



# **FOCUS SHIFTS TO JUDGING THE FUND JUDGES**

## **CONEXIM PRESENTATION**

*ANDREW MACFARLANE*

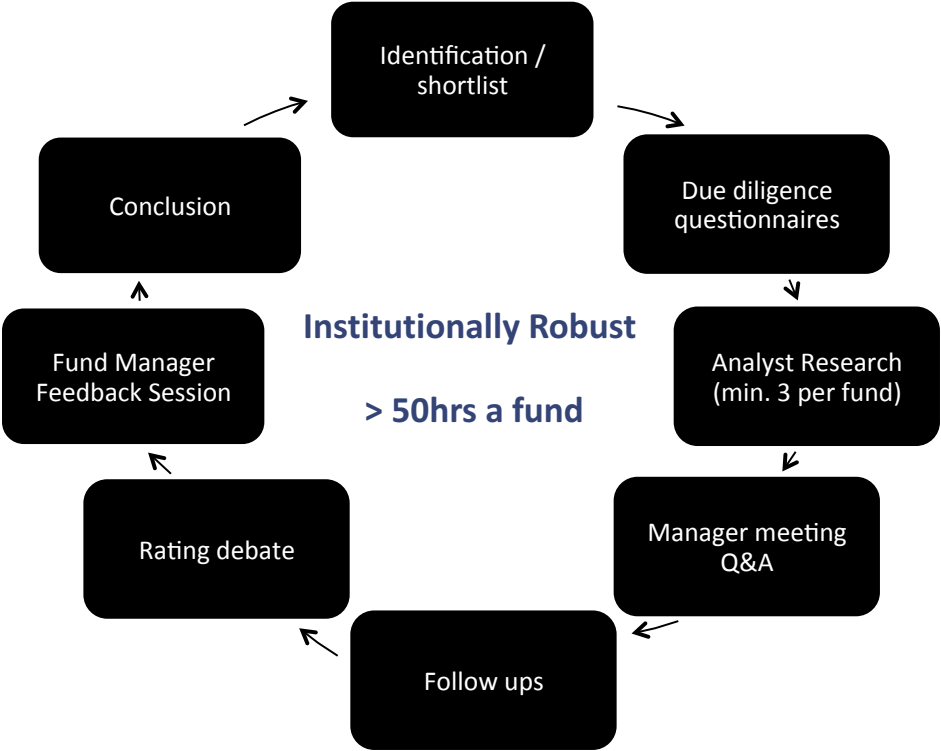
*24<sup>TH</sup> OCTOBER 2017*



# WHO WE ARE

1. **Long Standing:** Founded in 2007
2. **Employee owned:** Owners do the work
3. **Unconflicted Investment Advisor:** Principle over Profit
4. **Capacity capped:** Client retention key
5. **Experienced:** Ex asset-management people
6. **Unique:** Differentiated proposition

# FUND MANAGER RESEARCH: NO SHADES OF GREY



## TIER 1 RATING:

This is our top rating. We are satisfied that this offering is managed according to a well-considered process, applied consistently and supported by the business.



## TIER 2 RATING:

This is a good fund, however we have some minor concerns which may be people, process or business related.



## TIER 3 RATING:

This is a negative rating. We have one or more fundamental concerns about aspects of this fund and believe there are better alternatives.

# MULTI AWARD WINNING FUND SELECTION



**BEST INDEPENDENT  
RESEARCH SERVICE**



**BEST RATINGS  
AND RESEARCH  
SERVICE**



**Best Ratings/Research Service  
for Advisers**

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***FCA ASSET MANAGEMENT MARKET STUDY***



# FINDINGS OF THE STUDY – ASSET MANAGERS

1. **“Weak price competition** in a number of areas of the asset management industry”
2. “High levels of profitability (for asset managers) with **average profit margins of 36%”**
3. **“No clear relationship** between charges and the gross performance”
4. “Concerns about how asset managers **communicate their objectives”**

Source: FCA Asset Management Market Study MS15/2.3

# FINDINGS OF THE STUDY – FUND EVALUATORS

1. “On average, **consultants are not able to identify managers** that offer better returns to investors.”
2. “Potential conflicts of interest and misaligned incentives **could affect the quality of advice**”.
3. **Lack of regulation** – questionable accountability.

Source: FCA Asset Management Market Study MS15/2.3 & Fundhouse

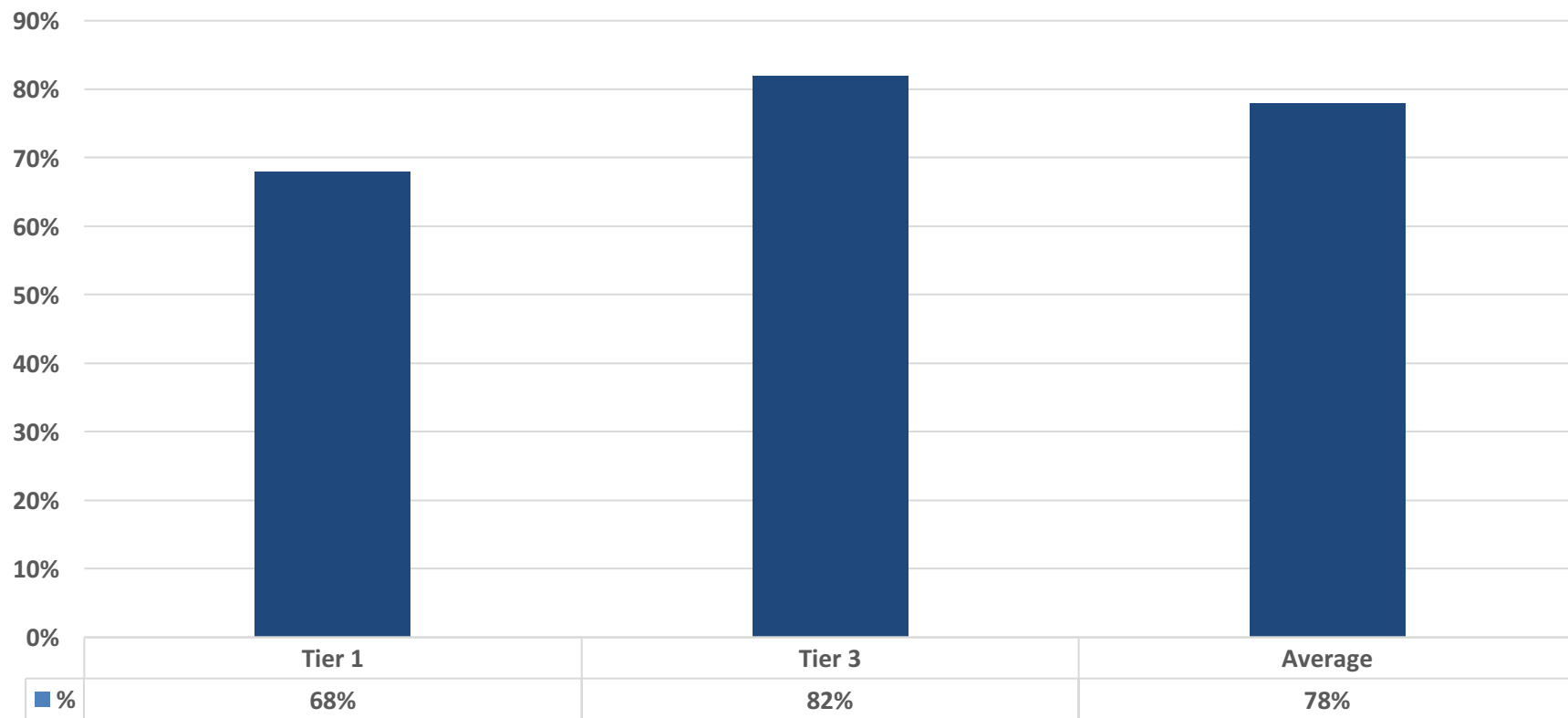
# FUNDHOUSE EVIDENCE OF BEING UNCONFLICTED

- ☑ **No funds** of our own
- ☑ **No fees** from fund managers
- ☑ **No product provider** influence
- ☑ **Regulated** (via Project Innovate)
- ☑ **Negative** fund assessments



# DO WE ADD VALUE?

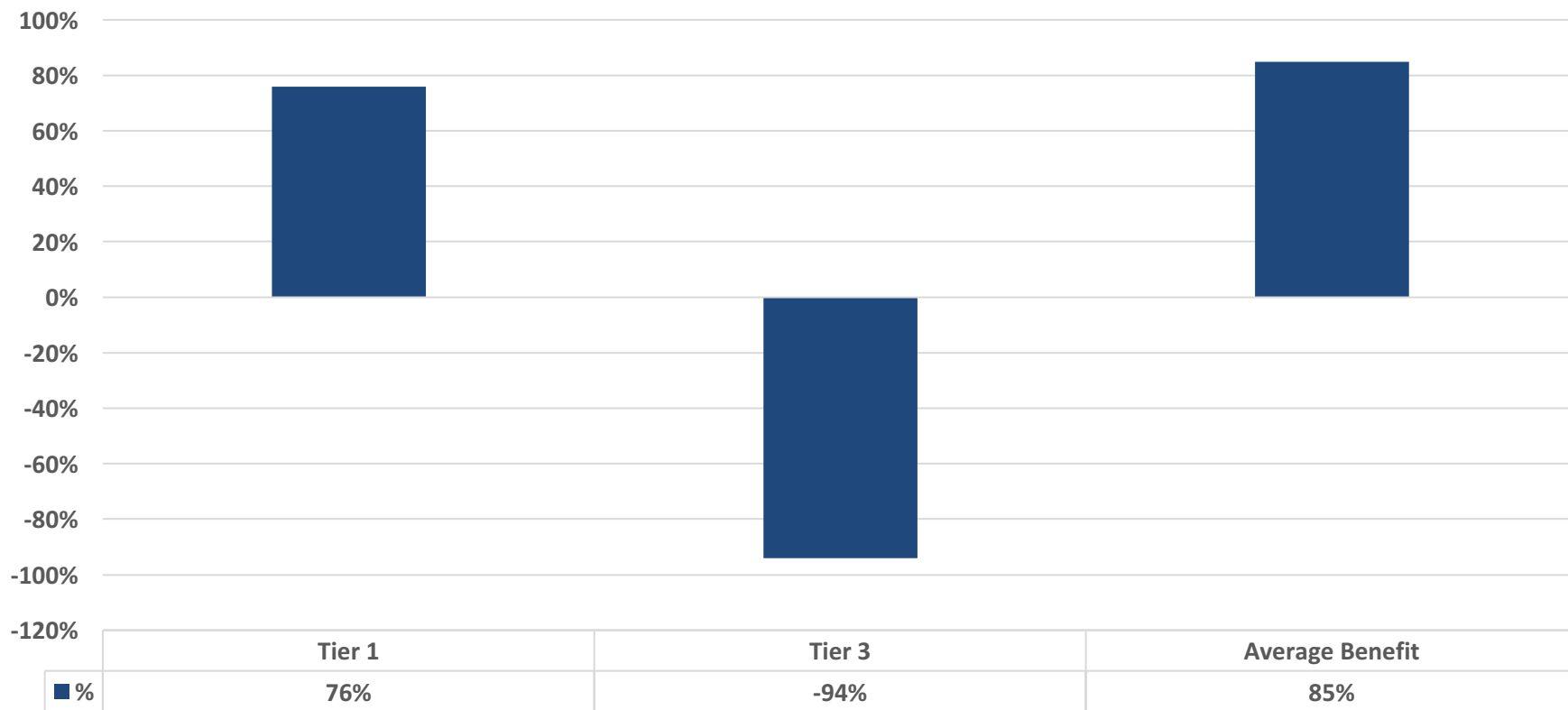
Hit Rates %



- **Tier 1 strategies** outperform their index **68%** of the time, net of fees since initiating a rating.
- **Tier 3 strategies** underperform their index **82%** of the time, net of fees since initiating a rating.

# DO WE ADD VALUE?

## Cumulative Alpha %



- **Tier 1 strategies** added **76%** alpha, cumulatively, net of fees since initiating a rating
- **Tier 3 strategies** detracted **-82%** alpha, cumulatively, net of fees since initiating a rating.

# PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE

## Investments and Financial Planning



**“If you had taken tomorrow’s advice  
yesterday, you’d be rich today!”**

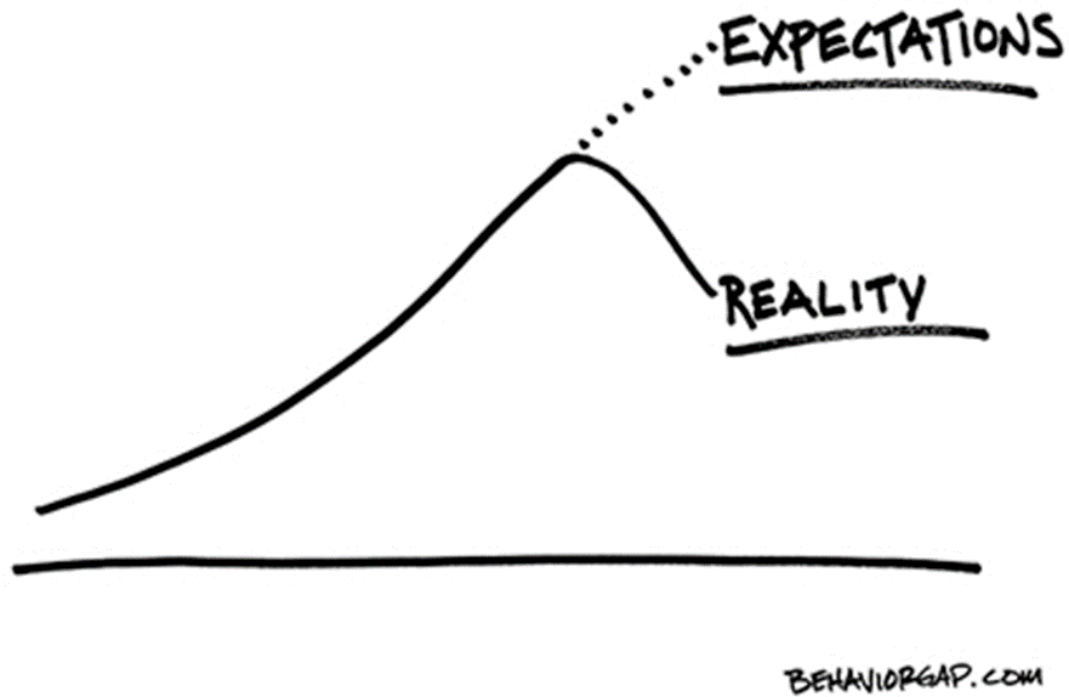
# FUNDHOUSE

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***THOUGHTS ON SECTORS, FUNDS AND MARKETS***



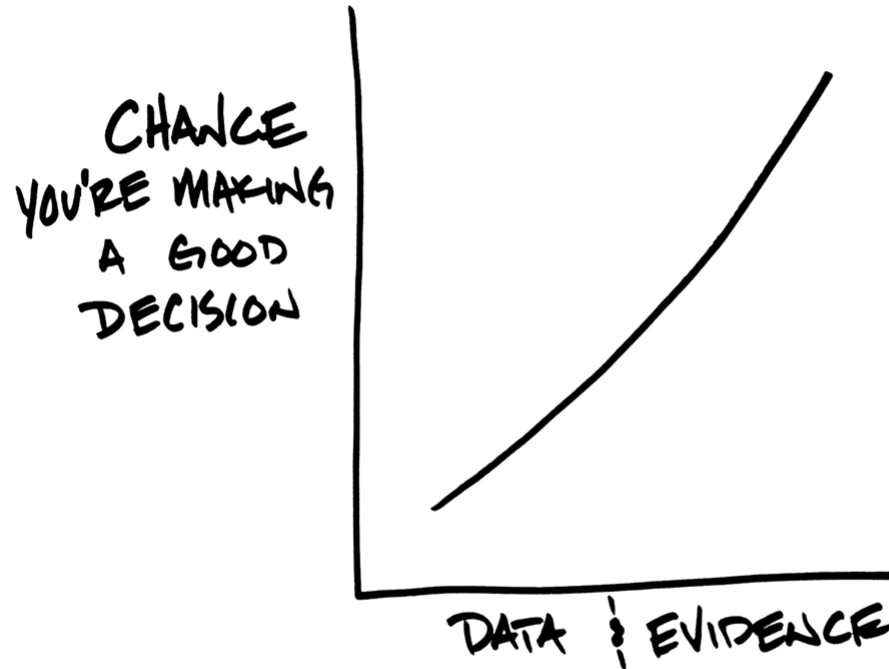
# ABSOLUTE RETURN STRATEGIES



# ABSOLUTE RETURN STRATEGIES



# ABSOLUTE RETURN STRATEGIES



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# LONG ONLY MULTI ASSET STRATEGIES



Dilbert.com DilbertCartoonist@gmail.com



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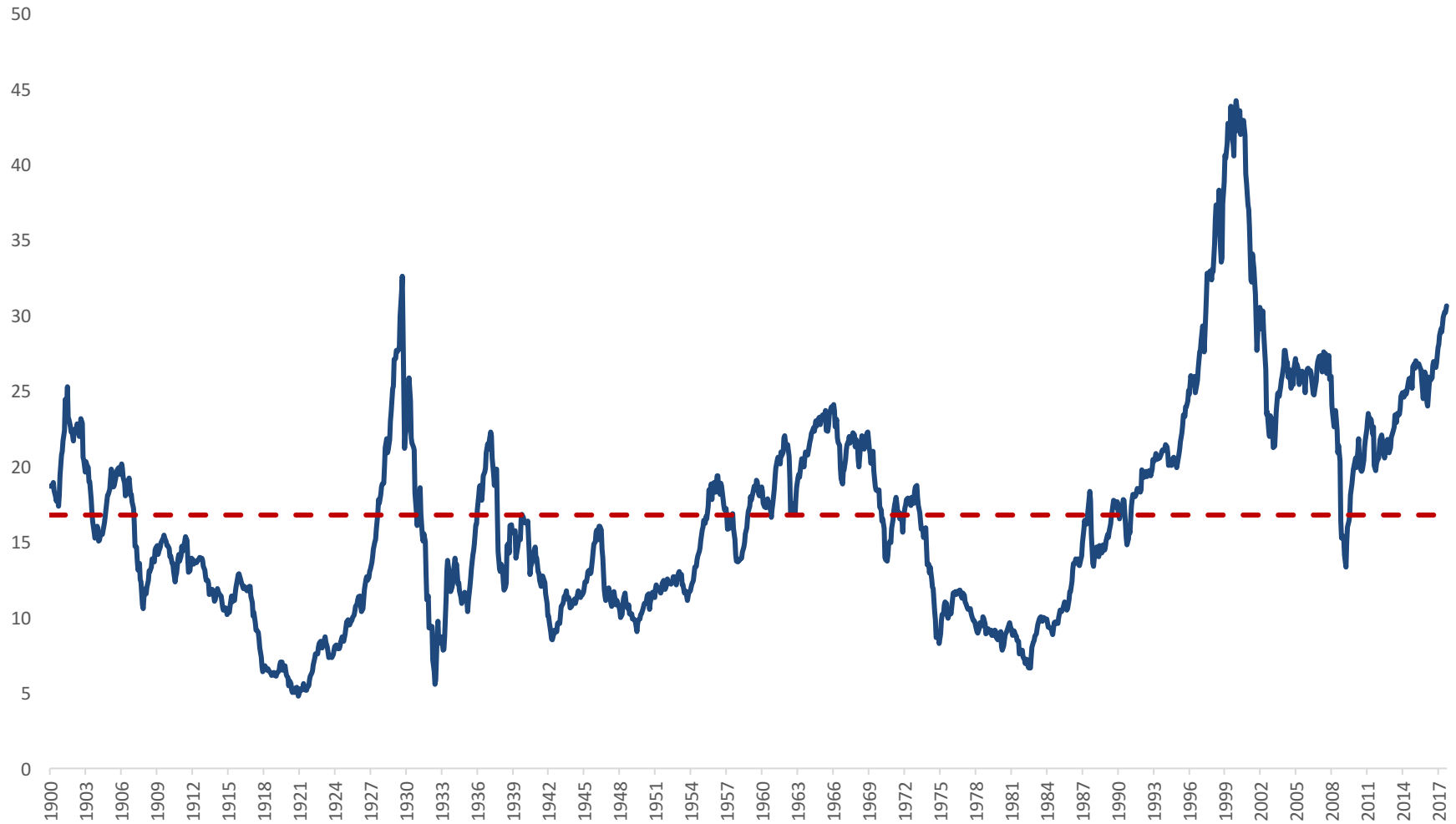


# LONG ONLY MULTI ASSET STRATEGIES



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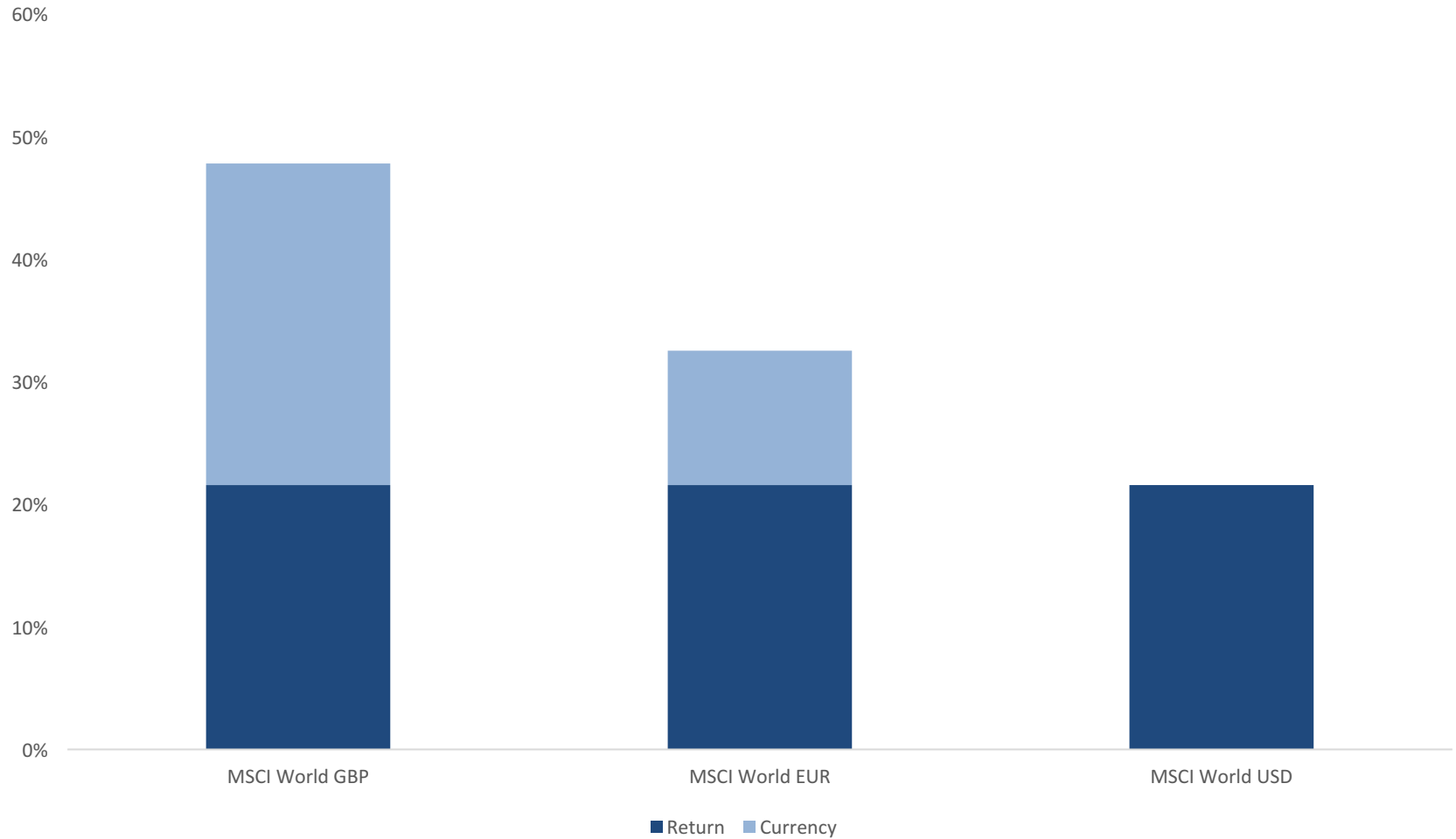
# SCHILLER CAPE RATIO



Data source: Yale and Fundhouse

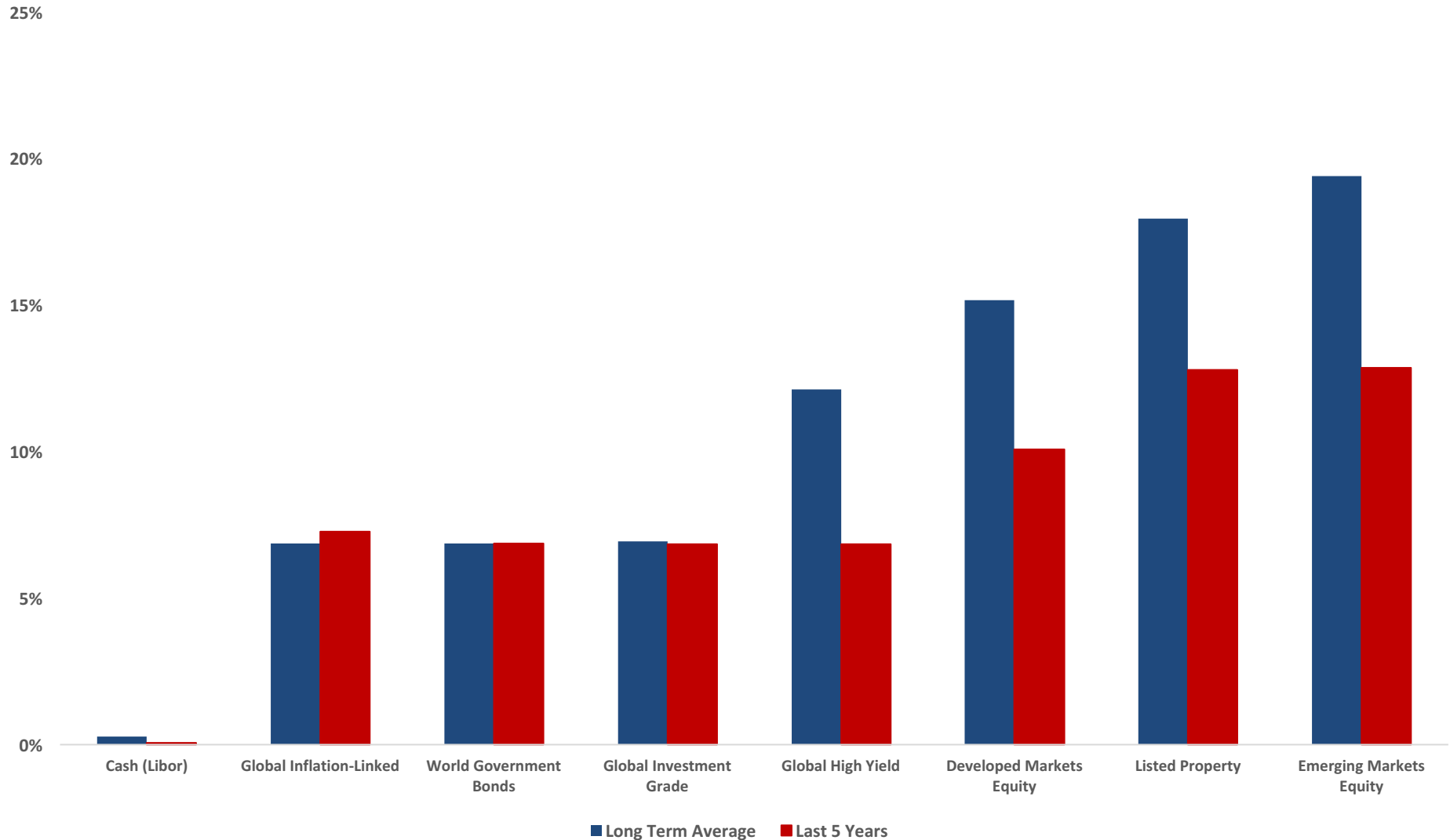
# CURRENCY HAS BEEN DOMINANT

## 3 Year Global Equity Cumulative Return



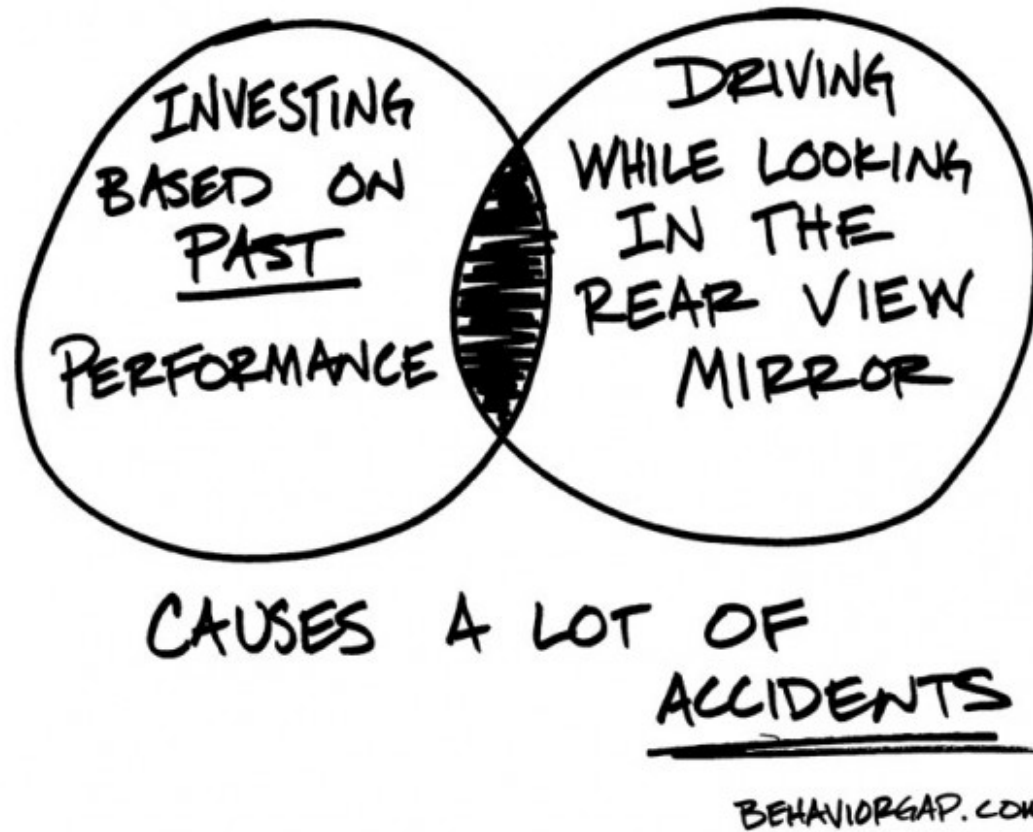
Data source: FE Analytics and Fundhouse

# ROLLING 5 YEAR VOLATILITY VS. CURRENT 5 YEAR VOLATILITY

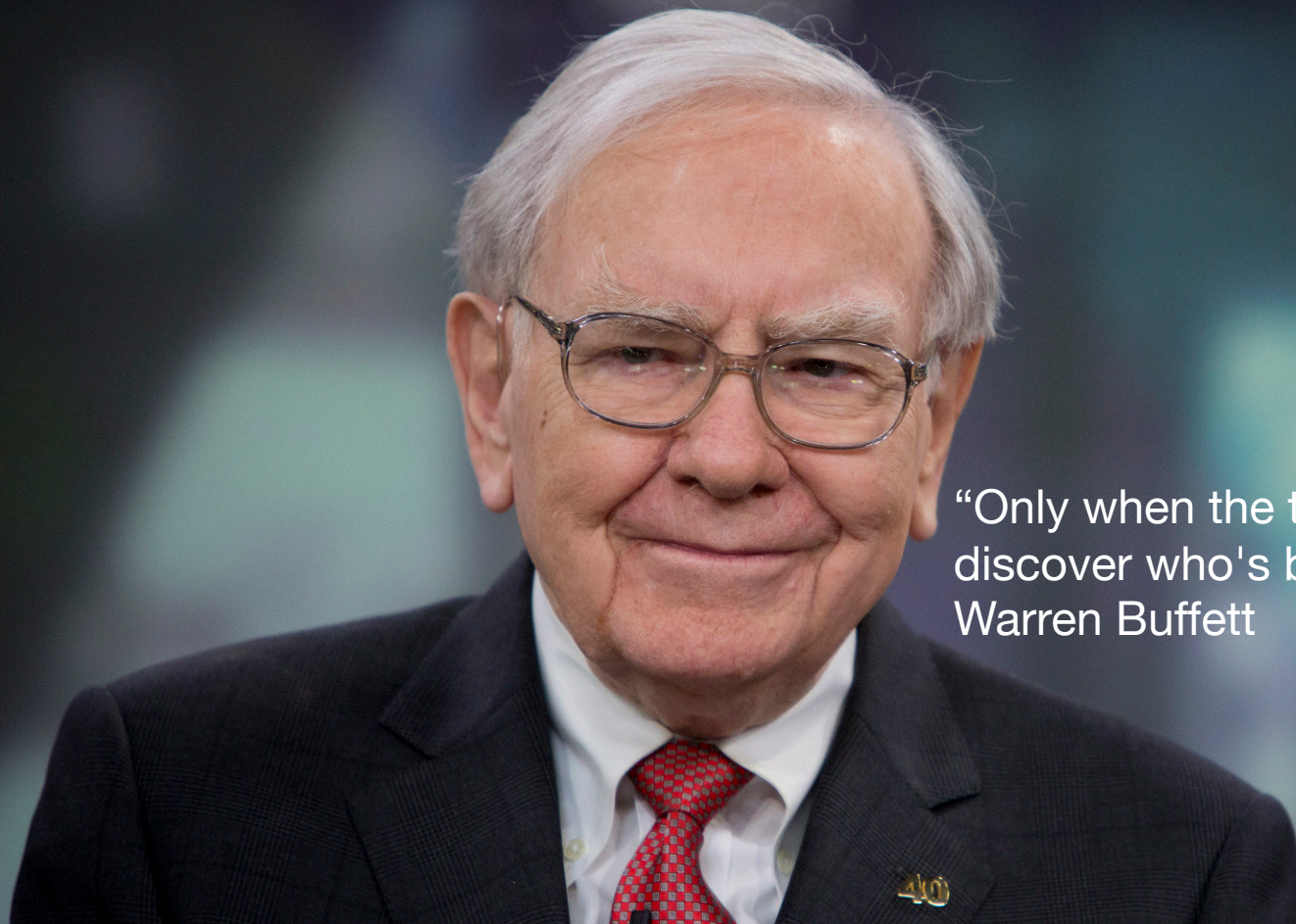


Data source: FE Analytics and Fundhouse

# WHAT DOES THE FUTURE HOLD?



# WHAT DOES THE FUTURE HOLD?



“Only when the tide goes out do you discover who's been swimming naked.”  
Warren Buffett

Image Source: Huffington Post



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**THANK YOU**



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## APPENDIX

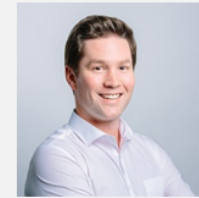




- 1. Fund Selection:** Recognised Global Leader
- 2. Portfolio Construction:** Asset Allocation, Risk, Outcomes
- 3. Governance:** Monitoring, Reporting, Client Service
- 4. Skills Transfer & Marketing:** Extension of Client Business

- 1. Unconflicted Model**
- 2. Negative Assessments**
- 3. Regulated by the FCA**
- 4. Published Track Record**

# MEET THE INVESTMENT TEAM



Member	Rory Maguire	Andrew MacFarlane	Nejwa Briggs	Ian Jones	Peter Foster	Rob Macdonald*	Stuart Copley	Lehan Kruger
Qualification	Bachelor of Commerce, CA (SA)	Bachelor of Business Science (Finance), Masters in Commerce - Financial Management	Masters in Chemical Engineering, IMC, CFA™	Bachelor of Business Science (Actuarial), Fellow of the Institute of Actuaries	Bachelor of Business Science (Finance), CFA™	BA (Economics & English), MA (Politics), MPhil (Management Studies), CFP®	Bachelor of Business Science (Finance), Bachelor of Commerce (Hons) Economics, CFA Candidate	Bachelor of Commerce (Hons), CFA Candidate
Year started in industry	1996	2007	2001	1997	2000	1999	2014	2012

\* Rob is involved to quite a small degree, he now focuses most time on Adviser Education

## Strong Team

- Core team have over 15 years average experience
- Ex fund management people
- All with degrees and or masters
- Actuary, Chartered accountant
- 3 CFAs
- 4 Masters

## Coverage

- Over 200 fund manager meetings a year
- Over 250 global strategies covered
- Unsurpassed detail – 25 page reports

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