Investment Philosophy

At williamgrant Financial Consultants we pride ourselves on taking the same care with your investments as we would with our own. We build long term relationships with our clients and want you to be comfortable for the entire journey with us.

The way in which we manage your money is built on our core philosophy of:

- Take a generally conservative approach that suits your appetite for risk and return
- Look to protect your capital
- Generate income from your investments

In building an investment portfolio for you, we are guided by some fundamental investment principles:

- Understanding your needs, time horizon and your attitude towards risk and return to develop your personal risk profile.
- Diversify by allocating your investments across a wide range of quality assets – shares, bonds, property and cash.
- Choosing the right mix of investment styles and managers.
- Factoring in the cost of investing and the impact this may have over time.
- Regularly reviewing allocations to asset classes and managers.
- Staying disciplined, keeping you focussed over the long term and rebalancing your investments back to your target asset allocation to keep you on track to achieve your goals.

Understanding You

Understanding you and your thoughts and feelings towards investing are critical. Are you prepared to ride out market ups and downs in search of higher long term returns? Or would you be more comfortable with lower but more stable ongoing returns? Or, are you somewhere in between?

Working out your risk profile – how much risk you're prepared to accept to achieve a desired level of return – is a fundamental part of your investment strategy. It leads to your emotional experience over time as investment markets move up and down, and the longevity of your money as you first build wealth and then draw on it in retirement.

We will then use your agreed risk profile to allocate your investments across different types of assets – from defensive assets such as cash and fixed interest to more growth assets such as shares and property that offer higher potential returns for investors prepared to accept more risk.

And of course, things change over time. Earlier in life with more time to invest you may be prepared to take on more risk. Later on, as you get nearer to retirement with less time to recover from setbacks, you may look to less volatile investments. We'll revisit these concepts over time and adapt to your changing circumstances.

Asset Allocation

The way you allocate your money across different types of investments - defensive investments such as cash, bonds and fixed interest and growth investments such as shares and property - is one of the most important decisions you'll make as an investor.

Studies have shown that asset allocation drives the majority of long-term investment outcomes. Getting this right is critical to your experience over time.

Our considerations when recommending your asset allocation are guided by two important steps:

- Your investment in defensive investments vs growth investments is driven by our discussions around your investment risk profile.

- Your investment in assets such as Australian shares, property, infrastructure and international shares is driven by our view on the economic outlook for Australia and the world.

Diversification

In any given year, the best performing asset class, is rarely best again the following year.

The most powerful tool for managing risk is diversification. Spreading your investments across a range of asset classes helps to protect against volatility resulting from the underperformance of one particular asset class.

We then look to diversify your funds within each asset class. If you own shares in 5 different companies and 2 do poorly, this will have a big impact your portfolio. If you own shares in 200 different companies and 2 do poorly, you'll barely notice. Gaining suitable diversification within each asset class will reduce volatility within your portfolio. We achieve this diversification using either exchange traded funds or managed funds, that allow for significant diversification via a single investment.

Diversifying across different asset classes and within each asset class will generally provide you with a smoother return over time.

Investment Manager Selection

Our belief that effective asset allocation and diversification are the key drivers of long-term performance, leads to our selection of investments mangers and investment styles.

We favour a predominant exposure to index-based managers, with selected allocations to active managers who we believe will enhance returns over time.

When evaluating current and prospective managers, we consider the manager's philosophy, expertise and investment process, which we believe are the drivers of long-term success. We overlay this with independent research and analysis into each manager.

Costs

Costs play an important part in the overall return you will achieve over time. However, seeking to build a portfolio based solely on the cheapest cost is not advisable.

We build your portfolio based on a combination of predominantly low cost, passive index investments and with appropriate allocations to higher cost active managers, where we believe their performance over time, and after their costs, will benefit you.

Regular Review – Our Investment Committee

Our Investment Committee regularly reviews all aspects of our investment process. This includes:

- Review of investment performance in the context of overall market conditions to ensure our recommended portfolios remain appropriate
- Review and reaffirm objectives for our clients' portfolios
- Assess the current asset allocation and the likelihood of it meeting your objectives
- Review of each major asset class and investment strategy (at least annually)
- Risk management review (including investment and operational risks)
- Review of the costs associated with your portfolio
- Review of investment managers, existing and prospective

Discipline

There are two aspects to discipline in investing. These are to ensure that you 'stay the course', despite the emotional nature of investing and also to stay true to your agreed risk profile.

Human nature means most investors do things the wrong way round. People will watch a market or share rise over time, gain confidence in their decision to buy and then generally buy somewhere near the top. Conversely, when markets fall, people may panic and look to sell. We aim to prevent clients from making emotion-based decisions that will have a negative impact on their financial position.

Over time, as different asset classes deliver different returns, your portfolio may move away from the asset allocations best suited to your agreed risk profile. If shares rise considerably, this side of your portfolio will grow and, by default, your portfolio can become more aggressive.

We will assist you with regular rebalancing of your portfolio back to your agreed asset allocation to ensure that it continues to reflect your needs. Our commitment is to work with you to put a plan in place, stay true to that plan and achieve your objectives over the long term.