Investment Philosophy

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Important Disclosures

Thrive Financial Planning is a privately owned enterprise operating on the Sunshine Coast in Queensland.
Our advisory team is committed to providing quality financial advice and a wide choice of products and/or services to suit individual client circumstances.

We are registered with and regulated by the Australian Securities and Investment Commission. When performing our duties, we are obliged by law to act in your best interests and provide appropriate advice. Additionally, we are bound by a Code of Ethics. Please refer to our Financial Service Guide for comprehensive information about our offering.

General Advice Warning

This document may contain general advice and does not take into account your objectives, financial situation or needs. You should consider whether the advice is suitable for you and your personal circumstances. Before you make any decision about whether to acquire a certain product, you should obtain and read the relevant product disclosure statement. Should you require personal advice, we encourage you to contact our team.

Our Commitment To You

We are guided in the decisions we make on your behalf by some fundamental 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 such as:

- ✓ Understanding your attitude towards risk and return to develop a detailed risk profile.
- ✓ Allocating your portfolio across a range of assets - shares, bonds, property, and cash.
- ✓ Choosing a suitable mix of investment styles - passive and active, to achieve your goals.
- ✓ Reducing the cost of investing wherever possible by implementing tax-effective investment strategies.
- ✓ Re-balancing your investments back to your target asset allocation to keep you on track to achieve your goals.

We will help you:

- ✓ Create specific and measurable investment goals.
- ✓ Develop a suitable asset allocation.
- ✓ Minimise cost.
- ✓ Maintain perspective and long-term discipline.

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

Why We Invest

We believe that clients generally invest for one or several of these three simple reasons:

1. To derive a source of income from which to fund their lifestyle.

2. To preserve the purchasing power of their existing wealth.

3. To avail themselves to the prospect of capital growth for overall wealth enhancement.

We understand that the priority between these three goals can vary significantly from client to client and for this reason we tailor our investment advice to the unique requirements of each individual.

We also acknowledge that you may have other important preferences (i.e. - tax effective income, limited volatility, etc) which we will take into consideration.

There are many different assets and strategies one can pursue when seeking to achieve these goals and the resultant activity exposes clients to a wide array of risks.

We shape our investment advice process around the sound management of risks that may hinder the successful achievement of these primary objectives.

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

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

We believe that clear and realistic goals can help protect clients from common mistakes that can deprive them of achieving investment success.

We will focus on helping you to develop realistic plans to achieve your goals and what's important to you.

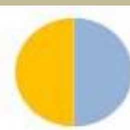
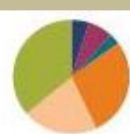
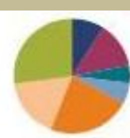
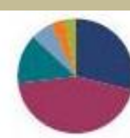
Managing Risk

- Investing presents clients with an array of risks to contend with. Some of the more common risks include market risk, liquidity risk, currency risk, credit risk, interest rate risk, inflation risk and shortfall risk. Understanding ways to manage these risks is a crucial part of how we help you achieving your financial goals.

- At the onset, we embark on a comprehensive educational session with clients to ensure we gain a firm understanding of your tolerance to risk. This places us in a strong position to design a portfolio that is suitable for your risk profile and investment objectives.

- 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 has consistently shown that the mix of assets in broadly diversified portfolios is by far the greatest determinant of both total returns and return variability over the long term. For this reason, we place extreme importance on correctly understanding your tolerance to risk and strategically go about preparing a portfolio with an asset mix that is suitable for your risk profile.

Risk Profile	Conservative	Moderate	Balanced	Growth	Aggressive
Minimum Investment Period	2 Years	3 Years	5 Years	7 Years	9 Years
Profile Characteristics %					
					
Growth Assets	15	30	50	70	90
Defensive Assets	85	70	50	30	10
Strategic Asset Allocation %					
					
Australian Equity	5	9	16	22	29
International Equity (50% Hedged)	7	13	23	33	44
Property and Infrastructure	3	5	8	11	14
Alternatives	0	6	6	8	6
Australian Fixed Interest	28	23	20	12	4
International Fixed Interest	21	17	14	8	0
Cash	36	27	13	6	3
Property and Infrastructure % Split					
Australian Listed Property	0	0	2	3	4
International Listed Property	3	3	4	5	6
Global Infrastructure	0	2	2	3	4

The Asset Mix

- ✓ Economic conditions impact each of the asset classes differently.
- ✓ Because future economic conditions are unknown, we focus on ensuring client portfolios have a suitable mix of asset classes.
- ✓ This lowers overall risk in the portfolio by ensuring clients aren't under or overexposed to any given asset class.

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
32.8	32.3	26.8	14.4	13.2	27.5	4.5	26.8	10.6	30.2	1.3
32.0	19.7	23.1	4.6	12.1	20.0	3.3	23.8	8.1	27.0	-1.8
19.7	13.4	12.6	3.8	11.8	11.9	1.9	22.4	5.1	23.9	-9.7
18.7	10.1	10.4	3.3	10.3	6.4	1.6	19.6	4.5	17.5	-12.3
17.1	7.3	9.8	2.8	6.5	9.5	-3.1	19.1	1.7	3.8	-13.9
9.7	2.9	7.3	2.6	5.2	3.7	-3.5	7.3	0.4	0.0	-18.1
7.7	2.3	5.3	2.3	2.9	3.7	-4.7	7.2	-4.0	-1.5	-20.1
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 Equities; Aus Fixed Interest; Global Agg H; Intl Equities: EM; Intl Equities: DM H; Aus Property; 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.

- ✓ We believe in strategic asset allocation.
- ✓ We take the time to ensure we have a strong handle on our client 's true tolerance to investment risks.
- ✓ We recommend appropriate asset allocation for each client

Asset Allocation Considerations

Strategic Asset Allocation

Constructed based on long-term asset class forecasts with targets to maintain a set combination of asset classes.

Dynamic Asset Allocation (DAA) and Tactical Asset Allocation (TAA)

Active portfolio management strategies that shift the percentage of assets held in various categories to take advantage of short to medium term market pricing anomalies or strong market sectors.

For any tactical move to be successful, managers need to be right not just once but at least five times.

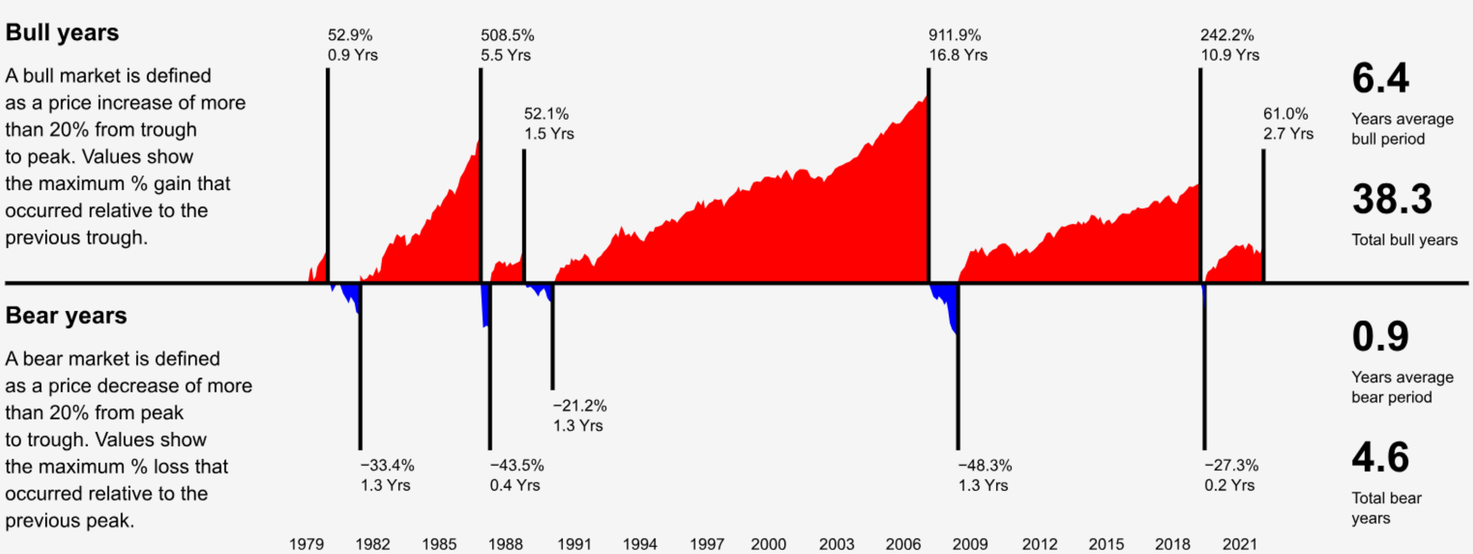
1. Identify a reliable indicator of short-term future market returns
2. Time the exit from an asset class or market, down to the precise day.
3. Time re-entry to an asset class or the market, down to the precise day.
4. Decide on the size of the allocation and how to fund the trade.
5. Execute the trade at a cost less than the expected benefit

Volatility

- ✓ Exposure to volatility is unavoidable when investing in growth assets.
- ✓ We believe that it is our role to provide you sufficient education to withstand a certain amount of volatility.
- ✓ This education coupled with investing only in accordance your timeframe is crucial to the avoidance of unnecessarily realising losses.

Importance of staying invested

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



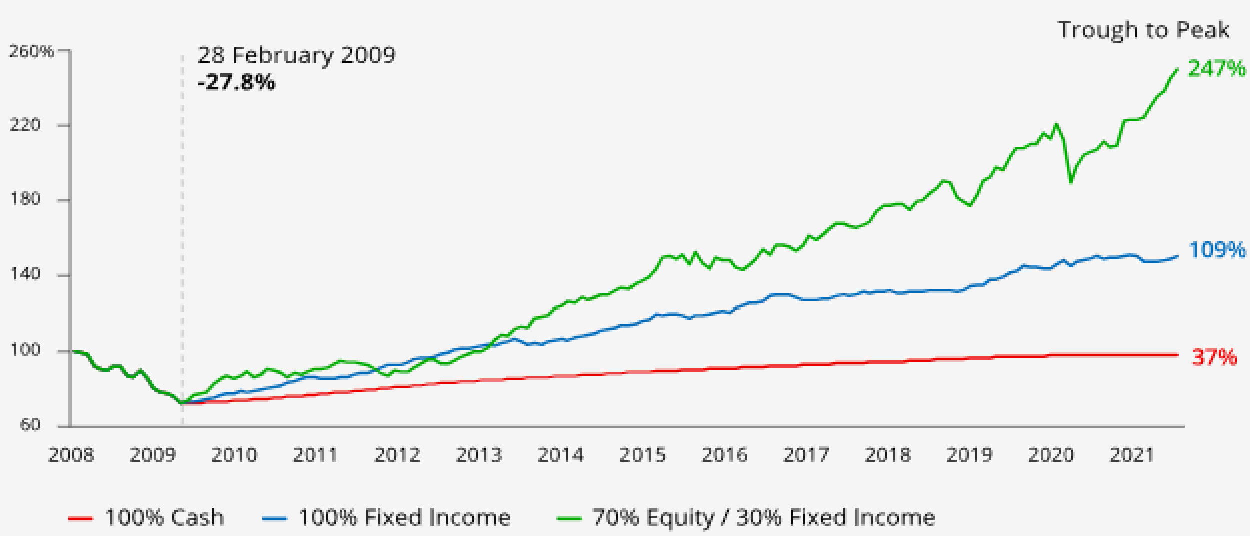
Notes: 1. The latest bull run is still ongoing. The calculations represent the price increase and period up to 30 November 2022. Calculations are based on the S&P All Ordinaries Index for the period 1/1/1980 to 30/11/2022. The plotted areas depict the losses/gains ranging from the minimum following a 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.

Discipline

- ✓ We believe in taking a long-term strategic approach and create investment portfolios designed to broadly withstand all market conditions.
- ✓ While it is possible for a market-timing strategy to add value from time to time, on average we believe these strategies have not produced consistent returns in excess of market benchmarks.
- ✓ We educate you on the dangers of reacting to market downturns and making poor investment decisions when emotional. We help you to focus on your long-term goals and how staying the course will help you to achieve them.
- ✓ Where possible we encourage you to invest more. 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 do not believe in the predictive ability required to correctly time markets. As such, Dollar Cost Averaging is key in reducing the risk of mistiming the market.
- ✓ We help you understand why re-balancing is necessary to keep your portfolio in line with your objectives and risk appetite throughout the cycle.

Importance of maintaining discipline

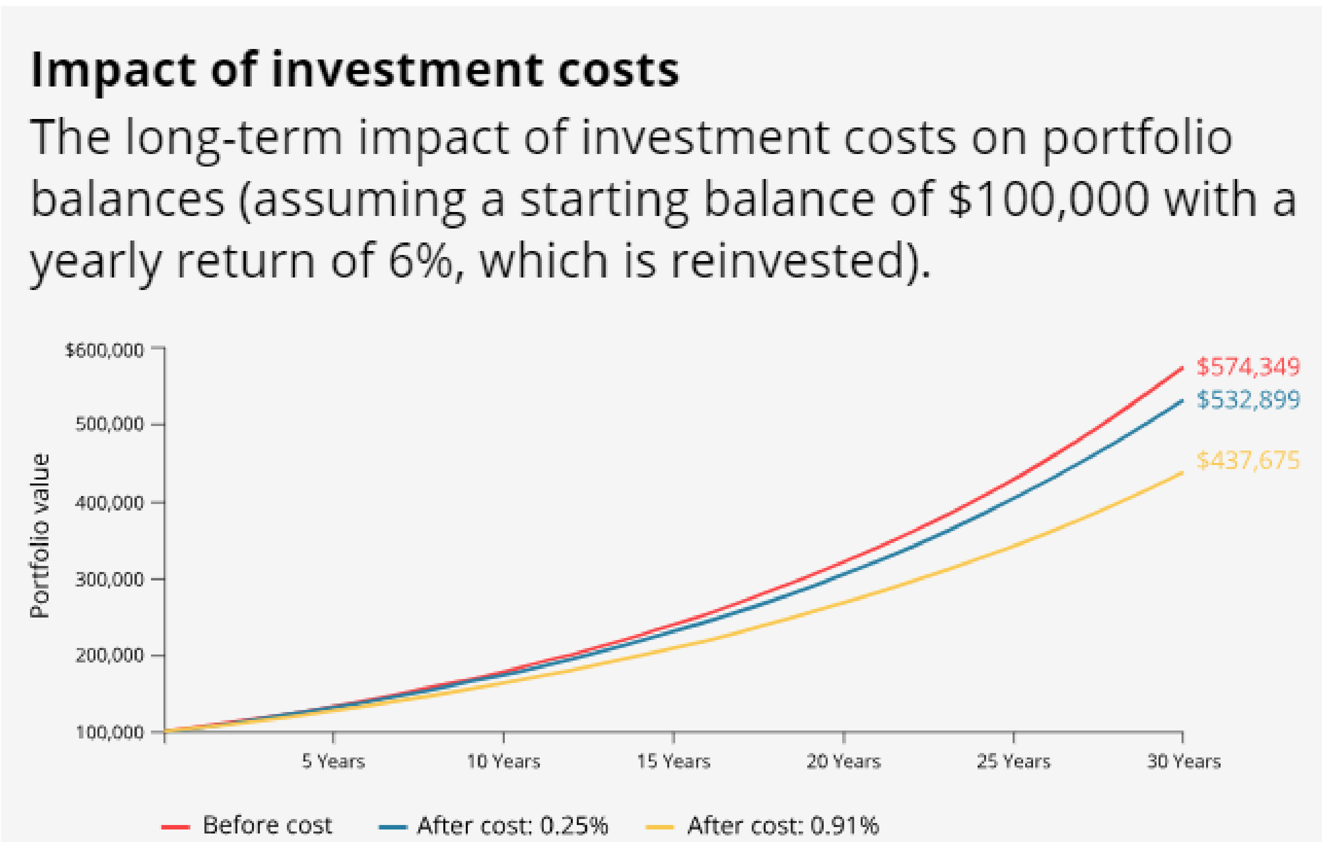
Reacting to market volatility can jeopardise returns



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.

Investment Cost

- Clients cannot control the markets, but they can control their overall costs.
- The lower investment costs are, the more you keep of your returns and the greater your chance of achieving investment success.
- We do not purely seek out the cheapest investment product per category. We do however ensure that every investment product recommended is priced competitively and represents value for money within your portfolio.



Manager Selection

- ✓ We believe that an effective manager selection process is critical to attracting and retaining skilled managers to implement asset allocation and achieve investment objectives.
- ✓ 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 take into account transaction, management, and performance fees to understand the overall cost of the recommended investment option to our clients.
- ✓ We believe that past performance is not a reliable indicator of future performance, but it is a fair measure of how well an investment manager delivered against its peers and own objectives over a given time-frame.

Active vs Passive Investing

Both active and passive investment styles have potential benefits within 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.

Our decisions to include active and passive investment styles into portfolios will depend on our client's objectives.

Manager selection considerations

Talent

Carefully select managers with a proven process and demonstrable ability.

Cost

Don’t let high fees destroy fund performance.

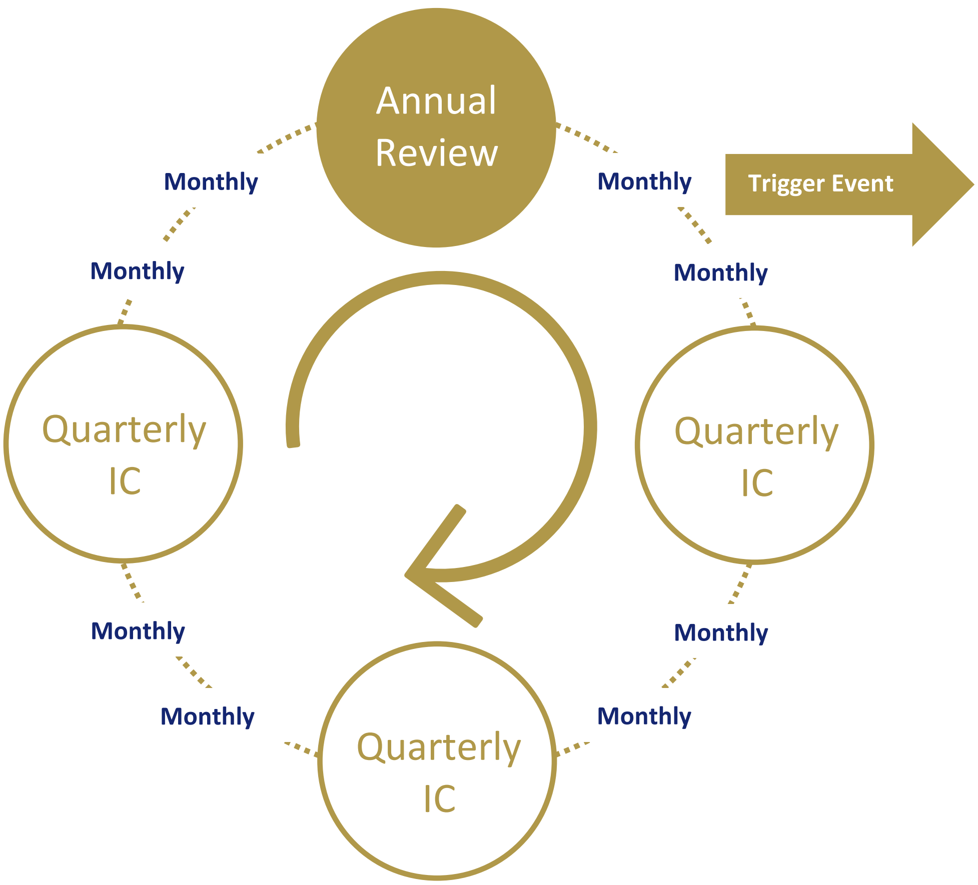
Patience

Accept that there will be periods of underperformance.

Governance

- ✓ For every manager we establish measures of success and time periods for which the manager will be evaluated.
- ✓ 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.
- ✓ We maintain regular communications to check if the portfolio is being managed in accordance with established guidelines and to discuss performance results.

Investment Review Process



Stages	
1	**Awareness of need** A trigger event creates an awareness of a need to change
2	**Assessment of the need** Defining the broad requirements to address the need
3	**Investigation of options** Researching the different ways of solving the need
4	**Due Diligence on Options** Assessing accessibility of options
5	**Decision to act** Review of business case for change and monitoring intention to make a change
6	**Selection of solution** Evaluation of final pitches and confirming the choice of a preferred solution/fund manager
7	**Implementation** Preparing of resources to implement and engaging investors
8	**Portfolio Review** Reviewing performance and changes

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.

Empowering Financial Freedom

Simple.

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