

Emohruo Financial Services Investment Philosophy

At Emohruo Financial Services, we have a strong focus and commitment to education, which is highlighted by the university and specialist qualifications of our team. With this in mind, we are taking an academic approach to investment theory based on the research and theories of some of the best minds in the field. Further, our investment philosophy is modelled on, among other things, three Noble Prize winners of economics.

In line with academic research, we believe in the following guiding principles to investment management:

1. Due to capitalism, investors are owed an expected return, due to their exposure to the market.
2. Markets are efficient and priced, factoring in both current and future events, therefore, arbitrage opportunities are limited. By default, active fund management, results in high costs due to constant trading, resulting in no substantial financial benefit to the client due to market efficiencies. Active management has shown to underperform the market over time.
3. There is a relationship between risk and return and incorporating greater diversification, returns can be improved. The market prices in 5 key risk factors that affect returns:
 - a. Equities
 - i. Exposure to the broad equity market (large caps)
 - ii. Exposure to small cap stocks
 - iii. Exposure to value stocks.
 - b. Fixed Income
 - i. Term risk
 - ii. Default risk
4. Focus on strategic asset allocation, maximising the above risk factors, ensures a more successful long-term experience, than active stock selection.
5. Utilise investments that delivery cost efficient investment strategies in line with the above guiding principles. Reweighting the portfolio on a periodic basis, maintains the integrity of the clients risk profile and is the best way to protect from downside risk. With reduced trading and increased security diversification in the portfolio, costs are kept low, resulting in greater benefits to clients.
6. By utilising investment options that follow these philosophies we are able to gain greater diversification at a much lower cost.

Please refer to the “Pursuing a Better Investment Experience” brochure by Dimensional that we provided in our first appointment for more information.