

# AINSLEY TO

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The demand for risky assets comes from investors' needs to transport consumption through time and states of the world – the true benchmark for any investor are the future consumption goals they are looking to achieve up to the liquidation of their investment portfolio. To make a tractable (read: scalable and profitable) solution, our industry abstracted from the true benchmark through the use of indices and peer groups – we have homogenised that which in its essence should be unique to each investor. The modern-day investor cares more about what is in other people's portfolios than what is in their own portfolio.

Traditional indices are not true benchmarks, they are just backtested portfolios – a set of investment rules, applied to historical data. While this makes them of little use as absolute measures of how close an investor is to reaching their goals, they can be useful tools for the purpose of measuring risk. Combining these portfolios as guidelines for levels of risk investors should take to reach their goals can be a noble use of indices. ●