



Robert Talevski

Co-Founder & Managing Director

Robert is Managing Director and member of the Investment Committee. He is an accomplished investment executive with over 18 of years experience in investment management and advisory activities across large Australian superannuation funds and institutional investors.

Robert founded Brightstone Capital Advisors, a firm that provides investment advisory services to Australian superannuation, institutional and high net worth investors. Prior to that, at Telstra Super, Australia's largest corporate superannuation fund, he managed the \$1 billion Global Private Markets and \$2.5 billion Global Shares portfolios.

Before joining Telstra Super, Robert was an Investment Consultant at JANA Investment Advisors providing investment advice to large industry and corporate super funds, charities and private wealth clients totalling \$20 billion. Prior to joining JANA, Robert worked in London with INVESCO, IMS and Threadneedle Investments.

Robert is a Board Member of the Autism Behavioural Intervention Association.

Robert has a Bachelor of Business (Accounting & Law) from Victoria University and has a Graduate Diploma of Applied Finance & Investment from the Financial Services Institute of Australia (FINSIA).

Global Asset Allocation Strategy Insights

1 Maintaining a diversified portfolio

Although there is some value left within asset classes, it depends what sector you are going into and where the exposure is geographically as there are not many investments out there that are cheap. Although Equities seem slightly expensive, compared to bonds, there still appears to be some value. Therefore, it is important that investors maintain a diversified portfolio across asset classes. It may also be worthwhile to have some cash available to take advantage of any downturns in the markets.

2 The 'Trump factor'

Whilst asset markets aren't cheap, this does not mean that they can't keep running. The recent Trump rally is a good indication of this. If the various Trump policies come to fruition, and the markets seem to be giving him the benefit of the doubt, then then we could see higher economic growth and thus higher top line revenue growth for companies. Combined with tax cuts and lower regulation, earnings for corporates could increase, thus making equities cheaper on a fundamental basis and so can lead to continued rallies within the markets. The Trump victory could be a game changer for markets and provide a whole second leg to the bull markets – only time will tell.

3 Why asset classes are expensive

Shortly after the Global Financial Crisis, authorities did what they could to stimulate their respective economies. Monetary authorities took action by introducing monetary easing policies such as keeping interest rates artificially low and making open market purchases of their own sovereign debt (quantitative easing) so as to bring new money into the economy.

It worked to an extent but we have also seen asset prices shoot up in value leading to asset price inflation. The goal of Monetary authorities backing financial markets was to see the benefits flow into the wider economy, however, it did not work as well as hoped as we have seen some economies introduce negative interest rates. You could argue that governments had no choice but to take the actions they did as the results could have been significantly worse.

The lack of fiscal policy has been concerning though and the unanticipated asset price inflation has made us realise that investors have been pumping new money straight into markets, rather than spending it in the real economy. As it stands, the risk-free rate is close to zero and with asset prices being benchmarked off the risk-free rate, it could have consequences for all asset classes.

4 Equities markets

Equities have seen the biggest fluctuations since the Global Financial Crisis, this is due to several factors such as extremely low interest rates. However, equity markets are no longer cheap and in most cases, have become overvalued to some extent. Compared to bonds, equities are seen to be of a reasonable value, this is due to bonds being very expensive as investors seek safe havens to escape the volatility and uncertainty being seen within economies and markets. Many bond markets are now seeing negative yields and as such, investors are not being rewarded for holding these investments.



Global Asset Allocation Strategy Insights

5 Bond markets

Bond markets generally have an inverse relationship to equities so it made sense to invest in them because if equities experienced a downturn, bond markets would tend to benefit thus reducing volatility within a portfolio. However, although there is some inverse relationship, investors can achieve a similar return without duration risk by holding cash based instruments.

6 Property, infrastructure and private equity asset classes

The property asset class has benefitted from low interest rates and so a surge in demand has been seen, this is predominantly due to people chasing yields thus leading to REITs seeing a double digit returns over the last five years. With the recent uptick in US interest rates, the yield play has come under pressure and high yielding sectors such as REITS and infrastructure have also been impacted.

Infrastructure has performed strongly over the past 5 years but has given back to post a small negative return over the past 12 months.

The private equity asset class, although linked to equity markets with a lag, has shown a mixed outlook. It is very much a case by case with certain sectors of private equity due to some sectors looking more attractive than others.

About Activus Investment Advisors

Activus Investment Advisors is founded by a team of successful investors with over 40 years of investment experience in the Australian and global investment management and advisory space.

Activus Investment Advisors provides high quality and independent investment consulting advice, research and analytical services to the superannuation, institutional investor, dealer group and charities space. We leverage off our deep experience and successful track record to design, build and manage tailored solutions and investment portfolios to assist clients in meeting their investment objectives.

Our proven and successful team partners with our clients to apply proven and dynamic asset allocation strategies, well thought portfolio construction, select best of breed investment managers and currency strategy, an often overlooked performance contributor but a very valuable source of returns.

Why Activus for investment advice and management

- Our team has a long and proven track record of managing investments successfully.
- Considerable investment experience and expertise across domestic and global markets and investment strategies.
- Our history of a performance culture seeking to deliver strong returns for our clients.
- Proactive, innovative and research driven approach to delivering multiple sources of returns.
- Our understanding of risk, a key part of our investment approach.
- Emphasis on asset allocation and selecting best of breed investment managers.
- We follow an objective approach and don't engage in investment advice that may conflict with the interests and objectives of our clients.

FOR INFORMATION CONTACT:

Robert Talevski
Managing Director

Email: robert@activusia.com.au

HEAD OFFICE

Activus Investment Advisors Pty Ltd
Level 22, 357 Collins Street
Melbourne VIC 3000
www.activusia.com.au

Disclaimer

Activus Investment Advisors PTY Limited ABN 70 612 295 280 AFSL 430 197 has prepared the information in this note. This note has been prepared for the purposes of providing general information only and does not constitute an offer, solicitation or recommendation for investment in Activus does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs. An investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make its own assessment of Activus and conduct its own investigations and analysis. While we believe that this material is correct, no warranty of accuracy, reliability or completeness is given and, except for liability under statute which cannot be excluded, no liability for errors or omissions is accepted. This note may not be reproduced or used for any other purpose unless permission is granted by Activus.