



GROWING WEALTH

THE MONEY MANAGERS



YOUR STRATEGIC COACH FOR MANAGING YOUR FINANCES



Bringing the leading edge
of investment information
in an understandable way
to every day investors

Combining groundbreaking
research with real-world
applications that can be
applied to your portfolio



THE FINANCIAL SPECIALISTS

The Money Managers Ltd is an independently owned financial services company that provides structured wealth management advice on a fee-for-service basis. We stand apart from an industry crowded with mediocrity and conflicts of interest. We derive no benefit from brokerage services, commissions, finder fees, or product sales of any kind. We are therefore free to focus strictly on developing and implementing a statement of advice and applying a disciplined investment strategy. Our approach is more highly developed than traditional investment advice, in that we employ an evidenced based approach that continues to produce lower volatility in portfolios and higher returns than the average investor.

Our company has grown to be one of the most prominent advisory firms in Australia. It has also been recognised overseas as an innovator, servicing the needs of a broad spectrum of the investor community.

The Money Managers has been structured to accommodate the financial requirements of wealthy families and individuals with varying degrees of complexity. To ensure our services cover the broader needs of investors we provide a service through a subsidiary company which caters for investors with less complexity, applying a consistent philosophy but with greater focus on risk insurance and Centrelink maximisation strategies in retirement.

Our clients are concerned with preserving capital, growing assets and avoiding the myriad of risks that abound in today's investment environment. Through education they clearly understand the folly of attempting to predict short-term trends, having chosen instead to steadfastly focus on long-term planning and results.

One of our core competencies is in creating a decision-making framework that guides you through the maze of taxation, investment and regulatory requirements implicit in the financial planning process. We help you achieve your financial goals by ensuring the framework allows you to make intelligent investment decisions that will enable you to effectively balance risk and return, enjoy greater peace of mind, and achieve your lifestyle objectives.

We value and actively foster solid long-term relationships founded on integrity and trust. Our experienced and highly qualified financial advisers will empower you to make successful financial decisions and protect you from the misinformation and distractions that destroy wealth through time.



BEWARE THE DISTRACTIONS

The multi-billion dollar financial services industry creates distractions that prevent investors from achieving their objectives. "Market noise" focuses attention on the relatively unimportant issues of market timing, stock picking and attempts to predict the future. There is a misplaced belief that better forecasting is the value-add of an advice business.

It is the role of the adviser to set expectations realistically and to ensure the investor is empowered to 'stay the course' during inevitable periods of market fluctuation.

Several recent studies have shown the poor results being achieved by the majority of investors in Australia and around the world.

A US survey conducted by Dalbar Research over the period of 1984 to 2002 documented that the S+P 500 index generated a return of 12.9% pa. The average return of all US Share market funds was 9.6% pa and the average investor only achieved 2.7% pa.

US Morningstar Research during the mid 1990s demonstrated the average return from diversified funds was 12.2% per annum over a five year period BUT investors achieved a -2.2% per annum return due to switching funds at the wrong time.

An Australian study, by Independent Funds Research (IFR) over the same period revealed the average return from diversified funds was 10.4% per annum over five years BUT investors earned only 2.4% per annum due to the same reason. Advisers selling alternate funds based on past performance often instigated this.

WHAT WE BELIEVE

"TO INVEST SUCCESSFULLY OVER A LIFETIME DOES NOT REQUIRE A STRATOSPHERIC IQ, UNUSUAL BUSINESS INSIGHT, OR INSIDE INFORMATION.

WHAT'S NEEDED IS A SOUND INTELLECTUAL FRAMEWORK FOR MAKING DECISIONS AND THE ABILITY TO KEEP EMOTIONS FROM CORRODING THAT FRAMEWORK."

Warren Buffet in the foreword to the Benjamin Graham's 1974 classic, *The Intelligent Investor*.

Most successful people desire financial independence, certainty in the future, confidence and peace of mind. They view modern financial markets as complex, unpredictable and risky. Due to time constraints and the sales tactics of the investment industry they are often led astray. They can become disorganised, lack adequate diversification and take more risk than is necessary. They may be influenced by too much investment news, chasing hot performing stocks or fund managers and trying to time the market. Their investments become cluttered and fragmented. Instead of achieving freedom, their lack of clarity and a structured process often generates needless anxiety, complexity, inefficiency and increased costs and taxes. For these reasons they are often losing money on their investments, worrying about their future and not enjoying

life as much as they should. That's why we have developed an investment process that is designed to help you make intelligent investment decisions and achieve your goals.

The Money Managers Ltd helps accomplished people realise the benefits of a lifetime of work. We use simple, yet sophisticated planning tools to determine the unique mix of investment assets and financial decisions best suited to your investment objectives, risk tolerance and financial goals. Our disciplined strategies are proven and comprehensive, taking into account your family's current and future needs and requirements.

By taking advantage of these insights you can enjoy the financial freedom for which you have worked.



ASSET CLASS INVESTING

ASSET CLASS INVESTING IS THE MOST DISCIPLINED MEANS OF CONSTRUCTING A BROADLY DIVERSIFIED INVESTMENT PORTFOLIO, WHICH EMBRACES THE TENETS OF MODERN PORTFOLIO THEORY AS THE BASIS FOR ACHIEVING SUPERIOR RISK ADJUSTED LONG TERM RETURNS.

Its concepts are well documented and measurable. They have stood the test of time in every market around the world. The development of computer technology has enabled academic studies to be conducted, analysing almost 80 years of investment market data. The collection of data and measurement of returns has demonstrated that the traditional approaches to managing money by stock picking and market timing do not work. What is most concerning is that investors en masse continue to employ investment strategies that simply do not work over the longer term.

The practical application of our Investment Philosophy allows investors to structure their plans with greater precision and focus. Investors who stay disciplined to the evidence-based 'asset class' management methodology, will reap the rewards over time.

The asset allocation decision (how assets are allocated in a portfolio among asset classes) is the dominant factor (94%), which determines the long-term variance of returns generated from an investment portfolio. This should be the main focus of the portfolio construction. The residual factors affecting long-term performance are market timing (shifting portfolio assets in and out of markets or

between asset classes), which contributes only 2% to long term returns, and security selection (inclusion or exclusion of specific shares, bonds or other securities), which contributes merely 4% of total return. The additional costs and tax of switching usually eliminates any benefit of this activity.

(Source: Study of 91 large pension plans over 10-year period. Brinson, Randolph & Beebower. Financial Analysts Journal, 1986 and 1990)

The Money Managers Ltd applies scientific methods to investing, just as science has been applied in other fields. Over the years, we have developed our investment strategies based on solid research. This structured approach uses insights about risk and return characteristics, securities pricing and the asset class building blocks to develop a total portfolio solution in line with each investor's unique situation. Integral to our process is defining and measuring risk on an ongoing basis. The evidence proves the risk/return attributes of an asset class will determine the behaviour of a portfolio and can be relied upon to deliver a measurable result.



FOUR PILLARS FOR PROSPERITY

WE WILL ASSIST YOU IN SETTING REALISTIC EXPECTATIONS ABOUT INVESTMENT RETURNS, AND HELP YOU UNDERSTAND THE IMPORTANCE OF MANAGING RISK. IN DEVELOPING YOUR FINANCIAL PLAN WE HAVE ESTABLISHED FOUR KEY PRINCIPLES, WHICH UNDERPIN OUR BELIEFS:

- We manage the RISK of permanent capital loss, by ensuring your funds are adequately diversified across a range of asset classes and investment markets, in the five major groups of Australian and international shares, property, fixed interest and cash-based securities. Within these groups there are further distinctions. Diversification, the "antidote to uncertainty", is essential to long term success. Concentrated investments add risk with no additional expected return.
- We understand the impact of PSYCHOLOGY on your ability to stay the course. In periods of short-term market fluctuation and uncertainty, emotions can unnecessarily distract or influence investors. We develop a framework for making rational economic decisions so you will be assisted in reducing the risk of this negatively influencing your strategy.
- We minimise the COSTS associated with accessing investment markets and focus on providing structural advice to ensure transparency to allow objective comparisons. In periods of low inflation this is particularly important because costs will have a proportionally greater impact on your overall investment return.
- We look to optimize the TAX effectiveness of your total financial position. This includes using structures such as superannuation, allocated pensions, companies and trusts where appropriate. This ensures the maximum possible amount of risk-adjusted return remains with you.

OUR SERVICE COMMITMENT

Implicit in our service offering is our ability to understand the unique circumstances that each client has to ensure that the strategies we deliver will meet, and more often, exceed the expectations of our clients. Our ongoing service is built on enhancing the relationship between our client and the relevant areas of the business that service them. The aim of this is to cultivate a long term loyal partnership with our clients.

Our Senior Financial Planners are supported by a dedicated team of client service specialists who are primarily concerned with ensuring that all relevant information is provided to clients on a timely and accurate basis. This support allows our Financial Planners to spend more time communicating with each client and to develop specific strategies as personal and regulatory circumstances change.



OUR PROMISE TO YOU

- We will deliver a long-term profitable investment portfolio based on sound planning and probability
- We will provide fully disclosed independent fee-for-service advice
- We will advise you on a full range of investment options and strategies
- We will apply a systematic, evidence-based approach to building wealth
- We will regularly review your investment portfolio and provide you with regular reports to witness your goals and objectives being achieved



OUR FOUNDER

Recognised as a leader in the financial planning industry, Kevin Bailey CFP is the founder and Executive Chairman of The Money Managers Ltd. As a staunch advocate for the development of fee-for-service advice, Kevin has worked to create an awareness of how markets work and improve investor protection. This has been achieved through his presence in the Australian media, as a member of the Federal Government National Advisory Committee on Ageing and as author of the best selling book, "Your Money Guide". His extensive involvement in the development of the Financial Planning Association was recently recognised by a Distinguished Service Award. Kevin's forthright beliefs concerning the importance of ethics and integrity in the planning process, is central to The Money Managers Ltd culture.

His peers have recognised Kevin's consistent leadership with numerous awards, including The Premier Adviser of the Year (1997), Financial Planner of the Year (1998), and Highest Rated Adviser in Australia (Adviser Ratings 2002 and 2003). He is a highly regarded speaker both in Australia and internationally through the Saxtons Speakers Bureau.

Kevin was one of the first recipients in Australia of the internationally recognised Certified Financial Planner mark. The professional endorsement and authority behind this certification has prompted The Money Managers Ltd to ensure all its senior financial advisers attain this mark. Each authorised representative of The Money Managers Ltd is also a member of the Financial Planning Association, and abides by its Rules of Professional Conduct and Code of Ethics.

We have assembled a highly qualified and competent team of professionals who embody the values and ethics forged by our founder.



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