

Collins House Private Wealth

Our Investment Philosophy



Genuine, Independent & Unbiased Advice.

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.

Unlike commission based salespeople who have to “sell” you a financial product in order to validate their salary or Financial Advisors that are restricted to recommending financial products that maximise the business owners bottom line, at Collins House Private Wealth you can rest assured that if a financial product is recommended, it is because we genuinely believe that it best suits your needs, and not our pocket.

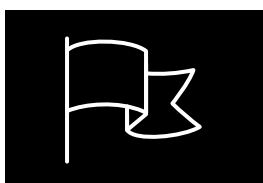
These principles are embedded in our culture and guide the investment decisions we help our clients make.

Financial & Investment Advice. Invest your money wisely.

Investing your hard-earned savings can be almost a full-time job and at Collins House Private Wealth we pride ourselves on providing Independent Professional Advice without expensive commissions and no gimmicks. Whether you simply wish to establish a Portfolio of Quality Shares, Government Bonds, Listed Property, Managed Funds or Cash deposits we rebate all commissions and benefits, preferring to work on a Non-Commission Fee Basis.

This means our advice is completely Independent of the Commissions paid by Product Providers etc. In addition to rebating all Commissions any Volume Bonuses paid by Financial Product Providers to incentivise business owners to use their Financial products are also rebated to clients and our Approved Product list is unrestricted.

Therefore our Financial Products Recommendations are based upon their appropriateness to your current financial situation, investment objectives and particular needs, rather than their attractiveness to the Financial Advisor or Business Owner's financial needs. This is particularly relevant to Trustees of Self Managed Super Funds, Charitable Trusts, Discretionary Trusts, and Deceased Estates, as they can Invest on their beneficiaries' behalf in the knowledge that there are absolutely no conflicts of interest.



Goals

We collect relevant information to ensure that investment goals and plans take into account individual client objectives and constraints. We believe that the financial plan should suit the investor.

We believe that our clients return objective should be consistent with their risk objective.

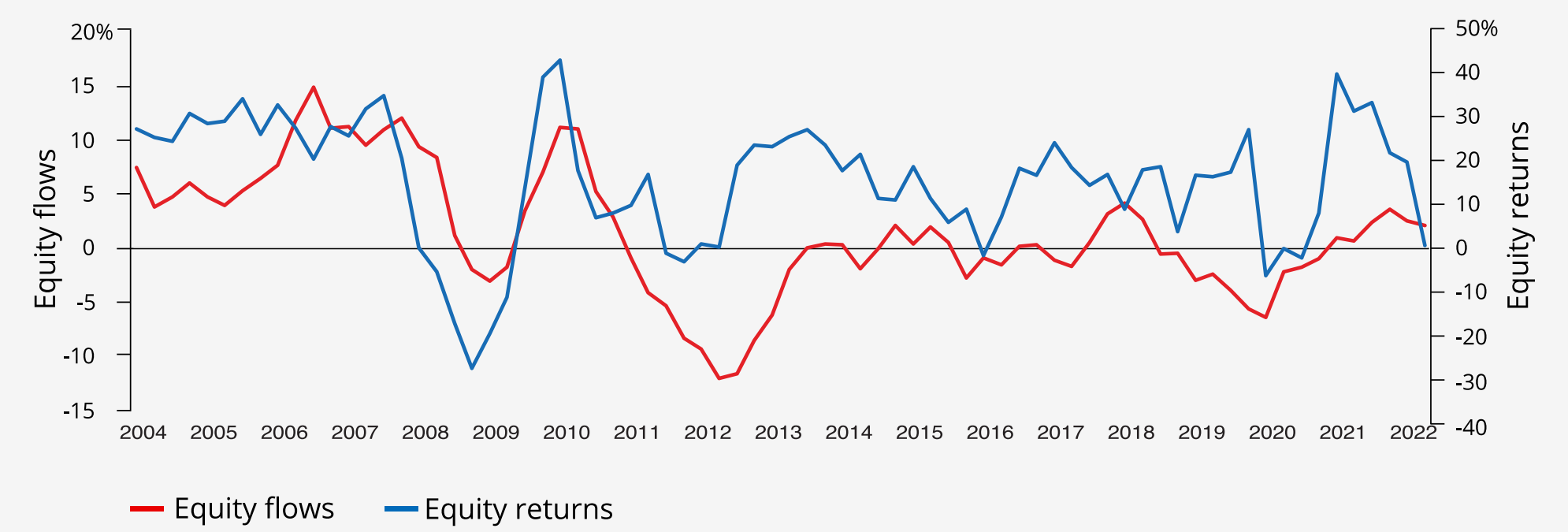
We believe that investment goals and plans need to take into account important considerations such as time horizon, cash requirements and tax.

We help clients to set measurable and attainable investment goals.

We believe it is important to understand our clients 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.

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.

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

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

We believe a sound financial plan helps our clients to stay focused on the factors they can control rather than reacting to always changing newspaper headlines.

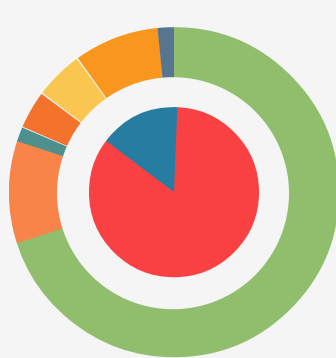


Balance

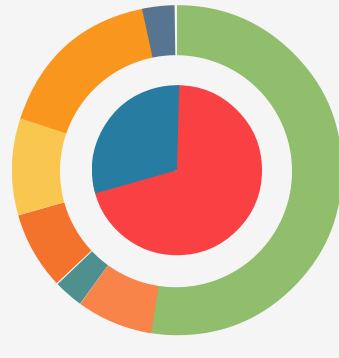
We ask you to complete a questionnaire to ascertain your tolerance to risk using the well regarded Finametrica risk profiling tool.

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

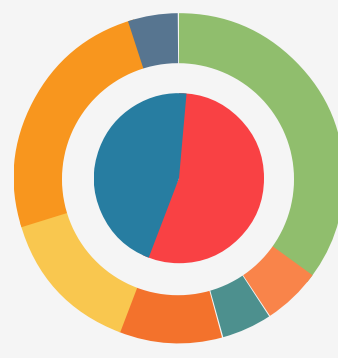
We have a strategic asset allocation for each of the model portfolios which is derived from a well regarded independent research house. We then make tactical asset allocation tilts from time to time based upon our 40 year experience in investment markets.



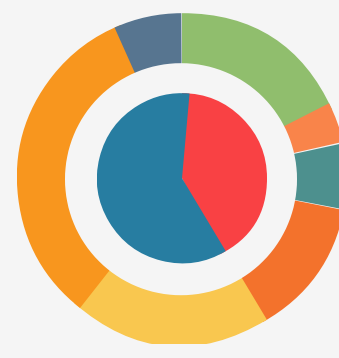
Defensive



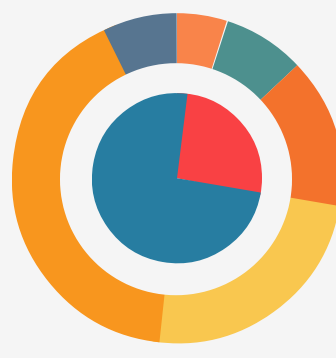
Moderately Defensive



Balanced



Growth



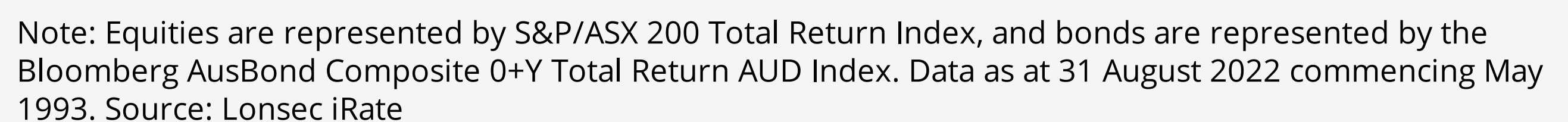
High Growth

Defensive (%) Growth (%)

Target asset allocation (%)					
Australian Shares	4.8	9.5	14.4	19.2	24.0
International Shares	8.3	16.5	24.8	32.7	41.0
Australian Property	1.5	3.0	5.0	6.5	8.0
Infrastructure	3.8	7.6	10.0	13.3	14.7
Metals	1.7	3.3	5.0	6.7	7.3
Australian Fixed Interest	70.0	52.5	35.0	17.5	0.0
Cash	10.0	7.5	5.8	4.1	5.0

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.

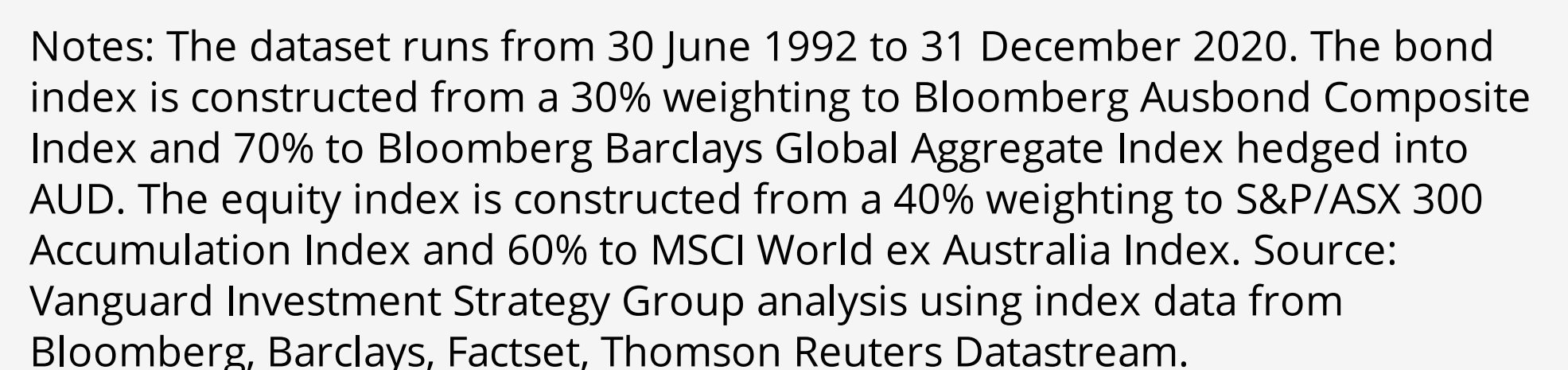
"Research shows that about 90% of return variation is explained by asset allocation. It varies slightly from country to country. For example, 91.1% in the US, 89.3% in Australia"



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

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.

Rolling five year correlation between equity and fixed income





Our approach to investing

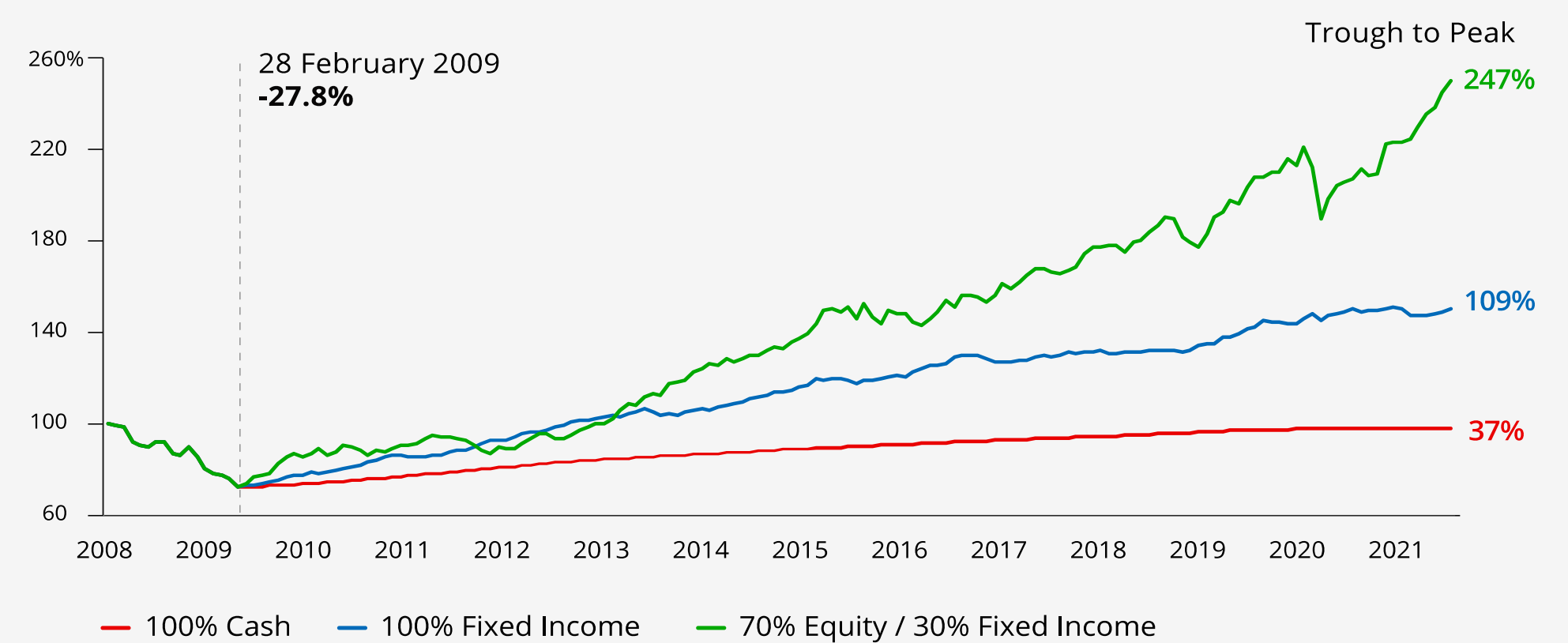
We undertake rebalancing on a quarterly basis.

We consistently monitor the tactical allocation decisions that we have made in the past to ensure they continue to be appropriate given our risk reduction strategy that is defined in our investment strategy mandate.

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

Importance of maintaining discipline

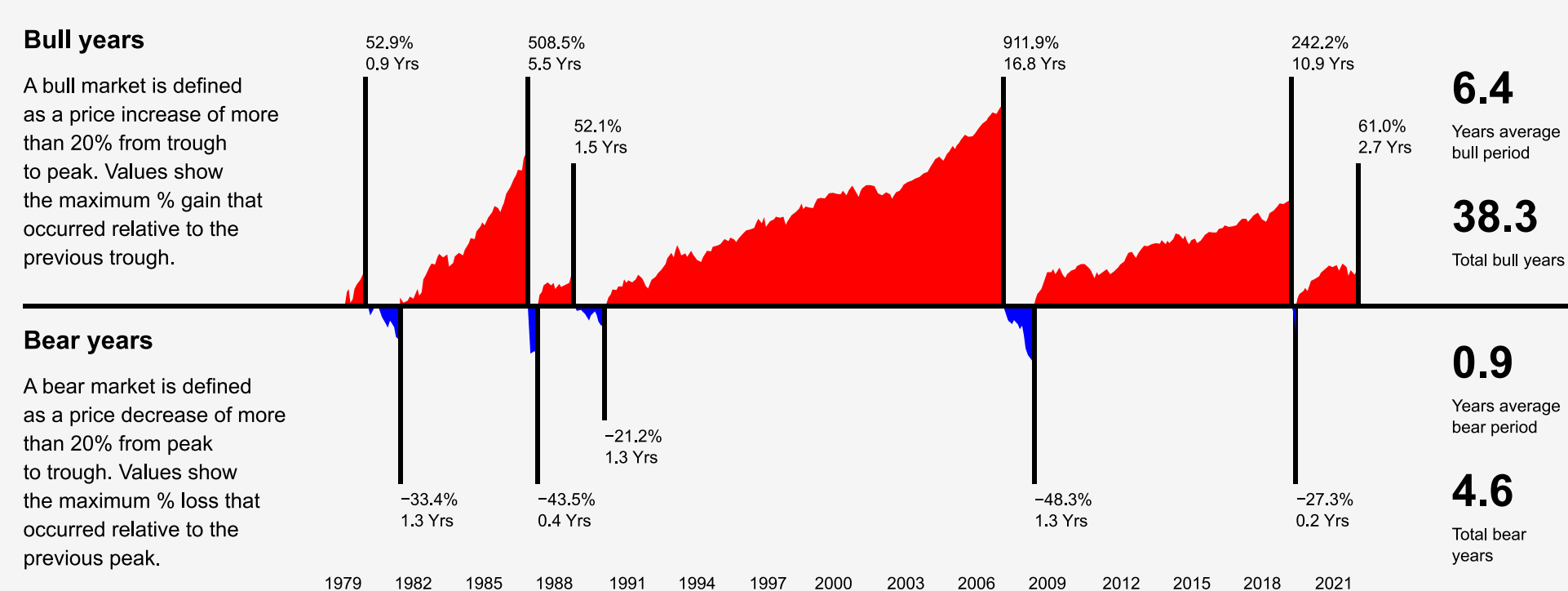
Reacting to market volatility can jeopardise returns



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.

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.

We take into account market conditions and make modest tactical asset allocation tilts from time to time, except in extreme cases where we may implement our risk reduction strategy.

We use graphs and commentary via email updates to reiterate the message to stay the course etc.

We educate our clients on the dangers of reacting to market downturns and making poor investment decisions when emotional. We help our clients to focus on their long term strategies and how staying the course will help them to achieve their goals in life

Depending upon your circumstances we would encourage our clients to invest more where ever possible. Savings are among the few factors that clients can control. They can substantially improve their long term outcome by saving more and or spending less.

We encourage the dollar cost averaging to reduce timing risk where appropriate. Add commentary



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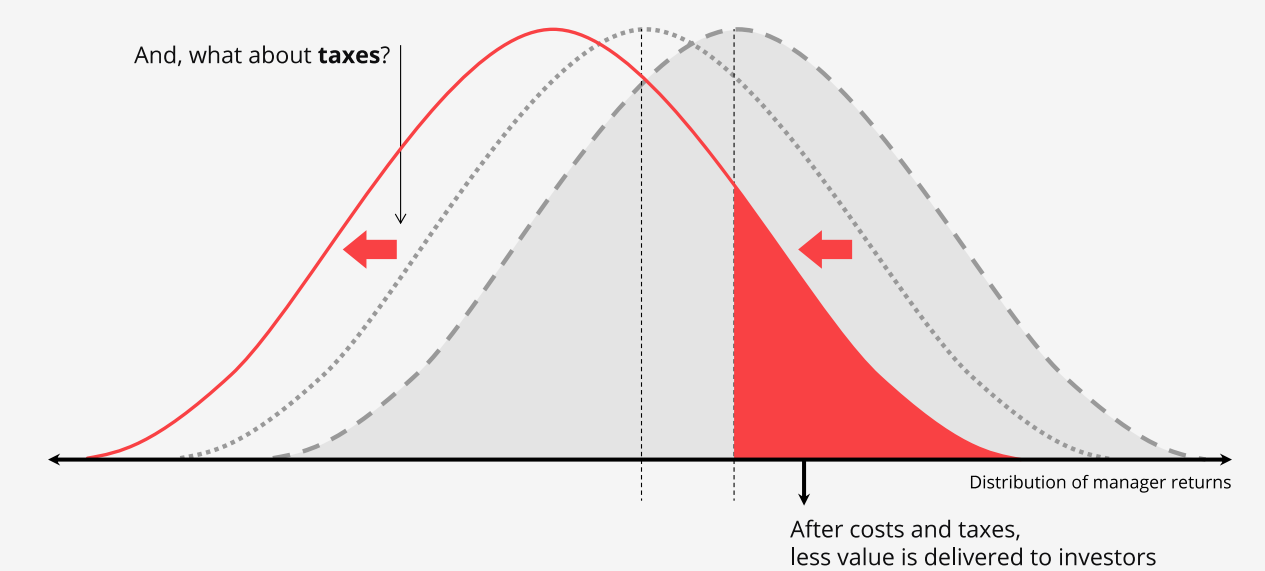
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This is particularly relevant to Trustees of Self-Managed Super Funds, Charitable Trusts, Discretionary Trusts, and Deceased Estates, as they can Invest on their beneficiaries' behalf in the knowledge that there are absolutely no conflicts of interest.

We strive to allocate your capital in the most tax effective manner by utilising various tax structures such as superannuation, tax paid bonds and entity asset allocation (tbc). We aim to maximise tax effective outcomes, helping you achieve your financial goals sooner.

Impact of cost and taxes

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

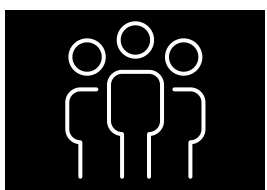


Source: Vanguard Investment Strategy Group.

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

We rebate 100% of all commissions, IPO stamping fees and all other benefits to client accounts so as to minimise the overall cost of investing.

We take into account consideration all transaction costs and taxes so as to maximise the net returns to clients, however our primary focus is to ensure that there is not a mismatch between your risk tolerance and the underlying investments that you ultimately hold.



Manager Selection & Governance

Our Investment Committee vigorously examines the financial products offered by leading Australian and International institutions, on a regular basis and obtains independent research in deciding which products are on our approved list, and preferred list.


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

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

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

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.


Manager selection considerations



Talent
Carefully select managers with a proven process and demonstrable ability

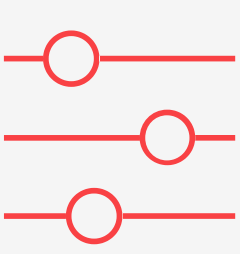


Cost
Don't let high fees destroy fund performance




Patience
Accept that there will be periods of underperformance

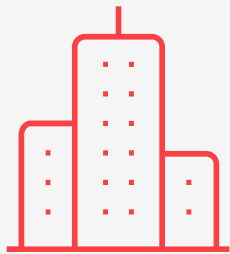
Manager oversight




Regularly assess your agreed drivers



Meet with a range of their team members



Include meetings at their premises



End the relationship when performance drivers no longer exist

The most common reason an investment manager is removed from our portfolios is for not being true to label. Another reason may be consistent under performance compared to their peers.

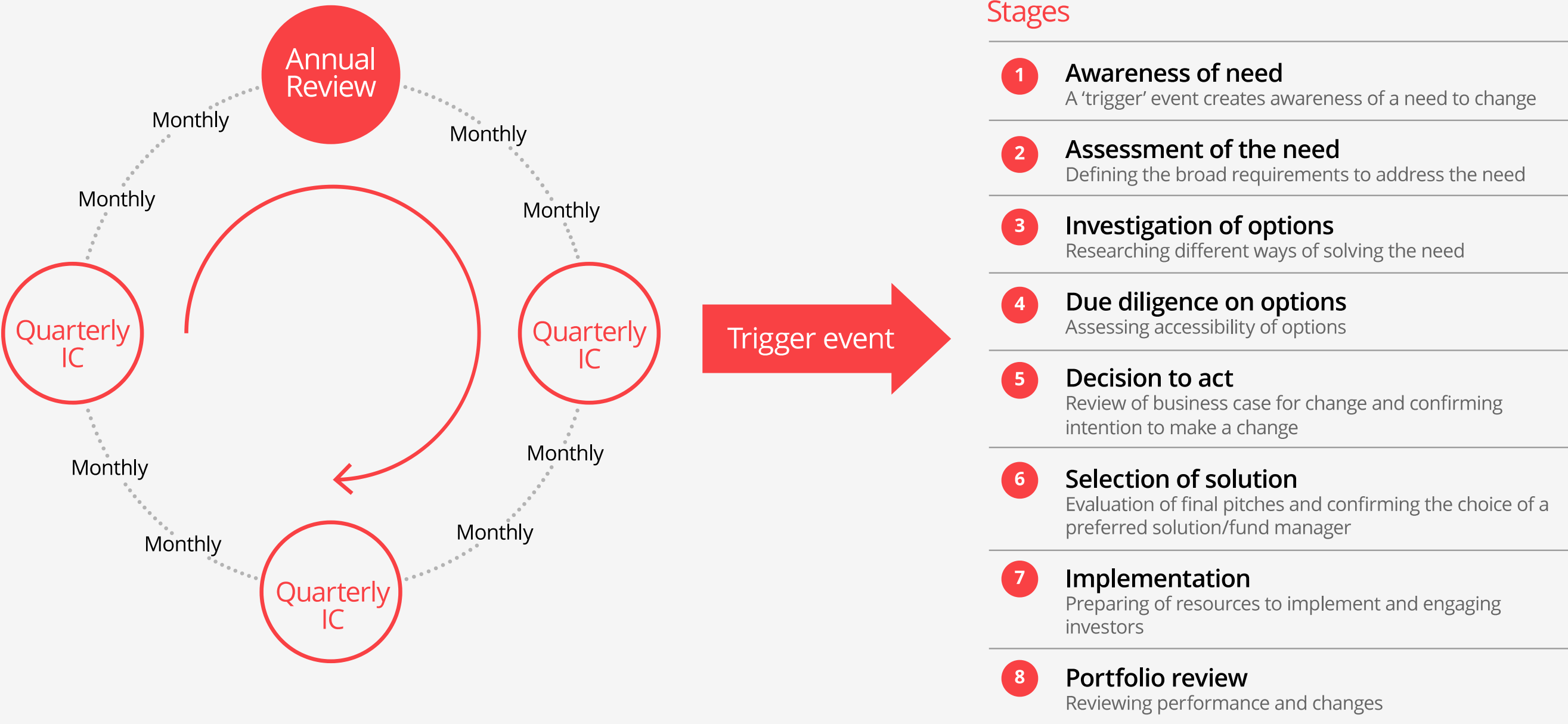
For clients in our model portfolios the investment committee decides to appoint and remove investment managers. For clients not in our model portfolios the client and the adviser will discuss and reach agreement regarding the appointment and removal of investment manager, with reference to our approved and preferred product list.


Where clients have investments that are not on our approved and/or preferred list, independent research may be sought to assist the client in their decision-making process.

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.

The Investment Committee meets at least monthly and more frequently when market conditions are volatile. We have investment managers present to the investment committee on a regular basis throughout the year.

Investment review process





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

