# tactical asset allocation

by the Asset Allocation Board 07-08-02

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### the role of an adviser

- · matching investors' needs and goals
- with their current situation and resources
- in context of prevailing market conditions
- to build a quality portfolio
- · and then manage the relationship

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where it fits - building a quality portfolio

"tis the part of a wise man to keep himself today for tomorrow, and not venture all his eggs in one basket"

Cervantes, Don Quixote, 1605

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Asset Allocation Board where it fits – building a quality portfolio

91.5 per cent of the variation between returns from different portfolios

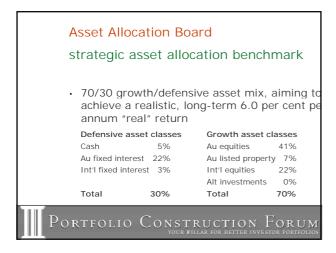
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# Asset Allocation Board members

- Don Stammer, independent chairman
- · Callum Burns, Sagitta
- · Ian Macoun, Perennial for IOOF
- Michael Bargholz, Alliance Capital for AXA
- Robert Lipman, Investec for you!

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SAA benchmark i.e. increase the real return from 6 to 7 % pa

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### Asset Allocation Board

#### the rules

- 3 month rule the AAB will take a 3 month outlook when making its TAA decisions.
- 5 per cent rule the minimum TAA move is 5.0 per cent (unless SAA b'mark for asset < 5%)
- asset class rule the AAB will not attempt sub-asset class tilts
- gross of fees/tax rule for simplicity, the AAB will
  work in a gross of fees & tax environment
- ranges rule the AAB must remain within ranges, for the 70/30 growth/defensive target, and by asset class

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ranges rules		
	SAA b'm	TAA range
Cash	5	1 - 30
Au fixed interest	22	4 - 40
Int'l fixed interest	3	0 - 10
Defensive Assets	30	20 - 40
Au equities	41	30 - 50
Au listed property	7	0 - 14
Int'l equities	22	12 - 32
Alt investments	0	0 - 5
Growth Assets	70	60 - 80
Portfolio Cons		ON FORUM



Q2 200	2 tact	tical as	set allo	cation	
		SAA b'mark	TAA range	AAB's position	AAB's TAA
Cash		5	1 - 30	+5	10
Au fixed inte	erest	22	4 - 40	-5	17
Int'l fixed in	terest	3	0 - 10	-3	0
Defensive	Assets	30	20 – 40	-3	27
Au equities		41	30 - 50		41
Au listed pro	operty	7	0 - 14	+3	10
Int'l equities	5	22	12 – 32		22
Alt investme	ents	0	0 – 5		0
Growth As	sets	70	60 – 80	+ 3	73

