IDEAL LIFE ADVISERS

MAKE THE MOST OF YOUR LIFE

Investment Philosophy

Our focus is on giving our clients the best chance of investment success in a way that is aligned to them achieving their meaningful outcomes and their personal risk/investment profile.

Given the reality of investing and investment markets generally, we believe the most effective way to achieve sustainable investment success is to predominantly use low-cost, well-diversified index (passive) funds and, where relevant, a smaller proportion of low-cost active funds, should the clients' profile dictate that.

The reason for a minority in the active investment approach (as opposed to the index-passive version) is that the active approach is more expensive and riskier than the passive way. Thus, it must outperform the index market return to justify its method.

Achieving an investment return consistently higher than the market index requires a unique skill.

Research shows it takes at least 63 years of investment results to determine if an active investment manager has the genuine skill to outperform the market (because any investment return result achieved in a shorter timeframe can be attributed to luck or other natural investment factors that produce returns outside of the active managers' method).

The other challenge is that most active investment managers have not existed for 63 years, have not maintained the same active method, and have changed personnel on multiple occasions, further contaminating our ability to determine if they have genuine skill.

Another fact is that in Australia and around the Western world, an active fund manager who has been the top performer in any given year (and has outperformed the index market return) is often not the following year and rarely maintains their outperformance.

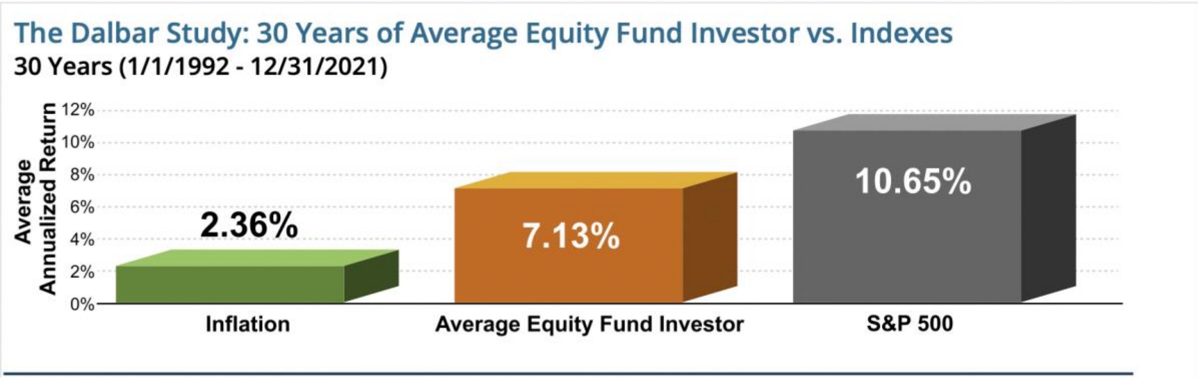
In the rare case where an active manager has had a long-term outperformance (over at least 15 years say), their method has been altered to some degree, and their personnel has changed causing the previous problem mentioned above of not being able to confirm reliable skill present (as opposed to luck).

This affirms the predominant use of the passive index approach to help clients achieve investment returns that align with their strategy, key objectives, and unique personal investor profile.

Investment Counsel/Coach

The other strategy we take to help our clients achieve investment success is providing discipline and counsel to avoid self-sabotaging behaviour and missing out on market index-provided investment returns.

This reality is demonstrated by the research work done by Dalbar in the USA (and similar research and conclusions have been made in Australia):



Average Equity Investor as determined by Dalbar | Study source: Dalbar QAIB 2022 study, Morningstar, Inc. | Past performance does not guarantee future results. The S&P 500 Index is an unmanaged float-adjusted market capitalization-weighted index that is generally considered representative of the U.S. stock market. Other indexes may be more appropriate to benchmark your investments against. It is not possible to invest directly in an index. Data is provided for illustrative purposes only, it does not represent actual performance of any client portfolio or account and it should not be interpreted as an indication of such performance. © 2022 Index Fund Advisors, Inc. (IFA.com)

As highlighted above, over the long term, the average equity investor historically achieves a return well below what is possible when compared to the market index return for equities (S&P 500).

Individual investors often act emotionally and irrationally, affecting their future wealth value over time. They panic, buy and sell at the wrong time, and chase past returns.

Receiving ongoing advice & guidance provides a greater chance of clients' achieving the results needed to accomplish their meaningful objectives.