



LIPMAN BURGON & PARTNERS

INVESTMENT PHILOSOPHY

We protect legacies,
and help create new ones.



FINANCIAL ADVICE & PORTFOLIO MANAGEMENT



OUR INVESTMENT PHILOSOPHY

At Lipman Burgon & Partners, we use sophisticated, time-tested investment methodologies to develop individually tailored investment portfolios for our clients.

We are one of the only wealth management firms in Australia with the capacity to design individualised portfolio strategies, with the sole aim of maximising returns that are commensurate with the level of risk involved and our clients' willingness to proceed.

Our processes and principles have been tested and proven over many decades by academic researchers, asset consultants and real-world investment professionals. We are not beholden to any institutional shareholder and we make every recommendation in the best interest of each client.

Our investment philosophy follows six principles

1.

A TAILORED APPROACH

We construct tailored investment portfolios to meet each client's specific needs. For example, if a client has an income or capital growth target or needs to achieve specific returns over a defined time period.

We do not impose one-size-fits-all programs and we take great care to explain the likely returns and risks so our clients have a full understanding of their situation before they decide to invest. We pride ourselves on being transparent about risk, the rationale for our decisions and our processes and fees.

2.

STRATEGIC ASSET ALLOCATION

Asset allocation is the primary factor determining long-term returns and the variance in returns over time. When building our clients' portfolios, we use the mix of asset classes most likely to maximise returns and minimise risk while preserving our clients' capital.

We pay particular attention to ensuring that an investment allocation is optimal from the outset and stays that way over the term of an investment. We achieve this by regularly rebalancing each portfolio based on the original strategic asset allocation. This helps maintain an ideal level of risk in the portfolio while also creating a counter-cyclical investment pattern - the goal of any astute investor.

3.

TACTICAL PORTFOLIO SHIFTS

Cyclical changes in the world's economies create compelling opportunities for us to generate excess returns and reduce risk for our clients, by making short-term tactical adjustments to their portfolios. A good example was our decision to start reducing our clients' exposure to hard commodities in 2012, in response to analysis and detailed technical advice.

Preserving our clients' capital is of paramount importance and we constantly source new macroeconomic and asset-class research from the world-leading research house BCA Research to ensure we are well placed to achieve this. BCA Research's work is of the highest quality and has allowed us to secure great value for our clients over the past decade.

4.

CAREFUL INVESTMENT SELECTION

Our size and reputation has enabled us to develop an extensive network in the investment community. This means we have a unique level of insight into fund managers and their differing approaches. It also means we can recommend only those managers we trust absolutely and who we firmly believe will outperform on a risk-adjusted basis in their asset class.

We employ a selective list of recommended managers and set very high standards for the new managers seeking to be included in our investment universe. We subject new fund managers to a detailed analytical assessment of their track record, experience and risk-adjusted performance. Our internal Investment Committee monitors and reviews our managers' performance on a regular basis.

When considering investing in direct securities, we bring together quantitative analysis and the views of the top analysts in the relevant sector. We also have access to ratings from all major Australian investment houses, and make our decisions accordingly.

We have a unique process for constructing direct share portfolios: we target investment sectors with a long record of out performance, then we home in on dominant companies within those sectors that meet certain criteria. This process has been extremely successful for us and has allowed many of our clients to minimise their exposure to speculative investments.

5.

SOUND JUDGEMENT

Although we use sophisticated analytical and forecasting models, we also recognise the limitations of relying on these tools alone. Our team's extensive experience and informed judgement are central to every investment recommendation we make.

Our team meets weekly to discuss and agree on our tactical recommendations. The boutique nature of our practice has natural benefits: we can uniformly apply our methodology, make coordinated tactical tilts and select securities consistently across the practice. This means that all our clients enjoy similarly considered recommendations and every portfolio we manage is informed by the whole team's experience and good judgement.

6.

MINIMAL COSTS AND TAXES

Turnover, management expenses, transaction costs and taxes can have a significant impact on a portfolio's performance. We focus on minimising fund management and trading costs as much as possible without compromising the quality or security of our clients' portfolios.

Tax remains an essential consideration when allocating capital and is central to how we approach all facets of our investment philosophy. By investing in tax structures that provide the best after-tax returns, we aim to minimise tax inefficiencies and deliver more value for our clients. For example, if a client has both a family trust and a self-managed superannuation fund, we pay special attention to which assets are held in each structure and may determine separate asset allocations for the two entities.



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