YAD CAPITAL AG
INVESTMENT ADVISORY

ARE MY ASSETS MANAGED CORRECTLY?

March 2024

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Don't you wish there was a simple answer to this question?

While there isn't a perfect answer to this questions, there is a simple framework we apply, called the 3L Approach, made famous by the wise banker with an unfortunate name, Michael Crook.

It's a framework that's relevant for anyone, regardless if you manage your own money, have a family office or even a private label fund.

The basic idea is bucketing your wealth into three distinct strategies/buckets, which we call Liquidity, Longevity, Legacy.

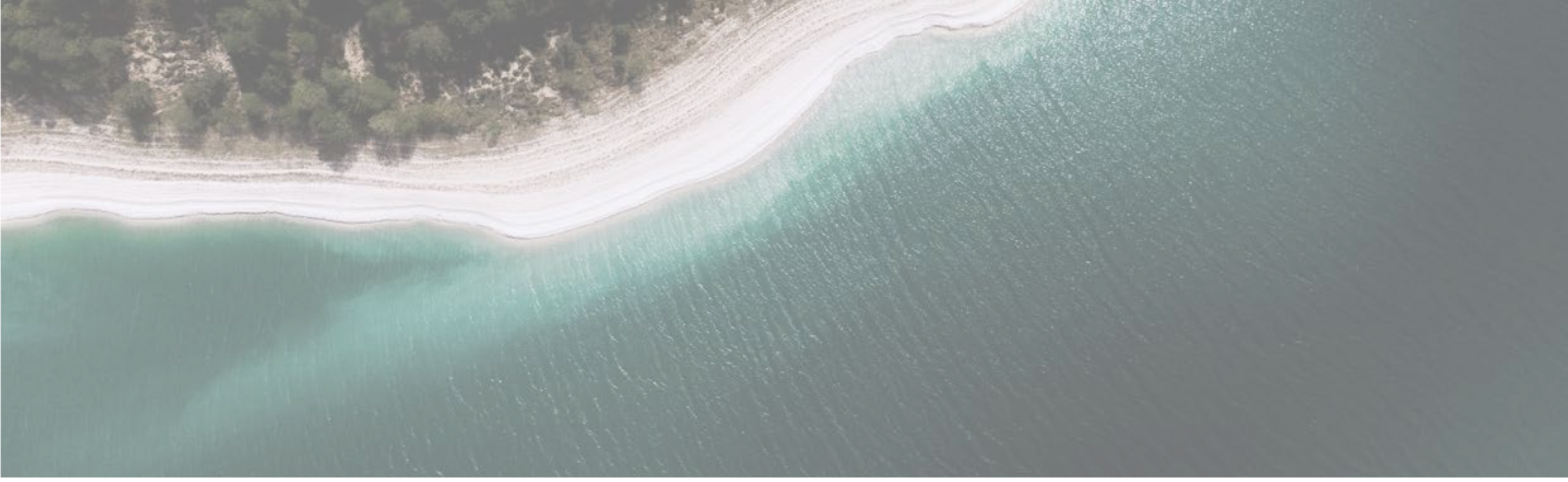
Using this framework, you'll be able to:

- get a clear plan of what you should be investing in
- maximise your risk-adjusted returns
- easily check if you are on track
- optimise your taxes

This is how it works:

Liquidity Bucket: The assets within this bucket need to match your known living expenses for the next 3 years, including upcoming investment commitments.

Target Return	Portfolio Strategy	Risk Profile	Typical Instrucments
Risk Free Rate (Avg. 2.88%)	Fixed Income	Minimal	High-Grade Short-Dated Bonds, Cash Flow from Pension Assets

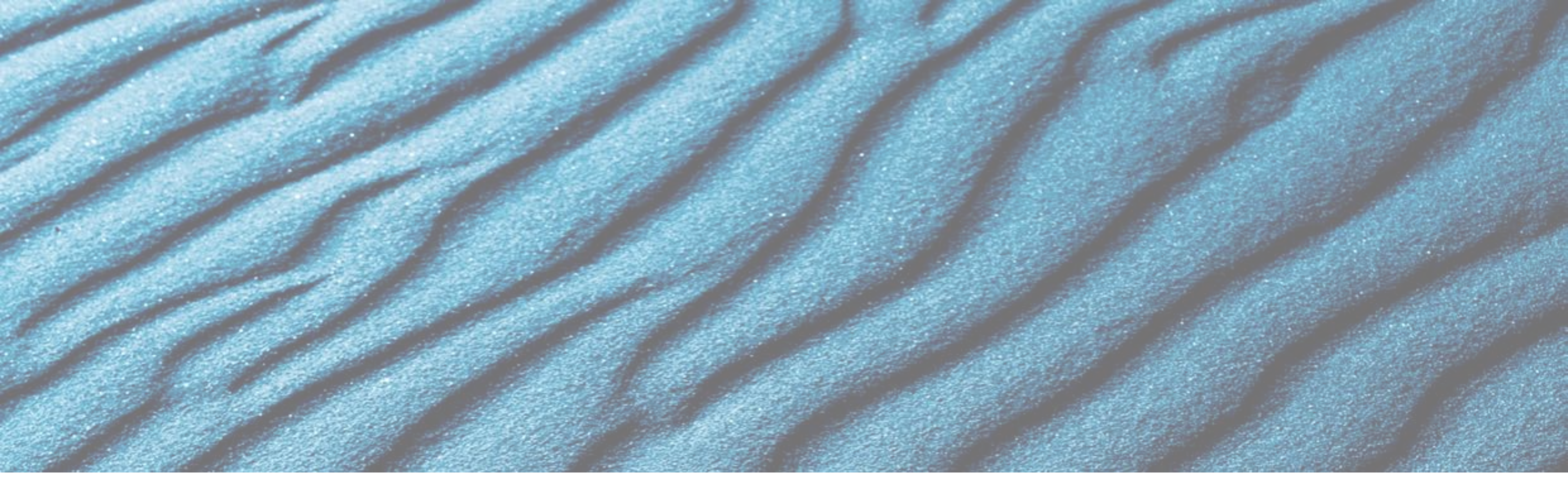


Longevity Bucket: The assets within this bucket will be positioned to sustain your lifestyle throughout your lifetime.

Target Return	Portfolio Strategy	Risk Profile	Typical Instrucments
Risk Free Rate + Spread (4.92%)	Yield	Low - Medium	Bonds, Equities, Hedge Funds, Pensions Assets

Legacy Strategy: These assets, by definition, are whatever is left, after setting aside required assets to the Liquidity and Longevity buckets. They will be used to benefit your loved ones, whomever they may be.

Target Return	Portfolio Strategy	Risk Profile	Typical Instrucments
Risk Free Rate + Spread (6.48%)	Gorwth	Low - High	All of the Above + Real Estate, Private Equity, Venture Capital, Other Opportunities



Putting It In Practice

Let's assume two individuals: Jerry and Elaine, both are clients, and both used the 3L Approach to plan their finances.

Phoebe		Elaine	
Age:	55	Age	60
Life Expectancy:	100	Life Expectancy:	100
Investable Years:	45	Investable Years:	40
Total Assets:	$7’000’000	Total Assets:	$15’000’000
Annual Living Expenses:	$150’000	Annual Living Expenses:	$350’000
Total Liquidity Required:	$450’000	Total Liquidity Required:	$1’050’000
Total Longevity Required:	$4’902’670	Total Longevity Required:	$10’500’000
Remaining Legacy:	$1’647’330	Remaining Legacy:	$3’450’000

What's the real value they get from planning with the 3L Approach?

Without planning, how would they know if they've been managing their risk and optimised their returns?
But with proper planning, this becomes simple to manage.

So, how much would Phoebe or Elaine have after their investable years with and without proper planning?

Phoebe		Elaine	
No Planning:	$10’710’905	**No Planning:**	$19’200’000
With 3L Approach:	$22 ‘184’325	**With 3L Approach:**	$31’670’000
Calculated over 45 Years @ 6.48% p.a.		***Calculated over 450Years @ 6.48% p.a.***	

The difference is striking, no?

Seeing the Way Forward, Clearly

This is a very simplistic breakdown of the 3L Approach - the process of building the buckets is a lot more in-depth. Each bucket has its own investment philosophy and strategy.

Want to learn more?
We would be happy to join you on your journey!

Good Investing.
The YAD Capital team

Yad Capital Ag

Investment Advisory