

## Model portfolios

1 January 2020 (updated annually)

A model portfolio will provide you with a combination of managed investments which are professionally researched and which use the process of blending various asset classes, investment managers and investment styles to achieve diversification. Our model portfolios are developed to suit a range of different investment profiles to help match your portfolio to your needs and objectives.

### Benefits of investing in a model portfolio

#### Ease of investment choice

Our model portfolios have been designed to provide you with tailored, ready-made investment recommendations. There are models using purely managed funds and also models using a combination of listed securities and managed funds. There is a model portfolio suitable for all risk profiles. The aim of the model portfolio is to allow you to access professionally researched and monitored investment portfolios. It is compiled and maintained by a full-time professional research department.

#### Professional analysis and research

**Laying the foundations** – The first step in building our model portfolios is the creation of a detailed investment philosophy and strategy that defines all portfolio construction rules. This means that you can rest assured that your investment has been created with a consistent style in mind.

Clear implementation and an ongoing review process ensure transparency, consistency and accountability for the ongoing performance of the model portfolios.

**Building the portfolio** – Our research team uses rigorous internal research for all quantitative, qualitative analysis (ie investment analysis) and portfolio modelling (ie selecting the underlying managers).

The following key elements are addressed when creating the model portfolios:

- A strenuous internal due diligence process is applied to all funds. This ensures the quality of the underlying managers and that the funds are well researched.
- The model portfolios will generally include all major asset classes (cash, Australian fixed interest, international fixed interest, property, Australian shares and international shares) and include only 'best of breed' reputable investment managers.
- Selected fund managers must have different investment styles and they are blended to ensure they are complementary, resulting in a consistent diversified portfolio that works well as a whole.
- Current economic and investment market conditions are key considerations when blending managers which also feeds into the decision to overweight or underweight asset classes.
- A tailored allocation is given to all asset classes. The allocation to the various asset classes is based

on historical returns and your risk profile.

The portfolio is monitored against the returns of all peer group managers (ie benchmarks).

## Monitoring and review

To ensure that the performance of our model portfolios remains at acceptable levels, each quarter, the model portfolios are formally reviewed and the Research department prepares a report detailing:

- the performance of the portfolios over the short, medium and long term
- manager and fund performance against the peer group of managers (ie benchmarks)
- asset class allocation
- monitoring the underlying managers and recommending any necessary changes to the underlying manager mix. (For example, key staff departing a fund manager could be a reason for removal from the portfolio).

For more information please contact us on 1300 308 440.

Shadforth Financial Group Limited | ABN 27 127 508 472 | AFSL 318613 | Part of the IOOF group

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