



# Investment Principles

Our core principles when we create and advise on our client's portfolios are as follows:

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Focus on asset allocation

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Maximise the power of time and compounding

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Remember risk and return are related

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Control emotions and stay the course

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Employ sufficient diversification

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Rebalance portfolios regularly

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Control costs

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Retain flexibility and liquidity

5

Consider the danger of inflation

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Active management can be a costly, zero sum game

We invest our client's portfolios in funds that own traditional asset classes, such as equities, commodities, property REITs and bonds. We diversify portfolios globally and with exposure to different sectors of each asset class i.e. small companies, under-valued companies and emerging economies.

We always use investment funds that are priced and traded daily, avoiding funds that could impose delays on withdrawals or limited trading opportunities. For this reason we are unlikely to recommend With-Profits type funds, Structured Products or Property funds that own physical property assets.

We regularly review each asset class and decide whether the expected return justifies the underlying risk.

We do not invest in funds or products where the underlying assets are not known or the structure is opaque i.e. Hedge Funds.

Every six months we undertake a review of our investment process and our list of approved funds.

We continually seek to reduce costs within our client portfolios; by reviewing the product provider or by introducing lower cost funds. Costs will reduce as a consequence of using index or asset-class funds for asset classes where we believe the cost of active management is not justified.

"The best time to invest is when you have the money.  
This is because history suggests it is not timing that matters, it is time."

Sir John Templeton  
29 November 1912 to 8 July 2008



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