4th MFPC International Conference on Islamic Wealth Management & Financial Planning

Asset Management - Fintech

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Mega Trends

- **Growth of Computing Power** - in mobile platforms, bandwidth, software. a single smart phone has more computing power than NASA had in 1969.

- **Broader accessibility and Decreasing Cost of Products and Services** - retail investors can now access services previously reserved for institutional clients.

- **Increasing Disintermediation** – cutting out the middleman

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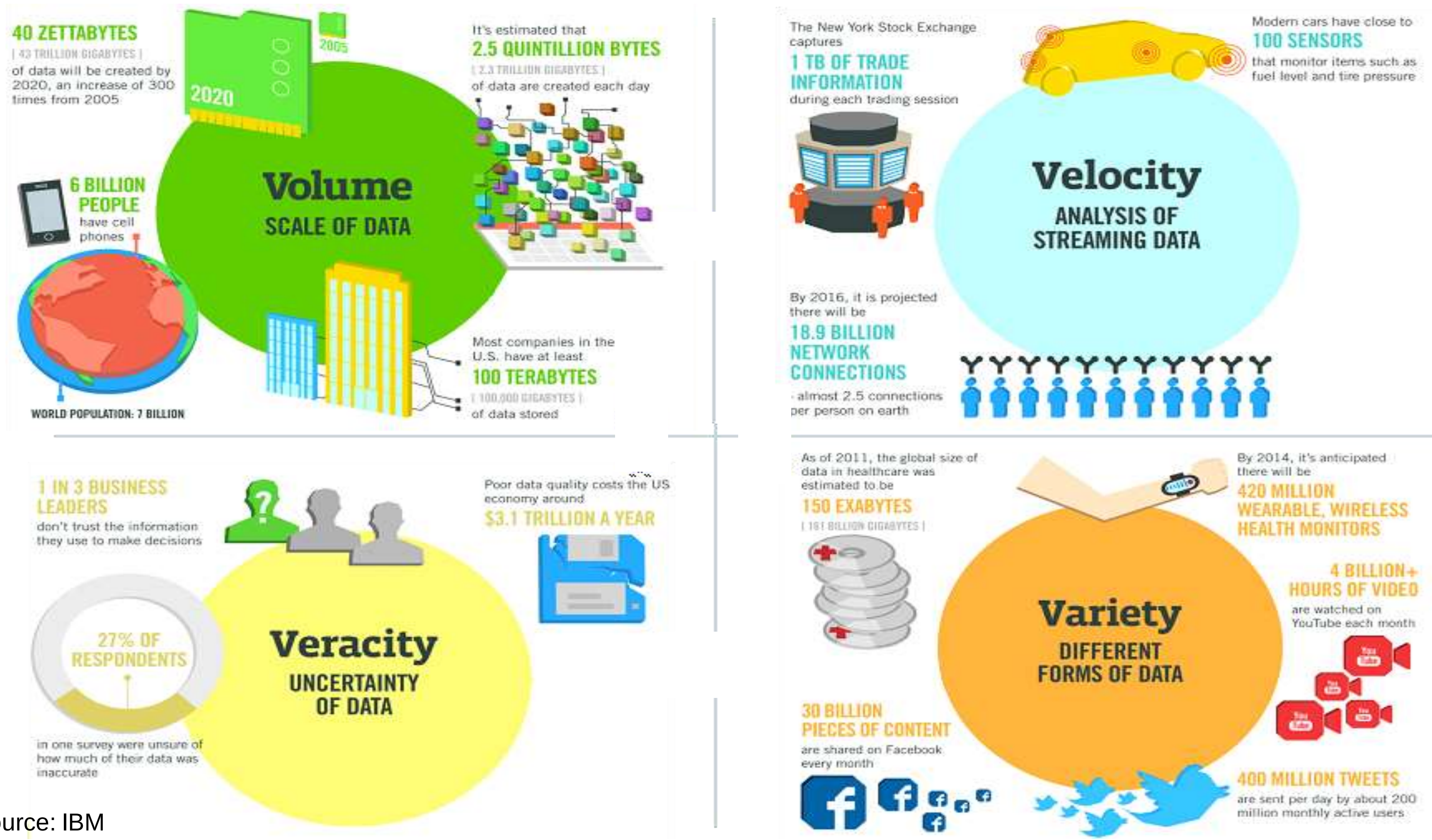
The 4 V's of Big Data



Source: IBM

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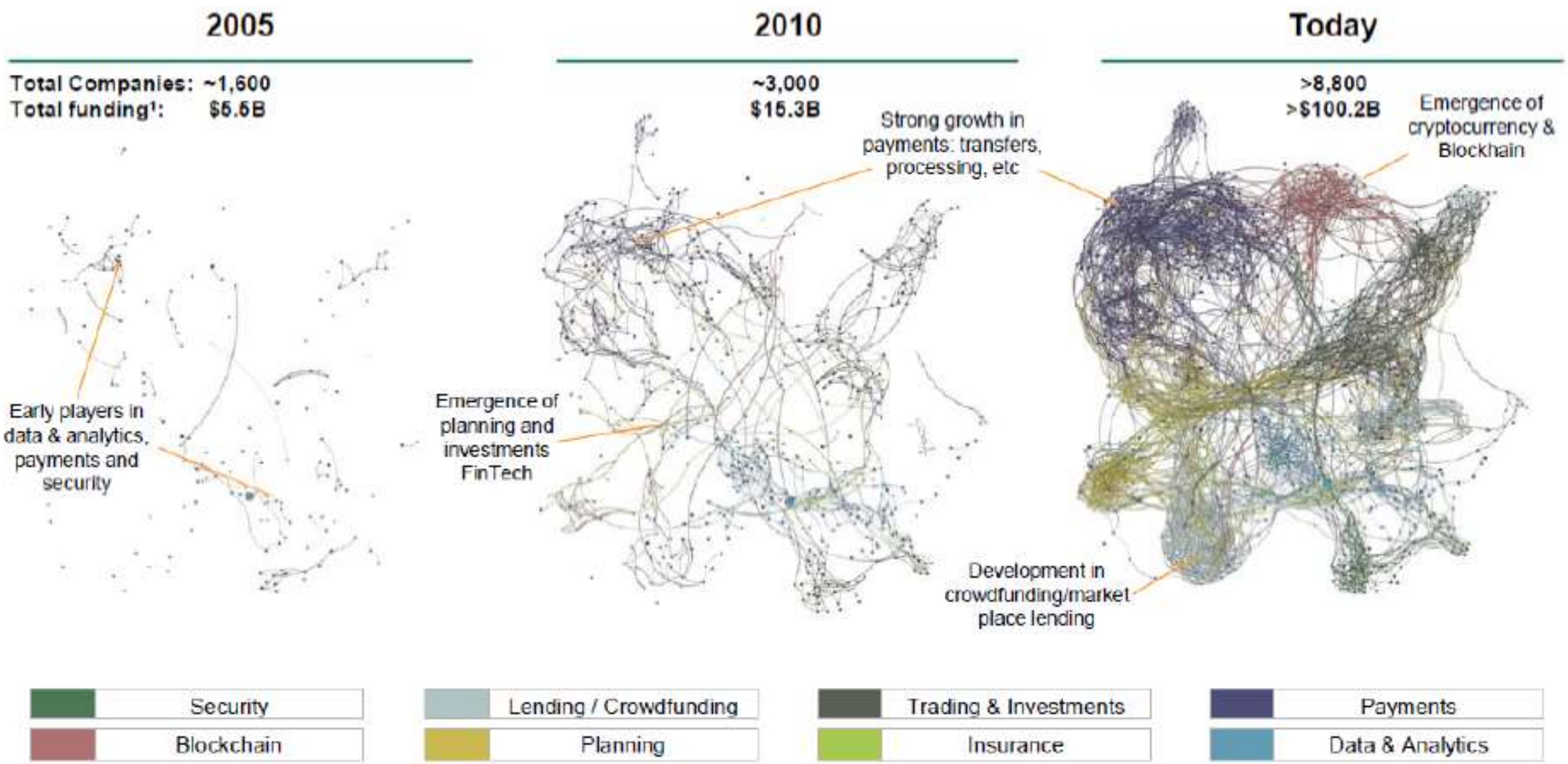
Since 2000, FinTech Investment has Grown Dramatically



Visualization based on ~1,800 FinTechs receiving the highest amount of private funding. Dataset mapped with Quid and allowed to cluster based on similar products, technologies, customers etc.
1) Data based on over 8,800 companies which were discovered across over 4 data sources. Total funding based on date of funding. Total companies based on founding year. Data as of November 2016
Source: Quid, BCG /Expand/BCG Digital Venture/B Capital analysis

Source: Fintech Control Tower, Expand, Nov 2016

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Our Fund Managers

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Robo-Advisor- Forecast

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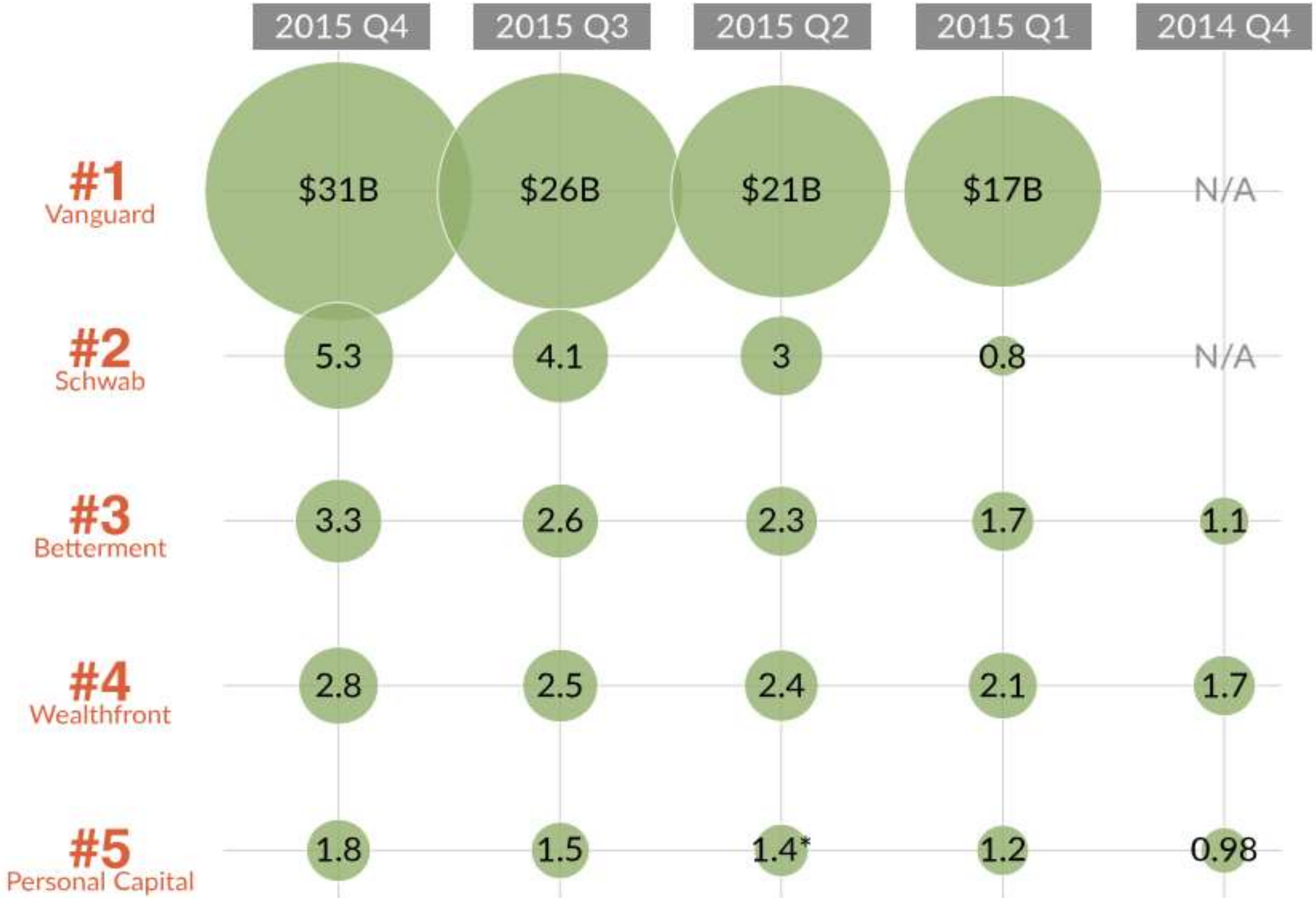
Robo Advisors Gaining Rapid Popularity



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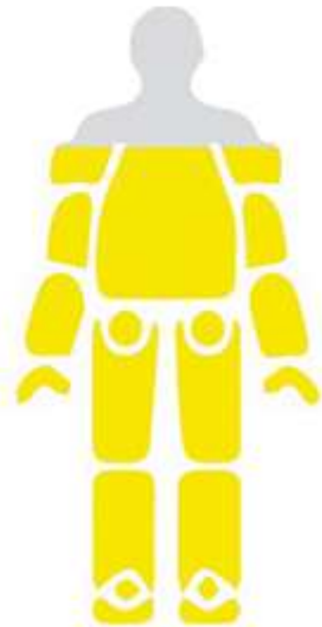
Robo-Advisor- Approaches

Fully Automated Discretionary Portfolio Management & Investment Advice



Self-service Investment & Financial Advice

Guided Investment & Financial Advice

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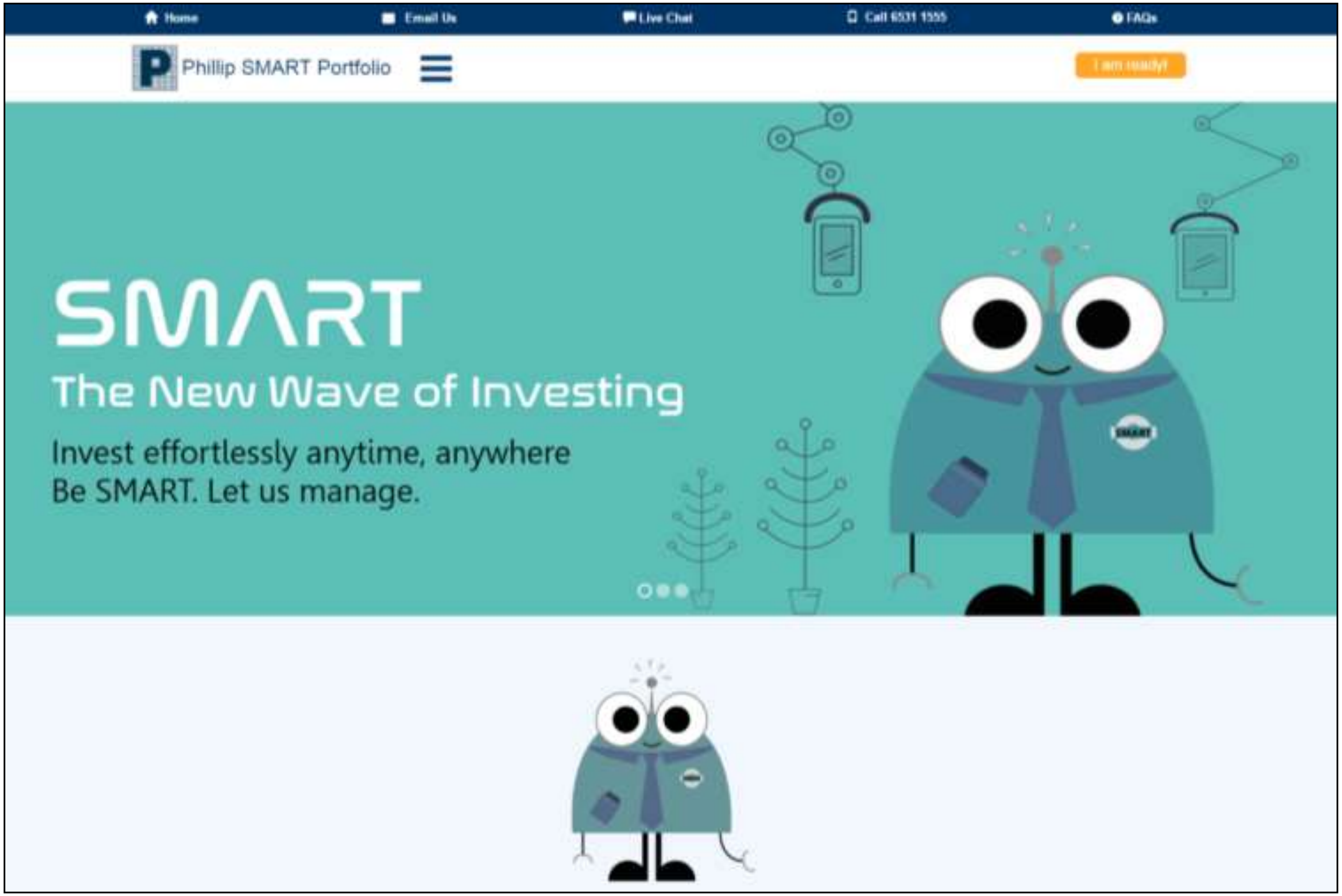
Phillip Smart Portfolio



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Phillip Smart Portfolio

More fund management services going digital

Rachael Boon

Consumers looking to create investing portfolios online now have another option.

Phillip Securities is the latest to join the online market with Phillip Smart Portfolio, a fund management service.

Customers go through a quick process involving an online risk assessment that matches the person to the "best-fit" portfolio and that provides periodic rebalancing. Portfolios invest primarily in exchange-traded funds (ETFs) listed on the Singapore Exchange.

Phillip Securities executive director Lisa Lee, speaking to The Straits Times, said: "We have been conceptualising this for years and Smart started to take its form last year. Smart covers all the major areas of equity, fixed income, resources and commodities."

She added that historical and expected returns for investors depend on the type of investments – including asset class, regional or sector considerations.

"For Smart, our back-testing

Ms Lisa Lee of Phillip Securities, which offers a new fund management service for equity, fixed income, resources and commodities. ST PHOTO: FELINE LIM

vestors last November, while Fundsupermart's FSMOne offers five investment portfolios by robo-advisers with no sales charge.

FSMOne's robo-advisers, for instance, have created investment solutions that automate functions, such as constantly tweaking asset

assistant director, research and portfolio management, said the robo-adviser scene here is not as developed as the United States, perhaps limited by a restricted range of ETFs here.

Many robo-advisers in the US use ETFs for their portfolios, he added.

A Monetary Authority of Singa-

The Straits Times, Singapore, 7 March 2017

Phillip Securities executive director, Ms Lisa Lee, pointed out that robo-advisory is suitable for customers who have simple needs and would like a high quality portfolio.

Phillip Securities recently launched their "robo-advisor" – Phillip SMART Portfolio which recommends portfolio mainly made up of SGX-listed ETF. The minimum investment amount is S$5000 with an annual management fee of 0.5%. There is no upfront fee, no brokerage and no platform fee.

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Phillip Smart Portfolio

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Phillip Smart Portfolio

Client visits SMART website

Online Suitability Assessment

Risk Profile determined and SMART Portfolio recommended

Online Account Opening

- POEMS Client
- New Client

Funding Instructions

Receive email confirmation once account is opened

Account is ready to be invested by Portfolio Managers

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Value Add of Financial Advisors

• Portfolio Construction	
- Asset allocation using broadly diversified mutual funds/ETFs	> 0%
- Use of low-cost index-based products	0.45%
- Asset location between taxable and tax-advantaged accounts	0 to 0.75%
- Total-return versus income investing	> 0%
• Wealth Management	
- Regular rebalancing	0.35%
- Spending strategy for drawdowns	0 to 0.70%
• Behavioral coaching	1.5%
• Total	about 3.0%

- Source: Francis Kinniry, Colleen Jaconetti, Michael DiJoseph and Yan Zilbering 2014. *Putting a value on your value: Quantifying Vanguard Advisor's Alpha*, The Vanguard Group.

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Areas Where AI Is Applied

- Financial Data mining
- Investment Strategies
- Financial Time Series Forecasting
- Risk Management

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Algorithmic Trading

- **Strategy Identification** - Finding a strategy, *mean-reversion* and *trend-following/momentum,* exploiting an edge and deciding on trading frequency
- **Strategy Backtesting** - Obtaining data, analysing strategy performance and removing biases
- **Execution System** - Linking to a brokerage, automating the trading and minimising transaction costs
- **Risk Management** - Optimal capital allocation, "bet size"/Kelly criterion and trading psychology

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Leverage on Technology

Amazon Associates launched in 1996
one of the first online affiliate marketing programs

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THANK YOU

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