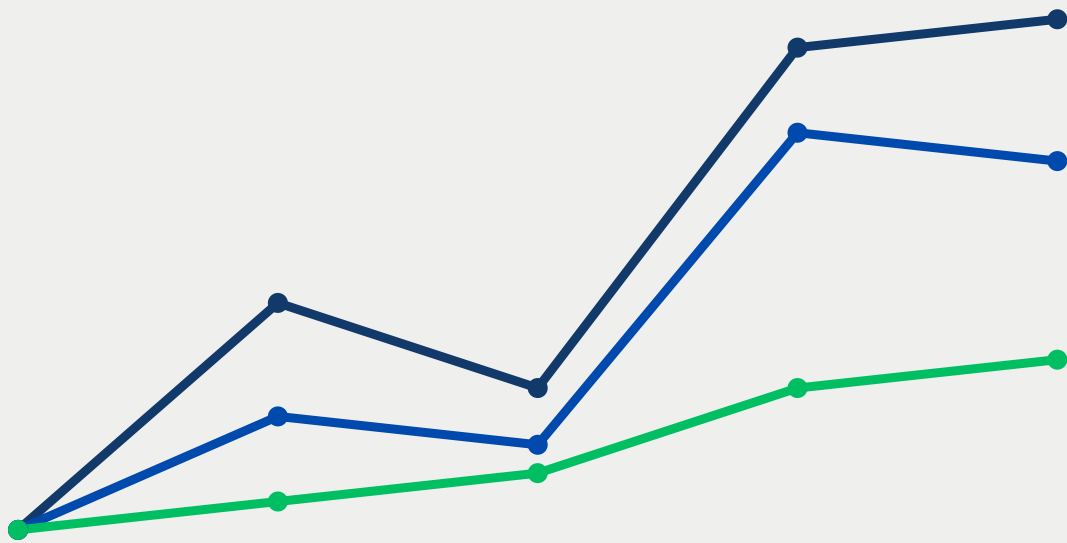


Investment Policy Statement



RJM
Financial Management

WELCOME

While great financial planning touches many aspects of financial life, investment management is undeniably a core foundation of every investor's financial independence.

Helping clients to make great investment decisions is, therefore, a responsibility we take very seriously.

The guide that follows outlines our core investment beliefs. To avoid the complexity that has befallen much of the investment industry, we have intentionally summarised our beliefs as simply as possible.

We look forward to discussing these essential investment truths with you.

Sincerely,

Robert McFarlane

1. Starting with the end in mind

Our investment philosophy is founded on a simple belief: A personalised financial plan is the cornerstone of every investment decision, ensuring your financial journey is uniquely designed for you.

Only when we've considered your unique circumstances and goals can we determine how best to invest your money. This means there is no one-size-fits-all answer to the age-old question: "How should I invest?".

As you do not set off on a journey before deciding on the destination, we will only make investment recommendations after understanding your needs.

The primary goal for most investors is to have a dignified and independent retirement. Once we understand what your money needs to do to achieve this result, we can start making investment recommendations.

2. What is risk?

It's impossible to talk about investing without considering risk. Unfortunately, the word "risk" means different things to different people, and a misunderstanding could result in poor investment decisions or wrong investor expectations.

Investment risk comes in four distinct flavours, each with its own set of challenges that successful investors must navigate.

1. Capital loss risk – the risk that all the invested capital will be lost.

2. Inflation risk – the risk that your money will not keep up with the inflation rate, reducing your purchasing power over time.

3. Volatility risk - the risk that your money will fluctuate in value when the market experiences a period of "temporary decline."

4. “Low returns” risk - The ultimate risk that investors face is that they will one day regret not positioning their portfolio to get the returns they need to achieve their goals. Once the consequences of this risk show up, it's often too late to recover.

Every investment option can be evaluated according to these risks. For example, money in the bank has a low risk of capital loss and will experience no volatility, but in most market cycles, you are almost guaranteed to lose purchasing power. This investment has a high inflation risk.

An investment in a long-term focused, diversified portfolio has a low capital risk. Based on historical returns, it also has a low inflation risk. However, it has a very real risk of volatility. The investor needs to expect frequent periods of decline, which is the price of admission for good long-term returns.

We believe that the only sane definition of money is purchasing power, and we see inflation as the real enemy facing long-term investors.

3. Asset Allocation

While nothing about the future is ever certain, we believe (based on market history) that equities (ownership of the great companies of the world) are the asset class that will deliver the best returns over a multi-decade investment period.

We firmly believe that any portfolio aimed at long-term returns should be predominantly allocated to this asset class. Mature investors understand that when allocating money to equities, their portfolio will frequently experience a “temporary decline”.

To combat this risk, money needed in the short to medium term can be allocated to “income assets” such as bonds and cash. Investors who allocate money to these asset classes understand they are trading returns for certainty.

When deciding how to invest money, we will always consider when the money will be needed. This understanding of your investment timeline ensures that your needs are catered to and your goals are met.

4. The perfect portfolio for you

The best portfolio for you is the one you stick with during all investment market cycles.

For this reason, we will partner with you to explore which portfolio will give you the best chance of achieving your goals while still giving you the peace of mind to sleep well at night.

5. Your guide on the journey

The investing journey is filled with potential pitfalls that can derail even the best of plans.

Our financial planning process is designed to help clients form realistic expectations of what their portfolios can achieve, ignore the media noise along the way, and stay disciplined through all market cycles.

We have guided many families to a dignified and independent retirement, and we believe we can do the same for you!