WEALTH ARENA
PRIVATE WEALTH ADVISORS

INVESTMENT PHILOSOPHY

WEALTH ARENA

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OUR PROMISE TO YOU

WEALTH ARENA HAVE A CORE SET OF INVESTMENT BELIEFS. THESE BELIEFS SHAPE THE INVESTMENT DECISIONS WE MAKE ON YOUR BEHALF, AND GIVE FOCUS AND DISCIPLINE TO THE OVERSIGHT OF YOUR INVESTMENT GOALS.

We remain your source of advice on a wide range of investment solutions, and our overall mandates we adhere to are:

We then centre our philosophy around Goals, Balance, Discipline and Investment Selection.

FOCUS

- Investors can't control short-term market movements; so instead we focus on factors in your control
- Focus on the fundamental principles that we believe can give our clients the best chance of success:
  - Create specific and measurable investment goals
  - Help you maintain perspective and long-term discipline
  - Implement tax-effective investment strategies where possible

INVESTMENT RISK

- Understand your attitude towards risk and return - allocating your investments across a wide range of assets —shares, bonds, property and cash in line with your requirements, with both index and active investment styles

RESEARCH

- Apply fundamental investment principles, and utilise our research houses to ensure you stay focused on your investment goals and build wealth over time

MONITORING

- Rebalancing your investments back to your target asset allocation to keep you on track to achieve your goals

These principles are embedded in our culture and guide the investment decisions we help our clients make:

GOALS	Create clear, appropriate investment goals.
BALANCE	Develop a suitable asset allocation using broadly diversified funds
DISCIPLINE	Maintain perspective and long–term discipline
INVESTMENT SELECTION	We believe that an effective manager selection process is critical to attracting and retaining skilled managers to implement asset allocation and achieve investment objectives

GOALS

We help investors to set measurable and attainable investment goals.

- Return objective should be consistent with the investors' risk objective
- Develop realistic plans to achieve their goals
- Collect relevant information to ensure that investment goals and plans take into account individual investor's objectives and constraints - the investment plan should be tailored around your position
- Investment goals and plans need to take into account important considerations such as time horizon, cash requirements and tax
- A sound investment plan helps the investor to stay focused on the factors the investor can control rather that reacting to always changing "newspaper" headlines
- We believe that clear and realistic goals can help protect investors from common mistakes (e.g. performance chasing) that can deprive investors of achieving investment success

BALANCE

We balance both active and passive (index) investments:

PASSIVE FUNDS

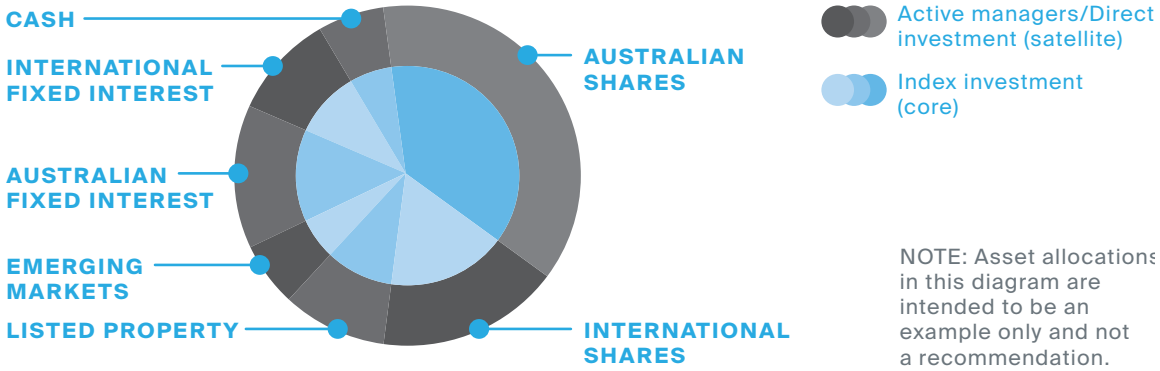
- Offer low-cost efforts to track benchmarks
- There is an index for almost every industry sector and asset class, including Australian and international shares, property and bonds
- It can be difficult to continually pick winners over the long term, so instead of trying to beat the market, indexing provides a low-cost way to track market returns

ACTIVE FUNDS

- Will try to beat the returns of the index to which it relates – known as its benchmark
- The manager will pick stocks to buy and then compare the returns that they make against the benchmark
- Good stock selection is designed to pick the companies that the fund manager thinks will outperform others within the index

We believe both active and index management styles have their place in your investment portfolio, with index funds as the low-cost 'core' and active funds or individual stocks as the 'satellites'

CORE- SATELLITE APPROACH



NOTE: Asset allocations in this diagram are intended to be an example only and not a recommendation.

A core-satellite approach can benefit investors by:

- Reducing reliance on 'picking winners' or chasing fund manager returns
- Providing greater portfolio diversification
- Improving after-tax returns by taking advantage of any capital gains discounts
- Reducing overall fund management and transaction costs
- Potential to reach investor goals with less volatility and risk over their investing lifetime.

Diversification is a powerful strategy for managing traditional risks

- Diversifying across asset classes reduces a portfolio's exposure to the risks common to an entire class
- Diversifying within an asset class reduces exposure to risks associated with a particular company, sector, or segment

DISCIPLINE

- We believe that every successful investment strategy begins with an asset allocation suitable for its objective
- Periodic rebalancing is necessary to keep portfolio in line with the asset allocation designed for the objective
- It is important to manage market risk, inflation risk and shortfall risk among other risks to help investors in achieving their financial goals
- We regularly assess market conditions and asset classes to calibrate our expectations for both returns and volatility of returns
- Rebalancing helps to control portfolio risks; lack of rebalancing allows the high-return (and usually high-risk) assets to grow and results in higher portfolio risk
- We undertake rebalancing:
  - On an annual basis at review time; or
  - When asset allocation deviates by more than 15% from target strategic asset allocation
  - When our research suggests a relevant fund manager or index fund is at risk of under performance, there is a strategic change in the relevant companies position (i.e departure of key staff or directors), or if our view on target asset allocation changes

INVESTMENT SELECTION

- We believe that an effective manager selection process is critical to attracting and retaining skilled managers to implement asset allocation and achieve investment objectives
- It is important to understand the investment manager's philosophy, culture, expertise and investment process
- We take into account transaction and management / performance fees to understand the cost of the recommended investment option to our clients
- For every manager we establish measures of success and time period for which the manager will be evaluated through our research house
- We undertake quarterly reviews to stay informed about investment portfolios and managers' capabilities. We pay attention to changes in manager ownership, personnel, resources and culture
- We believe that relying on past returns is an easy way to make poor investment decisions. Effective asset management requires focus on the long term

IMPORTANT INFORMATION

wealtharena.com.au

Wealth Arena is a Corporate Authorised Representative of ASVW Financial Services Pty Ltd

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This is general advice only and does not take into account your financial circumstances, needs and objectives. Before making any decision based on this document, you should assess your own circumstances or seek advice from a financial adviser and seek tax advice from a registered tax agent. Information is current at the date of issue and may change.

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