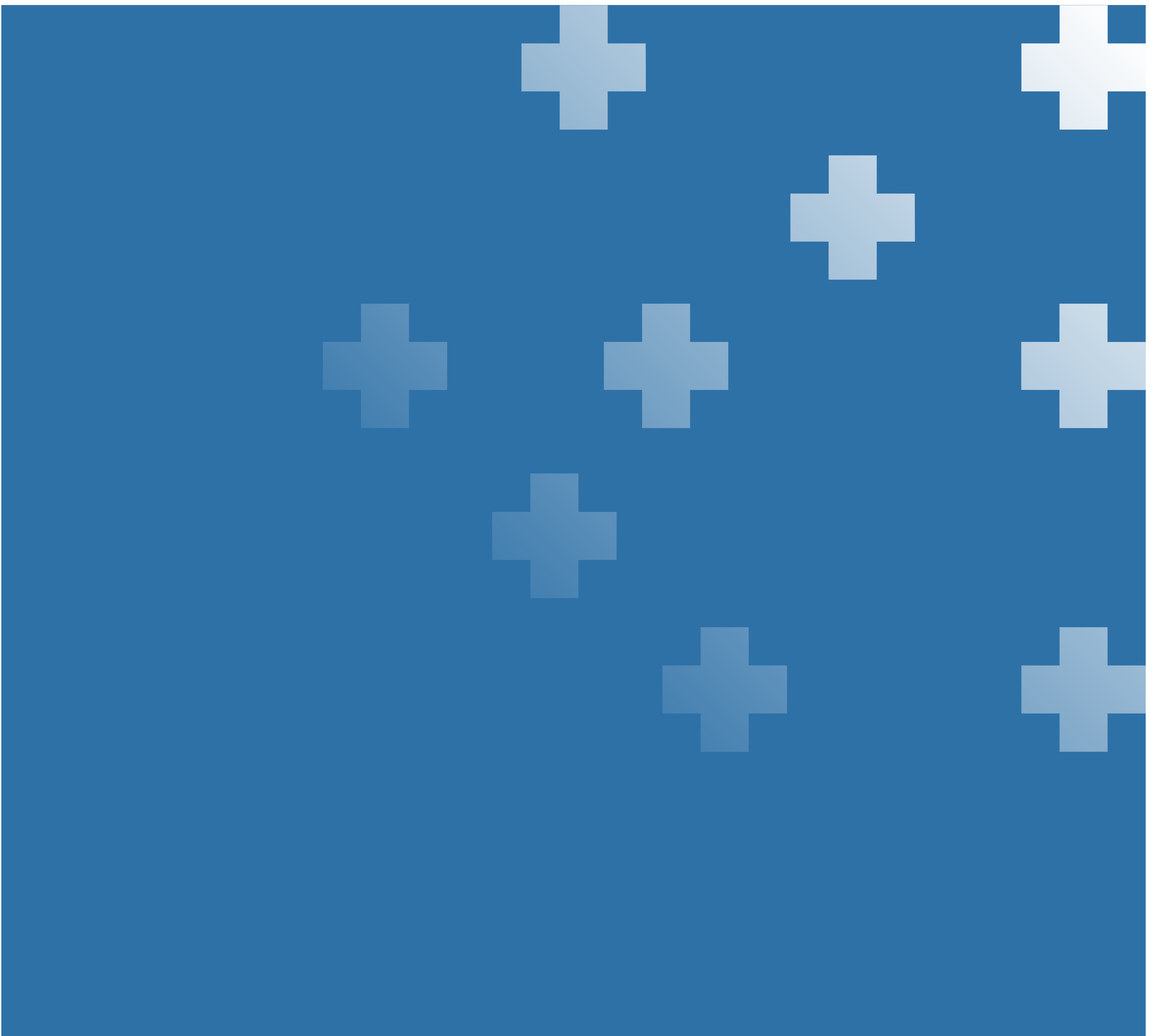


Cotton Tree Financial Services

Investment Philosophy Document

AFSL: Poole & Partners Investment Services Pty Ltd 280232



Investment Services from the Advisers at Cotton Tree Financial Services (CTFS) Maroochydore.

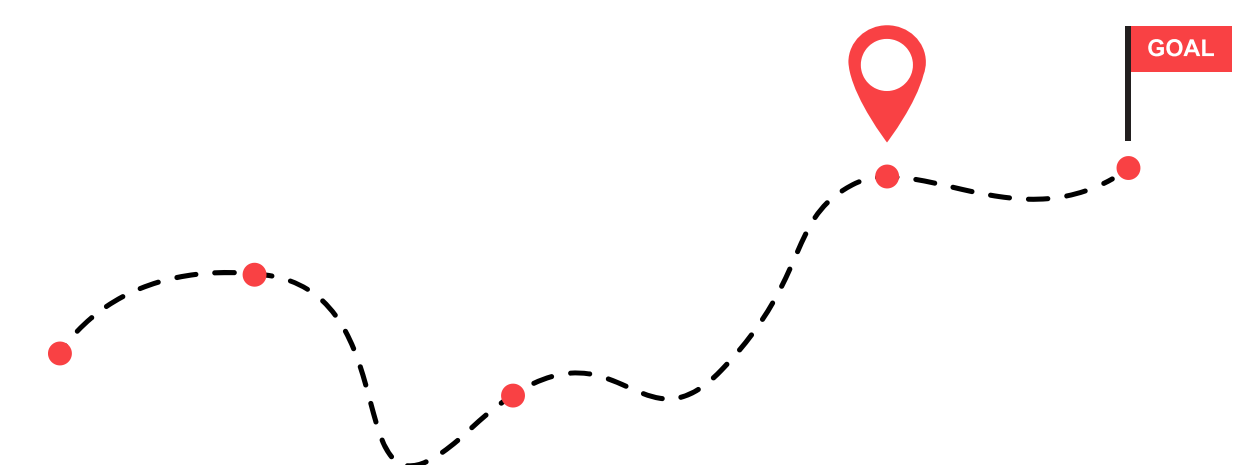
Like all successful financial advice businesses, we have a core set of investment beliefs. These beliefs shape the investment decisions we take on your behalf and give focus and discipline to the oversight of your investment goals.

Why do your investments matter?

When it comes to the cost of living, it is important to make sure that your money is working for you and not against you over the long term.

At Cotton Tree Financial Services, our investment specialists have over 50 years of combined experience in the field of investing, with a specific interest in direct equities, domestic and global stock markets and related listed investments.

Keeping you on track to achieving your goals



We make our recommendations based on a collective agreement from industry leading research, economic macro research and individual company analysis of market data. This is to ensure we have quality information to make investment recommendations for your individual needs as best as possible.

What makes our CTFS investment services different?

As we are self-licensed investment advisers, we are able to access a wide range of investment types across different markets to find great opportunities for our clients.

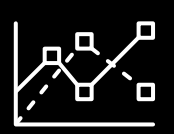
We don't focus on placing all of your money into expensive, underperforming managed funds, instead we focus on adding value through a diverse and well-thought-out investment portfolio that includes different investments based on your individual risk appetite. This also includes looking at your overall wealth and assets from a holistic perspective.

We aren't restricted to investments that are tied to an institution or a platform provider, we use some of the best to ensure you are better off from a fee and investment performance perspective. Importantly, all investment recommendations are approved by our investment committee on our Approved Product List (APL).



Cotton Tree Financial Services
Phone: 07 5450 9898

Email: enquiries@cottontreefinancial.com.au
Website: www.cottontreefinancial.com.au
Reviews: www.adviserratings.com.au - Hayden White



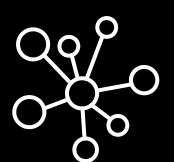
What we Invest in

Cotton Tree Financial Services invest in a wide range of asset types across different markets.

We specialise in:

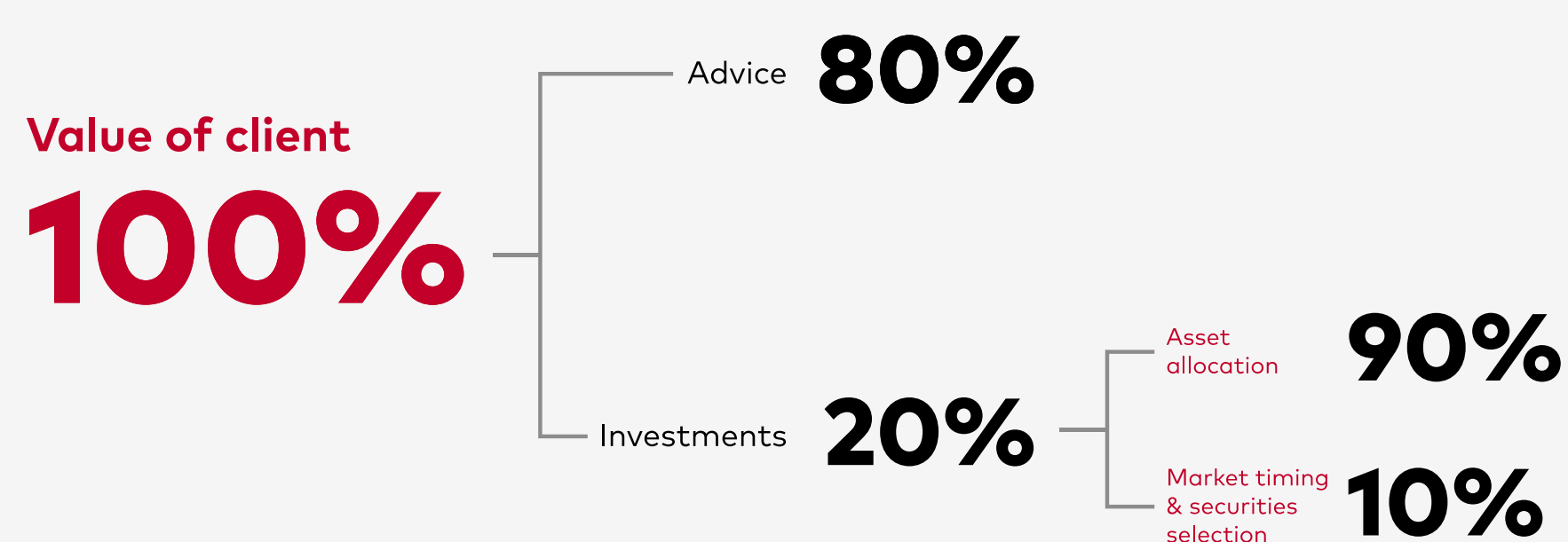
- Direct Equities
- Exchange Traded Funds (ETFs)
- Bank Hybrids / Preference Shares
- Investment and Education Bonds
- Cash and Term Deposits
- Annuities

Market Cycles



How We Deliver Investment Management Services

Driver of client value



Sources: "The Value of Advice", The Institute of Australian Actuaries Forum, 11-12 May 2006 and Vanguard calculations, using data from Morningstar Inc. as at 31 December 2011.

We provide advice on a wide range of investment types, through a range of different investment providers and structures that suit your individual needs.

As a self-licensed investment management practice, we aren't restricted like other investment management firms who can be restricted by their license provider.

We provide advice on investments regarding:

- Self-Managed Super Funds (SMSFs)
- Personal investment portfolios
- Trust structures
- Investment and Education Bonds
- Lifetime Annuities



Goals

We help you to develop realistic plans to achieve your goals and what's important to you.

We work with you to ensure that investment goals and plans take into account individual client objectives and constraints. Helping you to set realistic, measurable and attainable goals will give you the best chance of success.

We believe that investment goals and plans need to take into account important considerations such as time horizon, cash requirements and tax implications. We believe that your investment return objectives should be consistent with your risk goals and individual needs.

SMART Goals

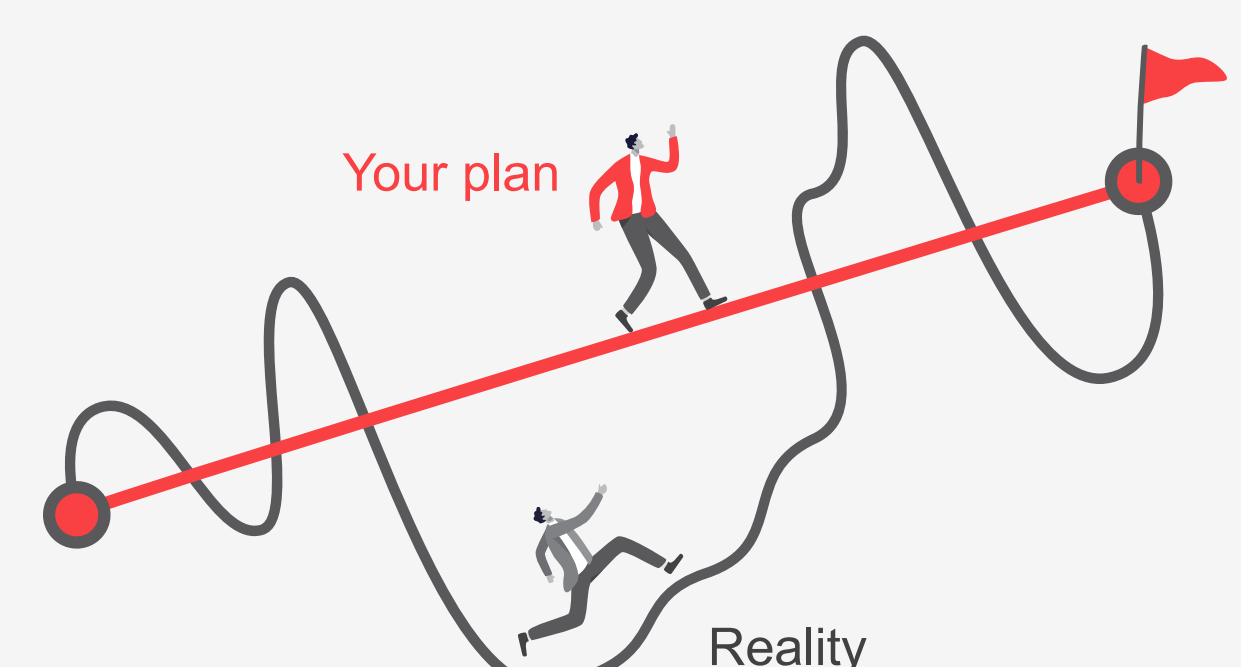
Specific	Measurable	Achievable	Realistic	Time-based
S G	M O	A A	R L	T S
What do you want to do?	How will you know when you've reached it?	It is in your power to accomplish it?	Can you realistically achieve it?	When exactly do you want to accomplish it?

We work with you to understand your values, needs and wants. If you have specific investment requirements we can take these into consideration when selecting your investments.

We believe a sound financial plan helps our clients to stay focused on the factors they can control rather than reacting to media speculation.

We will work with you to help keep you on track to achieving your goals and what's important to you.

Stay the course





Leading Superannuation Advisers - Cotton Tree Financial Services

Apart from our homes, Superannuation is one of the largest assets most of us have and is also one of the most tax-effective retirement saving methods.

Investment Principles



1. Goals

Create clear, appropriate investment goals



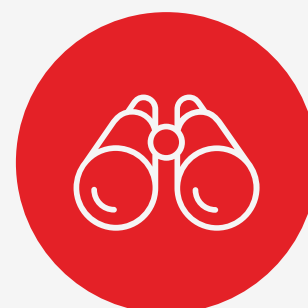
2. Balance

Develop a suitable asset allocation using broadly diversified funds



3. Cost

Minimise cost



4. Discipline

Maintain perspective and long-term discipline

Helping you to achieve your goals



Determining the right super for you

Superannuation can be a complex area and is rarely a high priority consideration for most, unless you are nearing retirement age. But, making small changes to your superannuation early on can make a big difference and will lay the path for the type of lifestyle you enjoy in retirement.

At Cotton Tree Financial Services, our expert superannuation advisers will help you determine the right super fund for you by considering your existing fund's Fees, Performance, Investment Options, Insurance, Level of Service and Management, together with your Personal Retirement Goals and ultimately making sure your super will be there for you when you need it.

How our superannuation specialists help you manage your super

Unlike a lot of Superannuation providers that send you a statement once a year and don't provide any ongoing service, we offer a service that puts you first.

Rather than treating you as a number with a transaction-based service, we see you as a client, and treat you like one.

We believe that offering an ongoing service not only increases your chances of reaching your retirement goals, but also provides you with more peace of mind knowing that you are receiving quality service for the fees you pay.

Our superannuation financial advisers have years of experience in assisting people before and after entering retirement and can offer a range of strategies around your super. Whether it be regarding superannuation advice and contributions while you are still working and in the accumulation phase, transitioning to retirement (TTR), or retirement and pension phase.

How you can invest your super with us

We make the process of choosing your investment options easy by recommending an investment option that is tailored to your risk tolerance, goals and investment objectives. Depending on how much or how little you want to be involved in the investment process, or how simple or complex you want your investment allocation to be, we will be able to recommend an investment portfolio that suits you.

- Index funds
- Hybrid portfolios
- Direct equities
- Investment and Education Bonds
- Lifetime Annuities

Getting a better grasp on your superannuation

Australians who receive professional superannuation services and advice demonstrate a significantly better grasp of their superannuation investments, contribution strategies, and withdrawal options than those who do not seek super advice, according to new data from Findex.

- Superreview, 2024



Balance

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

It is important to manage market risk, inflation risk and shortfall risk among other risks to help you in achieving your financial goals.

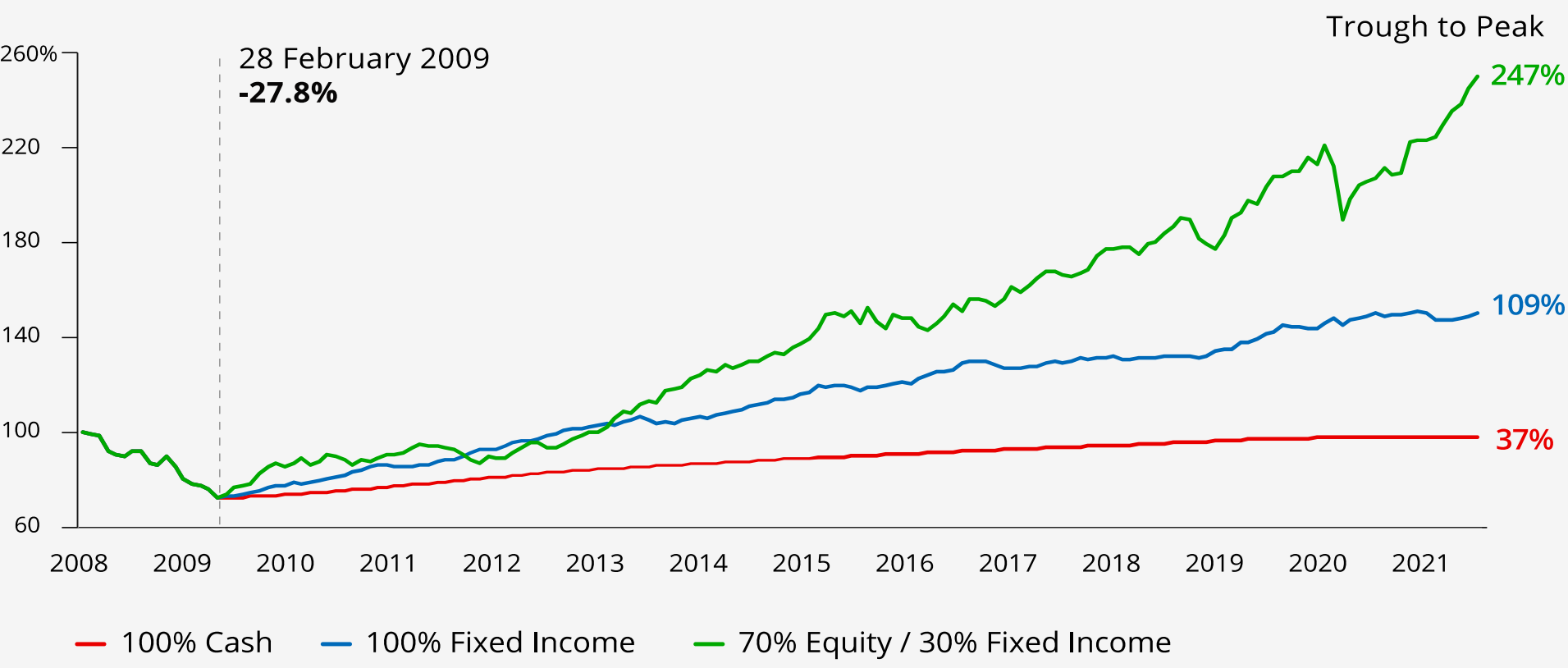
We regularly assess market conditions and asset classes to calibrate our expectations for both returns and volatility of returns.

Asset allocation determines the most of the returns and the variability of the returns of a diversified portfolio.

Providing ongoing reviews and advice is important with your investment needs.

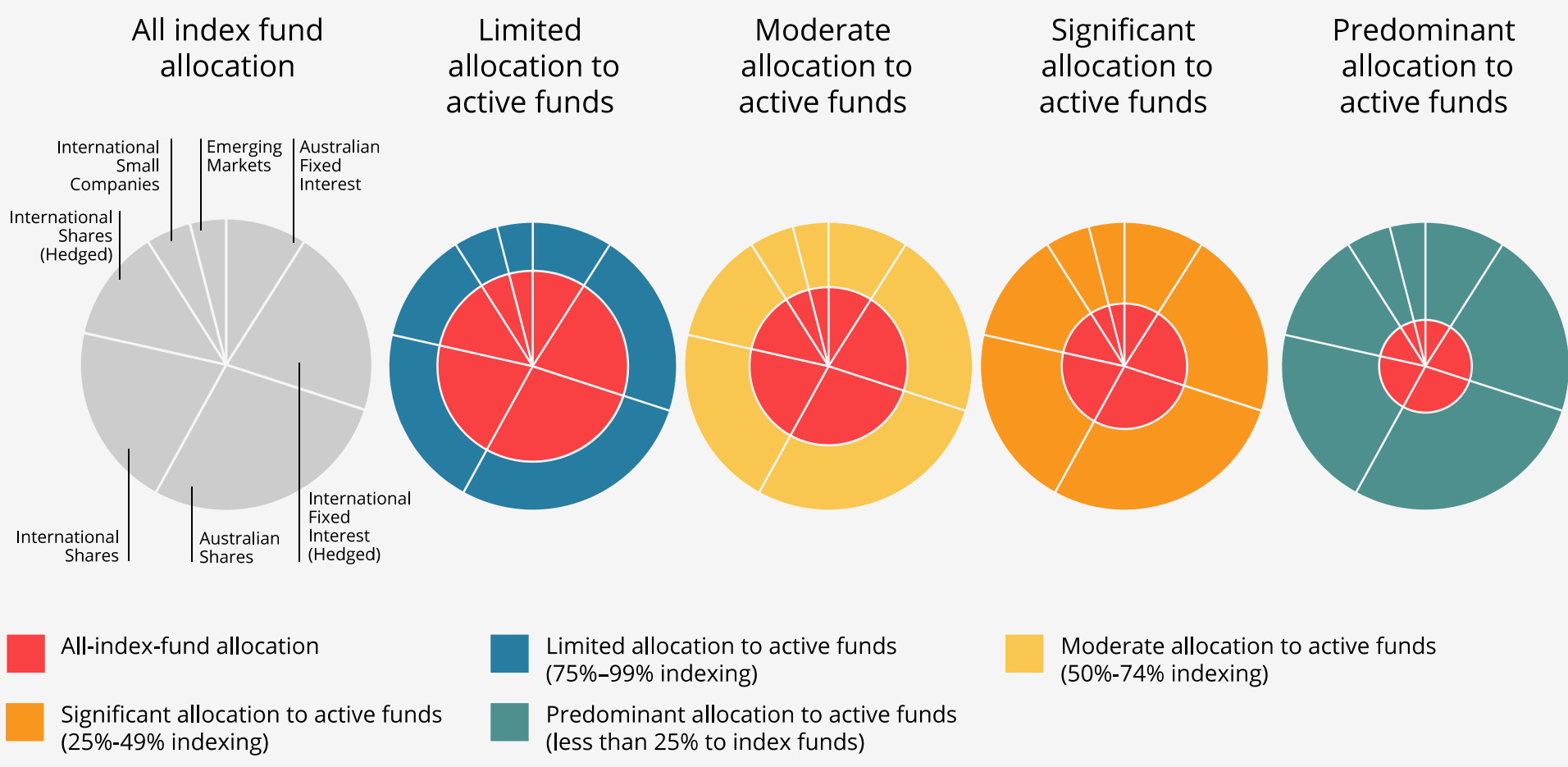
Importance of maintaining discipline

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.

Range of core-satellite solutions



For illustration purposes only.

Active and passive investment options

We offer a range of investment solutions to suit your needs and investment objectives.

Both active and passive investments have potential benefits in a portfolio.

Passive funds offer low-cost efforts to track benchmarks, leading to a tight range of relative returns.

Active funds and direct equities can offer the potential for outperformance, although can have greater short term uncertainty and typically higher volatility.

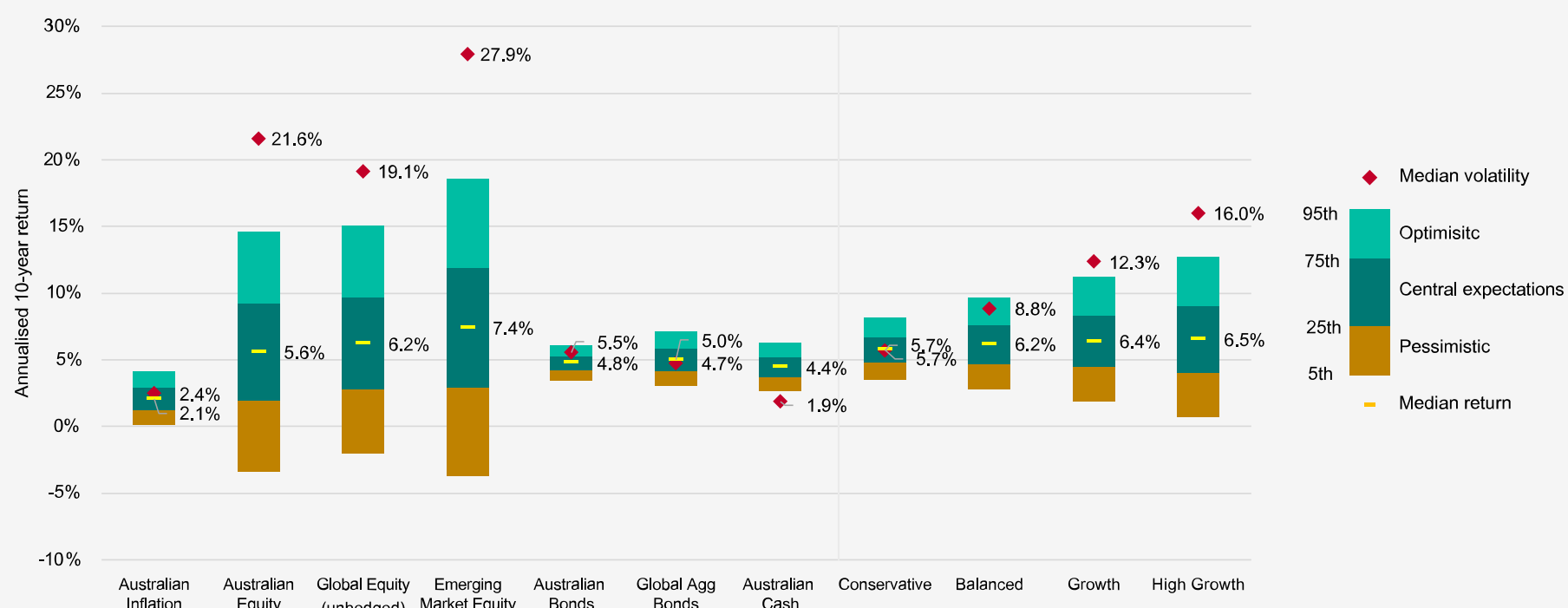
Risk profile	Asset allocation	Investment strategy	Volatility	Timeframe
Conservative	<div><div></div> 80% Defensive</div> <div><div></div> 20% Growth</div>	A conservative investor has an objective of protecting their capital from short-term losses. They are typically more risk averse due to their reliance on the value of their investment capital.	Low to moderate	3 years
Moderate	<div><div></div> 60% Defensive</div> <div><div></div> 40% Growth</div>	A moderate investor has an objective of achieving a modest long-term rate of return while protecting their value of capital from short-term volatility.	Low to moderate	3 - 5 years
Balanced	<div><div></div> 40% Defensive</div> <div><div></div> 60% Growth</div>	A balanced investor has an objective of achieving a satisfactory long-term rate of return comprised of both income and capital growth but only accepts some volatility of returns.	Moderate to high	5 - 7 years
Growth	<div><div></div> 30% Defensive</div> <div><div></div> 70% Growth</div>	A growth investor has an objective of achieving a higher long-term rate of return comprised of both income and capital growth through greater exposure to growth assets and at the same time accepting increased volatility of returns.	High	7 - 10 years
High Growth	<div><div></div> 10% Defensive</div> <div><div></div> 90% Growth</div>	A high growth investor has an objective of maximizing long-term returns while accepting the possibility of some capital loss in the short-term. They primarily seek capital growth and understand they are likely to experience a high level of volatility in their portfolio.	High - very high	10+ years



Diversification

Asset classes and portfolios - 10 year forecast

Projected 10-year nominal return outlook



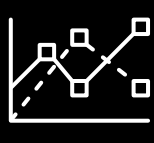
Note: The projections or other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived from 10,000 simulations for each modeled asset class in AUD. Results from the model may vary with each use and over time. Source: Vanguard, as of 31 December 2023, using 30 September 2023 VCMM Simulation.

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.

Rather than trying to pick the winning investment each year, investing across a wide variety of assets and sectors can help reduce the risk of loss. Investors who are well diversified tend to enjoy a smoother investment ride over the long term. Investing in the right mix of shares and defensive assets based on your individual risk/reward tolerance could have a significant impact.

When deciding where to invest, it is important investors understand that the best and worst performing asset classes will often vary from one year to the next.

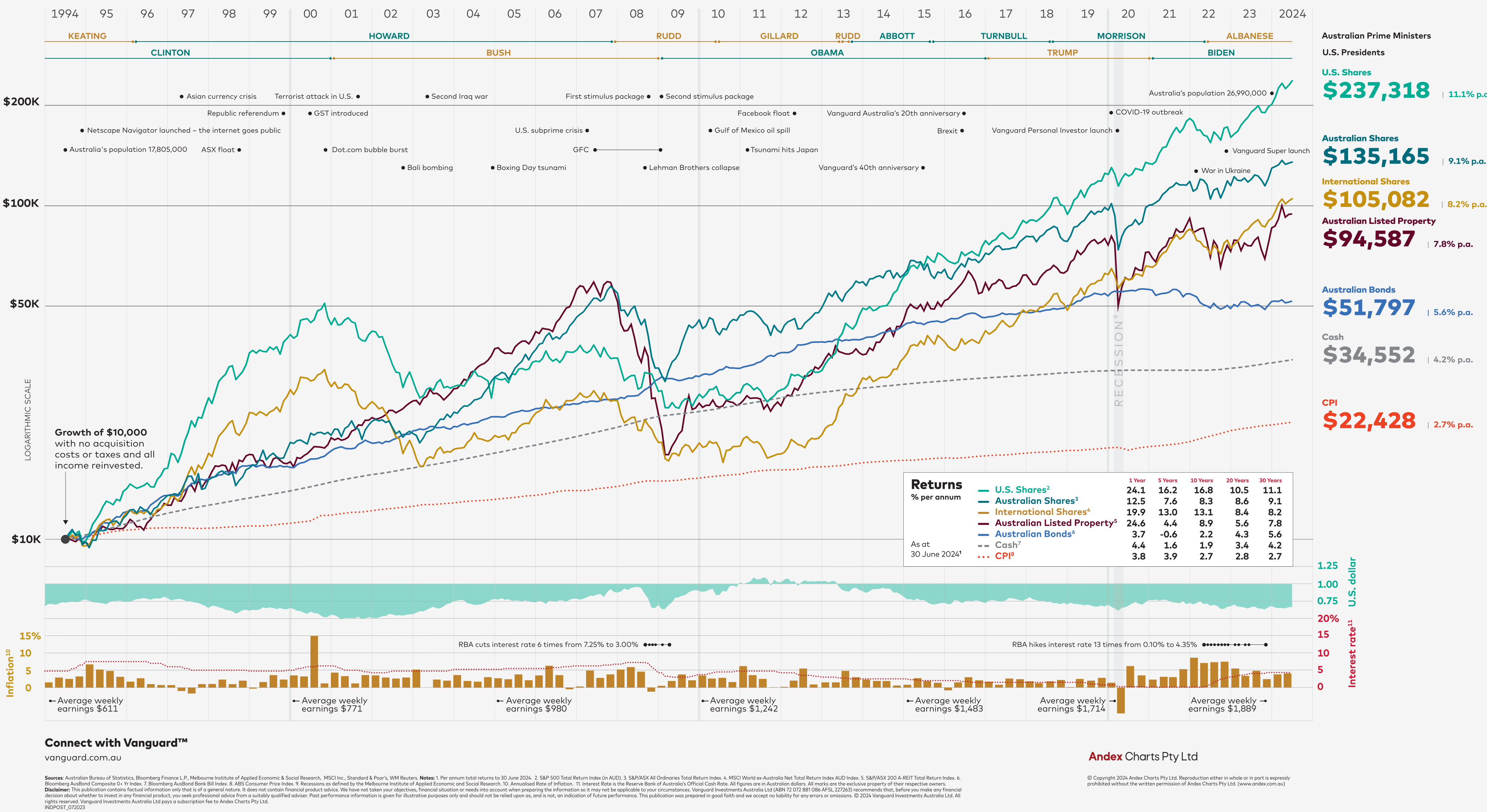
Having a diversified mix of investments across multiple asset classes can help smooth out returns over time.



Investing for Long-Term Success

2024 Vanguard Index Chart

Market returns – 1 July 1994 to 30 June 2024.





Discipline

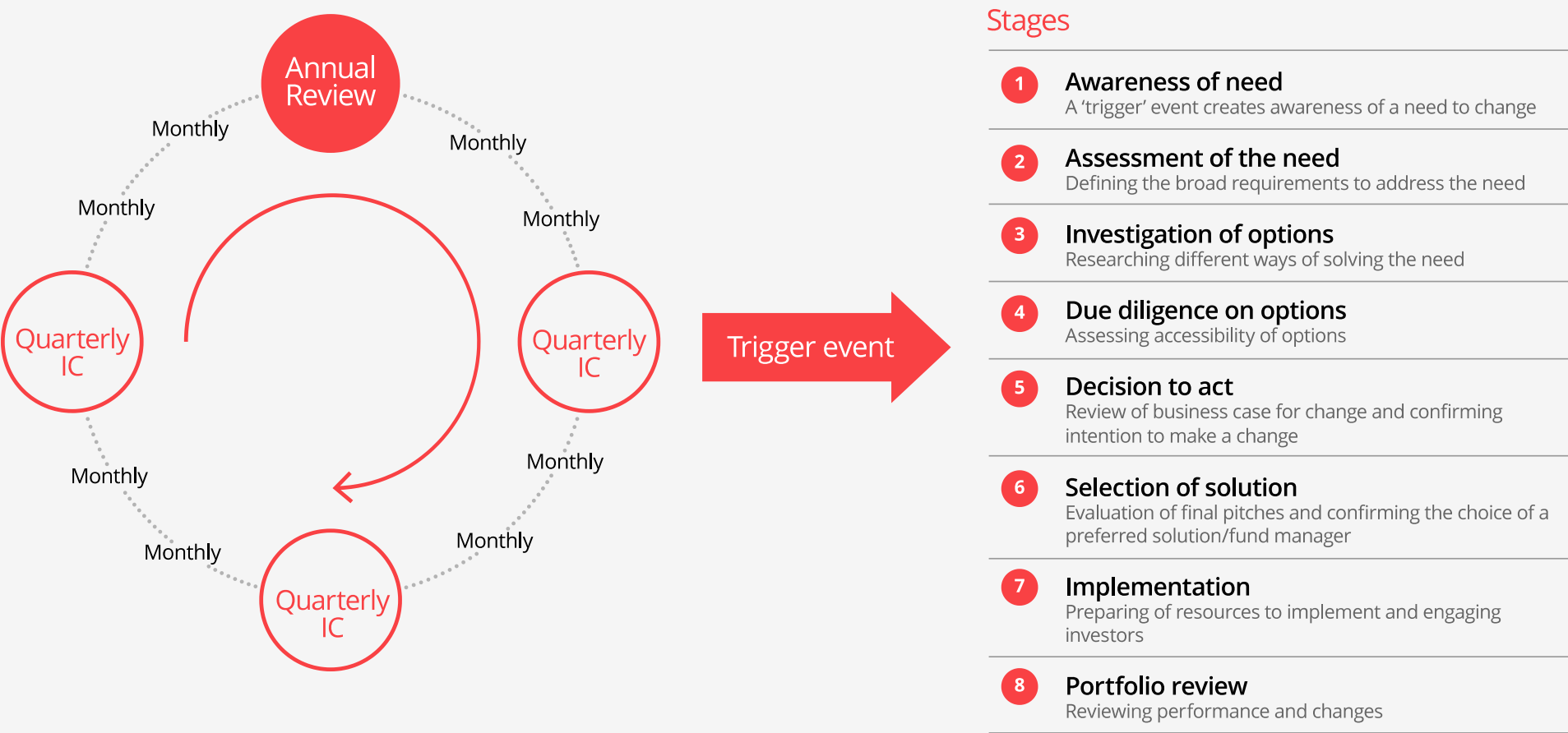
Periodic reviews are important to keep a portfolio in line with the asset allocation designed for the objective.

Ongoing reviews and advice helps to control portfolio risks. Rebalancing a portfolio by reviewing defensive and growth asset allocation can assist in keeping your long term investment goals on track.

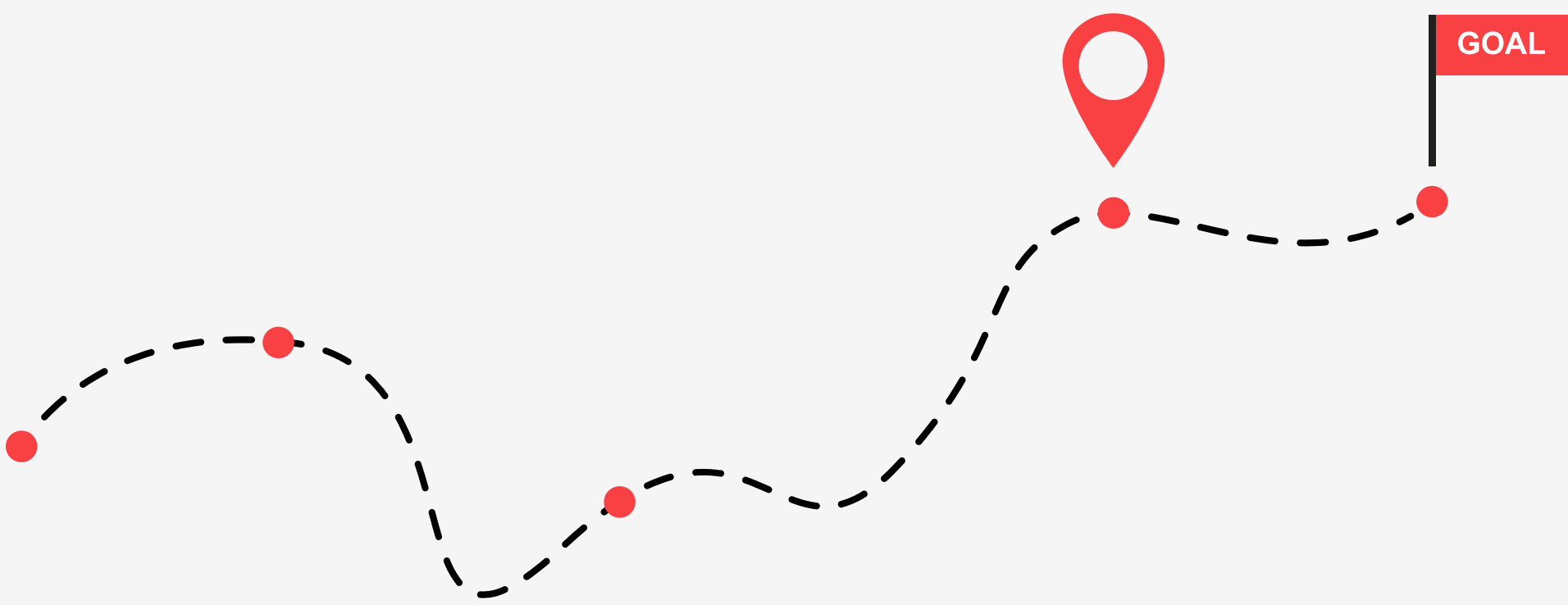
We help you understand why ongoing reviews are necessary to keep your portfolio in line with your risk appetite throughout the cycle.

We undertake portfolio reviews on a quarterly or annual basis, depending on your service level. In between these periods, our investment committee meets regularly.

Investment review process



Keeping you on track to achieving your goals



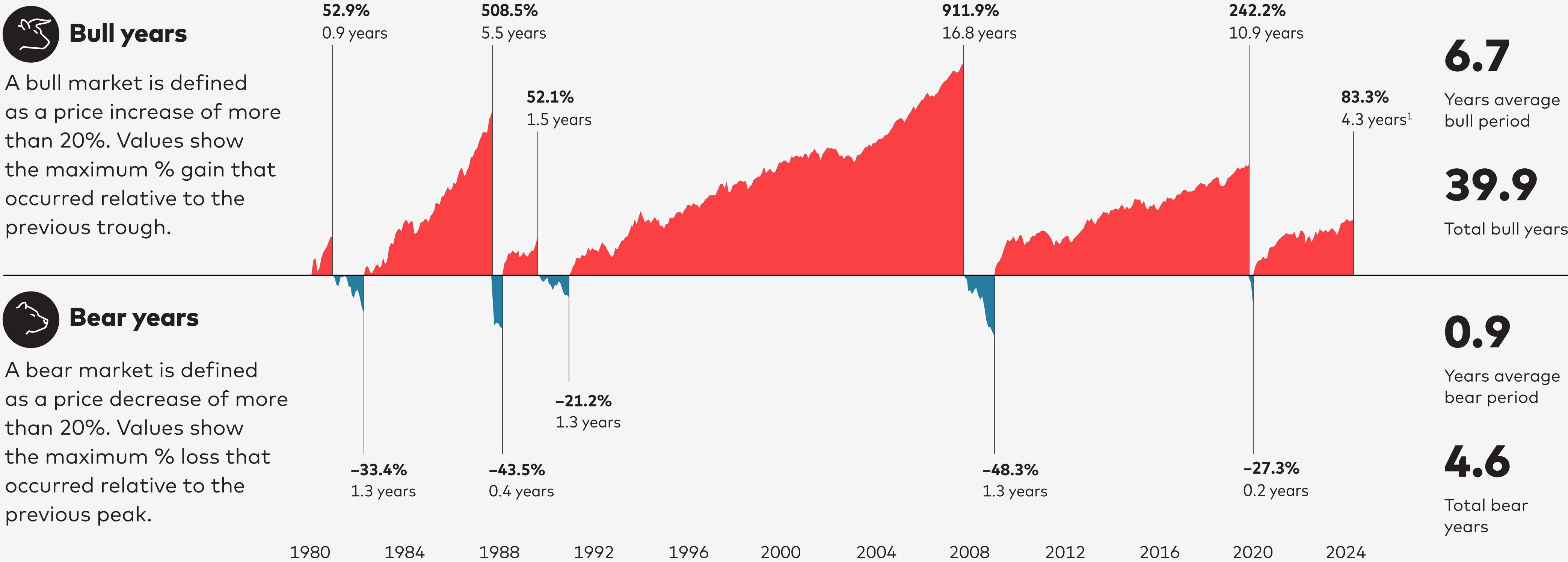
We believe in taking a long term strategic approach and create investment portfolios designed to withstand market conditions.

We educate you on the dangers of reacting to market downturns and making poor investment decisions when emotional.

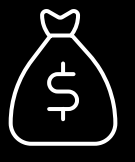
We help you to focus on your long-term goals and how staying the course will help you to achieve them.

Importance of staying invested

How bull and bear markets have impacted returns over the past 40+ years.



Notes: 1. The latest bull run is still ongoing. Calculations are based on S&P/ASX All Ordinaries Total Return Index. A bear (bull) market is defined as a price decrease (increase) of more than 20%. 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. Time period: 31/12/1979 to 30/6/2024. Calculations based on monthly data. Logarithmic scale on y axis. Sources: Vanguard, Global Financial Data, Refinitiv.



Investment Costs

Clients cannot control the markets but they can control their overall costs.

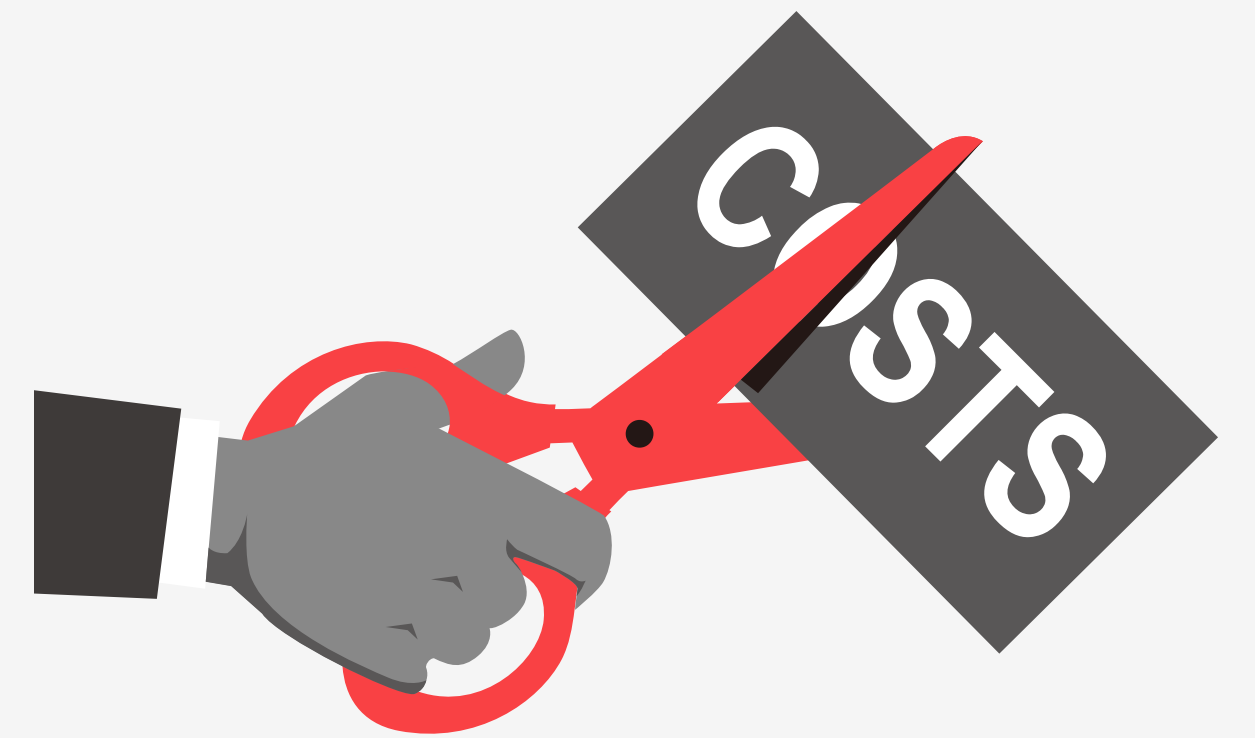
The lower investment costs are, the more you keep of your returns and the greater your chance of achieving investment success.

Research suggests that lower-cost investments have tended to outperform higher-cost alternatives.

We manage your investment portfolio turnover to minimise transaction costs and Capital Gain Tax (CGT) implications.

We consider all costs that may impact your investments. These include platform fees, investment management fees, trading costs, administration costs and any other costs.

Reduce costs

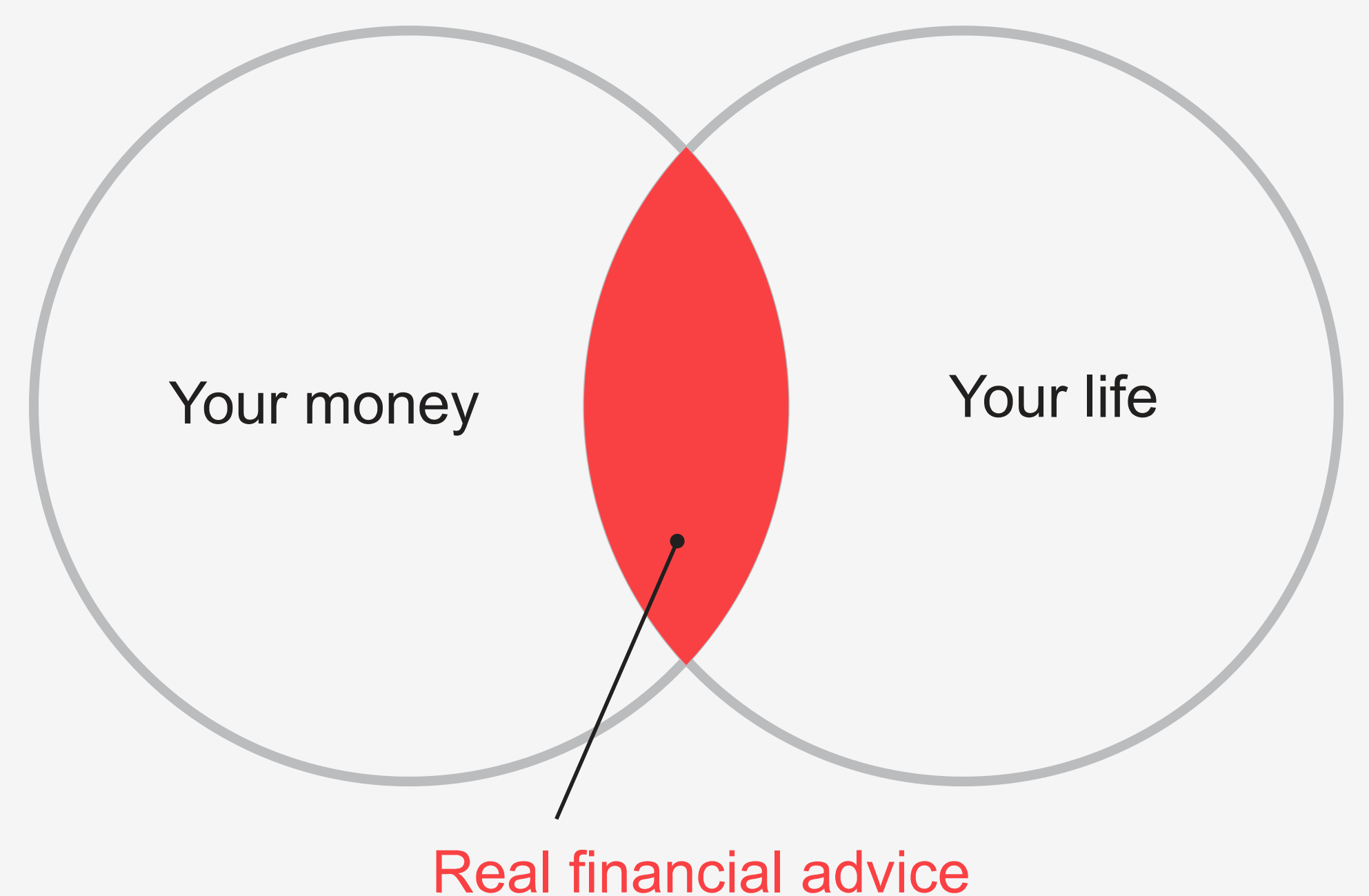


At Cotton Tree Financial Services, we pride ourselves on providing a high level of individual service at a competitive price.

In a lot of superannuation comparisons, our advice and management fees have been within the same bandwidth of certain Australian industry superannuation funds.

Although cost is always a consideration, initial and ongoing service, complimented with individual advice can provide additional value above and beyond a portfolio's return.

Value of advice



Manager selection considerations



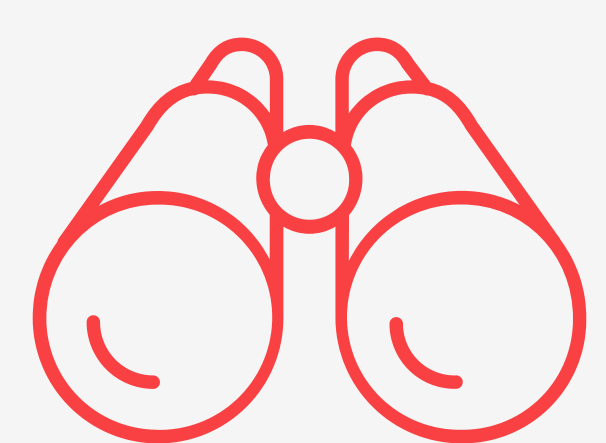
Talent

Carefully select managers with a proven process and demonstrable ability



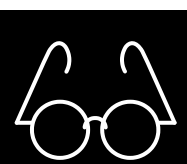
Cost

Don't let high fees destroy fund performance



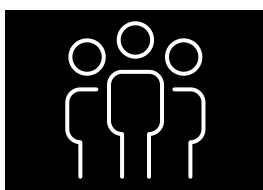
Patience

Accept that there will be periods of underperformance



"Price is what you pay, value is what you get".

Warren Buffett



Investment Selection

Investment selection is an important aspect of financial advising, ensuring you receive recommendations aligned with your financial goals, risk tolerance and investment timelines.

An effective investment selection process is important to achieving individual investment objectives. This could be selecting the right direct equity/share for long term growth objectives, or selecting the right Exchange Traded Fund (ETF) to provide diversification and reduce short term volatility.

Asset allocation considerations

Strategic Asset Allocation (SAA)



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

Source: Vanguard.

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. We also consider investment costs including platform fees, investment fees, trading commissions, tax and turnover spreads.



Governance

We make a joint decision with professional research providers regarding investment allocation from an individual level and also from a holistic portfolio perspective.

We undertake regular reviews to stay informed about investment portfolios and individual investments.

We pay attention to changes in capital movement, ability to pay income/dividends, volatility and ability to increase investment earnings over the medium to long term.

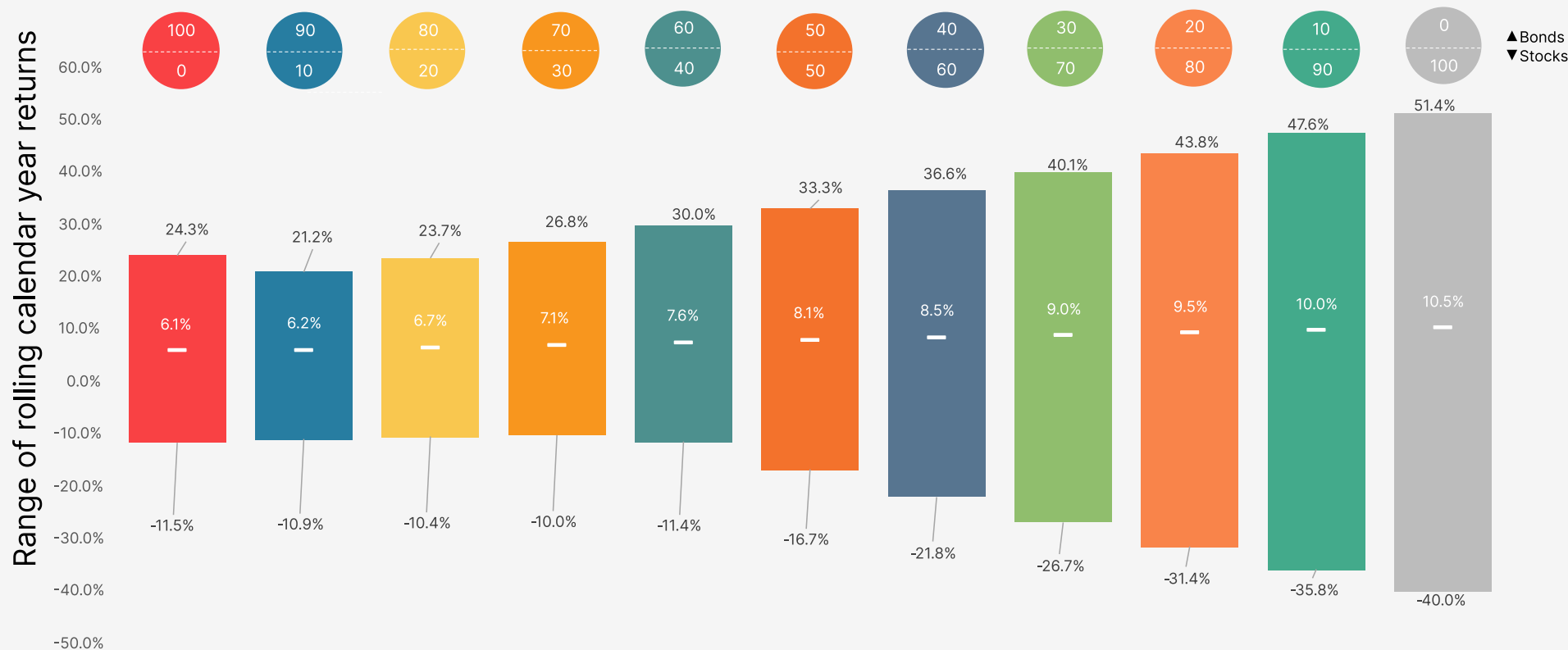
Investment Committee

We conduct quarterly investment committee meetings, in addition to any other required meetings in between the quarter.

We maintain regular communication to you to provide ongoing transparency and to ensure you are kept up to date with your superannuation and/or personal investment portfolio.

Asset allocation defines return and risk

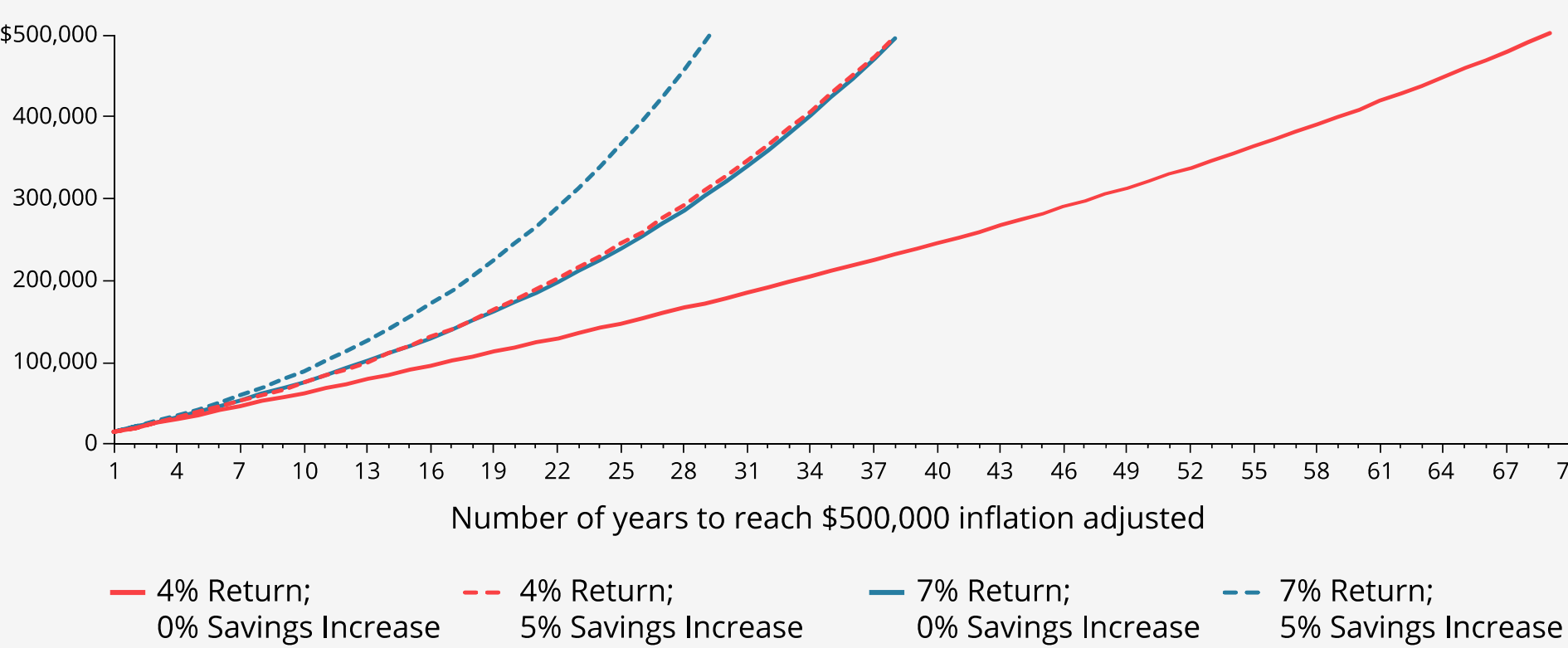
Larger allocation to equities can deliver higher returns, with a wider range of outcomes.



Note: Equities are represented by ASX 200 TR Index, and bonds are represented by the Bloomberg AusBond Composite 0+Y Total Return AUD Index. Data from January 1993 to December 2023. Source: Lonsec iRate

A regular contribution makes a big difference

Saving is a lever that's always available.



Note: hypothetical data and scenarios used for illustrative purposes only. Source: Vanguard. Assumptions: \$10,000 starting balance; \$500,000 objective adjusted for inflation; \$5,000 annual contribution made at beginning of year; Annual inflation of 2%; Return assumptions of 4% or 7% adjusted for inflation. For scenarios where we increase savings, we assume an annual increase of 5%.

Professional Financial Advice for Every Stage of Life.

At Cotton Tree Financial Services near Maroochydore, we pride ourselves on helping you through different moments in time that are specific for your needs.

Protecting you and your family through personal insurance advice. Building wealth with investment and superannuation management. Creating a lifestyle you want in retirement with ongoing professional advice.

Professional service with a local feel.

Australian based qualified financial advisers to discuss your goals and objectives.

“We measure our success over time, by the longevity of our relationships and our overall positive impact for clients.”

- Cotton Tree Financial Services



Get in touch

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Australia-wide Service

Located on the Sunshine Coast, QLD, we service clients throughout Australia.

Important information

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Reviews: www.adviserratings.com.au - [Hayden White](#)

