PARADIGM
STRATEGIC PLANNING

Asset Class Investing

All too often, investors become bogged down with stock picking and trading - activities that are not only time-consuming and have high transaction costs but can be overwhelming. It could be more beneficial - and significantly less resource-intensive - to take a broader view and concentrate on the asset classes. With this macro view, the investor's individual investment decisions are simplified, and they may even be more profitable.

There is a better model for investing: a model based not on speculation but on the science of capital markets.

Asset class investing provides superior performance compared to actively managed or index funds as it avoids exposing investors to unrewarded risk, transaction and tax costs. Instead, it provides a diversified exposure to blended asset classes within an efficiently structured portfolio. In short, it delivers better returns without exposing investors to undue risk. Diversification must be at the asset (investment) level and not at the fund manager level to be effective.

Asset class portfolios provide access to diverse blends of asset classes through a variety of investment pools. An investor's choice of investment pool will deliver precisely the blend of asset classes most appropriate to his or her lifestyle objectives and circumstances.
The powerful financial engineering applied to these portfolios focuses on aspects of the investment experience which can be controlled, namely:

- Diversification (allocation of assets)
- Transaction costs (buying and selling stock)
- Taxes (especially capital gains tax)

> ***"The idea that any single individual without extra information or extra market power can beat the market is extraordinarily unlikely. Yet the market is full of people who think they can do it and full of other people who believe them."***
> **Daniel H. Kahneman, Nobel Laureate 2002**