Fact Find

Investment Profile

Private and Confidential

Client 1:

Client 2:

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Investment Profile

This profile is in 3 parts:

Part 1: Investment Fundamentals

Part 2: Questions regarding your tolerance to risk

Part 3: Choosing your Investment Profile

We encourage you to ask as many questions as you need to feel comfortable with that choice.

Part 1: Investment Fundamentals

Investing can invoke strong emotions in all of us. Even the most seasoned investors worry about market volatility, time in the market and the impact decisions can have on long term plans. It is important for us to understand your attitude to investing and different investments.

What is an Investment Profile?

- An Investment Profile is a way of finding out a person's willingness or reluctance to take on risks.
- There are six Investment Profiles to choose from, each with their own risk and return characteristics.
- Each Investment Profile is linked to investment asset class allocations.
- These Investment Profiles are designed with reference to Morningstar Research[1], which provides historical and forecast data on risk, returns and asset classes.

How does my Adviser use an Investment Profile in their recommendations?

Once your Investment Profile is agreed, your Financial Adviser will recommend specific investments which reflect the asset allocation and risk characteristics of your Investment Profile.

Focusing on Asset Allocation

Asset allocation is a way of investing in a mix of investment types or classes such as Cash, Fixed Interest, Shares, Listed Property and Alternatives/Infrastructure. Since Australia makes up less than 2%[2] of the world economy, asset classes can be further broken down into International and Australian.

Defence Assets		**Growth Assets**	
Cash Fixed Interest		Shares Managed Funds Listed Property Alternatives/ Infrastructure	
Income in the form of interest but no growth of the initial investment amount		Capital growth of the initial investment and generally some income	
Advantages	**Disadvantages**	**Advantages**	**Disadvantages**
Value does not generally fall Less volatile	Inflation may erode real value	Growth means investment has a better chance to keep pace with inflation	Volatile - investment value goes up and down
Income is generally fixed or known for a certain time frame	Generally lower rate of return than growth investments	Generally higher rate of return than defensive assets	Income is not guaranteed or fixed
Easy access to funds	Returns are generally fully taxable at the marginal rate	Returns usually more tax efficient	Returns are not guaranteed and can be positive or negative
Security of capital	Little opportunity to find better rates as providers tend to match rates	More chance for diversity across different industries and countries	In some cases the initial value of the investment can be lost e.g. purchasing shares in a company which fails

1 Morningstar is one of Australia's well known research and investment companies.

2 https://en.wikipedia.org/wiki/Economy_of_Australia 5/6/2016

Risk and Return trade off

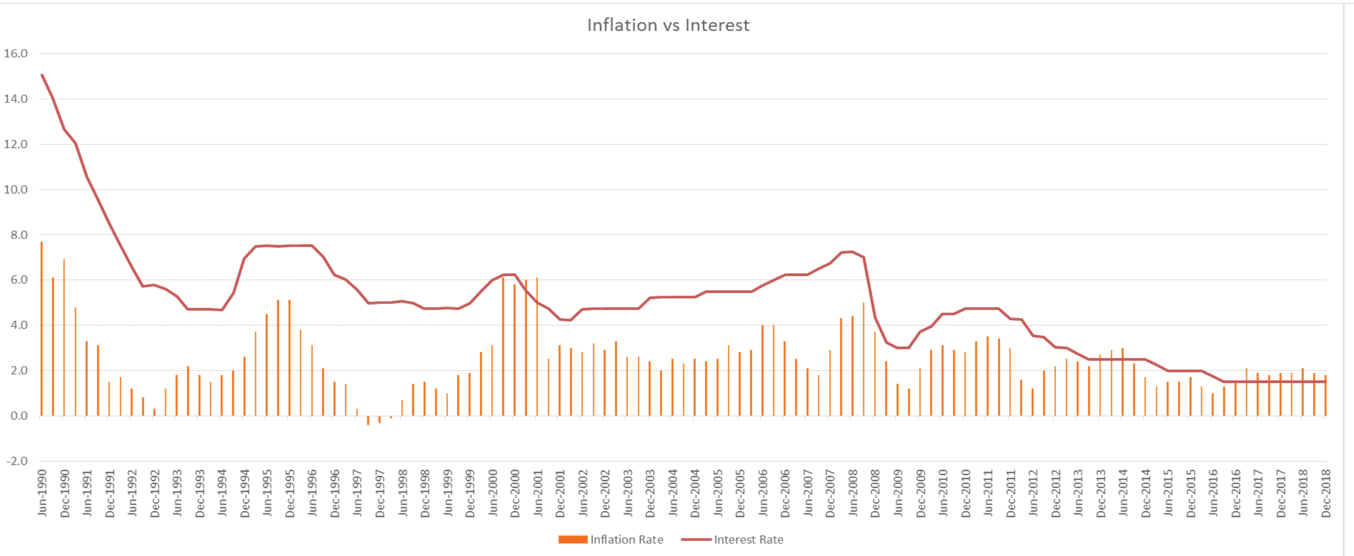
Investment decisions involve taking risks. In planning to meet your goals, objectives and future needs, you need to consider what level of risk you are willing to take or tolerate to achieve your aims.

What is risk and return?

Return is the reward received for investing. It can be income such as dividends or an increase in value or growth of investments. Risk is the possibility of losing money, real or unrealised. The graph below demonstrates the higher the risk, the higher the potential return.

There are 3 main risks you need to consider:

1. **Inflation**: Where inflation or the cost of your lifestyle expenses exceeds the return of your investments. The table below illustrates that a low risk investment like 'cash' with a fluctuating interest rate can be eaten away at by inflation at times. This effectively reduces the purchasing power and ability to fund lifestyle and expenses based on savings alone.



Source: Morningstar data, December 2018

2. **Investment**: Where the performance or return of your investments does not meet the income and/or growth expected and potentially you end up with less than when you started (loss of capital). Specific investments may have other risks.
3. **Volatility**: Is the ability to ride out fluctuations in value and performance of investments.

Diversify to reduce risk

Diversification is investing into a mix of different asset classes and even underlying funds, fund styles, companies, industries and economies around the world.

The table below shows asset classes in order of best to worst performance since 1990. Green is the best performing year for the asset and red is the worst. History shows you can't predict with certainty the best performing investment year to year, so don't try.

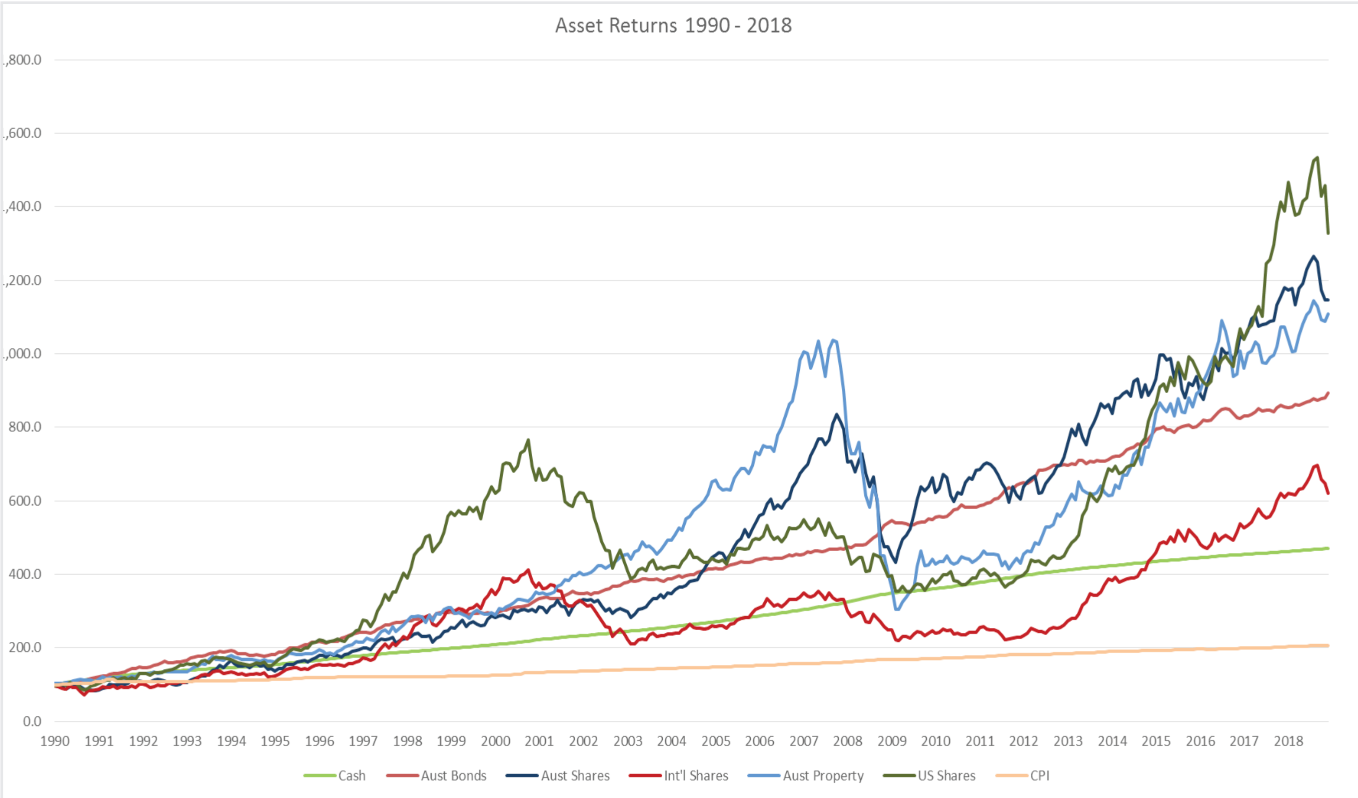
Year	Cash	Australian Bonds	Australian Shares	International Shares	Listed Property	US Shares
1990	16.25	19.10	-17.52	-15.09	8.70	0.37
1991	11.20	24.75	34.24	19.96	20.08	33.66
1992	6.92	10.41	-2.31	4.60	3.49	18.57
1993	5.39	16.32	45.36	24.20	29.97	11.74
1994	5.34	-4.69	-8.67	-8.05	-6.32	-10.73
1995	8.01	18.61	20.19	26.05	14.28	44.09
1996	7.61	11.92	13.44	6.24	14.24	16.18
1997	5.63	12.23	14.69	41.64	21.76	63.45
1998	5.14	9.54	10.35	32.34	18.37	38.86
1999	5.01	-1.22	16.10	17.19	-4.20	14.71
2000	6.24	12.04	3.60	2.19	18.87	3.00
2001	5.28	5.48	10.13	-9.97	14.84	-4.51
2002	4.77	8.81	-8.10	-27.44	11.81	-29.74
2003	4.90	3.05	15.86	-0.76	8.81	-3.51
2004	5.62	6.96	27.57	9.94	32.18	6.41
2005	5.73	5.79	21.09	16.84	12.70	12.98
2006	6.00	3.12	24.97	11.49	34.05	7.32
2007	6.77	3.50	17.95	-2.60	-8.36	-4.82
2008	7.60	14.95	-40.38	-24.92	-55.31	-20.83
2009	3.47	1.73	39.58	-0.30	9.56	-1.43
2010	4.66	6.04	3.31	-2.04	-0.68	1.29
2011	5.00	11.37	-11.43	-5.34	-1.56	1.98
2012	3.97	7.70	18.84	14.14	32.79	14.68
2013	2.87	1.99	19.66	48.03	7.27	53.89
2014	2.69	9.81	5.02	15.01	26.79	23.93
2015	2.33	2.59	3.78	11.80	14.38	13.96
2016	2.07	2.92	11.65	7.92	13.18	12.14
2017	1.70	3.70	12.50	13.40	6.40	12.80
2018	1.82	3.09	13.01	15.39	13.20	14.37
Average	5.52	7.99	10.84	8.34	10.73	11.89
Best	16.25	24.75	45.36	48.03	34.05	63.45
Worst	1.70	- 4.69	- 40.38	- 27.44	- 55.31	- 29.74

Source: Morningstar data December 2018. Past Performance is not an indicator of future performance.

Time in the Market, not timing the Market

The length of time you wish to invest – your investment time horizon - is critical to improving the probability of meeting your investment goals. You need to consider when you may need to cash in your investment or start to draw an income.

The chart below shows the performance of various asset classes over the last 30 years. As you can see, all asset classes increase over the long term. The chart also illustrates the benefit of diversifying investments across asset classes to help reduce volatility and smooth out returns over time. Blending asset classes over longer time horizons helps reduce risk.



Source: Morningstar data December 2018 (vertical is growth of index %). Past Performance is not an indicator of future performance.

Volatility

Market volatility refers to the movement of the value of investments in the market. Sometimes the values can move rapidly and this movement can be stressful for investors when they see these values rise and fall quickly. Although market volatility is out of your hands, it can impact on your personal financial situation.

There are two types of volatility:

- Value Volatility - the value of growth investments fluctuates. This in the short term can be a concern but long term asset values eventually rise as can be seen from the chart. What is important is investing in the right asset class for the length of time you intend to invest to minimise the chance you need to sell down an investment at a low point.
- Return Volatility - changes in the return or income received from investments. This is extremely important where you are relying on the income from investments to fund your lifestyle like in retirement.

Part 2 Questions regarding your tolerance to risk

Answers range from 1 to 6. Generally, 1 corresponds with the most conservative 100% defensive assets investment profile and range up to 6 which corresponds to the most aggressive 100% growth investment profile.

	Please answer the following required questions	Please tick ✔			
	Question 1	**Response**	**Client 1**	**Client 2**	**Joint**
Experience in investing	**How familiar are you with investing?**				
	Not at all	1			
	Not very familiar	2			
	Have experience with superannuation and debts	3			
	Experienced as an investor inside and outside superannuation	4			
	Experienced as an investor in a wide range of investment types such as shares, managed funds, property	5			
	Experienced as an investor in a wide range of investment types and debt structuring	6			
	Question 2	**Response**	**Client 1**	**Client 2**	**Joint**
Appetite to risk	**What level of risk or periods of poor returns would you be prepared to accept with regards to your investments?**				
	Very conservative, I will not take any risk of a fall in value of capital for any period of time	1			
	Fairly conservative, preferring not to have negative returns but with a view to consistent returns	2			
	Willing to take some risk of short term, negative performance to improve returns	3			
	Willing to take reasonable amount of risk of short term, negative performance to improve returns	4			
	Willing to take more risk of short term negative performance to improve long term returns	5			
	Willing to take maximum risk of short term negative performance to improve long term returns	6			
	Question 3	**Response**	**Client 1**	**Client 2**	**Joint**
Tolerance to risk	**How long are you likely to continue with an investment strategy that is not meeting your expectations, for example the strategy has been generating a negative return or not producing sufficient income?**				
	I would change it immediately	1			
	Up to 6 months	2			
	Up to 12 months after discussing concerns with my adviser	3			
	Up to 2 years after discussing concerns with my adviser	4			
	Up to 3 years after discussing concerns with my adviser	5			
	It would depend on the purpose of the investment and its place in my portfolio	6			

	Question 4	Response	Client 1	Client 2	Joint
Appetite to risk	**How would you react if your investment fell by as much as 30% in value in a very short period of time i.e. a year or less?**				
	You would immediately withdraw your funds. Security of your initial investment/capital is important and you did not intend to take such a large risk	1			
	You would cut your losses and transfer your funds into more secure investment sectors	2			
	You would be concerned, but would wait to see if the investments improve	3			
	This was a calculated risk and you would leave the investments in place, expecting performance to improve	4			
	You would see this as an opportunity and invest more funds, expecting future growth	5			
	You would see this as an opportunity and borrow to invest a lot more funds, expecting future growth	6			

	Question 5	Response	Client 1	Client 2	Joint
Risk Return trade off	**Choose the most appropriate response to the following statement.** **Keeping my money safe is more important than the possibility of earning higher returns or having a more comfortable lifestyle in the future.**				
	Strongly agree	1			
	Agree	2			
	Neither agree or disagree	3			
	Somewhat disagree	4			
	Disagree	5			
	Strongly disagree	6			

	Question 6	Response	Client 1	Client 2	Joint
Capital security	**Choose the most appropriate response to the following statement.** **I am willing to experience the ups and downs of investment markets over the long term for the potential of greater returns.**				
	Strongly disagree	1			
	Disagree	2			
	Neither agree or disagree	3			
	Somewhat agree	4			
	Agree	5			
	Strongly agree	6			

	Question 7	Response	Client 1	Client 2	Joint
Sleep test	How do you feel if your investments go down in value?				
	Extremely concerned; it becomes the thing I think about most. I wouldn’t be able to sleep at night.	1			
	Very concerned; it becomes something I think about a lot	2			
	Concerned; it comes to mind when I see or hear the media	3			
	Not overly concerned, I’d ask my adviser if I needed to do anything	4			
	Not very concerned; it crosses my mind on occasion	5			
	Indifferent, I like to get on with other things	6			

	Question 8	Response	Client 1	Client 2	Joint
Time frame	For how long would you expect your money to be invested before you would need to spend it? (Assuming your adviser has made plans to meet short-term needs and to handle emergencies)				
	Less than 2 years	1			
	Between 2 and 3 years	2			
	Between 3 and 5 years	3			
	More than 7 years	4			
	More than 9 years	5			
	10 years or more	6			

	Question 9	Response	Client 1	Client 2	Joint
Portfolio	The table below shows the highest one-year gain and highest one year loss on four different hypothetical investments of $100,000. Given the potential gain or loss in any one year where would you invest your money? (Refer to the Investment Profile page for more information on expected returns).				

Investment Portfolio	A	B	C	D
Highest indicative gain in any one year	$15,000	$20,500	$26,600	$31,300
Highest indicative loss in any one year	-$2,400	-$6,400	-$11,000	-$14,600

	Response	Client 1	Client 2	Joint
None of these portfolios	1			
Investment Portfolio A	2			
Investment Portfolio B	3			
Investment Portfolio C	4			
Investment Portfolio D	5			

Sometimes investing according to your desired level of risk means you will not be able to afford your current or future lifestyle goals.

Are you willing to take on more risk to potentially meet your current and future lifestyle goals? What sorts of risks are you willing to take? What are the limitations?

Would you like your superannuation and non-superannuation money invested in the same manner?

☐ Yes ☐ No (provide details)

Part 3 Choosing your preferred Investment Profile

The following describes the six different Investment Profiles we use for investing. You are able to choose between

A) One of these Investment Profiles

B) Your own blend of asset allocation.

A) Choose an Investment Profile

15% Growth - 85% Defensive Assets

This portfolio suits investors who give a high priority to the preservation of capital and are therefore willing to accept lower potential investment performance, hence the 85 percent exposure to income assets (cash and fixed interest). This suits investors with a minimum two-year timeframe or those that seek a portfolio comprising mainly of interest bearing assets.

30% Growth - 70% Defensive

This portfolio suits investors seeking a low level of investment value volatility, and therefore willing to accept lower potential investment performance, hence the 70 percent exposure to income assets (cash and fixed interest). This suits investors with a minimum three-year timeframe or those who primarily seek income with some potential for capital growth.

50% Growth - 50% Defensive

This portfolio suits investors who desire a modest level of capital stability but are willing to accept moderate investment value volatility in return for commensurate potential investment performance, hence the 50 percent exposure to growth (shares and listed property) and 50 percent exposure to income (cash and fixed interest) assets. This suits investors with a minimum five-year timeframe or those who seek both income and capital growth.

70% Growth - 30% Defensive

Some capital stability is still desired, but the primary concern is a higher return, hence the 70 percent exposure to growth assets (shares and listed property). This suits investors with a minimum seven-year timeframe or those who are willing to accept higher levels of investment value volatility in return for higher potential investment performance.

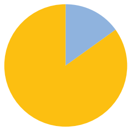
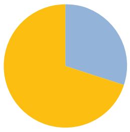
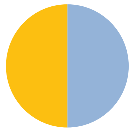
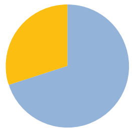
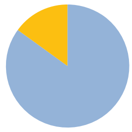
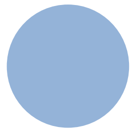
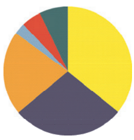
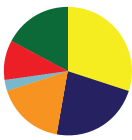
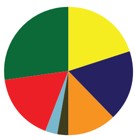
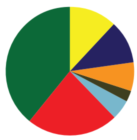
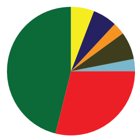
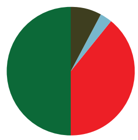
85% Growth - 15% Defensive

The 85 percent exposure to growth assets (shares and listed property) means that capital stability is only a minor concern. This suits investors with a minimum nine-year timeframe or those who are willing to accept high levels of investment value volatility in return for high potential investment performance.

100% Growth Assets

The 100 percent exposure to growth assets (shares and listed property) means that capital stability is not a consideration. This suits investors with a minimum ten-year timeframe or those who are willing to accept very high levels of investment value volatility to maximise potential investment performance.

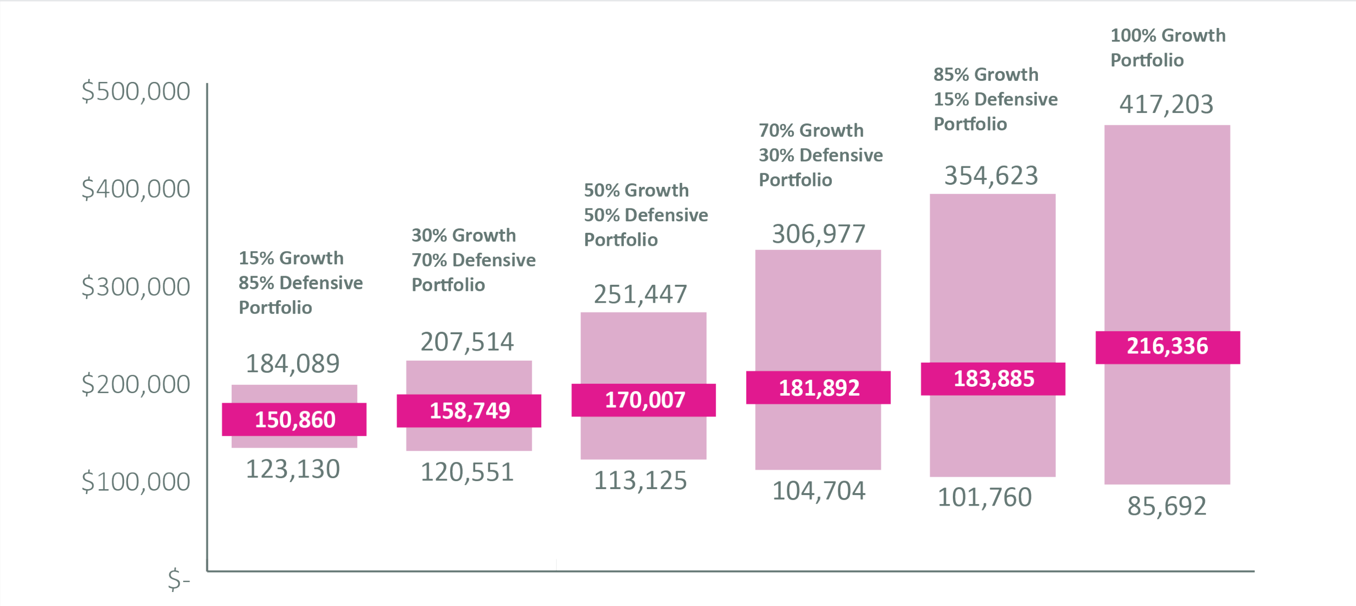
Investment Profile

Asset Class	15% Growth/ 85% Defensive	30% Growth/ 70% Defensive	50% Growth/ 50% Defensive	70% Growth/ 30% Defensive	85% Growth/ 15% Defensive	100% Growth Assets
Growth Income Split % Growth Income						
Growth Assets	15	30	50	70	85	100
Income Assets	85	70	50	30	15	0
Minimum investment time frame	2 years	3 years	5 years	7 years	9 years	10 years
Expected range of annual gross returns for 5 years	1.2 to 7.2%	0.7 to 8.8%	- 0.5 to 11.4%	- 1.9 to 14.2%	- 3.2 to 16.2%	-3.8 to 19.1%
Expected range of annual gross returns for 10 years	2.1 to 6.3%	1.9 to 7.6%	1.2 to 9.7%	0.5 to 11.9%	- 0.4 to 13.3%	- 0.4 to 15.7%
Expected probability of a negative return over any single year	9.5%	13.4%	18.9%	22.7%	23.9%	28.1%
Expected number of negative years in 20 years	1.9 years	2.7 years	3.8 years	4.5 years	4.8 years	5.7 years
			Benchmarks			
Cash Aus. Fix interest Int'l Fix interest Aus Listed Property Int'l Listed Property Aus Equity Int'l Equity						
Cash	36	30	20	12	6	0
Australian Fixed interest	28	23	18	11	6	0
International Fixed interest	21	17	12	7	3	0
Australian Listed Property	0	0	3	3	7	8
International Listed Property	3	3	3	5	3	3
Australian Equity	5	10	17	23	29	39
International Equity	7	17	27	39	46	50
Agreed investment profile/asset allocation	C1 C2 J ☐ ☐ ☐	C1 C2 J ☐ ☐ ☐	C1 C2 J ☐ ☐ ☐	C1 C2 J ☐ ☐ ☐	C1 C2 J ☐ ☐ ☐	C1 C2 J ☐ ☐ ☐

C1 = Client 1, C2 = Client 2, J = Joint

Sourced from Morningstar December 2018. Actual asset class allocation may be 10% either side of this benchmark depending on current economic and personal circumstances. Over short periods outcomes can vary significantly. Past performance is not an indication of future performance.

Projected wealth level of $100,000 invested after 10 years (in dark pink) and the likely range of outcomes (95% confidence interval). Please mark chosen Investment Profile.



Source: Morningstar data December 2018. Past Performance is not an indicator of future performance.

B) Choose your own blend of asset allocation

☐ I/we wish to implement the following asset allocation (+ - 10% variance is acceptable) instead of choosing one of the Investment Profiles

Asset Class	%	Notes
Cash		
Australian Fixed Interest		
International Fixed Interest		
Australian Listed Property		
International Listed Property		
Australian Equity/Shares		
International Equity/Shares		
Total	100	

Are there any specific investments that you wish to have? ☐ Yes (provide details) ☐ No

Are there any investments you would like to avoid? ☐ Yes (provide details) ☐ No

Details of discussions and any clarifications. Did you have any specific discussions regarding preference surrounding inflation, social security, tax, security of capital, liquidity, income needs or any other preference? E.g. clarify any questions about investing, and limitations of asset classes, key concepts, and Investment Profiles discussed

Client Acknowledgment and Consent

My Investment Profile Choice

By signing this document, I/We declare that I/We understand the Investment Fundamentals section of this Fact Find and my/our Adviser has explained the characteristics of the different asset classes and their limitations; the risk-return trade off; the importance of time in investing and diversification, to my/our satisfaction. We believe the Investment Profile selected and its related investment asset allocation suits our risk tolerance and investment timeframe.

☐ Yes, I/We have asked all the questions we needed to understand our Investment Profile choice.

Client 1 Name (please print):

Client 1 Signature: Date DD / MM / YYYY

Client 2 Name (please print):

Client 2 Signature: Date DD / MM / YYYY

Adviser Name (please print):

Adviser Signature: Date DD / MM / YYYY

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