

Investment Strategy

Smart Diversification...Quant + Common Sense...Core/Satellite Investing

As a professional investor it is important to conduct your business with a sense of humbleness, as inexhaustible scientific investment research shows that only about 20% of the active asset managers are able to consistently outperform the self-imposed (composite) benchmark in the long run. In addition, within the financial industry two different schools of thought are distinguished; '**bottum-up**' investors who select individual stocks to build their investment portfolios, and '**top-down**' investors, who are thinking in 'clouds of financial titles' to set up their portfolios. The mix of both approaches is often indicated with the term '**Core-Satellite**', where the core of the portfolio is invested in passive Exchange Traded Funds (**ETF's, Beta exposure**), and the satellite part is invested through active asset managers, who, because of their specific skills, are deemed to be able to add value to the overall portfolio (**Alpha managers**).

Assetgrip Management implement the above-described 'Core-Satellite' approach in their daily practice, with the main premise that as a professional investor one should **focus** only on those elements that you can actually influence. These elements consist of the modeling of individual risk-budgets over different asset classes (**Smart Diversification**), executing at the lowest **cost** and the discipline to go through an integrated predefined investment process **without emotions**. Investments in **ETF's** are considered as investments in individual stocks. However a look-through analysis is implemented to give the investment manager an idea of the economic exposure/sensitivity of the portfolio towards economic conditions.

By going through a predefined investment process with ***discipline***, one ensures the highest probability that a long-term investor is rewarded with the expected returns from financial markets, where the level of risk accepted is undeniably linked to the expected returns.