
FYG Evidence Based Model Portfolios

Monthly Assessment

August 2021

Introduction

The purpose of this paper is to provide readers with a brief comparison of FYG model portfolios against their benchmarks, using various metrics and time periods. It also serves as an annual fee comparison between the type of funds FYG uses to construct these model portfolios and the Australian wholesale fund market. In addition, there are two charts highlighting the annual weighting of positive and negative annual returns in Australian and US markets to highlight the benefit of patience, discipline and time when investing.

FYG Planners Pty Ltd believe the data provided should be helpful to investors wanting to compare historical results of portfolios built according to our investment philosophy and portfolio construction process.

The benchmarks are non investable indices, but index portfolio management is available to every investor and generally involves modelling a portfolio on a pre-determined, usually externally designed, group of securities, known as an index or indices. e.g. ASX All Ordinaries, S&P 500 or MSCI World. These portfolios are passively managed and "track" the relevant index deliberately.

The Asset Class portfolio's recommended by FYG Planners are based on several 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

Gross Profitability Predicts Higher Returns – Robert Novy-Marx, University of Rochester 2013

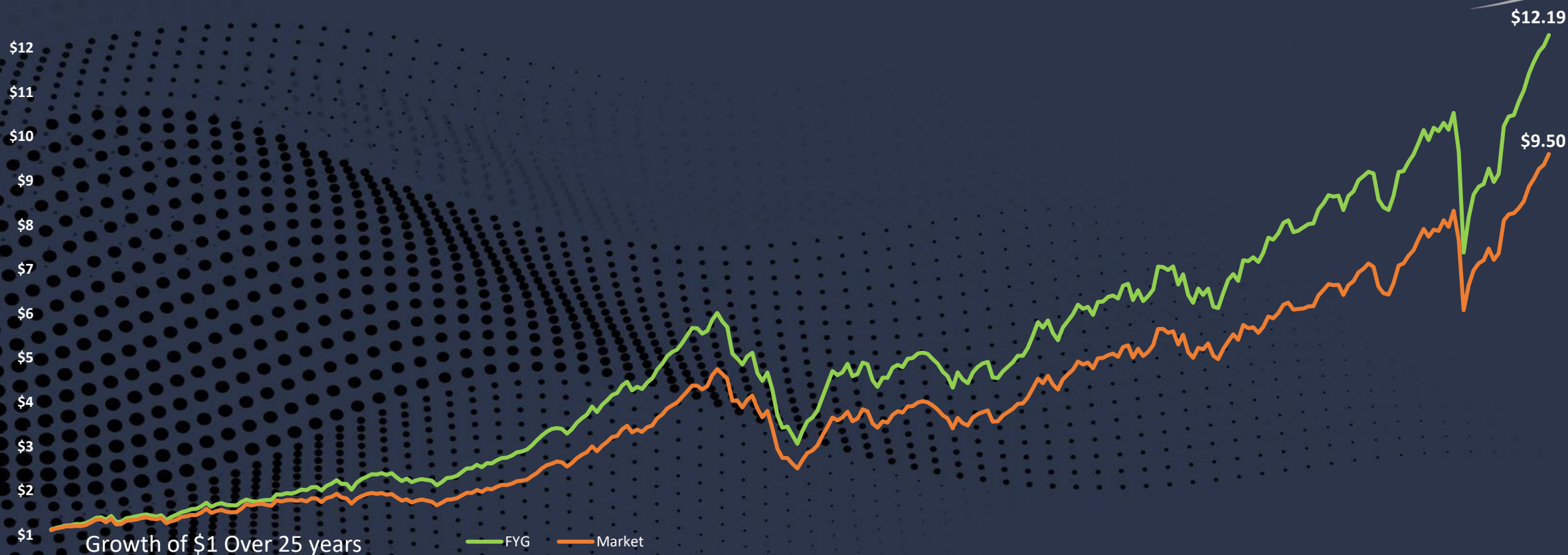
Based on the above academic foundations, FYG Planners Pty Ltd have compiled this report from an Australian perspective to compare:

- 1) Our highly structured & systematic factor-based equity portfolios with the Australian All Ordinaries Index and a composite of MSCI World ex Australia Market Index Unhedged & Hedged Indices.
- 2) Our systematic factor-based equity portfolios ranging from 100% to 50% allocated to growth assets, against index-based portfolios using the same asset allocation benchmark.

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.

FYG Australian Equities vs Market: August 2021



Periodic Performance

FYG Portfolio

Market Portfolio

Outperformance/Underperformance

1 Year

32.85%

29.00%

3.85%

3 Years

10.23%

10.56%

(-0.33%)

5 Years

11.47%

11.29%

0.18%

10 Years

10.50%

10.40%

0.10%

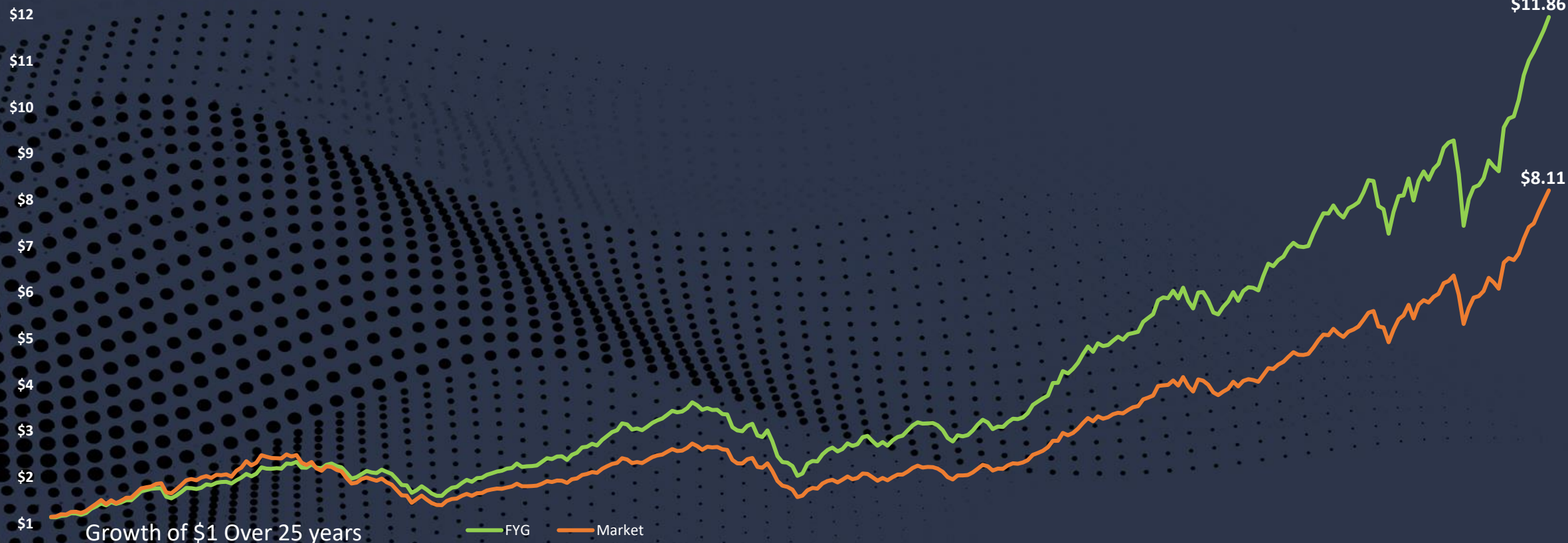
25 Years

10.52%

9.43%

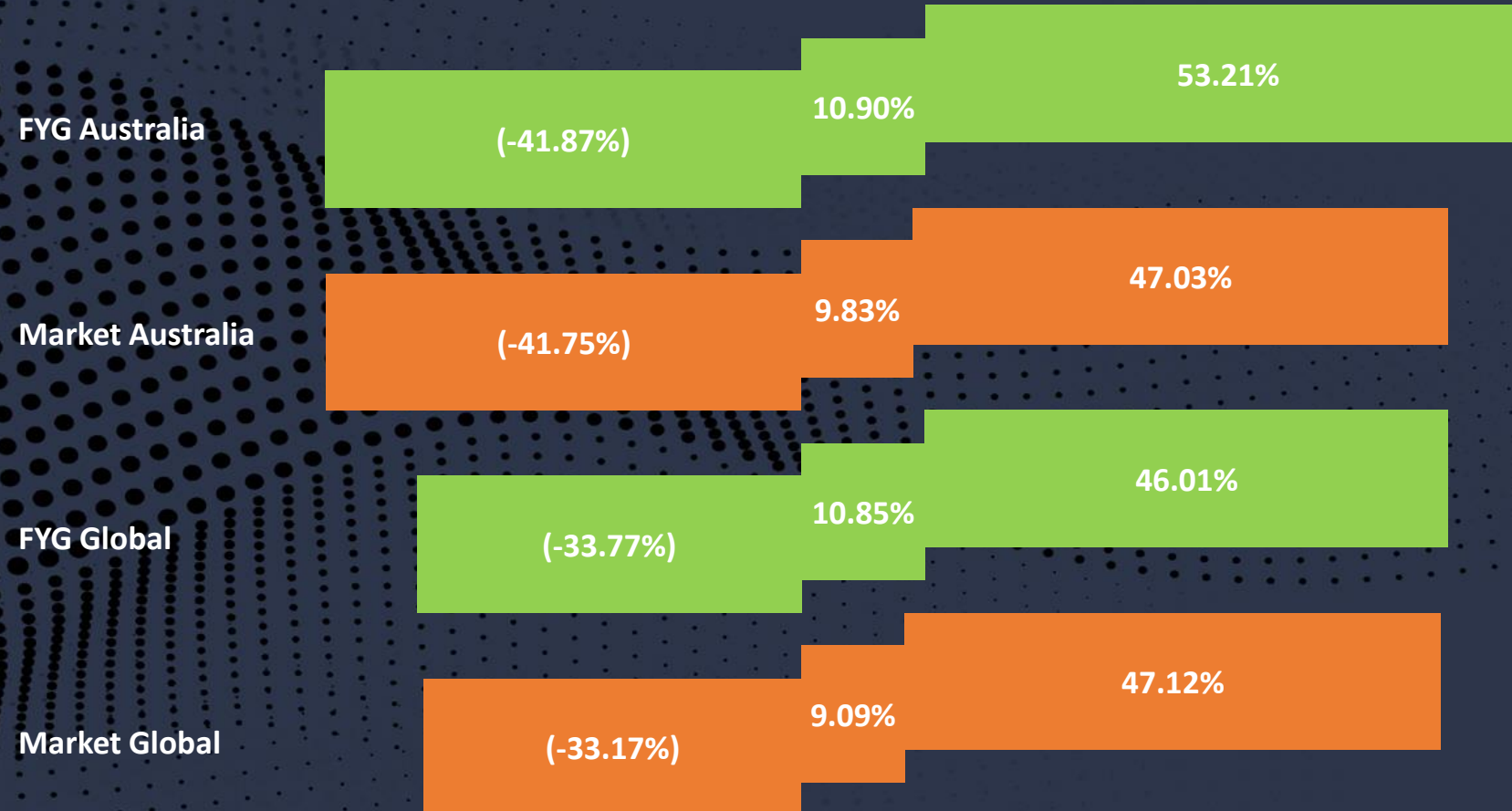
1.09%

FYG Global Equities vs Market: August 2021



Periodic Performance	1 Year	3 Years	5 Years	10 Years	25 Years
FYG Portfolio	35.46%	12.50%	14.56%	15.74%	10.40%
Market Portfolio	30.43%	14.07%	15.03%	15.60%	8.73%
Outperformance/Underperformance	5.03%	(-1.57%)	(-0.47%)	0.14%	1.67%

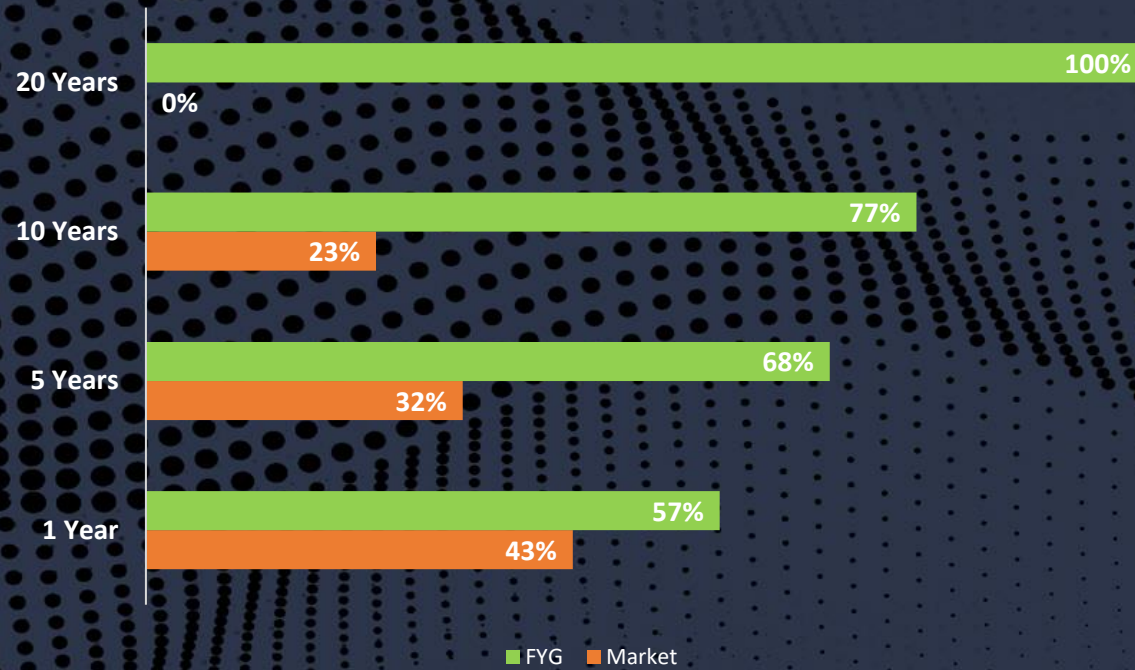
Equities: Best/Worst & Average Year Over Prior 25 Years



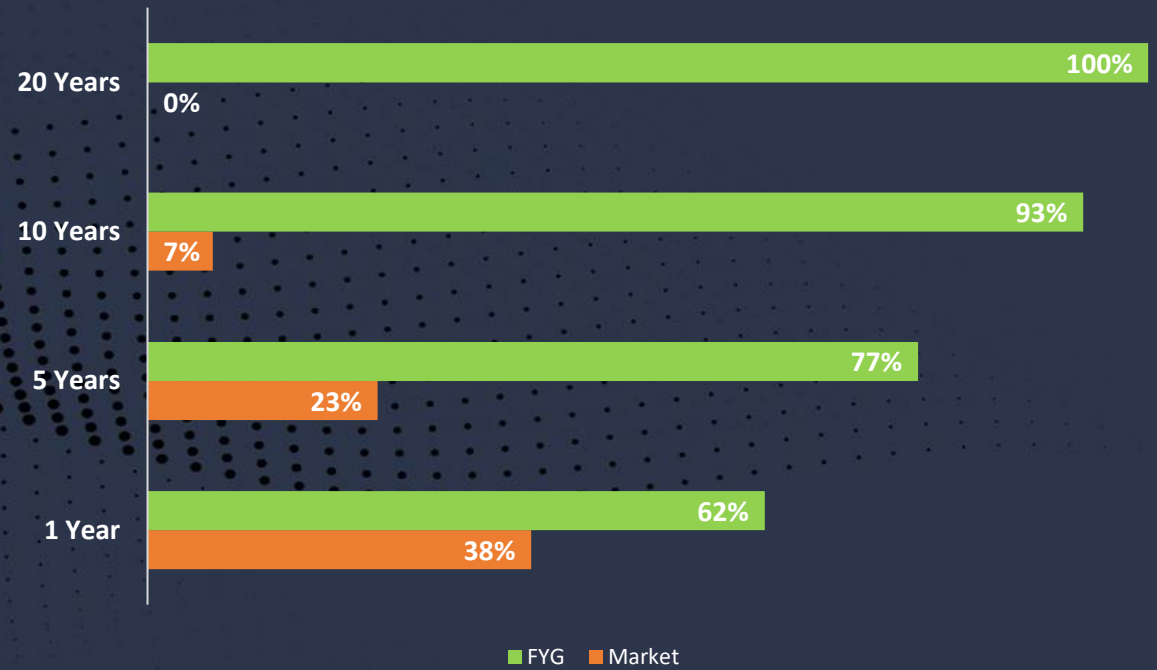
The best & worst returns over standard rolling periods. For detailed information on portfolio construction please refer to Sources and Descriptions of Data.

Monthly Rolling Periods FYG vs Market Over Prior 25 Years

Australian Equities

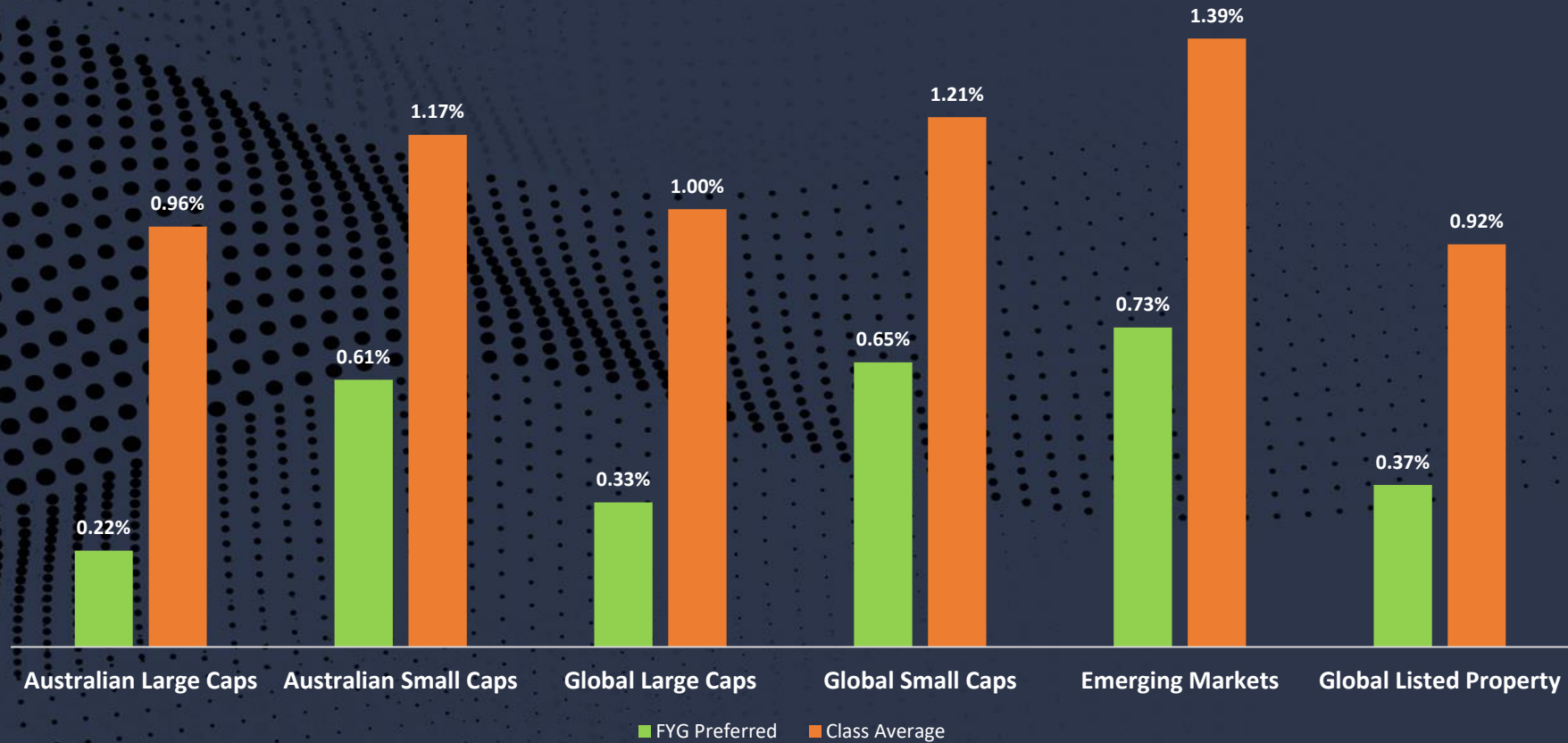


Global Equities



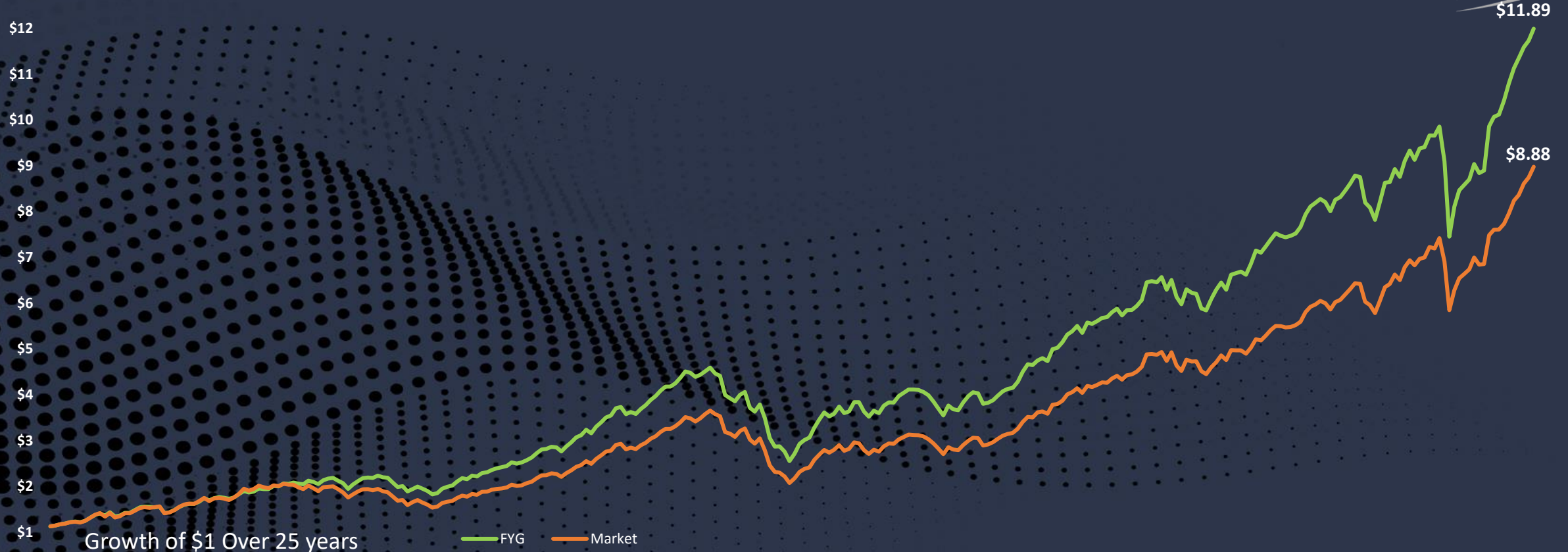
For detailed description of data used to compile chart please refer to Sources and Descriptions of Data.

2021 Fee Comparison to FYG Across Asset Class Universe



For detailed description of data used to compile chart please refer to Sources and Descriptions of Data.

FYG 100% Growth Portfolio vs Market: August 2021



Periodic Performance

FYG Portfolio

Market Portfolio

Outperformance/Underperformance

1 Year

33.09%

28.69%

4.40%

3 Years

11.05%

11.90%

(-0.85%)

5 Years

12.64%

12.76%

(-0.12%)

10 Years

12.68%

12.52%

0.16%

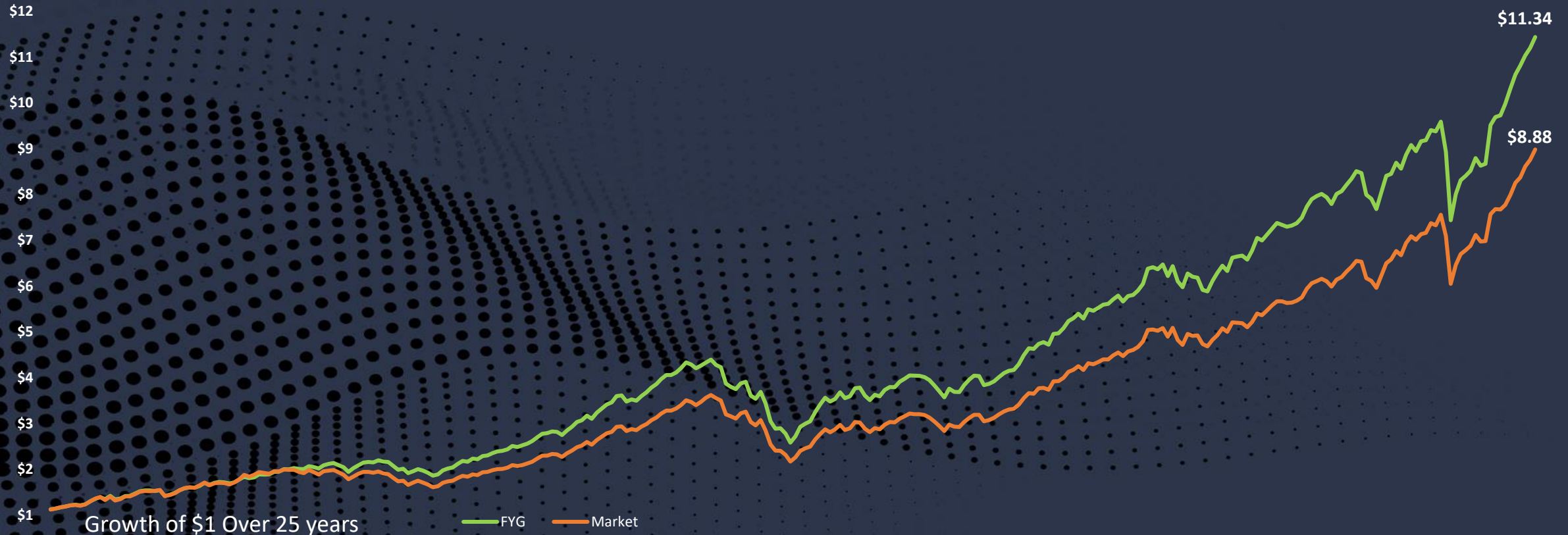
25 Years

10.41%

9.13%

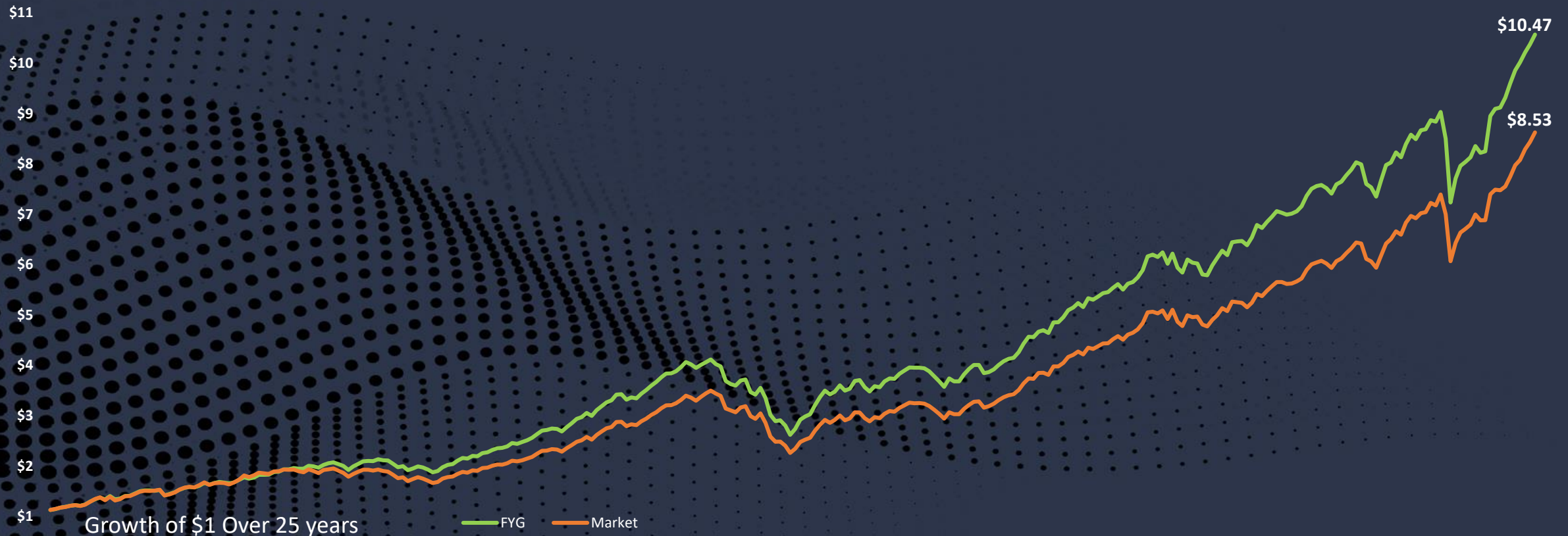
1.28%

FYG 90% Growth Portfolio vs Market: August 2021



Periodic Performance	1 Year	3 Years	5 Years	10 Years	25 Years
FYG Portfolio	30.38%	10.47%	11.60%	12.14%	10.20%
Market Portfolio	26.56%	11.23%	11.72%	12.03%	9.13%
Outperformance/Underperformance	3.82%	(-0.76%)	(-0.12%)	0.11%	1.07%

FYG 80% Growth Portfolio vs Market: August 2021



Periodic Performance

1 Year

3 Years

5 Years

10 Years

25 Years

FYG Portfolio

26.86%

9.71%

10.49%

11.32%

9.85%

Market Portfolio

23.64%

10.37%

10.60%

11.25%

8.95%

Outperformance/Underperformance

3.22%

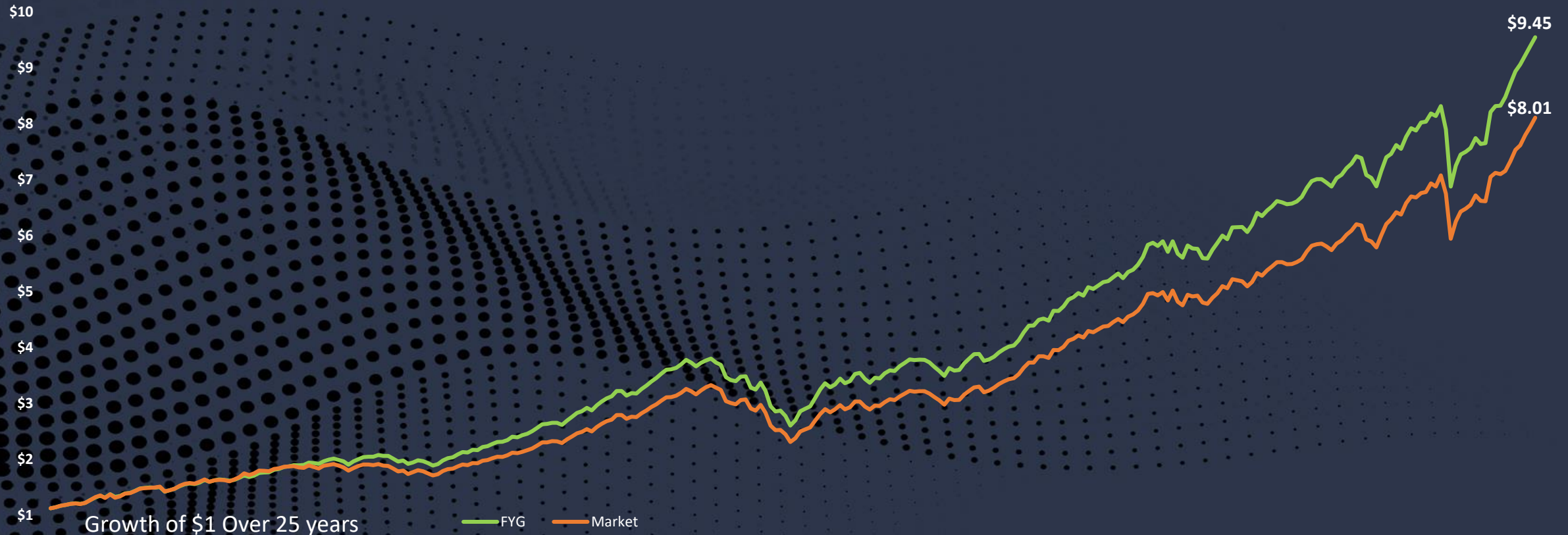
(-0.66%)

(-0.11%)

0.07%

0.90%

FYG 70% Growth Portfolio vs Market: August 2021



Periodic Performance

FYG Portfolio

Market Portfolio

Outperformance/Underperformance

1 Year

23.55%

20.93%

2.62%

3 Years

8.87%

9.47%

(-0.60%)

5 Years

9.31%

9.43%

(-0.12%)

10 Years

10.50%

10.48%

0.02%

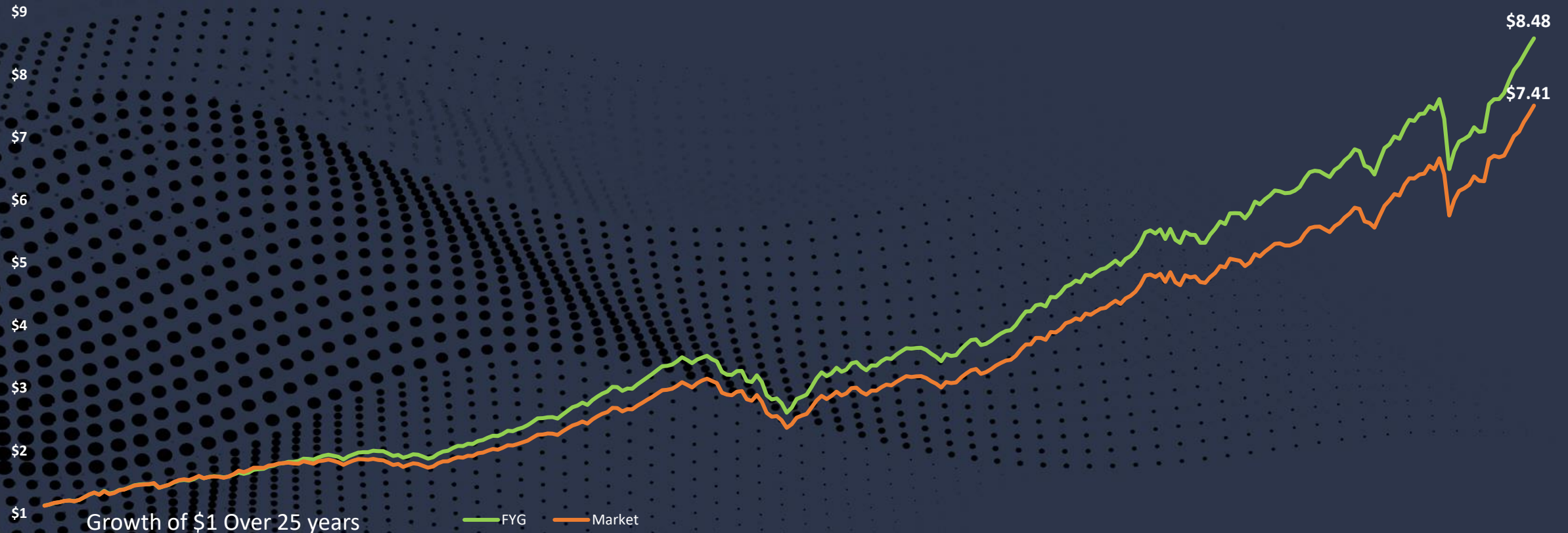
25 Years

9.40%

8.68%

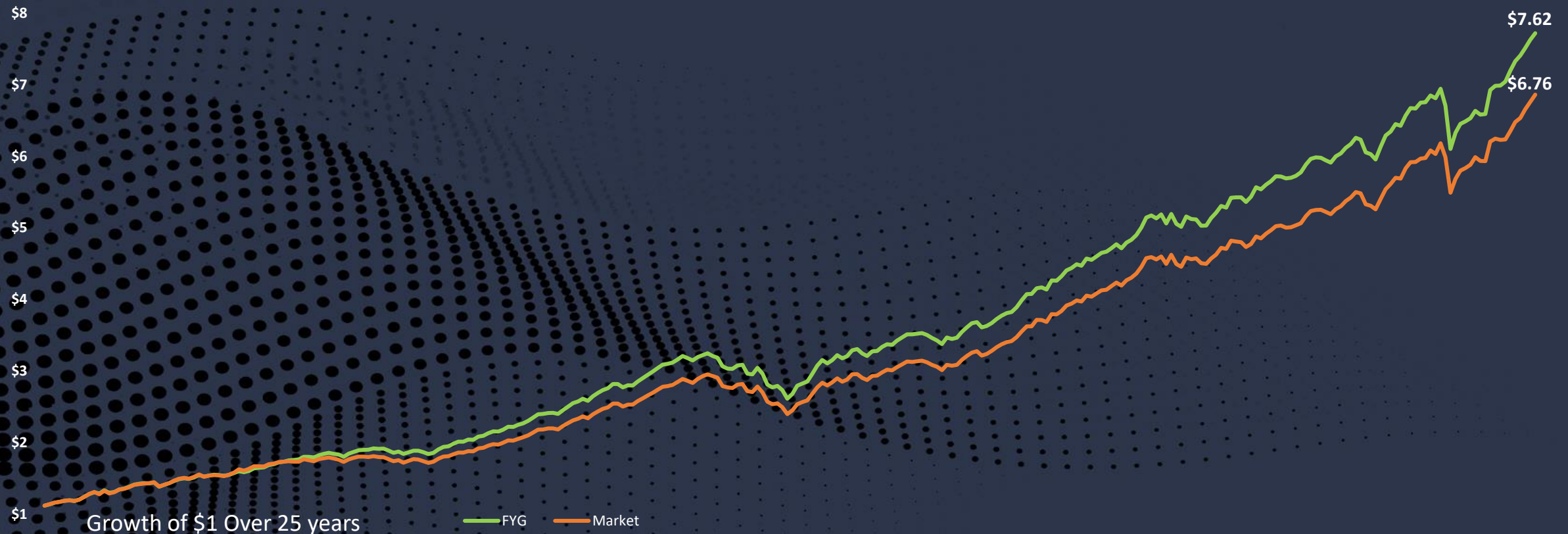
0.72%

FYG 60% Growth Portfolio vs Market: August 2021



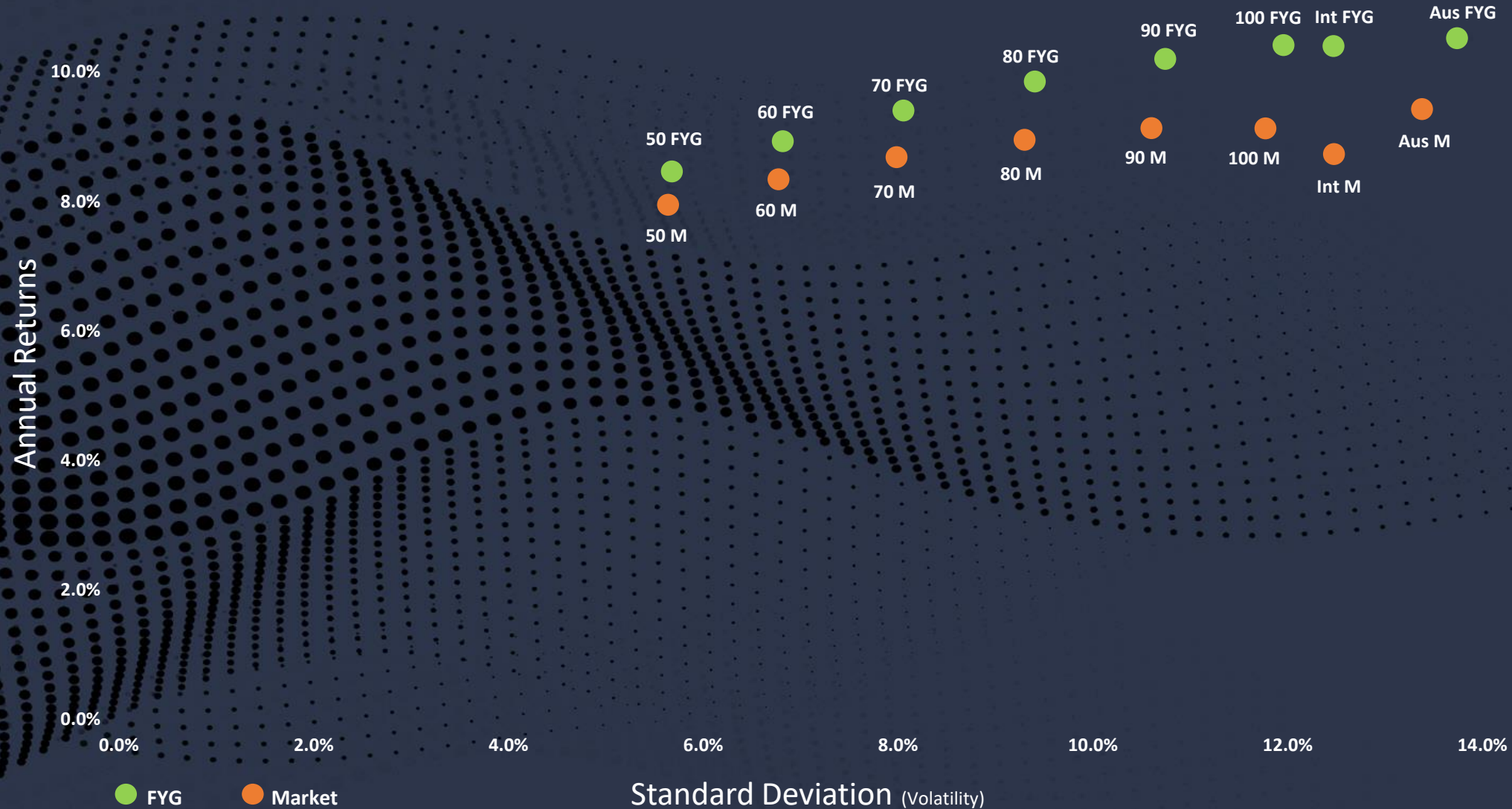
Periodic Performance	1 Year	3 Years	5 Years	10 Years	25 Years
FYG Portfolio	20.10%	8.11%	8.30%	9.58%	8.93%
Market Portfolio	17.96%	8.62%	8.40%	9.57%	8.34%
Outperformance/Underperformance	2.14%	(-0.51%)	(-0.10%)	0.01%	0.59%

FYG 50% Growth Portfolio vs Market: August 2021



Periodic Performance	1 Year	3 Years	5 Years	10 Years	25 Years
FYG Portfolio	16.62%	7.36%	7.42%	8.63%	8.46%
Market Portfolio	14.86%	7.77%	7.49%	8.61%	7.95%
Outperformance/Underperformance	1.76%	(-0.41%)	(-0.07%)	0.02%	0.51%

25 Year Risk/Return Relationship Across Portfolios



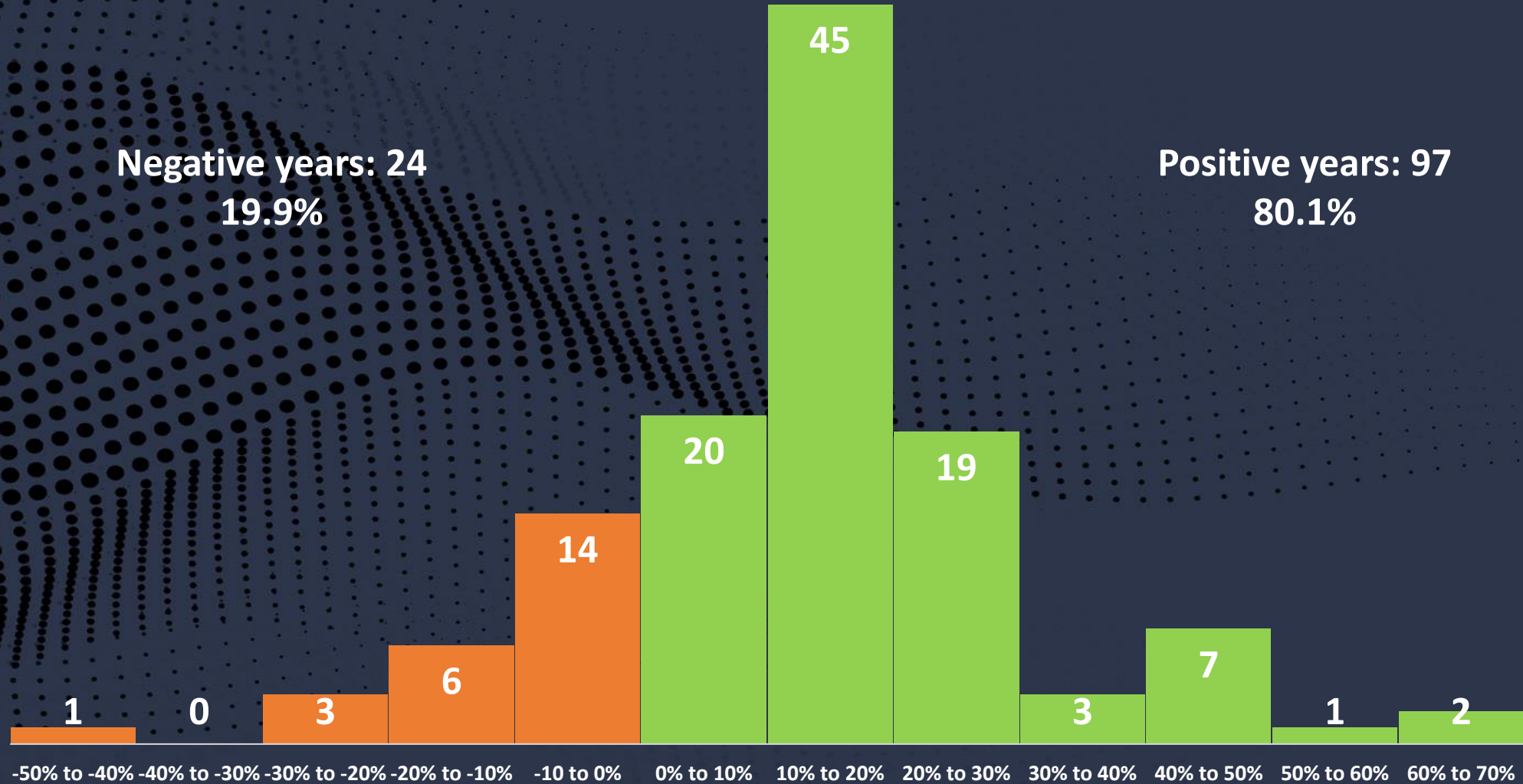
Number represents percentage of growth assets within portfolio. 'Int' represents International equities. 'Aus' represents Australian equities.

For detailed information on portfolio constructions and calculations used in this comparison please refer to Sources and Descriptions of Data.

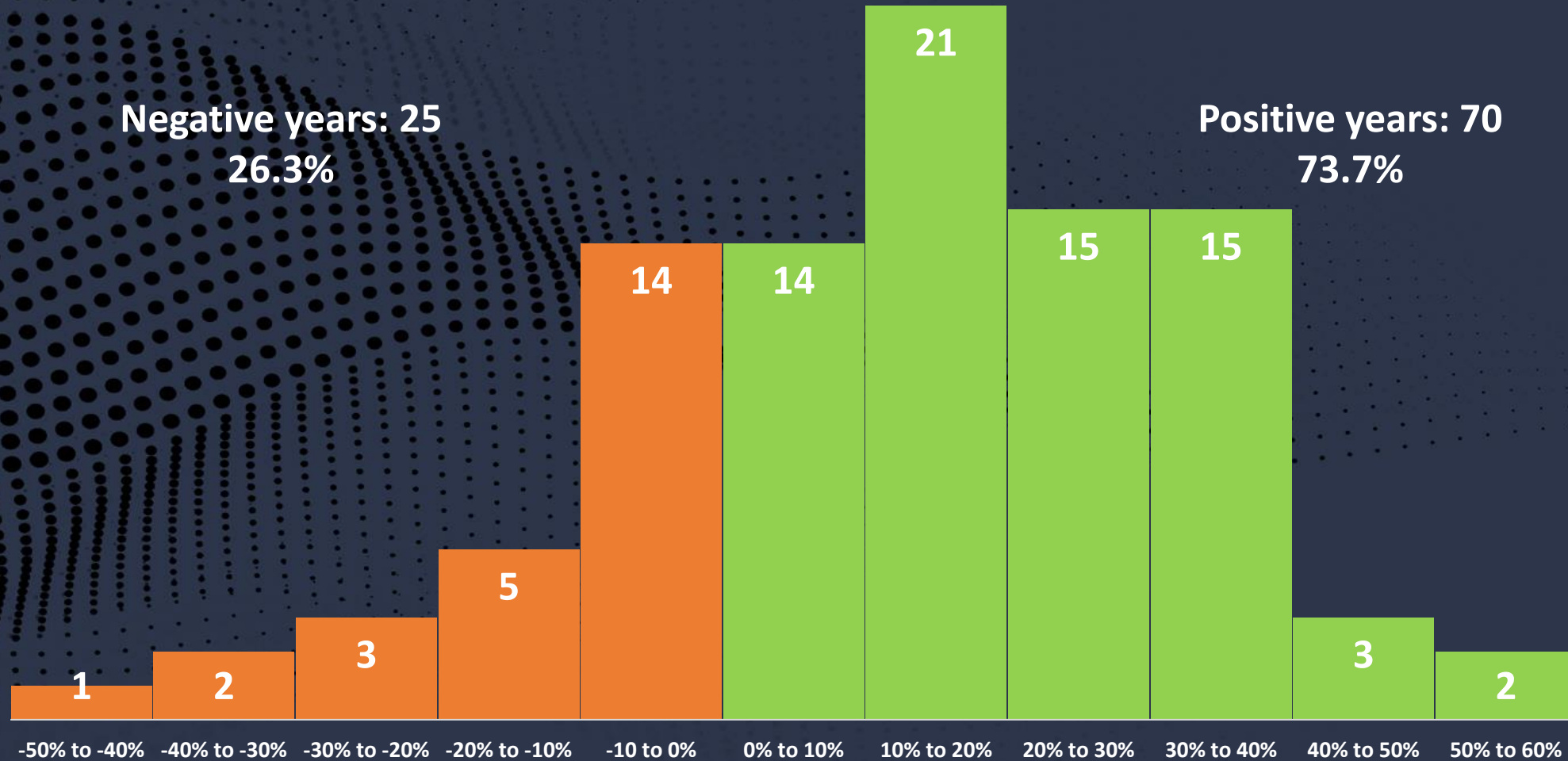
Australian Sharemarket 121 Year History

1900	16.1%		1930	-28.1%		1960	-7.3%		1990	-17.5%	
1901	-1.7%		1931	20.0%		1961	16.0%		1991	34.3%	
1902	17.7%		1932	26.5%		1962	5.0%		1992	-2.8%	
1903	23.9%		1933	27.1%		1963	28.6%		1993	40.5%	
1904	9.4%		1934	24.6%		1964	6.6%		1994	-8.8%	
1905	16.4%		1935	11.4%		1965	-7.1%		1995	20.7%	
1906	11.8%		1936	18.8%		1966	10.2%		1996	14.3%	
1907	10.2%		1937	6.2%		1967	42.9%		1997	11.4%	
1908	18.8%	Avg	1938	1.0%	Avg	1968	42.5%	Avg	1998	8.5%	Avg
1909	15.1%	13.8%	1939	7.2%	11.5%	1969	14.7%	15.2%	1999	20.9%	12.1%
1910	8.2%		1940	5.3%		1970	-16.2%		2000	3.6%	
1911	12.3%		1941	-3.8%		1971	4.3%		2001	10.1%	
1912	10.4%		1942	20.4%		1972	26.4%		2002	-8.1%	
1913	10.7%		1943	10.5%		1973	-23.3%		2003	15.9%	
1914	13.4%		1944	9.6%		1974	-26.9%		2004	27.6%	
1915	-1.9%		1945	15.5%		1975	62.9%		2005	21.1%	
1916	-1.7%		1946	14.8%		1976	5.2%		2006	25.0%	
1917	17.6%		1947	18.0%		1977	20.2%		2007	18.0%	
1918	11.6%	Avg	1948	3.6%	Avg	1978	22.2%	Avg	2008	-40.4%	Avg
1919	18.4%	9.9%	1949	9.6%	10.4%	1979	46.3%	12.1%	2009	39.6%	11.2%
1920	10.0%		1950	32.9%		1980	48.9%		2010	3.3%	
1921	22.4%		1951	-3.3%		1981	-12.9%		2011	-11.4%	
1922	23.6%		1952	-11.8%		1982	-13.9%		2012	18.8%	
1923	18.3%		1953	14.8%		1983	66.8%		2013	19.7%	
1924	17.1%		1954	20.6%		1984	-2.3%		2014	5.0%	
1925	18.5%		1955	12.1%		1985	44.1%		2015	3.8%	
1926	16.2%		1956	10.3%		1986	52.2%		2016	11.6%	
1927	19.8%		1957	18.3%		1987	-7.9%		2017	12.5%	
1928	14.6%	Avg	1958	22.8%	Avg	1988	17.9%	Avg	2018	-3.5%	Avg
1929	-3.6%	15.7%	1959	47.1%	16.4%	1989	17.4%	21.0%	2019	24.1%	8.4%
										2020	3.6%
										Worst Decade	8.4%
										Best Decade	21.0%
										Annual Average	13.1%

Australian Sharemarket Annual Distribution 1900-2020



US Sharemarket Annual Distribution 1926-2020



Sources and Descriptions of Data

FYG Australian Equities: Dimensional Australia Core Equity Index 100%. Constructed under AUD Rebalance: Per 12 Months.

Market Australia: S&P/ASX All Ordinaries Index (Total Return) 100% Constructed under AUD Rebalance: Per 12 Months.

FYG Global Equities: Dimensional Australia Global Core Equity Index (AUD) 50.0%, Dimensional Australia Global Core Equity Index (hedged to AUD) 50.0%. Constructed under AUD Rebalance: Per 12 Months.

Market International: MSCI World ex Australia Index (net div., AUD) 50.0%, MSCI World ex Australia Index (net div., hedged to AUD) 50.0%. Constructed under AUD Rebalance: Per 12 Months.

FYG 100% Growth Portfolio: Bloomberg AusBond Bank Bill Index 2.00%, Dimensional Australia Core Equity Index 49.00%, Dimensional Australia Global Core Equity Index (AUD) 22.00%, Dimensional Australia Global Core Equity Index (hedged to AUD) 22.00%, Dimensional Emerging Markets Index (AUD) 5.00%. Constructed under AUD Rebalance: Per 12 Months.

Market 100% Growth Portfolio: Bloomberg AusBond Bank Bill Index 2.00%, MSCI Emerging Markets Index (gross div., AUD) 5.00%, MSCI World ex Australia Index (net div., AUD) 22.00%, MSCI World ex Australia Index (net div., hedged to AUD) 22.00%, S&P/ASX All Ordinaries Index (Total Return) 49.00%. Constructed under AUD Rebalance: Per 12 Months.

FYG 90% Growth Portfolio: Bloomberg AusBond Bank Bill Index 2.00%, Dimensional Australia Global Core Equity Index (AUD) 19.2500%, Dimensional Australia Global Core Equity Index (hedged to AUD) 19.2500%, Dimensional Australia Core Equity Index 42.500%, Dimensional Emerging Markets Index (AUD) 4.00%, Dimensional Global Real Estate Securities Composite Strategy 5.00%, Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD) 8.00%. Constructed under AUD Rebalance: Per 12 Months.

Market 90% Growth Portfolio: Bloomberg AusBond Bank Bill Index 2.00%, Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD) 8.00%, MSCI Emerging Markets Index (gross div., AUD) 4.00%, MSCI World ex Australia Index (net div., AUD) 19.2500%, MSCI World ex Australia Index (net div., hedged to AUD) 19.2500%, S&P Developed ex Australia REIT Index (gross div.) 2.500%, S&P/ASX 300 A-REIT Index (Total Return) 2.500%, S&P/ASX All Ordinaries Index (Total Return) 42.500%. Constructed under AUD Rebalance: Per 12 Months.

FYG 80% Growth Portfolio: Bloomberg AusBond Bank Bill Index 2.00%, Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD) 13.00%, Dimensional Australia Global Core Equity Index (AUD) 16.7500%, Dimensional Australia Global Core Equity Index (hedged to AUD) 16.7500%, Dimensional Australia Core Equity Index 36.500%, Dimensional Emerging Markets Index (AUD) 3.00%, Dimensional Global Real Estate Securities Composite Strategy 7.00%, FTSE World Government Bond Index 1-5 Years (hedged to AUD) 5.00%. Constructed under AUD Rebalance: Per 12 Months.

Market 80% Growth Portfolio: Bloomberg AusBond Bank Bill Index 2.00%, Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD) 13.00%, FTSE World Government Bond Index 1-5 Years (hedged to AUD) 5.00%, MSCI Emerging Markets Index (gross div., AUD) 3.00%, MSCI World ex Australia Index (net div., AUD) 16.7500%, MSCI World ex Australia Index (net div., hedged to AUD) 16.7500%, S&P Developed ex Australia REIT Index (gross div.) 3.500%, S&P/ASX 300 A-REIT Index (Total Return) 3.500%, S&P/ASX All Ordinaries Index (Total Return) 36.500%. Constructed under AUD Rebalance: Per 12 Months.

FYG 70% Growth Portfolio: Bloomberg AusBond Bank Bill Index 2.00%, Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD) 13.00%, Dimensional Australia Global Core Equity Index (AUD) 15.00%, Dimensional Australia Global Core Equity Index (hedged to AUD) 15.00%, Dimensional Australia Core Equity Index 30.0%, Dimensional Global Real Estate Securities Composite Strategy 10.0%, FTSE World Government Bond Index 1-5 Years (hedged to AUD) 15.00%. Constructed under AUD Rebalance: Per 12 Months.

Market 70% Growth Portfolio: Bloomberg AusBond Bank Bill Index 2.00%, Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD) 13.00%, FTSE World Government Bond Index 1-5 Years (hedged to AUD) 15.00%, MSCI World ex Australia Index (net div., AUD) 15.00%, MSCI World ex Australia Index (net div., hedged to AUD) 15.00%, S&P Developed ex Australia REIT Index (gross div.) 5.00%, S&P/ASX 300 A-REIT Index (Total Return) 5.00%, S&P/ASX All Ordinaries Index (Total Return) 30.0%. Constructed under AUD Rebalance: Per 12 Months.

FYG 60% Growth Portfolio: Bloomberg AusBond Bank Bill Index 2.00%, Bloomberg AusBond Composite 0+ Yr Index 8.00%, Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD) 10.0%, Dimensional Australia Global Core Equity Index (AUD) 12.500%, Dimensional Australia Global Core Equity Index (hedged to AUD) 12.500%, Dimensional Australia Core Equity Index 25.00%, Dimensional Global Real Estate Securities Composite Strategy 7.00%, FTSE World Government Bond Index 1-5 Years (hedged to AUD) 20.0%. Constructed under AUD Rebalance: Per 12 Months.

Market 60% Growth Portfolio: Bloomberg AusBond Bank Bill Index 2.00%, Bloomberg AusBond Composite 0+ Yr Index 8.00%, Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD) 10.0%, FTSE World Government Bond Index 1-5 Years (hedged to AUD) 20.0%, MSCI World ex Australia Index (net div., AUD) 12.500%, MSCI World ex Australia Index (net div., hedged to AUD) 12.500%, S&P Developed ex Australia REIT Index (gross div.) 5.00%, S&P/ASX 300 A-REIT Index (Total Return) 5.00%, S&P/ASX All Ordinaries Index (Total Return) 25.00%. Constructed under AUD Rebalance: Per 12 Months.

FYG 50% Growth Portfolio: Bloomberg AusBond Bank Bill Index 3.00%, Bloomberg AusBond Composite 0+ Yr Index 12.00%, Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD) 10.0%, Dimensional Australia Global Core Equity Index (AUD) 10.7500%, Dimensional Australia Global Core Equity Index (hedged to AUD) 10.7500%, Dimensional Australia Core Equity Index 21.500%, Dimensional Global Real Estate Securities Composite Strategy 7.00%, FTSE World Government Bond Index 1-5 Years (hedged to AUD) 25.00%. Constructed under AUD Rebalance: Per 12 Months.

Market 50% Growth Portfolio: Bloomberg AusBond Bank Bill Index 3.00%, Bloomberg AusBond Composite 0+ Yr Index 12.00%, Bloomberg Barclays Global Aggregate Bond Index (hedged to AUD) 10.0%, FTSE World Government Bond Index 1-5 Years (hedged to AUD) 25.00%, MSCI World ex Australia Index (net div., AUD) 10.7500%, MSCI World ex Australia Index (net div., hedged to AUD) 10.7500%, S&P Developed ex Australia REIT Index (gross div.) 3.500%, S&P/ASX 300 A-REIT Index (Total Return) 3.500%, S&P/ASX All Ordinaries Index (Total Return) 21.500%. Constructed under AUD Rebalance: Per 12 Months.

Growth of \$1 over 25 years compares the growth of wealth for the prior 25 years concluding with the month of the report. **Best/Worst & Average Year Over Prior 25 Years:** The best, worst and average returns over rolling 1-year periods over the prior 25 years.

Rolling Monthly Returns FYG vs Market Over Prior 25 Years: This is a comparison of FYG Australian Equities and the Market Australia constructions, and a comparison of the FYG Global Equities and the Market International constructions. For 1-year periods the comparison is run on a rolling span of 12 months with a step interval of 1 month, there are 300 monthly results compared for the Australian and Global returns. For 5-year periods the comparison is run on rolling span of 60 months with a step interval of 1 month, there are 300 monthly results compared for the Australian and Global returns. For 10-year periods the comparison is run on a rolling span of 120 months with a step interval of 1 month, there are 300 monthly results compared for Australian returns and 261 monthly results compared for Global returns. For 20-year periods the comparison is run on a rolling span of 240 months with a step interval of 1 month, there are 237 monthly results compared for Australian returns and 141 monthly results compared for Global returns

Fee Comparison to FYG Across Asset Class Universe: This is comparison is run on an annual basis with data sourced from Lonsec Research. **Australian Large Caps (FYG Preferred)** is represented by Dimensional Australian Large Companies Trust. **Australian Large Caps (Class Average)** is represented by the average ICR of 230 wholesale funds available to Australian investors. **Australian Small Caps (FYG Preferred)** is represented by Dimensional Australian Small Company Trust. **Australian Small Caps (Class Average)** is represented by the average ICR of 60 wholesale funds available to Australian investors. **Global Large Caps (FYG Preferred)** is represented by Dimensional Global Large Company Trust. **Global Large Caps (Class Average)** is represented by the average ICR of 193 wholesale and funds available to Australian investors. **Global Small Caps (FYG Preferred)** is represented by Dimensional Global Small Company Trust. **Global Small Caps (Class Average)** is represented by the average ICR of 16 wholesale funds available to Australian investors. **Emerging Markets (FYG Preferred)** is represented by Dimensional Emerging Markets Trust. **Emerging Markets (Class Average)** is represented by the average ICR of 41 wholesale funds available to Australian investors. **Global Listed Property (FYG Preferred)** is represented by Dimensional Global Real Estate Trust Inc AUD. **Global Listed Property (Class Average)** is represented by the average ICR of 101 wholesale funds available to Australian investors.

25 Year Risk/Return Relationship Across Portfolios: Displays the annualised return versus standard deviation for the prior 25 years. Annualised standard deviation number is presented as an approximation by multiplying the monthly number by the square root of the number of periods in a year. Please note that the number computed from annual data may differ materially from this estimate.

Australian Sharemarket 121 Year History & Annual Distribution: Historical returns are based on the All-Ordinaries Accumulation Index which includes dividends. April 2000 - Present: S&P/ASX All Ordinaries Index (Total Return), Source: S&P January 1980 - March 2000: ASX All Ordinaries Accumulation Index, Source: ASX. Data from 1900 - 1979 supplied by AXA/AMP is inconsistent using regional indices with different methodologies to record share price index movements. Returns in AUD. Copyright 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

US Sharemarket Annual Distribution: January 1990 - Present: S&P 500 Index, Total Returns in USD, Source: Standard & Poors Index Services Group January 1926 - December 1989: S&P 500 Index Source: Ibbotson data courtesy of © Stocks, Bonds, Bills and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated works by Roger C. Ibbotson and Rex A. Sinquefeld). Copyright 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Performance for periods greater than one year are annualised unless marked with an asterisk. Data presented may be based on a combination of simulated and actual returns. Simulated returns do not represent actual performance of assets during a period. Returns presented are historical and different investments bring different degrees and types of risk, there can be no assurance that the future performance of any portfolio construction or managed fund referenced in this report will be profitable or correspond to the previous historical performance. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio. This report includes data provided by DFA Australia Limited (ABN 46 065 937 671, Australian financial services licence no. 238093) ("DFA") & Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). While care has been taken to compile the data in this report and FYG Planners believe the data to be accurate at the time of publication, we do not accept any responsibility for any inaccuracies and no guarantee can be given about the completeness or accuracy of this report.

