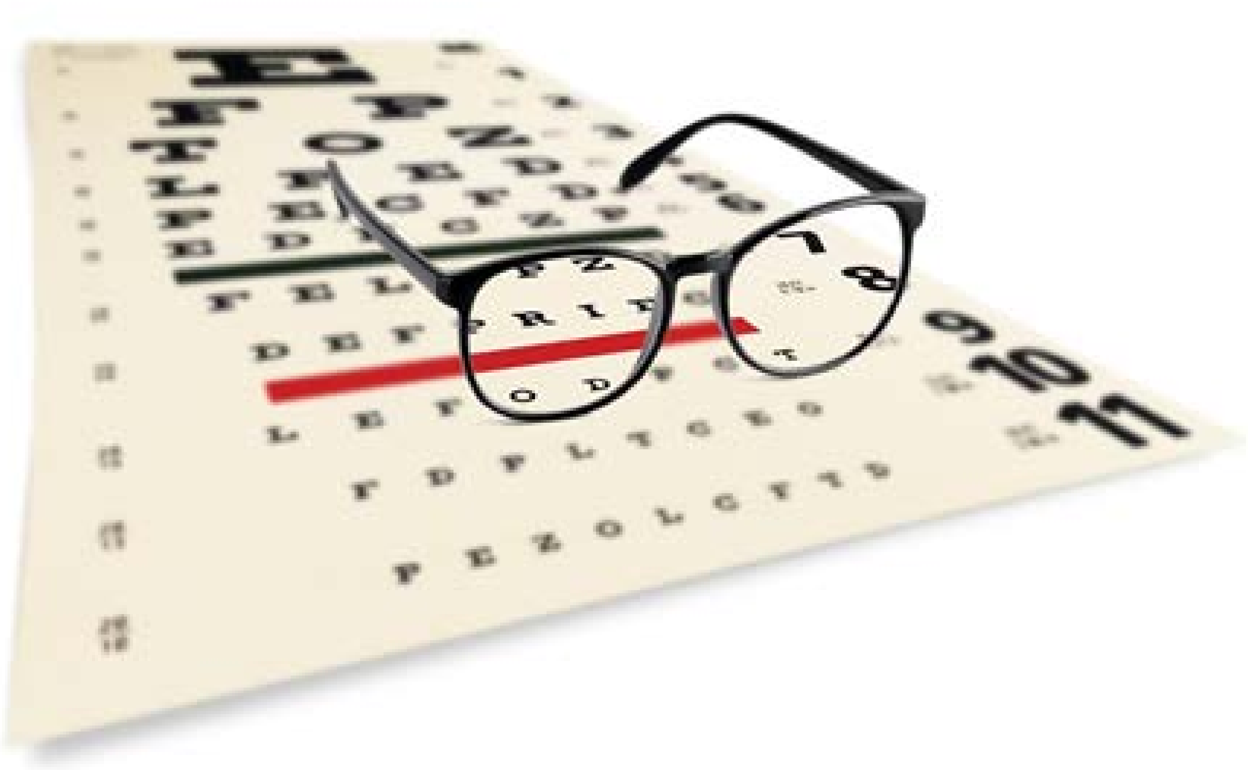
VALUE

SEDLEY KOSCHEL
FINANCIAL GROUP

Why work with a financial adviser?

Because that relationship may be one of your best investments.



What can a financial adviser do for me?

There is no doubt that 2020 tested all of us in many ways. For one thing, it was a volatile year in the markets. First, share markets touched new highs, then fell sharply in March when the global spread of the COVID-19 virus forced lockdowns and a halt to most economic sectors. The markets recovered strongly in the final months on positive vaccine news. For another, our lifestyles changed. Many of us had to switch to a virtual environment seemingly overnight, affecting a wide array of activities: work, school, shopping, celebrations.

Through it all, many of us may have found our priorities and outlooks have changed.

That's why we think it is the perfect time for you to consider the value you receive when you work with an adviser.

Given the volatility seen in 2020, we believe that even if all your adviser did was help you stick to your investment plan, you likely received more value than the fee you paid. But most advisers do so much more. A financial adviser can provide holistic wealth planning: understanding your goals and aspirations, translating these into investment objectives and recommending the right portfolio for you at different life stages. Beyond just selecting investments, an adviser can also help you stay invested, ensure you have the right insurance cover, build an estate plan, manage your spending and saving behaviour and beyond.

The true value of an adviser lies in the sense of financial well-being they inspire—through guidance, education, timely responses to changing markets and regulation, as well as listening and responding to your evolving needs. They can help simplify your life, reassure you are making the right decisions, and provide peace of mind throughout.

How a financial adviser can help you achieve your goals

These are just some of the elements of a financial plan that an adviser may provide you. These elements are captured in our simple and handy formula that can help you understand the value of working with an adviser.

A Appropriate **Asset allocation**

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B **Behavioural** mistakes

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C **Cash** optimisation

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E **Expertise** in additional wealth management services

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T **Tax-effective** investing and planning

=

Value of an adviser

A is for Appropriate Asset Allocation

How an investors money is invested has a huge impact on achieving their investment goals. There is significant research that suggests that asset allocation drives over 85%[1] of the investment outcome for an individual.

For many, it can be tempting to build their own portfolios, but there are also risks. Investors could be making a fatal flaw in their portfolio design when it comes to setting an appropriate asset allocation to meet their investment objectives. Do you have the skill and/or time to research the many investment options available to set the right investment strategy for your needs? There is also the added temptation to chase performance and overreact to market events.

The role of an adviser is to help you articulate your life goals, translate this into investment objectives and design the best possible investment strategy and portfolio recommendations within a level of risk that is appropriate for you. Helping you understand the level of risk required and the implications of this risk is a critical ingredient in an advice conversation. Not taking sufficient risk can impact whether a goal is potentially achievable or not.

Cost of getting it wrong

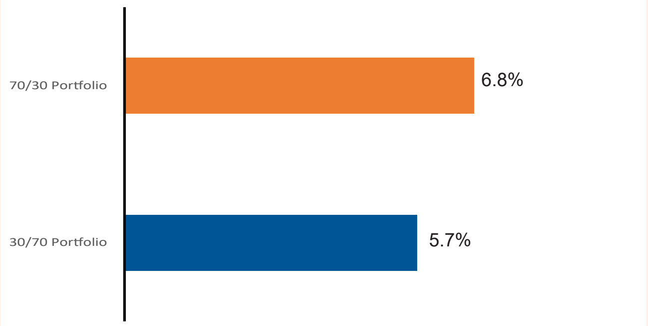
Let's look at the average returns of a simple diversified portfolio with a rolling return over a 10-year period.

If an investor held 70% of their portfolio in growth assets and 30% in defensive, their average annual return would be 6.8% over the 10-year period. If however, they held just 30% growth assets and 70% defensive, they would achieve annualised returns of 5.7%.

In this case, if a younger investor had invested conservatively instead of in the growth option, they would have missed out on an average of 1.1% return every year. That's a significant **difference of $68,000 over 10 years.**

Portfolio return comparison of $100,000

Over 10-year period



Source: Russell Investments, Australian equities: S&P/ASX 300 TR Index AUD, International Equities: MSCI AC World TR Index AUD, MSCI AC World ex Australia NR Index (AUD Hedged). International Bonds: Bloomberg Barclays Global Aggregate TR Index. Australian Bond: Bloomberg AusBond Composite 0 Year Index AUD. Average 10 years of rolling 10-year return between May 2011 to May 2021. Example is provided for illustrative purposes only. Real returns may vary. Past performance is not a reliable indicator of future performance.

In addition to investment strategy, professional advisers bring the necessary skills to construct well-diversified portfolios, which is one of the most important contributors to long term returns. Advisers provide important access to funds and strategies that you may not be aware of or able to access. This includes the right active strategies to build growth, ensuring the total fees are appropriate and the portfolio is well diversified to manage risk.

> *What is clear from our analysis is that financial advisers have the potential to add significant additional value to an investor's portfolio over the long term by helping you to work through your values, preferences and motivations from the outset. For investors who elect to proceed without advice, there can be a big price to pay for selecting the wrong asset allocation.*

[1] Russell Investments Making Super Personal White paper 2020.

B is for Behavioural mistakes

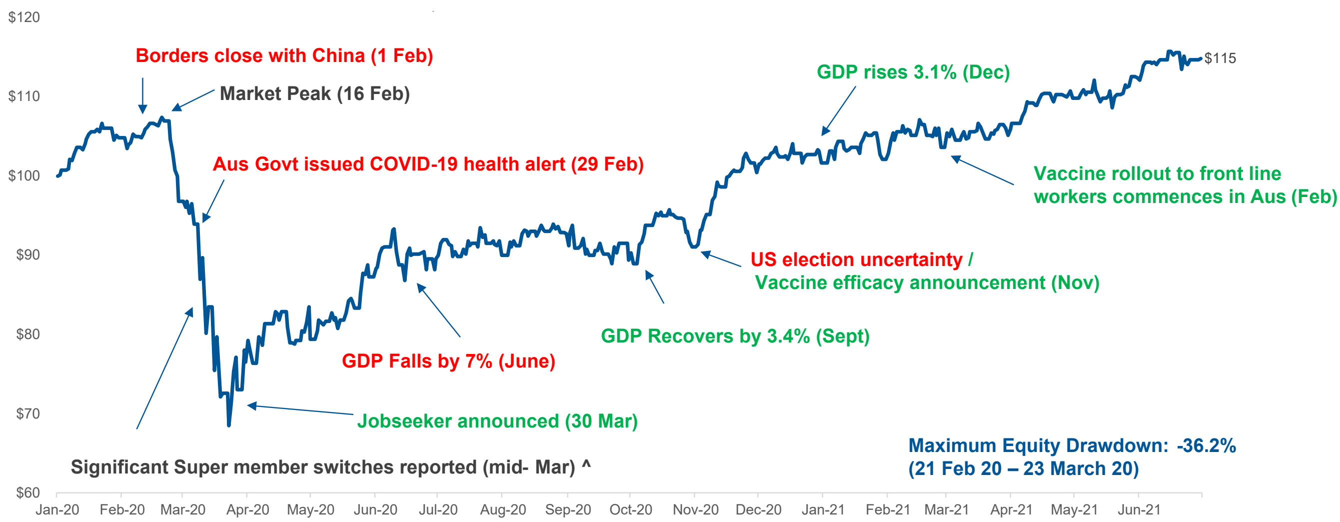
There is no question that 2020 was a wild ride. On the news of an emerging pandemic, markets fell sharp and fast. During this time, we saw many investors seeking shelter and switch their investments to perceived safety of cash. That's not surprising. After all, we're only human.

As humans, we often let our emotions influence our decision-making. While that is perfectly reasonable in most aspects of life, it can be detrimental to our financial well-being when we succumb to our "fight or flight" responses in the face of market volatility.

To be a successful investor, it's important to be objective and disciplined when making investment decisions. This means making sure decisions align with your long term goals. This is where working with an adviser can be helpful. Their role is to keep you on track with your chosen plan, so that you have the best chance to reach your financial goals.

Investors who stuck to their plans in March 2020 would have likely recovered all the ground lost—and potentially even reported a gain—by the end of the year.

Growth of $100 invested in ASX 300 Jan 2020 to June 2021

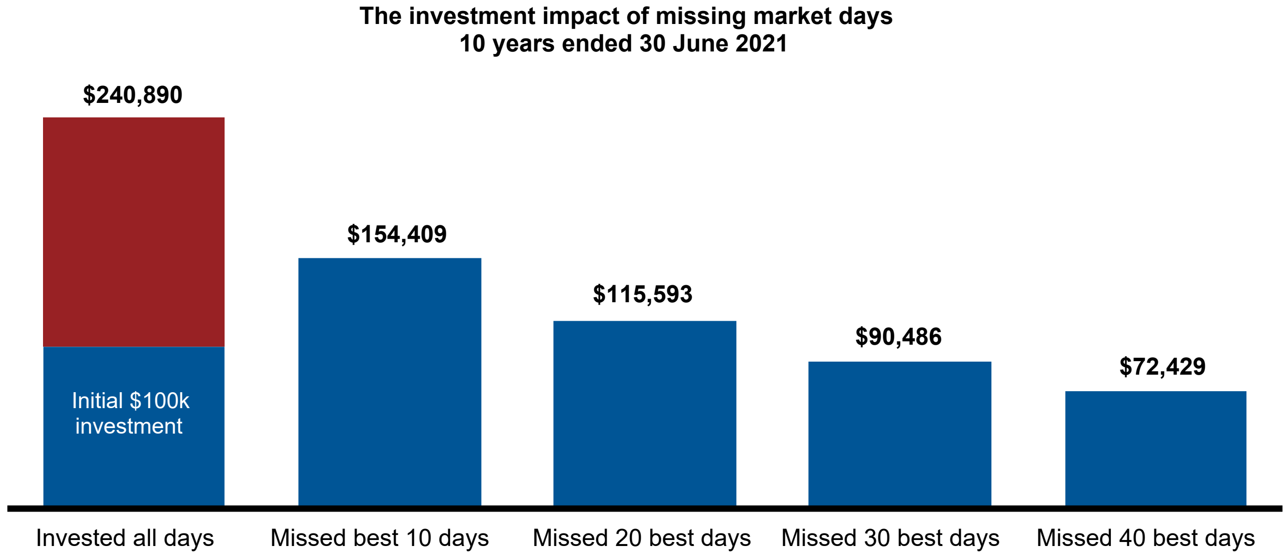


Source: Australian Bureau of Statistics, RBA. Morningstar Direct. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

^ AFR 13 March 2020 – Panicked super savers flee to cash.

Without an adviser's guidance, many investors could have sold low in March and perhaps have had to buy high as the markets steadily recovered throughout the end of the year. Original investment plan can often be the better choice.

As the following graph shows, missing out on even a few days of good performance can eat into your portfolio's returns. And how do you know which days those will be? That's the catch—you don't. Markets can be unpredictable. But their long term trend has been up.



Source: Morningstar. Returns based on S&P/ASX 300, for 10-year period ending 30 June 2021. For illustrative purposes only. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

> *We believe advisers can play a critical role in helping you avoid common behavioural tendencies and may potentially help you achieve better portfolio returns than those investors making decisions without professional guidance.*

C is for the cash optimisation

An investor's attitude to cash can often be an interesting insight not only in their investment references but also their investing confidence. For many, cash can provide a sense of security and familiarity. It largely behaves as we expect it to, it doesn't surprise us on the upside, but more importantly it doesn't surprise us on the downside.

Advisers can help you optimise how you use cash at different stages of your wealth journey. From managing your income and spending behaviour, personal cashflow coaching, to managing cash balances leading up to and through retirement.

Cash can provide a level of certainty for planning purposes. For example, if you require cashflow in retirement you can develop strategies to allocate and maintain levels of cash to meet your expected spending. A popular strategy is to calculate expected spend over a number of years and keep that in cash. An additional benefit of holding cash is the ability to access it on demand.

However, there can be a cost to holding too much cash. While it can cushion potential portfolio losses, it can limit the overall performance and you could miss out on potential portfolio growth. Sacrificing that portfolio growth today, could mean less assets in the future and therefore less spending power over the longer term, particularly in retirement.

Advisers can assist you in investing in a well-diversified portfolio that seeks to balance the needs of liquidity and targeting growth within the risk levels appropriate for you.

To bring this to life, let's look at two hypothetical investor scenarios that both have a desired portfolio of 30% in defensive assets and 70% in growth assets, a common balanced investor. How those defensive assets are invested can potentially have an impact on overall portfolio return.

Hypothetical defensive strategy comparison of $250,000

Annualised return over 10 years

Scenario 1 30% portfolio holding in Term Deposit	0.7%
Scenario 2 30% portfolio holding in diversified fixed income portfolio	1.3%
Excess return	**0.6%**

Assumed 30% allocation to defensive assets. Term Deposit refers to RBA Term Deposit Rate. Diversified Fixed income portfolio refers to equal weighting to Term Deposit, Australian passive fixed income (Bloomberg AusBond Composite 0 Year Index AUD) and Global fixed income benchmarks (International Bond: Bloomberg Barclays Global Aggregate TR Index (AUD Hedged)) as at April 2021. Example is provided for illustrative purposes only. Real returns may vary. Past performance is not a reliable indicator of future performance.

A diversified fixed income portfolio could improve the portfolio return by 0.60%. That's an extra $18,315 over 10-year period.

> *More than just return seeking, advisers are experienced at working with you to closely identify your needs, with the ability to manage planned, unplanned or unforeseen expenditures. Advisers can help keep your portfolio invested where appropriate to grow assets for future spending needs and find the best source and process for accessing capital on your behalf when required.*

E is for expertise

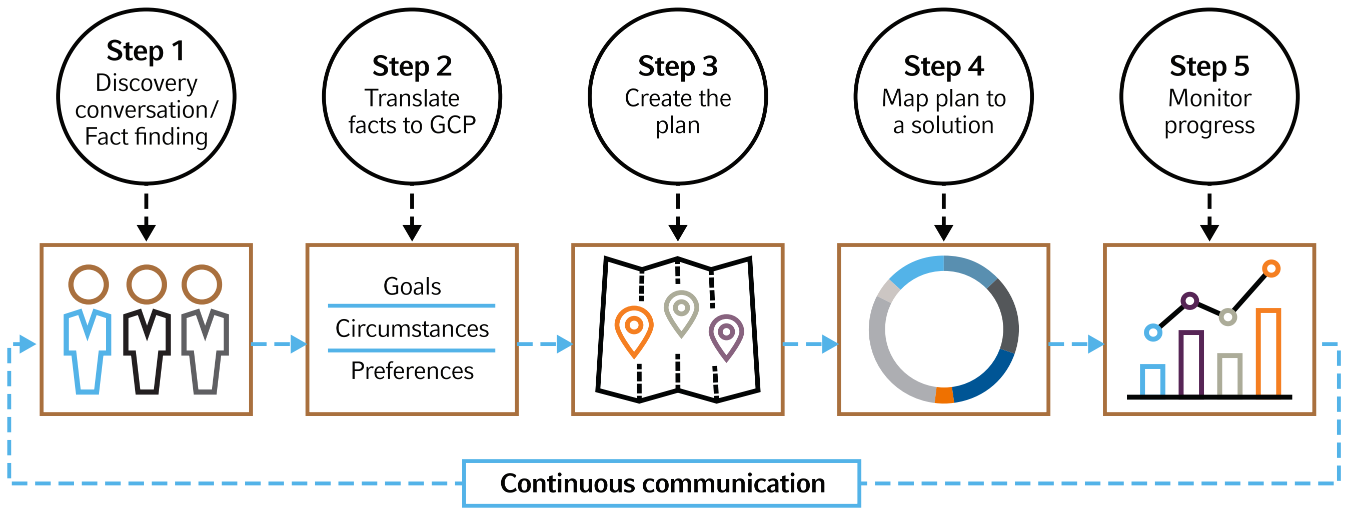
A common misconception is that financial advisers are purely investment managers, whose only job is to select investments and achieve a certain level of return. Good financial advice goes far way beyond this.

Yes, their expertise includes technical skills to assist clients in navigating the investment, legal, tax, superannuation and insurance requirements. However, a quality financial adviser also incorporate additional skills of effective communication, client understanding, behavioural awareness and overall efficiencies.

Advisers offer additional services such as investment education, assistance with specific tax circumstances, estate and retirement income planning, and help you make sure you have proper insurance coverage.

Your financial plan is a key element to help your reach your goals. A robust financial plan may incorporate coordination of your multiple financial goals, considerations for investing at different stages in your life, and strategising with your other trusted professionals dedicated to your financial health.

From the outset, your adviser will work with you to tailor your custom financial plan and recommend investment solutions to help you focus on what matters most to you. The process begins with a deep discovery conversation, taking time to understand you and your needs. They then translate this into goals, circumstances and preferences. And because your priorities and circumstances are likely to change over time, your adviser may choose to engage with you continuously to help you reach your desired goals.



> *Technical expertise, client engagement and overall efficiency are key elements of the value an adviser delivers. However, the most important benefits are the feeling of confidence in your future and peace of mind.*

T is for tax-effective investing and planning

When it comes to investing, it's not what you make that counts. It's what you get to keep. Your adviser can help you navigate the complex world of tax implications of your investments.

Tax is often considered the realm of the accounting profession. However, your adviser can also provide expertise on managing and optimising investment tax. The concept of investment tax isn't just limited to what goes into your tax return. Investment tax can have an impact on the asset value or portfolio return, even though it may not always be seen. As a result, it can be difficult to know how to be tax-effective in your portfolio.

By lowering the tax on your investments, you may be able reach your financial goals sooner.

An adviser can play an important role in your tax journey. They can help manage your investment tax through structural tax strategies. These not only require a close understanding of your needs, but technical expertise and up to date legal and regulatory knowledge to do this successfully. Such strategies can include:

- salary sacrifice pre- and post- superannuation contributions for accumulators
- transition to retirement strategies and reinvesting tax savings
- optimising tax for non-superannuation assets and managing 'tax surprises' as regulatory changes occur.

> *Quality financial advisers not only have the technical expertise to help you make the most of your tax circumstances, but can help you to avoid any unexpected surprises at tax time.*

The bottom line

This post-pandemic world could be the perfect time for you to consider the value of working with an adviser. Because that relationship may be one of your best investments.

Maybe you were lucky enough to work with an adviser who helped keep you invested throughout the market volatility in 2020. If so, then you probably already have received value above and beyond the fee you pay.

Then consider the value embedded in an investment strategy aligned our specific goals, optimising your cash reserves and tax-effective investing, it's clear that there is substantial value in working with an adviser.

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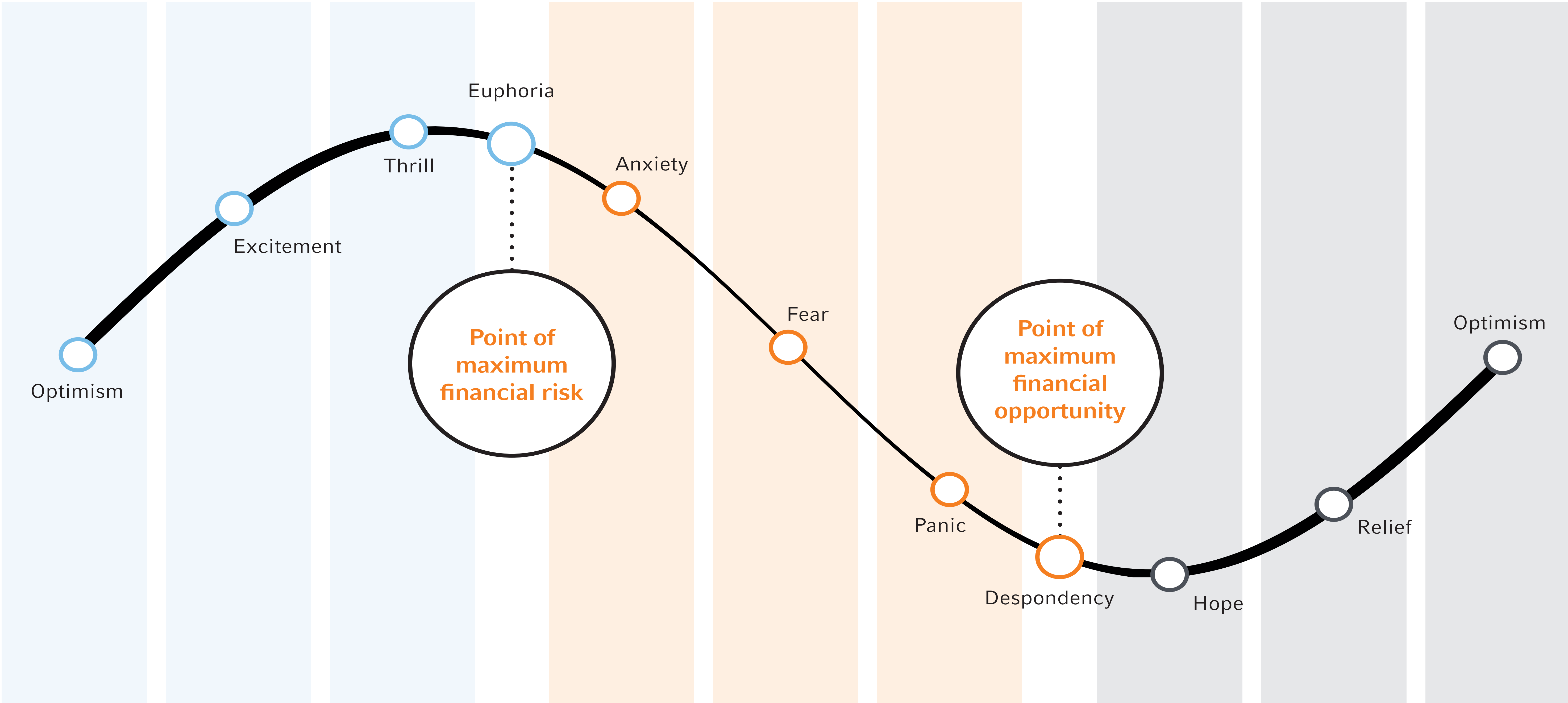
If you're interested to learn more about what we can do for you, please contact us on 1300 00 11 08.

The Market Cycle of Emotions

Most investors are aware of market cycles; and how you feel about the market often runs in cycles as well. This chart identifies how you may be feeling during different phases of the market cycle.



IMPORTANT INFORMATION AND DISCLOSURES

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Value of diversification

The temptation to chase short term returns can be hard to resist.

This table illustrates how different asset classes have performed relative to a multi-asset portfolio diversified across multiple assets, strategies & managers. It also helps to demonstrate that one year's best performing assets can just as easily end up the next year's worst.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Best annual performance	AUS. RES PROPERTY 20.3	AUS. RES PROPERTY 20.1	INT. SHARES HGD 29.3	AREITs 32.2	AUS. SHARES 22.5	AREITs 34.1	AUS. SHARES 16.2	AUS. BONDS 15.0	AUS. SHARES 37.6	INT. SHARES HGD 13.5	AUS. BONDS 11.4	AREITs 32.8	INT. SHARES 47.8	AREITs 26.8	AREITs 14.4	AREITs 13.2	INT. SHARES HGD 19.9	AUS. BONDS 4.5	INT. SHARES 27.9	INT. SHARES HGD 10.3
	AREITs 15.0	AREITs 11.9	AUS. RES PROPERTY 20.0	AUS. SHARES 27.9	INT. SHARES HGD 18.5	AUS. SHARES 24.5	AUS. RES PROPERTY 14.7	INT. BONDS HGD 9.2	INT. SHARES HGD 28.4	INT. BONDS HGD 9.3	INT. BONDS HGD 10.5	AUS. SHARES 19.7	INT. SHARES HGD 32.3	INT. SHARES 15.0	AUS. RES PROPERTY 11.6	AUS. SHARES 11.8	INT. SHARES 13.4	AREITs 3.3	INT. SHARES HGD 26.7	AUS. RES PROPERTY 8.2
	AUS. SHARES 10.5	INT. BONDS HGD 11.6	AUS. SHARES 15.0	MULTI-ASSET 17.4	INT. SHARES 17.1	INT. SHARES HGD 17.6	CASH 6.7	CASH 7.6	AUS. RES PROPERTY 19.4	AUS. RES PROPERTY 8.5	CASH 5.0	INT. SHARES HGD 19.1	AUS. SHARES 19.7	INT. SHARES HGD 12.4	INT. SHARES 11.5	INT. SHARES HGD 10.5	AUS. SHARES 11.8	CASH 1.9	AUS. SHARES 23.8	INT. SHARES 5.6
	INT. BONDS HGD 7.4	AUS. BONDS 8.8	MULTI-ASSET 9.8	INT. SHARES HGD 15.8	MULTI-ASSET 15.3	MULTI-ASSET 15.9	INT. BONDS HGD 6.6	AUS. RES PROPERTY -3.7	MULTI-ASSET 17.3	AUS. BONDS 6.0	AUS. RES PROPERTY -1.4	MULTI-ASSET 16.1	MULTI-ASSET 19.1	AUS. RES PROPERTY 10.9	MULTI-ASSET 4.3	AUS. RES PROPERTY 9.5	MULTI-ASSET 10.3	INT. BONDS HGD 1.7	AREITs 19.5	INT. BONDS HGD 5.1
	AUS. BONDS 5.5	CASH 4.8	AREITs 8.8	INT. SHARES 10.6	AREITs 12.7	INT. SHARES 11.8	INT. SHARES HGD 6.4	MULTI-ASSET -22.5	AREITs 9.6	CASH 4.7	AREITs -1.6	INT. SHARES 14.7	AUS. RES PROPERTY 15.6	INT. BONDS HGD 10.4	INT. SHARES HGD 3.7	MULTI-ASSET 9.0	AREITs 6.4	INT. SHARES 1.3	MULTI-ASSET 18.6	AUS. BONDS 4.5
	CASH 5.2	MULTI-ASSET -6.8	INT. BONDS HGD 6.6	INT. BONDS HGD 8.9	INT. BONDS HGD 6.6	AUS. RES PROPERTY 9.0	MULTI-ASSET 6.3	INT. SHARES -25.9	INT. BONDS HGD 8.0	MULTI-ASSET 3.7	MULTI-ASSET -2.0	INT. BONDS HGD 9.7	AREITs 7.3	MULTI-ASSET 9.9	INT. BONDS HGD 3.3	INT. SHARES 8.2	AUS. RES PROPERTY 6.0	MULTI-ASSET -1.0	AUS. RES PROPERTY 7.5	MULTI-ASSET 3.3
	MULTI-ASSET 3.1	AUS. SHARES -8.6	CASH 4.9	AUS. BONDS 7.0	AUS. BONDS 5.8	CASH 6.0	AUS. BONDS 3.5	AUS. SHARES -38.9	CASH 3.5	AUS. SHARES 1.9	INT. SHARES HGD -2.4	AUS. BONDS 7.7	CASH 2.9	AUS. BONDS 9.8	AUS. SHARES 2.8	INT. BONDS HGD 5.2	INT. BONDS HGD 3.7	AUS. SHARES -3.1	AUS. BONDS 7.3	AUS. SHARES 1.7
	INT. SHARES -9.1	INT. SHARES HGD -22.7	AUS. BONDS 3.0	CASH 5.6	CASH 5.7	INT. BONDS HGD 4.4	INT. SHARES -1.9	INT. SHARES HGD -39.4	INT. SHARES 2.0	AREITs -0.7	INT. SHARES -5.7	AUS. RES PROPERTY 5.4	INT. BONDS HGD 2.3	AUS. SHARES 5.3	AUS. BONDS 2.6	AUS. BONDS 2.9	AUS. BONDS 3.7	AUS. RES PROPERTY -3.4	INT. BONDS HGD 7.2	CASH 0.4
Weakest performance	INT. SHARES HGD -14.8	INT. SHARES -27.2	INT. SHARES 0.0	AUS. RES PROPERTY 2.5	AUS. RES PROPERTY 1.4	AUS. BONDS 3.1	AREITs -8.4	AREITs -55.3	AUS. BONDS 1.7	INT. SHARES -1.4	AUS. SHARES -11.0	CASH 4.0	AUS. BONDS 2.0	CASH 2.7	CASH 2.3	CASH 2.1	CASH 1.7	INT. SHARES HGD -7.5	CASH 1.5	AREITs -4.0

Source: Russell Investments. Sources for the asset classes and sample diversified portfolios are as follows: (1) Australian Shares : S&P/ASX 300 Accum Index, ASX All Ordinaries Accum Index prior to 31 March 2000 (2) Australian Bonds: Bloomberg AusBond Composite 0+ Yr Index, 1980-1989 Commonwealth Bank All Series All Maturities. (3) Cash: Bloomberg AusBond Bank Bill Index (Australian 91 Day Treasury Notes prior to 1988). (4) International Shares: MSCI World Index – Net; Russell Developed Large Cap index prior to 1 October 2018; 1980-1996: MSCI World Net Div Reinvested Accumulation Index (in AUD). (5) International Bonds: Barclays Global Aggregate Index $A Hedged. Saloman Smith Barney World Government Bond Index $A Hedged (Note: Pre-1985 returns unavailable, Domestic Bond returns used) (6) A-REITs: S&P/ASX 300 A-REIT Index (ASX Property Trust Accumulation Index prior to 31 March 2000). (7) Australian Residential Property: Australian median housing prices as obtained from the Real Institute of Australia (REIA) and adjusted for net rental income and other expenses. (8) International Shares Hedged: MSCI World Index – 100% Hedged to AUD - Net; Russell Developed Large Cap index - AUD Hedged prior to 1 October 2018; 1988-1999: MSCI World Net Div Reinvested Accumulation Index $A Hedged, MSCI World Local Currency Index prior to 1988. The multi-asset portfolio is hypothetical only and is calculated by a weighted average of the asset class index returns.

BEHAVIOUR

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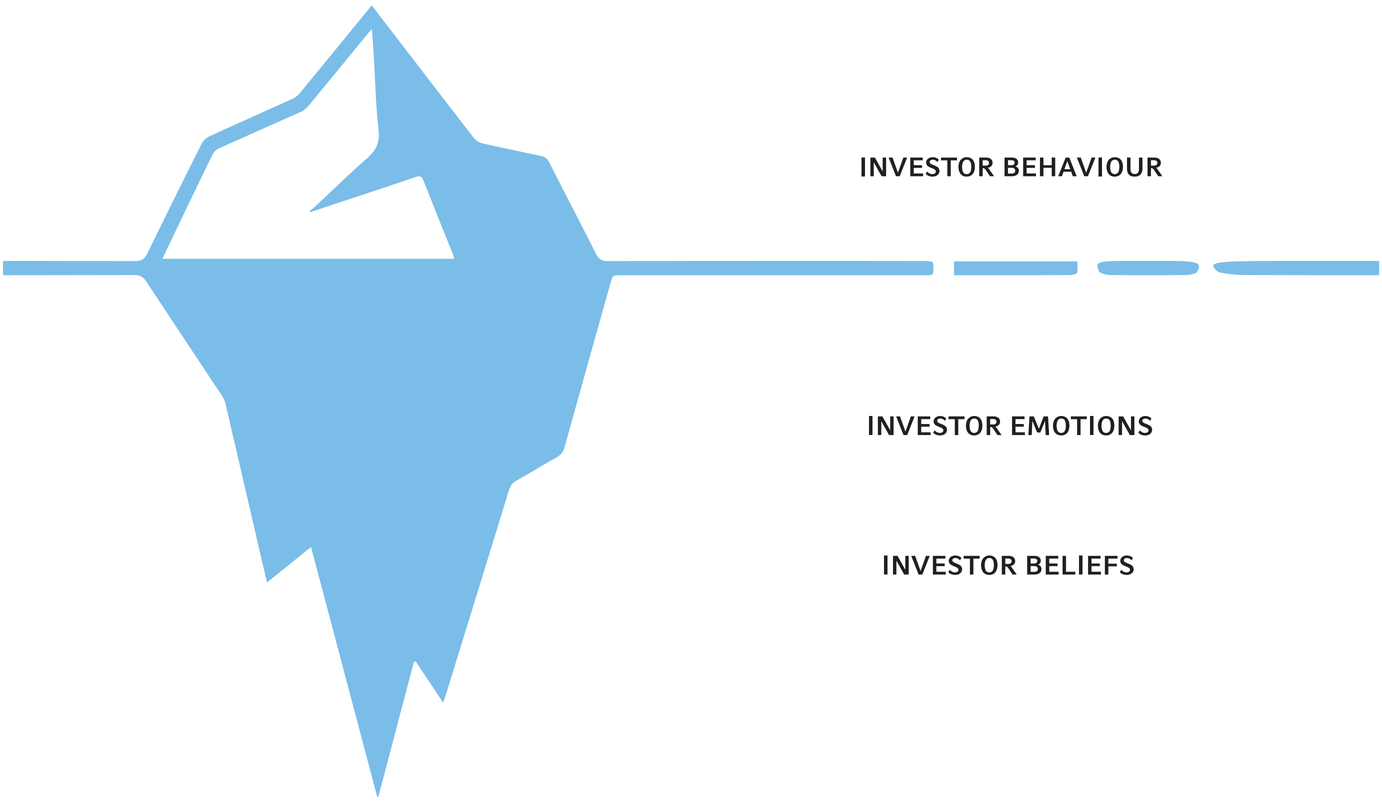
How to avoid common behavioural biases



What drives investors to select one response over another?

It depends on a number of factors: what the investor's objectives are, including their risk tolerance and return target, what the investor's beliefs are about where they are in the market cycle and what markets will do next within the investor's time horizon. Depending on investor's beliefs, preferences, emotions and past experiences (all invisible to the market), they can come to contrasting conclusions, resulting in different investor behaviour and sometimes opposing investment strategies (the only things visible to the market).

For example, if markets fall 10% and news headlines about an increased probability of near term recession fuel anxiety in investors' minds, the following may happen:

- A common response may be to stop investing until markets stopped falling;
- Some worried investors may even start selling in case it's the start of a bear market;
- Contrarian investors may see the market correction as an opportunity to buy stocks 'on sale' at lower prices.

Same event. Three different types of behaviours.

Conversely, if markets or particular asset classes, sectors or stocks rally, the following may happen:

- A common response may be to follow the herd and join in the buying activity, bidding up prices;
- Some cautious investors may wait and see if the rally will be sustained before investing;
- Contrarian investors may sell because they believe the prices are too high.

Some beliefs may lead to successful investment strategies and behaviours. However, other beliefs may lead to behavioural biases that are counterproductive and jeopardise the likelihood of achieving an investor's objectives.

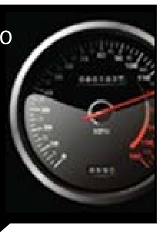
Herding

Humans tend to mimic the actions of the larger group

Buy high, sell low

Overconfidence

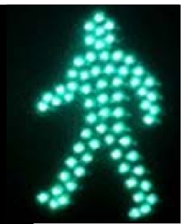
Humans tend to over-estimate or exaggerate our ability to successfully perform tasks



Trade too often

Familiarity

Humans tend to prefer what is familiar or well-known



Overweight home country

Mental accounting

Humans tend to separate their money into separate accounts

Naive diversification

Examples of behavioural biases & portoflio implications

To understand what these biases are and why investors exhibit them, we need to remember that our human brains are hard wired for a world of limited and poor information, described as System 1 by behavioural finance specialists (or 'Blink')[1].

Historically, survival depended on quick pattern recognition and decisive action. As a result, stereotyping and generalising have proved helpful in survival.

However, when it comes to investing in a world of uncertainty, these traits can push investors to find patterns that may not actually exist, especially for short term horizons.

"BLINK": SYSTEM 1	"THINK": SYSTEM 2
Fast: Freeze, flight or fight	Slow: Considered
Intuitive/Autopilot/uncontrolled	Rational/Intentional/controlled
Ignores some information due to speed	Includes all relevant information
Developed over many years	More recently developed
Prone to predictable, systematic errors	Can be trained, rule-following
Unconscious/effortless	Self-aware/deliberate
Associative	Deductive

What are the implications for investors and portfolios if these biases are not kept in check? We will first consider some common bias, what behaviours they may lead to and how the biases may be overcome[2].

[1] Source: 'System 1' and 'System 2' terminology taken from Daniel Kahneman, Thinking Fast and Slow.
[2] Multiple biases may contribute to some particular investor behaviours and investment strategies.

Buy high, sell low

Contrary to the key to successful investing – buying low and selling high, many investors end up doing the opposite. This can inadvertently result because of:

Herding biases

Humans tend to mimic actions of larger group and follow the crowd, e.g. if everyone selling, you sell too and vice versa. Herding comes from our evolutionary need to fit in with the majority because exclusion from the pack can be dangerous as there would be less protection from predators.

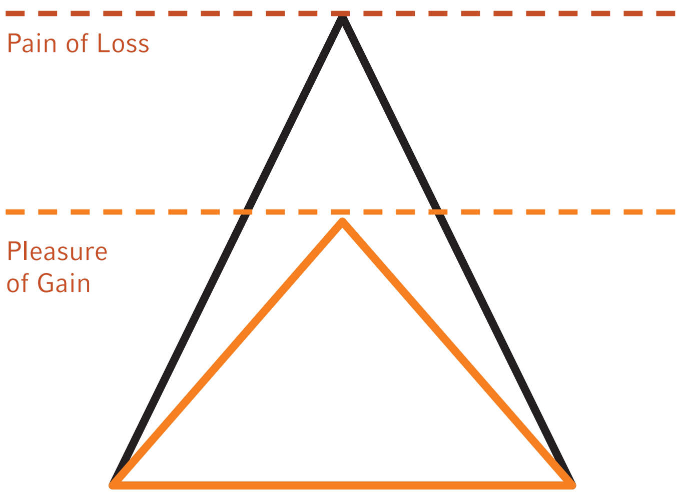
Greed

Many investors strive to extract every dollar of profit out of a position before selling out of the investment, which may mean they end up selling after the stock or market has peaked. Alternatively, it can mean buying when the market has already run, at higher prices after others have already made money and identified opportunities early. In both cases, it could be due to investors assuming the market will follow a pattern and continue the rally or decline.

Fear and loss aversion

Humans tend to prefer avoiding losses than acquiring equivalent gains: If someone is confronted with equal amounts of loss and gain, the pain they experience from loss is nearly twice as strong as the pleasure of the gain[3]. Some investors may sell at low prices as the market is falling to avoid more losses despite the investment being a sound one and helpful to achieve their long term objectives. They may also miss out on true buying opportunities for fear of negative market sentiment continuing the downward trend[4].

[3] Source: Advances in Prospect Theory – Cumulative Representation of Uncertainty, Tversky and Kahneman, 1992.
[4] Also related to regret aversion bias: fear of bad outcomes and desire to avoid blame for poor result, e.g. fear of missing out on fads or stay out of market to avoid downturn.



Trade too often

In addition to herding bias, greed and fear emotions, investors may trade too often because of an overconfidence bias: humans tend to overestimate or exaggerate their ability to successfully perform tasks. Russell Investments' recent global analysis showed that the average investor's inclination to chase past performance has cost them 2.0% annually in the 36 year period from 1984 - 2021[5].

Home bias & country specific risk

Humans tend to prefer what is familiar or well-known. One of the common results of this in portfolios around the world is the home country bias: the tendency to allocate a greater portion of one's portfolio to assets domiciled in your home country. For example, 75% of retail share owners in Australia hold only domestic shares despite Australia being less than 3% of the global market capitalisation[6]. Our global analysis shows that regardless of which home country the investor resides in, this phenomenon is shared across most countries. The home country bias limits the amount of diversification in investor portfolios and exposes investors to significant country-specific risk.

[5] Source: "Average" Investor – Russell Investment Group, Refinitiv DataStream. Return was calculated by deriving the internal rate of return (IRR) based on ICI monthly fund flow data which was compared to the rate of return if invested in the Russell 3000 Index and held without alteration from January 1, 1984 to March 31 2021. This seeks to illustrate how regularly increasing or decreasing equity exposure based on the current market trends can sacrifice even market-like returns. Indexes and/or benchmarks are unmanaged and cannot be invested in directly. Example provided for illustrative purposes only. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.
[6] ASX Australian Investor Study 2017, prepared by Deloitte Access Economics. https://www.asx.com.au/education/2017-asx-investor-study.htm
Australia's market capitalisation in the FTSE Russell Developed Large Cap Index is 2.5% as at 31 May 2018.

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How to avoid behavioural bias

As humans, we all suffer from some biases. But many of these can be reduced by a robust, objective and disciplined process.

As more and more investors prepare to retire and financial markets remain unpredictable, it will be increasingly important to keep behavioural biases in check.

We can help:

1 Provide education on potential biases and how to recognise whether they are affecting investment decisions

2 Take an objective view of how any decision can have a long-term impact on a portfolio

3 Create a process that considers an investor's goals, circumstances and preferences to keep them focused on their long-term outcomes