

Lumen R4A

A unique convergence of modern finance, global markets, and TPA

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The What

1. Lumen R4A is a standalone digital investment engine delivering the full toolkit to build end-to-end, **institutional-grade portfolios that are, first and foremost, genuinely customized**; or built around the customer's objectives such as income, capital distribution, growth, etc., instead of the typical cookie-cutter conservative, moderate and aggressive risk buckets. And second, portfolios that are **highly diversified** by exploiting the full set of global opportunities, instead of a limited number of major benchmarks.

2. In addition to this unique setup of institutional-grade tools and unlimited global reach, the real innovation in R4A lies in breaking away from the increasingly inefficient SAA and risk-bucket-driven portfolio construction that invariably leads to the convenient but obsolete 60/40 model. Instead, **Lumen has pioneered and successfully adopted the modern Total Portfolio Approach (TPA) as the backbone of R4A's operating system and investment philosophy.**

... Total Portfolio Approach

3. TPA has recently been featured prominently in the financial press (FT, WSJ, Barron's, Bloomberg, Institutional Investor, etc.) as **the most innovative, efficient and high-performing portfolio construction style**. In fact, the approach is now actively implemented by investment powerhouses and trailblazers such as GIC, Temasek, the major Canadian pension funds, the Australian and New Zealand superfunds, etc. and more recently, CalPERS, providing a **strong anchor of credibility**.

4. **The consultants' community is also praising TPA.** According to leading industry consultants such as Mercer, Russell Investments, Willis Towers Watson and others, TPA is already **redefining wealth management**, moving beyond increasingly inefficient Strategic Asset Allocation and the old Yale endowment playbook—and is poised to reshape the industry across the entire spectrum. **Mercer, in particular, is strongly advocating for it and recommending it for family offices, endowments, etc.**

The How

5. In its simplest definition, instead of starting with the usual question – “How much do we put in equities, bonds, real estate, etc.?” – TPA begins with a different one: “Given the investment objectives and constraints, **what combination of all globally available investments delivers the best total-portfolio outcome?**” – truly aligning the investment function with modern market realities and opportunities.

6. Strategies are tied directly to the investment goal (income, preservation, growth, etc.), rather than to generic risk buckets such as conservative, moderate or aggressive. By construction alone, **TPA increases markedly the probability of meeting the customer’s objective and the probability of successful outcomes and performance.** In a 10-year study on major institutional investors, Willis Towers Watson found that early adopters of TPA increased their performance on average by more than 2 percentage points compared with their stated benchmarks.

7. **Strategic Asset Allocation (SAA) does the opposite.** It first carves the world into asset-class silos – equities, bonds, real estate, etc. – fixes a static mix such as the “convenient” yet obsolete 60/40, and then manages each sleeve relative to its own benchmark, independently (and inefficiently!) from the rest of the portfolio. In other words, SAA chases benchmarks, not objectives, and **produces cookie-cutter, one-size-fits-all model portfolios defined by risk labels rather than by clear goals.**

8. **TPA reverses that logic.** It is goal-driven rather than risk-bucket-driven, it takes a total-portfolio view rather than an asset-class-silo view, and every position is judged by its contribution to the total fund and consistency with the customer’s objective, not by its “performance” relative to its own benchmark. In short: **TPA chases outcomes, not benchmarks.**

G. Using TPA as our philosophical backbone, **we have successfully combined into a user-friendly platform all the necessary tools and data** to generate, at large scale, bespoke and globally diversified portfolios, exploiting modern finance and innovation, Big Data, technology, and, last but not least, **our long-dated and acclaimed experience as global managers across all assets and markets.**

... R4A + TPA

10. R4A starts with a proprietary open-architecture database of the global opportunity set across countries, asset classes, including alternatives, sectors, themes, factors, ETFs, benchmarks and proprietary products. We then rank the components by their intrinsic value and future expected return, and then screen that ranking using an extensive set of

filters to match specific opportunities with investment goals. We finalize the process by stress testing and calculating the probability of meeting the objectives and goals.

The Why

11. The benefits are obvious.

- A. **For clients**, TPA + R4A means they not only get a higher probability of reaching their objectives and better long-term performance, but they also get **portfolios that are rational, coherent and clearly goal-aligned**, where each holding has a visible role – thus making it much easier to stay committed and satisfied through volatility and market cycles.
- B. **For private bankers and advisors, it is transformative.** They can now sound and act like well-informed global strategists, explaining to clients, in very concrete terms, how the portfolio is constructed around a specific goal and strategy. Crucially, they also **gain a consistent, repeatable process that can be delivered on a scale** across a more extensive book of customers, with no loss of quality. In the era of AI, we strongly believe that ***“no person is more powerful than a machine, but no machine is more powerful than a person with a machine”***
- C. **For the bank/distributor/family offices**, it becomes a distinctive, hard-to-copy differentiating tool: goal-focused, regulator-friendly, anchored in state-of-the-art portfolio theory and global diversification, and fully aligned with the shift toward technology-enabled, outcome-oriented wealth management. **In a landscape still dominated by static SAA, 60/40 mixes and benchmark-chasing model portfolios, a TPA-based digital investment engine is a clear and credible differentiator.**

Lumen Global Investments LLC

San Francisco – Fall 2025