

**Pitcher Partners Investment Services Pty Ltd** 

# Investment *risks* Fact sheet

Pitcher Partners Investment Services Pty Ltd ACN 052 941 036 ABN 24 052 941 036 AFSL 229887

### You should understand that all managed fund and listed security investments are subject to a number of investment risks.

Where specific or unique risks are known in regards to the recommendations in this Statement of Advice, we have attempted to make you aware of these risks at the time of making the recommendation. Broadly, the risk in investing is that an investor may receive less or more income than they expect, that the capital value of their investment can fall as well as rise and that they may lose some or all of their capital.

Risk and return	The higher the investment risk, the higher the expected return or conversely the higher the expected return, the higher the investment risk. In other words, in order to achieve higher returns investors must be willing to take more risk or if they wish to minimise risk, they must be willing to accept lower returns.
Mis-match risk	An investment may not be suitable for the investor's needs, objectives and risk profile. Matching investments with investor's tolerance for risk and time horizon requires active monitoring as these aspects are subject to change. Longevity risk for example is the risk that an investor will outlive their investments.
Market risk	Economic and business cycles, geopolitical or legal conditions and even market sentiment cause investment markets to rise and fall. Anticipating market timing is very difficult as no two economic cycles are generally alike.
Concentration risk	Investing in a small number of assets or in only one asset class can expose investors to higher levels of volatility and other forms of risk. Diversification across markets, asset classes, market segments, managers and styles helps to reduce this type of risk.
Gearing risk	Gearing or the use of borrowed money can increase the exposure to the underlying investments and as such can magnify losses as well as gains.
Business risk	Any individual asset or groups of assets can fall in value or fail to deliver expected income for a range of operational, management or business environment reasons.
Interest rate risk	Changes in interest rates can have a negative (as well as a positive) impact on investment values and income returns.
Inflation risk	The risk that returns and capital value may not keep pace with inflation and that the purchasing power of capital is eroded over time.
Credit risk	The risk that the institution you have invested with may not be able to make the required interest payments or repay your funds.
Duration risk	The risk that the capital value of your fixed income investments may rise or fall depending on their overall sensitivity to movements in interest rates.
Currency risk	Investments denominated in overseas currencies can rise and fall when the value of the overseas currency changes in relation to the Australian dollar.
Liquidity risk	The risk that an investor may not be able to convert the investment readily to cash when they need to either due to an absence of buyers for the investment or an absence of a market in which to sell the investment.
Counterparty risk	Investing involves contracts and counterparty risk is the risk that the other party to the contract cannot meet their obligations under the contract.



## Growth and defensive assets

Investment assets can be divided into two broad classes:

- *Defensive assets* these include cash and fixed interest (or bonds) and will generally provide predictable, stable and consistent returns over shorter periods. Cash is the least risky investment as its capital value will not change, while fixed interest (or bonds) can lose value when interest rates rise or as credit risk is repriced.
- *Growth assets* these include listed shares, private equity, property and Alternative investments and can deliver higher returns over the long term, but both their value and their income returns can fluctuate in the short term and returns are not readily predictable.

Note that hybrid securities, such as convertible notes, warrants, preference shares and even commodities have characteristics of both growth and defensive assets at different points in the market cycle.

### Asset class risks

The table below provides an indication of the types of investment risks borne by each asset major class:



Please note: An investment within an asset class may not be exposed to each of the risks associated with that assets class.



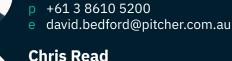
### **Adam Stanley**

Executive Director and Representative

**p** +61 3 8610 5517 adam.stanley@pitcher.com.au

Executive Director and Representative





**David Bedford** 



Client Director and Representative **b** +61 3 8610 5602

e chris.read@pitcher.com.au

Client Director and Representative

Senior Advisor and Representative



p +61 3 8610 5325 e marcus.damen@pitcher.com.au **Dinesh Vignaswaran** 

**Marcus Damen** 



**p** +61 3 8610 5016 e dinesh.vignaswaran@pitcher.com.au



#### Allen Ozdil

Advisor and Representative p +61 3 8610 <u>5518</u> e allen.ozdil@pitcher.com.au



#### Nicholas Koa Advisor and Representative

**p** +61 3 8610 5762 e nicholas.koa@pitcher.com.au

















#### **Kellie Davidson**

Executive Director and Representative

Making business personal

+61 3 8610 5334

kellie.davidson@pitcher.com.au

#### Sue Dahn

Consultant and Representative

**p** +61 3 8610 5124

**Brendan Peacock** 

**b** +61 3 8610 5448

Matthew Campbell

e sue.dahn@pitcher.com.au

Client Director and Representative

Senior Advisor and Representative

e brendan.peacock@pitcher.com.au





**p** +61 3 8612 9681 e matthew.campbell@pitcher.com.au

Aidan Darmody



Senior Advisor and Representative +61 3 8612 9588

e aidan.darmody@pitcher.com.au

William Darmawan Advisor and Representative

+61 3 8612 9706 e william.darmawan@pitcher.com.au



**p** +61 3 8610 5758 e janet.kaplandjian@pitcher.com.au

Pitcher Partners Investment Services Pty Ltd ACN 052 941 036 ABN 24 052 941 036 AFSL 229887 Pitcher Partners Investment Services holds an Australian Financial Services Licence (No. 229887).

Adelaide | Brisbane | Melbourne | Newcastle | Perth | Sydney



Pitcher Partners is an association of independent firms. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.

#### pitcher.com.au

