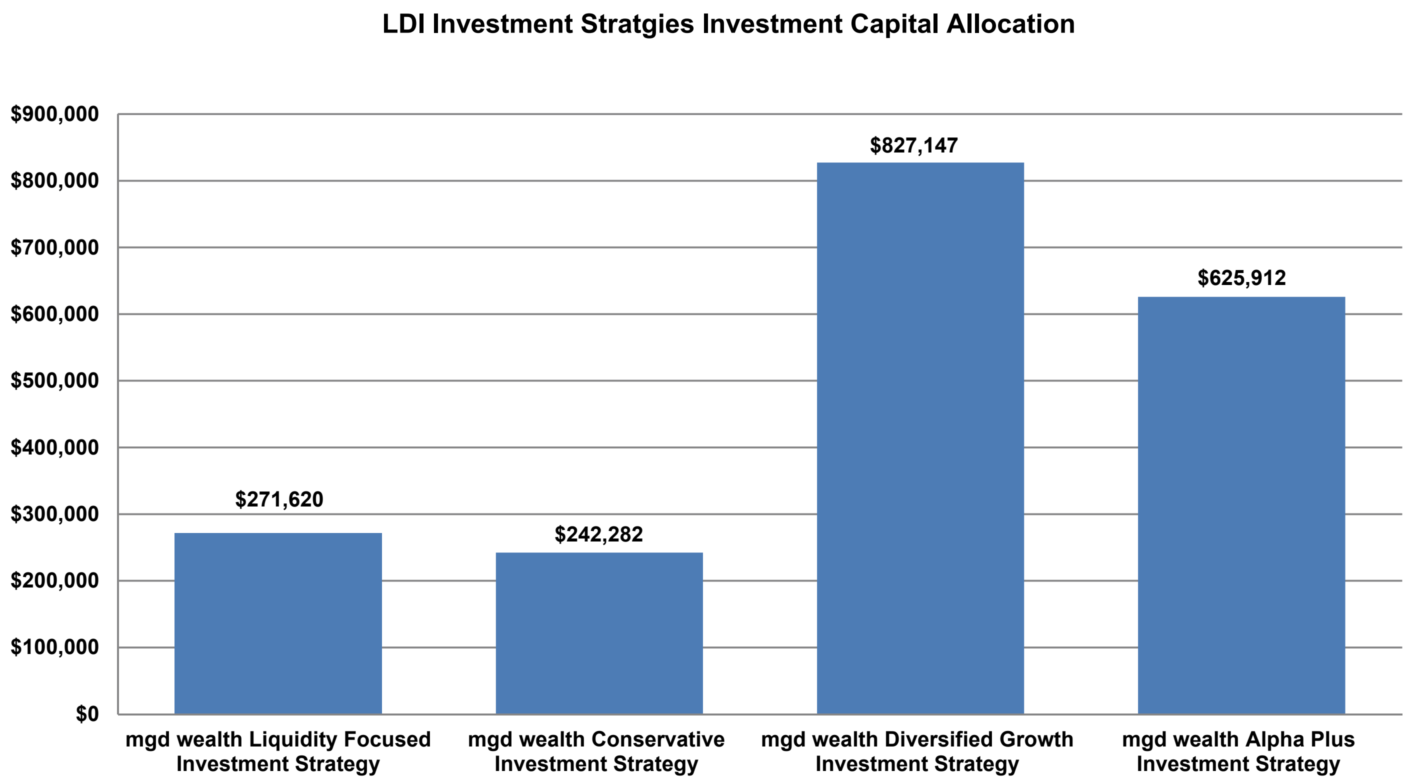
Why is Trade Off Important?

Have you got the right balance? Is a trade off required?…



What is your Portfolio Strategy?

What is the most prudent allocation of investment capital?



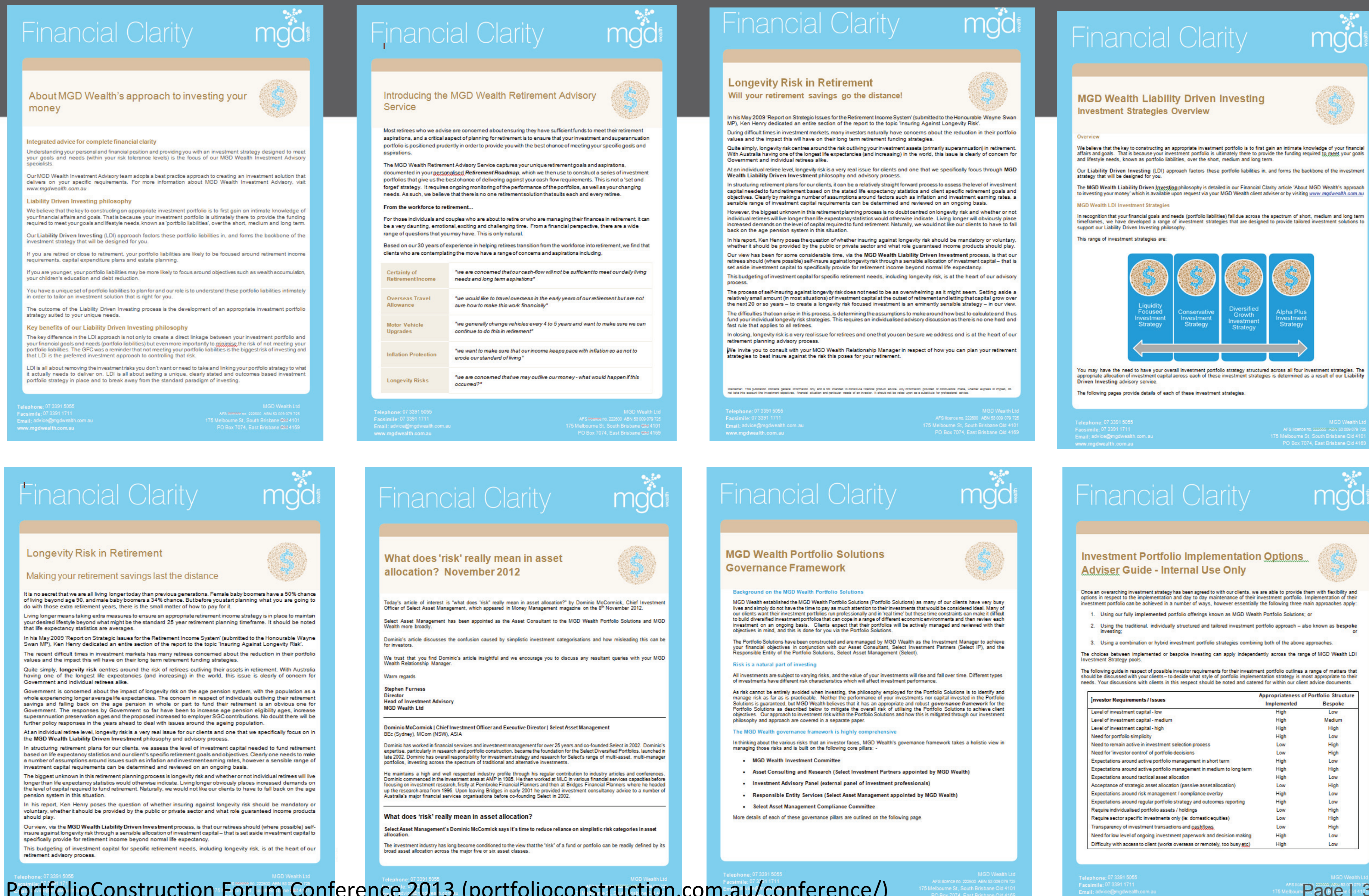
www.mgdwealth.com.au

mgd wealth connect the dots

Client communications vital

1. Had to develop many in-house tools including:
   1. Wealth tracker
   2. Portfolio tracker
   3. Cashflow tracker
   4. Strategy roadmap

With many supporting documents



Regular and customised investment reports

connect the dots AFS licence no. 222600 ABN 53 009 079 725

MGD Wealth Portfolio Solutions - Manager Spotlight
CQS Credit Multi Asset Fund - April 2013

About the Manager

Founded in 1999 by Michael Hintze, CQS is an $11.5 billion global multi strategy asset management firm, head quartered in London with over 250 staff globally.

About the Fund

The Credit Multi-Asset Fund (the Fund) aims to exploit opportunities across the credit space via tactical/opportunistic investments across Loans, Corporate Credit, Convertible bonds and ABS.

The Fund is long-only and targets a return 2-3% over the current cash rate.

Why a Multi-Asset Credit Approach?

Credit Sectors work on different cycles driven by changes in fundamentals, supply/demand and regulatory environments, providing opportunities for Managers to dynamically allocate across different credit markets as mispricings occur.

Why has MGD Wealth Chosen CQS?

a) Investment expertise and success investing across different credit markets, notably Loans and ABS.

b) Strong Risk Management Systems and Transparency.

c) A Solid Investment Philosophy and approach to Credit Investing.

Philosophy on Investing

Fundamental credit analysis is at the core of CQS' Investment Philosophy. CQS believes in a specialist approach to analysing and trading financial securities - and accordingly have respective credit sector teams.

The multi-asset sector approach benefits by exploiting opportunities across the entire credit spectrum, along-side comprehensive risk and liquidity management.

Investment Talent

Simon Finch

Simon is the Chief Investment Officer of Credit, and Portfolio Manager for the Multi-Asset Credit Fund. His responsibilities include overseeing the entire credit fund management and trading. He previously worked at Peloton Partners and Abbey National.

Michael Hintze

Prior to establishing the firm, Michael was Head of Convertible Bonds at Credit Suisse, as well as being Head of UK Equity Trading at Goldman Sachs. Michael holds degrees in Physics and Pure Mathematics and served as a captain in the Australian Army.

Source: CQS Global Multi-Strategy Asset Manager.

To learn more about the Fund visit: http://www.cqs.ch

connect the dots

March 2012

Managed Wealth Portfolio Solutions – Quarterly Update

LDI Connect 3 Portfolios

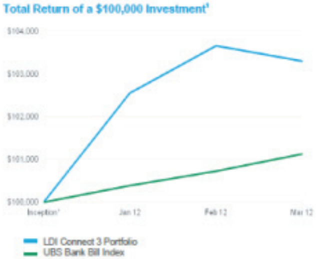
A generally strong quarter for the LDI Connect 3 Portfolio was tempered towards quarter end by poor performance from several areas, particularly gold mining stocks. The Portfolio returned +3.29% for the quarter.

Comprehensive details of the current positioning of the LDI Connect 3 Portfolio can be found in the LDI Connect 3 Holdings and Manager Summaries report on our website click here or upon request from MGD Wealth.

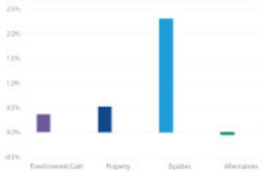
Performance[1] and Asset Allocation Exposures

Performance Snapshot[1]	
3 Month Return	3.29%
Since inception – Total Return (Jan-12)	3.29%
% Profitable Months	67%
Asset Class Exposure[2]	
Cash and Fixed Interest	26%
Property	17%
Equities	39%
Alternatives	17%

Total Return of a $100,000 Investment[1]



Attribution by Sector (1 Jan 12 to 31 Mar 12)



Key Sector Holdings

Fixed Interest	Property & Infrastructure	Equities	Alternatives
Ardea	Infrastructure Capital	Baker Steel	36 South
DFA	Lazard	Bennelong	AQR
Kapstream	Phoenix	Ellerston	Aspect
Macquarie	Prime-Ag	Lazard	Gold Bullion
Vianova	SG Hiscock	Wingate	H3 Global Advisors

[1]Performance returns noted are reflective of relevant currency hedges. Past performance figures are calculated pre-tax after taking into account fees and expenses, assumes that all distributions are reinvested and do not take into account inflation. Neither past performance nor volatility is a reliable indicator of what may happen in the future.

www.mgdwealth.com.au

connect the dots

Group discussion 1 – Lifecycle Advice

- What were the key take outs from Stephen’s session?
- What might you do different in your own practice to implement an objective based advice process?

Portfolio Construction Second – Contemporary approach, Post GFC

Dr Bart Dowling | Investment Strategist, Select IP
BEc Honours (Newcastle), PhD Economics (Melbourne), MSc Mathematical Finance (Oxford)

What problem are we solving for?

- Given a lifecycle advice process, how should a series of portfolios be structured to match the liability profiles
- If we adopt an SAA approach, we are accepting the following: -
    - Backward looking process for portfolio construction with some tactical
    - Mean optimisiation – assumption that risk and correlations are constant
    - Suits risk profiling approach
    - Risk = volatility
    - Fine for traditional financial planning
    - Return maximising
- If we adopt a liability driven investment approach, we need to customise
    - Flexible/Dynamic asset allocation
    - Forward looking → scenarios, asset class valuations, momentum/sentiment
    - Assumes that risk and correlations are not constant
    - Risk = drawdown and not meeting objectives
    - Better for cashflow approach
    - Risk reducing – need more certainty

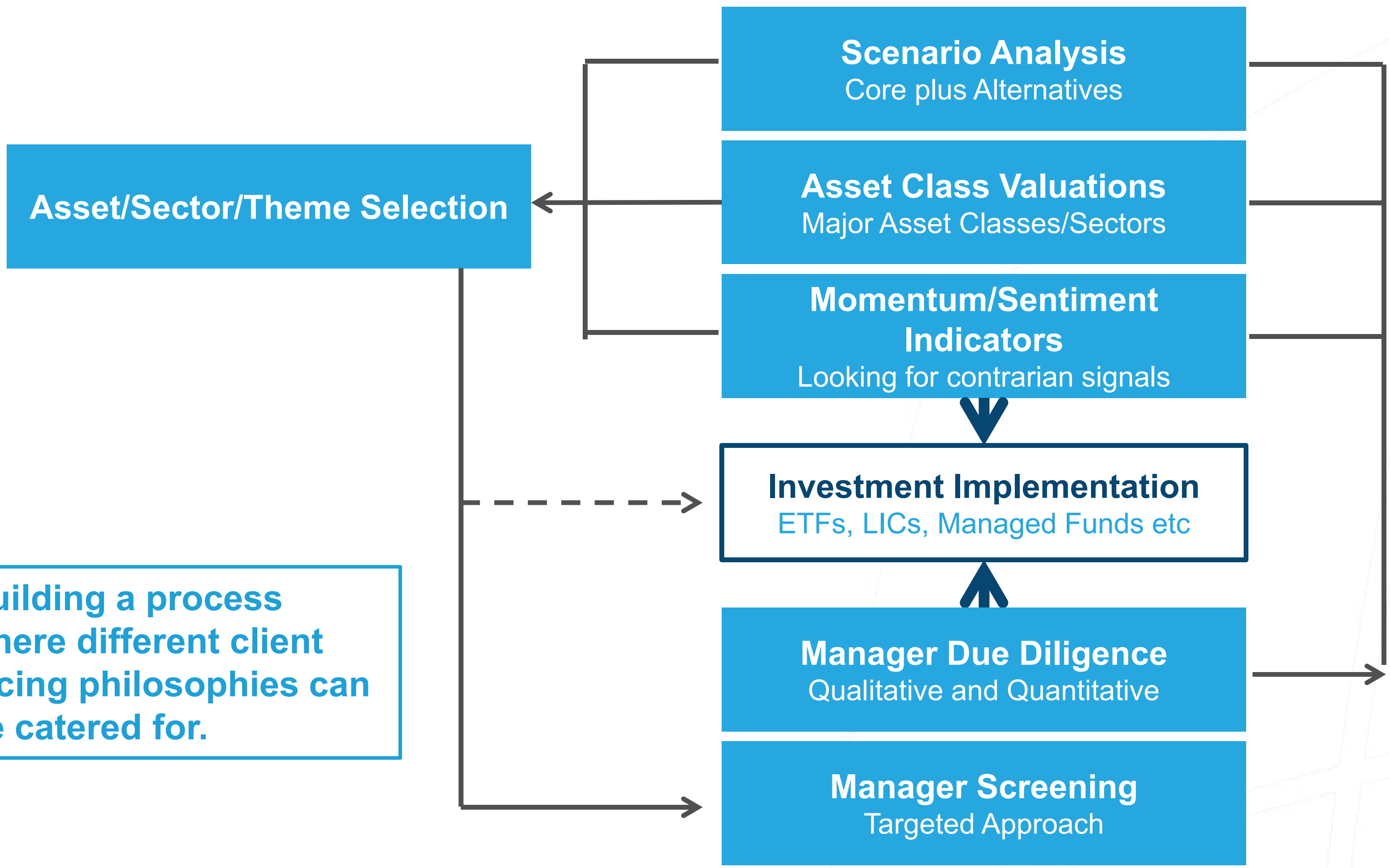
Bespoke = meeting your client's needs

And the MGD LDI Portfolios do just that - Objective target, Flexible AA

	LDI Connect 3	LDI Connect 7	LDI Connect 20
Objectives	• Cash Rate plus 2% p.a. over rolling 3 year periods, and • 4% target volatility as measured by standard deviation of returns.	• Cash Rate plus 5% p.a. over rolling 7 year periods, and • 8% target volatility as measured by standard deviation of returns.	• Cash Rate plus 7% p.a. over rolling 7 year periods, and • 12% target volatility as measured by standard deviation of returns.
Dynamic Asset Allocation Approach Required – Forward Looking			
Cash & Fixed Interest	25 to 75%	5 to 50%	0 to 100%
Property	5 to 25%	5 to 25%	0 to 50%
Equities	10 to 50%	40 to 80%	0 to 100
Alternatives	10 to 35%	10 to 35%	0 to 50%

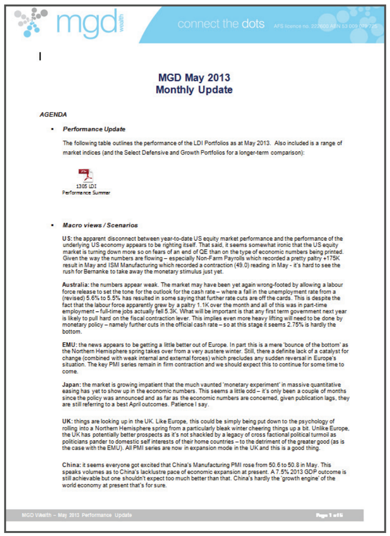
Starting Point:
managing expectations

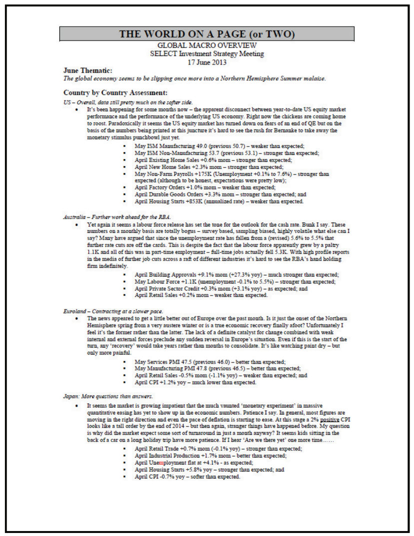
To manage an objective based portfolio, a more dynamic and multi faceted approach is required – the process is not linear

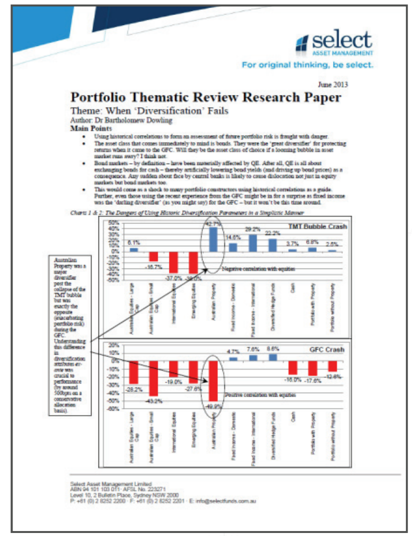


Building a process where different client facing philosophies can be catered for.

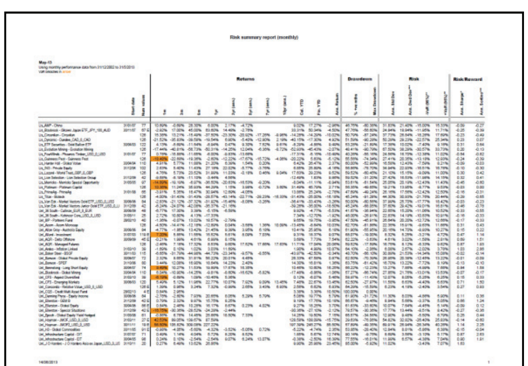
The inputs to decision making increase markedly (small snapshot)…

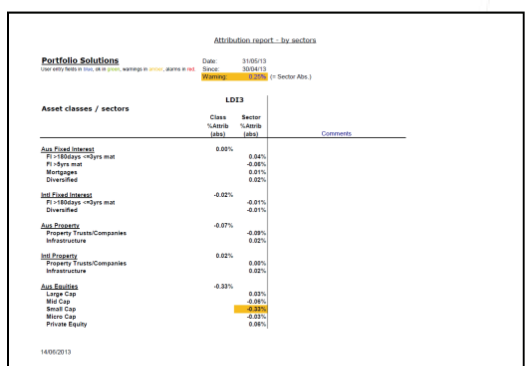


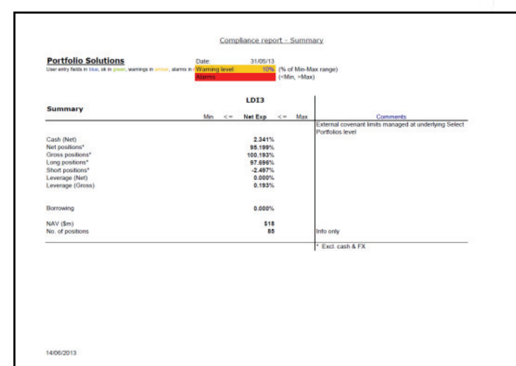




Keeping people informed is important – doing so promotes 'buy in'.







Investment Committee decision making process – e.g MGD Investment Committee

Investments and Managers	Voting Members Needed
• Adding an investment or manager to the approved list	Unanimous
• Removing an investment or manager from the approved list	Majority
Investment exposure targets	
• Setting the individual investment exposure targets	Unanimous
• Changing individual investment exposure targets	Majority
• Outside a meeting, greater than 1.0% changes in investment exposures relative to target provided that exposure remains consistent with the Investment Mandate	Unanimous
Asset class targets	
• Setting the asset class target initially	Unanimous
• Changing asset class target limits	Majority
• Outside a meeting, greater than 3.0% exposure to an asset class relative to target provided that exposure remains consistent with the Investment Mandate	Unanimous

There always need to be checks and balances.

Investment Committee decisions – Portfolio manager discretion

Certain day to day investment decisions may be made by the portfolio manager at Select, namely:

- Day to day timing of implementation of (client) Investment Committee decisions.
- Up to and including 1.0% change in investment exposures above or below target.
- Up to and including 3.0% change in asset allocation above or below target.
- The Portfolio Manager must ensure that the Responsible Entity is notified of changes that business day.

Remember, part of the deal is to make our client's lives easier.

For original thinking, be select.

select ASSET MANAGEMENT

Risk Management: overview

Portfolio risk objectives	How managed
Maximise the possibility of meeting a Portfolio's 'cash + a margin' return objective over suggested time frame	1. Disciplined process 2. Comprehensive reporting 3. Rigorous & ongoing due diligence 4. Identify key risks & expected behaviour 5. Monitor & act on exceptions 6. Maintain core & alternative scenarios 7. Forward-looking portfolio simulations (scenario analysis / stress testing) 8. Ensure portfolio is truly diversified 9. Focus on oper. as well as inv. risks 10. Don't ignore tail risk 11. Liquidity management
Minimise the likelihood that the path taken to meet the return objective is above a client's tolerance for volatility	
Minimise the possibility of a client suffering a large draw down of capital below a client's tolerance for losses	

Reporting

Portfolio construction

Investment due diligence

Operational risk management

…attractive compounding rates of return above cash philosophy

Risk Management: Forward Risk Model

Scenario
Expected performance distributions
Expected correlations

FRM

Portfolio
Investment allocations
Market Factor betas

Reports
Expected portfolio behaviour
(return / volatility / drawdown distributions)
Tail risk (CVaR)
Sensitivity analysis

Answers to key questions:

1. What are the probabilities of various returns over the holding period / what is the ‘expected return’?
2. What are the probabilities of various volatilities and drawdowns over the holding period / what is the ‘expected volatility’ and ‘expected drawdown’ over this period?
3. What is the expected ‘tail risk’, e.g. the expected loss in the worst 1% of monthly returns.

Ongoing monitoring

Reports	Frequency	What do we review
Scenario analysis / stress testing	Monthly	• Expected performance in different market conditions • Investment themes (e.g. secular trends, macro events)
Asset class valuations	Monthly (more if short term volatility is high)	• Trailing PE's and estimated terminal PE across major markets and sectors • Estimated earnings growth over 3 years across major markets and sectors • Forecast dividend yields over 3 years across major markets and sectors • Forecast terminal bond yields and spreads • Forecast terminal cap rates
Sentiment/valuation	Monthly	Contrarian signals
Risk & attribution reporting	Weekly	Asset class and individual investment returns, correlations, Sortinos, CVar, Var, returns, standard deviations, investment flows
Mandate compliance	Weekly	Mandate breaches (soft and hard limits)
Manager meetings	Minimum 2 times per annum	Looking for changes to the identified Key Risks

Once we're set up it's a case of keeping the wheel turning with a minimum of fuss from a client's perspective.

Portfolio managed in real time…

Knowing who gets a jersey in the team and what position they're supposed to play is important (re FOFA).

Value Portfolio

Return Objective : Cash + 3.5%

Cash Expected Return (3yrs) : 3.50%

Fund	Market Factor	Beta	Allocation	Expected Beta Return	Expected Excess Return	Expected Total Return	Contribution to Expected Return	Net MER
Unl_CFS - Aspect Diversified	Managed Futures - Trend	2.00	2.5%	10.0%	0.0%	10.0%	0.3%	1.64%
Unl_AQR - Delta Offshore	Fund of Hedge Funds	1.20	3.5%	11.4%	4.0%	15.4%	0.5%	1.24%
Unl_36 South - Kohinoor Core_USD_0_AUD	Managed Futures - Disc	3.00	3.0%	15.0%	2.0%	17.0%	0.5%	1.14%
Lis_ETF Securities - Gold Bullion ETF	Precious Metals - Gold Bullion	1.00	3.0%	11.0%	-0.3%	10.7%	0.3%	0.40%
Unl_Denning Pryce - Equity Income	Aus Equities	0.70	2.0%	4.9%	4.0%	8.9%	0.2%	0.99%
Unl_Perpetual - Shares Plus	Aus Equities	0.90	2.0%	6.3%	2.0%	8.3%	0.2%	0.89%
Unl_Allan Gray - Australian Equity	Aus Equities	1.10	2.0%	7.8%	4.0%	11.8%	0.2%	0.77%
Unl_Bennelong - Long Short Equity	Aus Equities	0.30	2.0%	2.1%	10.0%	12.1%	0.2%	1.50%
Unl_IML - Future Leaders	Aus Small Caps	0.60	3.0%	6.6%	3.0%	9.6%	0.3%	0.99%
Lis_Vanguard - Aus High Yield ETF	Aus Equities	0.80	5.0%	5.6%	2.0%	7.6%	0.4%	0.25%
Lis_Statestreet - S&PASX 200 Acc ETF	Aus Equities	1.00	5.0%	7.1%	-0.3%	6.8%	0.3%	0.28%
Unl_Wingate - Global Equity Income	Global Quality	0.70	2.0%	9.4%	4.0%	13.4%	0.3%	0.70%
Unl_Platinum - International	Global Equities	0.80	2.0%	6.1%	6.0%	12.1%	0.2%	1.54%
Unl_Platinum - Japan	Japan	0.70	2.0%	14.0%	4.0%	18.0%	0.4%	1.54%
Lis_Vanguard _FTSE Emerging Markets ETF_USD_0_USD	Emerging Markets	1.00	4.0%	22.2%	0.0%	22.2%	0.9%	0.18%
Unl_J O Hambro - J O Hambro Asia ex Japan_USD_0_AUD	Asia ex Japan	0.90	2.0%	11.2%	4.0%	15.2%	0.3%	0.90%
Unl_Epoch - Global Equity Yield	Global Quality	1.00	2.0%	13.4%	3.0%	16.4%	0.3%	0.95%
Unl_Barwon - Global Private Equity	Listed Private Equity	1.00	2.0%	13.2%	2.0%	15.2%	0.3%	0.78%
Unl_Phoenix - Property Securities	Aus Listed Property	1.25	3.0%	6.7%	5.0%	11.7%	0.3%	0.70%
Unl_SG Hiscock - SGH Property Income	Aus Listed Property	1.00	3.0%	5.3%	5.0%	10.3%	0.3%	0.72%
Unl_Lazard - Global Infrastructure	Global Infrastructure	0.70	3.5%	3.4%	3.0%	6.4%	0.2%	1.00%
Unl_DFA - 5yr Div Fixed Interest	US Investment Grade	1.00	5.0%	-5.9%	2.0%	-3.9%	-0.2%	0.30%
Unl_Ardea - Inflation Linked	Aus Infl Linked Bonds	1.00	5.0%	0.5%	0.5%	1.0%	0.0%	0.20%
Unl_Kapstream - Absolute Return	Aus Cash	1.00	5.0%	3.5%	2.5%	6.0%	0.3%	0.40%
Unl_Macquarie - Debt Opportunities 2	Aus Cash	1.00	5.0%	3.5%	1.5%	5.0%	0.3%	0.15%
Unl_Payden and Rygel - Global Income Opportunities	Aus Cash	1.00	5.0%	3.5%	3.0%	6.5%	0.3%	0.40%
Unl_YBR Smarter Money	Aus Cash	1.50	6.5%	5.3%	0.0%	5.3%	0.3%	0.50%
Csh_Csh	Aus Cash	1.00	10.0%	3.5%	0.0%	3.5%	0.4%	0.00%
			100.0%	6.3%	2.1%	8.4%	8.4%	0.59%
Management Fees						-0.98%		
Performance Fees		10.25%	3.50% Hurdle			-0.41%		
Net Performance						**7.1%**		

Group discussion 2

- What were the key take outs from Bart’s session
- What might you do different in your own practice to improve the functioning of your IC?

Close

- Developing an institutional quality asset management capability is within your reach for low cost
- OBI/LDI and Lifecycle investing is the new 'black' in advice – it engages the clients, increases switching costs and gets advisers back to strategy and communication. Opt in - not an issue…
- Managing money in a post GF environment takes a dynamic approach to fit the lifecycle advice framework backed by sophisticated (and unconstrained) investment techniques
- A win for your business and a win for your clients

portfolio construction forum

CONFERENCE

Lifecycle Investing

Accumulation
Decumulation