

The 10 investment pillars

Pursue a better investment experience: apply the Magus Wealth 10 investment pillars to become a confident and calm investor

1

Embrace market pricing

The market is an incredibly effective information-processing machine. Each day, the world equity markets process billions of dollars of trades between buyers and sellers - and the real time information they bring helps set prices.

Work with a much bigger, more evolved entity than any one individual can ever hope to be – keep the markets on your side.

World equity trading in 2020

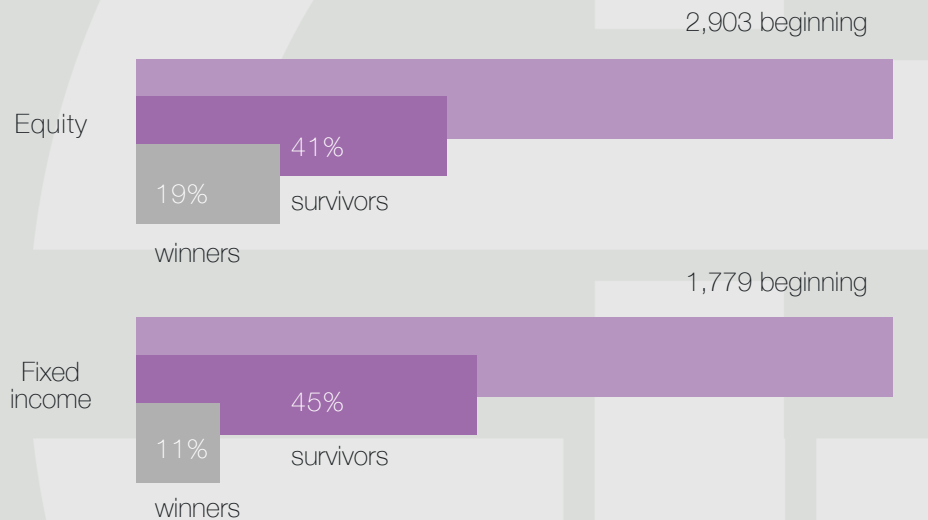


2 Don't try to outguess the market

The market's pricing power works against mutual fund managers who try to outperform through stock picking or market timing. As evidence, only 19% of US mutual funds and 11% of fixed income funds have survived and outperformed their benchmarks over the past 20 years. In addition, very few managers that do perform well, repeat their performance in subsequent time periods. European studies show similar results.

Avoid speculation. It's a high risk approach that's full of uncertainty.

US-based mutual fund performance 2000-2020



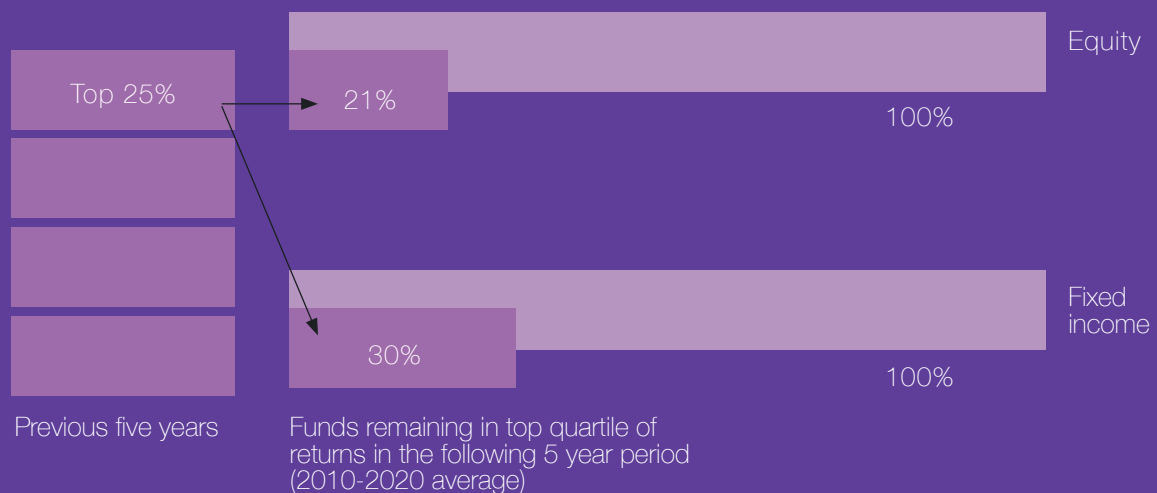
3

Resist chasing past performance

Some investors select mutual funds based on their past returns. However, most US mutual based funds in the top quartile of previous five year returns did not maintain a top quartile ranking in the following five years.

Past performance offers little insight into a fund's future returns.

Percentage of top-ranked US mutual funds that stayed on top

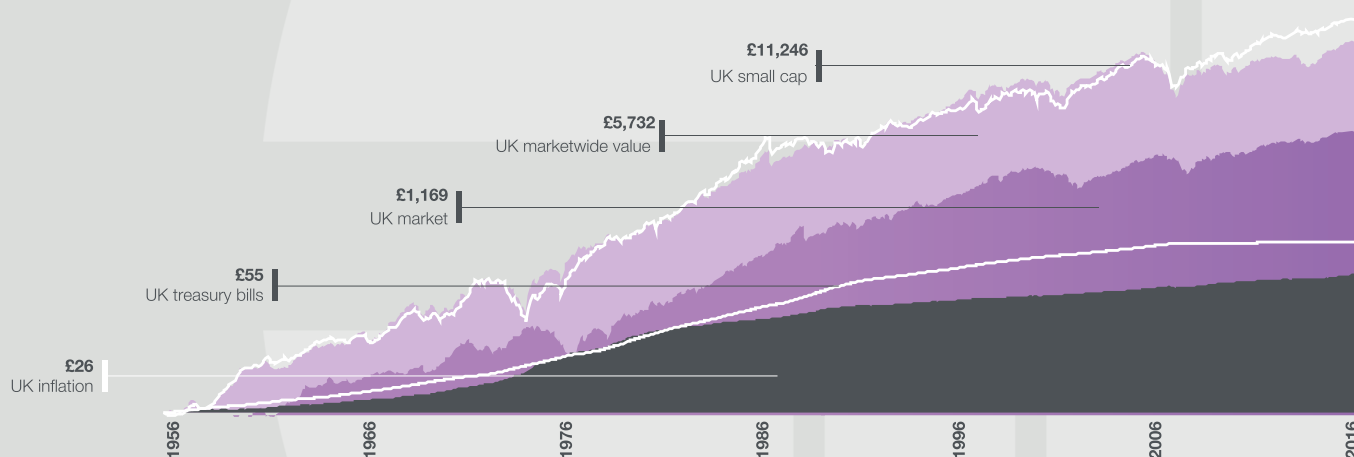


4 Let markets work for you

The financial markets have rewarded long-term investors. People expect a positive return on the capital they invest and, historically, the equity and bond markets, held over long term periods, have provided growth of wealth that has more than offset inflation.

Be patient, stay disciplined and choose your markets carefully to capture their returns.

Growth of the pound, 1956 - 2020 (compounded monthly)



5 Consider the drivers on returns

Over the last 60 years, academic research has identified that different elements of equities and fixed income provide different levels of expected returns.

These typical levels of return can be seen across different world markets and different time periods.

Capture these expected returns by building them into an efficient and cost-effective portfolio.

The building blocks of equities		Elements of fixed income
Any size small vs large	Price value vs growth	Term short vs long
Profitability most profitable vs least profitable	Market exposure to as much of the market as possible	Credit risk rating of investment

6 Practice smart diversification

Many people concentrate their investments in their home stock market, only choosing UK stocks and funds.

But diversifying within your home market may not be enough, it's a concentrated strategy with possible risk and return implications. It's better to think global, rather than local.

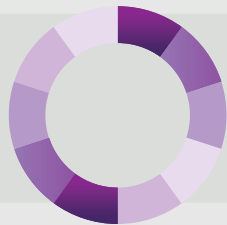
Consider greater diversification to help reduce the risk in your portfolio.



Single market example

MCSI United Kingdom Investable Market Index (IMI)

1 country, 343 stocks



Global market example

MCSI ACWI Investable Market Index (IMI)

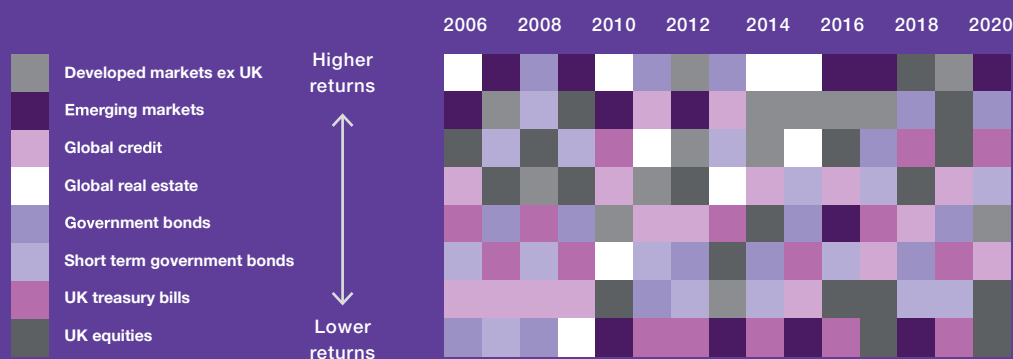
50 countries, 8,980 stocks

7 Avoid market timing

You never know which market segments will outperform from year to year. The patchwork of colours in the image below shows the randomness of returns over time: each colour block representing the performance of a market in relation to the others.

Rather than trying to predict future highs and lows, a globally diversified portfolio means you are well positioned to seek returns wherever they occur.

Annual returns by market index



8

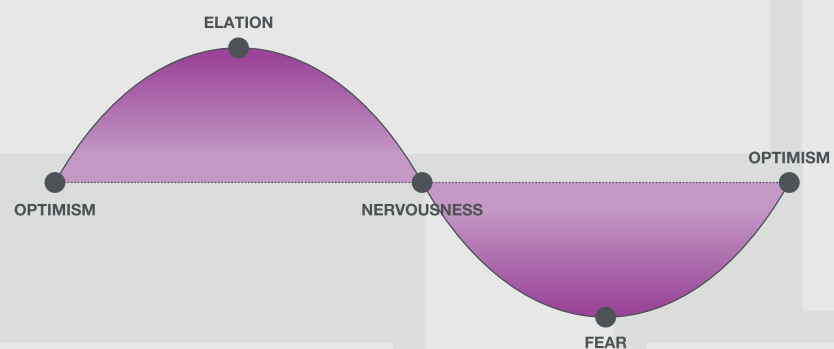
Manage your emotions

Many people struggle to separate their emotions from investing. Markets go up and down.

Reacting to current market conditions may lead to making poor investment decisions. Buying high and selling low is never a great strategy.

Breathe deeply and think twice before reacting to adverse market conditions.

Avoid reactive investing



9

Look beyond the headlines

Daily market news and commentary can challenge your investment discipline. Some messages stir anxiety about the future, while others tempt you to chase the latest investment fad.

When headlines unsettle you, consider the source and maintain a long-term perspective.

Retire Rich!

**Market Hits
Record High**

THE TOP 10 FUNDS TO OWN

**SELL
STOCKS
NOW**

Housing Market Boom

The Looming Recession

10 Focus on what you can control

Markets are unpredictable, so focus on the things that you can control.

By understanding what's most important to you in your life and where money fits into your world, Magus Wealth can create a financial plan, designed around you – leading to a better investment experience.

Create an investment plan to fit your needs and risk tolerance

Structure a portfolio considering the building blocks of returns

Diversify globally

Manage expenses, taxes and turnover

Stay disciplined through market dips and swings

DISCLOSURES

Exhibit 1: In USD. Source: Dimensional, using data from Bloomberg LP. Includes primary and secondary exchange trading volume globally for equities. ETFs and funds are excluded. Daily averages were computed by calculating the trading volume of each stock daily as the closing price multiplied by shares traded that day. All such trading volume is summed up and divided by 252 as an approximate number of annual trading days.

Exhibit 2: The sample includes funds at the beginning of the 20-year period ending 31 December 2020. Each fund is evaluated relative to its primary prospectus benchmark. Survivors are funds that had returns for every month in the sample period. Winners are funds that survived and outperformed their benchmark over the period. Where the full series of primary prospectus benchmark returns is unavailable, non-Dimensional funds are instead evaluated relative to their Morningstar category index.

Exhibit 3: This study evaluated fund performance over rolling periods from 2001 through 2020. Each year, funds are sorted within their category based on their previous five-year total return. Those ranked in the top quartile of returns are evaluated over the following five-year period. The chart shows the average percentage of top-ranked equity and fixed income funds that kept their top ranking in the subsequent period.

Source (Exhibits 2 and 3): US-domiciled, non-Dimensional open-end mutual fund data provided by Morningstar. Equity fund sample includes the following Morningstar historical categories: Diversified Emerging Markets, Europe Stock, Foreign Large Blend, Foreign Large Growth, Foreign Large Value, Foreign Small/Mid Blend, Foreign Small/Mid Growth, Foreign Small/Mid Value, Global Real Estate, Japan Stock, Large Blend, Large Growth, Large Value, Mid-Cap Blend, Mid-Cap Growth, Mid-Cap Value, Miscellaneous Region, Pacific/Asia ex-Japan Stock, Real Estate, Small Blend, Small Growth, Small Value, World Large Stock and World Small/Mid Stock. Fixed income fund sample includes the following Morningstar historical categories: Corporate Bond, High Yield Bond, Inflation-Protected Bond, Intermediate Core Bond, Intermediate Core-Plus Bond, Intermediate Government, Long Government, Muni California Intermediate, Muni California Long, Muni Massachusetts, Muni Minnesota, Muni National Intermediate, Muni National Long, Muni National Short, Muni New Jersey, Muni New York Intermediate, Muni New York Long, Muni Ohio, Muni Pennsylvania, Muni Single State Intermediate, Muni Single State Long, Muni Single State Short, Muni Target Maturity, Short Government, Short-Term Bond, Target Maturity, Ultrashort Bond, World Bond and World Bond-USD Hedged. See Dimensional's Mutual Fund Landscape 2021 for more detail. Index data provided by Bloomberg Barclays, MSCI, Russell, FTSE Fixed Income LLC and S&P Dow Jones Indices LLC. Bloomberg Barclays data provided by Bloomberg. MSCI data © MSCI 2021, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. FTSE fixed income indices © 2021 FTSE Fixed Income LLC. All rights reserved. S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Exhibit 4: In GBP. UK Small Cap is the Dimensional UK Small Cap Index. UK Marketwide Value is the Dimensional UK Marketwide Value Index. UK Market is the Dimensional

UK Market Index. UK Treasury Bills is UK One-Month Treasury Bills. UK Inflation is the UK Retail Price Index. The Dimensional and Fama/French indices reflected above are not "financial indices" for the purpose of the EU Markets in Financial Instruments Directive (MiFID). Rather, they represent academic concepts that may be relevant or informative about portfolio construction and are not available for direct investment or for use as a benchmark. Their performance does not reflect the expenses associated with the management of an actual portfolio. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. Actual returns may be lower. See below for descriptions of the Dimensional and Fama/French indices. The Dimensional indices have been retrospectively calculated by an affiliate of Dimensional Fund Advisors Ltd. and did not exist prior to their index inception dates. Accordingly, results shown during the periods prior to each index's inception date do not represent actual returns of the index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains.

DIMENSIONAL UK SMALL CAP INDEX: January 1990–present: Compiled by Dimensional from Bloomberg, LSPD securities data. Market-capitalisation-weighted index of small company securities in the eligible markets, excluding those with the lowest profitability and highest relative price within their country's small cap universe. The index also excludes those companies with the highest asset growth within their country's small cap universe. Profitability is defined as operating income before depreciation and amortisation minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four subindices, each one reconstituted once a year at the end of each quarter of the year. Maximum index weight of any one company is capped at 10%. The country currently included is the UK. Exclusions: REITs and investment companies. The index has been retrospectively calculated by Dimensional and did not exist prior to April 2008. Accordingly, the results shown during the periods prior to April 2008 do not represent actual returns of the index. The calculation methodology for the index was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the index was amended in November 2019 to include asset growth as a factor in selecting securities for inclusion in the index. July 1981–December 1989: Includes securities in the bottom 10% of market capitalisation excluding the bottom 1%. Rebalanced semiannually. Prior to July 1981: Elroy Dimson and Paul Marsh, Hoare Govett Smaller Companies Index 2009, ABN-AMRO/Royal Bank of Scotland, January 2009.

DIMENSIONAL UK MARKETWIDE VALUE INDEX: January 1990–present: Compiled by Dimensional from Bloomberg, LSPD securities data. Consists of companies whose relative price is in the bottom 33% of their country's respective constituents, after the exclusion of utilities and companies with either negative or missing relative price data. The index emphasises companies with smaller capitalisation, lower relative price and higher profitability, excluding those with the lowest profitability within their country's small cap universe. The index also excludes those companies with

the highest asset growth within their country's small cap universe. Profitability is defined as operating income before depreciation and amortisation minus interest expense divided by book equity. Asset growth is defined as change in total assets from the prior fiscal year to current fiscal year. The index monthly returns are computed as the simple average of the monthly returns of four sub-indices, each one reconstituted once a year at the end of each quarter of the year. Maximum index weight of any one company is capped at 10%. The country currently included is the UK. Exclusions: REITs and investment companies. The index has been retrospectively calculated by Dimensional and did not exist prior to April 2008. Accordingly, the results shown during the periods prior to April 2008 do not represent actual returns of the index. The calculation methodology for the index was amended in January 2014 to include profitability as a factor in selecting securities for inclusion in the index. The calculation methodology for the index was amended in November 2019 to include asset growth as a factor in selecting securities for inclusion in the index. Prior to January 1990: Source: Large value and small value portfolio returns from Elroy Dimson, Stefan Nagel and Garrett Quigley "Capturing the value premium in the UK," Financial Analysts Journal, 2003, 59(6): 35–45. Large value and small value portfolios combined at market cap weights. Created Returns, converted from GBP to USD using the WM/Reuters at 4 pm EST (closing spot), from PFPC exchange rate.

DIMENSIONAL UK MARKET INDEX: Compiled by Dimensional from Bloomberg, LSPD securities data. Market capitalisation-weighted index of all securities in the UK. Exclusions: REITs and investment companies.

The index has been retroactively calculated by Dimensional and did not exist prior to April 2008.

UK ONE-MONTH TREASURY BILLS: January 1975–present: UK One-Month Treasury Bills provided by the Financial Times Limited. Prior to January 1975: UK Three-Month Treasury Bills provided by the London Share Price Database.

UK RETAIL PRICE INDEX: Provided by the Office for National Statistics. Crown copyright material is reproduced with the permission of the Controller of HMSO.

Exhibit 5: Relative price is measured by the price-to-book ratio; value stocks are those with lower price-to-book ratios. Profitability is measured as operating income before depreciation and amortisation minus interest expense scaled by book.

Exhibit 6: Number of holdings and countries for the MSCI United Kingdom Investable Market Index (IMI) and MSCI ACWI (All Country World Index) Investable Market Index (IMI) as at 31 December 2020. MSCI data © MSCI 2021, all rights reserved. International investing involves special risks, such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks.

Exhibit 7: In GBP. UK Equities is the MSCI United Kingdom Index (gross dividends). Developed Markets ex UK is the MSCI World ex UK Index (gross dividends). Emerging Markets is the MSCI Emerging Markets Index (gross dividends). Global Real Estate is the S&P Global REIT Index (gross dividends). UK Treasury Bills is UK One-Month Treasury Bills. Government Bonds is the FTSE World Government Bond Index (Hedged to GBP).

Short-Term Government Bonds is the FTSE World Government Bond Index 1–5 Years (Hedged to GBP). Global Credit is the Bloomberg Barclays Global Aggregate Credit Bond Index (Hedged to GBP). MSCI data © MSCI 2021, all rights reserved. S&P data © 2021 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. 1975–present: UK One-Month Treasury Bills provided by the Financial Times. Prior to 1975: UK Three-Month Treasury Bills provided by the London Share Price Database. FTSE fixed income indices © 2021 FTSE Fixed Income LLC. All rights reserved. Bloomberg Barclays data provided by Bloomberg.

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Bloomberg Barclays data provided by Bloomberg.

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RISKS

Investments involve risks. The investment return and principal value of an investment may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original value. Past performance is not a guarantee of future results. There is no guarantee strategies will be successful.

Diversification neither assures a profit nor guarantees against loss in a declining market.