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# Our Investment Philosophy



Our Investment Philosophy sets out our principles and investment beliefs that guide the way we manage your portfolio. These principles provide a consistent framework that can be used at all stages of your investment lifecycle. Utilising the combined experience at Forest Wealth and extensive research, we have summarised our philosophy in this document.

## Our Investment Principles



### Understand the client's goals

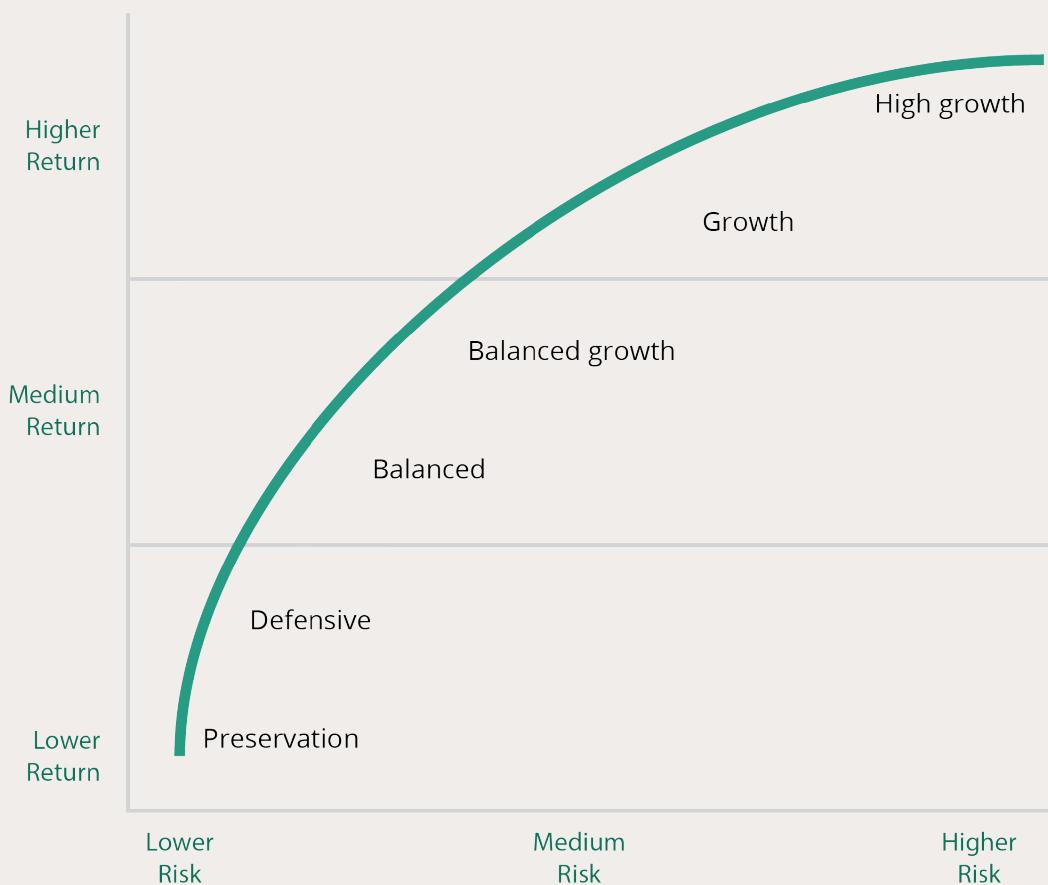
We will develop an overall financial strategy that considers your short and long-term goals, investment time horizon, and risk tolerance. We will then establish investment solutions that align with your overall financial objective.



### Investor Risk Profiles

A cornerstone of investing is establishing your investor risk profile. We do this by explaining investment concepts and risks, asking you questions, and then assessing your responses. Clients with a higher investment risk tolerance will have a greater percentage of their assets invested in growth assets, such as Australian and Global Equities. A lower

tolerance for investment risk will result in a higher proportion of less volatile asset classes such as cash and fixed income. By establishing your correct risk profile, we can ensure you maximise your investment potential with an acceptable level of risk. The following graph represents the different investor types and the relationship between risk and return.



Our allocation towards Growth assets for each Investor Risk Profile is as follows:

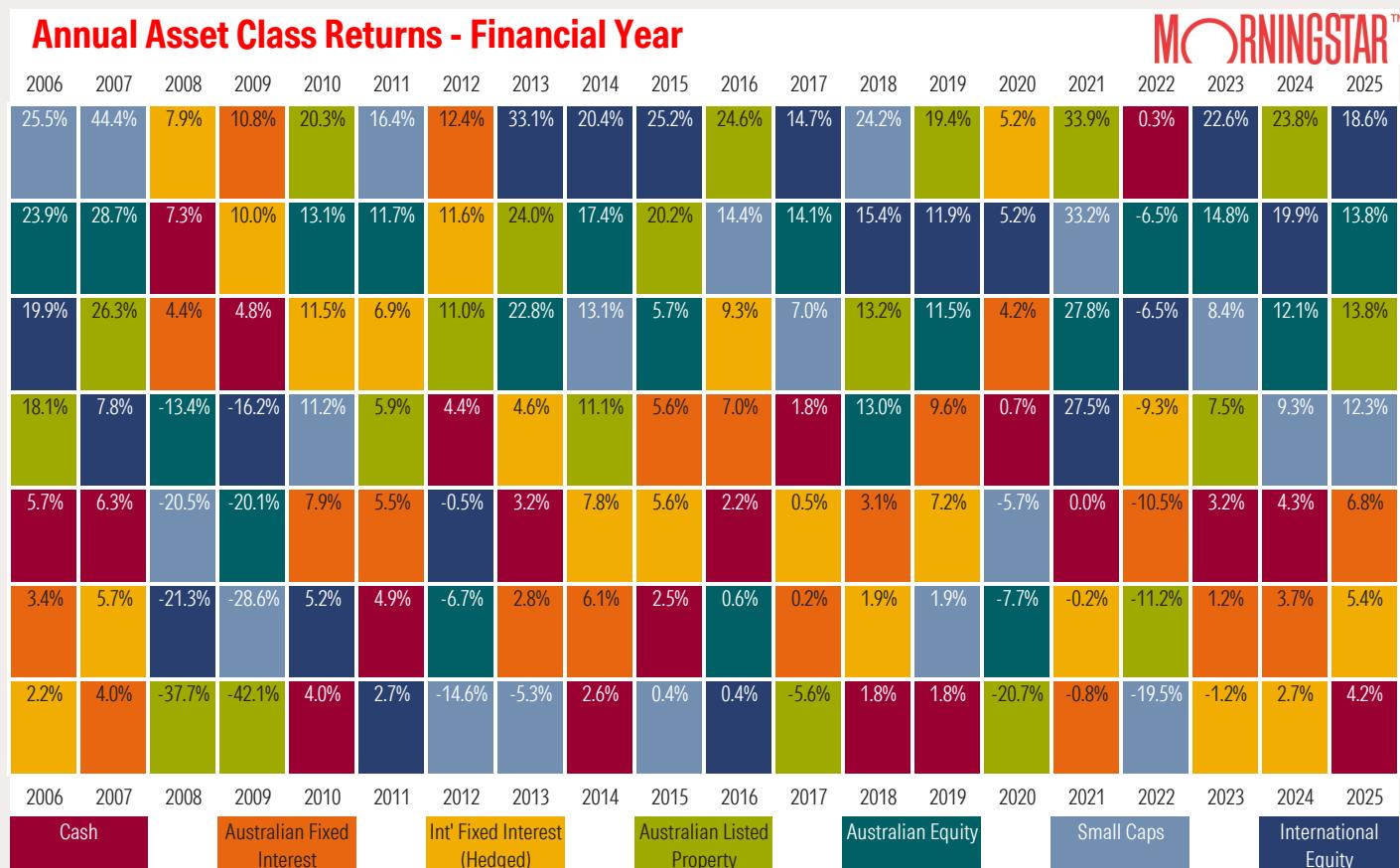
Risk Profile	Min Growth%	Max Growth%	Strategic Target%
Preservation	5	25	15
Defensive	20	40	30
Balanced	40	60	50
Balanced Growth	60	80	70
Growth	75	95	85
High Growth	90	100	100



## Asset Class Diversification

We believe in diversifying both across, and within asset classes. Asset classes we use include Australian & Global Equities, Property & Infrastructure, Alternative Investments, Bonds & Fixed Income, and Cash/Term Deposits.

As market and economic conditions change over time, each asset class will respond differently. Diversifying across these asset classes may help lower your portfolios risk and deliver more consistent returns over time.



Cash - RBA Bank accepted Bills 90 Days; Aust. Fixed Interest - UBS Composite 0+ Yr TR AUD; Int'l. Fixed Interest (H) - BarCap Global Aggregate TR Hdg AUD; A-REITs - S&P/ASX 300 A-REIT TR; Global REITs (H) - UBS Global Investors Ex AUS NR Hdg AUD; Aust. Equity - S&P/ASX 200 TR; Small Caps - S&P/ASX Small Ordinaries TR; Int'l. Equity - MSCI World Ex Australia NR AUD © 2025 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. This report has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at [www.morningstar.com.au/sfg.pdf](http://www.morningstar.com.au/sfg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a financial adviser.



## Strategic and Dynamic Asset Allocation

A key part of our portfolio construction process is to establish a long run strategic asset allocation based on the objectives and risk levels of your portfolio. Your portfolio will be periodically rebalanced to ensure it broadly maintains the same asset class weights over time.

Due to inherent biases in investor behaviour, asset classes like equities and bonds, can occasionally deviate from their fair values. It is therefore possible to identify and exploit periods of mispricing in the market through Dynamic Asset Allocation (DAA). DAA involves tilting the mix of assets in a portfolio based on market conditions to either generate additional returns or to manage downside risk.

We therefore implement either an *Index* or *Core plus Satellite* approach to portfolio construction.

An *Index* approach seeks to match the risk and return of the overall market and assumes that the market is efficient. Smart Beta is a passive investment strategy that uses a measure other than market capitalisation to determine the composition of the exposure.

A *Core plus Satellite* approach is one that combines an index core with satellite funds selected to achieve “alpha” or outperformance. These satellites may be active or index, so long as they complement the Core with minimal strategic overlay.

This portfolio management strategy intermittently alters the mix of asset classes to suit prevailing market conditions.



## Rebalancing

The primary goal of rebalancing your portfolio is to minimise risk relative to your target asset allocation. Over time, each asset class will produce different returns that can materially change your portfolios asset allocation relative to the target risk profile. To recapture your portfolios risk and return characteristics your portfolio will be rebalanced to its intended asset allocation.



## Fees and Taxation

Fees are an important component of any investment portfolio. Over the long term a higher level of fees has the potential to reduce returns. Index funds and Exchange Traded Funds (ETFs) typically charge lower fees than actively managed funds. Holding index funds and/or ETFs can help minimise the investment fees charged to your portfolio. Index and Smart Beta ETFs are rebalanced throughout the year on predetermined dates. This may result in lower portfolio turnover and better tax outcomes for you, the investor.



## Financial Coaching

People can often be their own worst enemy when it comes to investing. Emotional biases, cognitive errors and a lack of discipline can impede your financial success. With our guidance you can avoid these pitfalls and mistakes.



## Our Product Offerings

We are qualified to recommend any of the following investment structures:

- **Direct Equities** – Australian Shares
- **Exchange Traded Funds (ETFs) (Active and Index)**
  - across all traditional asset classes
- **Managed Funds (Active and Index)** – across all traditional asset classes
- **Cash/Term Deposits**
- **Separately Managed Accounts (SMAs)** – utilising ETFs/Managed Funds/Direct Equities

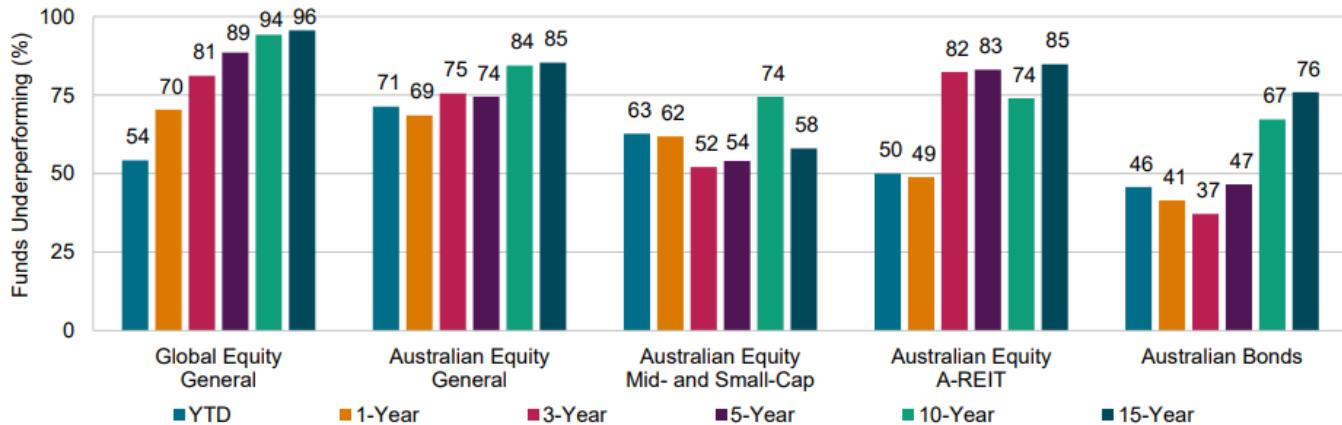
We have an extensive range of administrative platforms within which we construct and manage portfolios.



## Investment Management Styles

We believe that most developed markets are highly efficient and that over time it has become more difficult for active managers to outperform their respective benchmark. Where possible, we prefer to allocate the majority of a portfolios holdings to Index and Smart Beta ETFs and/or managed funds. In certain markets, where mispricing is more prevalent, we may allocate holdings to active fund managers.

### Exhibit 1: Percentage of Underperforming Active Australia Funds



Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2025. The S&P World Index (AUD) was launched May 28, 2020. The S&P/ASX Mid-Small was launched July 29, 2011. The S&P/ASX Australian Fixed Interest 0+ (Legacy) was launched Feb. 13, 2025. See the Appendix for more details on benchmarks used. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.



## Our Process

The composition and selection of your investments and administrative platforms are determined by the following process:

- **Investment Committee**

Our investment committee regularly meets face to face with all investment providers to review both new and existing product holdings. These meetings provide us an opportunity to better understand each manager's view on markets and the strategies deployed in their offerings.

- **Approved Product List (APL)**

An APL is a pre-selected list of the range of products we can recommend. The criteria for our APL is created by our licensee's parent company, WT Financial. The APL helps promote the provision of higher quality products by assessing them before their inclusion in your portfolio.

- **Independent Research**

We also utilise third party independent researchers such as Lonsec, Zenith, Morningstar, SQM and SuperRatings. Each of these parties provides us with practical, actionable insights that add real value to our investment and advice solutions. The ratings and insights provided are considered alongside the findings of our Investment Committee.

- **Ongoing Monitoring**

We reserve the right to change and/or alter our preferred product providers. Should we determine that one of our preferred partners is no longer suitable for your portfolio we will recommend the appropriate alternatives.

## Our Investment Committee

Forest Wealth has chosen to partner with Lonsec Investment Solutions (LIS), part of Evidentia Group, to provide expertise with asset consulting and portfolio construction.



Evidentia Group is Australia's leading Managed Account provider, formed through the merger of LIS, Evidentia and Implemented Portfolios.

What sets them apart is their collaborative approach, working closely with advisers to deliver transparent, research backed and high-conviction solutions.

Name	Position	Years of Experience <sup>^</sup>
Daniel Winberg	Head of Advice	23
Phil Broadbent	General Manager	17
Rob Till	Financial Adviser	26
LIS + Evidentia	Asset Consultant & Portfolio Construction	Over 30

<sup>^</sup> As at January 2026

• External Investment Specialists to provide ongoing advice

## Other Considerations

- **Cash Buckets** – An investment or pension drawdown strategy to meet short- and medium-term spending needs whilst avoiding sequencing risk.
- **Environment, Social and Governance (ESG) portfolios** – Available for clients wishing to prioritise this area of investing.
- **Direct Share portfolios** – Available for clients wishing to prioritise dividend income as part of a broader portfolio.

## Cyber/Data Security

Outsourced to specialist IT Security experts, we give you peace of mind that any personal / financial information we hold is safely stored and monitored. Separately, to provide an extra layer of security, we are informed by product providers of any suspicious activity on your accounts, including change of bank details or withdrawals.

## Preferred Investment Partners





## Contact Us

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Forest Wealth Pty Ltd is a Corporate Authorised Representative of Millennium3 Financial Services Pty Ltd ABN 60 094 529 987 AFSL 244252

This information (including taxation) is general in nature and does not consider your individual circumstances or needs. Do not act until you seek professional advice and consider a Product Disclosure Statement.

For Australian Residents only.

January 2026

