



The Asset Class Investment Management Process

versus

Index and Active Portfolio Management

May 2017



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Introduction

The purpose of this paper is to provide readers with a brief explanation of three investment portfolio management processes and a set of data that highlights the performance of each process of various time periods. FYG Planners Pty Ltd believe the data provided should be helpful to investors wanting to compare the historical results achieved by each investment management process.

Active investment management involves adopting an approach to managing investment assets that sees the individual or investment professionals backing their opinion about the future performance of a market, market sector or individual security. It is the predominant investment process used today around the world.

History has shown active management to be less than optimal in the longer term with well over 50% of active funds delivering returns below their most relevant index over longer periods of time. History has also shown that over time investors have been generally unsuccessful at selecting "future" superior performing managed investments. Studies in the USA by independent research firm Dalbar Inc. have also regularly shown investor returns rarely match financial market returns due to poor investment timing decisions.

Index portfolio management involves, generally an institution, modelling their portfolio on a pre-determined, usually externally designed, group of securities, known as an index. e.g: All Ordinaries, Dow Jones or MSCI. These portfolio's are passively managed and "track" the relevant index deliberately.

The Asset Class portfolio's recommended by FYG Planners are based on a few academically accepted principles, from some of the worlds leading finance experts, such as those noted below:

Genuine Diversification Reduces Risk - Harry Markowitz 1952 (Nobel Prize Winner)

Cost of Capital is the Investors Expected Rate of Return - Merton Miller 1961 (Nobel Prize Winner)

Risk & Return are Related - William Sharpe 1964 (Nobel Prize Winner)

Equity Markets are Efficient - Professor Eugene Fama 1966 (Nobel Prize Winner)

Small Cap Stocks outperform Large Cap Stocks but with Greater Volatility - Rolf Banz, University of Chicago 1981

Asset Allocation rather than Stock Selection and Market Timing Dominate Investment Performance - Garry Brinson, Randolph Hood and Gilbert Beebower 1983 & 1991 study of 91 major pension funds in the USA.

Distressed Stocks (High Book to Market) Outperform Healthy Stocks (Low Book to Market) - Professor Eugene Fama and Professor Kenneth French, University of Chicago 1992

Based on the above academic foundations, FYG Planners Pty Ltd have compiled this report from an Australian perspective to

- 1) Our highly structured Asset Class equity portfolios with the Australian All Ordinaries Index and the MSCI World Market Index (Unhedged)
- 2) Our Asset Class moderate, balanced and growth portfolios with index based portfolios using the same asset allocation benchmark.
- 3) Our balanced and growth portfolios with the most comparable wholesale balanced and growth funds offered by some of Australia's largest investment management institutions.

We believe the long term results are so consistent and the evidence so compelling that we only recommend investors adopt this approach to investing. For further information we recommend that you read our more comprehensive "Investment Philosophy" before deciding to invest.

NB: You should also read very carefully the qualifying notes that follow the quantitative data in order to understand the limitations of this document.

The Industry Superannuation Funds returns data is sourced from Super Ratings. Super Ratings is an independently owned organisation that specialises in researching Australia's major superannuation funds. FYG Planners Pty Ltd cannot be responsible for any inaccuracies in the Super Ratings data.

Asset Class Investing
May 2017
Australian Equities versus Market

Time Period Measured	Asset Class Portfolio		Market Index		Result Improvement	
	Annualised Return	Standard Deviation	Annualised Return	Standard Deviation	Improvement In Investment Results	Standard Deviation Difference
25 years from 1/06/1992 to 31/05/2017	11.28%	14.19%	9.23%	13.72%	2.05%	-0.47%
20 years from 1/06/1997 to 31/05/2017	10.03%	15.07%	8.42%	14.84%	1.61%	-0.23%
15 years from 1/06/2002 to 31/05/2017	9.14%	17.27%	8.22%	17.17%	0.92%	-0.10%
10 years from 1/06/2007 to 31/05/2017	4.01%	16.35%	3.42%	16.61%	0.59%	0.26%
5 years from 1/06/2012 to 31/05/2017	11.21%	9.63%	11.59%	9.35%	-0.38%	-0.28%
4 years from 1/06/2013 to 31/05/2017	8.70%	8.91%	8.64%	7.29%	0.06%	-1.62%
3 years from 1/06/2014 to 31/05/2017	6.31%	9.18%	6.23%	6.60%	0.08%	-2.59%
2 years from 1/06/2015 to 31/05/2017	4.84%	12.55%	4.33%	8.12%	0.51%	-4.43%
1 years from 1/06/2016 to 31/05/2017	14.09%	N/A	10.23%	N/A	3.86%	N/A

Qualifying Comments

- 1) The Asset Class portfolio includes holdings of 50% Large Cap stocks, 30% Value stocks and 20% Small Cap stocks using our preferred investment manager. Returns shown are before investment management, administration or advice fees.
- 2) The Market Index Portfolio in this table is the All Ordinaries Accumulation Index ignoring any investment or trading costs.
- 3) Standard deviations shown indicates the Asset Class Portfolio to be less variable where the "Standard Deviation Difference" column is a positive number noted in blue. If the figure is Red then the portfolio is more variable.
- 4) The investment return data series has been calculated using a software program provided by Dimensional Fund Advisers (Aust) Ltd. The software is called "The Returns Program". FYG Planners Pty Ltd believe the data series to be accurate but do not accept any responsibility for any inaccurate data calculated by the Returns Program.
- 5) The investment returns shown above are historical and in some cases have been simulated from the most appropriate market data. Future investment returns may bear no resemblance to past returns as financial market returns may be very different as may be the rate of inflation in future.
- 6) Investment returns for the Asset Class portfolio take into account past structural changes made by FYG Planners Pty Ltd to our standard model portfolios.
- 7) Monthly data points and Annual rebalance data are used to produce this report.

Asset Class Investing
May 2017
Australian Equities versus Market

Time Period Measured		Asset Class Portfolio	Market Index	Result Difference
		Annualised Return	Annualised Return	Improvement In Investment Results
From 1/06/1992	To 31/05/1993	14.16%	6.17%	7.99%
From 1/06/1993	To 31/05/1994	25.21%	20.71%	4.51%
From 1/06/1994	To 31/05/1995	1.14%	1.69%	-0.55%
From 1/06/1995	To 31/05/1996	19.21%	15.88%	3.33%
From 1/06/1996	To 31/05/1997	24.29%	19.66%	4.63%
From 1/06/1997	To 31/05/1998	7.92%	6.97%	0.95%
From 1/06/1998	To 31/05/1999	14.66%	10.23%	4.43%
From 1/06/1999	To 31/05/2000	10.11%	11.40%	-1.29%
From 1/06/2000	To 31/05/2001	21.51%	12.99%	8.53%
From 1/06/2001	To 31/05/2002	9.92%	3.64%	6.28%
From 1/06/2002	To 31/05/2003	-5.72%	-6.62%	0.90%
From 1/06/2003	To 31/05/2004	25.56%	20.73%	4.84%
From 1/06/2004	To 31/05/2005	24.94%	22.58%	2.36%
From 1/06/2005	To 31/05/2006	26.97%	27.38%	-0.41%
From 1/06/2006	To 31/05/2007	33.43%	32.79%	0.64%
From 1/06/2007	To 31/05/2008	-5.15%	-5.24%	0.09%
From 1/06/2008	To 31/05/2009	-27.25%	-30.57%	3.32%
From 1/06/2009	To 31/05/2010	25.50%	21.41%	4.09%
From 1/06/2010	To 31/05/2011	11.44%	11.92%	-0.49%
From 1/06/2011	To 31/05/2012	-9.72%	-9.49%	-0.23%
From 1/06/2012	To 31/05/2013	21.87%	24.23%	-2.37%
From 1/06/2013	To 31/05/2014	16.20%	16.20%	-0.00%
From 1/06/2014	To 31/05/2015	9.30%	10.12%	-0.82%
From 1/06/2015	To 31/05/2016	-3.66%	-1.25%	-2.41%
From 1/06/2016	To 31/05/2017	14.09%	10.23%	3.86%
Superior Results		16	9	Average Improvement 2.09%

Qualifying Comments

- 1) The Asset Class portfolio includes holdings of 50% Large Cap stocks, 30% Value stocks and 20% Small Cap stocks using our preferred investment manager. Returns shown are before investment management, administration or advice fees. Returns shown are annual returns.
- 2) The Market Index Portfolio in this table is the All Ordinaries Accumulation Index ignoring any investment or trading costs.
- 3) The investment return data series has been calculated using a software program provided by Dimensional Fund Advisers (Aust) Ltd. The software is called "The Returns Program". FYG Planners Pty Ltd believe the data series to be accurate but do not accept any responsibility for any inaccurate data calculated by the Returns Program.
- 4) The investment returns shown above are historical and in some cases have been simulated from the most appropriate market data. Future investment returns may bear no resemblance to past returns as financial market returns may be very different as may be the rate of inflation in future.
- 5) Investment returns for the Asset Class portfolio take into account past structural changes made by FYG Planners Pty Ltd to our standard model portfolios.

Asset Class Investing
May 2017
International Equities versus Market

Time Period Measured	Asset Class Portfolio		Market Index		Result Improvement	
	Annualised Return	Standard Deviation	Annualised Return	Standard Deviation	Improvement In Investment Results	Standard Deviation Difference
25 years from 1/06/1992 to 31/05/2017	9.86%	16.31%	7.35%	17.63%	2.50%	1.32%
20 years from 1/06/1997 to 31/05/2017	8.85%	17.86%	5.85%	18.91%	3.00%	1.05%
15 years from 1/06/2002 to 31/05/2017	8.48%	18.53%	4.80%	16.54%	3.68%	-1.99%
10 years from 1/06/2007 to 31/05/2017	6.46%	19.82%	4.95%	17.63%	1.51%	-2.18%
5 years from 1/06/2012 to 31/05/2017	18.99%	13.56%	18.52%	11.70%	0.47%	-1.86%
4 years from 1/06/2013 to 31/05/2017	15.10%	11.61%	15.98%	11.78%	-0.88%	0.17%
3 years from 1/06/2014 to 31/05/2017	12.56%	12.84%	13.90%	13.56%	-1.33%	0.72%
2 years from 1/06/2015 to 31/05/2017	8.03%	14.29%	7.22%	8.36%	0.81%	-5.93%
1 years from 1/06/2016 to 31/05/2017	18.60%	N/A	13.30%	N/A	5.31%	N/A

Qualifying Comments

- 1) The Asset Class portfolio includes holdings of 50% Large Cap stocks, 30% Value stocks and 20% Small Cap stocks using our preferred investment manager. Returns shown are before investment management, administration or advice fees.
- 2) The Market Index Portfolio in this table is the MSCI World Index ignoring any investment, trading costs or currently hedging.
- 3) Standard deviations shown indicates the Asset Class Portfolio to be less variable where the "Standard Deviation Difference" column is a positive number noted in blue. If the figure is Red then the portfolio is more variable.
- 4) The investment return data series has been calculated using a software program provided by Dimensional Fund Advisers (Aust) Ltd. The software is called "The Returns Program". FYG Planners Pty Ltd believe the data series to be accurate but do not accept any responsibility for any inaccurate data calculated by the Returns Program.
- 5) The investment returns shown above are historical and in some cases have been simulated from the most appropriate market data. Future investment returns may bear no resemblance to past returns as financial market returns may be very different as may be the rate of inflation in future.
- 6) Investment returns for the Asset Class portfolio take into account past structural changes made by FYG Planners Pty Ltd to our standard model portfolios.
- 7) Monthly data points and Annual rebalance data are used to produce this report.

Asset Class Investing
May 2017
International Equities versus Market

Time Period Measured		Asset Class Portfolio	Market Index	Result Difference
		Annualised Return	Annualised Return	Improvement In Investment Results
From 1/06/1992	To 31/05/1993	21.20%	27.22%	-6.02%
From 1/06/1993	To 31/05/1994	6.78%	0.63%	6.15%
From 1/06/1994	To 31/05/1995	4.05%	13.23%	-9.18%
From 1/06/1995	To 31/05/1996	19.20%	6.19%	13.01%
From 1/06/1996	To 31/05/1997	19.84%	22.77%	-2.93%
From 1/06/1997	To 31/05/1998	35.37%	45.86%	-10.49%
From 1/06/1998	To 31/05/1999	4.59%	9.23%	-4.64%
From 1/06/1999	To 31/05/2000	21.08%	29.18%	-8.10%
From 1/06/2000	To 31/05/2001	5.30%	-4.27%	9.57%
From 1/06/2001	To 31/05/2002	-10.94%	-21.70%	10.76%
From 1/06/2002	To 31/05/2003	-15.51%	-21.70%	6.19%
From 1/06/2003	To 31/05/2004	26.61%	12.87%	13.75%
From 1/06/2004	To 31/05/2005	13.49%	4.85%	8.65%
From 1/06/2005	To 31/05/2006	23.97%	18.64%	5.34%
From 1/06/2006	To 31/05/2007	20.42%	13.38%	7.05%
From 1/06/2007	To 31/05/2008	-15.02%	-16.39%	1.37%
From 1/06/2008	To 31/05/2009	-27.00%	-22.37%	-4.63%
From 1/06/2009	To 31/05/2010	18.64%	8.41%	10.22%
From 1/06/2010	To 31/05/2011	14.21%	0.81%	13.40%
From 1/06/2011	To 31/05/2012	-6.70%	-2.25%	-4.45%
From 1/06/2012	To 31/05/2013	35.91%	29.26%	6.64%
From 1/06/2013	To 31/05/2014	23.06%	22.45%	0.61%
From 1/06/2014	To 31/05/2015	22.21%	28.52%	-6.31%
From 1/06/2015	To 31/05/2016	-1.60%	1.47%	-3.08%
From 1/06/2016	To 31/05/2017	18.60%	13.30%	5.31%
Superior Results		15	10	Average Improvement

Qualifying Comments

- 1) The Asset Class portfolio includes holdings of 50% Large Cap stocks, 30% Value stocks and 20% Small Cap stocks using our preferred investment manager. Returns shown are before investment management, administration or advice fees. Returns shown are annual returns.
- 2) The Market Index Portfolio in this table is the MSCI World Index ignoring any investment, trading costs or currency hedging.
- 3) The investment return data series has been calculated using a software program provided by Dimensional Fund Advisers (Aust) Ltd. The software is called "The Returns Program". FYG Planners Pty Ltd believe the data series to be accurate but do not accept any responsibility for any inaccurate data calculated by the Returns Program.
- 4) The investment returns shown above are historical and in some cases have been simulated from the most appropriate market data. Future investment returns may bear no resemblance to past returns as financial market returns may be very different as may be the rate of inflation in future.
- 5) Investment returns for the Asset Class portfolio take into account past structural changes made by FYG Planners Pty Ltd to our standard model portfolios.

Asset Class Investing
May 2017
FYG 50/50 Portfolio versus Market

Time Period Measured	Asset Class Portfolio		Market Index		Result Improvement	
	Annualised Return	Standard Deviation	Annualised Return	Standard Deviation	Improvement In Investment Results	Standard Deviation Difference
25 years from 1/06/1992 to 31/05/2017	8.79%	6.59%	7.97%	6.69%	0.81%	0.10%
20 years from 1/06/1997 to 31/05/2017	8.00%	6.96%	7.17%	7.02%	0.82%	0.06%
15 years from 1/06/2002 to 31/05/2017	7.42%	7.67%	6.72%	7.54%	0.70%	-0.13%
10 years from 1/06/2007 to 31/05/2017	5.51%	8.03%	5.02%	8.01%	0.49%	-0.02%
5 years from 1/06/2012 to 31/05/2017	9.55%	5.05%	9.51%	4.80%	0.04%	-0.25%
4 years from 1/06/2013 to 31/05/2017	8.07%	4.36%	8.14%	4.23%	-0.07%	-0.13%
3 years from 1/06/2014 to 31/05/2017	7.09%	4.77%	7.43%	4.89%	-0.35%	0.12%
2 years from 1/06/2015 to 31/05/2017	4.79%	3.55%	4.79%	1.93%	-0.00%	-1.62%
1 years from 1/06/2016 to 31/05/2017	7.33%	N/A	6.16%	N/A	1.17%	N/A

Qualifying Comments

- 1) The Asset Class Portfolio returns represent the historical results of the FYG Planners Pty Ltd 50/50 model portfolio over the relevant period and include any structural changes introduced by the FYG Investment Committee.
- 2) The Market Index Portfolio includes the results of:
 - 10% UBS Warburg 90 Day Bank Bill Index
 - 40% UBS Warburg Australian Bond Composite Index
 - 9% S&P/ASX Property Trusts Accumulation Index
 - 25% S&P ASX 500 Accumulation Index
 - 16% MSCI World Accumulation Index Unhedged
- 3) Standard deviations shown indicates the Asset Class Portfolio to be less variable where the "Standard Deviation Difference" column is a positive number noted in Blue. If the figure is Red then the portfolio is more variable.
- 4) The investment return data series has been calculated using a software program provided by Dimensional Fund Advisers (Aust) Ltd. The software is called "The Returns Program". FYG Planners Pty Ltd believe the data series to be accurate but do not accept any responsibility for any inaccurate data calculated by the Returns Program.
- 5) The investment returns shown above are historical and in some cases have been simulated from the most appropriate market data. Future investment returns may bear no resemblance to past returns as financial market returns may be very different as may be the rate of inflation in future.
- 6) Monthly data points and Annual rebalance data are used to produce this report.

Asset Class Investing
May 2017
FYG 40/60 Portfolio versus Market

Time Period Measured	Asset Class Portfolio		Market Index		Result Improvement	
	Annualised Return	Standard Deviation	Annualised Return	Standard Deviation	Improvement In Investment Results	Standard Deviation Difference
25 years from 1/06/1992 to 31/05/2017	9.15%	8.01%	8.13%	8.00%	1.02%	-0.00%
20 years from 1/06/1997 to 31/05/2017	8.31%	8.56%	7.30%	8.56%	1.01%	-0.01%
15 years from 1/06/2002 to 31/05/2017	8.41%	9.51%	6.79%	9.31%	1.61%	-0.20%
10 years from 1/06/2007 to 31/05/2017	5.37%	9.96%	4.77%	9.85%	0.60%	-0.11%
5 years from 1/06/2012 to 31/05/2017	10.71%	6.03%	10.56%	5.69%	0.15%	-0.35%
4 years from 1/06/2013 to 31/05/2017	8.95%	5.19%	8.89%	4.88%	0.06%	-0.31%
3 years from 1/06/2014 to 31/05/2017	7.75%	5.65%	7.99%	5.57%	-0.24%	-0.09%
2 years from 1/06/2015 to 31/05/2017	5.14%	4.62%	5.05%	2.72%	0.09%	-1.90%
1 years from 1/06/2016 to 31/05/2017	8.46%	N/A	6.99%	N/A	1.47%	N/A

Qualifying Comments

- 1) The Asset Class Portfolio returns represent the historical results of the FYG Planners Pty Ltd 40/60 model portfolio over the relevant period and include any structural changes introduced by the FYG Investment Committee.
- 2) The Market Index Portfolio includes the results of:
 - 10% UBS Warburg 90 Day Bank Bill Index
 - 30% UBS Warburg Australian Bond Composite Index
 - 10% S&P/ASX Property Trusts Accumulation Index
 - 30% S&P ASX 500 Accumulation Index
 - 20% MSCI World Accumulation Index Unhedged
- 3) Standard deviations shown indicates the Asset Class Portfolio to be less variable where the "Standard Deviation Difference" column is a positive number noted in Blue. If the figure is Red then the portfolio is more variable.
- 4) The investment return data series has been calculated using a software program provided by Dimensional Fund Advisers (Aust) Ltd. The software is called "The Returns Program". FYG Planners Pty Ltd believe the data series to be accurate but do not accept any responsibility for any inaccurate data calculated by the Returns Program.
- 5) The investment returns shown above are historical and in some cases have been simulated from the most appropriate market data. Future investment returns may bear no resemblance to past returns as financial market returns may be very different as may be the rate of inflation in future.
- 6) Monthly data points and Annual rebalance data are used to produce this report.

Asset Class Investing
May 2017
FYG 30/70 Portfolio versus Market

Time Period Measured	Asset Class Portfolio		Market Index		Result Improvement	
	Annualised Return	Standard Deviation	Annualised Return	Standard Deviation	Improvement In Investment Results	Standard Deviation Difference
25 years from 1/06/1992 to 31/05/2017	9.57%	9.43%	8.36%	9.35%	1.21%	-0.08%
20 years from 1/06/1997 to 31/05/2017	8.66%	10.15%	7.47%	10.09%	1.19%	-0.06%
15 years from 1/06/2002 to 31/05/2017	7.88%	11.27%	6.91%	10.98%	0.97%	-0.29%
10 years from 1/06/2007 to 31/05/2017	5.34%	11.83%	4.67%	11.62%	0.68%	-0.21%
5 years from 1/06/2012 to 31/05/2017	11.98%	7.08%	11.72%	6.62%	0.25%	-0.47%
4 years from 1/06/2013 to 31/05/2017	9.94%	6.15%	9.79%	5.66%	0.15%	-0.48%
3 years from 1/06/2014 to 31/05/2017	8.49%	6.65%	8.66%	6.38%	-0.17%	-0.27%
2 years from 1/06/2015 to 31/05/2017	5.54%	5.84%	5.38%	3.62%	0.16%	-2.22%
1 years from 1/06/2016 to 31/05/2017	9.75%	N/A	7.97%	N/A	1.78%	N/A

Qualifying Comments

- 1) The Asset Class Portfolio returns represent the historical results of the FYG Planners Pty Ltd 30/70 model portfolio over the relevant period and include any structural changes introduced by the FYG Investment Committee.
- 2) The Market Index Portfolio includes the results of:
 - 5% UBS Warburg 90 Day Bank Bill Index
 - 25% UBS Warburg Australian Bond Composite Index
 - 10% S&P/ASX Property Trusts Accumulation Index
 - 35% S&P ASX 500 Accumulation Index
 - 25% MSCI World Accumulation Index Unhedged
- 3) Standard deviations shown indicates the Asset Class Portfolio to be less variable where the "Standard Deviation Difference" column is a positive number noted in Blue. If the figure is Red then the portfolio is more variable.
- 4) The investment return data series has been calculated using a software program provided by Dimensional Fund Advisers (Aust) Ltd. The software is called "The Returns Program". FYG Planners Pty Ltd believe the data series to be accurate but do not accept any responsibility for any inaccurate data calculated by the Returns Program.
- 5) The investment returns shown above are historical and in some cases have been simulated from the most appropriate market data. Future investment returns may bear no resemblance to past returns as financial market returns may be very different as may be the rate of inflation in future.
- 6) Monthly data points and Annual rebalance data are used to produce this report.

Asset Class Investing
May 2017
FYG 20/80 Portfolio versus Market

Time Period Measured	Asset Class Portfolio		Market Index		Result Improvement	
	Annualised Return	Standard Deviation	Annualised Return	Standard Deviation	Improvement In Investment Results	Standard Deviation Difference
25 years from 1/06/1992 to 31/05/2017	10.09%	10.67%	8.50%	10.59%	1.59%	-0.08%
20 years from 1/06/1997 to 31/05/2017	9.08%	11.53%	7.58%	11.53%	1.50%	0.00%
15 years from 1/06/2002 to 31/05/2017	8.28%	13.06%	7.03%	12.66%	1.25%	-0.40%
10 years from 1/06/2007 to 31/05/2017	5.14%	13.18%	4.46%	13.16%	0.68%	-0.02%
5 years from 1/06/2012 to 31/05/2017	12.37%	8.13%	12.50%	7.55%	-0.13%	-0.57%
4 years from 1/06/2013 to 31/05/2017	10.11%	7.23%	10.27%	6.40%	-0.16%	-0.82%
3 years from 1/06/2014 to 31/05/2017	8.42%	7.85%	8.77%	6.94%	-0.35%	-0.91%
2 years from 1/06/2015 to 31/05/2017	5.58%	8.59%	5.43%	5.08%	0.14%	-3.50%
1 years from 1/06/2016 to 31/05/2017	11.82%	N/A	9.09%	N/A	2.73%	N/A

Qualifying Comments

- 1) The Asset Class Portfolio returns represent the historical results of the FYG Planners Pty Ltd 20/80 model portfolio over the relevant period and include any structural changes introduced by the FYG Investment Committee.
- 2) The Market Index Portfolio includes the results of:
 - 5% UBS Warburg 90 Day Bank Bill Index
 - 15% UBS Warburg Australian Bond Composite Index
 - 10% S&P/ASX Property Trusts Accumulation Index
 - 42% S&P ASX 500 Accumulation Index
 - 28% MSCI World Accumulation Index Unhedged
- 3) Standard deviations shown indicates the Asset Class Portfolio to be less variable where the "Standard Deviation Difference" column is a positive number noted in Blue. If the figure is Red then the portfolio is more variable.
- 4) The investment return data series has been calculated using a software program provided by Dimensional Fund Advisers (Aust) Ltd. The software is called "The Returns Program". FYG Planners Pty Ltd believe the data series to be accurate but do not accept any responsibility for any inaccurate data calculated by the Returns Program.
- 5) The investment returns shown above are historical and in some cases have been simulated from the most appropriate market data. Future investment returns may bear no resemblance to past returns as financial market returns may be very different as may be the rate of inflation in future.
- 6) Monthly data points and Annual rebalance data are used to produce this report.

Asset Class Investing
May 2017
FYG 10/90 Portfolio versus Market

Time Period Measured	Asset Class Portfolio		Market Index		Result Improvement	
	Annualised Return	Standard Deviation	Annualised Return	Standard Deviation	Improvement In Investment Results	Standard Deviation Difference
25 years from 1/06/1992 to 31/05/2017	10.49%	12.35%	8.56%	12.01%	1.93%	-0.34%
20 years from 1/06/1997 to 31/05/2017	9.37%	13.39%	7.58%	13.15%	1.80%	-0.24%
15 years from 1/06/2002 to 31/05/2017	8.41%	15.12%	6.98%	14.34%	1.43%	-0.77%
10 years from 1/06/2007 to 31/05/2017	4.91%	15.22%	4.28%	14.84%	0.63%	-0.37%
5 years from 1/06/2012 to 31/05/2017	13.60%	9.53%	13.60%	8.62%	0.00%	-0.91%
4 years from 1/06/2013 to 31/05/2017	10.99%	8.55%	11.09%	7.38%	-0.10%	-1.17%
3 years from 1/06/2014 to 31/05/2017	8.98%	9.25%	9.29%	7.89%	-0.31%	-1.37%
2 years from 1/06/2015 to 31/05/2017	5.87%	10.64%	5.65%	6.38%	0.22%	-4.26%
1 years from 1/06/2016 to 31/05/2017	13.66%	N/A	10.26%	N/A	3.41%	N/A

Qualifying Comments

- 1) The Asset Class Portfolio returns represent the historical results of the FYG Planners Pty Ltd 10/90 model portfolio over the relevant period and include any structural changes introduced by the FYG Investment Committee.
- 2) The Market Index Portfolio includes the results of:
 - 5% UBS Warburg 90 Day Bank Bill Index
 - 5% UBS Warburg Australian Bond Composite Index
 - 5% S&P/ASX Property Trusts Accumulation Index
 - 50% S&P ASX 500 Accumulation Index
 - 35% MSCI World Accumulation Index Unhedged
- 3) Standard deviations shown indicates the Asset Class Portfolio to be less variable where the "Standard Deviation Difference" column is a positive number noted in Blue. If the figure is Red then the portfolio is more variable.
- 4) The investment return data series has been calculated using a software program provided by Dimensional Fund Advisers (Aust) Ltd. The software is called "The Returns Program". FYG Planners Pty Ltd believe the data series to be accurate but do not accept any responsibility for any inaccurate data calculated by the Returns Program.
- 5) The investment returns shown above are historical and in some cases have been simulated from the most appropriate market data. Future investment returns may bear no resemblance to past returns as financial market returns may be very different as may be the rate of inflation in future.
- 6) Monthly data points and Annual rebalance data are used to produce this report.

Asset Class Investing
May 2017
FYG 30/70 Portfolio versus A Selection of Actively Managed Funds

Annualised Portfolio Returns					
Time Period Measured	Asset Class Portfolio	BT Wholesale Balanced Returns	CFS Wholesale Diversified	MLC Wholesale Horizon 4 Balanced	OnePath Wholesale Managed Growth
7 years from 1/06/2010 to 31/05/2017	9.23%	8.44%	9.85%	9.66%	8.06%
6 years from 1/06/2011 to 31/05/2017	9.63%	8.45%	10.28%	9.61%	7.99%
5 years from 1/06/2012 to 31/05/2017	11.98%	10.02%	12.56%	11.51%	10.50%
4 years from 1/06/2013 to 31/05/2017	9.94%	8.71%	10.46%	9.48%	8.70%
3 years from 1/06/2014 to 31/05/2017	8.49%	7.76%	8.88%	8.33%	7.81%
2 years from 1/06/2015 to 31/05/2017	5.54%	4.22%	6.28%	5.42%	4.93%
1 years from 1/06/2016 to 31/05/2017	9.75%	7.23%	9.31%	10.50%	9.39%

Qualifying Comments

- 1) The Asset Class Portfolio returns represent the historical results of the FYG Planners Pty Ltd 30/70 model portfolio over the relevant period and include any structural changes applied by the FYG Investment Committee.
- 2) The performance of the wholesale funds offered by each institution have been grossed up by their management expense rate in order to compare pre-fee returns in all data.
- 3) Wholesale product performance data was provided by Morningstar Research. Whilst the data is believed to be reliable, FYG Planners Pty Ltd takes no responsibility for inaccuracies in the Morningstar data.
- 4) The investment return data series has been calculated using a software program provided by Dimensional Fund Advisers (Aust) Ltd. The software is called "The Returns Program". FYG Planners Pty Ltd believe the data series to be accurate but do not accept any responsibility for any inaccurate data calculated by the Returns Program.
- 5) The investment returns shown above are historical and in some cases have been simulated from the most appropriate market data. Future investment returns may bear no resemblance to past returns as financial market returns may be very different as may be the rate of inflation in future.

Asset Class Investing
May 2017
FYG 15/85 Portfolio versus A Selection of Actively Managed Funds

Annualised Portfolio Returns					
Time Period Measured	Asset Class Portfolio	BT Wholesale- Future Goals	MLC Wholesale Horizon 5 Growth Portfolio	SUMMIT Select- Active Growth	Suncorp Capital Growth
7 years from 1/06/2010 to 31/05/2017	9.21%	9.47%	10.25%	10.67%	9.71%
6 years from 1/06/2011 to 31/05/2017	9.51%	9.63%	10.30%	10.50%	10.31%
5 years from 1/06/2012 to 31/05/2017	12.78%	12.16%	12.79%	13.46%	12.77%
4 years from 1/06/2013 to 31/05/2017	10.41%	10.24%	10.38%	10.42%	10.64%
3 years from 1/06/2014 to 31/05/2017	8.61%	8.76%	8.97%	8.56%	9.36%
2 years from 1/06/2015 to 31/05/2017	5.69%	4.39%	5.54%	5.38%	5.90%
1 years from 1/06/2016 to 31/05/2017	12.71%	9.86%	11.86%	11.90%	10.88%

Qualifying Comments

- 1) The Asset Class Portfolio returns represent the historical results of the FYG Planners Pty Ltd 15/85 model portfolio over the relevant period and include any structural changes applied by the FYG Investment Committee.
- 2) The performance of the wholesale funds offered by each institution have been grossed up by their management expense rate in order to compare pre-fee returns in all data.
- 3) Wholesale product performance data was provided by Morningstar Research. Whilst the data is believed to be reliable, FYG Planners Pty Ltd takes no responsibility for inaccuracies in the Morningstar data.
- 4) The investment return data series has been calculated using a software program provided by Dimensional Fund Advisers (Aust) Ltd. The software is called "The Returns Program". FYG Planners Pty Ltd believe the data series to be accurate but do not accept any responsibility for any inaccurate data calculated by the Returns Program.
- 5) The investment returns shown above are historical and in some cases have been simulated from the most appropriate market data. Future investment returns may bear no resemblance to past returns as financial market returns may be very different as may be the rate of inflation in future.

Asset Class Investing
May 2017
Asset Class Portfolio versus Industry and Corporate Super Funds

Result Period	1 Year 1/06/2016 to 31/05/2017	3 Years 1/06/2014 to 31/05/2017	5 Years 1/06/2012 to 31/05/2017
Super Ratings Balanced Index	0.00%	0.00%	0.00%
Asset Class Balanced Portfolio	8.52%	6.16%	9.66%
Super Ratings Growth Index	0.00%	0.00%	0.00%
Asset Class Growth Portfolio	10.36%	6.79%	11.06%
Super Ratings Australian Share Index	0.00%	0.00%	0.00%
Asset Class Australian Share Portfolio	13.00%	5.38%	10.17%
Super Ratings International Share Index	0.00%	0.00%	0.00%
Asset Class International Share Portfolio	14.51%	8.94%	15.52%

NOTE: The zero % figures are updated at the end of each quarter and are available in the March, June, September and December reports.

Qualifying Comments

- 1) All return data above are after tax returns. The Industry and Corporate Fund returns are derived from published returns compiled by Super Ratings. The Asset Class Portfolio's are based on after tax estimates of the pre-tax returns delivered by the relevant asset class portfolio's. See note (2) for an explanation of the tax calculation process used. The Asset Class portfolio returns are net of a pre-tax MER of 1.5% per annum from 1/7/2016. This estimated MER could be higher for smaller accounts and lower for larger accounts.
- 2) The Asset Class portfolio returns assume all cash and fixed interest income is taxed at 15%. The income from listed property trusts has been assumed to be 25% tax free and/or tax deferred. The income from Australian equities has been assumed to be 80% fully franked and foreign sourced income from international equities is assumed to be fully taxable. In relation to capital gains tax (CGT), we have assumed the listed property trusts incur no CGT because we use an index fund. In relation to equity or share investments, we have assumed 70% of capital gains are unrealised because we adopt low turnover managed share portfolio's and thus non-taxable and the remaining 30% are realised gains and are two thirds taxable at 15%.
- 3) The investment return data series has been calculated using a software program provided by Dimensional Fund Advisers Inc. The software is called "The Returns Program". FYG Planners Pty Ltd believe the data series to be accurate but do not accept any responsibility for any inaccurate data calculated by the Returns Program.
- 4) The investment returns shown above are historical and in some cases have been simulated from the most appropriate market data. Future investment returns may bear no resemblance to past returns as financial market returns may be very different as may be the rate of inflation in future.
- 5) The Asset Class portfolio returns illustrated in the above table will differ slightly from the Gross Returns that appear in the ACI Balanced and Growth Portfolio comparisons displayed in Page 12 and 13 . The asset classes and sub asset classes of the 30-70 and 15-85 portfolios are rebalanced on a semi annual basis whereas the sub asset classes only of the ACI portfolios displayed above are rebalanced on a semi annual basis.

Supplementary Fund Data

Name of Fund	Date of Inception	Size of Fund (\$m) Net Assets	APIR Code
BT Wholesale Balanced Returns Fund	1/12/1989	\$42.0	BTA0806AU
BT Wholesale - Future Goals Fund	1/07/1999	\$6.7	BTA0125AU
Colonial FS Wsale - Wsale Diversified Fund	18/07/1995	\$350.4	FSF0008AU
Dimensional - Australian Large Company Trust	6/09/2000	\$505.6	DFA0103AU
Dimensional - Australian Short Term Fixed Interest Trust	8/06/1999	\$447.1	DFA0100AU
Dimensional - Australian Small Company Trust	2/10/2000	\$209.3	DFA0104AU
Dimensional - Australian Value Trust	8/06/1999	\$589.6	DFA0101AU
Dimensional - Diversified Fixed Interest Trust	1/09/2001	\$1,668.2	DFA0108AU
Dimensional - Global Large Company Trust	18/08/2000	\$135.6	DFA0105AU
Dimensional - Global Small Company Trust	18/08/2000	\$267.1	DFA0106AU
Dimensional - Global Value Trust	26/08/1999	\$753.4	DFA0102AU
MLC Inv Trust Balanced (Multi - Manager) Fund	1/01/1998	\$1,417.3	MLC0260AU
MLC Inv Trust Growth (Multi - Manager) Fund	1/01/1998	\$416.4	MLC0265AU
OnePath WS - Managed Growth	31/03/1998	\$41.4	MMF0115AU
SUMMIT Select - Active Growth Units	1/09/1999	\$249.4	NMM0109AU
Suncorp Growth Fund	26/02/1996	\$88.6	SUN0020AU

Data Sources

Information for this table was sourced from Van Eyk/Lonsec.

Data dated: 31/05/2017

Note: The Suncorp Wholesale Balanced Fund was replaced by the BT Wholesale Balanced Returns Fund December 2014

