



Goal Based Thematic Investing – Personalised Wealth Manager

Executive summary

Crea8's goal based thematic investing allows investors to realise their goals, consistent with sustainable long term themes. By becoming a personal wealth manager, Crea8 promotes financial inclusion, narrow the society's wealth divide which has been increasing (Piketty, 2014); empower investors to control their financial destiny; and be adaptive to construct optimal portfolios that incorporate changes in the markets, personal lifestyle and priorities.

We designed the personal digital wealth manager to be agnostic to investment instruments. Nonetheless, for practical demonstration, we adopt Exchange Traded Funds (ETFs). We created four categories of investment plans: 1) investing towards a specific target; 2) investing to achieve a desired monthly pension; 3) investing to maximise future pension; and 4) investing to achieve a portfolio with more optimal risk-reward ratio. These plans are married with the investor specified long term theme.

We apply Markowitz's portfolio optimisation theory to construct our portfolios. By adopting means variance optimisation, we obtain the optimal portfolio on the efficient frontier that maximises the Sharpe ratio – a portfolio with the best risk-reward profile.

Our process is designed to be customisable such that the following factors are taken into account: the annuity concept, longevity risks, portfolio risk management, transaction costs management, portfolio monitoring, multiple income sources, varying savings/spending pattern, legacy planning and creating natural foreign exchange risk hedge.

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