INVESTMENT BELIEFS

These investment beliefs are designed to guide the IAC in developing the IPS and the portfolio investment decisions that follow.

In our view, it is important to clearly document these investment beliefs to enable the IAC to remain disciplined and provide the courage to stay the course when most needed – i.e., when markets are volatile and general sentiment negative.

1. Diversification within and across asset classes is a critical risk management mechanism.
2. The strategic asset allocation (or asset mix) decision is the most important factor in determining investment return and risk in the long-term.
3. Whilst less predictable in the short to medium term, asset classes tend to deliver predicable returns over the long-term.
4. Acorn's investment horizon is long-term in nature, and therefore it can ride out volatility that may impact short-term investment performance.
5. Regular portfolio rebalancing helps to maintain an appropriate level of risk exposure.
6. Tactical asset allocation (or market timing) cannot be expected to consistently add value in the long-term.
7. Quality assets are a crucial element of risk control in a portfolio. Risk of permanent loss of capital should be minimised to the extent possible.
8. Where active management is determined not to add value, such as in markets deemed to be highly efficient, passive management is the default choice.
9. Costs (administration, investment management fees, custodial fees, etc.) have a significant impact on long-term results and need to be carefully monitored and controlled to ensure value.
10. Investments should consider the contribution or impact to environmental, social and governance factors.