



# THE FINANCIAL SYMMETRY INVESTMENT SOLUTION

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ENHANCE TODAY | ENRICH  
TOMORROW



# **RULES-BASED PROCESS**

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

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

# THREE STEP INVESTMENT PROCESS

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## DEVELOP INVESTMENT PLAN

- Timing of when you need the money
  - Bonds/cash for the next five to seven years
  - Stocks for long-term growth

## 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)

## MONITOR INVESTMENT PLAN

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



## **DEFINE INVESTMENT SUCCESS 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)**

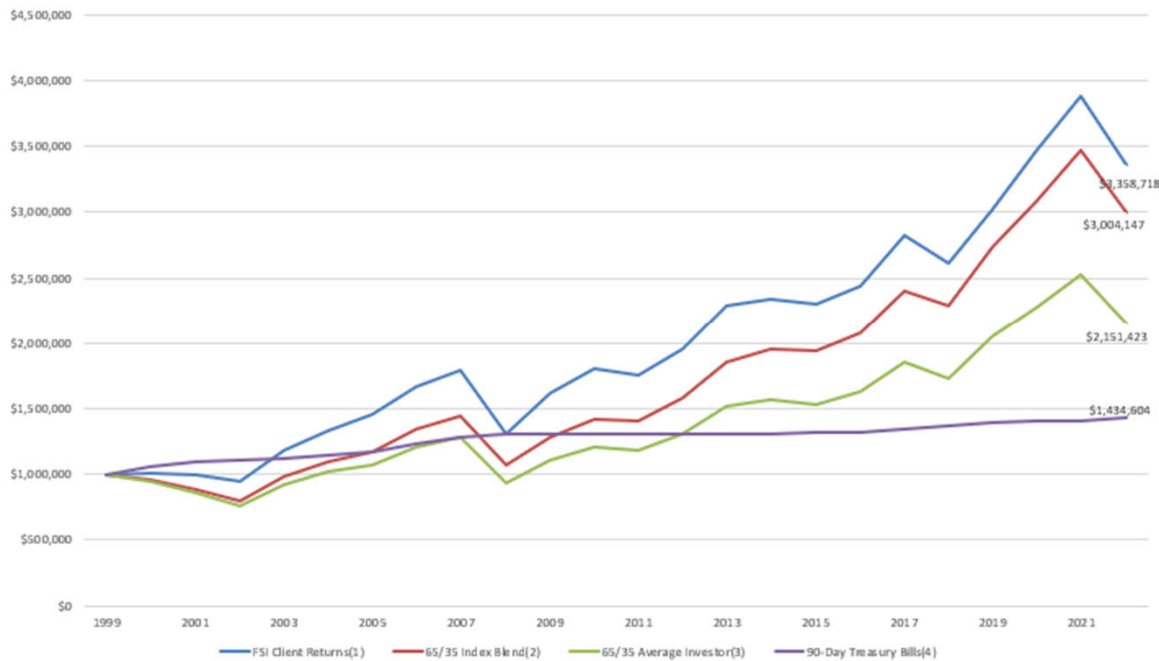


## **FAITH IN THE FUTURE**

We have faith that human progress will continue, our global economy will continue to grow, and the markets will go up over time.

# **SIX THINGS TO EXPECT**

# FSI HISTORICAL RESULTS (1999-2022)



## Category

FSI Composite  
65/35 Index Blend  
65/35 Avg. Investor  
90-Day Treasury Bills

## Annualized Returns 1999-2022

5.4%  
4.9%  
3.4%  
1.6%

THE RETURN STATISTICS ABOVE REFLECT ACTUAL FSI CLIENT RETURNS AFTER FEES FROM 12/31/1999 TO 12/31/2022. 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

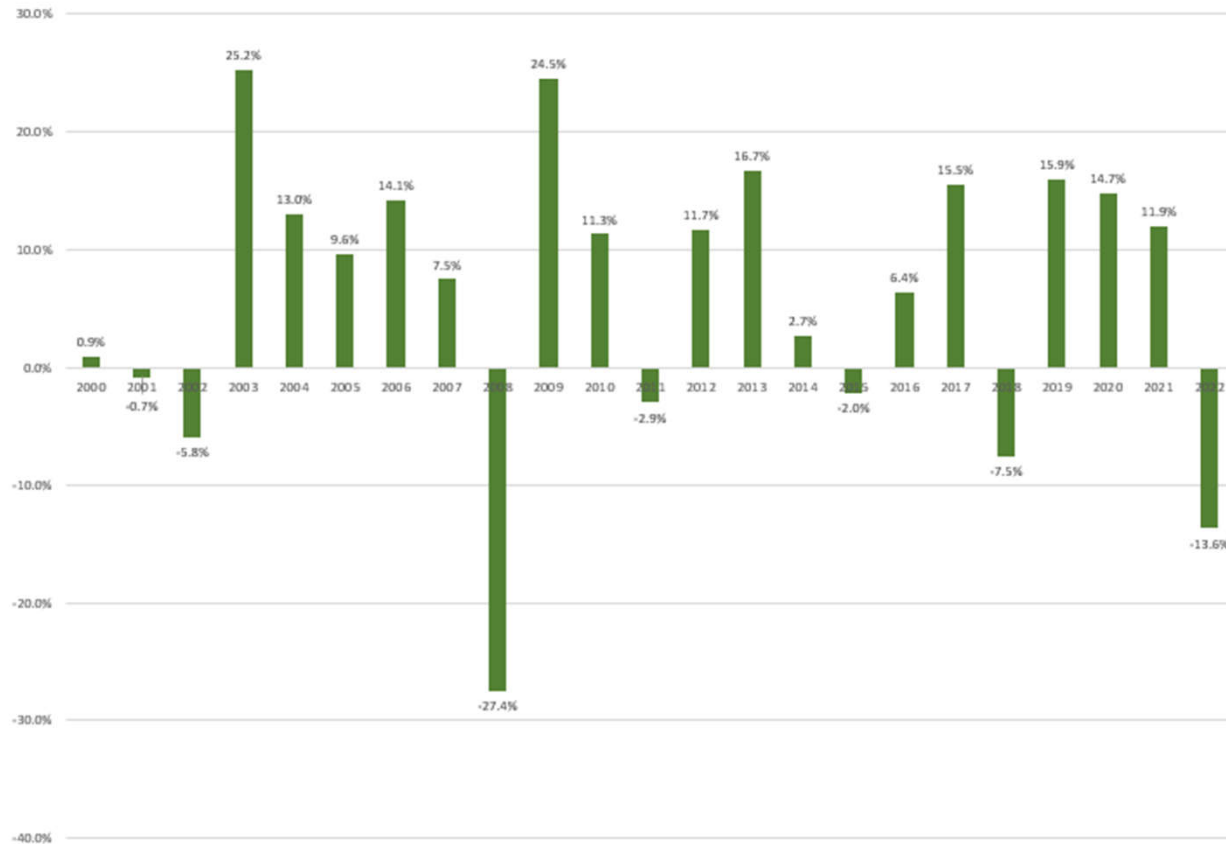
- The FSI Client Returns includes all Financial Symmetry investment management clients, representing 69 clients with \$25,499,759 of assets as of 12/31/1999 and 672 clients with \$758,949,821 of assets as of 12/31/2022.

- The 65/35 blend of indices used for comparison consists of:

	<u>1999-2013</u>	<u>2014</u>	<u>2015-2022</u>
◦ 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 (1999-2022)



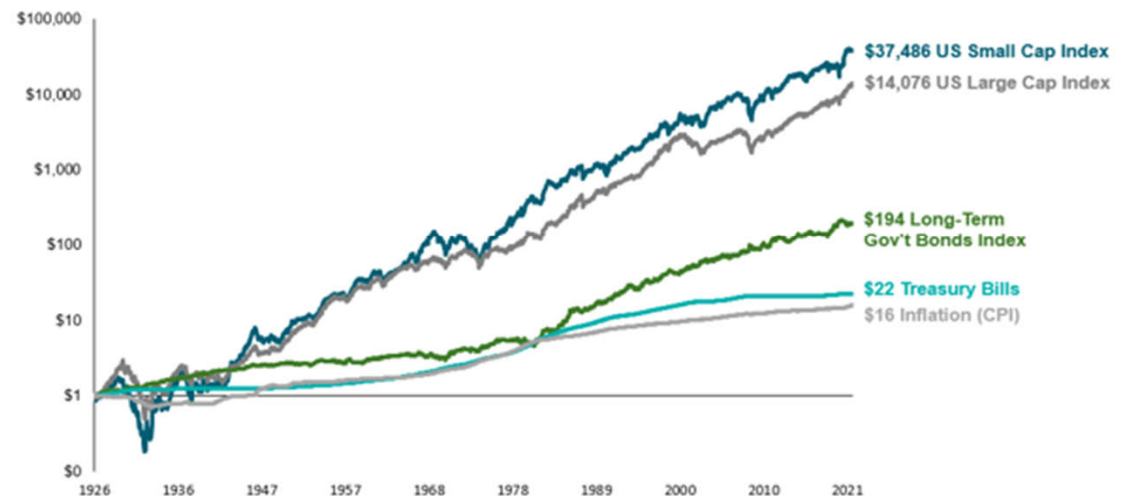
ABOVE ARE ACTUAL ANNUAL FSI COMPOSITE RETURNS AFTER FEES SINCE 2000. THE AVERAGE FSI CLIENT ALLOCATION DURING THIS PERIOD WAS APPROX. 65% STOCKS AND 35% FIXED INCOME. INVESTMENT RETURNS DON'T OCCUR IN A STRAIGHT LINE WHICH IS WHY WE STRUCTURE YOUR PORTFOLIO BASED ON YOUR UNIQUE SITUATION, FACTORING IN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

# 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

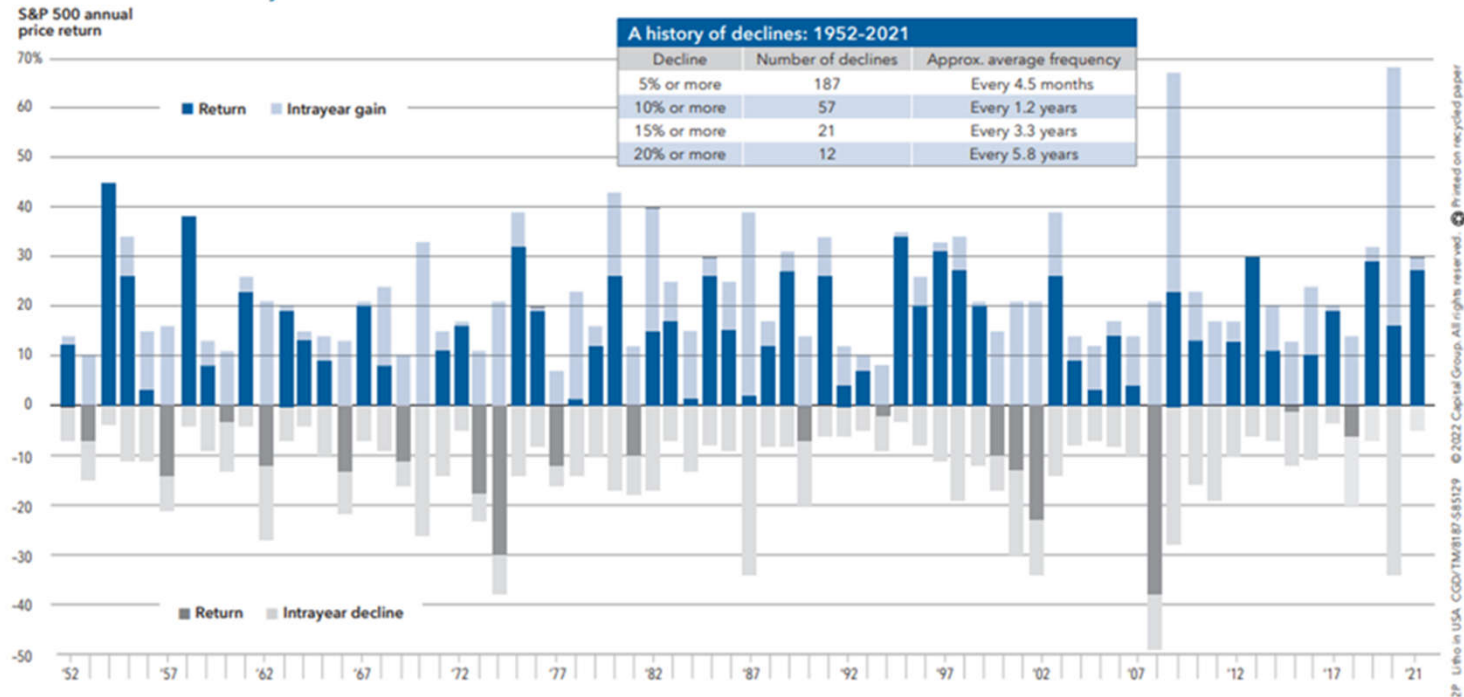


In US dollars.  
US Small Cap is the CRSP 6–10 Index. US Large Cap is the S&P 500 Index. US Long-Term Government Bonds is the IAA 60B1 US LT Govt TR USD. US Treasury Bills is the IAA 60B1 US 30 Day TB TR USD. US Inflation is measured as changes in the US Consumer Price Index. CRSP data is provided by 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

Intrayear declines in the S&P 500 have averaged -13.7% since 1952, yet annual price returns have been positive in 51 of those 70 calendar years.



Source: CapitalGroup

# DISCIPLINE OVER DECADES

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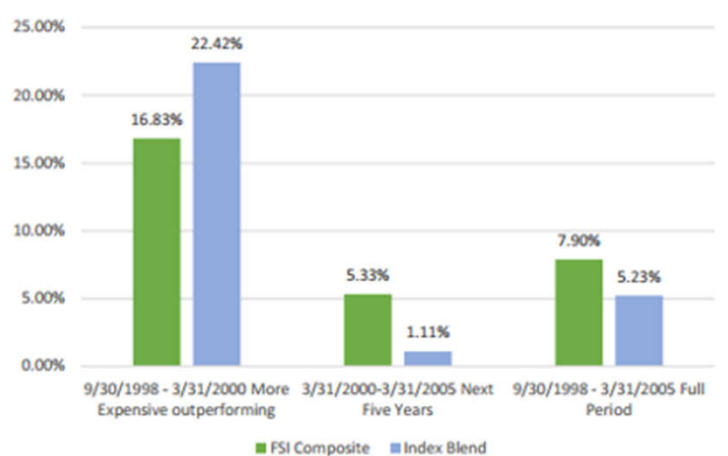
- Time has been the great healer in equity investing, in that the temporary declines have historically all passed away, while the premium equity returns abides.
- For nearly a century, approximately 88% of all the rolling five-year periods have produced positive equity returns with dividends reinvested,



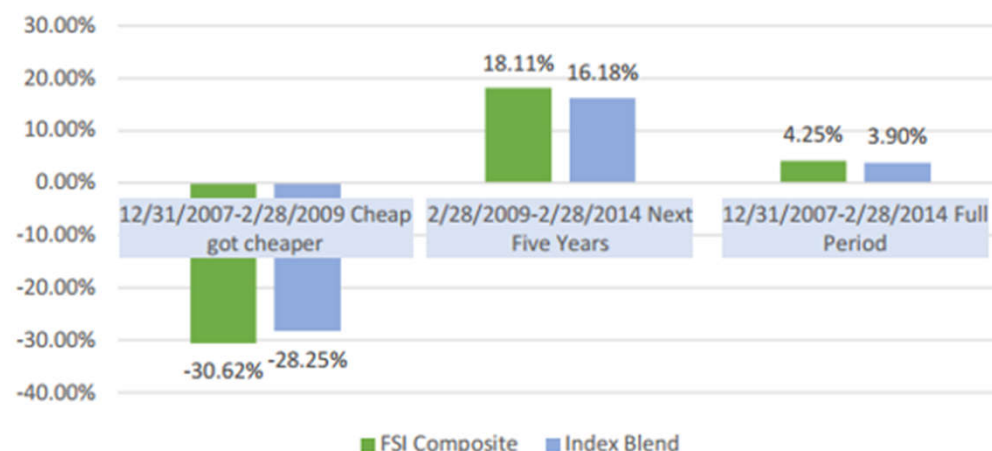
Source: Fama/French Total US Market Research Index

# 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 DISCIPLINED INVESTMENT STRATEGY RESULTED IN RETURNS EXCEEDING THE INDEX BLEND DURING THE FULL PERIOD.

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

WARREN BUFFETT