Mancell
Financial Group

Pursuing a Better Investment Experience

Key Principles to Improve Your Odds of Success

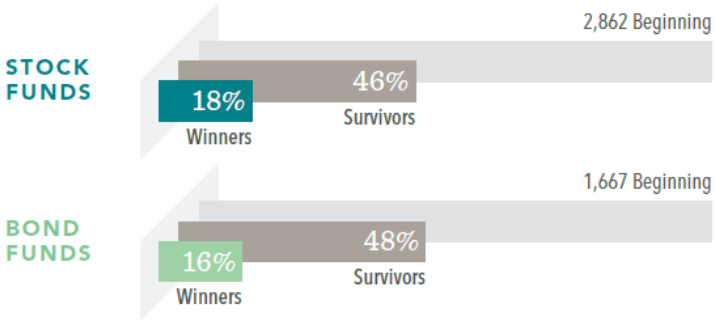
1 Embrace Market Pricing

Financial science has taught us that the market is an effective information-processing machine. Each day, the world equity markets process billions of dollars in trades between buyers and sellers, and the real-time information they bring helps set prices.

2 Don't Try to Outguess the Market

The market's pricing power works against fund managers who try to outperform through stock picking or market timing. As evidence, only 18% of US-domiciled stock funds and 16% of bond funds have survived and outperformed their benchmarks over the past 20 years.

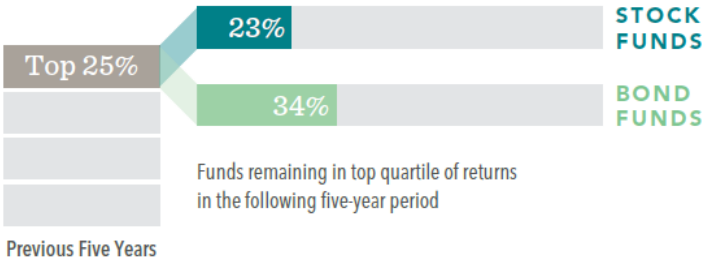
US-Based Mutual Fund Performance, 2004–2024



3 Resist Chasing Past Performance

Some investors select funds based on their past returns. Yet, past performance offers little insight into a fund's future returns. For example, most funds in the top 25% of previous five-year returns did not maintain a top-25% ranking in the following five years.

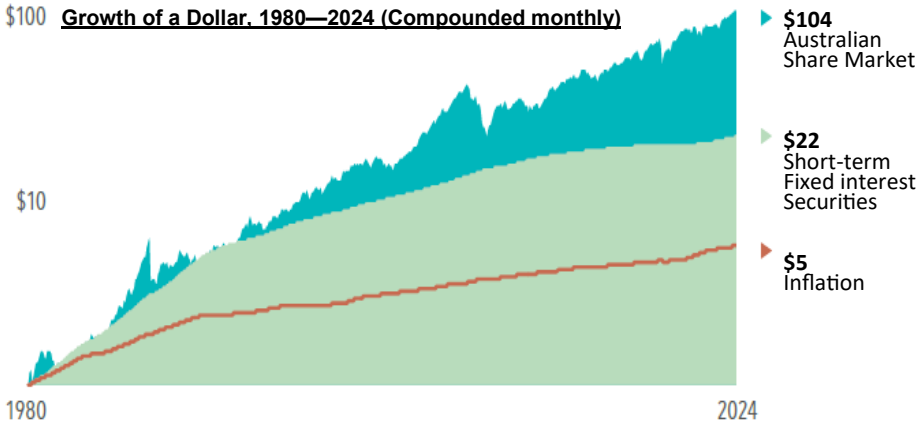
Percentage of Top-Ranked Funds That Stayed on Top, 2005-2024



4 Let Markets Work for You

The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and the stock and bond markets have provided growth of wealth that has more than offset inflation, as this chart of the past 40+ years shows.

Growth of a Dollar, 1980—2024 (Compounded monthly)



5 Target Higher Returns

Academic research into decades of stock and bond returns has identified long-term drivers of outperformance. By investing systematically in the areas with higher expected returns, you can aim to beat the market.

Dimensions of Expected Returns

Equities

- **Small Companies** (Outperform large companies over time)
- **Valued Stocks** (Outperform growth stocks over time)
- **Profitability** (High profitability outperforms low over time.)

Fixed Interest

- **Wider term spreads** (Generally lead to higher premiums)
- **Wider credit spreads** (Generally lead to higher premiums)
- **Currency** (Issuance offer opportunities for higher expected returns and lower volatility)

6 Diversify Internationally

Holding a globally diversified portfolio can broaden your opportunities beyond your home market — putting you in a better position to capture higher returns wherever they appear.

Single Market Example

S&P/ASX 300 INDEX

AUSTRALIAN MARKET
299 COMPANIES

Global Market Example

MSCI ACWI INVESTABLE MARKET INDEX (IMI)

47 COUNTRIES
8,545 COMPANIES

7 Avoid Market Timing

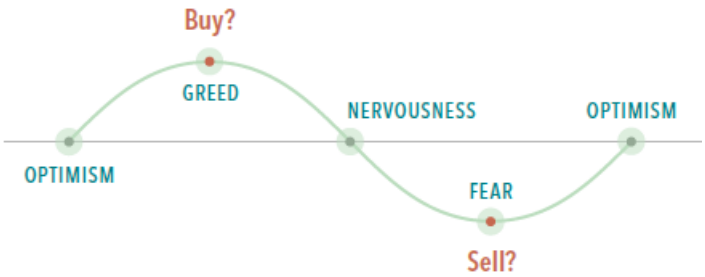
Research has shown there's no reliable way to time the market — targeting the best days to be invested or moving to the sidelines to avoid the worst days. It has also shown the impact of being out of the market even for a short time. Staying invested helps ensure you're in position to capture long-term gains.

Growth of $1,000 Invested from 1 Jan. 2001 to 31 Dec. 2024

8 Manage Your Emotions

When markets go up and down, many people struggle to separate their emotions from investing. Reacting to current market conditions may lead to making poor investment decisions.

Avoid Reactive Investing



9 Look Beyond Market Headlines

Daily market news and commentary can challenge your investment discipline. Some messages stir anxiety about the future, while others tempt you to chase the latest investment fad. When headlines unsettle you, consider the source — is it news or entertainment? Do yourself a f favour and tune out the noise.

10 Focus On What You Can Control

A financial advisor can offer expertise and guidance to help you focus on actions that add value. This can lead to a better investment experience.

- **Create an investment plan to fit your needs and risk tolerance.**
- **Structure a portfolio along the dimensions of expected returns.**
- **Diversify globally.**
- **Manage expenses, turnover, and taxes.**
- **Stay disciplined through the market's highs and lows.**

Past performance is no guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Diversification does not eliminate the risk of market loss. There is no guarantee investment strategies will be successful. This information is for illustrative purposes only. See back page for additional exhibit information and important disclosures.

DISCLOSURES

Exhibit 1: In AUD. Source: Dimensional, using data from Bloomberg LP. Includes primary and secondary exchange trading volume globally for equities. Funds are excluded. Daily averages were computed by calculating the trading volume of each stock daily as the closing price multiplied by shares traded that day. All such trading volume is summed up and divided by 252 as an approximate number of annual trading days.

Exhibit 2: The sample includes funds at the beginning of the 20-year period ending 31 December 2024. Each fund is evaluated relative to its primary prospectus benchmark. Survivors are funds that had returns for every month in the sample period. Winners are funds that survived and outperformed their benchmark over the period. Where the full series of primary prospectus benchmark returns is unavailable, non-Dimensional funds are instead evaluated relative to their Morningstar category index.

Exhibit 3: This study evaluated fund performance over rolling periods from 2005 through 2024. Each year, funds are sorted within their category based on their previous five-year total return. Those ranked in the top quartile of returns are evaluated over the following five-year period. The chart shows the average percentage of top-ranked equity and fixed income funds that kept their top ranking in the subsequent period.

Source (Exhibits 2 and 3): Data Sample: The sample includes US-domiciled, USD-denominated open-end and exchange-traded funds (ETFs) in the following Morningstar categories. Non-Dimensional fund data is provided by Morningstar. Dimensional fund data is provided by the fund accountant. Dimensional funds or sub-advised funds whose access is or previously was limited to certain investors are excluded. Index funds, load-waived funds and funds of funds are excluded from the industry sample. Morningstar Categories (Equity): Equity fund sample includes the following Morningstar historical categories: Diversified Emerging Markets, Europe Stock, Foreign Large Blend, Foreign Large Growth, Foreign Large Value, Foreign Small/Mid Blend, Foreign Small/Mid Growth, Foreign Small/Mid Value, Global Real Estate, Japan Stock, Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Miscellaneous Region, Pacific/Asia ex-Japan Stock, Real Estate, Small Blend, Small Growth, Small Value, Global Large-Stock Blend, Global Large-Stock Growth, Global Large-Stock Value and Global Small/Mid Stock. Morningstar Categories (Fixed Income): Fixed income fund sample includes the following Morningstar historical categories: Corporate Bond, High-Yield Bond, Inflation-Protected Bond, Intermediate Core Bond, Intermediate Core-Plus Bond, Intermediate Government, Long Government, Muni California Intermediate, Muni California Long, Muni Massachusetts, Muni Minnesota, Muni National Intermediate, Muni National Long, Muni National Short, Muni New Jersey, Muni New York Intermediate, Muni New York Long, Muni Ohio, Muni Pennsylvania, Muni Single State Intermediate, Muni Single State Long, Muni Single State Short, Muni Target Maturity, Short Government, Short-Term Bond, Ultrashort Bond, Global Bond and Global Bond-USD Hedged. Index Data Sources: Index data provided by Bloomberg, MSCI, Russell, FTSE Fixed Income LLC and S&P Dow Jones Indices LLC. Bloomberg data provided by Bloomberg. MSCI data © MSCI 2025, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. FTSE fixed income indices © 2025 FTSE Fixed Income LLC. All rights reserved. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Indices are not available for direct investment. Their performance does not reflect the expenses associated with management of an actual portfolio. US-domiciled mutual funds and US-domiciled ETFs are not generally available for distribution outside the US.

Exhibit 4: In AUD. Australian Share Market: S&P/ASX 300 Index (Total Return), Short-term Fixed Interest Securities: Bloomberg AusBond Bank Bill Index and Inflation CPI: Australian Consumer Price Index. S&P/ASX data © 2025 S&P Dow Jones Indices LLC a division of S&P Global. All rights reserved. Bloomberg data provided by Bloomberg. Australian Consumer Price Index provided by Australian Bureau of Statistics. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio. Data presented in the Growth of a Dollar chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment.

Exhibit 5: Relative price is measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios. Profitability is measured as operating income before depreciation and amortisation minus interest expense scaled by book.

Exhibit 6: Number of holdings and countries for the S&P/ASX 300 Index and MSCI ACWI IMI (All Country World IMI Index) as at 31 December 2024. S&P/ASX data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI © MSCI 2025, all rights reserved. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. International investing involves special risks such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks. Past performance is not a guarantee of future results. Diversification does not eliminate the risk of market loss.

Exhibit 7: In AUD. For illustrative purposes. For the purposes of this analysis, we assume the following number of trading days for each period: five trading days in a week, 21 trading days in a month, 63 trading days in three months and 126 trading days in six months. Best performance dates represent end of period (30 March 2020, for best week; 6 April 2009, for best month; 23 June 2020, for best three months; and 1 September 2009, for best six months). The missed best consecutive days examples assume that the hypothetical portfolio fully divested its holdings at the end of the day before the missed best consecutive days, held cash for the missed best consecutive days, and reinvested the entire portfolio in the S&P/ASX 300 Index (total return) at the end of the missed best consecutive days. S&P/ASX 300 data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. All investing is subject to risks, including market fluctuations and possible loss of the principal amount invested. There is no guarantee the strategies will be successful.

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