



# **Pioneering FinTech Investments On a Robo Advisory Platform**

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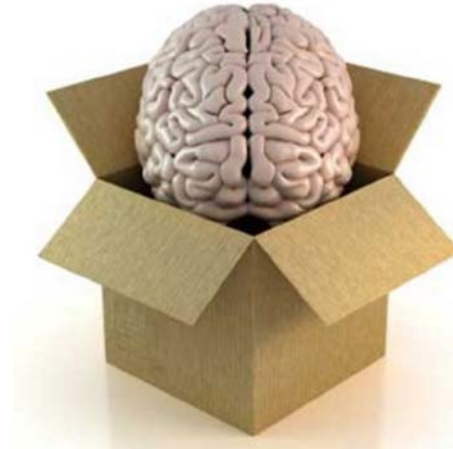
## Some FinTech Investment Examples

- Crowd funding solutions, which allow people to access money for business ideas
- Cloud based money transfer companies, help us move money around
- Business Lending or P2P, can give investors a simple fixed return at different risk levels
- Fintech investment funds/strategies (Smart Beta?)

# What is 'Smart Beta'?



**Active Fund Manager  
Chasing "Alpha"**



**"Smart Beta"  
Fit's somewhere in the  
middle!**



**Passive Strategy  
"Beta"**

Smart beta strategies are **ACTIVE**, in that they attempt to enhance risk-adjusted returns, through exposures to proven drivers of return.

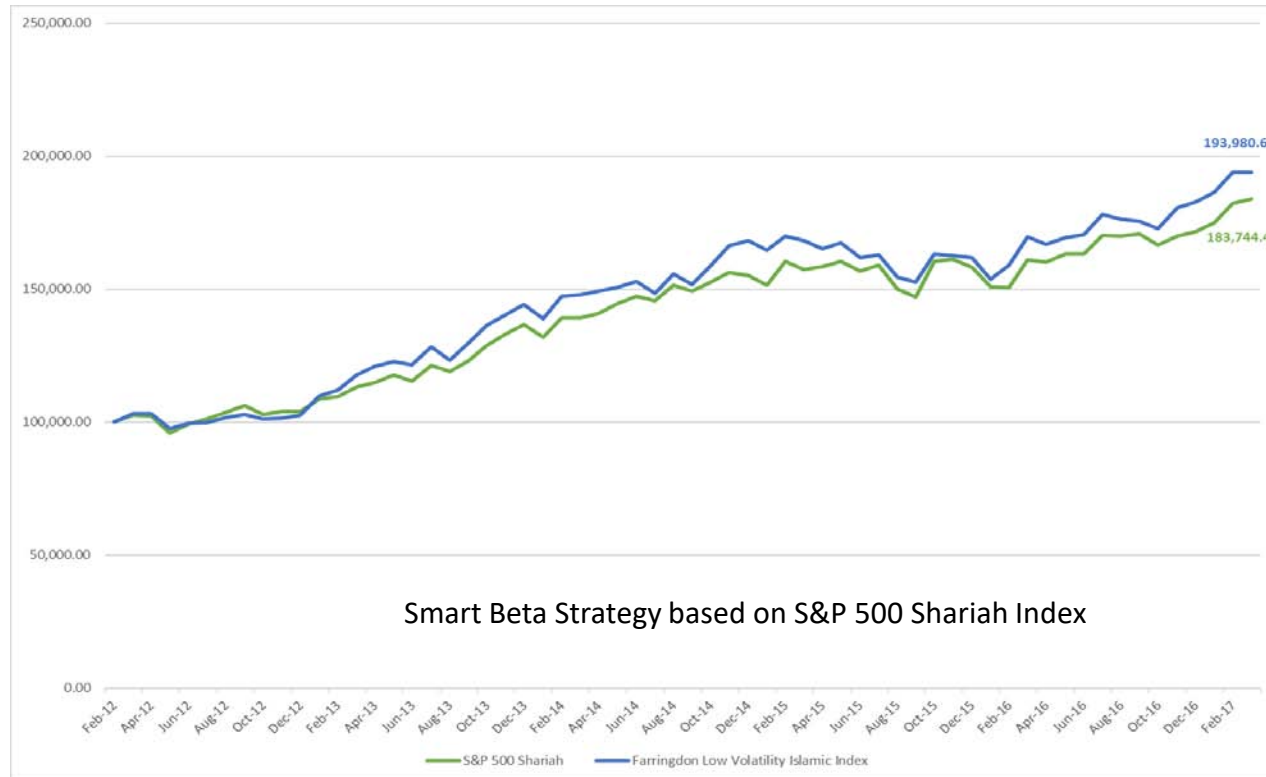
At the same time, these resemble traditional **PASSIVE** strategies and their implementation is transparent, systematic and rules-based.



# COMPARING CHARACTERISTICS ACROSS PASSIVE, ACTIVE AND SMART BETA STRATEGIES

	Long Only		
	Cap-weighted indices	Smart beta	Actively managed
Exposure to macro factors	High	High	High
Exposure to style factors	Low	Moderate	Moderate
Potential for outperformance	None	Moderate	Moderate to high
Turnover and trading costs	Low	Low	Moderate to high
Liquidity and capacity	High	High	Low to moderate
Transparency	High	High	Low

# A Leading Smart Beta Islamic Index



Higher Dividend Yield; Average Dividend Yield on S&P 500 Shariah 1.69% vs Average Dividend Yield on Farrington Smart Beta Islamic Index 2.82%)





## Another Example of FinTech

We can now use technology to strip out data, analyse it and then conclude a set investment path for the investor. A good example of this is a Replica's strategy.

So what are the fundamentals:

1. Take the worlds leading fund managers
2. Analysis is done on their top investment choices
3. Certain parameters are written in via algorithms
4. The end client gets a fund that tracks a cross section of fund managers, but costs much less



# Master Select

The Large Cap Master Select Index uses replicas technology to create an index of 50 stock positions. Replicas technology gives us the ability to view fund managers underlying stocks positions.

Most fund managers will have a few holdings that they really value with the majority of the holdings in their fund selected purely for diversification purposes

