



Calder Wealth Management

Investment Philosophy



calderwm.com.au



1

Let markets work for you

The market is an effective information-processing machine. Millions of participants buy and sell securities in the world markets every day, and the real-time information they bring helps set prices.

World Equity Trading in 2015

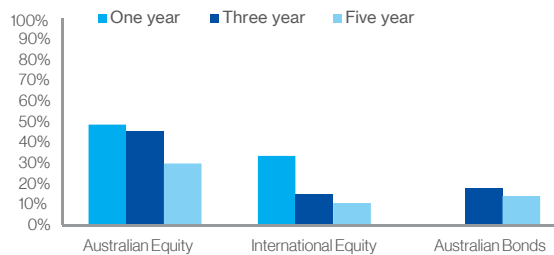
	Number of Trades	Dollar Volume
Daily Average	98.6 million	\$447.3 billion

2

Invest, don't speculate

Over time, only a small fraction of money managers outperform the market after fees, and it is difficult to identify them in advance.

Percentage of funds that outperformed the index

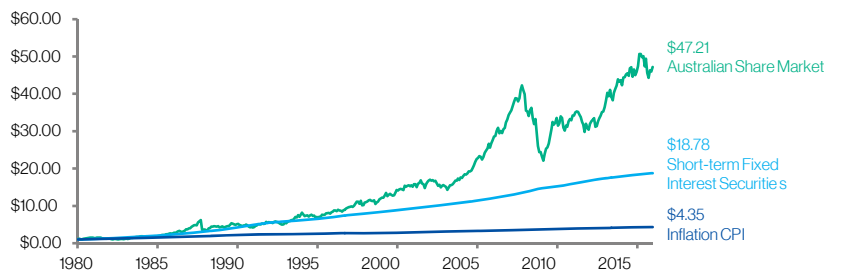


3

Take a long-term approach

The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and historically, the equity and bond markets have provided growth of wealth that has more than offset inflation.

Growth of a Dollar, 1980–2015 (Compounded monthly)



4

Consider the drivers of returns

Academic research has identified these equity and fixed income dimensions, which point to differences in expected returns. These dimensions are pervasive, persistent, and robust and can be pursued in cost-effective portfolios.

Dimensions of Expected Returns

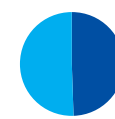
EQUITIES	FIXED INCOME
Market Equity premium—stocks vs. bonds	Term Term premium—longer vs. shorter maturity bonds
Company Size Small cap premium—small vs. large companies	Credit Credit premium—lower vs. higher credit quality bonds
Relative Price Value premium—value vs. growth companies	
Profitability Profitability premium—high vs. low profitability companies	

5

Practise smart diversification

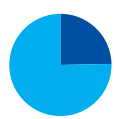
It's not enough to diversify by security. Deeper diversification involves geographic and asset class diversity. Holding a global portfolio helps to lower concentration in individual securities and increase diversification.

Australian Equity Portfolio



9.48%
Top 10 Holdings

Diversified Portfolio



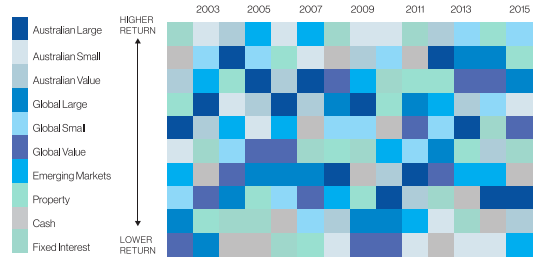
4.71%
Top 10 Holdings

6

Avoid market timing

You never know which market segments will outperform from year to year. By holding a globally diversified portfolio, investors are well positioned to capture returns wherever they occur.

Annual Returns by Market Index

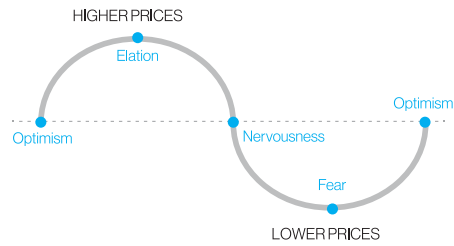


7

Manage your emotions

Many people struggle to separate their emotions from investing. Markets go up and down. Reacting to current market conditions may lead to making poor investment decisions at the worst times.

Reactive Investing in a Market Cycle



8

Look beyond the headlines

Daily market news and commentary can challenge your investment discipline. Some messages stir anxiety about the future while others tempt you to chase the latest investment fad. When tested, consider the source and maintain a long-term perspective.

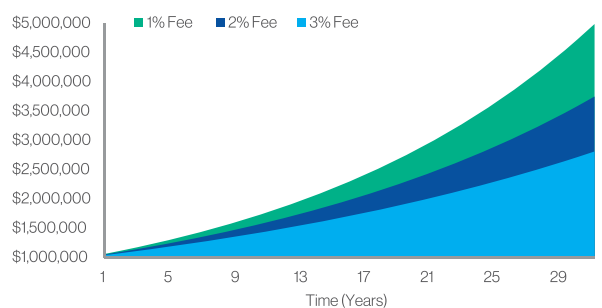


9

Keep costs low

Over long time periods, high costs can drag down wealth accumulation in a portfolio. Costs to consider include: Management fees, fund expenses and taxes.

Net Growth of \$1 Million



10

Focus on what you can control

A financial adviser can create a plan tailored to your personal financial needs while helping you focus on actions that add value. This can lead to a better investment experience.



Disclosures:

Exhibit 1: In AUD. Global electronic order book (largest 60 exchanges). Source: World Federation of Exchanges.

Exhibit 2: Standard and Poor's Indices versus Active (SPIVA) Funds Score Card Australia June 2015.

Exhibit 3: In AUD. Inflation CPI: Australian Consumer Price Index, Short-term Fixed Interest Securities: Bloomberg AusBond Bank Bill Index and Australian Share Market: S&P/ASX 300 Index (Total Return). Past performance is no guarantee of future results. S&P/ASX data reproduced with the permission of S&P Index Services Australia. Securities and commodities data provided by Bloomberg. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Exhibit 4: Relative price is measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios. Profitability is a measure of current profitability, based on information from individual companies' income statements.

Exhibit 5: The 'Diversified Portfolio' is purely a hypothetical portfolio intended to demonstrate geographic and asset class diversification. 'Australian Equity Portfolio' consists of 100% in S&P/ASX 300 Index. 'Diversified Portfolio' consists of 12.5% in S&P/ASX 300 Index (Total Return), S&P Australia BMI Value Index (AUD, gross div), S&P/ASX Small Ordinaries Index (Total Return), MSCI World ex Australia Index (AUD, net div), MSCI World ex Australia Small Cap Index (AUD, net div), MSCI World ex Australia Value Index (AUD, net div), MSCI Emerging Markets Index (net div, AUD) and S&P Developed REIT Index (AUD, net div). S&P/ASX data reproduced with the permission of S&P Index Services Australia. MSCI data copyright MSCI 2016, all rights reserved. Securities and commodities data provided by Bloomberg. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Exhibit 6: In AUD. Chart is for illustrative purposes only. Data used for each asset class is as follows: Data used for each asset class is as follows – Australian Large: S&P/ASX 100 Index (Total Return), Australian Small: S&P/ASX Small Ordinaries Index (Total Return), Australian Value: S&P Australia BMI Value Index (AUD, gross div), Global Large: MSCI World Index (net div, AUD), Global Small: MSCI World Small Cap Index (net div, AUD), Global Value: MSCI World Value Index (net div, AUD), Emerging Markets: MSCI Emerging Markets Index (net div, AUD), Property: S&P Global REIT Index (net div), Cash: Bloomberg AusBond Bank Bill Index, Fixed Interest: Barclays Global Aggregate Bond Index (hedged to AUD). S&P/ASX data reproduced with the permission of S&P Index Services Australia. The S&P data are provided by Standard & Poor's Index Services Group. MSCI data copyright MSCI 2016, all rights reserved. Bloomberg indices copyright Bloomberg 2016. Barclays indices copyright Barclays 2016. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Exhibit 9: For illustrative purposes only. Assumes 6.5% annualised return over 30 years.

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