Global Indices Return (%) in $

As of Date: 2018/02/28 Data Point: Return

	1M	3M	YTD	1Y	3Y	5Y	10Y	15Y
Developed Equities	-4.2	2.3	0.9	17.9	8.4	2.3	6.1	9.5
Emerging Equities	-4.2	8.5	4.3	27.5	8.2	8.5	2.8	13.1
USA Equities	-3.6	3.1	1.9	17.3	11.0	3.1	9.8	10.5
Global Real Estate	-6.7	-6.0	-7.3	-1.2	1.0	-6.0	4.1	-
Global Bonds	-0.9	0.6	0.3	6.0	2.4	0.6	2.7	4.1

Source: Morningstar, FTSE Indices, Barclays Global Aggregate Indices

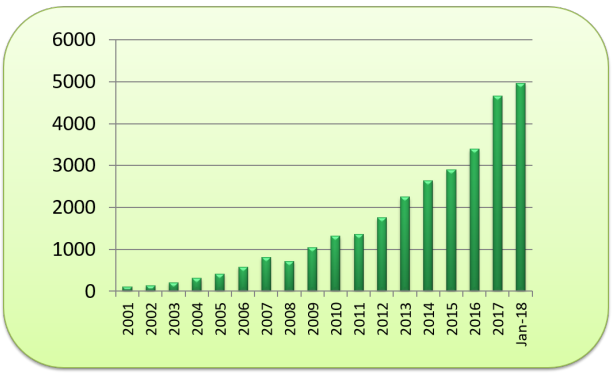
Where are investment markets heading, up or down?

February was a negative month for all three global asset classes; equity, bond and real estate. We read about *trade wars*, *rising rates*, *staqflation* and in the background - for now - geopolitical risks. All headwinds for global investment markets. Who can guide us through these turbulent investment markets?

If we look back to the investment experience during and after the turbulent global financial crisis (GFC) - in 2008 & 2009, we see that it was the investors that did not let their emotions get in the way that were rewarded with nine years of strong performance following the devastating GFC. They did not sell when equity markets fell 50%. They stuck to their investment plans. Let this be a lesson for us.

Future investment returns are uncertain. We may well experience shocks like the GFC again. What should we do? We think you should stick to a tried and tested strategy. First, make sure your asset allocation is appropriate for your investment time horizon and your investment objectives. Then, make sure your portfolio is well diversified in low-cost investment structures because as *Morningstar has shown* it is the low cost strategies that have highest chance of success.

Global ETFs reach $5trn



Source: ETFGI.com

Another lesson from Warren Buffett

We all know that Warren Buffett is a proponent of index investing. Ten years ago he bet $1m in favour of it and won when an index fund beat a selection of professional funds, after accounting for costs, over a ten year period. And now we have another lesson from Warren Buffett. Despite him being one of the greatest investors of all time, over ten years even his performance (Berkshire Hathaway share price return) has lagged the S&P500 index. It should be noted that if we go back longer than a ten year period, Berkshire Hathaway's superior performance does shine through.

Currency: USD

STYLO INVESTMENTS

ETF portfolios are attractive

We, at Stylo, are ETF (exchange traded funds) managers. We build global portfolios using ETFs as the investment building blocks. The ETFs we use are transparent, liquid and low-cost funds provided by some of the largest and most successful index-tracking managers in the world, like Vanguard and BlackRock (iShares).

We have four main risk-profiled model portfolios:

- Global Equity - targeting 100% equity exposure
- Global High Equity - targeting 75% equity exposure
- Global Balanced - targeting 50% equity exposure
- Global Low Equity - targeting 25% equity exposure

These model portfolios would have beaten more than 80% of their peer group, after accounting for costs, since inception (Jan 2015).

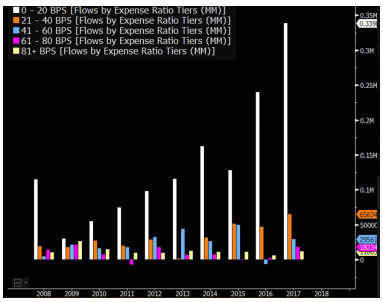
Source: Morningstar Inc, Stylo Investments; considering the returns of the top performing 1,000 funds with a comparable asset allocation to the Stylo model portfolio and domiciled in Europe.
Past investment returns are not necessarily indicative of future returns.
*Please read disclosure regarding investment returns **here***

We also have more specialised model portfolios (currency hedges, ESG/Shariah compliant, target duration etc.).

We believe we add significant value to you, the adviser.

- We evaluate the thousands of ETFs available and select ones we believe are most appropriate for each asset class or sub-asset class.
- We then package risk-profiled solutions using these ETFs.
- You can now rest assured that your clients are in portfolios that match their risk profile, are well diversified, have low-cost and typically beat the vast majority of comparable actively managed funds.
- We can co-brand client statements and the client portal with your brand.
- You can access our portfolios on tax-efficient platforms (Old Mutual International and Glacier International) using the custodian option. We are approved discretionary investment managers and use Saxo Bank as our custodian.

10 year US fund flows: low expense ratio funds attracting the flows



Source: Bloomberg Intelligence

This chart indicates how the net flow of funds in the US are spread across funds based on expense ratios.

Contact *us* about our global ETF-based portfolios