



TRiLOGY
financial group

OUR INVESTMENT PHILOSOPHY





OUR INVESTMENT PHILOSOPHY

- Build wealth through capital markets (e.g. shares, bonds, property trusts)
- Dollar cost averaging
- Power of compounding returns
- Importance of diversification
- Staying disciplined
- Focus on things we can control – cost, tax, risk

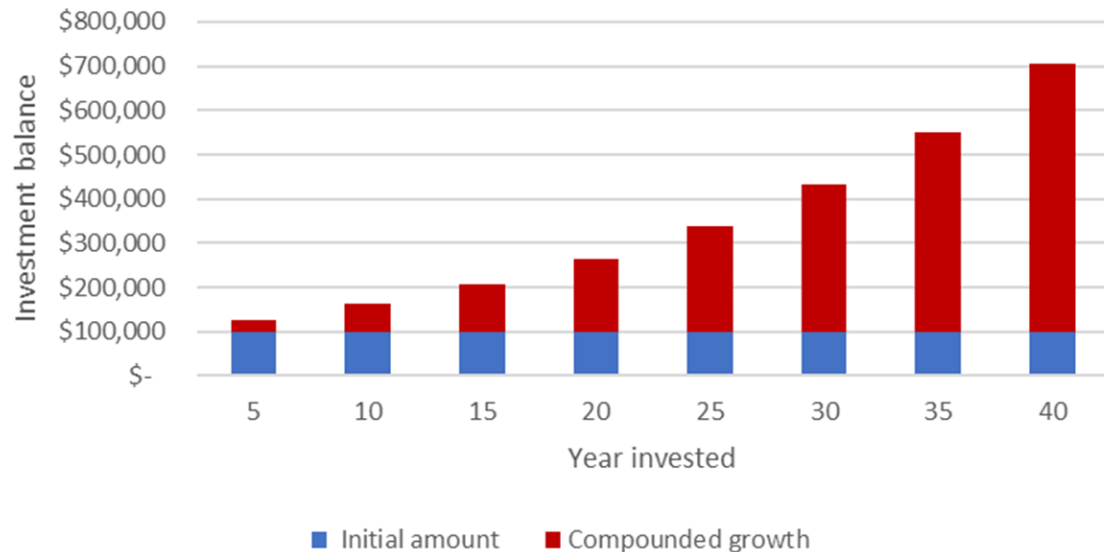
BUILD WEALTH THROUGH CAPITAL MARKETS

- World capital markets include:
 - Equity (shares of listed & unlisted companies, property trusts)
 - Debt (bonds)
- Wealth is created by billions of entrepreneurs, workers and managers, working together with capital to build enterprises and grow the economy
- By providing capital to companies and government, investors own a portion of the profits made
- Markets throughout history have rewarded long-term investors for the capital they provide

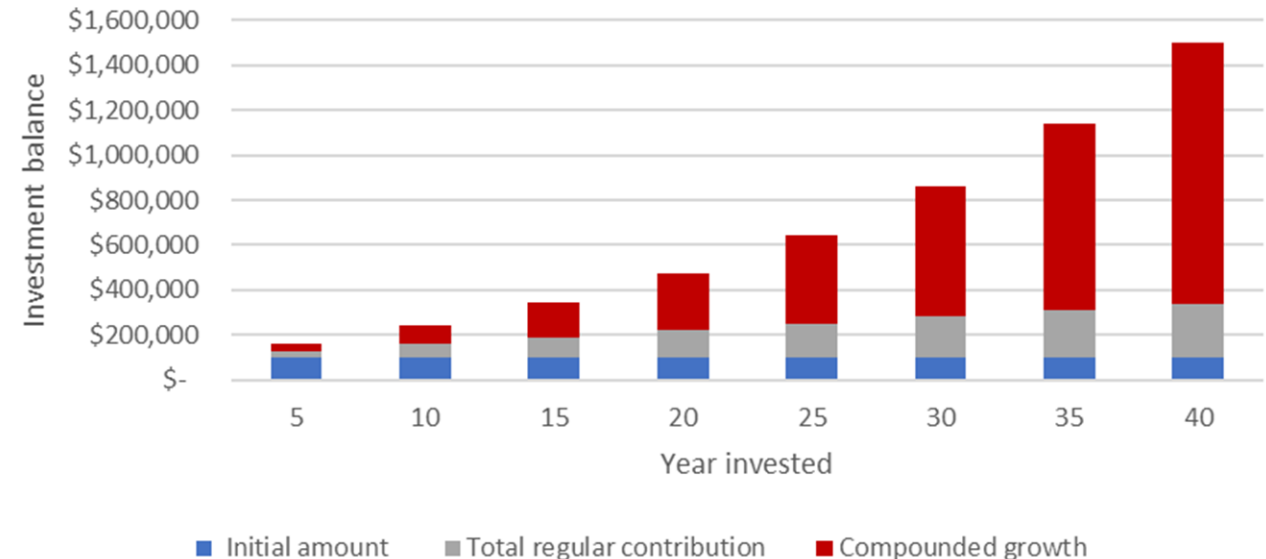
POWER OF COMPOUNDING RETURNS

- The longer the timeframe, the larger the impact of compounding
- Compound return is return added to the initial amount, reinvesting the returns so that the added return also earns returns from then on
- Investing regularly and not trying to time markets reduces risk

Investing \$100,000 at 5% return pa



Investing \$100,000 initially & \$500 per month at 5% return pa



IMPORTANCE OF DIVERSIFICATION

Don't put all your eggs in one basket

- Winners rotate, you never know which market will outperform.
- Investing across diverse asset classes and geographies is important
- Diversification will allow you to capture returns wherever they occur



The importance of diversification

Total returns (%) for the major asset classes for financial years ending between 1996 and 2025.

The illustration below shows the performance of various asset classes over the past 30 years ranked from best to worst. When deciding where to invest, it is important investors understand that the best and worst performing asset classes will often vary from one year to the next. Having a diversified mix of investments across multiple asset classes can help smooth out returns over time.

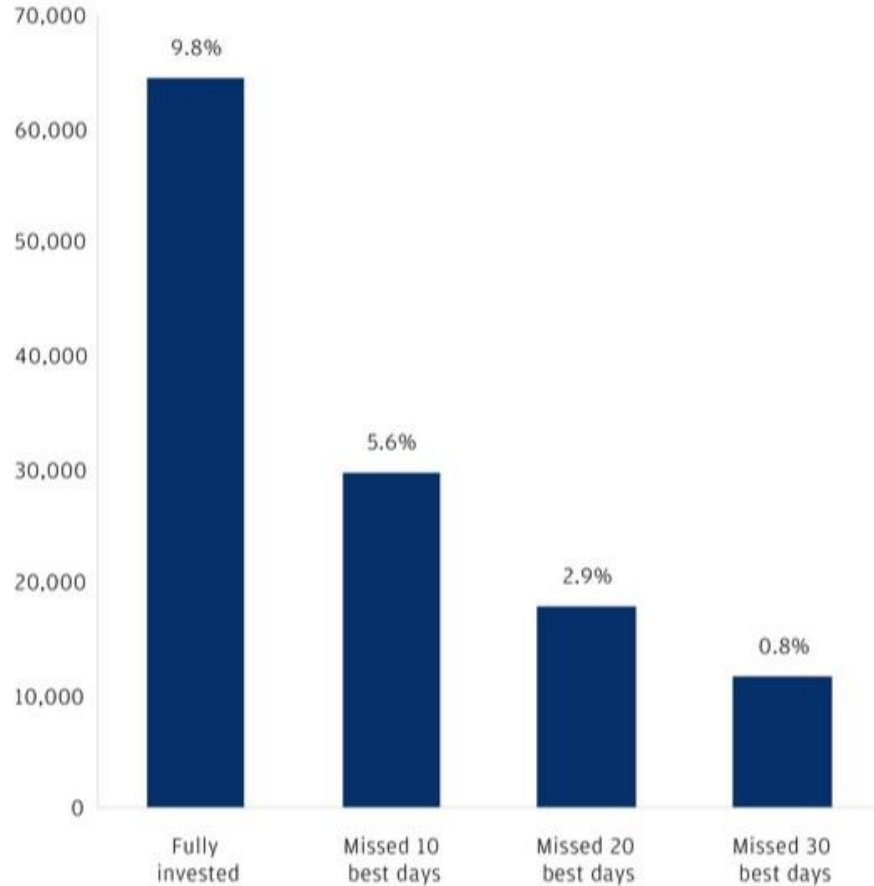


Source: Andex Charts Pty Ltd, June 2025. Notes: 1. S&P/ASX All Ordinaries Total Return Index. 2. Bloomberg AusBond Composite 0+ Yr Index. 3. S&P/ASX 200 A-REIT Total Return Index. 4. MSCI World ex-Australia Net Total Return Index. 5. Prior to 1 May 2013, index is the UBS Global Real Estate Investors Index ex-Australia with net dividends reinvested. From May 2013 the index is the FTSE EPRA/NAREIT Developed ex-Australia Rental Index with net dividends reinvested. 6. Bloomberg AusBond Bank Bill Index. 7. S&P 500 Total Return Index. 8. MSCI World ex-Australia Net Total Return Index (local currency) - represents a continuously hedged portfolio without any impact from foreign exchange fluctuations. 9. Index prior to 30 June 2008 is the Citigroup World Government Bond Index AUD hedged, from 30 June 2008 the index is the Bloomberg Global Treasury Index in AUD (Hedged).

STAYING DISCIPLINED

Performance of the S&P 500: Missing the best days

Annualized performance of a \$10,000 investment from January 2004 through January 2024



- We help you separate your emotions from your investing decisions
- Understanding and avoiding behavioural pitfalls will ultimately have a greater impact on investing success than any other factor.
- Market noise and commentary can cause needless anxiety about the future while other times encourage investors to chase the latest fad therefore it is important to keep a long-term perspective
- Good relationship with your adviser will help you stay disciplined and on track to achieve your goals

Source: J.P. Morgan Asset Management analysis using data from Morningstar Direct. Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Past performance is not indicative of future returns. An individual cannot invest directly in an index. Analysis is based on the J.P. Morgan Guide to Retirement. Data as of February 1, 2024.

FOCUS ON THINGS WE CAN CONTROL

- Cost – costs are largely controllable, unlike the markets
- Tax – Reducing the impact of taxes by allocating to tax-efficient structures and investment
- Risk – taking appropriate amount of risk to achieve goals



Example - investing in a term deposit with a bank versus owning shares in that bank

HOW WE CONSTRUCT OUR PORTFOLIOS

- Trilogy Model Portfolios are designed to protect against different investment risks and help provide returns in all market environments.
- Preparation, not prediction, is the key to success. We are not trying to predict where things are going, instead we are preparing for all the potential outcomes
 - **Holistic Construction:** Just as we consider all aspects of your financial situation when creating a comprehensive financial plan, we carefully consider how each component of the portfolio interacts with the others.
 - **Integrated Components:** Each component of our portfolios is not only chosen individually but also evaluated based on how it complements and interacts with other parts. This integrated approach ensures that the portfolio is greater than the sum of its parts, with each component working together to achieve the desired risk-return profile.
 - **Diversification of Risks:** Different parts of the market are exposed to varying risks. Therefore, each component of our portfolios is strategically selected to diversify the risks associated with other parts. By spreading investments across multiple asset classes and strategies, we aim to minimize overall portfolio risk while maximizing potential returns.

NO PASSIVE DECISION IN INVESTING

Every step of constructing a portfolio involves an active decision

- **Asset Allocation** - Determining how much in equities vs bonds or the mix between international or domestic – We carefully assess the risk/return attractiveness in each asset class and how it blends with other assets in the portfolio to achieve diversification and maximize long-term returns.
- **Manager/Security selection** – We conduct due diligence and select reputable fund managers that is cost-effective for what they do and with an investment strategy that aligns with how we want to invest
- **Rebalancing timing and method** – We adjust and react to market conditions while ensuring that the portfolio remains aligned with the risk profile. This active decision-making process aims to capture opportunities and manage risks effectively without generating excessive transaction costs. We employ disciplined rebalancing strategies to maintain portfolio integrity and optimize performance over time.

BLENDING ACTIVE AND INDEX

- A combination allows us to optimise risk, return and cost

Index Funds

Track a specific index, for example, the S&P/ASX 200 index, designed to measure the performance of the 200 largest index-eligible stocks listed on the Australian Securities Exchange (ASX) by float-adjusted market capitalization.

Tends to be more diversified, some funds invest in thousands of individual holdings

- Less exposure to individual securities risk

Generally lower management costs and lower portfolio turnover

- Lower costs mean investors get to keep more of the returns

Active Funds

Fund manager will decide on the investments. Good securities selection is designed to pick the securities that the fund manager thinks will outperform others.

Active managers can invest in assets that are non-correlated with an index (where they move differently from the markets)

Active managers look to exploit possible market inefficiencies (for example, small companies or emerging markets, where there is less research)

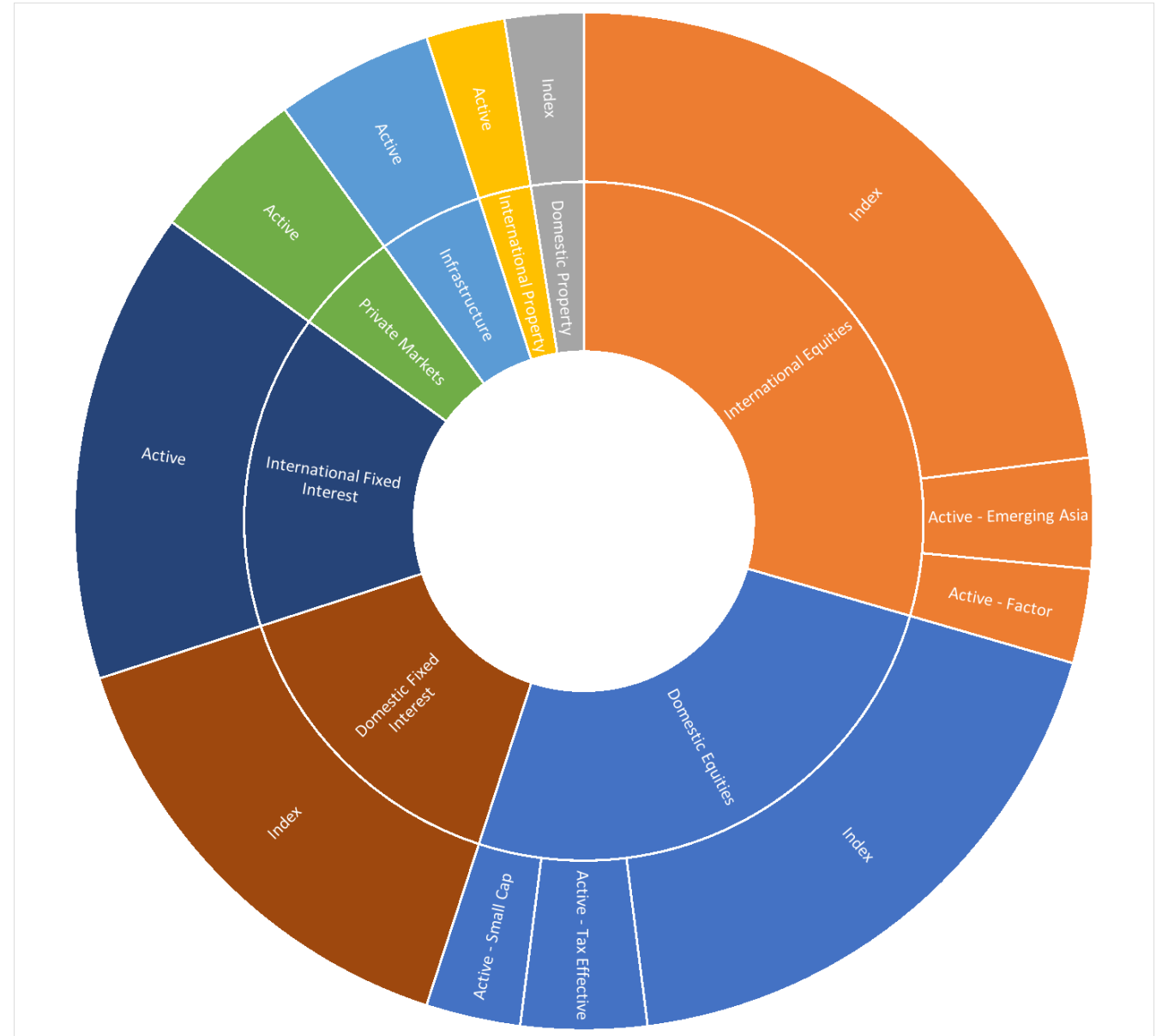
OBJECTIVE – STRATEGIC ASSET ALLOCATION

- The foundation of your portfolio will be determined by your financial goals and risk tolerance
- Designed to balance between two types of risks to outcomes
 - Risk of failing slow – longevity risk
 - Example - investors do not earn high enough return to cover their living expenses in retirement
 - Risk of failing fast – sequencing risk
 - Example - investors in retirement forced to withdraw a substantial amount of capital after a significant market downturn, taking away their ability to earn it back


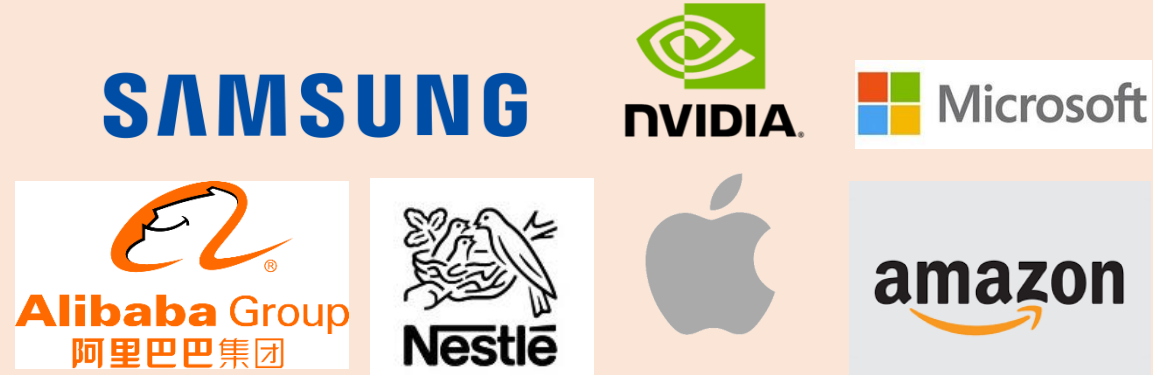


INVEST – CONSTRUCTING YOUR PORTFOLIO




- Asset class weighting
- Strategies within each asset class
- Funds to implement those strategies



ROLE OF EACH ASSET CLASS

Asset Class	Characteristics
<p>Domestic Equities</p> <ul style="list-style-type: none">• Shares of companies listed in Australia 	<ul style="list-style-type: none">• Source of tax-efficient franked dividends• Stable & mature companies• Only 2% of total world market cap• Concentrated in certain sectors (banks & miners)
<p>International Equities</p> <ul style="list-style-type: none">• Shares of companies listed internationally 	<ul style="list-style-type: none">• Access to the big multinationals (Apple, Amazon, Microsoft, Nestle)• Sectors that are under-represented in Australian market (tech)• Exposure to safe haven currencies, protects against market growth shocks (USD, JPY, CHD)• Exposure to emerging markets currencies, which is correlated with inflation

ROLE OF EACH ASSET CLASS

Asset Class	Characteristics
<p>Domestic Fixed Interest</p> <ul style="list-style-type: none">• Debt securities of Australian government and companies 	<ul style="list-style-type: none">• Provide interest yield income• Capital preservation – debt of stable governments is among the most secure assets
<p>International Fixed Interest</p> <ul style="list-style-type: none">• Debt securities of international governments and companies  	<ul style="list-style-type: none">• Has low to negative correlation with equity markets (usually when shares markets go down, bond prices goes up)• Smooths the returns of the portfolio.

ROLE OF EACH ASSET CLASS

Asset Class

Characteristics

Property & Infrastructure

- Property – Shopping malls, offices, warehouses, data centres
- Infrastructure – toll roads, airports, ports



- Less volatile than equities, provide income and stable capital growth
- Real assets act as inflation hedge, lease contracts tend to have CPI increases built-in, when inflation goes up, real asset income goes up

Private Markets

- Shares & debt of unlisted companies



- Possible higher returns but is illiquid
- Private market managers can take active ownership of investment to create value

MONITOR - BENCHMARK & REBALANCE

- Performance is benchmarked against other funds with similar investment objectives over long-term investment horizon
- During review, your portfolio will be updated to reflect the most current version of our models and rebalanced to its target

Last Review



Market Movement



Rebalance

