



INVESTMENT PHILOSOPHY

Explore Our 4 Principles of Investing

2024



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>> Our Philosophy

We believe that with seemingly infinite information and options, a financial plan built on *principles* is paramount in ensuring our clients have **clarity**, **confidence** and **control** with regards to their investment strategy.

Our clients face unique challenges and require advice and solutions to navigate the ever-evolving landscape of the financial markets. Our principles of investing serve as a compass, directing our team's efforts towards delivering reliable investment solutions in all conditions that our clients can trust. Our four (4) financial principles for investing serve as our commitment to our client's financial well-being.

These principles guide our decision-making, ensuring that every investment we recommend aligns with our client's goals and aspirations. Your trust in us will be built on a foundation of solid financial stewardship, and our adherence to these principles.

The world continues to change as do the goals and expectations of our clients, shareholders and stakeholders in the wider community. Stakeholders increasingly seek businesses to not only provide financial returns, but to do so with consideration, positive action and stewardship of governance, the environment, employee relations and community. As an aspiring B Corp business, we are committed to addressing these evolving needs and provide our clients with a choice of investment opportunities including Environmental, Social, and Governance (ESG) aware investments.

It is important to emphasise that our role is to provide our clients with the information and advice they need to make informed investment decisions with confidence and that they may wish to align with their values and objectives. We respect the diverse range of preferences and risk appetites of our clients, and we will always honour non-judgementally their decisions.



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Managing Director Collins SBA

Responsible Manager & Authorised Representative

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>> Our Principles

Our principles, underpinned by the Collins SBA vision, mission and core values, serve as our professional and ethical compass for investing; guiding advice, decisions, actions, and overall conduct. In the dynamic and complex landscape of financial markets, our principles provide a solid foundation upon which we can build our integrity, reputation, and our client's long-term success.

Why are we here . . .

Our mission is to help people live their best life through financial clarity, with confidence and control. Our vision is to be known for improving the lives of Australian business owners.

What do we value . . .

- People First. Our team and clients at Collins SBA are our priority.
- Team Work. We achieve more together.
- Integrity. We do the right thing and deliver on promises.
- Remarkable. We go above and beyond.
- Innovation. Courage to lead the way.



>> Principles based approach to investing

1

PRINCIPLE OF INVESTING

Preserve Capital

Preserving capital from negative returns is more important than chasing short term relative market returns

We help clients understand the trade-offs and financial risks involved in their money decisions. Each individual's risk preferences are unique and influenced by factors like experience, needs, attitude, financial literacy, capacity for loss, and propensity for financial risk.

Psychologically, the feeling of loss is more powerful than the pleasure of gaining, and there's a mathematical reality to consider as well.

For instance, if your portfolio has dropped by 50% in the past 12 months (e.g., \$100,000 reduced to \$50,000), it not only affects your emotions but also requires a doubling of positive returns just to restore the original value.

In this case, the \$50,000 would need to increase by \$50,000, or 100%, to reach the \$100,000 gain.

Our methodical approach focuses on safeguarding your capital from significant declines, ensuring your confidence and peace of mind. We prioritise capital preservation, providing you with a sense of security and stability.

With DAA, we carefully allocate funds only to assets that are considered cheap or fairly valued, ensuring that investments are not made in expensive assets. The DAA process involves adjusting the allocation between different asset classes based on market valuations and the forecasted future returns of each class.

An alternative approach commonly used is Strategic Asset Allocation (SAA). SAA determines the allocation of your funds across different asset classes based on your risk tolerance and investment time frame. Once the SAA is determined, the allocation to asset classes generally remains within a small range and the portfolio is regularly rebalanced back to the predetermined allocation. This approach is suitable for investors with long-term time frames and a tolerance for volatility, and it can be cost-effective.

However, it's important to note that while SAA can be low cost, it does not actively prioritize capital preservation. Many SAA products also incorporate highly active security selection (stock picking), which adds costs. It's worth noting that active security selection is not consistently proven to provide value, and most fund managers who employ this approach fail to outperform the market.

"Research in Australia and overseas has consistently concluded that asset allocation is by far the greatest determinant of portfolio outcomes. Security selection and market timing only have minor influence, particularly over the long term."

Vanguards Guide to Core-Satellite Investing

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PRINCIPLE OF INVESTING

Asset Allocation

Managing the risk of overpaying: our approach to asset allocation

One of the most significant risks investors face is paying too much for an asset. To preserve capital and mitigate this risk, we employ a Dynamic Asset Allocation (DAA) approach.

At Collins SBA, we are committed to ensuring that your investments are made at reasonable prices, aligning with the underlying value of the assets. By employing a dynamic approach to asset allocation and focusing on preserving capital, we aim to deliver value and help you achieve your financial goals.

>> Principles based approach to investing

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PRINCIPLE OF INVESTING

Value for money

It is important to us that you receive value in exchange for fees paid.

The lowest cost solutions are not always appropriate for your circumstances. Likewise, paying higher fees isn't a sure way to add value either.

Our role is to ensure we understand what you need, and research solutions that are competitive on fees and returns on an after-tax basis to match the right solutions to your needs and strategy.

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PRINCIPLE OF INVESTING

Be empowered

We advise our clients and respect that decisions are theirs to make

We inform and educate our clients through personal engagement and communication channels throughout their partnership with us.

Empowering people to understand their situation and options with clarity, to make financial decisions with confidence, and enabling them to take control is what leads people to live their best life.

"Price is what you pay.
Value is what you get."

Warren Buffet



Your financial planning goals may not always require financial products. The value you seek will be as unique as you are.



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