

An aerial photograph of a coastline. The top half shows a sandy beach with sparse, dry, brownish vegetation. A rocky shoreline runs across the middle, with waves breaking against the rocks. The bottom half of the image is dominated by clear, turquoise water.

Capital Partners

LIFE CONVERSATIONS. WEALTH SOLUTIONS.

Pursuing a Better Investment Experience

“An investment in knowledge pays the best interest.”

BENJAMIN FRANKLIN

① Let markets work for you

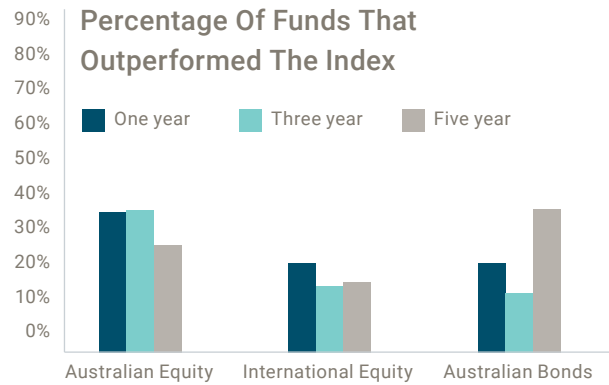
The market is an effective information-processing machine. Millions of participants buy and sell securities in the world markets every day, and the real-time information they bring helps set prices.

Embrace Market Pricing



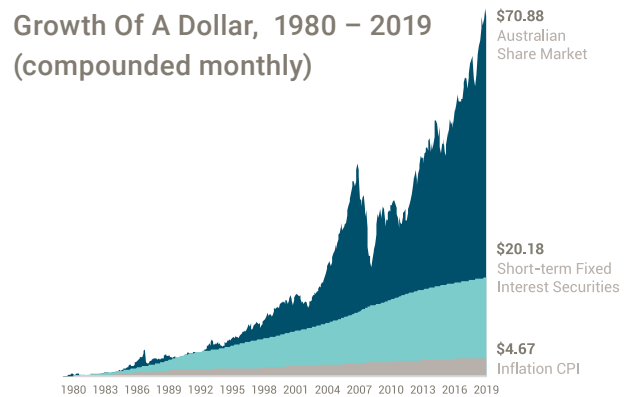
② Invest, don't speculate

Over time, only a small fraction of money managers outperform the market after fees, and it is difficult to identify them in advance.



③ Take a long-term approach

The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and historically, the equity and bond markets have provided growth of wealth that has more than offset inflation.



④ Consider the drivers of returns

Academic research has identified these equity and fixed income dimensions, which point to differences in expected returns. These dimensions are pervasive, persistent, and robust and can be pursued in cost-effective portfolios.

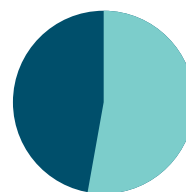
Dimensions Of Expected Returns

Equities	
Market	Equity premium – stocks vs. bonds
Company Size	Small cap premium – small vs. large companies
Relative Price	Value premium – value vs. growth companies
Profitability	Profitability premium – high vs low profitability companies
Fixed Income	
Term	Term premium – longer vs shorter maturity bonds
Credit	Credit premium – lower vs higher credit quality bonds

⑤ Practise smart diversification

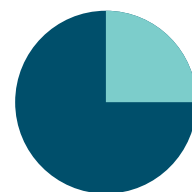
It's not enough to diversify by security. Deeper diversification involves geographic and asset class diversity. Holding a global portfolio helps to lower concentration in individual securities and increase diversification and can be pursued in cost-effective portfolios.

Australian Equity Portfolio



53.27%
Top 10 Holdings

Diversified Portfolio

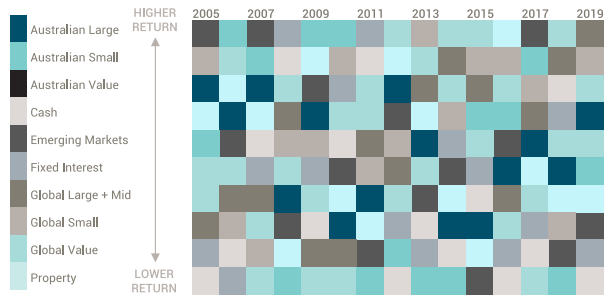


24.69%
Top 10 Holdings

⑥ Avoid market timing

You never know which market segments will outperform from year to year. By holding a globally diversified portfolio, investors are well positioned to capture returns wherever they occur.

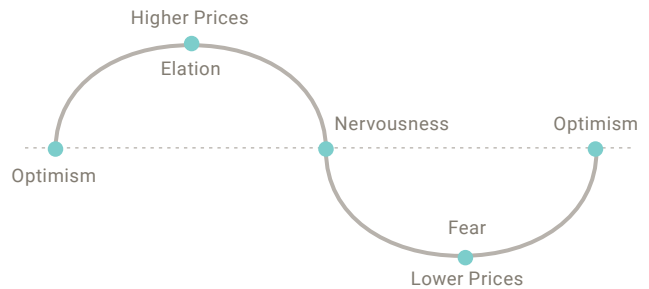
Annual Returns By Market Index



⑦ Manage your emotions

Many people struggle to separate their emotions from investing. Markets go up and down. Reacting to current market conditions may lead to making poor investment decisions at the worst times.

Reactive Investing In A Market Cycle



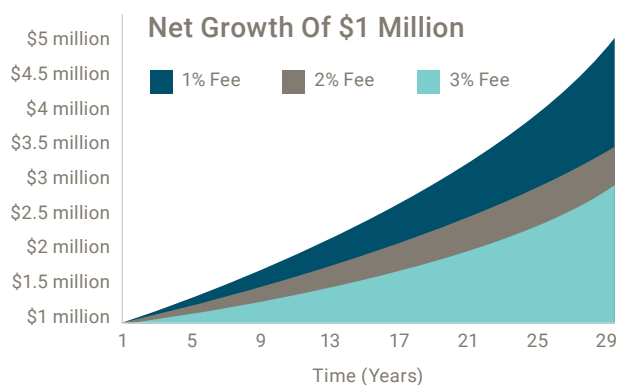
⑧ Look beyond the headlines

Daily market news and commentary can challenge your investment discipline. Some messages stir anxiety about the future while others tempt you to chase the latest investment fad. When tested, consider the source and maintain a long-term perspective.



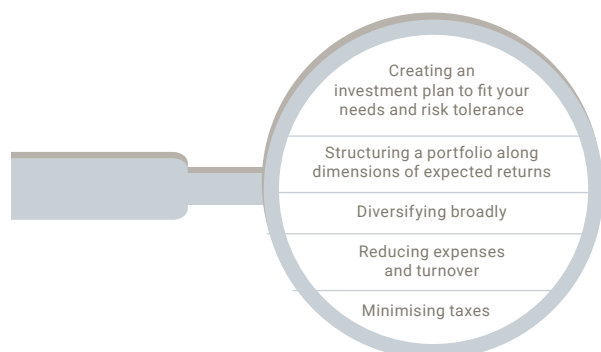
⑨ Keep costs low

Over long time periods, high costs can drag down wealth accumulation in a portfolio. Costs to consider include : Management fees, fund expenses and taxes.



⑩ Focus on what you can control

A financial adviser can create a plan tailored to your personal financial needs while helping you focus on actions that add value. This can lead to a better investment experience.



Diversification does not eliminate the risk of market loss. There is no guarantee investment strategies will be successful. This information is for illustrative purposes only. See back page for additional information.

Disclosures :

Exhibit 1 : In AUD Source: Dimensional, using data from Bloomberg LP. Includes primary and secondary exchange trading volume globally for equities. ETFs and funds are excluded. Daily averages were computed by calculating the trading volume of each stock daily as the closing price multiplied by shares traded that day. All such trading volume is summed up and divided by 252 as an approximate number of annual trading days.

Exhibit 2 : Standard and Poor's Indices versus Active (SPIVA) Funds Score Card Australia June 2014.

Exhibit 3 : In AUD. Australian Share Market: S&P/ASX 300 Index (Total Return), Short-term Fixed Interest Securities: Bloomberg AusBond Bank Bill Index and Inflation CPI: Australian Consumer Price Index. S&P data © 2020 S&P Dow Jones Indices LLC a division of S&P Global. All rights reserved. Bloomberg Barclays data provided by Bloomberg. Australian Consumer Price Index provided by Australian Bureau of Statistics. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Exhibit 4 : Relative price is measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios. Profitability is measured as operating income before depreciation and amortisation minus interest expense scaled by book.

Exhibit 5 : The 'Diversified Portfolio' is purely a hypothetical portfolio intended to demonstrate geographic and asset class diversification. 'Australian Equity Portfolio' consists of 100% in S&P/ASX 300 Index. 'Diversified Portfolio' consists of 12.5% in S&P/ASX 300 Index (Accumulation), S&P Australia BMI Value Index (AUD, gross div.), S&P/ASX Small Ordinaries Index (Accumulation), MSCI World ex Australia Index (AUD, net div.), MSCI World ex Australia Small Cap Index (AUD, net div.), MSCI World ex Australia Value Index (AUD, net div.), MSCI Emerging Markets Index (net div., AUD) and S&P Developed REIT Index (AUD, net div.). S&P/ASX data reproduced with the permission of S&P Index Services Australia. MSCI data copyright MSCI 2015, all rights reserved. Securities and commodities data provided by Bloomberg. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

Exhibit 6 : In AUD Data is the annual return to 31 December 2019. Data used for each asset class is as follows: Australian Large: S&P/ASX100 Index (Total Return), Australian Small: S&P/ASX Small Ordinaries Index (Total Return), Australian Value: S&P Australia BMI Value Index (gross dividends), Property: S&P Global REIT Index (gross dividends), Global Large + Mid: MSCI World Index, (gross dividends), Global Small: MSCI World Small Cap Index (gross dividends), Global Value: MSCI World Value Index (gross dividends), Cash: Bloomberg AusBond Bank Bill Index, Emerging Markets: MSCI Emerging Markets Index (gross dividends), Fixed Interest: Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD). S&P data © 2020 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data © MSCI 2020, all rights reserved. Bloomberg Barclays data provided by Bloomberg. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

Exhibit 9 : For illustrative purposes only. Assumes 6.5% annualised return over 30 years.

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