BROKER SERVICES (PTY) LTD

Model Portfolios managed by RUTHERFORD ASSET MANAGEMENT

# The Secret to the Success of Rutherford Model Portfolios

## The methodology used in the Rutherford portfolios has been tested in the USA and UK and is proven to significantly improve the risk appropriate returns for investors. Combined with lifestyle financial advice, this is the surest path to financial success.

Our model portfolios are a careful blend of world class South African and international funds, designed to achieve consistent inflation beating returns with the lowest risk. This approach provides more stable returns through the strong diversification of manager styles and different asset classes. Our portfolios continue to prove that this approach works, delivering steady returns for our clients, well above the average.

## The Rutherford model portfolios integrate the investment process and expert financial advice

The cornerstone of The Rutherford Way financial advice and investment process is your personalised Risk Profiler.

A common investment mistake is to pick a random mix of popular funds. The problem is that even if those are good funds, the selection is not expertly compiled, so the resulting risk of your combination of investments is probably not aligned to your personal risk profile. This can leave you with much greater risk than you realise. In addition, your selection of funds is unlikely to be optimised to achieve your targeted return rate.

When you have completed the Risk Profiler you will know both your personal risk score and the expected return that results from your specific risk profile. The appropriate Rutherford model portfolio will then be selected so as to achieve your expected return.

## Taking the guesswork out of choosing funds and asset classes

Having determined your risk profile, the choice of the correct Rutherford model portfolio is almost automatic. Given a risk profile score of 4, the expected return rate (benchmark) for the level of risk taken by the investor is CPI + 4% and the choice of fund would be a Rutherford balanced portfolio.

Rutherford’s model portfolios blend world class managers and funds together to create optimum risk adjusted portfolio performance profiles, providing crucial benefits to our clients’ investments that are otherwise difficult to achieve.

One of the key benefits of a multi-manager fund is the extra level of diversification it can provide. Investors gain access to all the usual benefits of a managed fund, such as asset class diversification and manager expertise, with the added insights of multiple fund managers. This is important because rarely will all fund managers perform equally in all market conditions. Manager diversification offers investors optimal exposure to differing investment styles, which tends to provide a more consistent return experience through the market cycles.

## The Rutherford Way – consistently improving investment returns

Simply put, the Rutherford multi-asset, multi-manager portfolios are exposed to numerous aspects of the market so that you don't lose out when one management style or asset class performs better than another.

Your Rutherford portfolio is rebalanced regularly which has proven benefits for investors. The goal of rebalancing is to maintain your target asset allocation, and therefore keep your portfolio's risk characteristics in line with your risk profile. Rebalancing imposes a level of discipline in terms of selling a portion of your better performers, banking your profits and putting that money back into asset classes that are lagging in this cycle.

## The importance of a benchmark

The Rutherford Way is a holistic investment approach whereby ***your*** risk profile score determines ***your*** risk adjusted target return, which governs the choice of Rutherford portfolio appropriate for ***your*** investment.

If you have investments in a number of randomly selected funds, each with different risk profiles and targeted returns, it's virtually impossible to work out the overall risk of your investments, and lengthy calculations are required to work out the aggregate return. In the absence of a defined investment target return (or benchmark), investors tend to move their money in and out of funds in the hope of gaining better returns – and because their timing is often bad, the result is long term poor performance. The Rutherford investment process is designed to avoid these pitfalls and to achieve superior returns for our clients.

Having a more focussed approach with clear investment targets will help you see the bigger picture and stick to the plan, whether it be a long term retirement plan or a final 5 years of intense investment into a pension.

## In line with international trends – in the UK more than 80% of financial advisers use model portfolios as a core operating process in their business

The selection and blending of world class funds into each Rutherford portfolio gives you the peace of mind that your chosen portfolio will achieve the targeted returns over the long term. This consistency means that you can trust the process – the Rutherford Way - and avoid common investor mistakes and biases. This will result in higher average returns and the achievement of your personal goals.