

WHY GO DIRECT ?

- **Cost**
 - ◆ no ongoing charge
 - ◆ Smallest client can get wholesale rate
- **Control**
 - ◆ Client feels in control of investment
- **Personalised**
 - ◆ Client can identify with investment & contribute to stock selection
 - ◆ Portfolios can be customised to the individual and meet individual needs, particularly around tax strategies

THE DOWNSIDE OF DIRECT

- **Diversification**

- ◊ Can be difficult, especially for smaller sums

- **Management**

- ◊ More experience and expertise required
- ◊ Additional time involved in monitoring and portfolio management
- ◊ Need to respond to corporate actions
- ◊ Reporting and distribution management more complex

Sirius investment management systems remove all these obligations and difficulties from the client

TIPS IN CONSTRUCTING PORTFOLIOS I

- **One size doesn't fit all**
 - ◊ Consider client's risk threshold to determine defensive / growth split
 - ◊ 90% of needs should fall into Income / Balanced / Growth models
- **Diversification**
 - ◊ Ideal 15 stocks
 - ◊ Minimum 12
- **Concentration**
 - ◊ No more than 10% of portfolio in any one stock

TIPS IN CONSTRUCTING PORTFOLIOS II

- **Sector spread**
 - ◊ No more than 15%-20% in any one sector
 - ◊ Avoid Biotech, computer, small miners & cash boxes for risk adverse investors
- **Yield is always the client's friend**
 - ◊ High yielding stocks have a record of out performance over the long term
- **Select researched stocks**
 - ◊ Easier to monitor
 - ◊ Have liquidity
 - ◊ Small cap fund managers likely to outperform direct small cap investor



TIPS IN CONSTRUCTING PORTFOLIOS

III

- **Sector spread**
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MARKET PHILOSOPHY

It's only when the tide goes out that you discover who has been swimming naked.....

- Know yourself (The stockmarket is an expensive place to practice self analysis!)
- If you want to tell the future join the circus
- The market never lies
- Invest don't speculate and know the difference
- Average up not down
- Even the turkeys fly in a bull market breeze

MARKET PHILOSOPHY

- Don't confuse genius with a bull market
- Buy companies you use
- When the tide goes out *all* the boats go down
- Don't fall in love with particular stocks
- Take your profits while you can and you will be a happy man

