

# PORTFOLIO CONSTRUCTION

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For advisor use only.



## THE EVOLUTION

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The presence of the online investment advisors continues to grow, with leading investment management companies creating or considering implementing some level of robo-advisory functions.

Embracing robo-advisory capabilities is crucial to the shelf-life of today's advisor, as the role of the financial planner, though staying the same in essence, has evolved in practice. Investor satisfaction involves performance expectations and direct access to investment account documentation and detailed reporting. Traditional financial advisors benefit from the service flexibility available through online capabilities.

**The online advisory trend is growing and will soon become the standard in the near future.**

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## COMMUNICATION & POSITIONING

### **Why Starlight?**

Starlight Portfolios makes planning for your financial future simple, with easy account setup, 24/7 access, and fair, straightforward pricing. We'll help you choose the right investments for your clients' goals, budget, and lifestyle.

### **Our Research**

Starlight Portfolios regularly researches and makes adjustments on the portfolios based upon the view of the most respected investment analysts in the industry. These analysts advise the investment committees of large pensions and endowments, and we believe your clients deserve the same thoughtful approach.

### **Competitive Advantage**

Generally, mutual fund families are typically known for and are good at one thing - not everything. Rather than using one mutual fund family, we pull from a universe of funds to build an all-star portfolio. We recognize the strength of a particular mutual fund and fund families, and use them to build a robust portfolio.

### **Your Investment Partner**

Starlight Portfolios isn't a robo-advisor, we are an online advisory platform that provides you with an automated process to create investment portfolios for your clients.

**Starlight portfolios  
serves as the financial  
advisor's partner in  
investment management**

## **THE INVESTMENT COMMITTEE**

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Similar to turnkey asset management programs, Starlight Portfolios operates under the guidance of an investment committee that is responsible for managing due diligence, portfolio management, and ensuring investments are chosen to meet the best interest of investors.

### **Duties and Responsibilities of the Investment Committee:**

- Ensuring activities support the Investment Policy Statement
  - Monitoring investment performance
  - Reviewing financials
  - Meeting regularly
  - Maintaining records for the administration of the portfolios and the actions of the Committee
  - Reviewing all fees relating to the portfolios for reasonableness
  - Selecting, monitoring, and replacing third-party advisors
  - Preparing amendments to the portfolios for changes in design
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## ***ALLOCATION RESEARCH***

The Starlight Portfolios Investment Committee relies on the research of various leaders in the investment management arena. This research serves as the basis for building our asset allocation models, as the research provides a strategic model that is updated on a yearly basis, supported by quarterly tactical shifts.

The investment committee reviews the new publication research that contains tactical shift suggestions. The committee then makes adjustments to the underlying portfolios on the Starlight Portfolios platform based on the review. We keep an eye out for additional sources of input for allocation research.

## ***UNDERLYING FUND RESEARCH***

Once we have a list of funds that meet our screening assessment across each asset class, we review our metric marks to make a determination of which are the strongest investments to include in the Starlight Portfolios' lineup based on the following: expense ratio, fi360 fiduciary score (current and 3-year), Sharpe ratio, alpha, standard deviation, returns (1-, 3-, 5- and 10-year), and R-squared.

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The investment committee also relies on the following independent research sources to select the funds in our underlying portfolios:

### **Fi360**

Fi360's stated mission, "to help financial intermediaries use prudent fiduciary practices to profitably gather, grow, and protect investors' assets," directly aligns with the responsibility and duty held by the investment committee. The committee utilizes Fi360 for the majority of fund research, as the platform provides advanced screening tools that allow us to weed out funds that do not meet percentiles of specific metrics deemed most important for each asset class.

### **Morningstar**

For decades, Morningstar has provided investment management professionals with independent research and recommendations. The investment committee utilizes Morningstar's rating system as an additional source of information to supplement our primary research.

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## INVESTMENT RESEARCH

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The investment committee researches data on the screens performed, the screening data output, and a comparison of what we see as the top of funds, based on the metrics previously outlined.

[Past performance is not indicative of future results.](#)

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### **Investment Comparison**

The report contains a section highlighting the fi360 Fiduciary Score and also illustrates each investment's specific fiduciary shortfalls.

### **Fiduciary Breakdown**

Presents the Fi360 Fiduciary Score for each investment and an analysis of any shortfalls for the criterion used in the scoring process.

### **Factsheet**

Comprehensive analysis of an investment - basic attributes such as portfolio composition, strategy and purchase constraints.



## **CONTACT US**

[invest.starlightportfolios.com](https://invest.starlightportfolios.com)

[starlightportfolios.com](https://starlightportfolios.com)

[starlightforadvisors.com](https://starlightforadvisors.com)

(844) 221-5254

[info@starlightportfolios.com](mailto:info@starlightportfolios.com)

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