



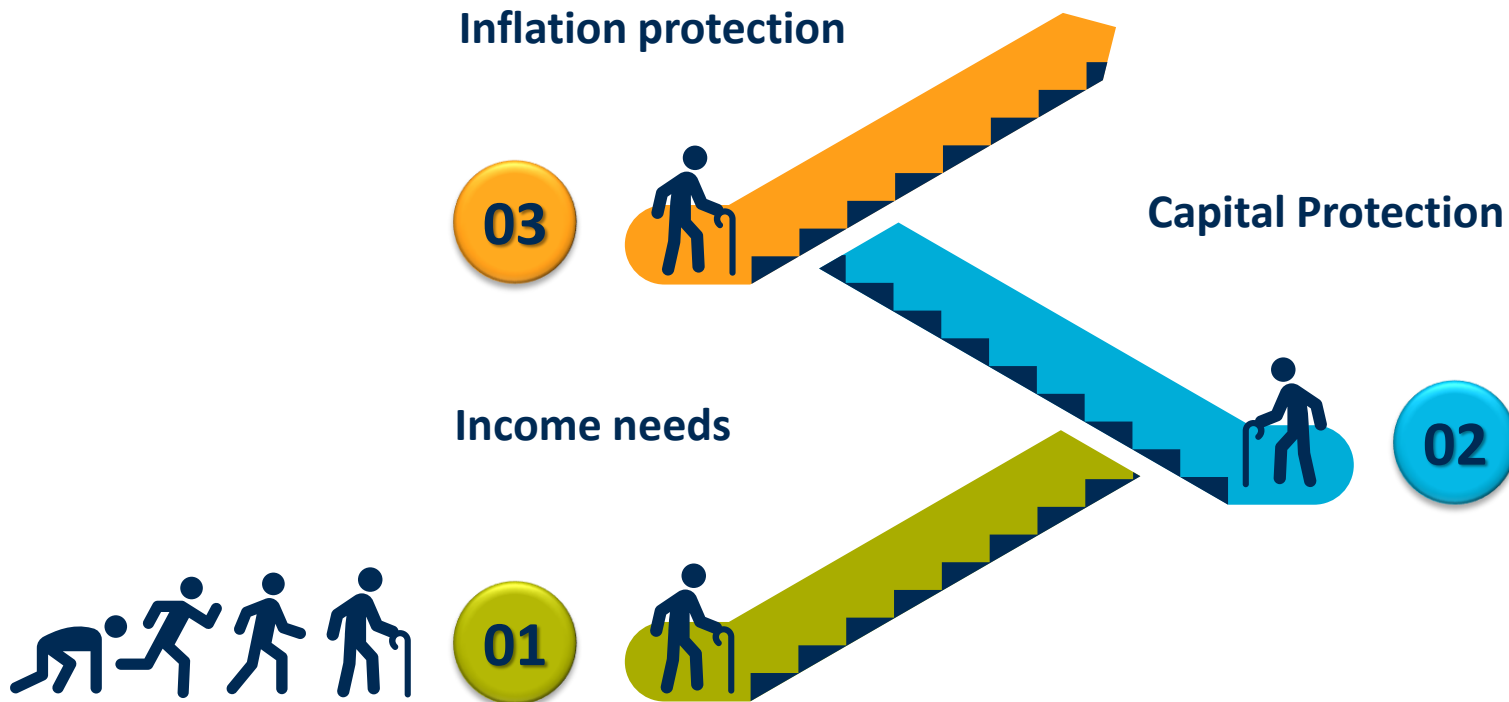
Evidence Based Investing A practical application

Chris Rule, CFA, CAIA

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Worked example: Retirement





EBI and retirement solution

01

COSTS

“The single largest determinant of a funds future success is the costs it charges” Morningstar Research (Local and Global)

02

DIVERSIFICATION

“Diversification is the only free lunch in investing” Harry Markowitz, Nobel Memorial Prize winner

03

ASSET CLASSES (STRATEGIC ASSET ALLOCATION)

Dimson, Staunton & Marsh. Triumph of the Optimist

04

FACTORS (SMART BETA)

Fama-French (2015), Ang et al. (2009) & Frazzini-Pedersen (2013)

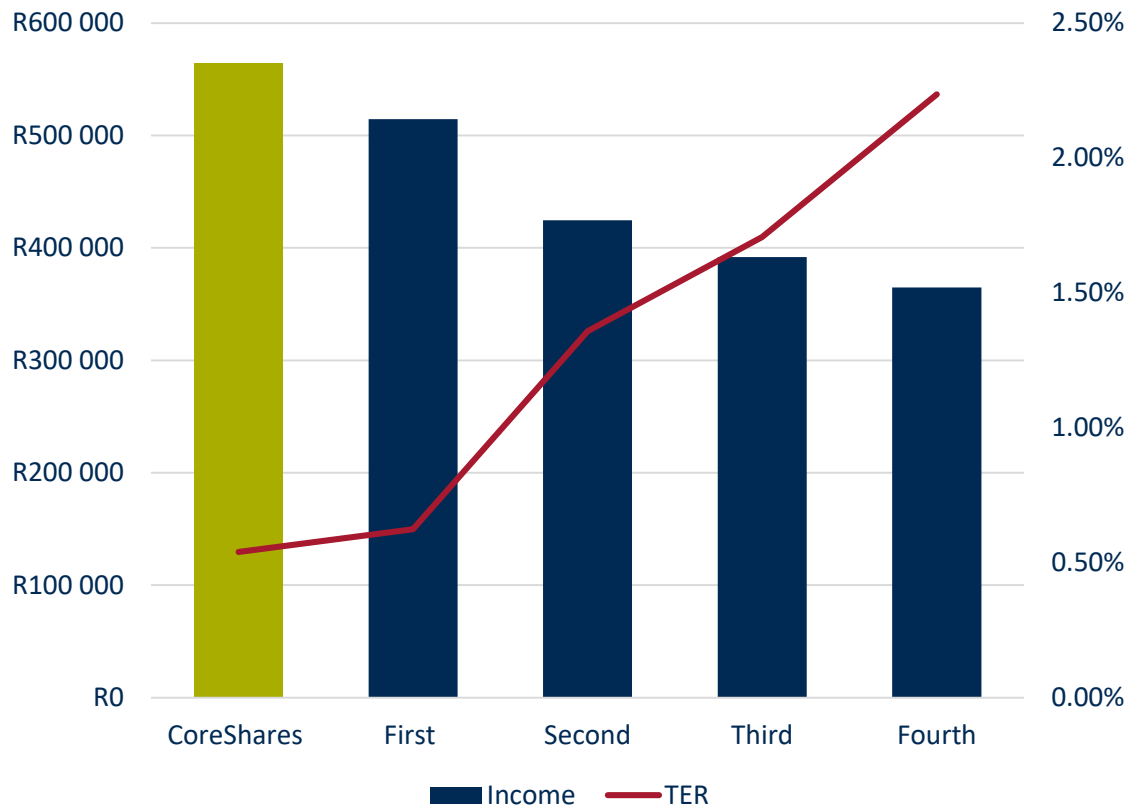


01 Income Needs



Importance of cost when delivering income

Net Income ⁽¹⁾



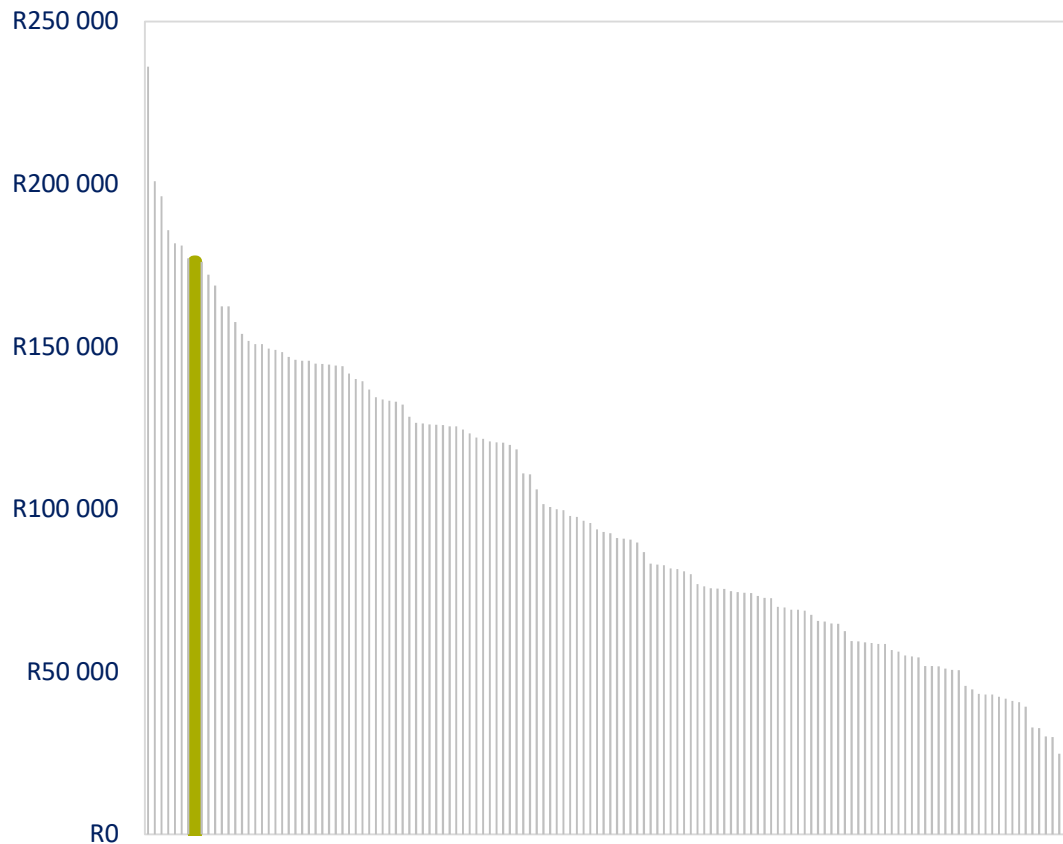
EVIDENCE:

- Client Income = Gross Income – Costs



Using Smart Beta

SA General Equity funds - Total income generated



6

EVIDENCE:

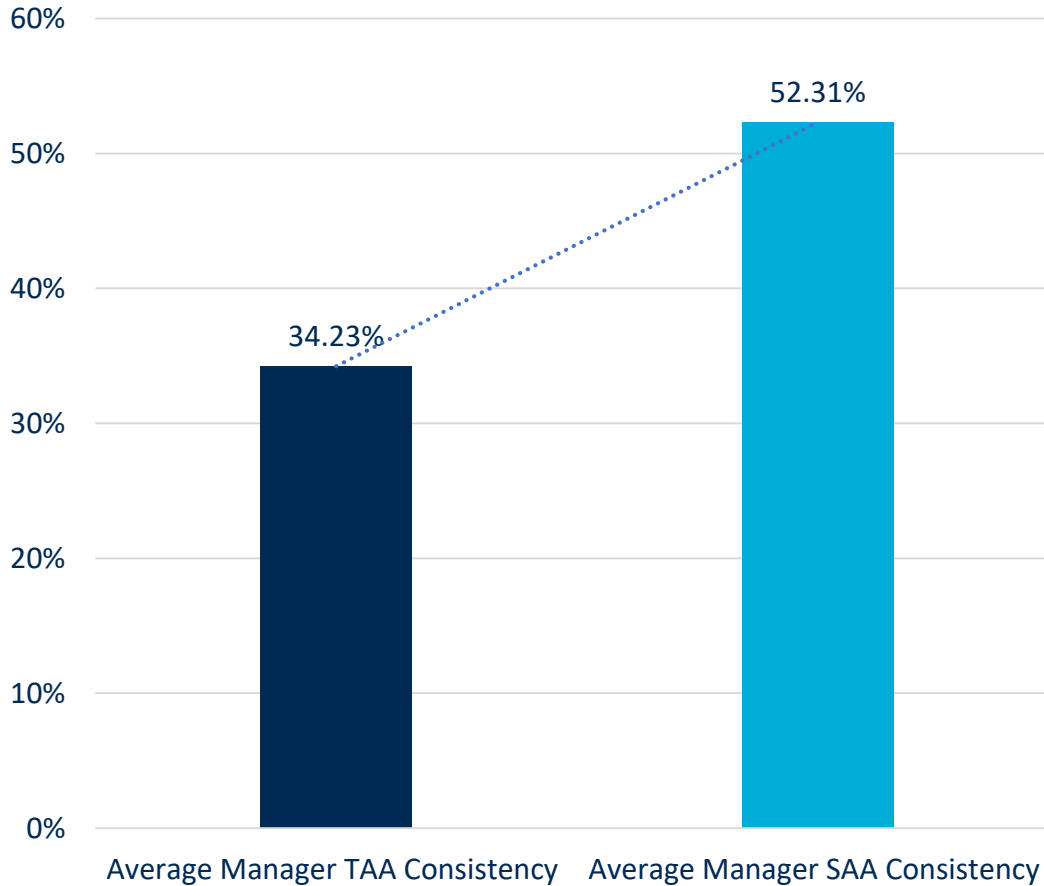
- “What is new about Smart Beta is not the (investment) idea – but the simple and transparent packaging; carving out and lowering the cost of one significant component of active management.” *Khan & Lemmon 2016, Financial Analyst Journal*
- CoreShares Dividend Aristocrats has delivered more income than 96% of the ASISA General Equity Peer group over 5 years



02 Capital Protection



Strategic Asset Allocation



EVIDENCE:

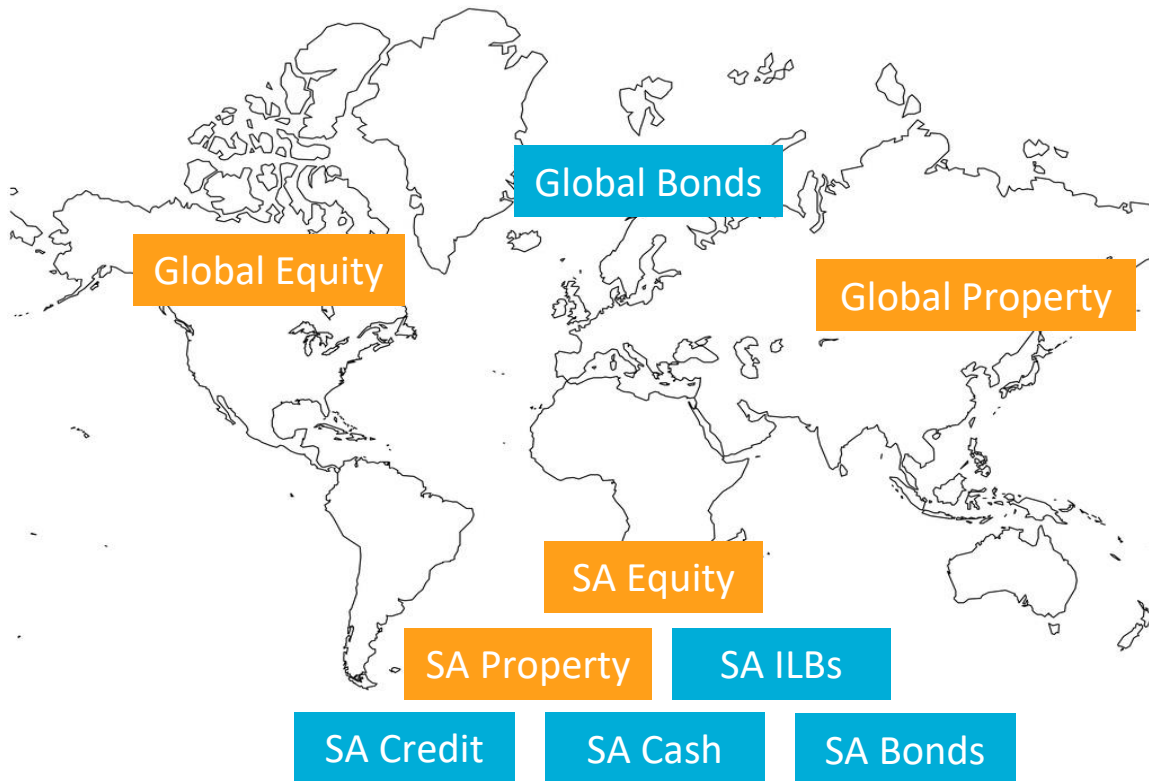
- Asset allocation accounting for majority of variability in portfolio returns. (Reference: "Determinants of Portfolio Performance" Brinson, G., et al (1986))



Diversification and defensive assets

EVIDENCE:

- Asset Class Characteristics, Dimson, Staunton & Marsh
- “Diversification is the only free lunch in investing” Harry Markowitz, Nobel Memorial Prize winner





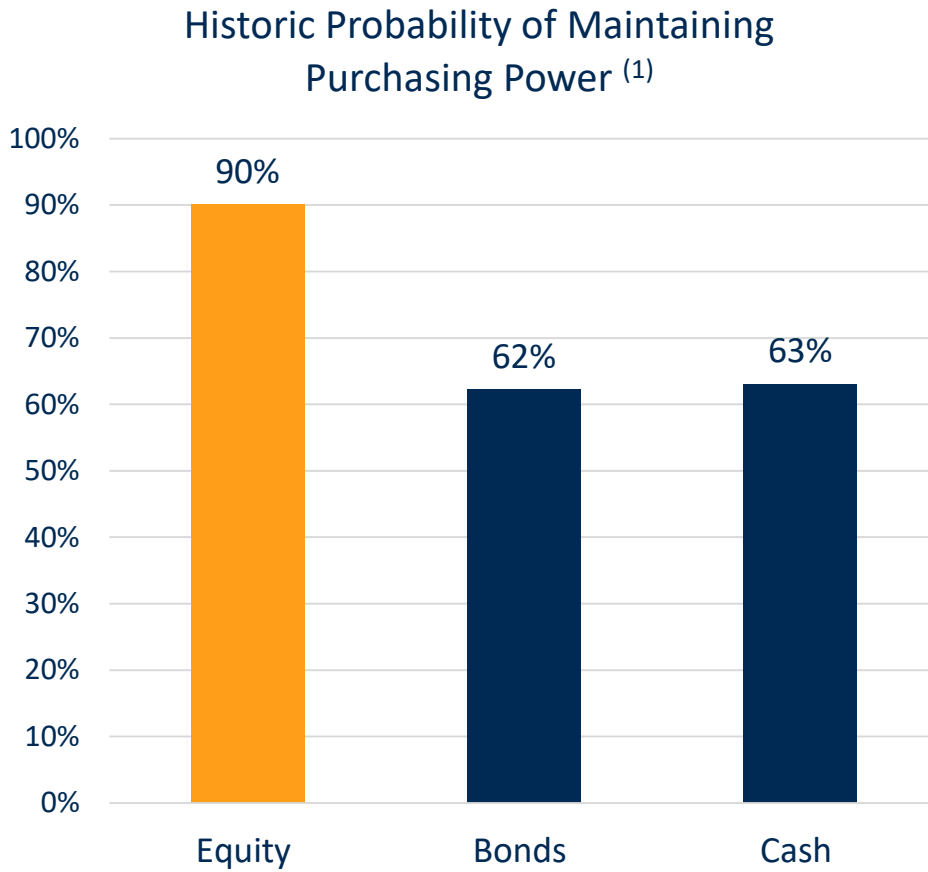
03 Inflation Protection



Inflation Protection

EVIDENCE:

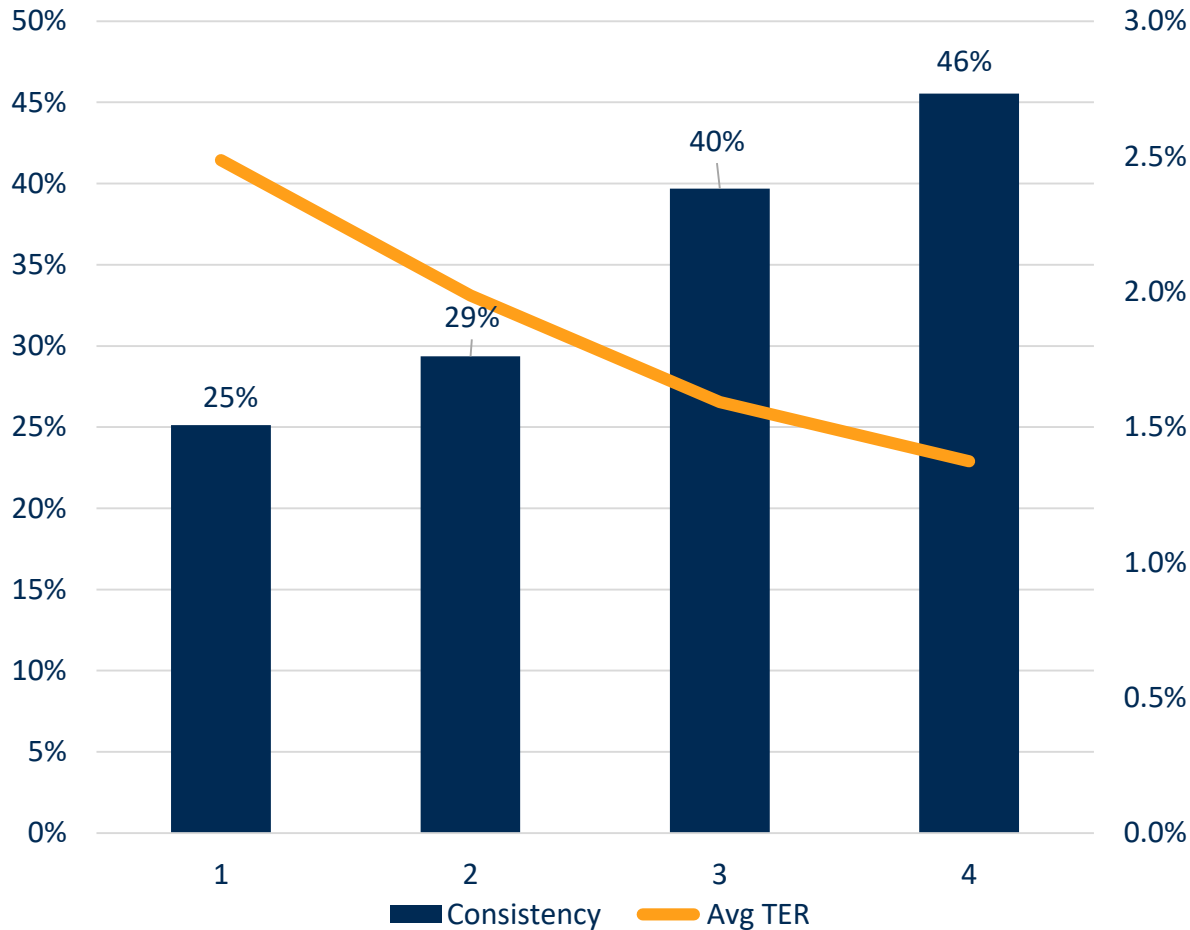
- Asset Class Characteristics, Dimson, Staunton & Marsh



1.Source Morningstar. Historic Probability of achieving greater than CPI returns over a 7 year rolling period.



Achieving CPI + hurdle



EVIDENCE:

- “The single largest determinant of a fund’s future success is the costs it charges.” – Morningstar Research (global and local)



Harnessing all the Evidence

01

COSTS

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ASSET CLASSES (STRATEGIC ASSET ALLOCATION)

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Brining it together: CoreShares Stable Income Fund

Inflation protection
*Strategic AA and
Growth Assets (53%)*

Low Cost

*Management Fee = 0.35%
Expected TER = 0.46%*

03



Capital Protection
*Diversification and
Defensive assets (47%)*

Income needs
*High Income Delivery
(6.2%)*

02

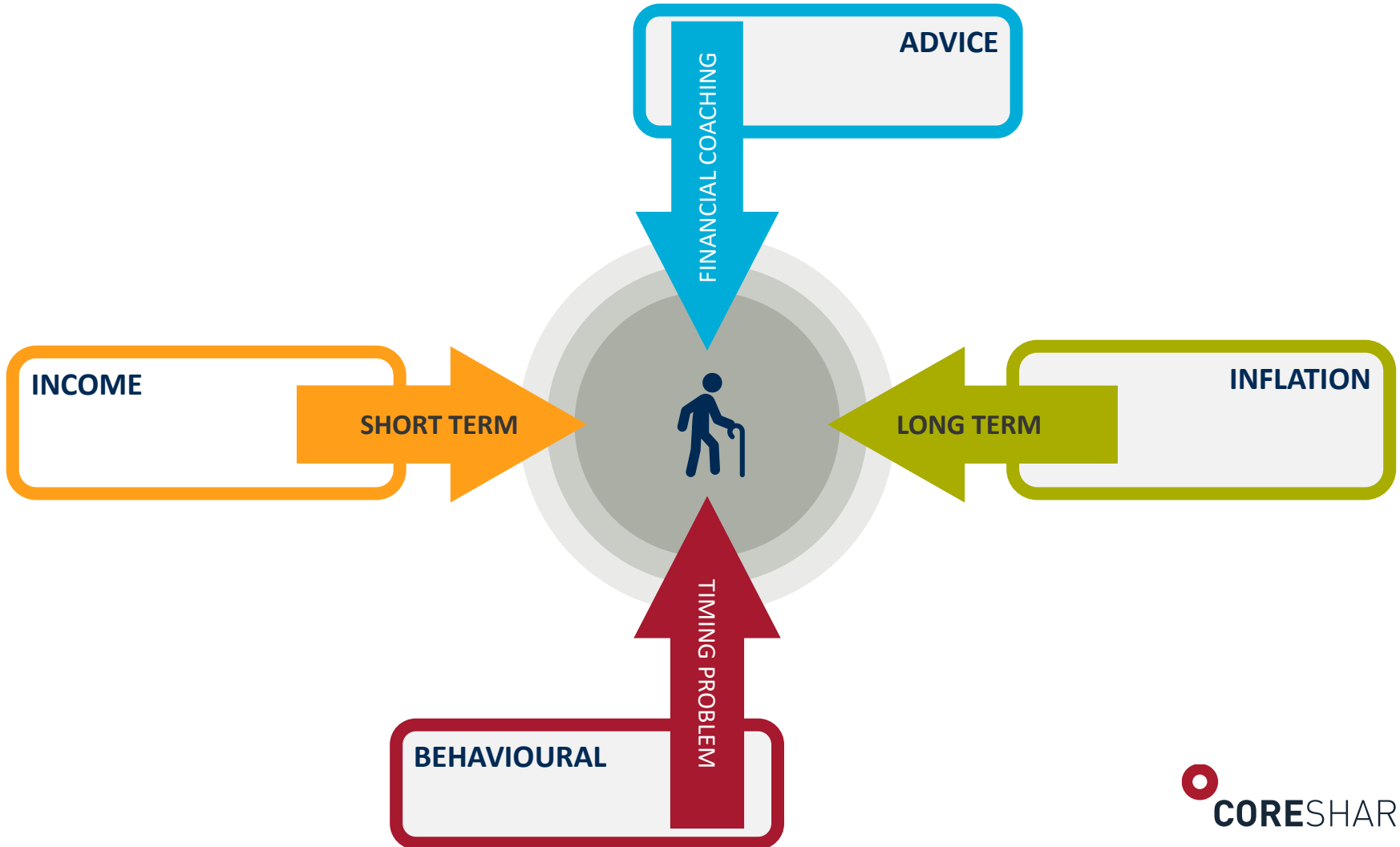


01





Partnership of Asset Manager and Advisor





Disclaimer

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