# THE FINANCIAL SYMMETRY INVESTMENT SOLUTION

ENHANCE TODAY | ENRICH TOMORROW

FINANCIAL SYMMETRY

# RULES-BASED PROCESS

## MANAGING AN INVESTMENT PORTFOLIO IS A PROCESS, NOT A ONE-TIME DECISION.

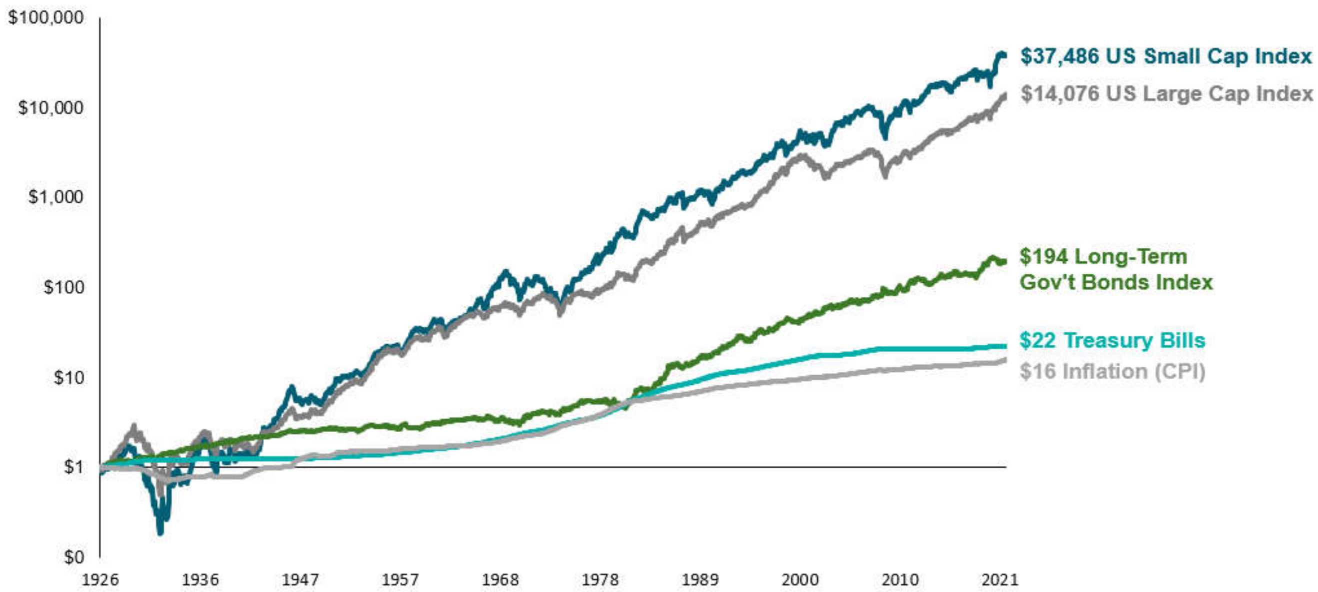
AT FINANCIAL SYMMETRY, WE BELIEVE AN EFFECTIVE INVESTMENT STRATEGY INVOLVES DISCIPLINE, RESEARCH AND A DEFINED PROCESS.

# DISCIPLINE OVER DECADES

- For nearly a century, equities have provided compound returns exceeding three times the general rate of inflation (see graph to right).
- Historically, equities have been the greatest generator of real wealth – net of inflation – effortlessly available to ordinary people.
- Investors earn the long-term premium return of equities over bonds/cash as a reward for patiently enduring their occasional declines.

## The Capital Markets Have Rewarded Long-Term Investors

Monthly growth of wealth ($1), 1926–2021

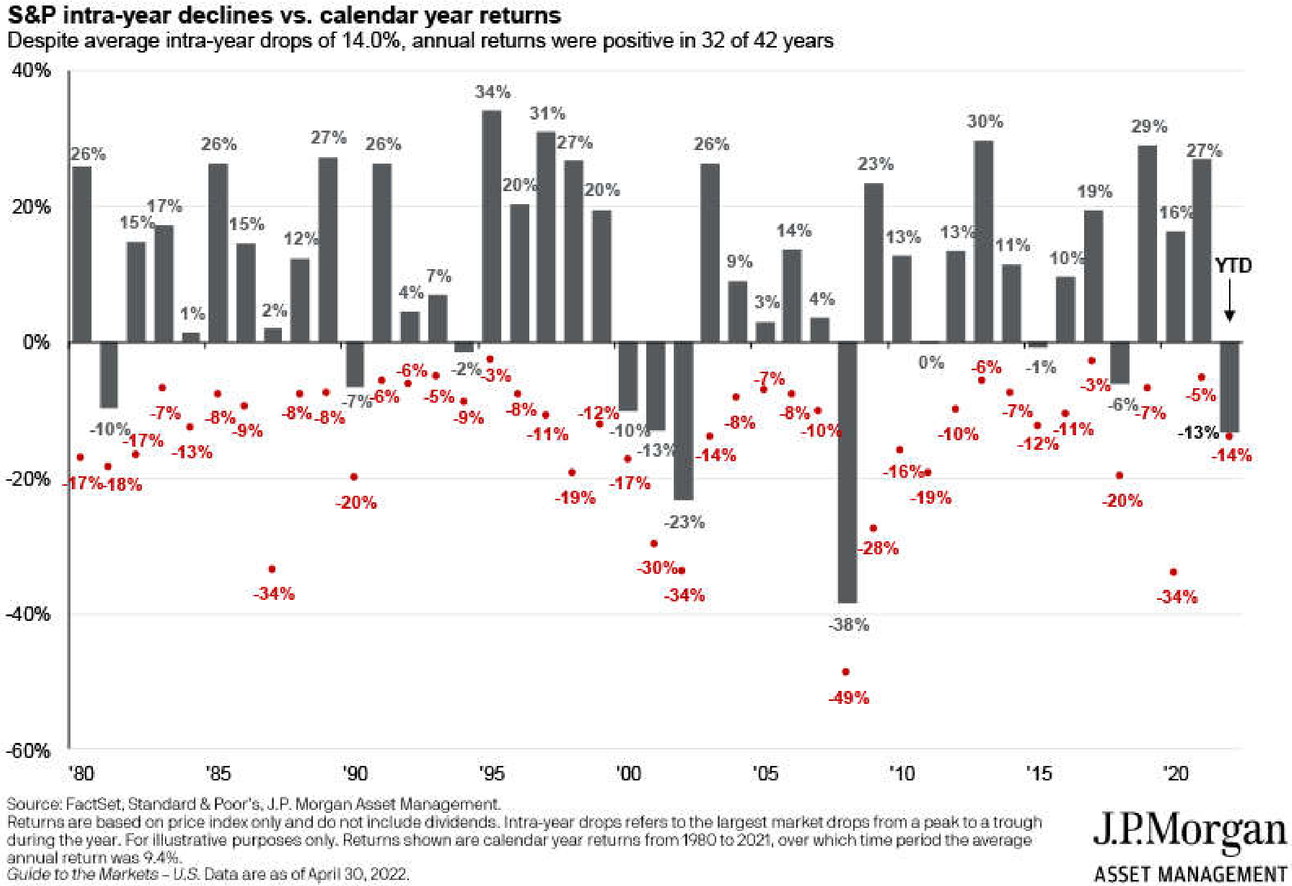



In US dollars.
US Small Cap is the CRSP 6–10 Index. US Large Cap is the S&P 500 Index. US Long-Term Government Bonds is the IA SBBI US LT Gov't TR USD. US Treasury Bills is the IA SBBI US 30 Day TBill TR USD. US Inflation is measured as changes in the US Consumer Price Index. CRSP data is provided by the Center for Research in Security Prices, University of Chicago. S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. US Long-term government bonds and Treasury bills data provided by Ibbotson Associates via Morningstar Direct. US Consumer Price Index data is provided by the US Department of Labor Bureau of Labor Statistics.
Past performance is no guarantee of future results. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

# DISCIPLINE OVER DECADES

- Historically, the S&P 500 has experienced an average annual decline from high to low of around 14%.

- Around one year in five, the “correction” has historically turned into a “bear market” by declining 20% or more from a previous peak. The average decline during these episodes have been a little over 30%.



# DISCIPLINE OVER DECADES

- Time has been the great healer in equity investing, in that the temporary declines have historically all passed away, while the premium equity returns abides.

- For nearly a century, approximately 88% of all the rolling five-year periods have produced positive equity returns with dividends reinvested.


Source: Fama/French Total US Market Research Index

# THREE STEP INVESTMENT PROCESS

### DEVELOP INVESTMENT PLAN

- Determine your portfolio mix of stocks and bonds (asset allocation)
- Bonds for money needed in the next seven years (short-term pessimist)
- Stocks for long-term growth (long-term optimist)
- Understand your ability to handle stock market declines

### IMPLEMENT INVESTMENT PLAN

- Purchase low cost, high quality mutual funds/ETFs
- Tilt portfolio towards investments with higher expected returns
  - Factors (small, value, and profitability)
  - Valuations (global diversification)
- Access to ESG and private investments (if eligible/interested)

### MONITOR INVESTMENT PLAN

- Opportunistic rebalancing (buy low/sell high)
- Tax efficiency (tax loss harvesting)
- Market/life adjustments (stock range/retirement)

# FIVE THINGS TO EXPECT

### DEFINE INVESTMENT SUCESS AS ACHIEVING YOUR GOALS

Focus on long-term results, not short-term performance

### REPORT CONSOLIDATED PORTFOLIO RESULTS

Holdings, balances, and returns available on FSI Client Center

### ONGOING COMMUNICATION

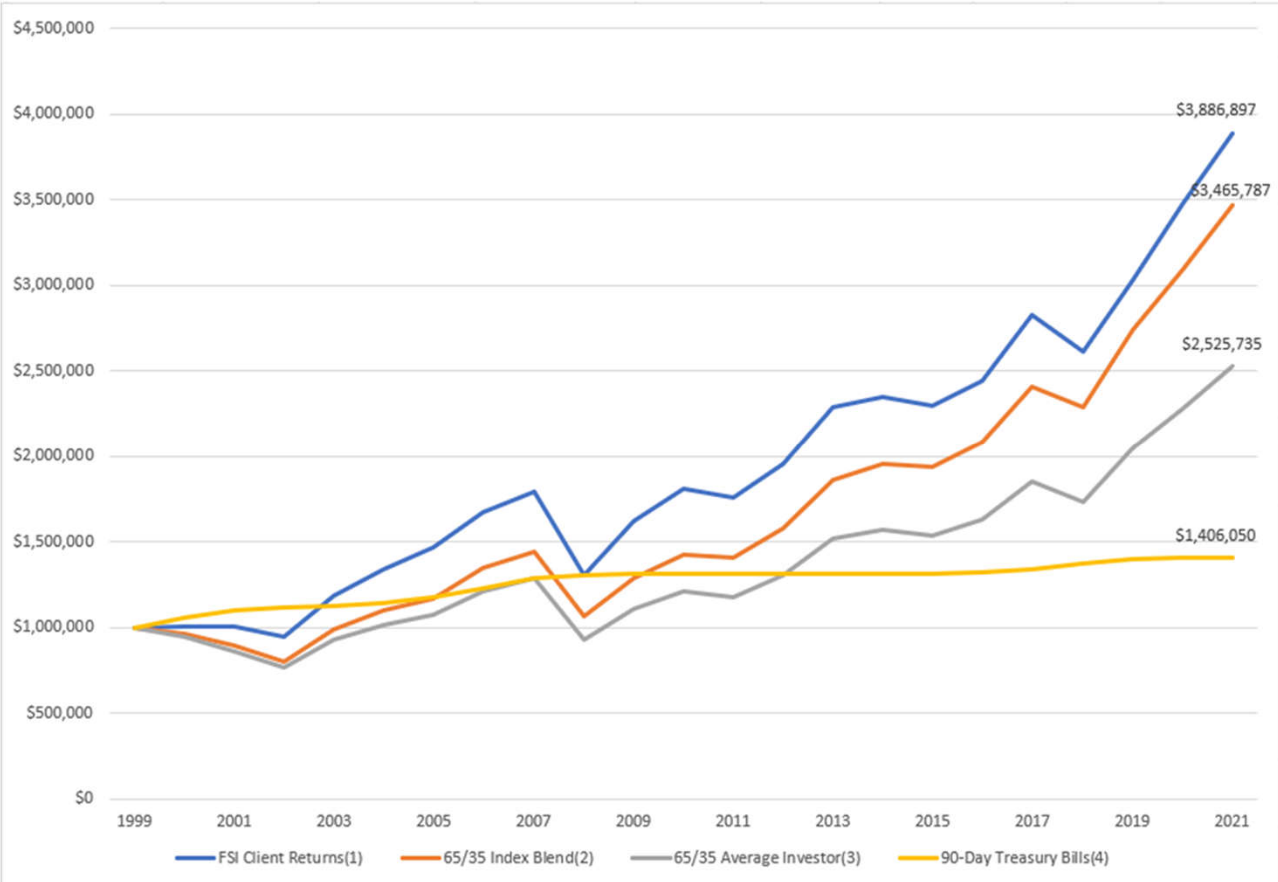
Proactive advice and answers to your questions

### DISCIPLINED INVESTMENT STRATEGY

Team strategy built on over 20 years experience and evidence-based research. A summary of our General Investing Principles can be viewed here.

### WE INVEST THE SAME WAY AS OUR CLIENTS (FIDUCIARIES)

# FSI HISTORICAL RESULTS (1999-2021)




| Category | Annualized Returns 1999-2021 |
|---|---|
| FSI Composite | 6.7% |
| 65/35 Index Blend | 6.1% |
| 65/35 Avg. Investor | 4.5% |
| 90-Day Treasury Bills | 1.6% |

THE RETURN STATISTICS ABOVE REFLECT ACTUAL FSI CLIENT RETURNS AFTER FEES FROM 12/31/1999 TO 12/31/2021. THE AVERAGE FSI CLIENT ALLOCATION DURING THIS PERIOD WAS APPROX. 65% STOCKS AND 35% FIXED INCOME. SEE NEXT SLIDE FOR FOOTNOTE DETAILS.

# FSI HISTORICAL RESULTS

## RETURNS FOR INDIVIDUAL CLIENTS VARIED SIGNIFICANTLY DUE TO SEVERAL FACTORS SUCH AS:

- Strategies are specific to each client's personal situation and represent a wide range of risk profiles
- Some client holdings have low-cost basis and may be held solely due to the client's tax situation
- A portion of our clients we advise on a non-discretionary basis, and some of our recommendations are declined by clients

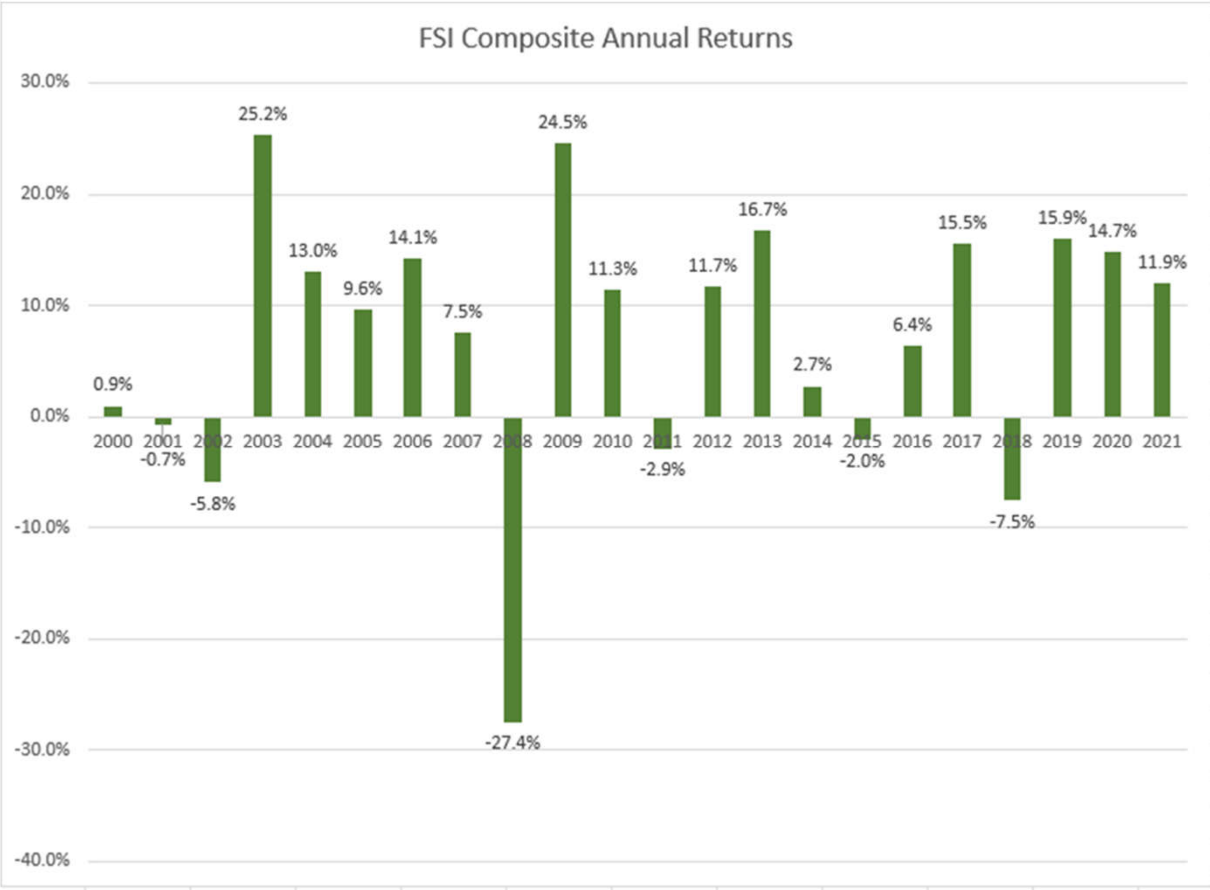
### FOOTNOTES

- The FSI Client Returns includes all Financial Symmetry investment management clients, representing 69 clients with $25,499,759 of assets as of 12/31/1999 and 536 clients with $724,782,735 of assets as of 12/31/2021.
- The 65/35 blend of indices used for comparison consists of:

| | 1999-2013 | 2014 | 2015-2021 |
|---|---|---|---|
| S&P 500 Total Return | 32.5% | 32.5% | 32.5% |
| MSCI AWI Ex. US | | | 22.75% |
| Russell 2500 | 4.5% | 9.75% | 9.75% |
| Barclays Aggregate Bond | 20.0% | 20.0% | 20.0% |
| US 3 Month T-Bills | 15.0% | 15.0% | 15.0% |
| Morgan Stanley EAFE | 28.0% | 19.5% | |
| MSCI Emerging Markets | | 3.25% | |

- The Average 65/35 Fund Investor annual return difference was 1.5% lower than the 65/35 Index Blend, as calculated from Vanguard Advisor Alpha study behavioral coaching value add.
- 90-Day Treasury Bills used as a cash proxy.

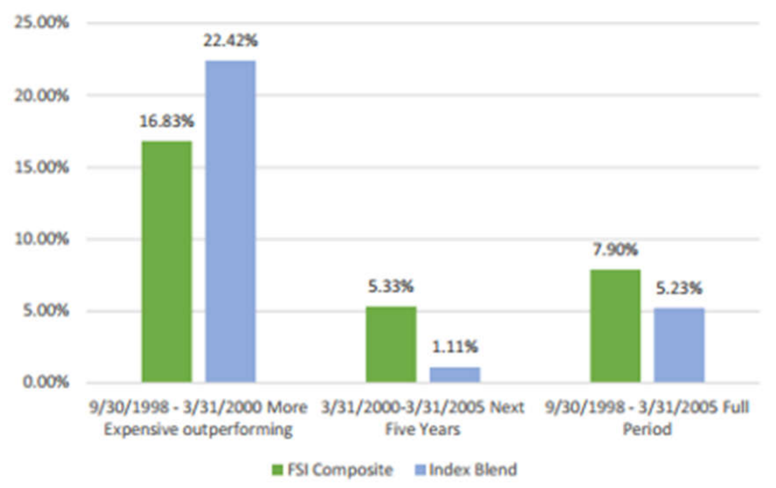
# FSI ANNUAL RETURNS (1999-2021)



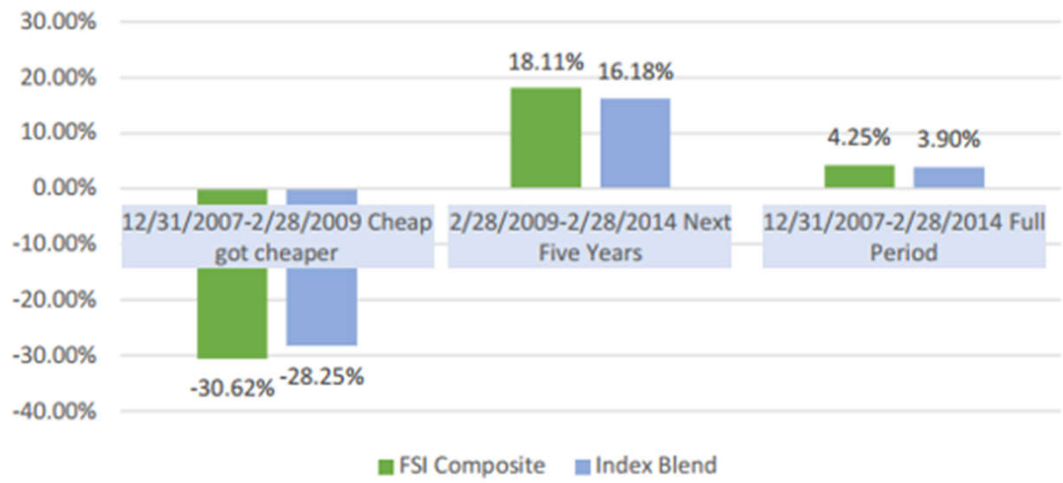

ABOVE ARE ACTUAL ANNUAL FSI COMPOSITE RETURNS AFTER FEES SINCE 2000. THE AVERAGE FSI CLIENT ALLOCATION DURING THIS PERIOD WAS APPROX. 65% STOCKS AND 35% FIXED INCOME. INVESTMENT RETURNS DON'T OCCUR IN A STRAIGHT LINE WHICH IS WHY WE STRUCTURE YOUR PORTFOLIO BASED ON YOUR UNIQUE SITUATION, FACTORING IN YOUR EXPECTED FUTURE CASH FLOW (RISK CAPACITY) AND ABILITY TO HANDLE MARKET DECLINES (RISK TOLERANCE).

# FSI COMPOSITE VS. INDEX

## EXHIBIT 2 FSI COMPOSITE VS. INDEX BLEND RETURNS FROM 1998-2005




## EXHIBIT 3 FSI COMPOSITE VS. INDEX BLEND RETURNS FROM 2007-2014




WE BELIEVE IN REVERSION TO THE MEAN, AND THEREFORE, WE OVERWEIGHT ATTRACTIVE ASSET CLASSES WHILE UNDERWEIGHTING EXPENSIVE ASSET CLASSES. THIS HAS RESULTED IN PERIODS OF UNDERPERFORMANCE VS. THE BENCHMARK. IN THE TWO EXAMPLES ABOVE (EXHIBITS 2 AND 3), FSI UNDERPERFORMED INITIALLY, BUT STICKING TO OUR DISCIPLINE INVESTMENT STRATEGY RESULTED IN RETURNS EXCEEDING THE INDEX BLEND DURING THE FULL PERIOD.

The stock market is a device for transferring money from the impatient to the patient.

WARREN BUFFETT