



INVESTMENT PROCESS

The MitonOptimal investment process combines rigorous quantitative analysis with highly informed qualitative thinking, driven by our experienced and well-qualified global investment team. The investment team meets on a regular basis, to ensure the MitonOptimal philosophy and approach is implemented as effectively as possible.

1 STRATEGIC ASSET ALLOCATION “SAA”

At the beginning of each year the Investment Committee meet to set the SAA. We develop the SAA by determining the real return forecast for each asset class looking 3 – 7 years ahead.

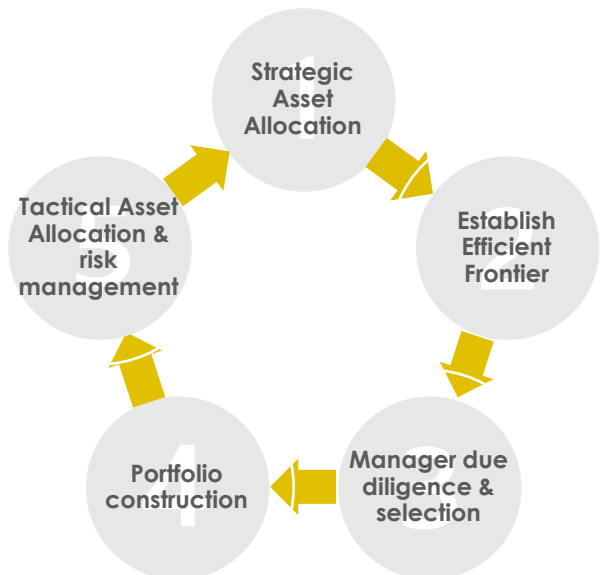
SA Equity	SA Property	SA Long Dated Bonds	SA Flexible Income	SA Money Market
DM Equity	EM Equity	Global Bonds	Global Cash	Global Property

The SAA provides the foundation upon which our multi-asset portfolios are initially constructed and continually managed.

2 ESTABLISH EFFICIENT FRONTIER

We determine the optimal combination of each asset class for a particular return target portfolio objective. This optimisation process (our proprietary system and process) involves the following steps:

- Setting a Long-Term Return target (Total Return) per asset class – Long-Term Strategic Plan
- Utilising a bespoke Optimiser, developed and written exclusively for MitonOptimal, based on correlation, volatilities and return profiles of each asset class (the Optimiser constantly adjusts throughout the year based on updated market data)
- Based on the outcome of the optimisation process, we determine an optimal portfolio at each targeted level of risk on a risk/return spectrum of portfolios



Optimiser: a proprietary optimisation tool using cutting-edge portfolio construction techniques to optimise risk, return and correlation to deliver robust, repeatable real returns.

3 MANAGER DUE DILIGENCE & SELECTION

Our manager due diligence and selection process is thorough and robust. Our research process combines quantitative and qualitative analysis to produce a watch list as well as a buy list. The buy list features managers/portfolios/ETFs that are approved by the Investment Management Committee and contains funds suitable for inclusion in a portfolio. The watch list ensures that all qualifying funds/ETFs are viewed by the portfolio managers on a monthly basis, and allows us to identify new trends in funds/ETFs that do not feature on the buy list. Our Investment Team is constantly on the lookout for new fund management talent and skills.

A team process dictates the conviction to select managers and funds based on people, philosophy, process and the fund managers' current house views, preferred themes and convictions.

4 PORTFOLIO CONSTRUCTION & METHODOLOGY

Portfolio construction decisions are made with respect both to asset allocation and the underlying funds. When making these decisions, the portfolio manager presents to the Investment Committee (per Tailored Model/CIS) on the target returns, risk implications, reasons for the decision and research to back up the decision, all of which must be documented. In all cases the portfolio manager seeks counsel from the Investment Committee and decisions may be implemented only with the agreement of the investment team.



5 TACTICAL ASSET ALLOCATION AND RISK MANAGEMENT

We review and set the tactical risk rating on a weekly basis at our global investment meeting, and the outcome of this review may result in a tactical tilt to the portfolios. Our proprietary Optimizer uses the latest risk rating (which is on a scale from 1-10 with 1 being risk off and 10 being risk on) and provides an asset allocation in line with the agreed risk rating. The portfolio managers have some discretion to deviate from the global risk rating within a tight range.