

DFS Portfolio Solutions

Dynamic Portfolio Management

A decorative graphic consisting of a solid orange horizontal bar that spans the width of the slide. Below this bar, on the right side, there are several horizontal lines of varying lengths and colors, including orange and white, creating a layered, stepped effect.

History and Background of DFS

- DFS is independent of institutional ownership
- Formerly part of Deloitte; owned and run by the principals since 2001
- Specialises in dynamic asset allocation and investment selection
- Portfolio management capability built bottom-up, from an adviser-client perspective

Our Investment Philosophy

- Investment risk is the possibility of failing to meet the investor's goals
- Risk management is the key to successful investment
- In order to manage risk, we must be able to measure and monitor it
- Market conditions are not stable over time
- An investment policy should...
 - be *implementable*
 - work for both *good* and *difficult* times

Portfolio risk management

Dynamic Risk Management

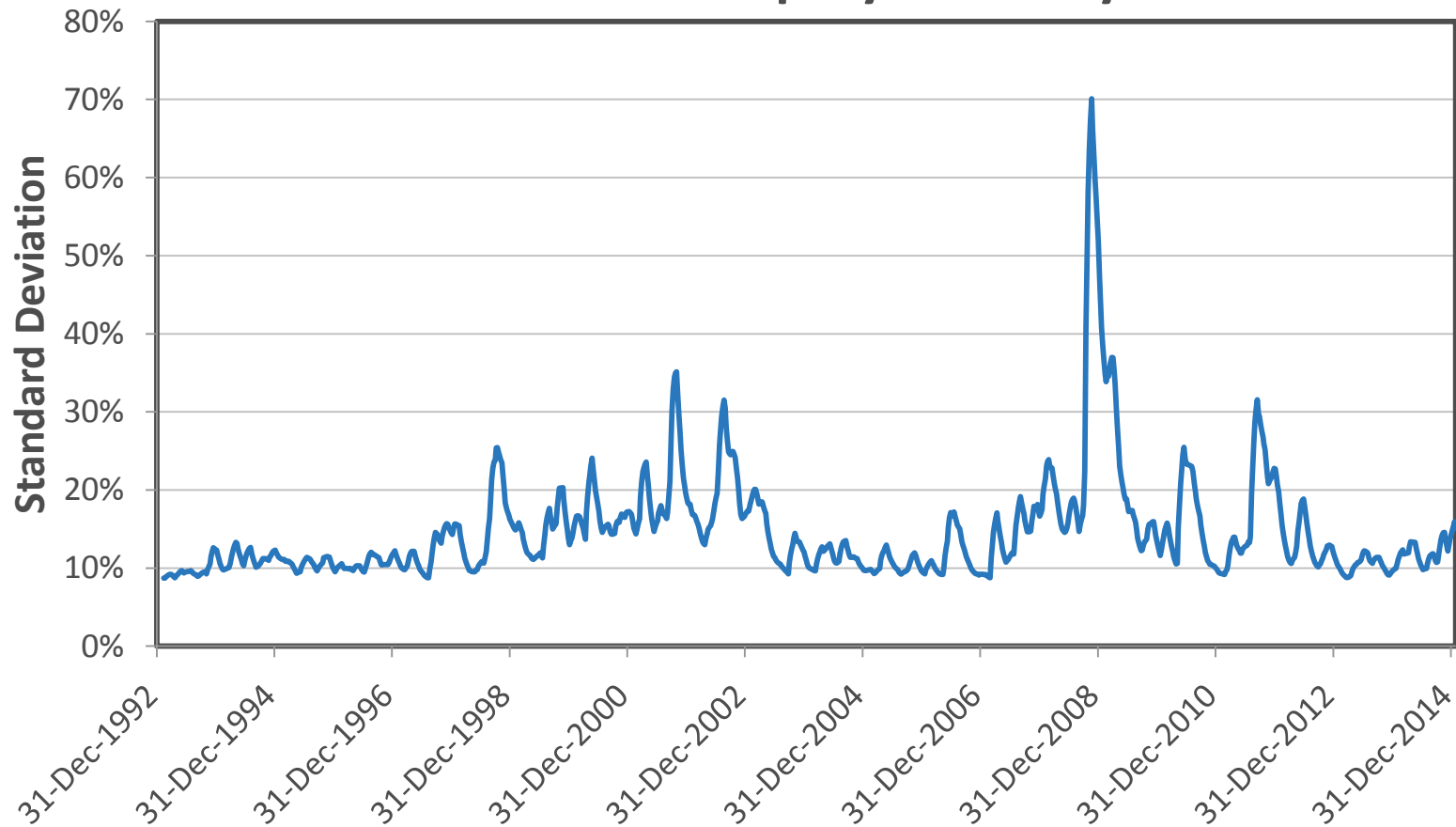
- control the risk profile of the portfolio
- Target specific risk levels
- change the asset allocation when market risk changes

Downside equity-risk

- equity risk (almost) always dominates
- calls for an extra dimension of risk management
- Stop-loss mechanism

Measuring & monitoring market volatility signals

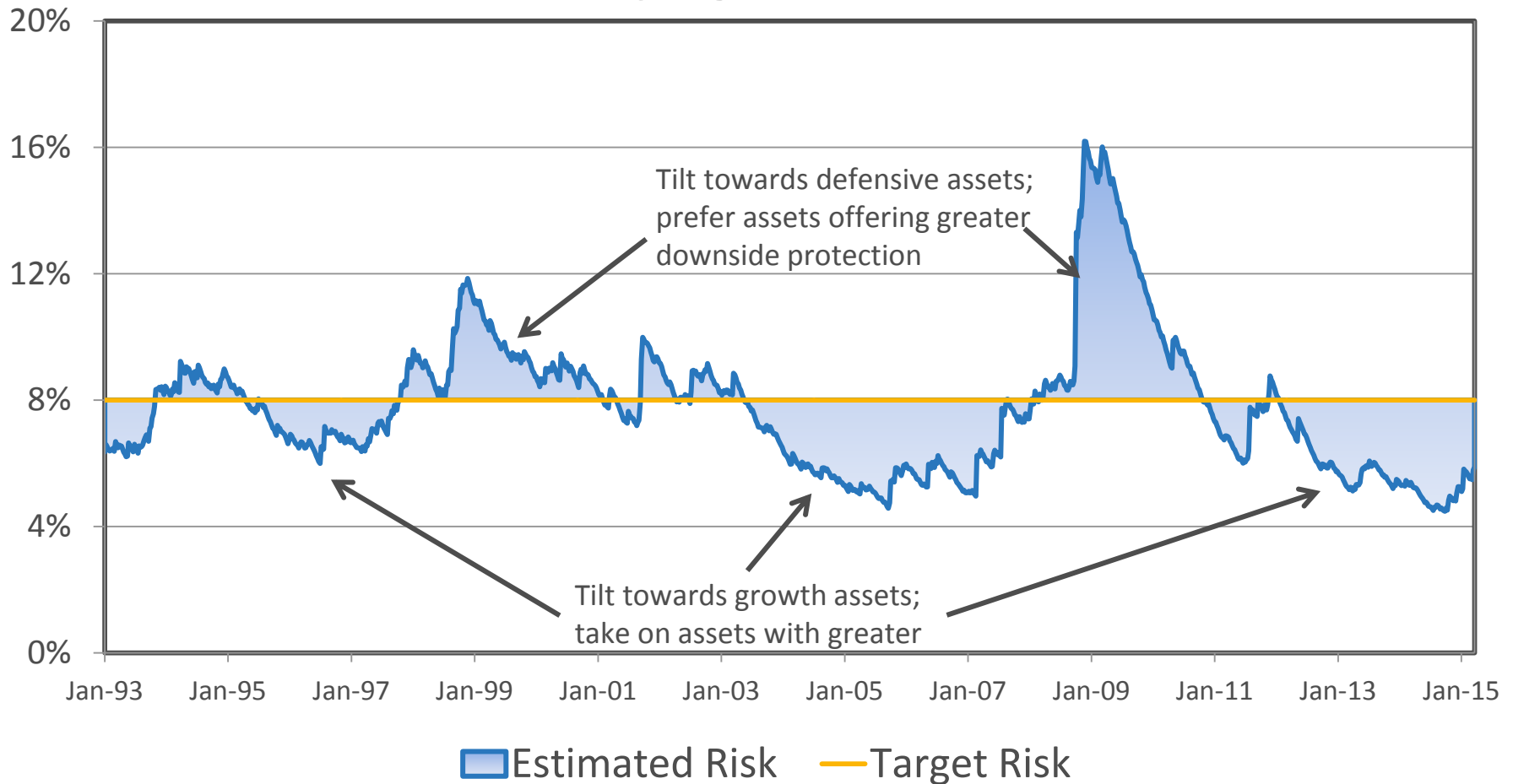
Annualised Equity Volatility



MSCI World Index

Measuring & monitoring market volatility signals

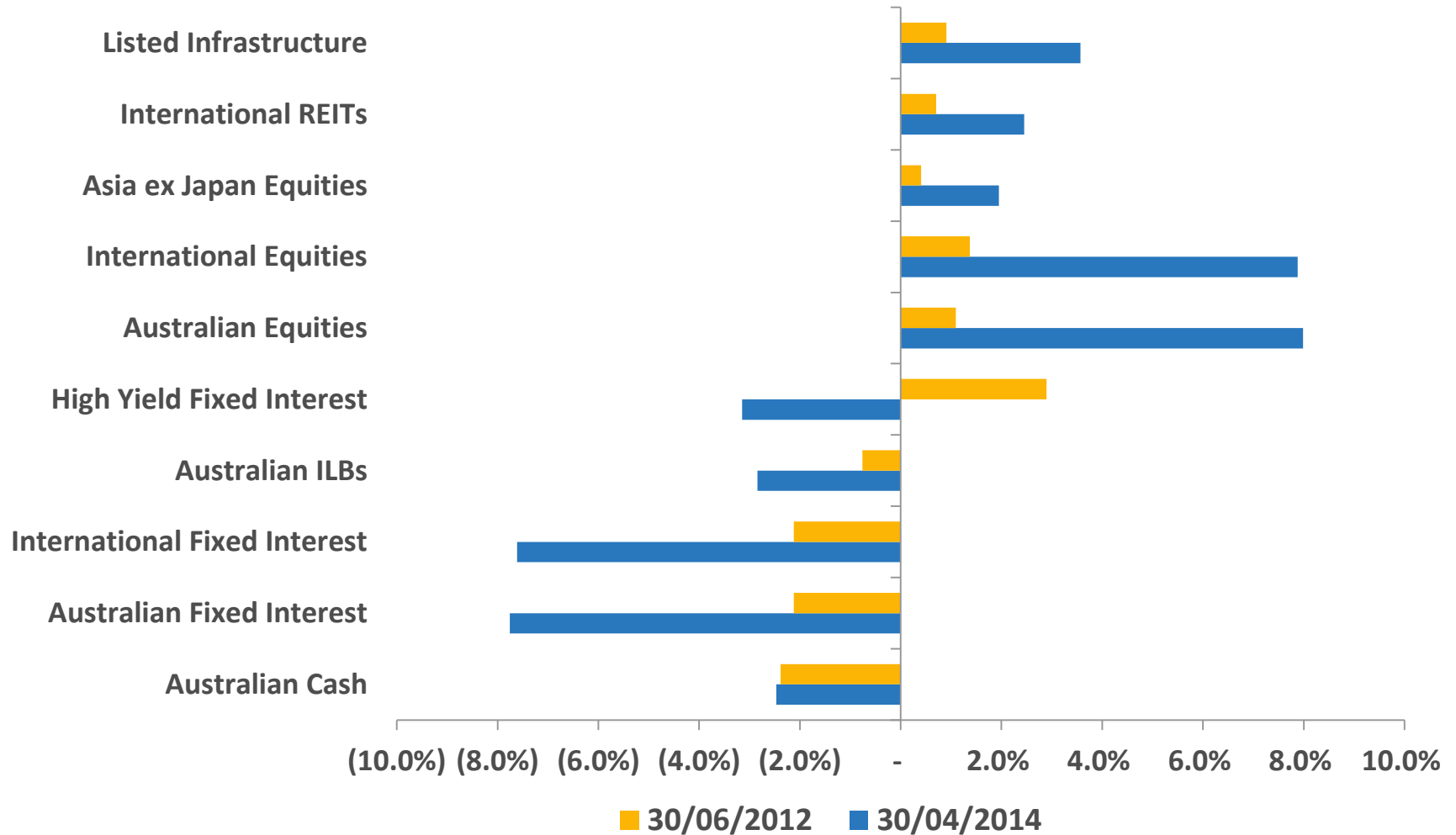
Volatility Signals - Balanced



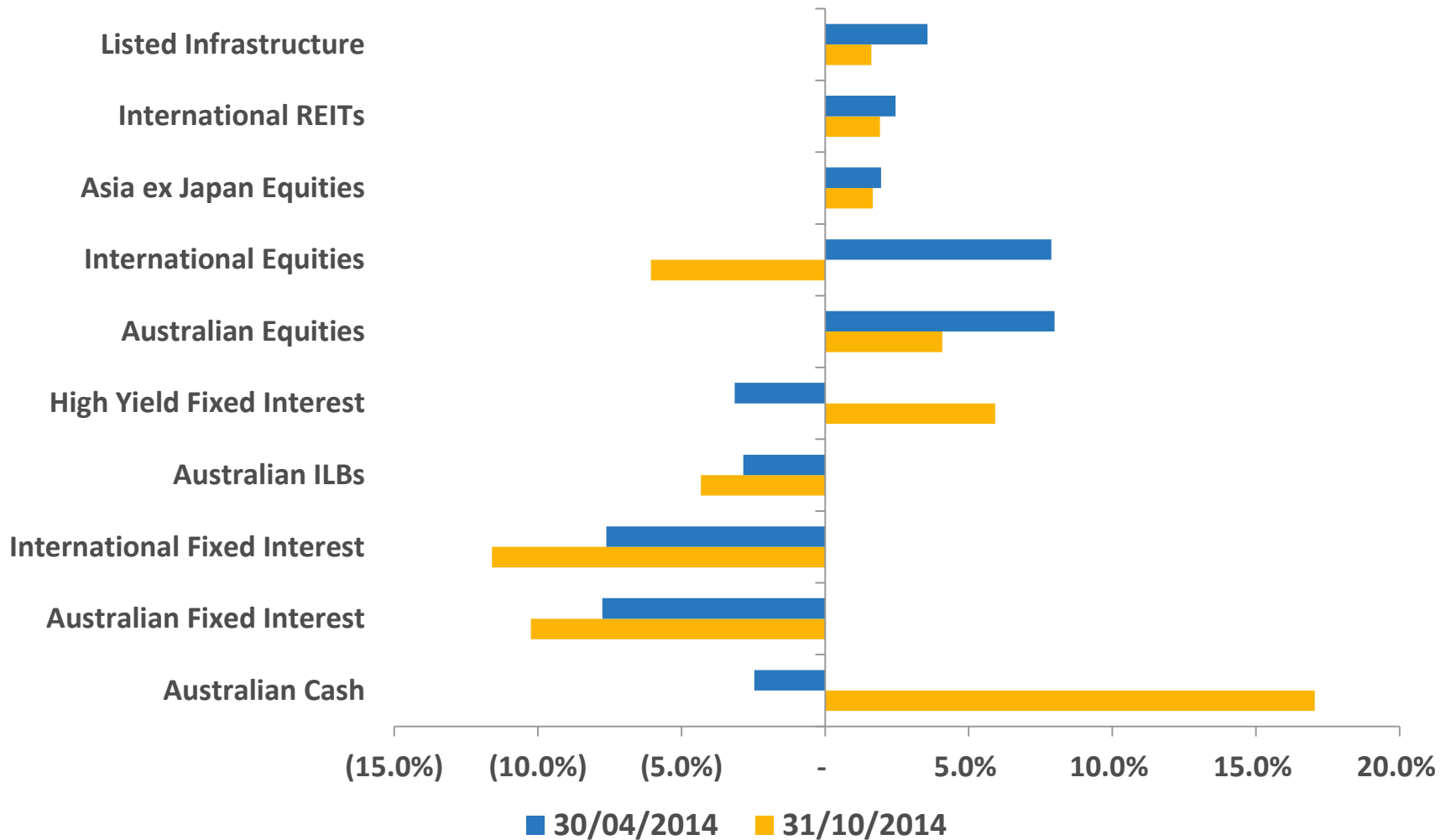
**Portfolio risk management
involves taking meaningful positions...**

requires MDA portfolio management capabilities

Balanced RPM: Risk-based changes

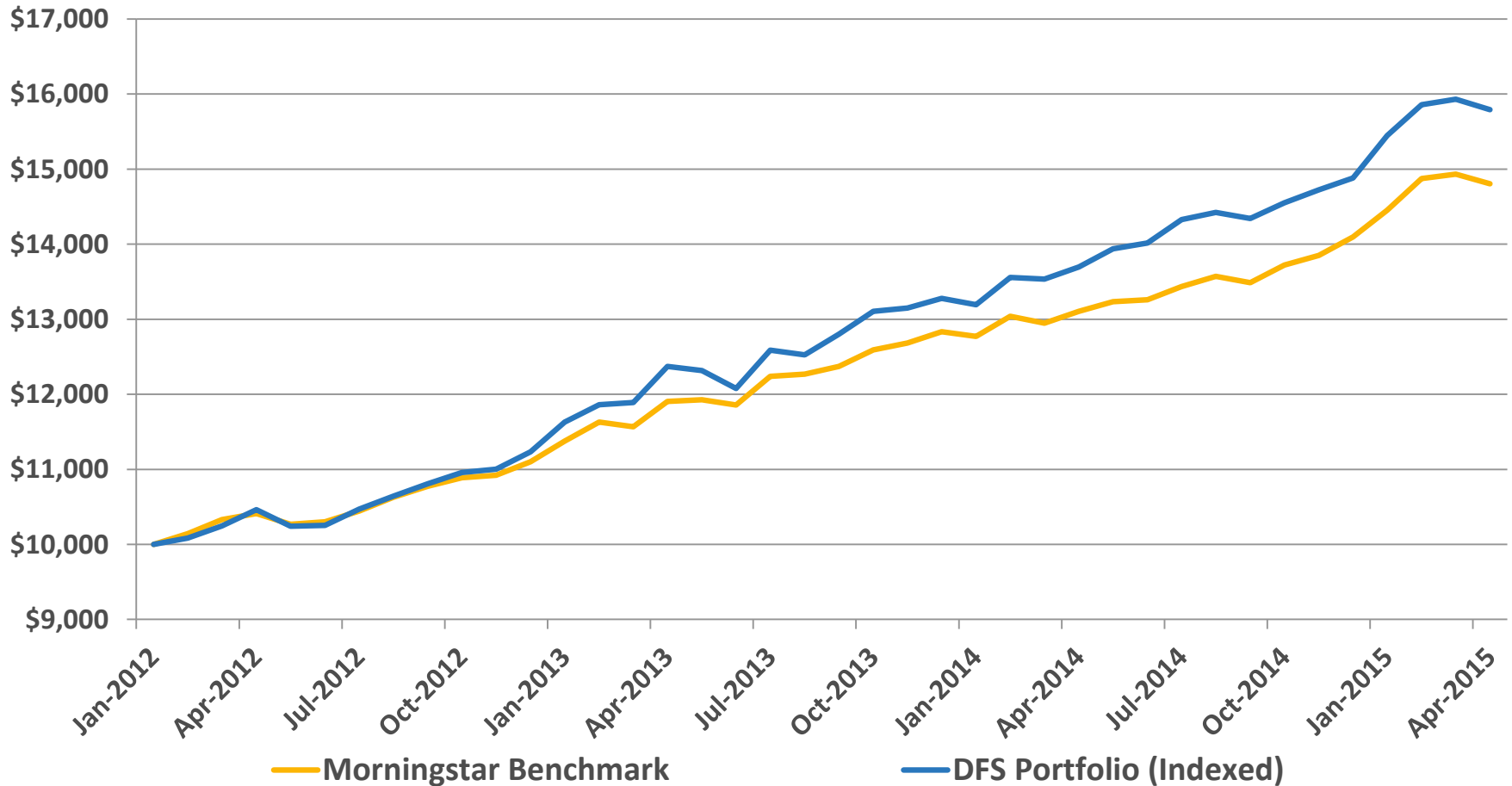


Balanced RPM: Equity-risk overlay



Results ...

Balanced RPM: Accumulation Chart



Role of ETFs & passive funds...

- DAA further requires ETFs and/or Passive funds
- Integral to dynamic asset allocation
- Keep trading costs low
- Underlying annual cost of ~0.3% p.a.
- Active management overlay

IFAs enabled ...

- MDAs provides portfolio management functionality
- ETFs & Passive funds delivers cost effectiveness
- Genuine & defensible differentiation
- Competitive portfolio solutions

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Questions...?