Jigsaw Financial Planning

Our Investment Philosophy

Our promise to you

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

These beliefs shape our investment process and give focus and discipline to the oversight of your investment goals.

We are guided in the portfolio decision making process 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 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.

JIGSAW
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Goals

We collect relevant information to ensure that investment goals and plans take into account individual investor's objectives and constraints. We believe that the investment plan should suit the investor and the outcomes you are trying to achieve.

Our process is to start with your specific goals and objectives and then consider the level of risk required as well as your comfort level with that risk in order to achieve the outcomes you are seeking.

We believe that investment goals and plans need to take into account important considerations such as time horizon, cash requirements and tax.

We help investors to set realistic, measurable, and attainable investment goals.

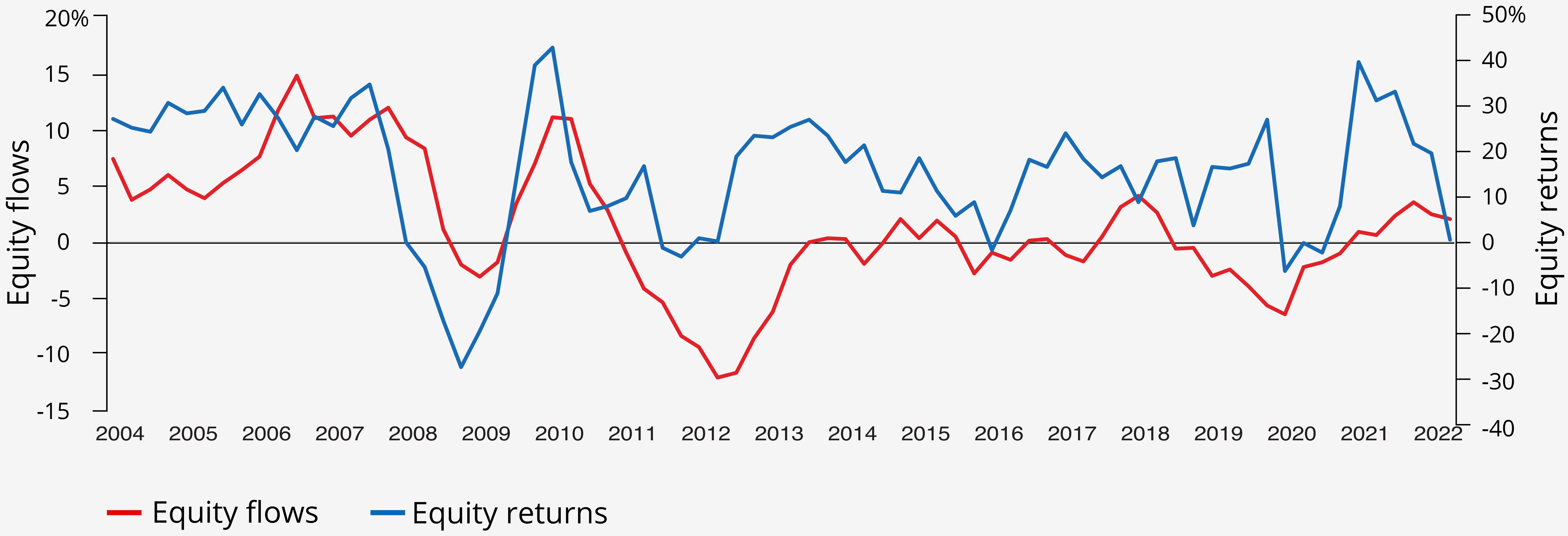
We believe a sound investment plan helps the investor to stay focused on the factors the investor can control rather that reacting to always changing newspaper headlines.

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.

Our investment portfolios are designed to withstand various market environments and are built with a long term view and to achieve the desired outcome.

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 2022. Sources: Vanguard calculations based on data from Morningstar Inc. and Factset.

Balance

We believe that every successful investment strategy begins with an asset allocation suitable for its objective.

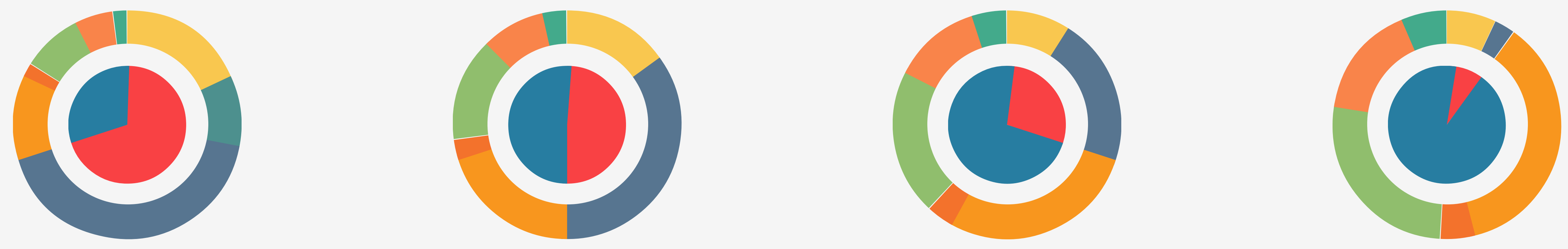
Asset allocation more than anything else drives most of the returns and the variability of the returns of a diversified portfolio.

It is important to manage market risk, inflation risk and cashflow shortfall risk among other risks to help investors in achieving their financial goals. Based on the return that's required, we create an asset allocation model that's suitable to achieve that objective.

We adopt a core and satellite approach which uses index funds as the ‘core’ or foundation of a portfolio and lowly correlated active funds as ‘satellites’ to deliver risk and return benefits to client portfolios. The low cost, tax efficient and broad diversification characteristics of index funds provide a foundation for client portfolios that will deliver market returns.

Both active and passive investments have potential benefits in a portfolio. 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.

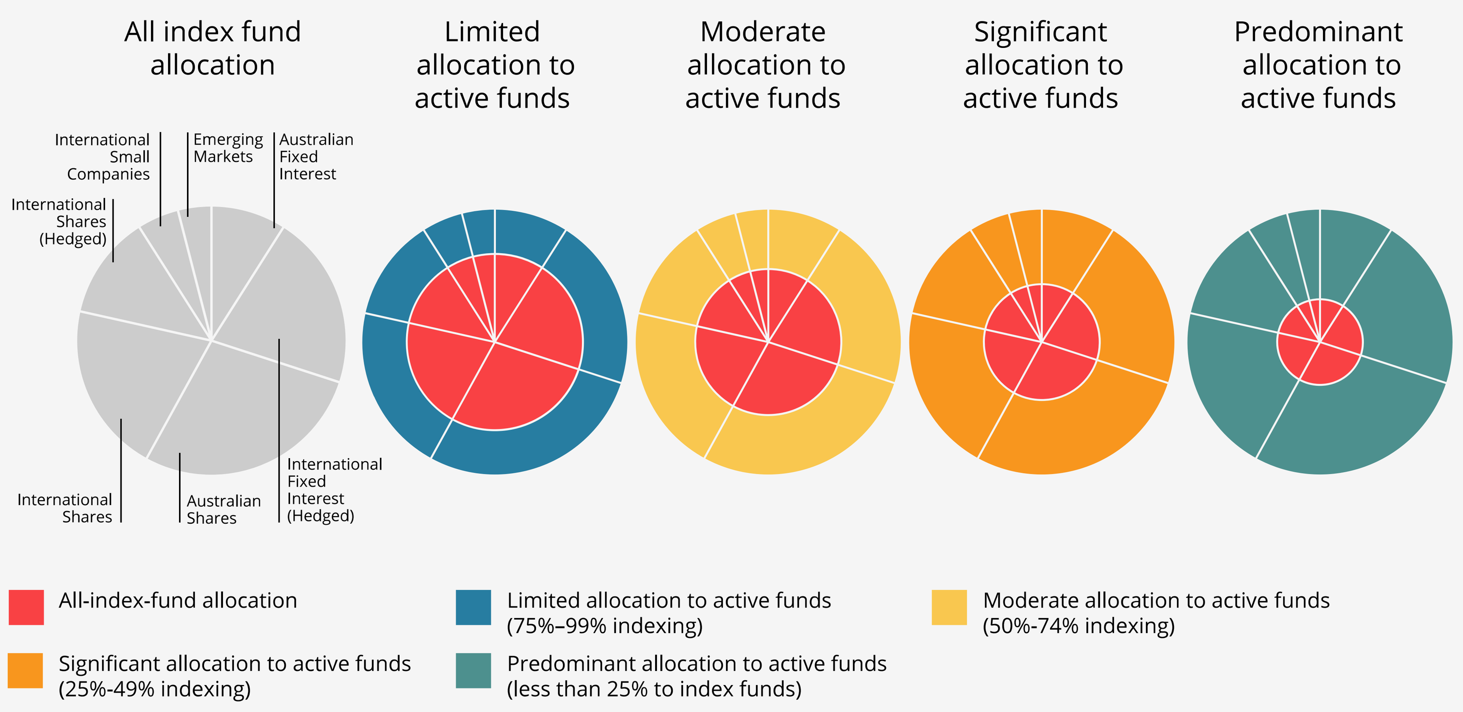


Conservative | Balanced | Growth | High Growth

Defensive (%) Growth (%)

Target asset allocation (%)	Conservative	Balanced	Growth	High Growth
Australian Fixed Interest	18.0	15.0	9.0	7.0
Australian Shares	12.0	20.0	28.0	36.0
Cash	10.0	0.0	0.0	0.0
Emerging Markets	2.0	3.0	4.0	5.0
Global Fixed Interest	42.0	35.0	21.0	3.0
International Shares	8.5	14.5	20.5	26.5
International Shares (Hedged)	5.5	9.0	12.5	16.0
International Small Companies	2.0	3.5	5.0	6.5

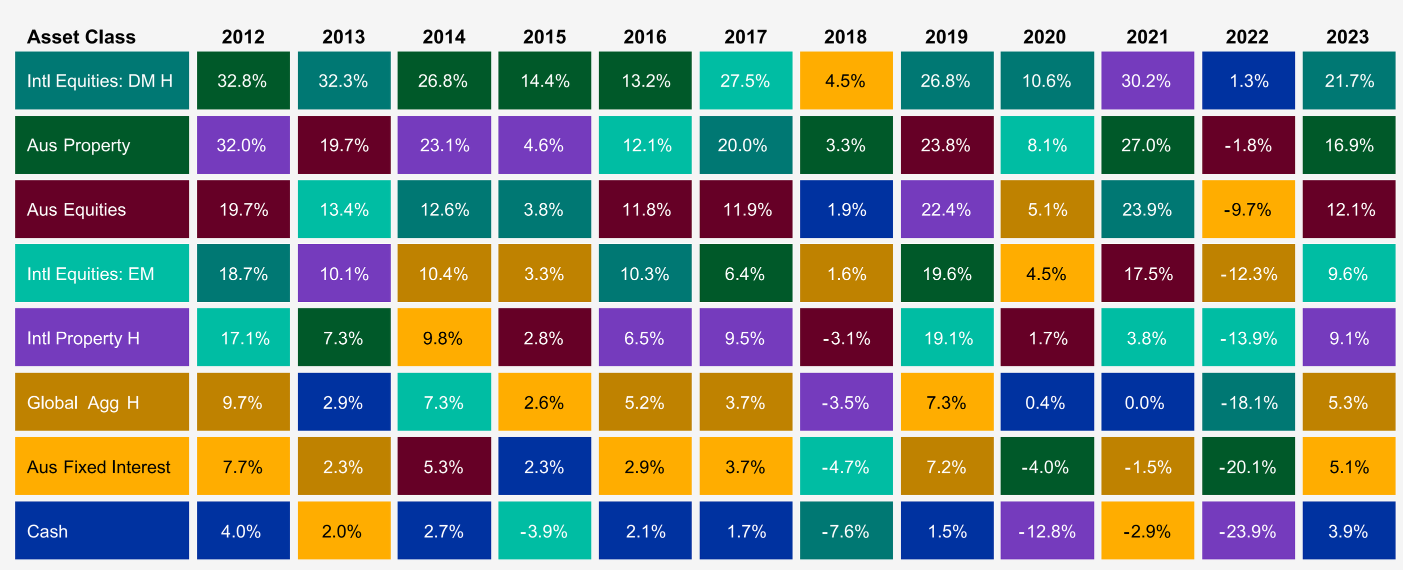
Range of core-satellite solutions



For illustration purposes only.

Consistently picking winners is difficult

Annual asset class returns (%) for the year ended December 2023



Asset Class	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Intl Equities: DM H	32.8%	32.3%	26.8%	14.4%	13.2%	27.5%	4.5%	26.8%	10.6%	30.2%	1.3%	21.7%
Aus Property	32.0%	19.7%	23.1%	4.6%	12.1%	20.0%	3.3%	23.8%	8.1%	27.0%	-1.8%	16.9%
Aus Equities	19.7%	13.4%	12.6%	3.8%	11.8%	11.9%	1.9%	22.4%	5.1%	23.9%	-9.7%	12.1%
Intl Equities: EM	18.7%	10.1%	10.4%	3.3%	10.3%	6.4%	1.6%	19.6%	4.5%	17.5%	-12.3%	9.6%
Intl Property H	17.1%	7.3%	9.8%	2.8%	6.5%	9.5%	-3.1%	19.1%	1.7%	3.8%	-13.9%	9.1%
Global Agg H	9.7%	2.9%	7.3%	2.6%	5.2%	3.7%	-3.5%	7.3%	0.4%	0.0%	-18.1%	5.3%
Aus Fixed Interest	7.7%	2.3%	5.3%	2.3%	2.9%	3.7%	-4.7%	7.2%	-4.0%	-1.5%	-20.1%	5.1%
Cash	4.0%	2.0%	2.7%	-3.9%	2.1%	1.7%	-7.6%	1.5%	-12.8%	-2.9%	-23.9%	3.9%

Source: Vanguard Investment Strategy Group analysis using index data from Bloomberg, FTSE, MSCI, S&P & UBS. Notes: Australian equities is the S&P/ASX 300 Index; Australian Property is the S&P/ASX 300 A-REIT Index; International Property Hedged = FTSE EPRA/NAREIT Dev x Au Hedged into $A from 2013 and UBS Global Investors ex Australia AUD hedged Index prior to this; International Shares Hedged is the MSCI World ex-Australia Index Hedged into $A; Emerging Markets Shares is the MSCI Emerging Markets Index; Australian Bonds is the Bloomberg Ausbond Composite Bond Index; Global Aggregate Bonds = Bloomberg Global Aggregate Index Hedged into $A; Cash = Bloomberg AusBond Bank Bill Index.

Discipline

We use cash inflows and outflows to make portfolio rebalancing more cost efficient.

For clients drawing on their investments a bucket strategy is implemented which aims to help balance the need for ongoing income and capital growth throughout retirement by establishing and maintaining different pools of savings, each with their own purpose. The aim is to generate good capital growth while reducing the risk of having to sell investments when the market is down.

Periodic rebalancing is necessary to keep portfolio in line with the asset allocation designed for the objective.

Rebalancing helps to control portfolio risks; lack of rebalancing allows the high-return (and usually high-risk) assets to grow and results in higher portfolio risk.

We are investors, not speculators. We believe in building your wealth over time, using savings and discipline. Speculation on hot tips involves luck rather than skill and is not something we offer clients.

Investing can provoke strong emotions, especially fear. In the face of market turmoil, some investors may find themselves making impulsive decisions or, conversely, becoming paralysed, unable to implement an investment strategy or to rebalance a portfolio as needed.

Spontaneous departures from your asset allocation strategy, either to outguess the market or to chase winners, rarely pay off and can be very costly.

Discipline and perspective are the qualities that can help investors remain committed to their long-term investment programs through periods of market uncertainty.

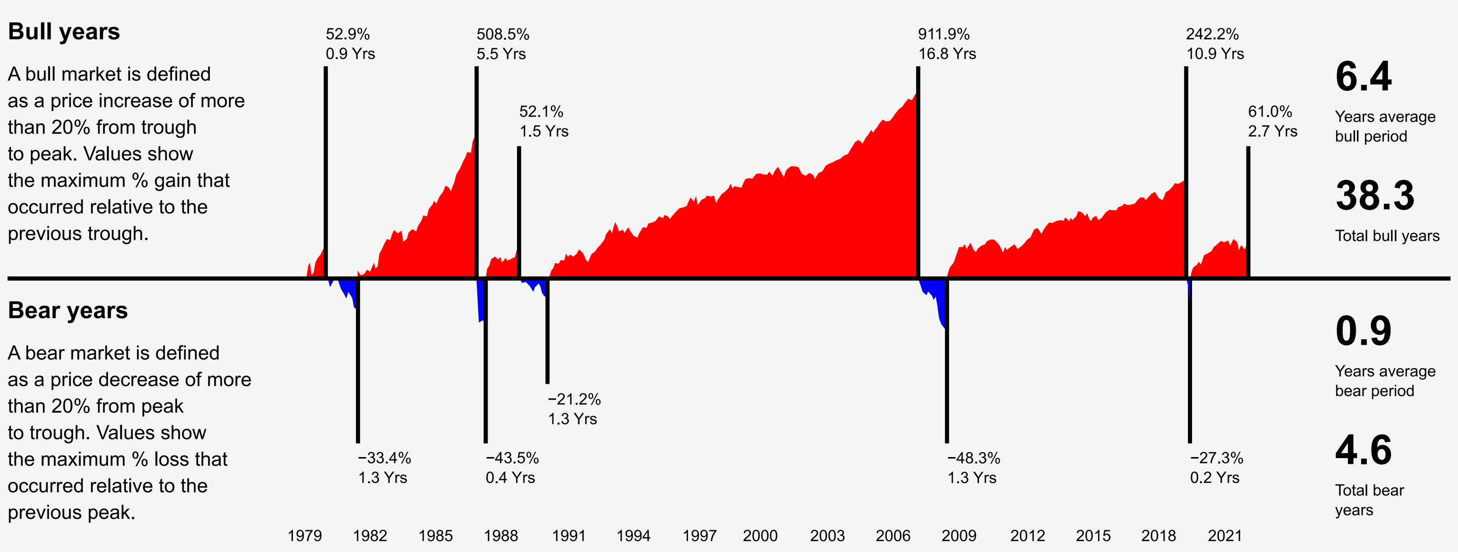
Simply contributing more money toward an investment goal on a regular basis, harnessing the power of compounding returns over time, can be an extremely successful investment strategy.

Staying the investment course is key.

While it is possible for a market-timing strategy to add value from time to time, on average these strategies have not produced returns in excess of market benchmarks.

Importance of staying invested

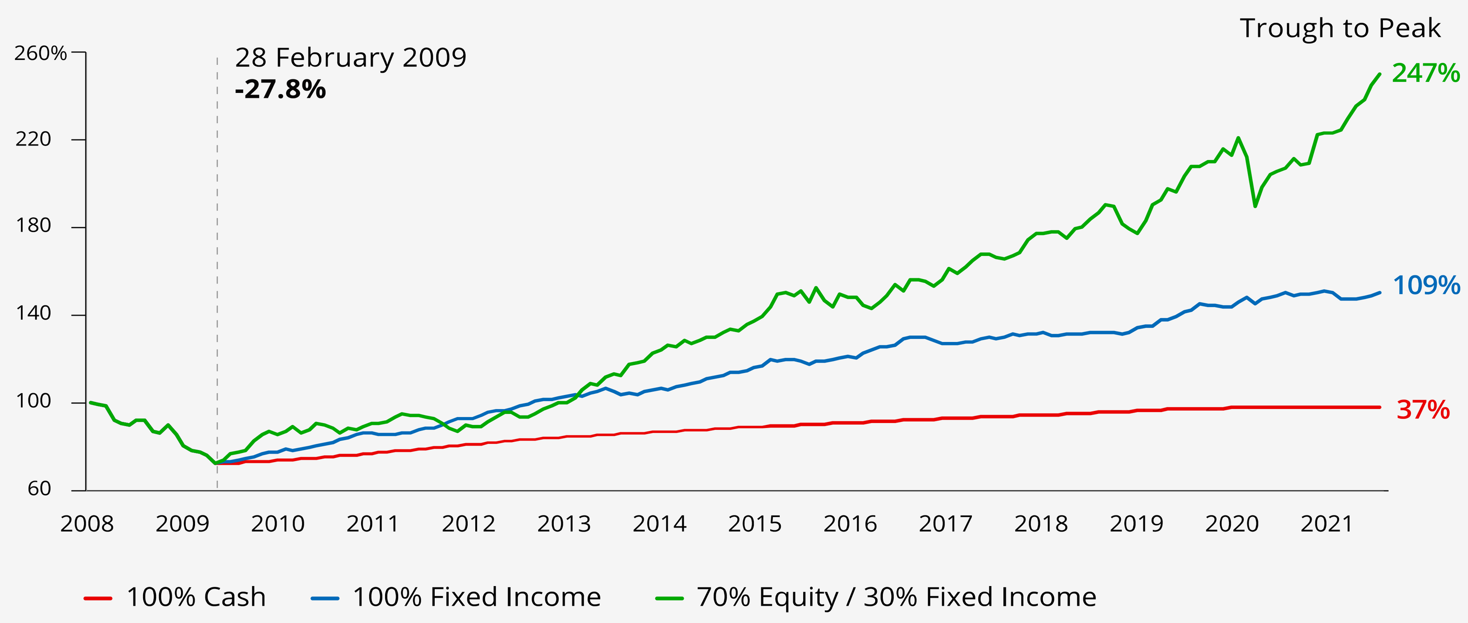
How bull and bear markets have impacted returns over the past 40+ years: long term perspective



Notes: 1. The latest bull run is still ongoing. The calculations represent the price increase and period up to 30 November 2022. Calculations are based on the S&P All Ordinaries Index for the period 1/1/1980 to 30/11/2022. 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. Calculations based on monthly data. Logarithmic scales are used for this illustration. All distributions are reinvested. Values in the figures reflect rounding. Sources: Morningstar data and Vanguard.

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

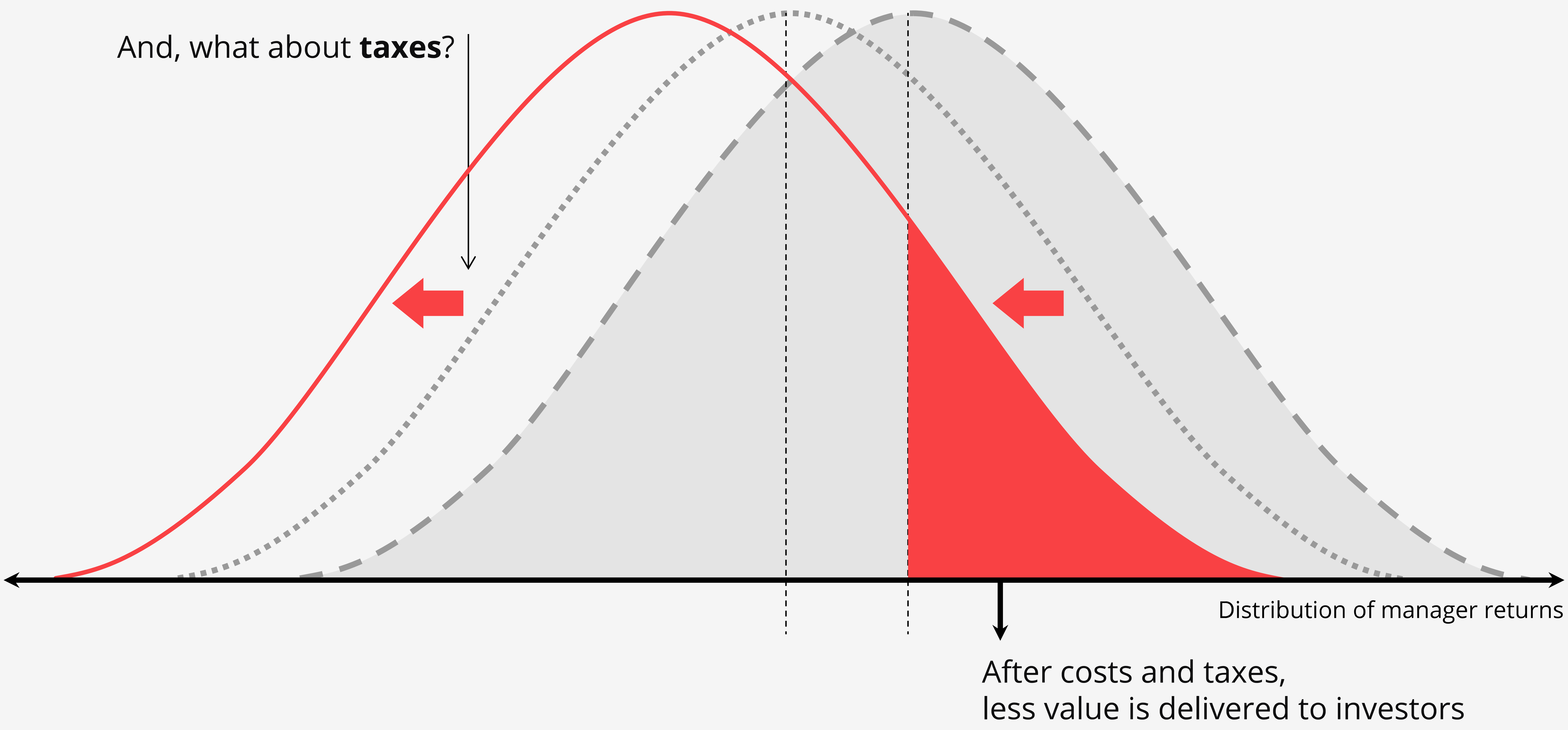
The lower investment costs, the more investors keep of their returns and the greater their chance of achieving investment success. Index funds generally have lower portfolio turnover as they tend to 'buy and hold' securities for longer periods to track the index.

Investors cannot control the markets but they can control costs and minimise the tax they pay on their investment returns.

We adopt a core satellite approach to help control the overall investment costs and use low turnover funds to reduce the tax impact on investment returns.

Impact of costs and taxes

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



Source: Vanguard Investment Strategy Group.

Manager Selection

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

Our index managers are chosen based on their size, tracking error, low cost and putting investors interests first.

Our active satellite managers are chosen based on their proven track record, true to label and ability to provide long term risk adjusted returns above their benchmark and that they are investing in sectors of the market that offer a premium such as small caps and value factors.

We use third party research houses to identify candiates for inclusions in client's portfolios.

We regularly review the performance of managers to ensure they are still suitable for inclusion in client portfolios and where we identify a better option, we will implement it within clients portfolios.

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

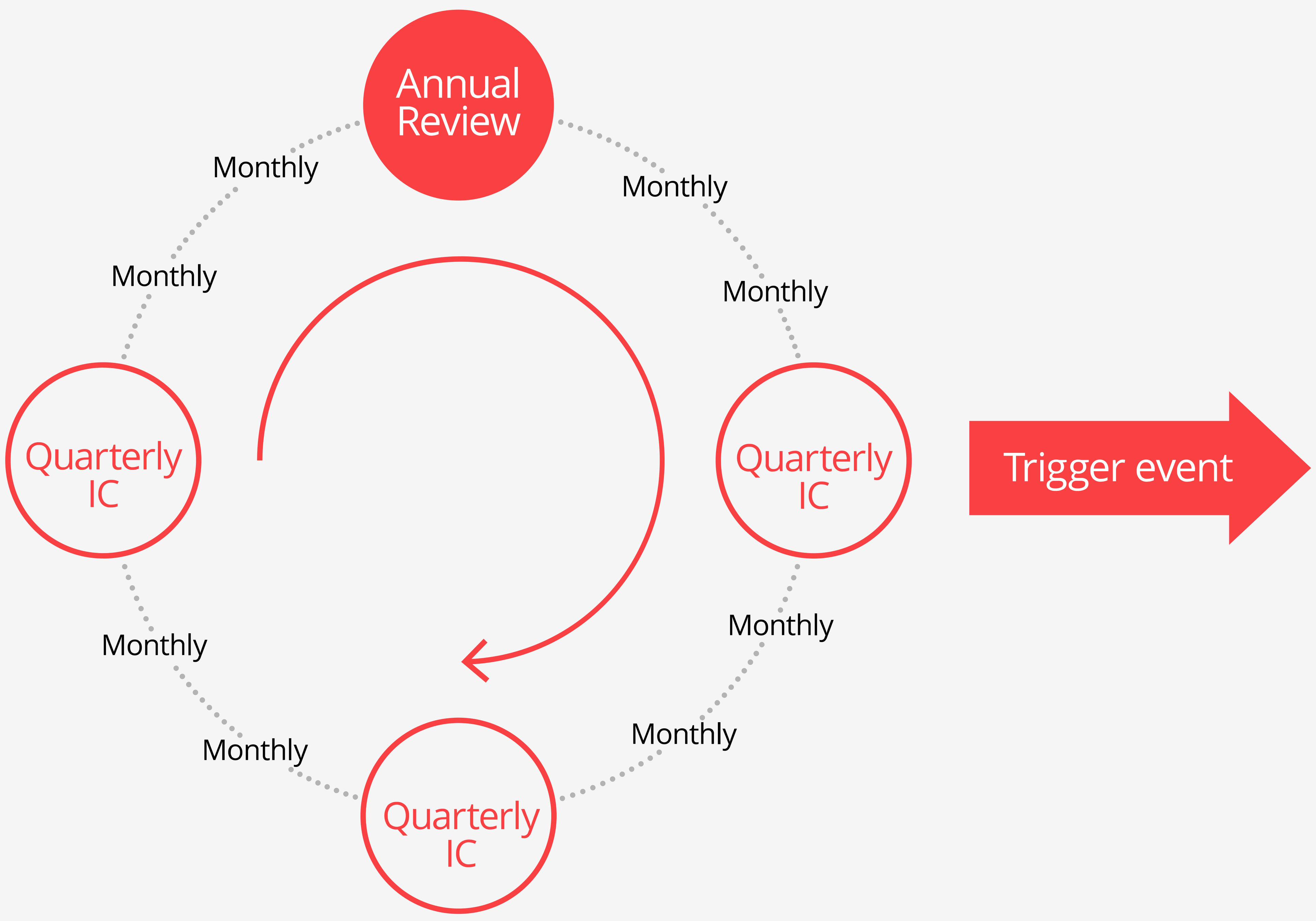
We undertake regular reviews to stay informed about investment portfolios and managers' capabilities. We pay attention to changes in manager ownership, personnel, resources and culture.

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

We refer to third party research to ensure that they stay true to label and their philosophy and processes have not changed.

Managers are evaluated using long term track record rather than short term performance.

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 investment recommendations. 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.

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