SBFP

Our Investment Philosophy

Our promise to you

Like all successful financial advice businesses, we have a core set of investment beliefs.

These beliefs shape the investment decisions we take on your behalf and give focus and discipline to the oversight of your investment goals.

We are guided in the decisions we make on your behalf by some fundamental investment principles that assist you to stay focused on your investment goals and build wealth over time.

We know that investors can't control short-term market movements. So instead we focus on factors in your control such as

- Understanding your attitude towards risk and return to develop a detailed risk profile
- Allocating your investments across a wide range of assets—shares, bonds, property and cash
- Choosing the right mix of investments styles—index and active—to achieve your goals.
- Reducing the cost of investing wherever possible by implementing tax-effective investment strategies.
- Rebalancing your investments back to your target asset allocation to keep you on track to achieve your goals.

We don't focus on the markets, the economy, manager ratings or the performance of individual securities. Instead we focus on the fundamental principles that we believe can give our clients the best chance of success.

- We will help you create specific and measurable investment goals.
- We will help you develop a suitable asset allocation using broadly diversified funds.
- We will help you minimise cost.
- We will help you maintain perspective and long-term discipline.

These principles are embedded in our culture and guide the investment decisions we help our clients make.

sbfp

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Goals

By completing a fact find and discussion around your goals and objectives.

We use an asset allocation appropriate to the client's risk profile and time horizon, and allow any immediate cash requirements to be held in cash and the tax considerations are used to choose an appropriate tax vehicle.

We help investors to set measurable and attainable investment goals.

We work with the client to understand their concerns or beliefs

We believe it is important to understand investors' beliefs, environmental or social opinions and preferences. By understanding their views we can accommodate these preferences within their portfolio by adopting the appropriate environmental, social and governance (ESG) approach.

We review every client at least once a year

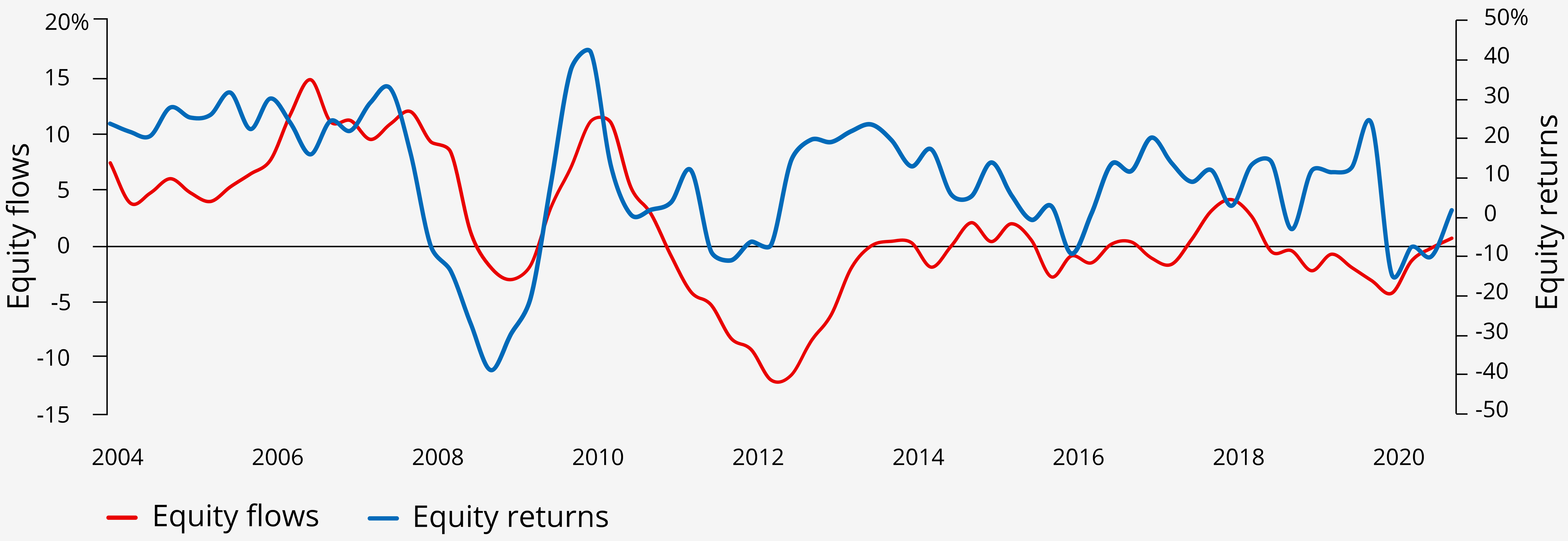
We believe that clear and realistic goals can help protect investors from common mistakes (e.g. performance chasing) that can deprive investors of achieving investment success

We help investors to develop realistic plans to achieve their goals.

We believe a sound investment plan helps the investor to stay focused on the factors the investor can control rather that reacting to always changing newspaper headlines.

The danger of lacking a plan

Managed funds cash flow often follow performance



Notes: Net flows represent net cash moving in or out of equity funds for Australian funds excluding ETFs and platforms. Index returns are based on the S&P/ASX 300 from 2004 to 2020. Sources: Vanguard calculations based on data from Morningstar Inc. and Factset.

Client comparison

Let's discuss risk profiles and constraints of these clients:

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Balance

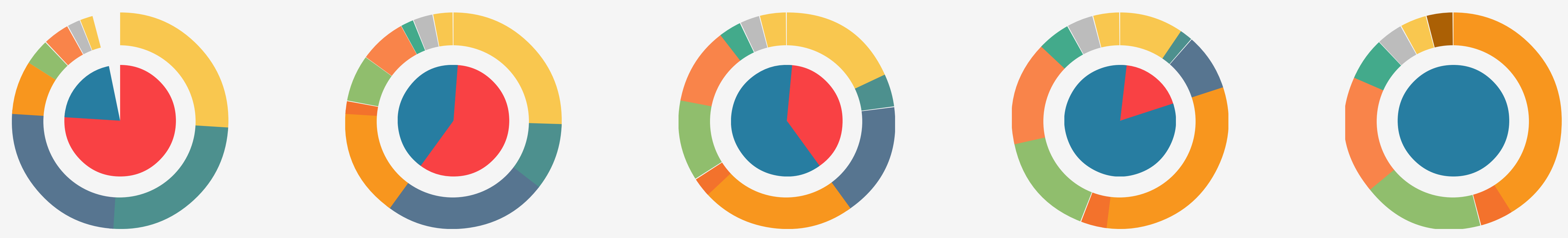
A key part of our role is to understand your risk profile which determines the portion of growth assets to defensive assets suitable for your investment portfolio.

Asset allocation determines the most of the returns and the variability of the returns of a diversified portfolio.

It is important to manage market risk, inflation risk and shortfall risk among other risks to help investors in achieving their financial goals.

Our model portfolio are constructed using a mix of both active and passive investments. Passive funds offer low-cost efforts to track benchmarks, leading to a tight range of relative returns. Active funds offer the potential for outperformance, although with greater uncertainty and typically higher costs.

Diversification is a powerful strategy for managing traditional risks. Diversifying across asset classes reduces a portfolio's exposure to the risks common to an entire class. Diversifying within an asset class reduces exposure to risks associated with a particular company, sector, or segment.



defensive Conservative Balanced Growth High Growth

Defensive (%) Growth (%)

Target asset allocation (%)	Defensive	Conservative	Balanced	Growth	High Growth
Australian Fixed Interest	26.0	25.5	18.0	9.5	0.0
Australian Shares	8.0	16.0	23.0	32.0	41.0
Cash	25.0	10.0	5.0	2.0	0.0
Emerging Markets	0.0	2.0	3.0	4.0	5.0
Global Fixed Interest	25.0	24.5	17.0	8.5	0.0
International Shares	4.0	7.0	12.0	15.5	18.0
International Shares (Hedged)	4.0	7.0	11.5	15.5	17.5
International Small Companies	0.0	2.0	3.5	5.0	6.5
australian property	2.0	3.0	3.0	4.0	4.0
global property	2.0	3.0	4.0	4.0	4.0
listed infrastructure	0.0	0.0	0.0	0.0	4.0

Discipline

We educate our clients at the begining of the planning process on risk and return. We help them to understand market volatility and stay the course. We do this initially via in-depth conversations about money beliefs, goals and current situation, experience and concerns.

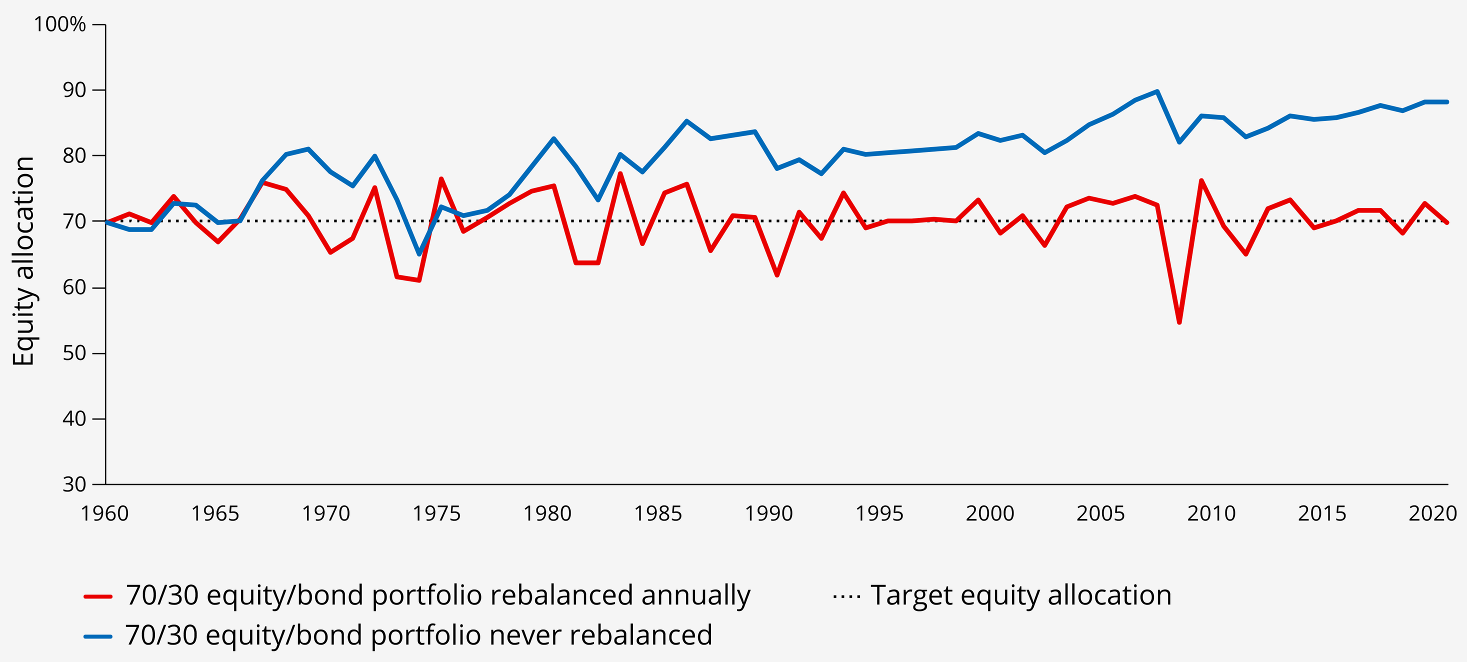
We rebalance the model portfolios at least annually or when appropriate due to market conditions.

We maintain a disciplined structure portfolio to withstand market cycles to achieve expected returns in the long term, and monitor asset tolerance to ensure the funds are within their target range.

We stick to a disiplined approach, any portfolio changes are driven by client needs rather than mrket fluctations.

Rebalance to control portfolio risk exposure

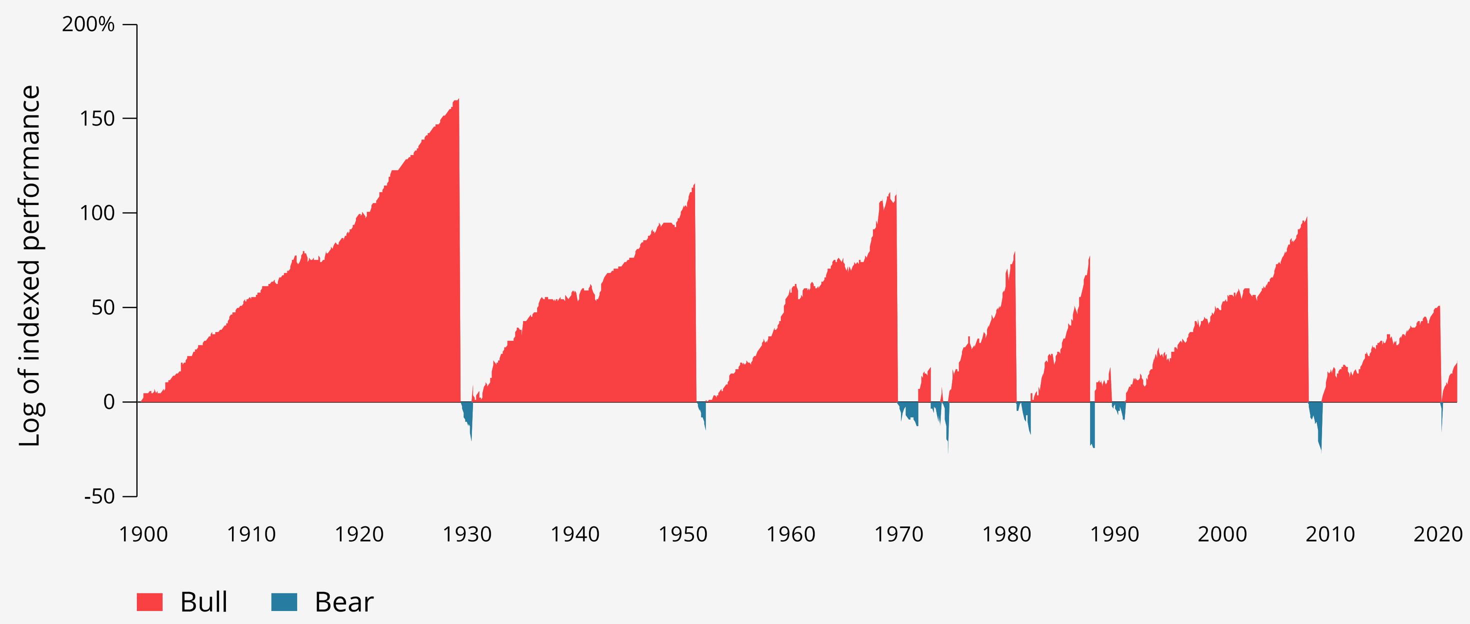
Changes in equity exposure for a rebalanced portfolio and a "drifting portfolio"



Notes: Historical equity and bond returns are from Brailsford et al. (2012). Equities are represented by S&P/ASX All Ordinaries Index from 1980 and Bonds are represented by Bloomberg AusBond Composite 0+ Year Index from 1990 (formerly the UBS Composite Bond Index™ until December 2020). Assumes that frequency of rebalancing is annual. Source: Vanguard calculations, based on data from Morningstar Direct, FactSet, and Brailsford et al. (2012).

Importance of staying invested

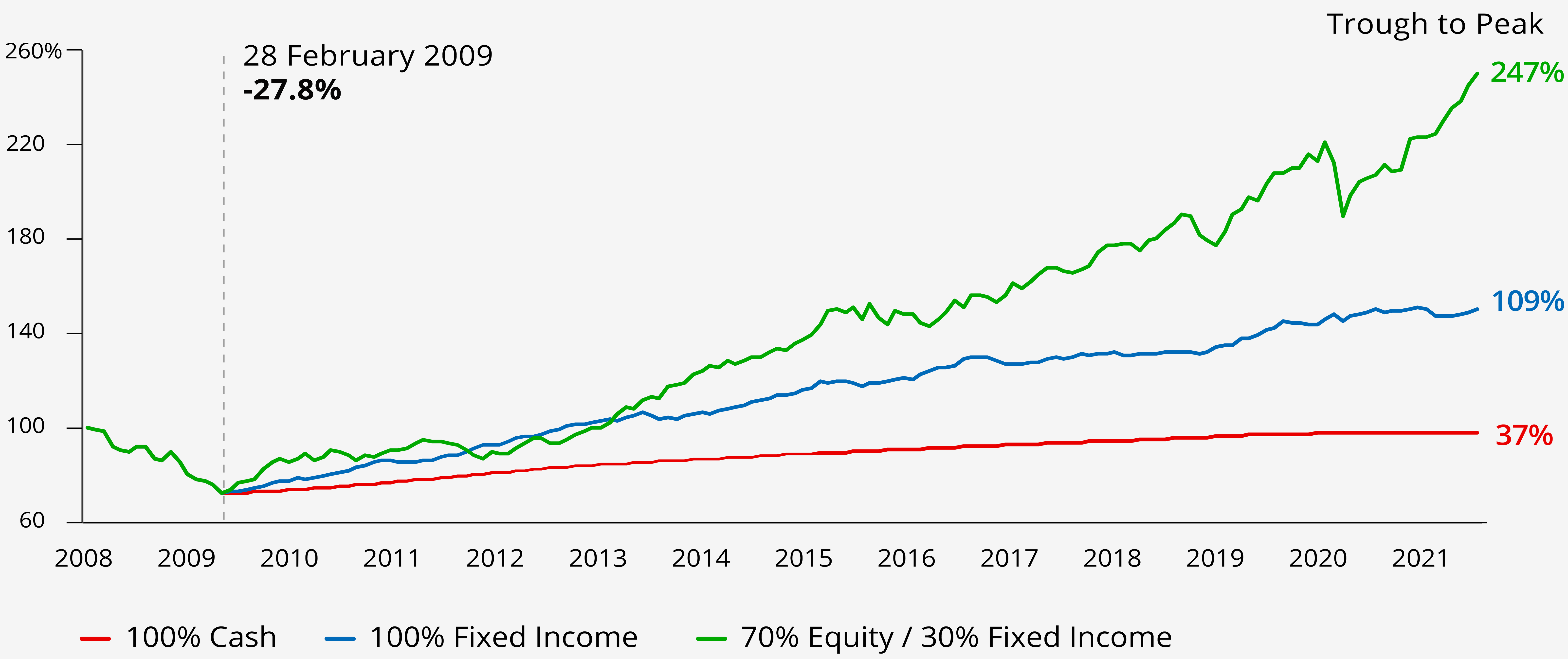
Performance over bear and bull market periods – long term perspective



Notes: Calculations are based on ASX All Ordinaries (AUD TR). A bear (bull) market is defined as a price decrease (increase) of more than 20%. The plotted areas depict the losses / gains ranging from the minimum following a 20% loss to the respective maximum following a 20% appreciation in the underlying index. Time period: 31/01/1900 to 31/03/2020. Calculations based on monthly data. Logarithmic scale on y axis. Source: Global Financial Data

Importance of maintaining discipline

Reacting to market volatility can jeopardise returns



Notes: 1 Oct 2007 represents the EQ peak of the period, and has been indexed to 100. Assumes that all dividends and income are reinvested in the respective. Source: Vanguard calculations using data sourced from DataStream through July 2021

Cost

We focus on what we can control, which includes costs and taxes.

The lower investment costs, the more investors keep of their returns and the greater their chance of achieving investment success.

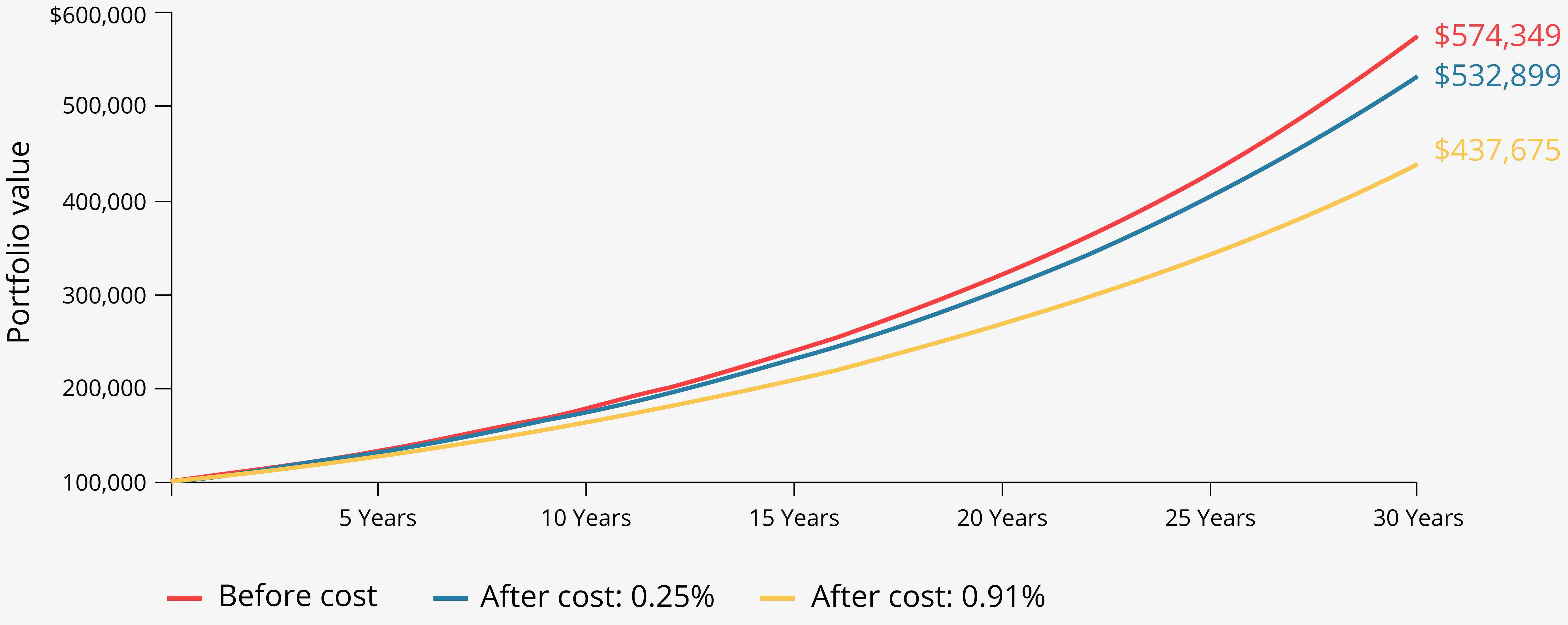
I compare cost among several platforms to give clients the most suitable cost

We minimise cost by using a reasonably price platform and the investment options

We review annually and only switch investment managers if research suggests there is a problem

Impact of cost

"The long-term impact of investment costs on portfolio balances Assuming a starting balance of $100,000 with a yearly return of 6%, which is reinvested"



"Note: The portfolio balances shown are hypothetical and do not reflect any particular investment. The final account balances do not reflect any taxes or penalties that might be due upon distribution. Indirect Cost Ratio (ICR) is used for the expense ratio. ICR is the sum of the expenses incurred by the fund expressed as a percentage of the average net assets throughout the year. The ICR includes management and performance fees, as well as other operational fees. The ICR includes management and performance fees, as well as other operational fees. Source: Vanguard calculations using data from Morningstar."

Impact of cost and taxes

Combined impact of costs and taxes leaves investors with lower net returns

Manager Selection

We take into account transaction and management / performance fees to understand the cost of the recommended investment option to our clients.

We consider established fund managers who have a proven track record and a high research rating.

We considers fund managers based on their reputation, cost and being true to label.

We believe it is important to understand manager's philosophy, culture, expertise and investment process.

We remove managers when research suggest a 'sell' or downgrade due to a significant event

We have a rigorous process where our licensee, research house and investment committee review our model portfolios whenever we identify an issue

Driver

Firm

Is there a culture of investment excellence and stewardship?

Is the firm financially stable and viable?

People

Are the key investors experienced, talented, and passionate?

Do they have the courage to have a differentiated view but the humility to correct it?

Performance

Are the drivers of historical performance logical and aligned with processes?

Are the drivers of returns sustainable over the long term?

Philosophy

Does the firm have a clear philosophy on how it seeks to add value that is universally shared by the investment personnel?

Outcome

Portfolio

Do the historical portfolio holdings and characteristics align with the manager's philosophy and process?

Process

Does the manager have a competitive advantage enabling it to execute the process well and consistently over time?

Can the process be effectively implemented given the assets under management?

Governance

We maintain regular communications to check if the portfolio is being managed in accordance with established guidelines and to discuss performance results.

We believe that relying on past returns is an easy way to make poor investment decisions. Effective asset management requires focus on the long term.

We use external research houses and our dealer to review fund managers ownership, personnel, resources and culture

We meet with our dealer each quarter to gain feedback on fund managers

We rely on our dealer and research houses to investigate all criteria.

For every manager we establish measures of success and time period for which the manager will be evaluated.

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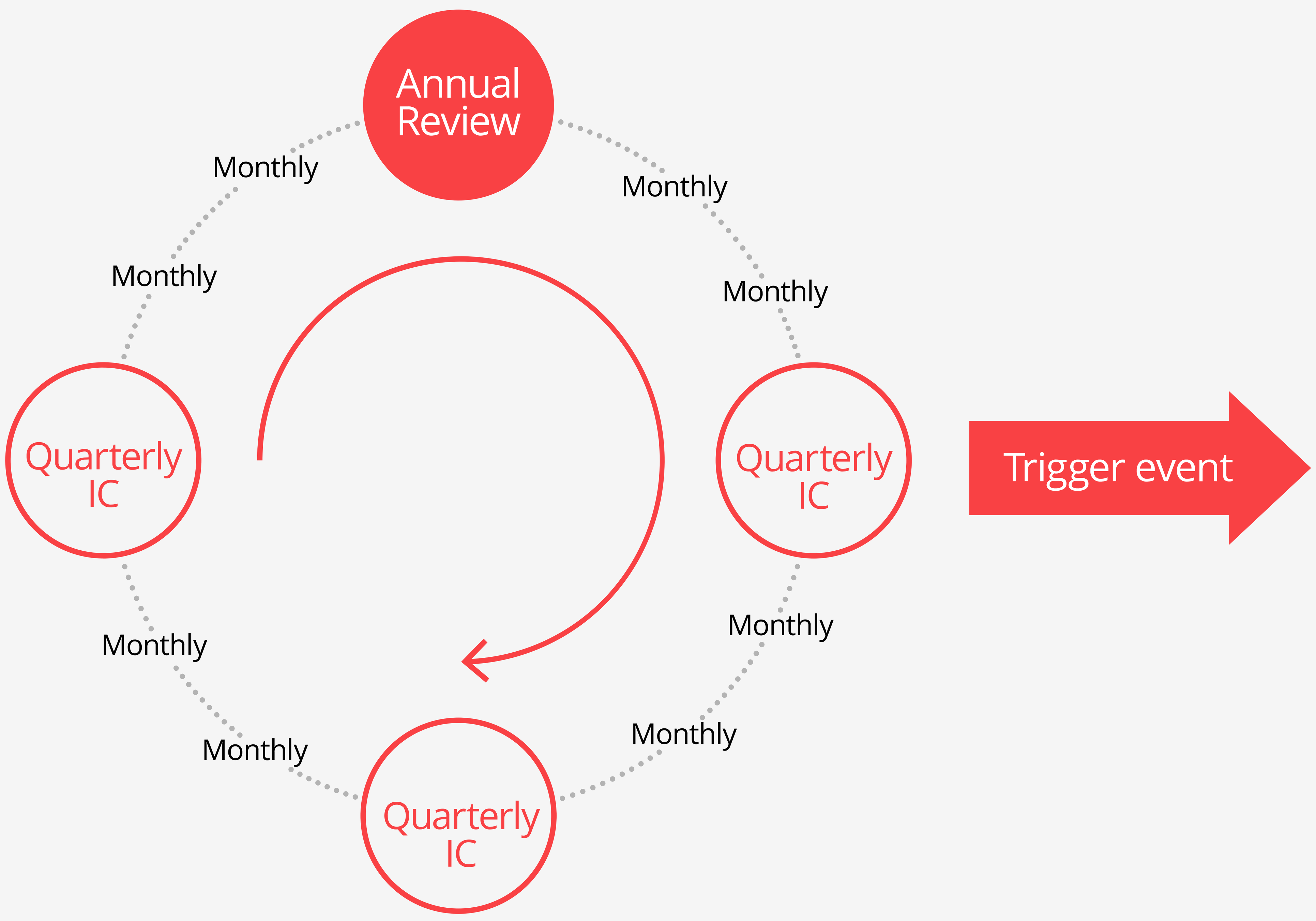
We undertake regular reviews to stay informed about investment portfolios and managers' capabilities. We pay attention to changes in manager ownership, personnel, resources and culture.

Investment review process



Stages

1. **Awareness of need**
   A 'trigger' event creates awareness of a need to change
2. **Assessment of the need**
   Defining the broad requirements to address the need
3. **Investigation of options**
   Researching different ways of solving the need
4. **Due diligence on options**
   Assessing accessibility of options
5. **Decision to act**
   Review of business case for change and confirming intention to make a change
6. **Selection of solution**
   Evaluation of final pitches and confirming the choice of a preferred solution/fund manager
7. **Implementation**
   Preparing of resources to implement and engaging investors
8. **Portfolio review**
   Reviewing performance and changes

Having read through our Investment Philosophy, you'll now be aware of the framework we will be using to make recommendations and investment decisions on your behalf. We focus on fundamental principles that we believe will give our clients the best chance of success.

This document will become a useful reference tool as we continue to work towards achieving your personal financial plan.

We are excited about being on the journey together and helping you to secure your financial future.

Important information

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