



EVOLUTION OF MULTI-ASSET STRATEGIES

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Multi-asset frameworks and philosophies



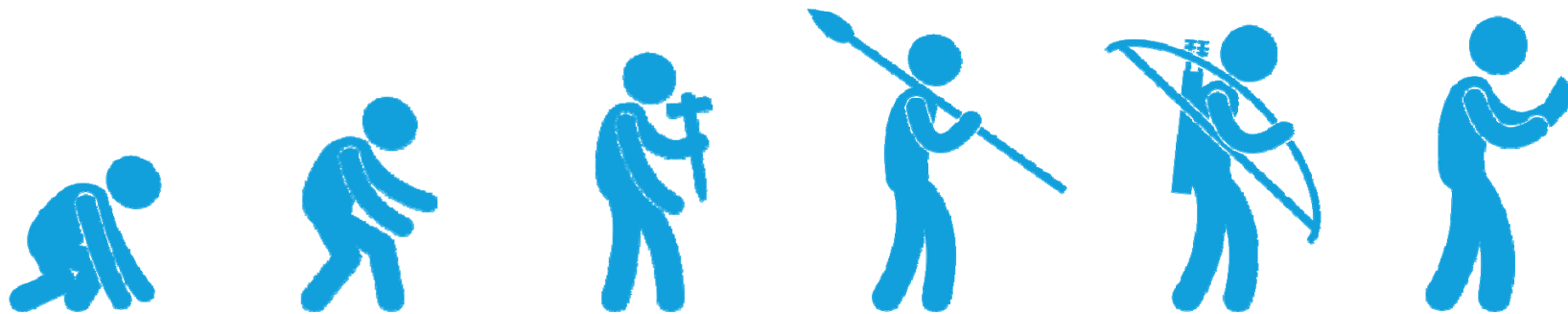
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An evolution

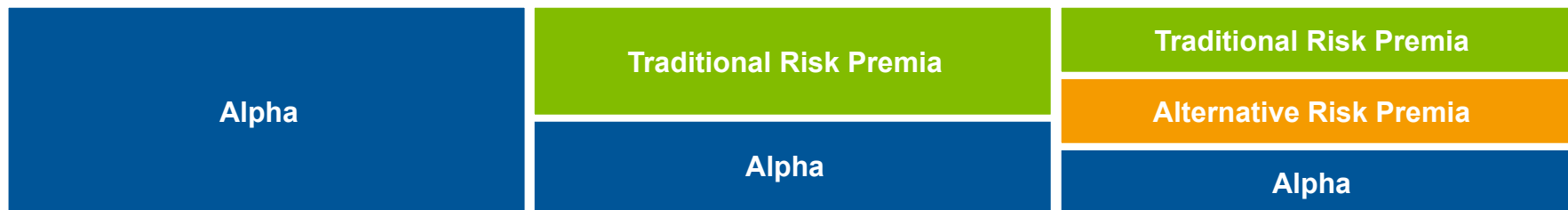
Single asset class Home market only	Set-and-forget SAA Balanced portfolios	CAPM & MVO Global investing	Behavioral finance TAA APT	VAR Risk parity	Outcome-oriented multi-asset solutions
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1930

2017



Perceived Return Sources



Evolution offers choices

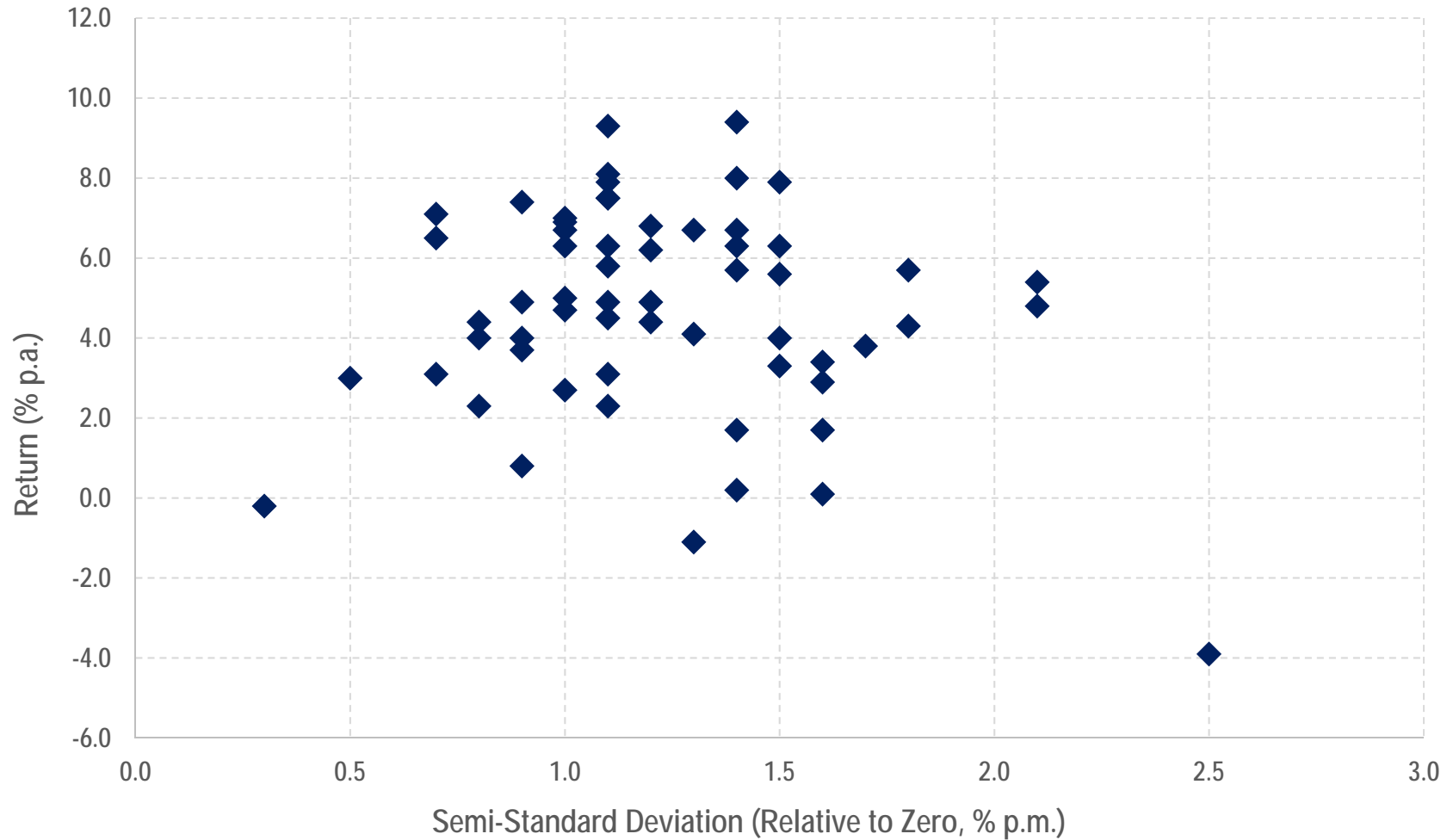
Genetic diversity



Survival of the fittest?

Performance more diverse than some think...

International Multi-Asset USD (Net) universe: 5Y downside risk & return



Source: Mercer (MercerInsight), based on US\$ net returns over the 5-year period ending June 2017
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Challenges Ahead

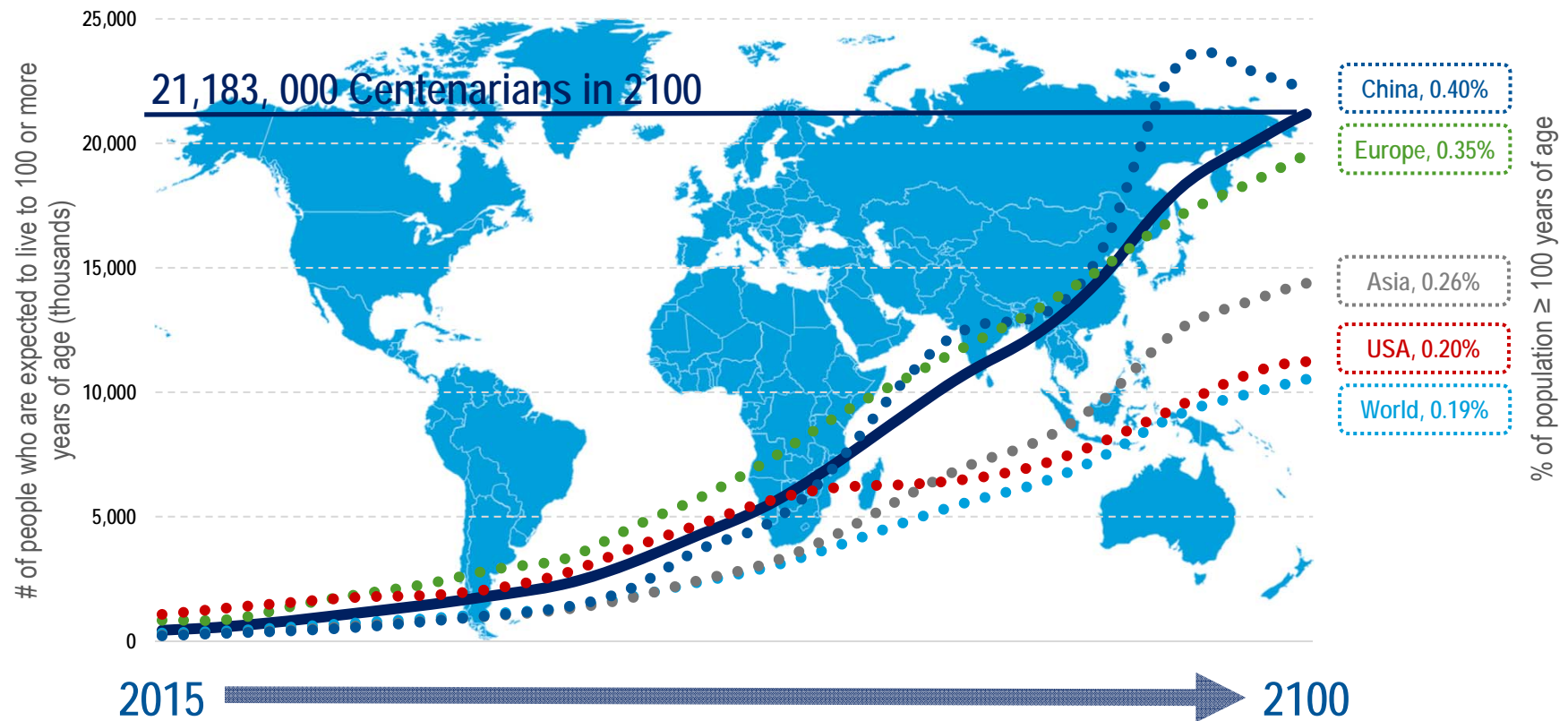


“ Sales of adult diapers in Japan outsold those for infants in 2014

Nippon.com
June 1 2015



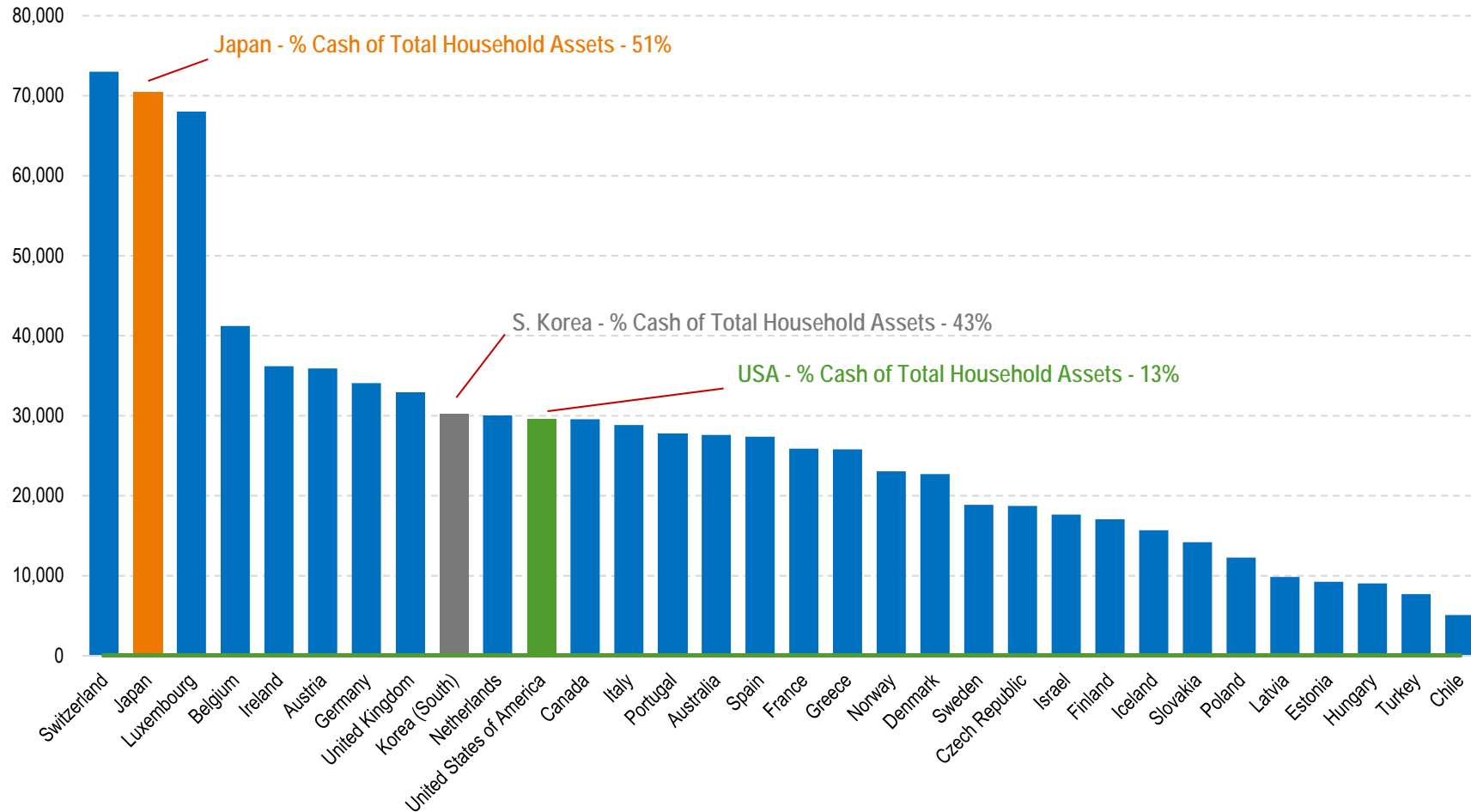
Growing Older



United Nations, Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision, DVD Edition. For Asian Cross-Border Investment Insights Forum 2017 participants only. The content of the presentation should not be reproduced/distributed to the public without the prior approval of Franklin Templeton Investments.

Cash Rich

Household Cash Holdings



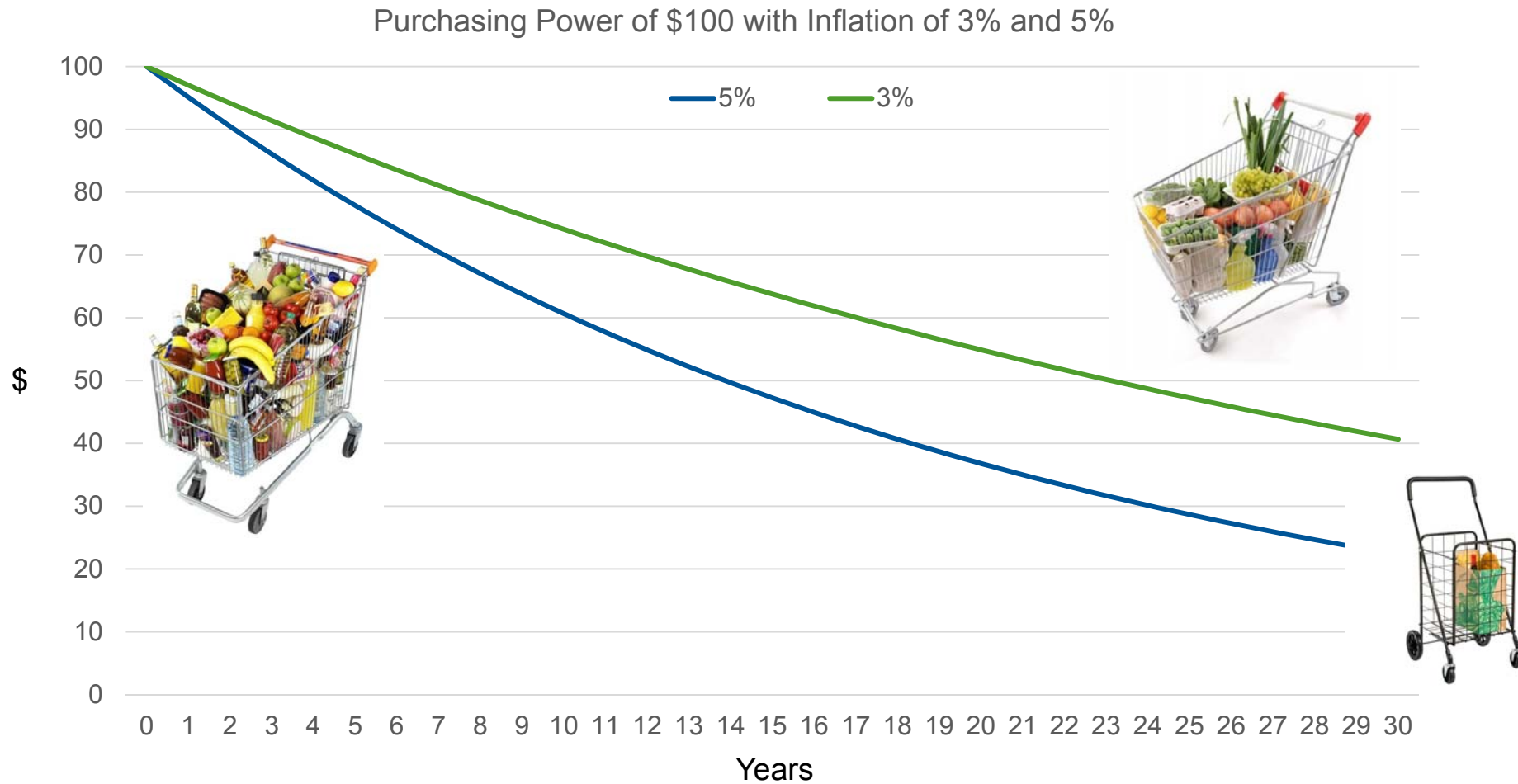
This chart is for illustrative purposes only and does not reflect the performance of any Franklin Templeton fund.

Past performance does not guarantee future results.

OECD (2017), Household financial assets (indicator). doi: 10.1787/7519b9dc-en (Accessed on 03 August 2017)

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Cash isn't always King

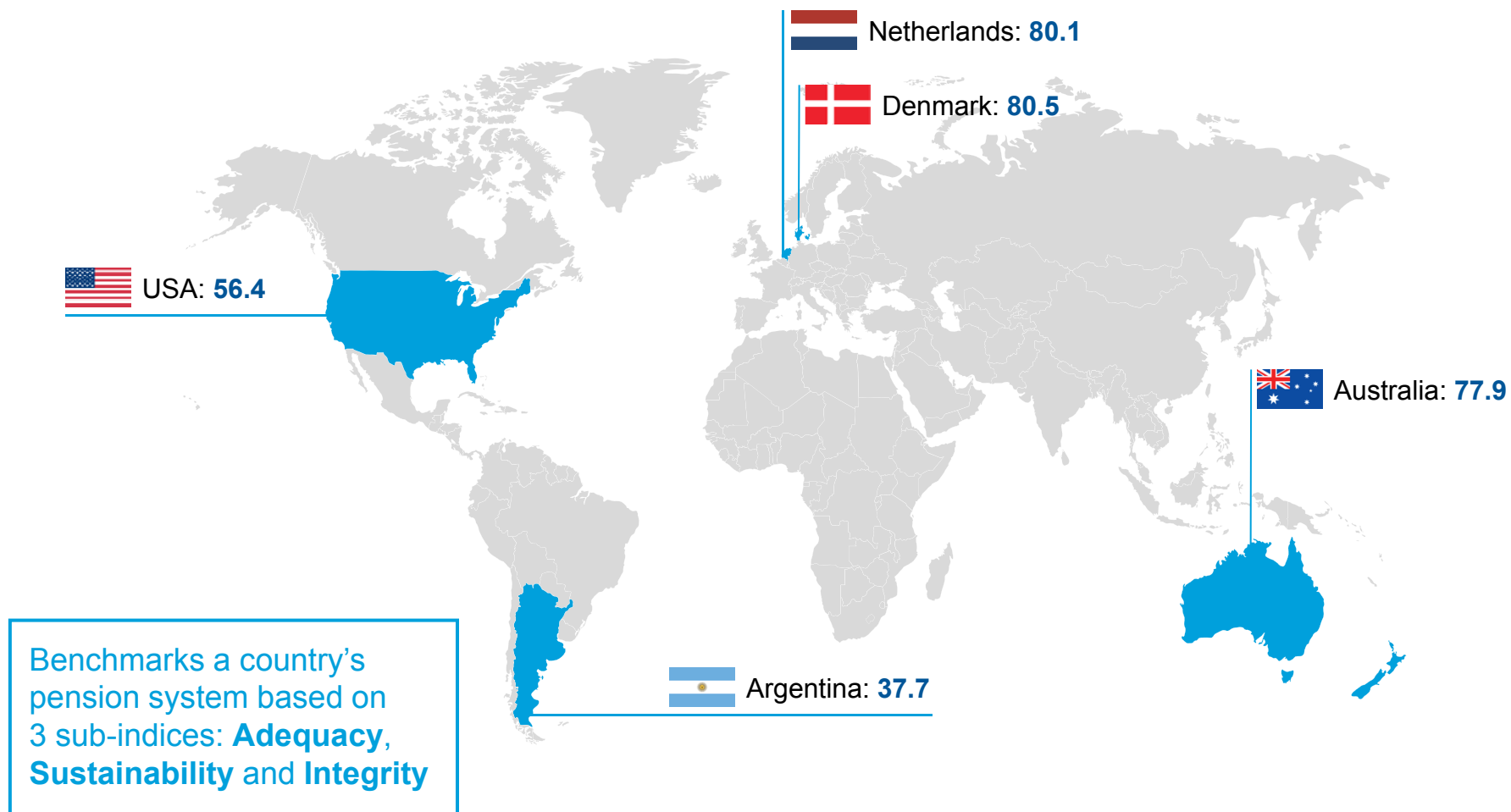


Source: Franklin Templeton Investments. This chart is hypothetical and intended for illustrative purposes only. The figures shown above may not necessarily reflect the actual circumstance and no reliance, therefore, should be placed upon them.

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Are we prepared?

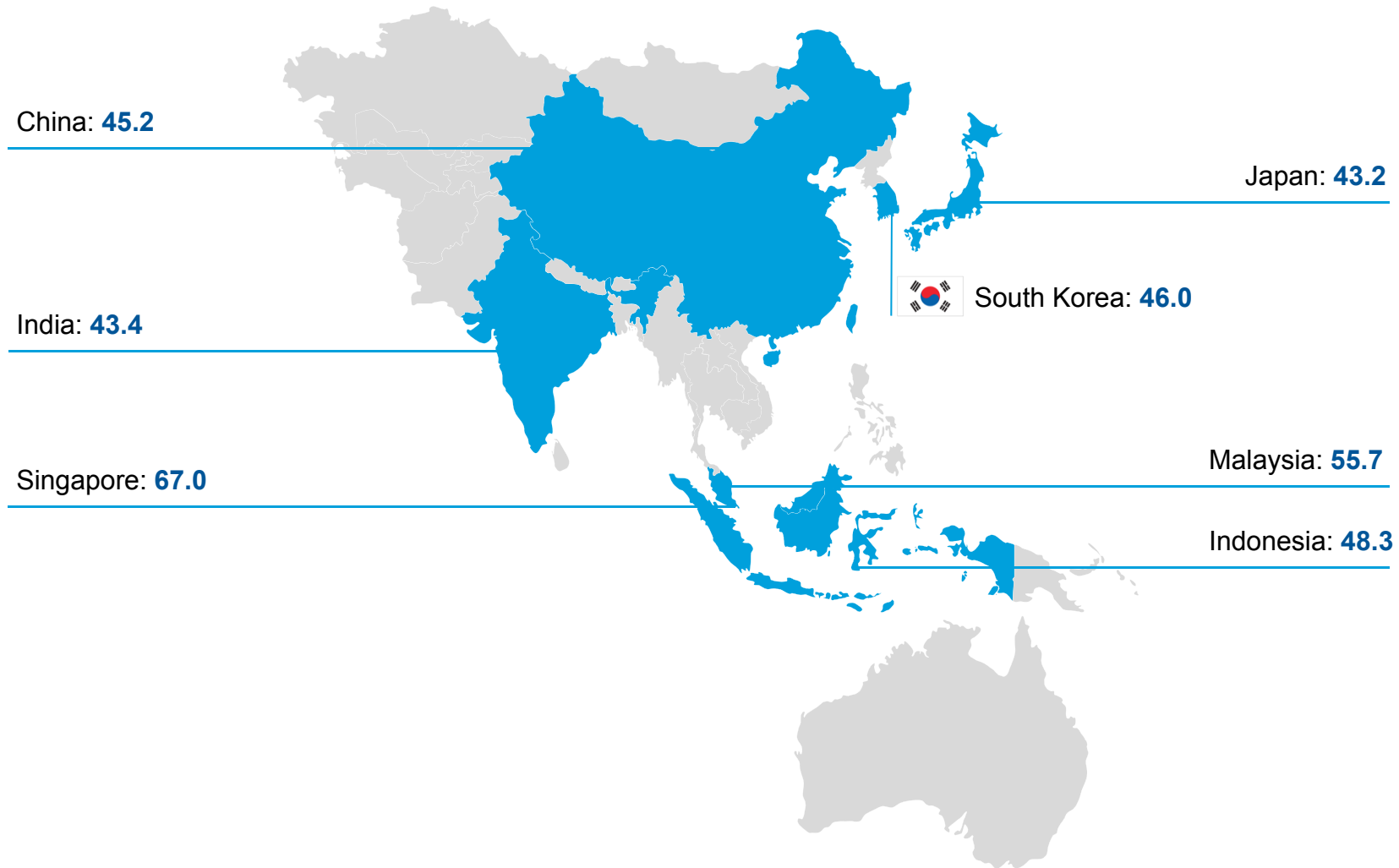
Melbourne Mercer Global Pension Index



Source: Mercer (2016), Melbourne Mercer Global Pension Index, Australian Centre for Financial Studies, Melbourne.
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Are we prepared?

Melbourne Mercer Global Pension Index



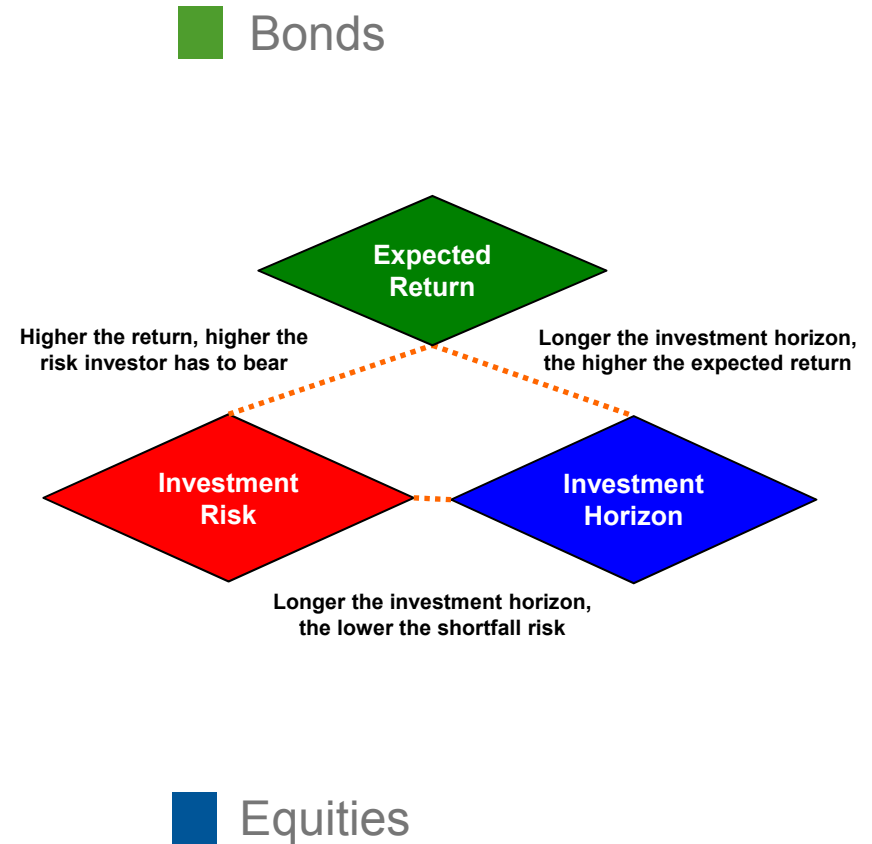
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Introducing dynamism...

...and diversifying exposures

Static SAA-driven
portfolio, with no TAA



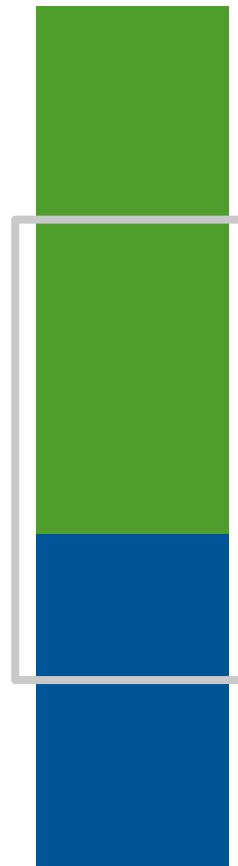
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Introducing dynamism...

...and diversifying exposures







Carve out some of static portfolio for reallocation



 Bonds

Indicators Category	Bearish	Neutral	Bullish
Growth			
Liquidity			
Valuations			
Sentiment			

GIC Asset Class Views (As of Aug 1, 2017)

	-		N		+
Equities					
Corporate Bonds					
Government Bonds					
Commodities					
Hedge Funds					
Cash					

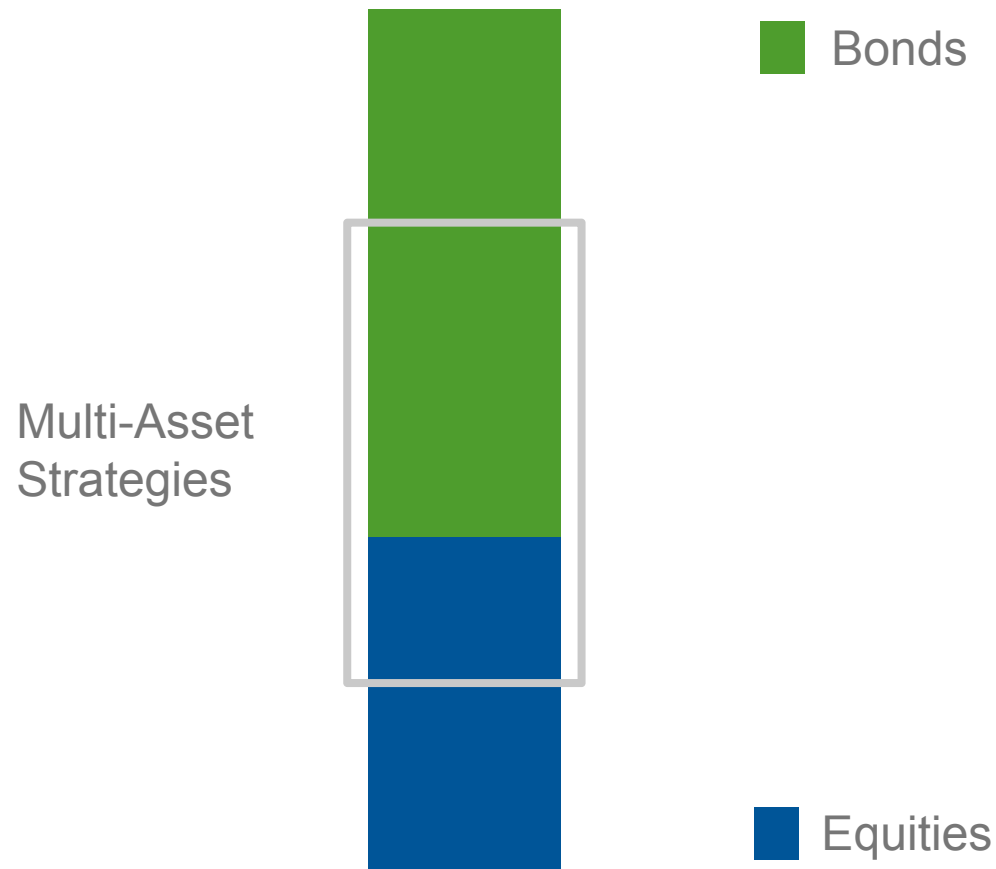
 Equities

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...and diversifying exposures

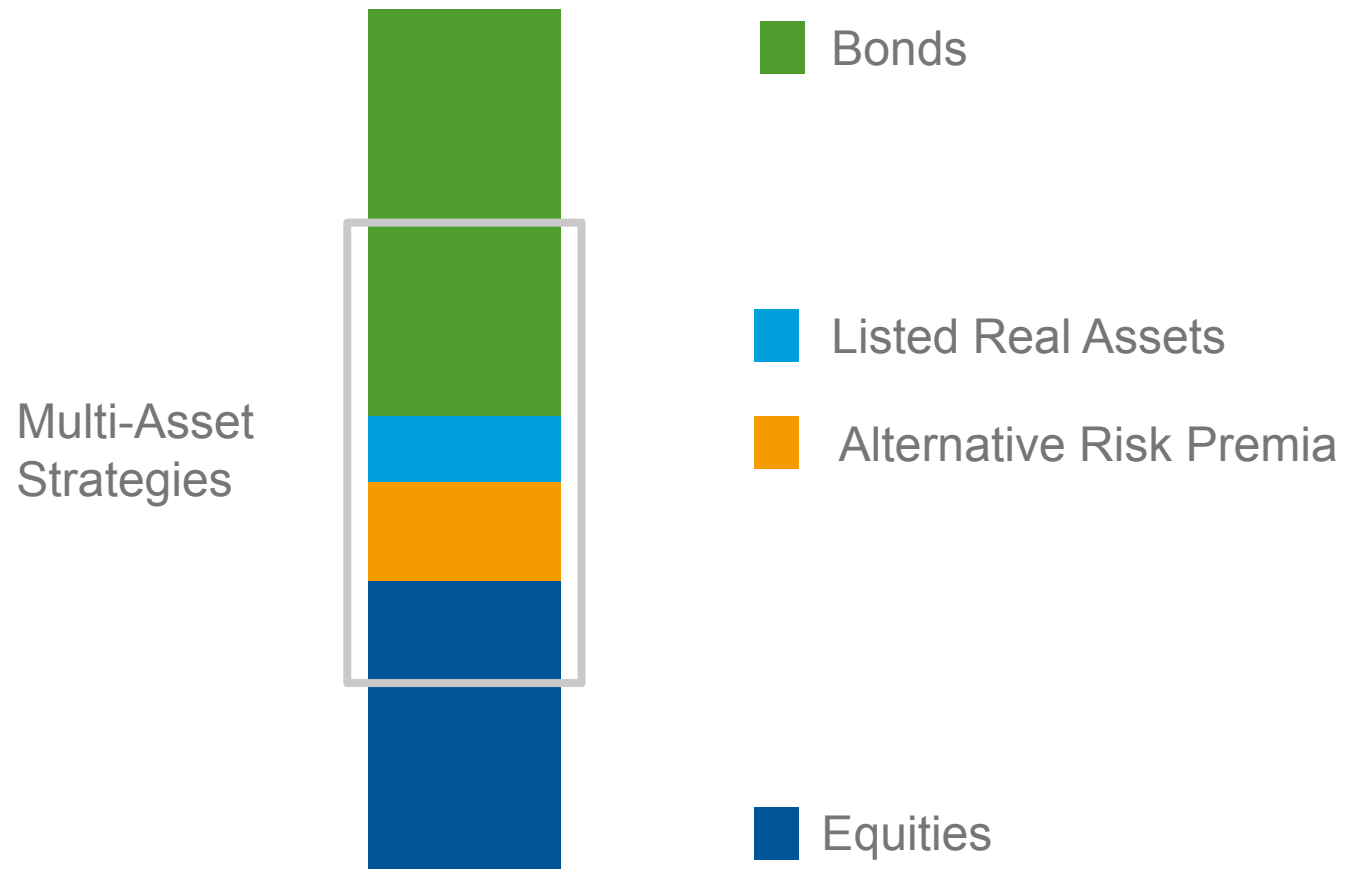


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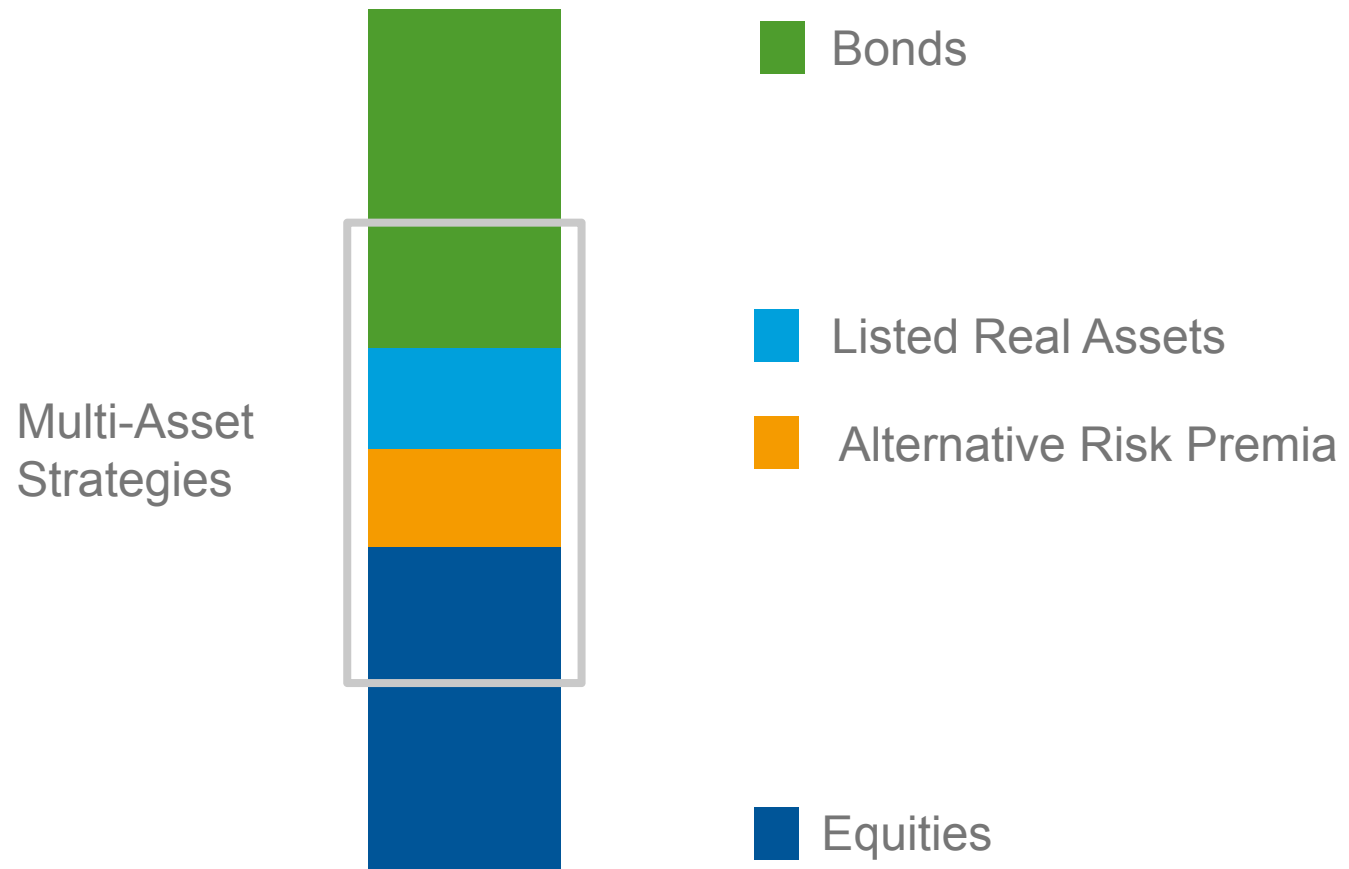
...and diversifying exposures



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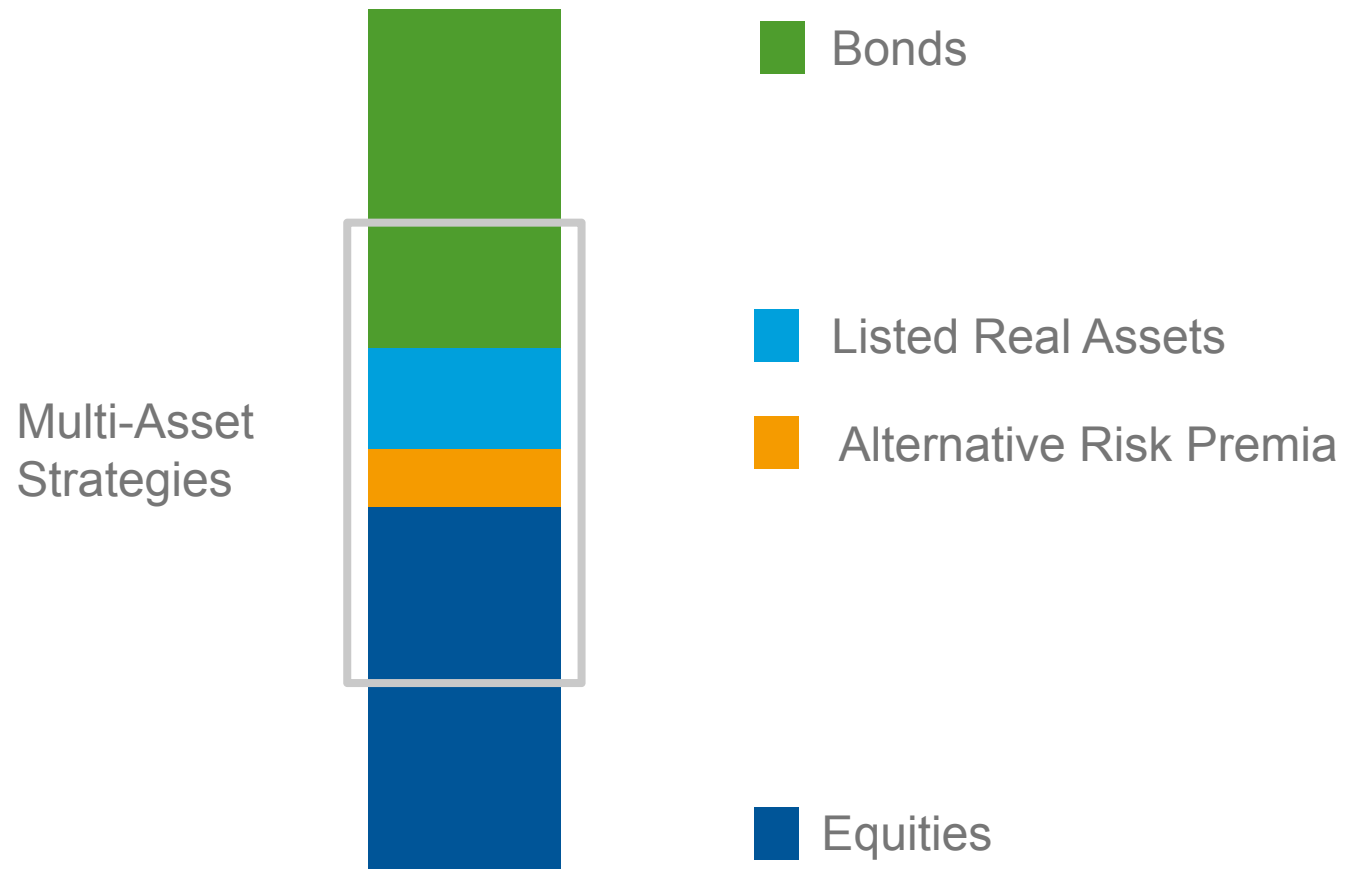
...and diversifying exposures



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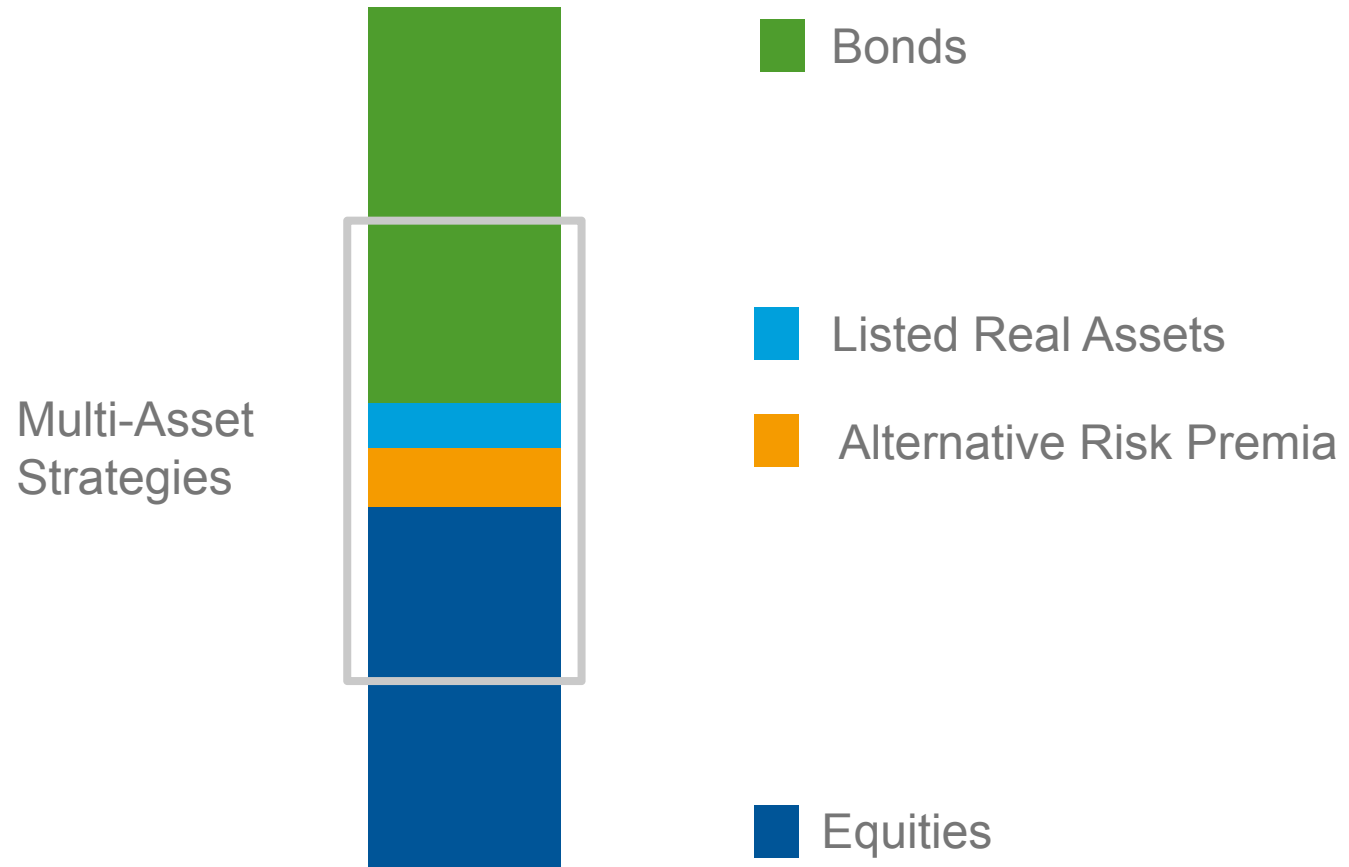
...and diversifying exposures



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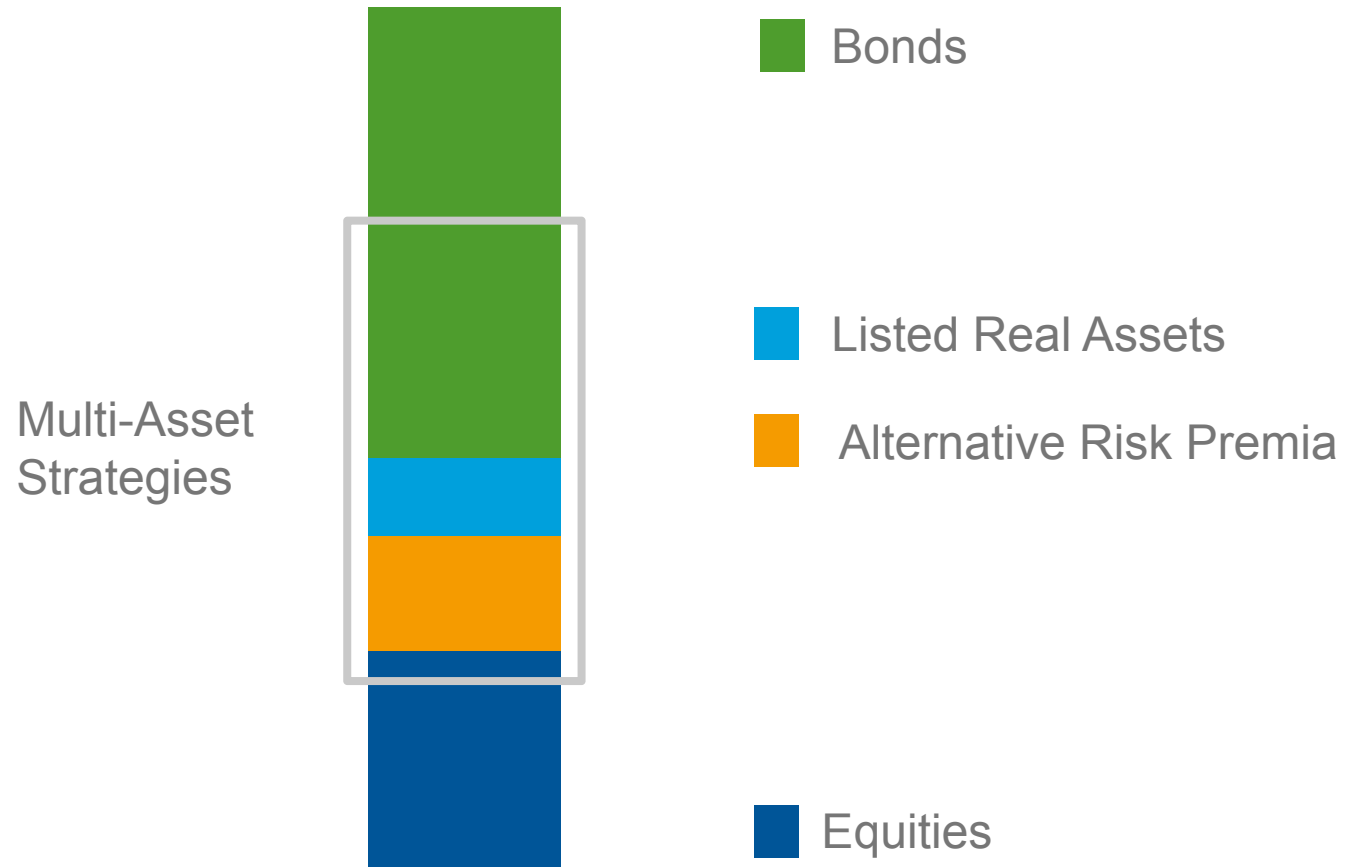
...and diversifying exposures



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Introducing dynamism...

...and diversifying exposures

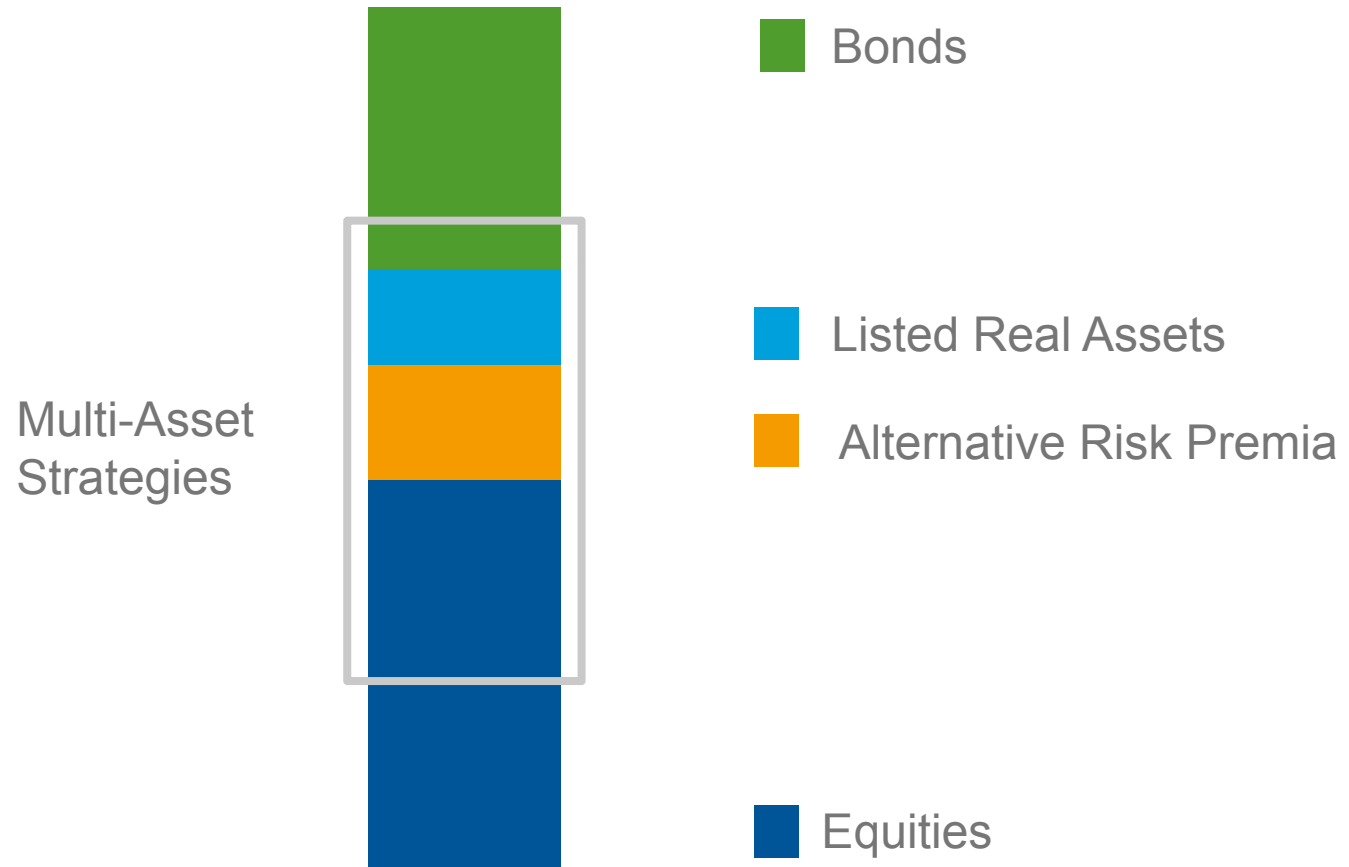


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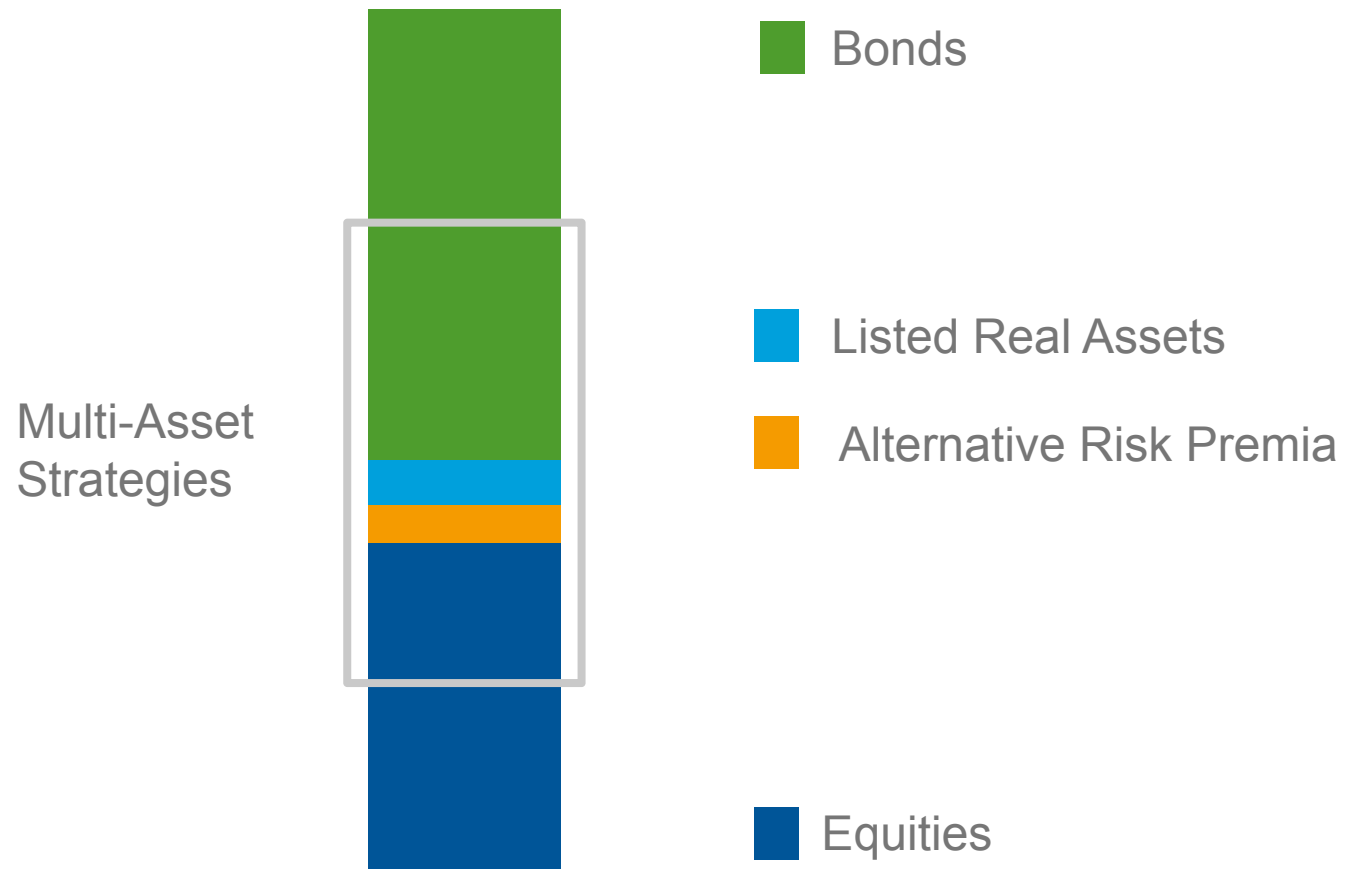
...and diversifying exposures



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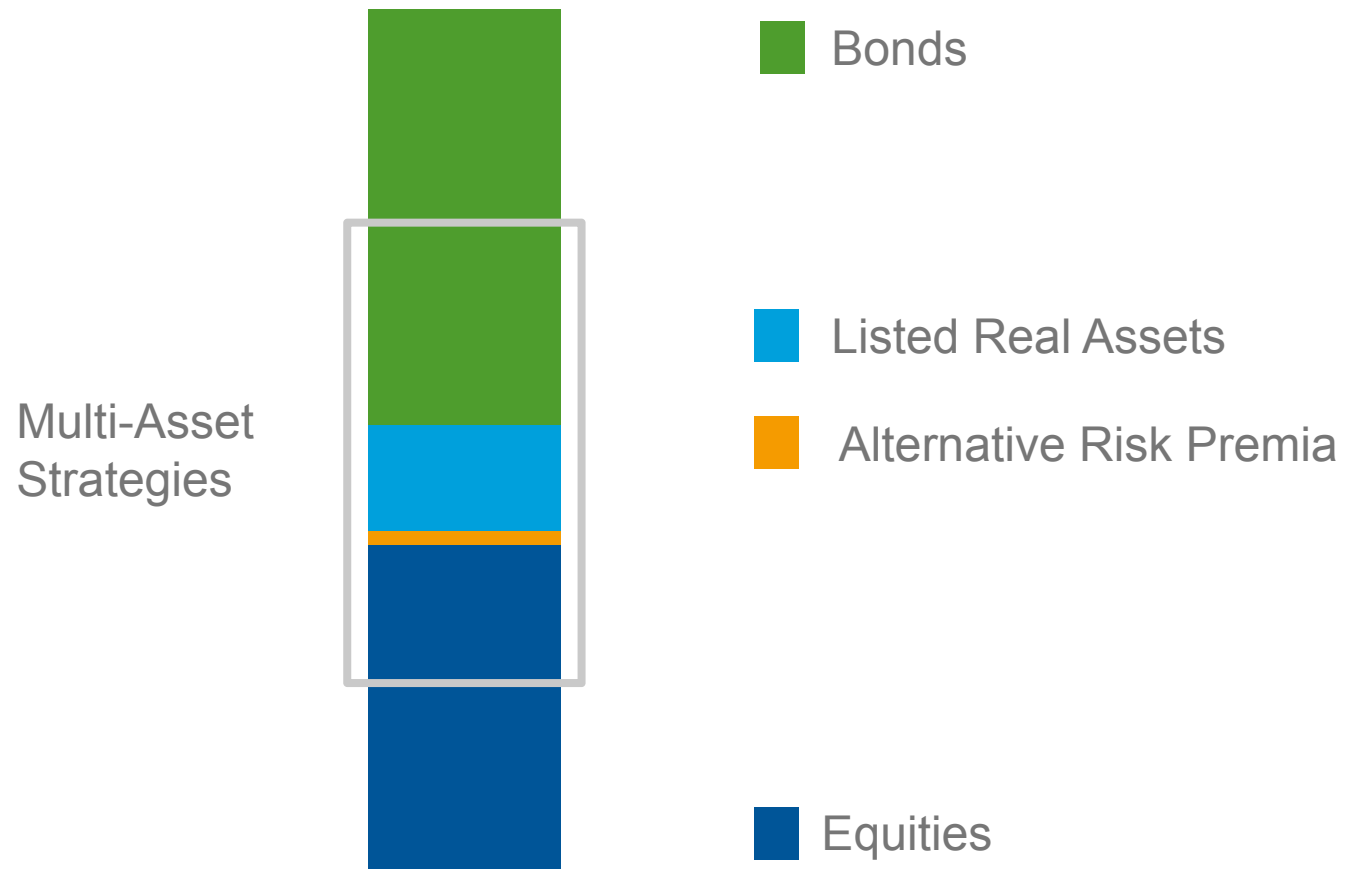
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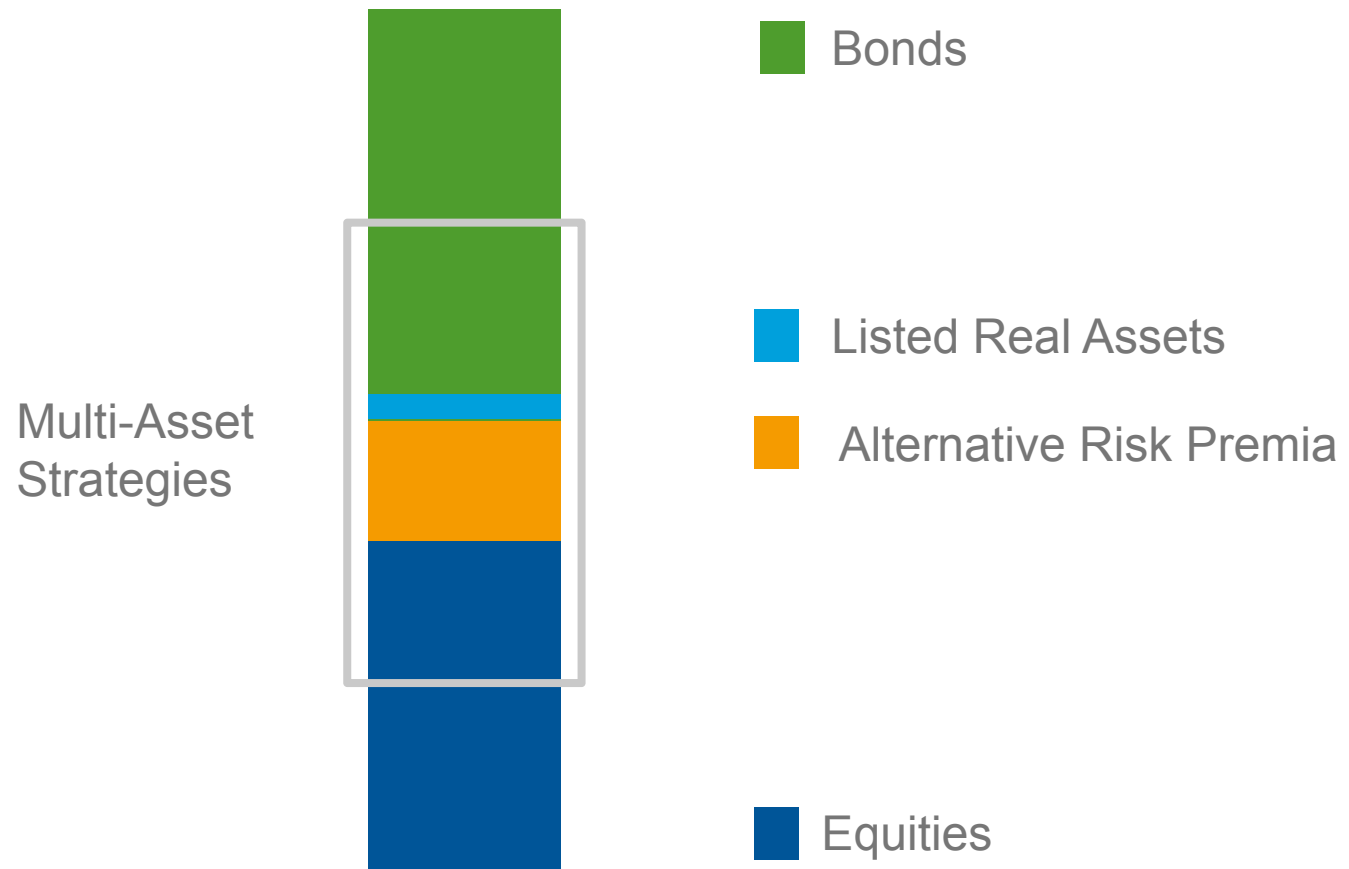


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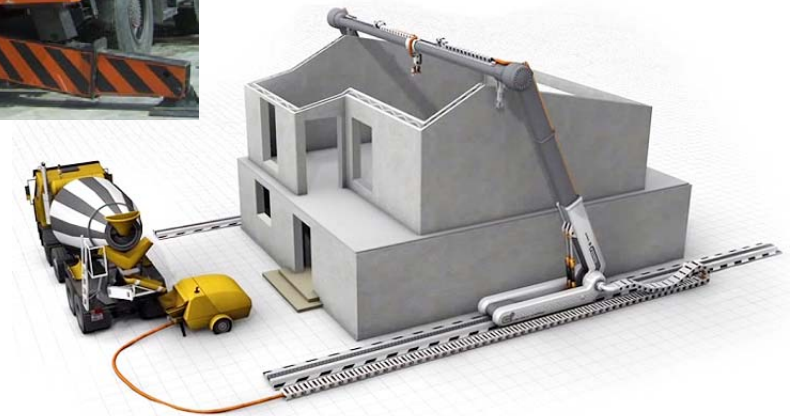
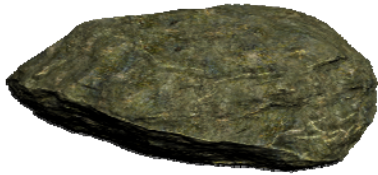
...and diversifying exposures



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Leverage and derivatives

Expanding the caveman's toolkit



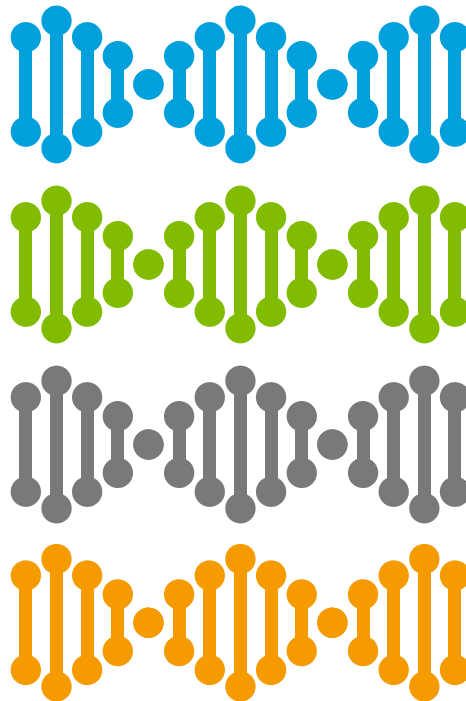
Decision-making diversification

Is your asset allocation decision diversified?

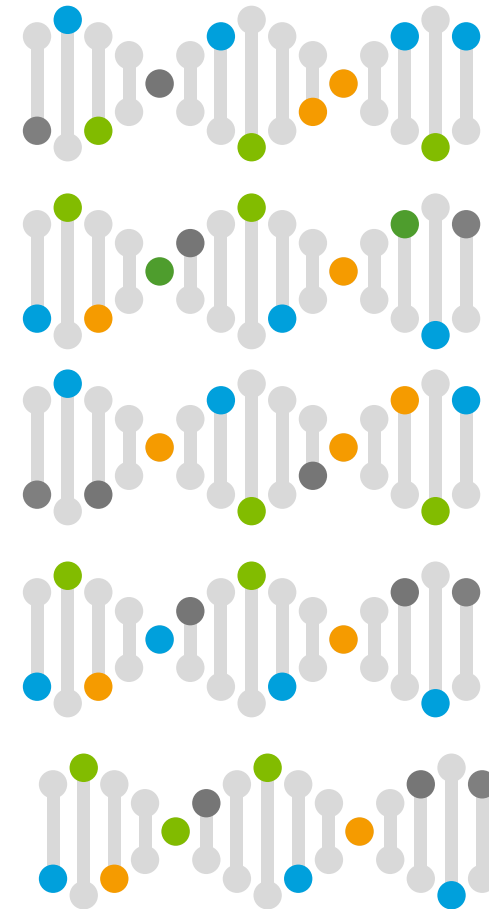
Asset Allocation



Manager Selection/ Implementation

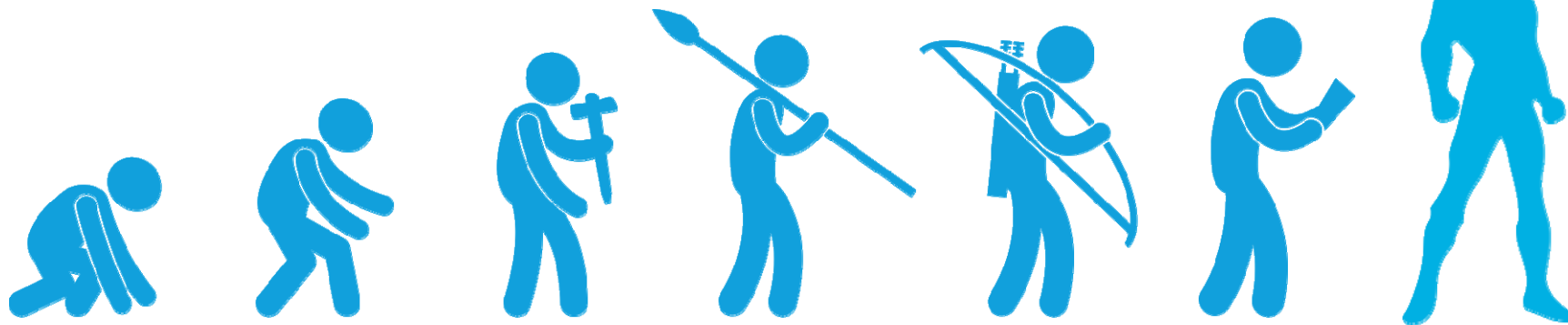


Security Selection



Evolution continues

- Customized, client-centric & aligned
- Efficient implementation of:
 - Traditional risk premia
 - Alternative risk premia
- Diversify risk/return drivers
- Lower governance requirements
- Fee-to-alpha efficiency
- More tools (e.g. derivatives, leverage) to achieve outcomes





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