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Hayes Girling Financial

Our Investment Philosophy

A large green rectangular area at the bottom of the page, featuring three thick, dark green diagonal stripes that run from the top-left towards the bottom-right.

Everything we do is about you.

We understand that no two people are the same, and this means the advice you receive should be as unique as you are.

Our advisers will take the time to listen to you to understand your values and goals. We will then work hand in hand with you to develop, implement and manage your personalised financial plan, delivering you the desired lifestyle and confidence for your financial future.

Our integrated planning process draws on the expertise of professionals from across our practice so we can build stronger outcomes for you.

No one can consistently time financial markets successfully. Instead, we focus on factors within 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 you the best chance of success.

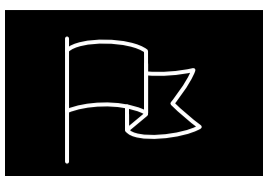
- We will help you create specific and measurable investment goals.
- We will help you develop a suitable asset allocation using broadly diversified, well-regarded funds.
- We will help you minimise cost.
- We will help you maintain perspective and long-term discipline, particularly during market volatility.

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



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Spending the time with you at an initial meeting is highly important. In this meeting, we will have a detailed discussion with you as we want to understand your values, what's important to you, what you want to achieve and what drives you.

Knowing what you want to achieve in life allows us to tailor your experience and get the most out of your finances.

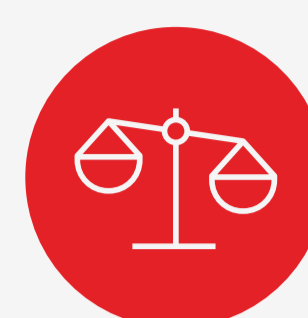
We develop specific, measurable goals with you, which forms the basis of our advice.

Investment principals



1. Goals

Create clear, appropriate investment goals



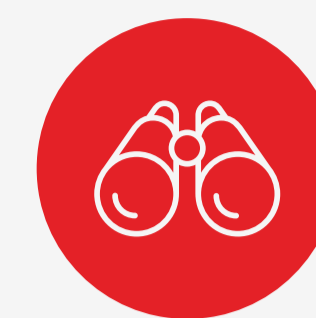
2. Balance

Develop a suitable asset allocation using broadly diversified funds



3. Cost

Minimise cost



4. Discipline

Maintain perspective and long-term discipline

Just like your goals and objectives, a financial plan is not achieved overnight. We take a holistic, long term view when it comes to financial advice. We make sure your finances align with your goals and objectives to ensure you achieve success.

We believe it is important to understand your investment preferences. We will discuss your experiences and what you expect to achieve through investing.

We believe that clear and realistic goals can help protect you from common mistakes (eg. performance chasing) which can detract you from achieving your objectives.



Balance

We set expectations with you on markets and returns, but also discuss the various cycles and experiences you may potentially go through over your investment timeframe.

We take you through a series of questions to understand your personal risk appetite and how you might feel when markets go up and down. This allows us to build a portfolio with the appropriate allocation for you.

Asset allocation determines the variability of returns within a diversified portfolio. We model various scenarios to ensure that your investments will help you reach your goals and manage the longevity risk to make sure that your money lasts throughout your lifetime.

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.

We believe diversification is an important part of investing. Diversification across differing markets and investment options will help to provide you with the best chance of reaching your investment goals.

Understanding how financial markets work leads to understanding how they impact your investments.

Consistently picking winners is difficult

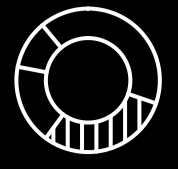
Annual asset class returns (%) for the year ended December 2022

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

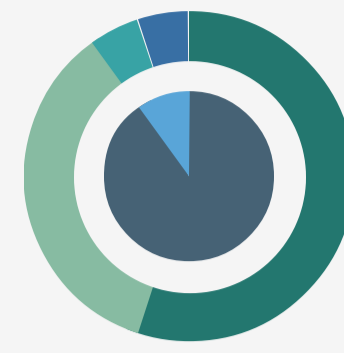
Asset Class

■ Cash	■ Aus Fixed Interest	■ Intl Equities: EM	■ Aus Property
■ Aus Equities	■ Global Agg H	■ Intl Equities: DM H	■ Intl Property H

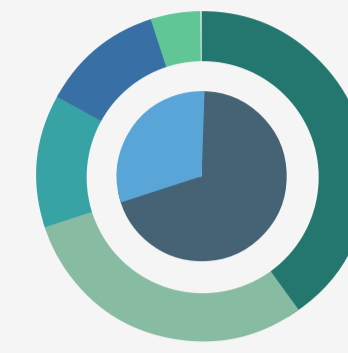
Vanguard Investment Strategy Group analysis using index data from Bloomberg, FTSE, MSCI, S&P & UBS. Notes: Australian equities is the S&P/ASX 300 Index; Australian Property is the S&P/ASX 300 A-REIT Index; International Property Hedged = FTSE EPRA/NAREIT Dev x Au Hedged into \$A from 2013 and UBS Global 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.



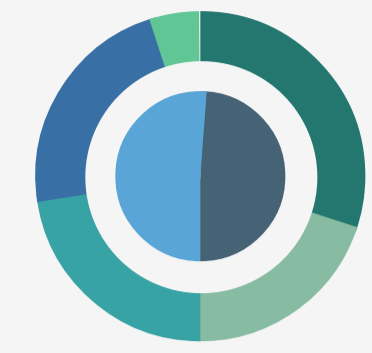
Asset Allocation



Defensive



Conservative

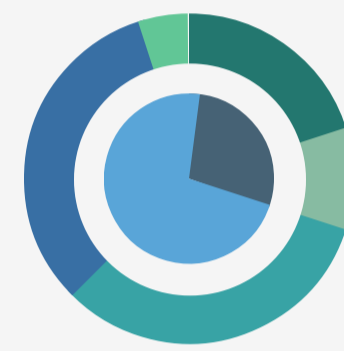


Moderate

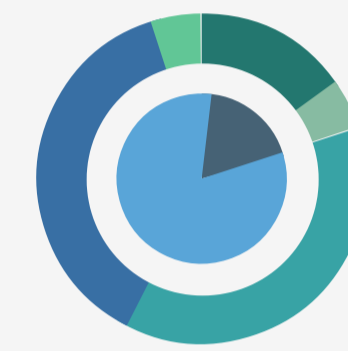
■ Defensive (%) ■ Growth (%)

Target asset allocation (%)

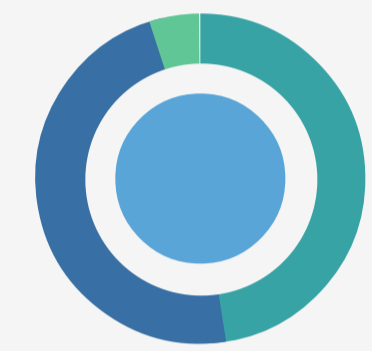
■ Domestic Equity	5.0	13.0	22.5
■ International Equity	5.0	12.0	22.5
■ Domestic Property	0.0	5.0	5.0
■ Domestic Fixed Interest	55.0	40.0	30.0
■ Domestic Cash	35.0	30.0	20.0



Balanced



Growth



High Growth

■ Defensive (%) ■ Growth (%)

Target asset allocation (%)

■ Domestic Equity	32.5	37.5	47.5
■ International Equity	32.5	37.5	47.5
■ Domestic Property	5.0	5.0	5.0
■ Domestic Fixed Interest	20.0	15.0	0.0
■ Domestic Cash	10.0	5.0	0.0



Discipline

We will rebalance your investments at the time of your review or if required during the year. We will consider your personal situation including potential taxable position as part of the process.

We implement a strategic asset allocation when it comes to your investments. We don't believe in **timing** the market, we believe in **time in** the market. We believe that maintaining investments throughout the various cycles will provide the best long term results.

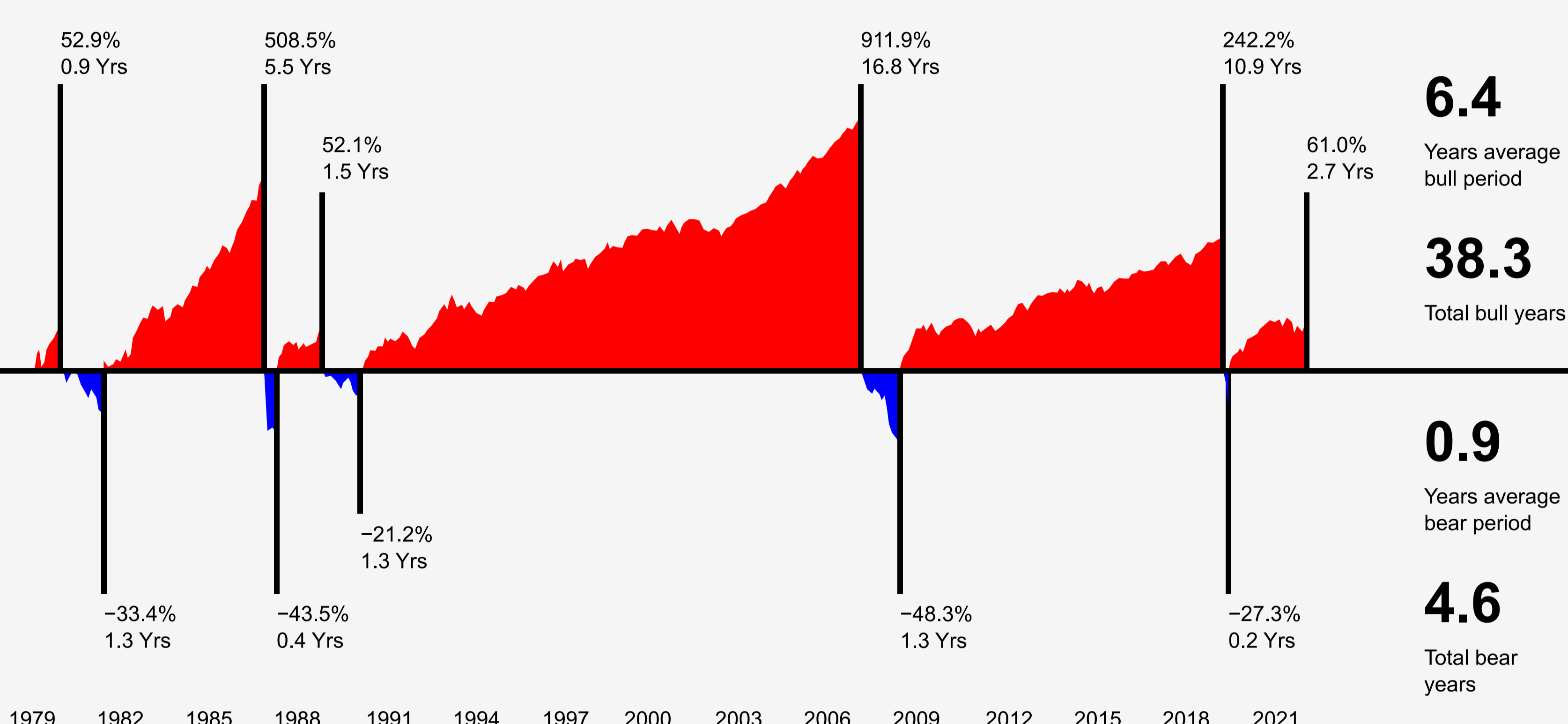
Education is a very important part of helping you invest for the long term and understanding what to expect. Whilst we cannot predict the market, we will help you remain invested through market ups and downs so you feel confident at all times.

Importance of staying invested

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

Bull years

A bull market is defined as a price increase of more than 20% from trough to peak. Values show the maximum % gain that occurred relative to the previous trough.



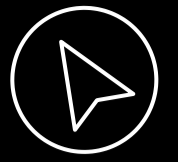
6.4
Years average bull period
38.3
Total bull years

Bear years

A bear market is defined as a price decrease of more than 20% from peak to trough. Values show the maximum % loss that occurred relative to the previous peak.

0.9
Years average bear period
4.6
Total bear years

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.



Investment Cost

Investment costs will vary depending on your investments. We will discuss what your priorities are and take into consideration the importance you place on investment fees.

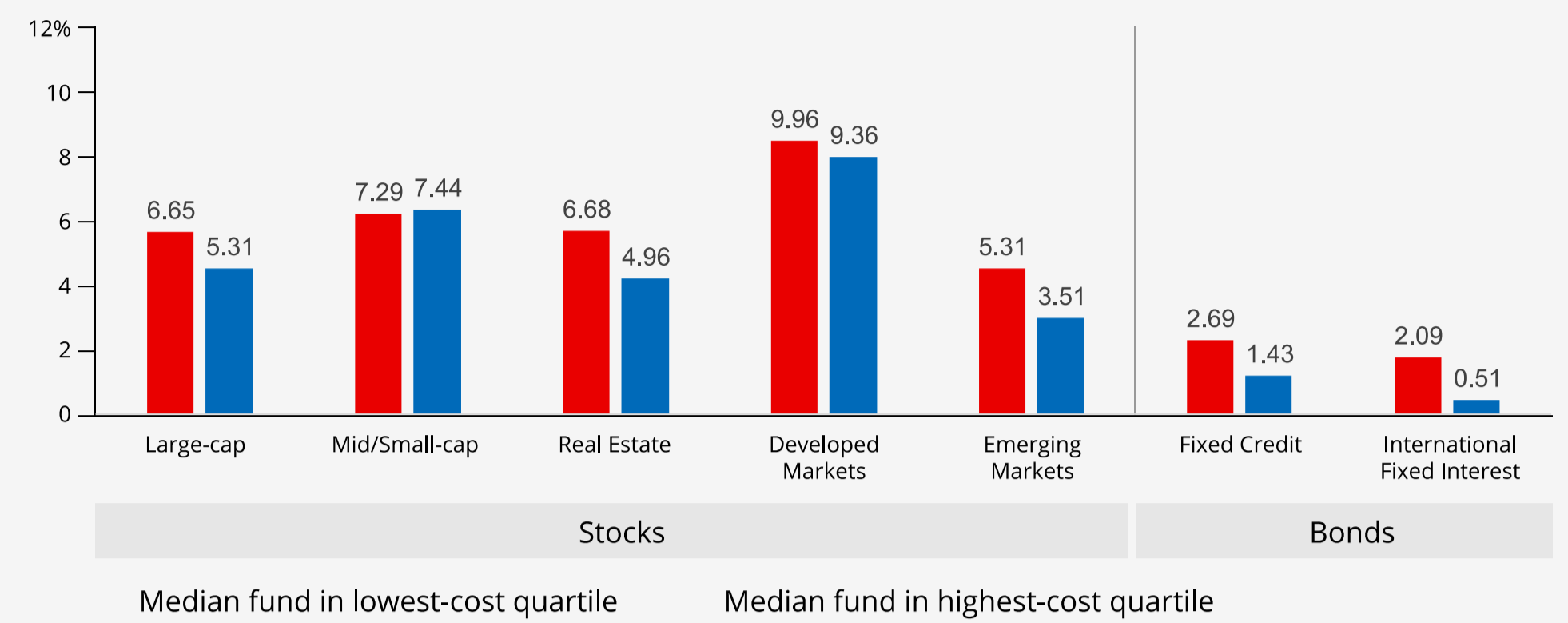
We are very transparent about any fees associated with our advice and the investments that you hold.

We consider the following options when reviewing cost:

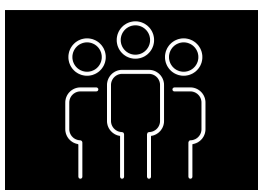
- Implementing a core-satellite approach involving both passive and active investments can lead to cost effective portfolios.
- We consider whether retail or industry superannuation funds are appropriate to you as some industry funds are lower in cost.
- Capital gains tax (CGT) is taken into consideration when reviewing your portfolio.
- We monitor your investment portfolio turnover to minimise transaction costs.

Impact of cost

Lower investment costs can support higher returns



Note: 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.



Manager Selection & Governance

We work with professional research providers as well as investment managers to help reduce the universe of investment options and to select the appropriate investments to go into our model portfolios.

We take into account management, transaction and performance fees to understand the cost of each investment option.

We use historical performance as a guide and to strike a balance between returns and exposure to volatility. We communicate any changes within your portfolio at review time and help you understand why this is taking place.

We hold a quarterly investment committee meeting to review and maintain the approved investments. We continuously educate ourselves to stay informed about investment portfolios industry changes and fund manager capabilities. We pay attention to changes in manager ownership, personnel, resources and culture.

Framework for selecting investment managers

Emphasis on quality, not short-term performance

Drivers



Firm

- Ethics
- Stability
- Ownership structure
- Account and asset trends
- Steady-to-growing client base
- Incentives that drive appropriate behavior



People

- Deep investment team
- Succession/contingency
- Limited turnover of key professionals
- Tenure and experience
- Proven expertise in subject matter
- Demonstrated ability to handle required mandates



Philosophy

- Shared by investment professionals
- Enduring
- Easily articulated



Process

- Understandable
- Stable/proven
- Repeatable
- Unambiguous decision-making

Outcomes




Portfolio

- Is it a clear reflection of philosophy and process?
- Are the characteristics consistent with expectations?
- Is the risk profile is aligned with the investment strategy?



Performance

- Is there a long-term history of competitive results vs benchmarks and peers?
- Is performance consistent with the investment approach?



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 you 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

1. Hayes Girling Authorised Representatives are licensed to Security National Financial Service Pty Ltd, AFSL no. 244565.



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