



Our Investment Philosophy

LYTHGO CREW WEALTH MANAGEMENT PTY LTD » ABN 30 144 973 786 » AFSL 370951



LYTHGO CREW
— WEALTH MANAGEMENT —

What is an Index?

An index is a group of securities representing all or part of a broad investment market. Most investment markets have an index that measures their value over time. There is an index for almost every industry sector and asset class, including Australian and international shares, property and bonds. Indices are constructed by companies like Barclays, FTSE, Bloomberg and S&P/ASX.

What is Indexing?

Indexing is a way of gaining exposure to an investment market by tracking the performance of an index. Index fund managers buy securities in the same weight that the index holds them. They aim to match an index's return by investing in all or a representative sample of the index. For this reason, indexing can also be called a passive approach to investing. This contrasts with active fund managers who try to beat the index by predicting which investments will perform well in the future.

Investment Philosophy

Our investment philosophy follows a disciplined, long-term approach aligned with the principles of Vanguard, focusing on low-cost, diversified, index-based investing.

We believe that financial markets are highly competitive and that consistently outperforming them is difficult. The following independent data outlines the difficulty active managers face in outperforming the relevant index. Not only is it difficult, we would argue that even those who do outperform over any given period, can't maintain outperformance on a consistent basis. This means you either need to keep changing investments or accept that you will inevitably face periods of underperformance.

Instead of trying to pick individual investments or time market movements, we aim to capture overall market returns by investing in broadly diversified portfolios that track major market indices.

While we make mention of not timing investments, it is important to note that we do take an active approach to investing your capital returns or new investment contributions (dividends, super

contributions or regular investment plans) into the index products outlined.

We feel reinvesting returns at historic highs isn't the best approach and as such we like to add the returns during times of weakness or volatility that allows the investor to participate in the historically proven recoveries these periods offer.

This approach provides exposure to thousands of securities across Australian and international markets, helping to reduce risk while participating in global economic growth.

Key principles that guide this strategy include:

- **Long-term investing** – Staying invested through market ups and downs to benefit from compounding returns over time.
- **Broad diversification** – Spreading investments across asset classes, industries, and regions to reduce risk.

- **Low-cost focus** – Minimising investment fees, which can have a significant impact on long-term returns.
- **Discipline** – Maintaining a steady investment approach, even during periods of volatility.
- **Regular rebalancing** – Ensuring your portfolio remains aligned with your goals and risk profile.
- **Active reinvestment** – Accumulating dividends, Super contributions and Regular investment plans to take advantage of periods of weakness usually associated with spikes in volatility.
- **Tailored allocations** – While our use of index tracking products doesn't vary, we will tailor allocations that best suit your risk profile

This evidence-based approach aims to deliver reliable, cost-effective outcomes and a smoother investment journey, helping you stay on track to achieve your long-term financial objectives.

Why we choose Vanguard

- They are one of the largest fund managers globally with a successful track record spanning several decades.
- Vanguard's scale helps keep costs low, as their assets under management increase, they reduce expense ratios (fees) for investors.
- Vanguard is a true mutual fund meaning all benefits are passed on to investors.
- They buy and hold, creating low turnover costs brought about by minimising transactions.
- Broadly diversified.
- Long-term thinking, everything done at Vanguard is done with a long-term outlook which is ideal when looking at long-term investments.
- 2015, 2017, 2019 and 2022 Morningstar Australian Fund Manager of the Year Award.
- 2020, 2021 and 2023 Morningstar Multi Sector Fund Manager of the Year Award.

Fixed Interest Allocations

Depending on your risk profile you may also have investments in defensive assets such as fixed interest. While there isn't as much research into active versus passive fixed interest, it does show that the ratio of active versus passive begins to even out. Our view is active bond managers charge higher fees and often assume more risk, and that chasing that individual outperforming manager is as difficult as the equity index markets.

For further information on index investing...



Watch the “2023 Vanguard Index Chart” video



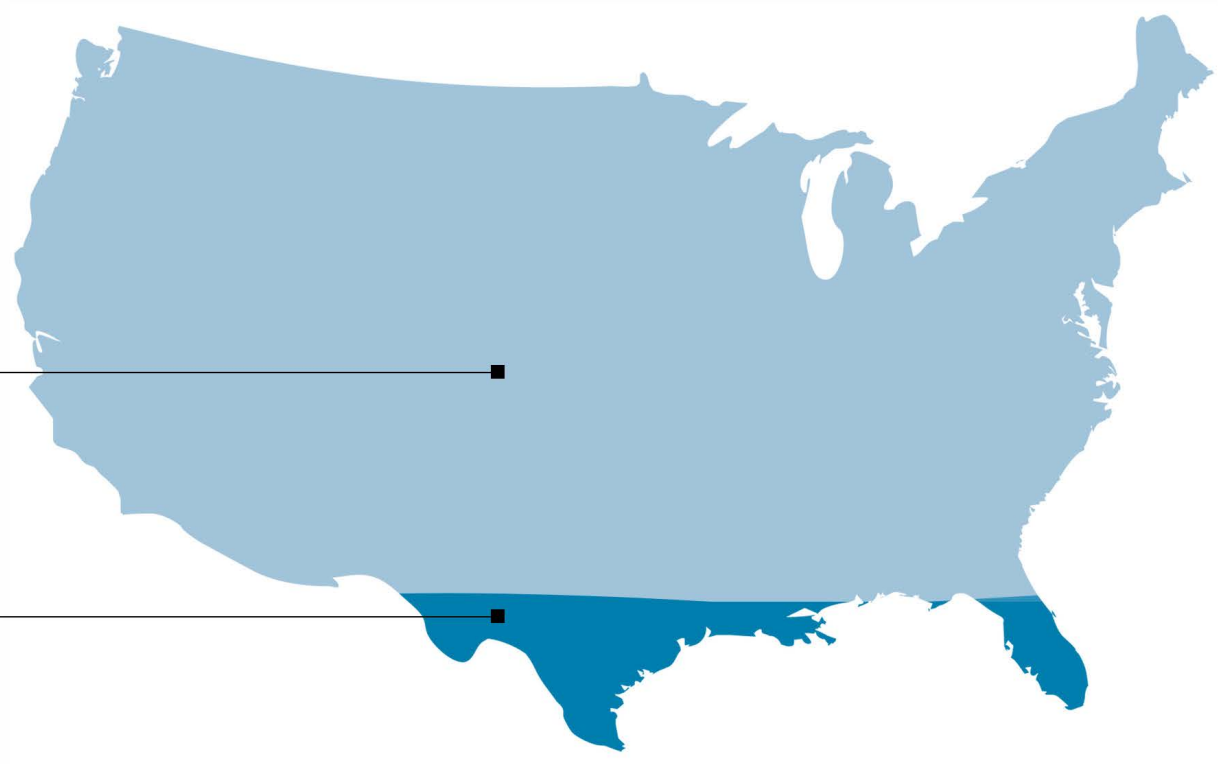
Read “Most active Fund Managers struggle to beat the market” – by Vanguard

 **United States**

Percentage of All Large-Cap funds that underperformed the S&P 500®

89.93% of funds underperformed the S&P 500®

10.07% of funds outperformed the S&P 500®



1 YEAR

3 YEARS

5 YEARS

10 YEARS

15 YEARS

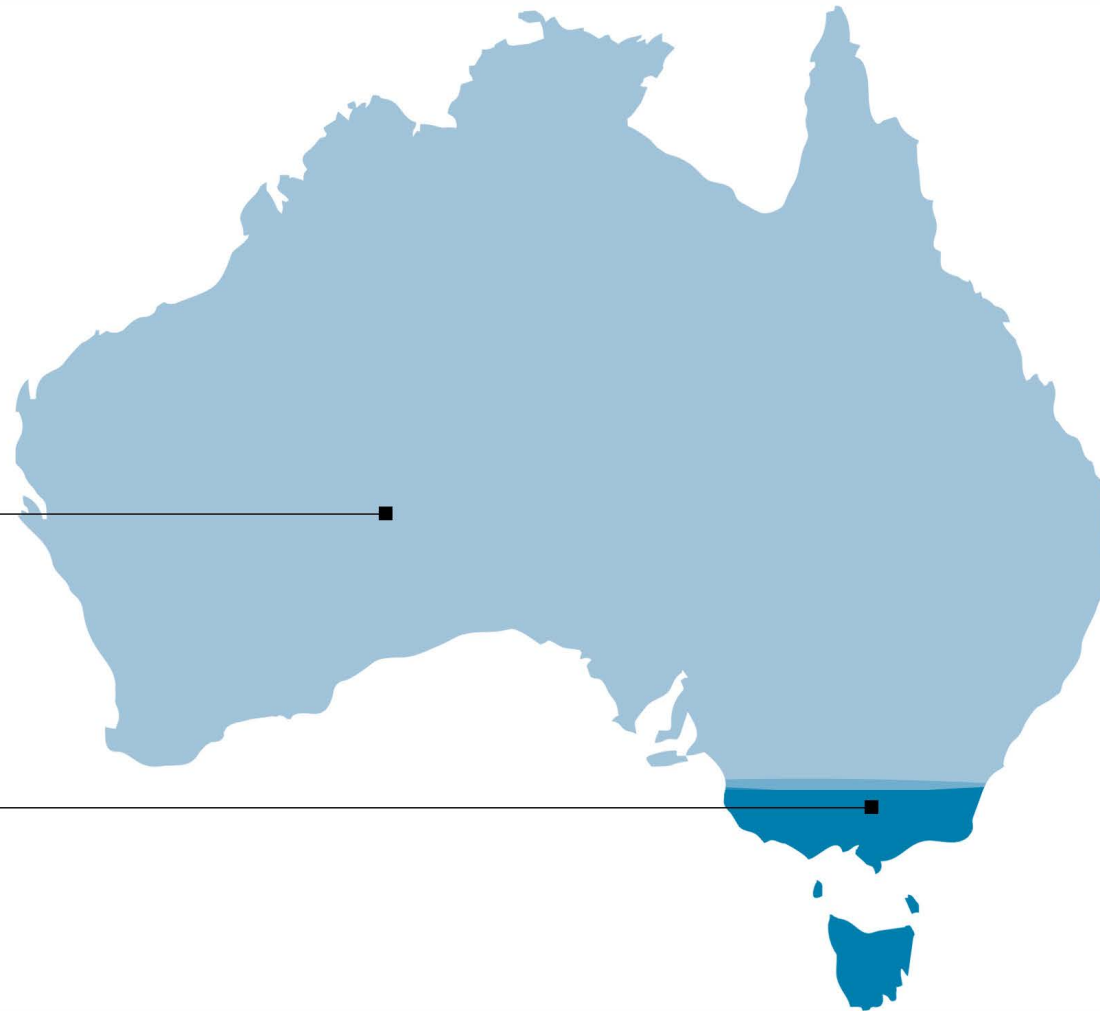
Source: S&P Global | Data as of Dec 31, 2025

 **Australia**

Percentage of Australian Equity General funds that underperformed the S&P/ASX 200

86.94% of funds underperformed the S&P/ASX 200

13.06% of funds outperformed the S&P/ASX 200



1 YEAR

3 YEARS

5 YEARS

10 YEARS

15 YEARS

Source: S&P Global | Data as of Dec 31, 2025

 **Europe**

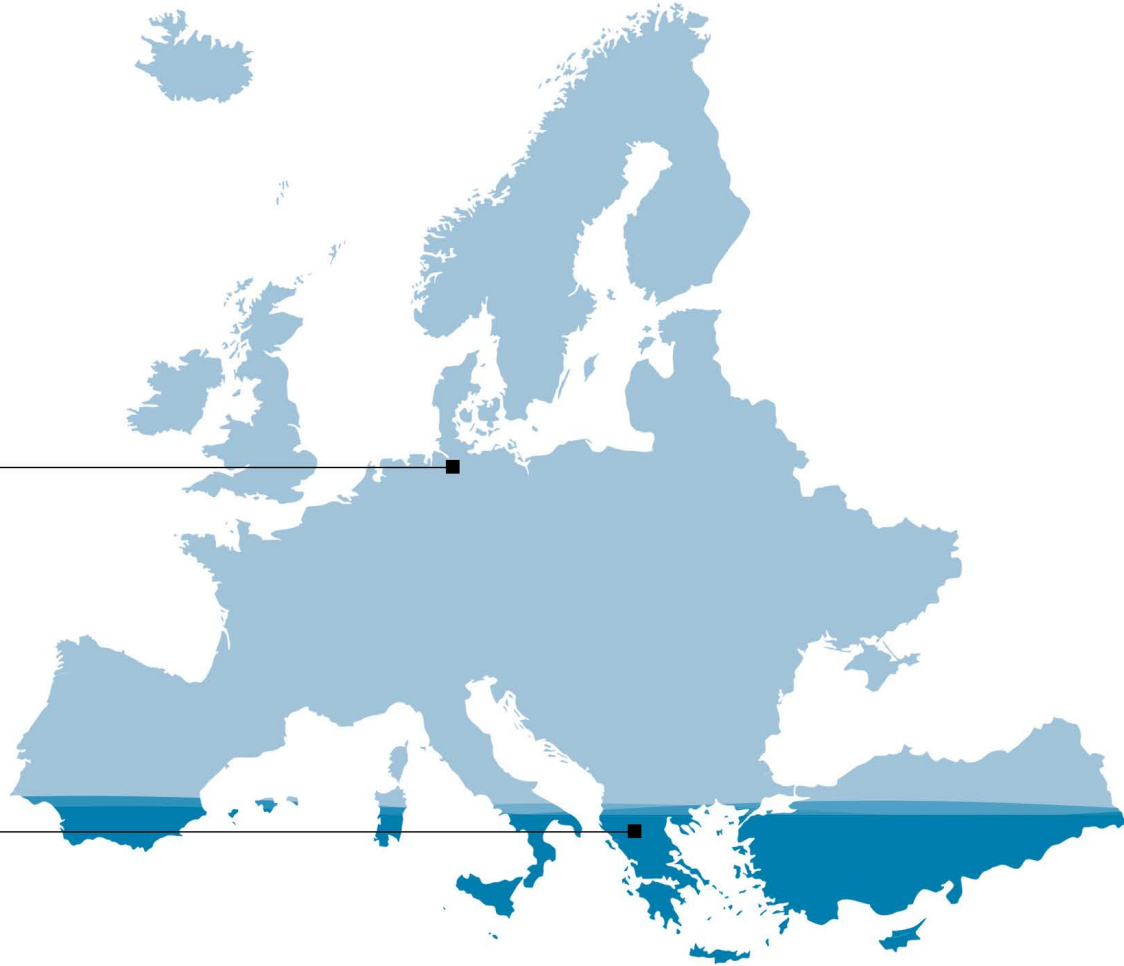
Percentage of Europe Equity (EUR) funds that underperformed the S&P Europe 350

97.02%

of funds underperformed the S&P Europe 350

2.98%

of funds outperformed the S&P Europe 350



1 YEAR

3 YEARS

5 YEARS

10 YEARS

Source: S&P Global | Data as of Dec 31, 2025

● **Japan**

Percentage of All Japanese Equity funds that underperformed the S&P Japan 500

76.04%

of funds underperformed the S&P Japan 500

23.96%

of funds outperformed the S&P Japan 500

1 YEAR

3 YEARS

5 YEARS

10 YEARS

15 YEARS

Source: S&P Global | Data as of Dec 31, 2025

All Ordinaries Accumulation Index

1900	16.1%	1925	18.5%	1950	32.9%	1975	62.9%	2000	5.0%
1901	-1.7%	1926	16.2%	1951	-3.3%	1976	5.2%	2001	10.1%
1902	17.7%	1927	19.8%	1952	-11.8%	1977	20.2%	2002	-8.1%
1903	23.9%	1928	14.6%	1953	14.8%	1978	22.2%	2003	15.9%
1904	9.4%	1929	-3.6%	1954	20.6%	1979	46.3%	2004	27.6%
1905	16.4%	1930	-28.1%	1955	12.1%	1980	48.9%	2005	21.1%
1906	11.8%	1931	20.0%	1956	10.3%	1981	-12.9%	2006	25.0%
1907	10.2%	1932	26.5%	1957	18.3%	1982	-13.9%	2007	18.0%
1908	18.8%	1933	27.1%	1958	22.8%	1983	66.8%	2008	-40.4%
1909	15.1%	1934	24.6%	1959	47.1%	1984	-2.3%	2009	39.6%
1910	8.2%	1935	11.4%	1960	-7.3%	1985	44.1%	2010	3.3%
1911	12.3%	1936	18.8%	1961	16.0%	1986	52.2%	2011	-11.4%
1912	10.4%	1937	6.2%	1962	5.0%	1987	-7.9%	2012	18.8%
1913	10.7%	1938	1.0%	1963	28.6%	1988	17.9%	2013	19.7%
1914	13.4%	1939	7.2%	1964	6.6%	1989	17.4%	2014	5.0%
1915	-1.9%	1940	5.3%	1965	-7.1%	1990	-17.5%	2015	3.8%
1916	-1.7%	1941	-3.8%	1966	10.2%	1991	34.2%	2016	11.6%
1917	17.6%	1942	20.4%	1967	42.9%	1992	0.5%	2017	12.5%
1918	11.6%	1943	10.5%	1968	42.5%	1993	40.5%	2018	-3.5%
1919	18.4%	1944	9.6%	1969	14.7%	1994	-8.8%	2019	24.1%
1920	10.0%	1945	15.5%	1970	-16.2%	1995	20.7%	2020	3.6%
1921	22.4%	1946	14.8%	1971	4.3%	1996	14.3%	2021	17.7%
1922	23.6%	1947	18.0%	1972	26.4%	1997	11.4%	2022	-3.0%
1923	18.3%	1948	3.6%	1973	-23.3%	1998	8.5%	2023	13.0%
1924	17.1%	1949	9.6%	1974	-26.9%	1999	19.3%	2024	11.4%

Historical returns are based on the All Ordinaries Accumulation Index (XAOA) which includes dividends.

The All Ordinaries (XAO) was first published in 1980 with a starting value of 500. The index tracks the 500 largest companies on the Australian sharemarket and is weighted by market capitalisation. Large companies have a greater effect on the index movement. The All Ordinaries Accumulation Index (XAOA) was created at the same time with a starting value of 1,000. The XAOA is identical to the XAO except it includes dividends in its calculation.

Data before 1980 is inconsistent between sources and should not be relied upon for investment purposes. Regional indices from 1900-1979 used different methodologies to record share price index movements. All studies and historical index statistics analysed by the editor of Market Index were strongly correlated but never identical. Only data from 1990 onwards can be verified by the editor of Market Index.

Original concept by AXA ("109 years of Australian sharemarket returns").

Average
+12.98%

Active Management of Contributions

As outlined previously in this document part of our service is the active management of contributions (super contributions, dividends and regular investment plans). While we promote passive index investing as the best possible solution, we do encourage the active management of contributions as we feel continually adding money at moments of over exuberance isn't in your best interest. We monitor several gauges and commentators to assess market movements that prompt us when to deploy your cash reserves. Most notably, The Fear and Greed Index has historically been an excellent guide for investors. Our philosophy of adding excess cash reserves when markets are under extreme duress has the ability to accelerate returns when and if markets recover.

What is the CNN Business Fear & Greed Index?

The Fear & Greed Index is a way to gauge stock market movements and whether stocks are fairly priced. The theory is based on the logic that excessive fear tends to drive down share prices, and too much greed tends to have the opposite effect.

How is Fear & Greed Calculated?

The Fear & Greed Index is a compilation of seven different indicators that measure some aspect of stock market behaviour. They are market momentum, stock price strength, stock price breadth, put and call options, junk bond demand, market volatility, and safe haven demand. The index tracks how much these individual indicators deviate from their averages compared to how much they normally diverge. The index gives each indicator equal weighting in calculating a score from 0 to 100, with 100 representing maximum greediness and 0 signaling maximum fear.

How often is the Fear & Greed Index calculated?

Every component and the Index are calculated as soon as new data becomes available.

How to use Fear & Greed Index?

The Fear & Greed Index is used to gauge the mood of the market. Many investors are emotional and reactionary, and fear and greed sentiment indicators can alert investors to their own emotions and biases

that can influence their decisions. When combined with fundamentals and other analytical tools, the Index can be a helpful way to assess market sentiment.

You can monitor the Fear and Greed Index at <https://edition.cnn.com/markets/fear-and-greed>

At present the only counterparties who we are permitted to use for this style of management is as follows:

- Macquarie Wrap
- ANZ Grow Wrap
- BT Panorama
- Hub 24
- AMP North
- Insignia Expand

When providing advice, we will be sure to use the cheapest possible solution from our authorised providers for your circumstance. We are conscious the effect fees can have on performance and in turn your long term goals and as such we will research the best possible solution that allows our management style to be employed.



GENERAL ADVICE DISCLAIMER

This document has been prepared for the general information of investors and does not take into account the investment objectives, financial situation and particular needs of any particular person. Persons intending to act on information in this document should seek professional advice to confirm that the investments or strategies mentioned are appropriate in the light of their particular investment needs, objectives and financial circumstances prior to taking any action. While reasonable care has been exercised and the statements contained herein are based on information believed to be accurate and reliable, neither Lythgo Crew Wealth Management Pty Ltd nor its employees, agents or Authorised Representatives shall be liable (unless otherwise required by law) for any loss or damage suffered or caused to any person or corporation resulting from or contributed to by any error or omission from such statements including any loss or damage caused by any fault or negligence on the part of Lythgo Crew Wealth Management Pty Ltd. This email, and any associated files, is intended solely for its addressee. The contents are confidential and may be legally privileged or subject to copyright. If you have received this email in error, you are not authorised to use the information in this email in any way. Please notify the sender by return email immediately and then delete it from your computer. Email transmission cannot be guaranteed to be secure or error free and there is a risk messages may be corrupted, intercepted or lost in transmission. Therefore we do not accept liability for any viruses, errors or omissions in the contents of this message or attachments which arise as a result of email transmission. Statements contained in this email are general only and do not take into account the particular needs, objectives, financial circumstances or investment preferences of any person. Past performance information is given for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance.

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