standard chartered

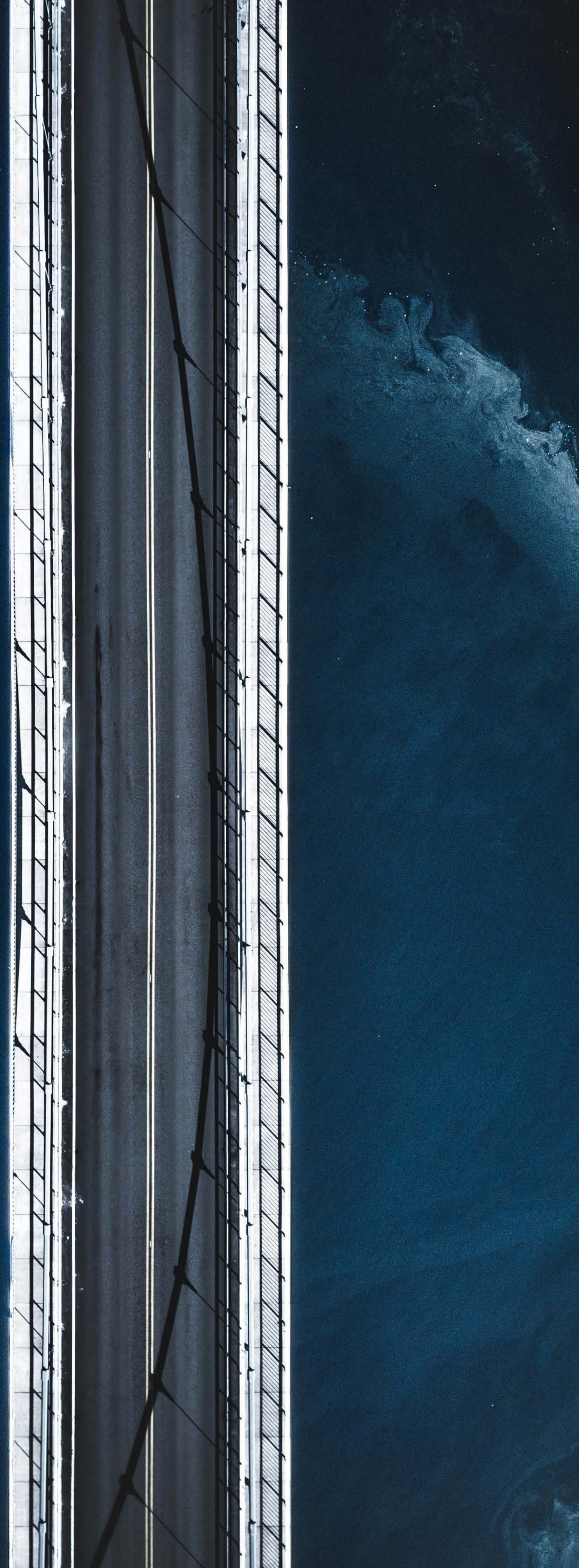
Wealth Principles

to guide you on your wealth journey

SC Wealth Select

Important guardrails to keep your investing on the right track

How you manage, grow and protect your wealth is important. SC Wealth Select provides you with guiding principles to help ensure your investment decisions remain robust and consistently applied throughout your wealth journey, to meet your goals Today, Tomorrow, and Forever.



So how can you achieve this? How can you ensure that your investments work for you to realise your life goals whilst ensuring your hard-earned wealth is protected?

At Standard Chartered, we have identified five key Wealth Principles that you should use as guardrails when managing and protecting your wealth. Whether you're new to investing, or have been investing for years, by following these principles consistently over time, and using them to govern the way you manage your wealth, you will position yourself well to ensure your life goals can be achieved.

The five key Wealth Principles

Fundamental principles to guardrail the way you manage your wealth

1 DISCIPLINE
Consistency and prudence over your emotions

2 DIVERSIFICATION
Achieve more stability in your portfolio by diversifying your investments across asset classes, geographies, and sectors

3 TIME IN THE MARKET
Time in the market is more beneficial than timing the market.

4 RISK AND RETURN
No investment is worth the risk unless you get a return

5 PROTECTION
Protecting your wealth is as important as knowing how to grow it

Source: Standard Chartered.

WEALTH PRINCIPLE

1 DISCIPLINE

Discipline is extremely important when it comes to managing your wealth, and it's not always easy. Embracing discipline means defining your goals and having a strategy in place to achieve them. And most importantly, discipline is about ensuring that you stick to this strategy without deviating from your plan, so you continue to make the best-long term decisions to meet your financial goals.

Discipline helps to remove emotions from investment decisions (during good and bad times) and ensures you maintain focus on your long-term investment and protection goals through regular investing, monitoring and portfolio rebalancing.

Why is discipline in managing your wealth important?

Most people talk about investing for the long term. However, with a constantly evolving news cycle and regular headlines catching our attention, we often get distracted from our long-term investment plans.

While it's important to understand whether your investment plan is on track, focusing on short-term market fluctuations and making decisions based on emotion will often lead to unnecessary losses. History has proven that the likelihood of realizing a loss decreases over longer holding periods. As market movements are very difficult to predict, especially over shorter time horizons, it is important to **stay disciplined, and stay focused on the long term.**

What's the fuss about emotional investing?

No one is impervious to bias, but it is important to understand how emotions and biases influence your investment decisions. Typically, when markets are performing well, you'll feel euphoric. And when markets perform badly, you'll tend to feel fearful, which may lead to panic. A reactive cycle of excessive optimism and fear can lead to poor investment decisions at the worst times. This is pervasive across all investors, exemplified by economic bubbles of the last century.

During bullish markets, greed and envy take over; during bearish markets, fear and panic are prime.

Emotions are one of the biggest challenges for investors. Losses are especially painful. And during market crises, even the most seasoned investors may panic and be at a loss for what to do. Look to history and remember that bear markets tend to be short-lived. Set aside your emotions. Stay disciplined and true to your investment goals.

A disciplined approach

- **Most of us tend to panic and make some of the worst decisions during a market crisis**
- Most purchases happen in the later stage of bull markets, and we tend to sell in panic
- Avoid trying to excessively time the market
- Put money to work in phases over time and make use of declining prices to build longer term positions
- When thinking about selling after a significant decline, consider whether doing so is in line with your longer term investment plan/goals

The market cycle of emotions

Source: Standard Chartered.

What does investing discipline look like in practice?

1. Instil discipline through an investment plan

From the outset, when you start investing, set aside some time to decide on your investment plan. Agree what your investment goals are and the time horizon you plan to set for yourself. If you have multiple investment objectives, consider having an investment plan for each. Instil some discipline into your plan by deciding what you want to invest in, how regularly you will invest, how often you will monitor and review your portfolio, and how frequently you will rebalance.

2. Periodically review and rebalance your portfolio

Remember that, over time, as a result of the natural movement of the markets, your portfolio may be subject to 'portfolio drift'. Some investments will appreciate more than others resulting in your portfolio over time having a greater allocation to an asset class or investment than you originally intended. The simplest way to solve this is to evaluate and fine-tune your investment portfolio at periodically scheduled reviews. This ensures your portfolio continues to be aligned with your desired risk-return profile, and that it is well-positioned to achieve your long-term goals.

At each review, ask yourself if your personal and financial situation and goals have changed. When monitoring your investment performance, it is important to resist the urge to make frequent changes in response to short-term market fluctuations (and incur transaction costs in the process). Instead, you should always keep in mind the investment goals and time horizon you have set for yourself, before deciding if there is a real need to rebalance and re-adjust your portfolio.

3. Invest systematically and regularly

By investing systematically on a regular basis, you can reduce the impact of volatility on your overall purchases and reduce the risk of buying at the wrong time. Sometimes known as 'Dollar Cost Averaging', this ensures that instead of investing large sums into the market infrequently and potentially suffering from poor timing, instead you invest smaller amounts at regular intervals over a period of time, ultimately leading to an averaging of your entry prices. In this way, you can build up a desired investment position by making a gradual and disciplined entry into the market. You avoid having to commit your entire capital upfront, or risk investing a large sum at an unexpectedly disadvantageous time. This approach also allows you to focus on other activities without having to monitor the markets frequently.

4. Maintain some cash for opportunities

You may also decide to set aside some additional cash that can be deployed when opportunities present themselves, such as when markets sell-off and valuations look attractive.

5. Avoid distractions that result in emotional buying and selling

Be sure to remind yourself of the importance of avoiding the distraction of emotions. Do not succumb to 'fear and greed' when markets fall or rise. Stay true to your plan and remain disciplined. It is important to recognise this emotional cycle so you can maintain perspective on your investments, and keep focused on your investment objectives so you don't make impulsive decisions to buy or sell. Be particularly wary of selling diversified holdings after sharp declines as these sales might undermine your ability to achieve your long-term goals.

WEALTH PRINCIPLE

2 DIVERSIFICATION

Diversification is important to help manage and reduce risk in your portfolio. By allocating your investment funds across a range of asset classes, geographies, and sectors, in line with your long-term goals, you will reduce your exposure and hence risk to each individual asset and achieve more stability in your overall portfolio.

Diversification is not designed to maximize returns. At any given time, it is possible that a single concentrated investment may outperform a diversified portfolio. However, it is very difficult to correctly choose a single asset that consistently wins over time. Hence, a diversified portfolio generally outperforms most concentrated portfolios over time. It also helps you sleep better at night, reducing the worry that adverse price movements might have on your portfolio.

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Don't put all your eggs in one basket. Simply put, this means don't risk everything by putting all your resources into one thing in case you lose everything.

What is Diversification and why is it important?

We've all heard the saying "Don't put all your eggs in one basket". Simply put, this means don't risk everything by putting all your resources into one asset in case you lose everything. The solution is the concept of diversification. By holding a variety of financial assets in your portfolio, you can reduce the risk of losing money if one investment underperforms, as this may be offset by gains on other holdings.

By diversifying your portfolio's holdings, you reduce the unsystematic risk in your portfolio – that is, the risk related to any specific region, industry or product. Diversification reduces risk because stocks, bonds, and cash generally do not react identically in changing economic or market conditions.

Historically, there is no asset class that consistently performs best from year to year. The chart below ranks the best to worst performing asset classes over the past 10 years. You can see that there has been a wide dispersion in returns across the main asset classes over this period. If you had invested in only one asset class, some years would have been good, but others not so good. Hence by investing across a wide range of asset classes you can generate more stable and consistent long-term performance.

Asset class returns over the past 10 years

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Asian Equity 22.4%	US Equity 31.8%	US Equity 12.7%	US Equity 0.7%	US High Yield 14.3%	Asian Equity 41.7%	Global Bonds 2.6%	US Equity 30.9%	Asian Equity 25.0%	Commodities 28.8%
US High Yield 19.6%	US High Yield 7.3%	Asian Equity 4.8%	US High Yield -2.7%	Commodities 11.8%	US Equity 21.2%	US High Yield -4.1%	Asian Equity 18.2%	US Equity 20.7%	US Equity 26.5%
US Equity 15.3%	EM Sov HC 17.4%	US High Yield 0.0%	Global Bonds -3.6%	US Equity 10.9%	Equal-Weight 16.1%	EM Debt -4.7%	Equal-Weight 14.6%	Equal-Weight 10.7%	Equal-Weight 6.0%
EM Debt 14.8%	Asian Equity 3.1%	Equal-Weight -0.4%	Equal-Weight -8.6%	Equal-Weight 8.8%	EM Debt 13.9%	US Equity -5.0%	US High Yield 12.6%	Global Bonds 10.1%	US High Yield 1.0%
Equal-Weight 12.1%	Global Bonds -4.0%	Global Bonds -0.5%	Asian Equity -9.2%	EM Debt 8.7%	US High Yield 10.4%	Equal-Weight -6.7%	EM Debt 12.2%	US High Yield 7.0%	Asian Equity -4.7%
Global Bonds 1.6%	EM Debt -7.3%	EM Debt -2.3%	EM Debt -12.0%	Asian Equity 5.4%	Global Bonds 7.5%	Commodities -11.2%	Commodities 7.7%	EM Debt 4.5%	Global Bonds -7.0%
Commodities -1.1%	Commodities -9.5%	Commodities -17.0%	Commodities -24.7%	Global Bonds 1.6%	Commodities 1.7%	Asian Equity -14.4%	Global Bonds 5.9%	Commodities -3.1%	EM Debt -7.1%

Source: Standard Chartered and Bloomberg.

How much diversification is optimal for your portfolio?
In a perfect world, there would be a mathematical formula that derives the optimal level of diversification for your portfolio. While there is no precise mathematical formula, long term expected returns and correlations for different asset classes can be used to generate a good guide for you, taking into account your financial needs and risk tolerance.

However, as a guide, make sure your portfolio contains a variety of asset classes and investments that have low correlation to one another.

How can you build a diversified portfolio?

1. Foundation Portfolio
We believe every investor should start with a Foundation portfolio. A Foundation portfolio is a robust, stable, and diversified core portfolio, tailored to your unique circumstances and objectives, and which aims to deliver long term returns through investment cycles.

By building a stable **Foundation** portfolio, this helps to mitigate emotional biases and helps you avoid reacting excessively to short term market moves. A solid **Foundation** also allows you to accumulate market returns in a smart, risk-appropriate way – i.e. reduce your portfolio risks without reducing expected returns.

At Standard Chartered, Foundation portfolios are typically built using our Tactical Asset Allocation (TAA) models as a guide.

The amount of your portfolio that you allocate to your Foundation will differ from investor to investor and depends on your needs and goals. Some investors may choose to place all their investment funds into a long-term stable Foundation portfolio, as they prefer a less active approach to investing. Other investors may choose to allocate less to their Foundation, possibly investing 60%-70% into their longer-term Foundation, and the remaining 30%-40% into other more Opportunistic investments.

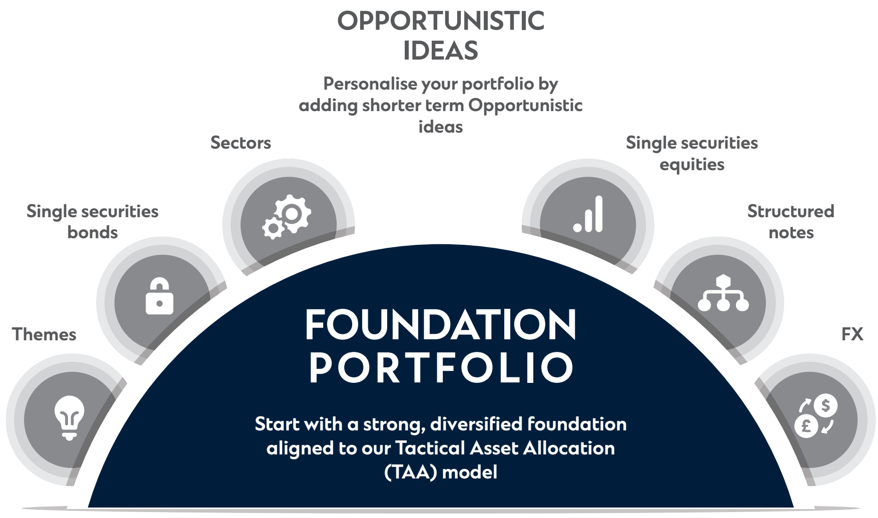
2. Opportunistic investments

Once you have built your Foundation portfolio, you can then overlay this stable base with short term Opportunistic trades (0-12 months), that may add extra income to your portfolio, improve your return profile, or add even further diversification. In the table below, we highlight some of the Opportunistic investments you can consider as overlays.

Start with a diversified Foundation and then overlay short-term Opportunistic ideas, as appropriate (based on your preferences and needs)

SC Wealth Select and portfolio construction

Lay a strong Foundation before adding Opportunistic layers



Source: Standard Chartered.

Opportunistic investment ideas
Investment objectives Improve return profile, add high income potential, or add better portfolio diversification
Short term Opportunistic investments
Single security convictions (bonds / equities)
Equity sectors
Themes
FX
Structured Notes

How do I sufficiently diversify if I only have smaller amounts to invest?
Some investors, especially those starting out on their wealth journey, may find it costly and challenging to construct a properly diversified portfolio on their own. An investor may need to buy more than 20 individual investments which requires a large financial commitment and incurs transaction costs. You may therefore consider more efficient options for investment diversification. e.g., an investment in a mutual fund can give you instant access to a well-diversified basket of investments.

So, does diversifying mean you will not have losses in your portfolio?
Diversification does not eliminate the risk of experiencing investment losses. Even the best due diligence or analysis on an investment can't guarantee it won't be a losing investment, especially in the short term. However, by investing in a broad mix of investments, investors may be able to insulate their portfolios from major downswings in any one investment and insulate against unsystematic risk.

WEALTH PRINCIPLE

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TIME IN THE MARKET

Guessing when markets have peaked or reached their lows is challenging, and even the very best market investors get this wrong. Trying to time your buying to catch the lows and guessing when the highs have been reached to sell, often leads to risky investment behaviours that can result in poor returns. It's also quite exhausting emotionally, having to watch your investments constantly, and battling the emotional highs and lows of getting your timing right (and wrong).

Time in the market, not timing the market, offers a more consistent way of generating returns. By investing for the longer term, and not worrying about daily market fluctuations, you can ride out bumps along the way. This also ensures that you don't accidentally miss some of the best performing days, which can significantly impact your overall returns. This principle goes hand-in-hand with our first principle "Discipline".

There are two ways in which time can affect your investment returns:

Time horizon – An investment may fluctuate in the short term, but such volatility will generally be smoothed out if you hold the investment over a longer time period, between 3-5 years. A well-managed investment will tend to show gains over the longer term.

Time in the market – It is not so simple to time the market. When investors try to "time the market" (attempting to identify the lowest and highest points in the market to buy and sell) it may lead to risky investment behaviour and will likely lead to poor returns versus staying invested. It may also lead to you missing some of the market's best performing days.

Does time in the market beat market timing?

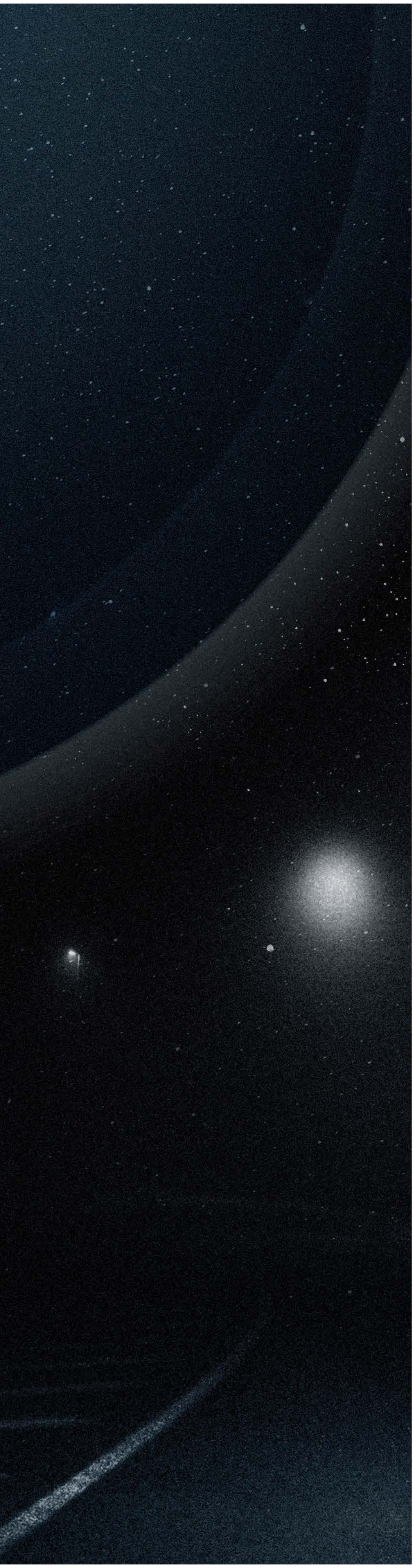
The short-term direction of stock prices is difficult to predict. It's human nature to want to time the market and buy on the lows (buy cheap) and sell on the highs, but it's very difficult, and rarely do people get it right all the time. Not only do you have to get the timing of the peak right, but you also must time the re-purchase correctly. If you get your timing wrong, you could miss out on significant returns. 'Time in the market' is a much better strategy than 'market timing' as it provides more consistent returns that can ride out bumps along the way. It's also a lot less stressful.

Market selloffs can be difficult to predict, and timing your exit and re-entry challenging

The chart below shows periods of market selloffs over the last twenty years. As the chart shows, market selloffs can be sharp, and in most cases short-lived. Timing the selling of your investments at the peak and buying back in at the trough is very challenging.

Market sell-offs over the past 20 years – MSCI World Index

Source: Bloomberg. Data as of 31 December 2021.

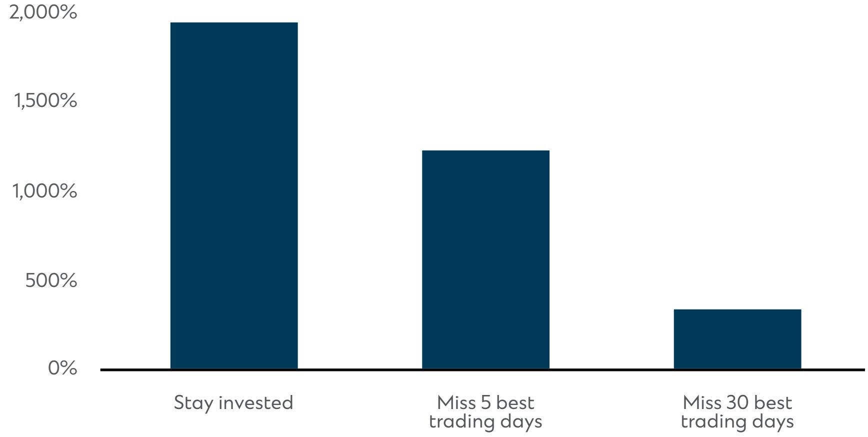


Why is time in the market important?
"Time in the market" means buying the market with a long-term view, rather than trying to guess when the market is at its lowest or highest point. Missing out on the best performing days of a market can have a significantly detrimental impact on your portfolio. In fact, studies have shown that on average, most investors tend to have poor timing and end up doing the opposite (buying high and selling low). If an investor had simply bought and held on to an investment over a longer time, they would very likely have participated in the market's best performing cycles and realized a higher investment return.

The below chart compares investor returns in the S&P500 index over the past 33 years (as of 31st Dec 2021). Those who invested for the entire 33-year period experienced a total return of 1929%, far better than those investors who missed the best performing 5 days (1219% return), and those who missed the best performing 30 days (332% return).

Example of $1000 invested in the S&P 500 index from 1 Jan 1988 to 31 Dec 2021

Remaining invested over time versus trying to time the market and missing out on the best performing days



Source: Bloomberg. Data as of 31 December 2021.

How do you avoid investing at the wrong time?
Although time in the market is a better strategy than timing the market, we also understand the fear of getting your investment timing wrong. Given the unpredictability of markets, it's entirely possible that if you invest today, that you may have a better entry-point tomorrow or next week. However, this also works the other way. If you wait to invest, you may miss out on an opportunity to buy at a lower price if the market goes up tomorrow – hence it is impossible to predict in advance the perfect entry point.

Although markets have generally proven that over time they appreciate, and that the longer you remain invested the better your likely returns, it is important to keep in mind that your initial entry point matters.

Compound interest is the eighth wonder of the world. He who understands it, earns it. He who doesn't, pays it.

– Albert Einstein

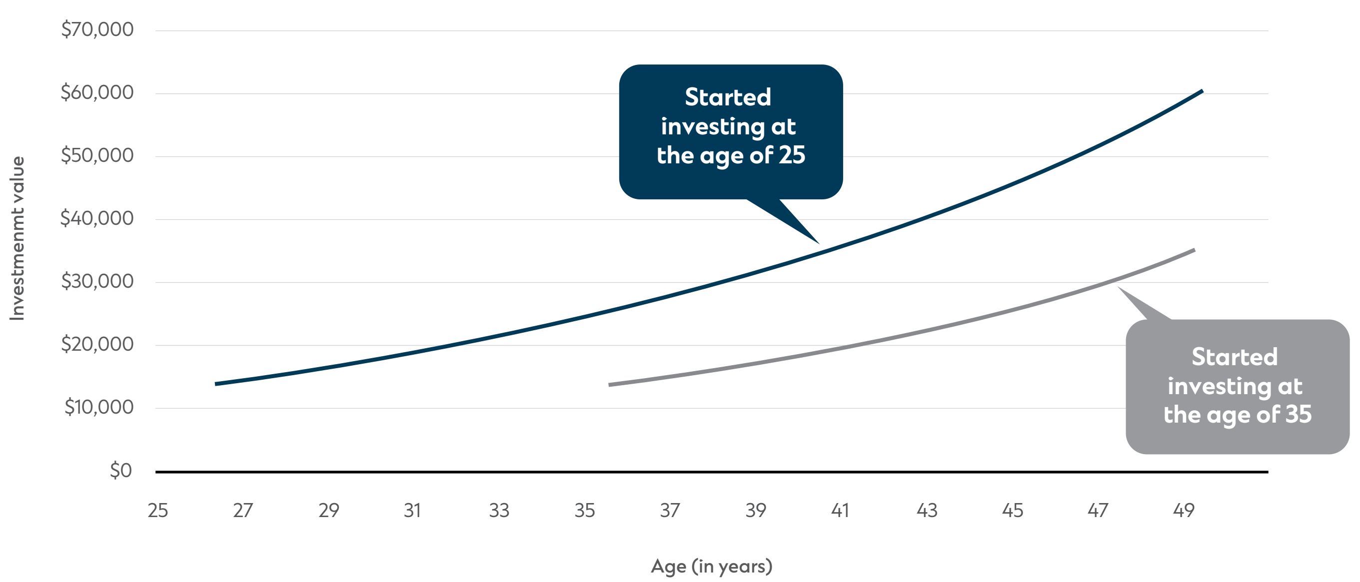
Dollar Cost Averaging to avoid timing risk
A similar piece of advice covered under our first principle "Discipline", for those investors wanting to avoid 'timing risk', is to consider averaging your purchases ('Dollar Cost Averaging') by drip-feeding savings into investments on a regular basis, agreeing in advance the frequency of your purchases. This will provide you with an average entry price over time and reduces the impact of market fluctuations and timing. If bonds or equities sell off, you can accelerate the purchases taking advantage of the lower prices. When the market recovers your portfolio will have more holdings and your portfolio will be worth more.

Time in the market and the power of compounding
Albert Einstein famously once stated that "Compound interest is the eighth wonder of the world. He who understands it, earns it. He who doesn't, pays it." Compounding is the addition of interest to your original investment amount. Rather than paying out your interest, it is simply added to your principal, so that the interest earned in the next period is earned on the principal plus your interest. Think of it as 'interest on interest'. Quite simply, the longer your money remains invested, compounding allows returns on your invested money to generate returns of their own.

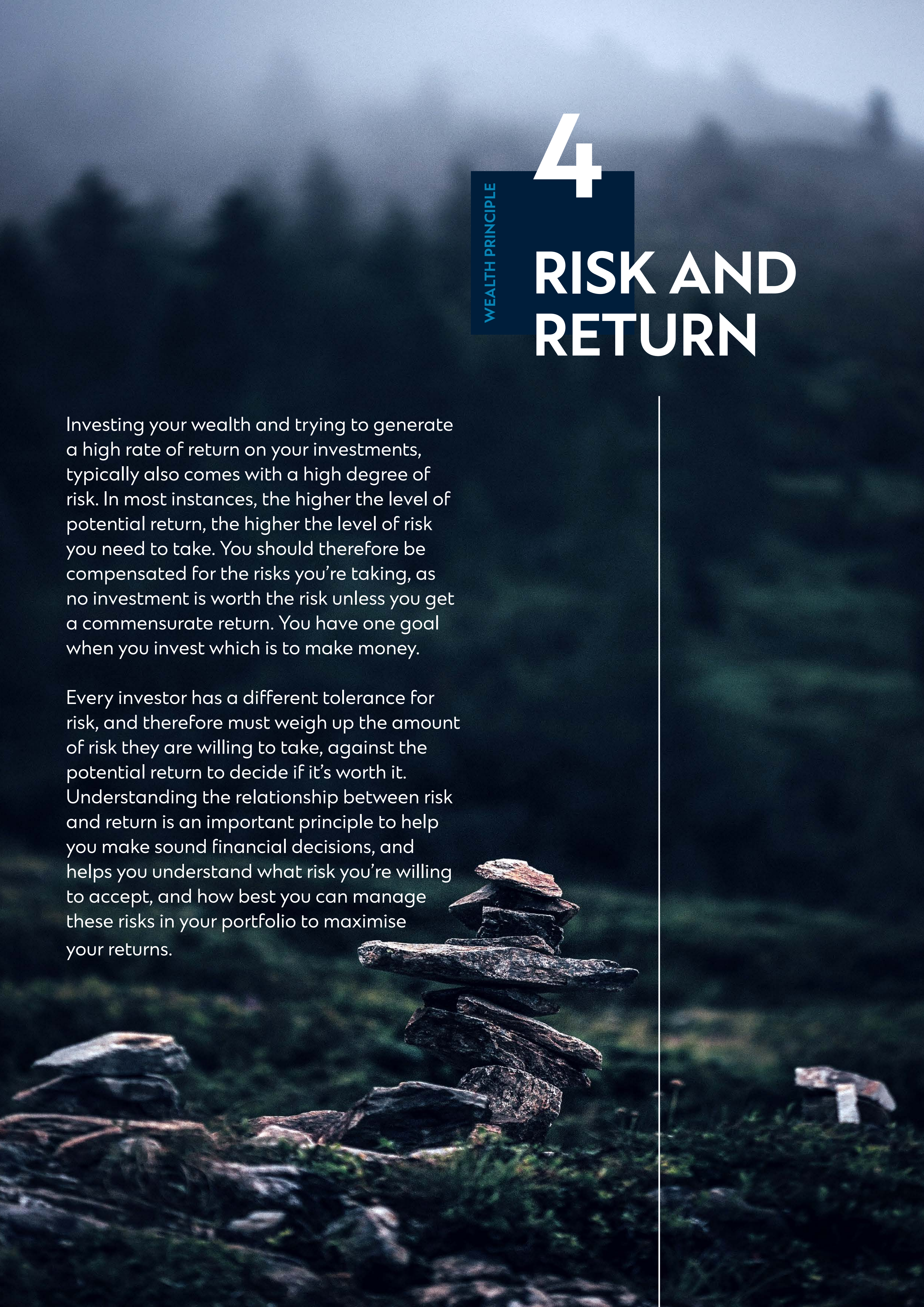
An example of this is as follows – If I invest $15,000 today and my annual rate of return is 5.5%pa, at the end of Year 1 my investment will be worth $15,825. At the end of Year 10, it will have grown to $25,622.17, and after 20 years will be worth $43,766.36.

The chart below shows the importance of time on compounding and illustrates the difference in wealth generated by starting to invest at an early age versus investing ten years later. Starting with the same investment amount, if you invest at the age of 25 years, versus starting at 35 years, compounding will significantly improve your overall investment value.

Illustrated compounding growth of $15,000 invested at the age of 25 and 35 respectively in an investment which returned 5.5% annually



Source: Standard Chartered.



WEALTH PRINCIPLE

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RISK AND RETURN

Investing your wealth and trying to generate a high rate of return on your investments, typically also comes with a high degree of risk. In most instances, the higher the level of potential return, the higher the level of risk you need to take. You should therefore be compensated for the risks you're taking, as no investment is worth the risk unless you get a commensurate return. You have one goal when you invest which is to make money.

Every investor has a different tolerance for risk, and therefore must weigh up the amount of risk they are willing to take, against the potential return to decide if it's worth it. Understanding the relationship between risk and return is an important principle to help you make sound financial decisions, and helps you understand what risk you're willing to accept, and how best you can manage these risks in your portfolio to maximise your returns.

If you wish to achieve higher investment returns, you will have to accept a greater level of risk in your portfolio.

What is risk?

Life is not without risks – we face risks every day. In life, if you spent your entire time avoiding risk, such as refusing to drive a car for fear of a crash or avoiding going outside for fear of catching an illness, you would dramatically reduce your risk of illness or death. But you would also dramatically reduce your ability for enjoyment in life. Therefore, there is a trade-off between risk and reward.

Investing is also not without risks. Risk is the chance that an investment or portfolio may not return what you expect it to return. The possibility that it may not perform as well as you'd like, or that you'll end up losing money.

However, not investing also poses risks. By not investing, or keeping your money in cash or deposits, you'll fall behind the pace of inflation, you'll lose purchasing power, and you'll greatly reduce your chances of achieving your life-time goals.

Therefore, just as in life, there is a trade-off in investing between risk and reward.

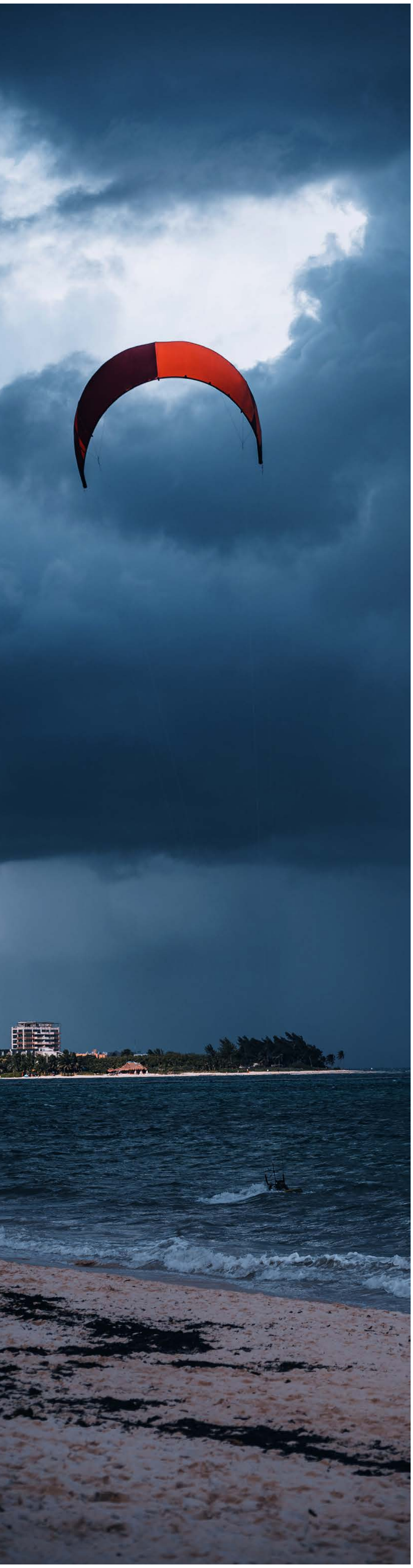
It is important to note that if you wish to achieve higher investment returns, you will have to accept a greater level of risk in your chosen portfolio. However higher risks do not automatically translate into higher returns. Riskier investments may present the possibility of superior returns, but higher risks are no guarantee for good performance.

It is also important to understand that your risk appetite or tolerance will likely change over time, as you move through the various life stages. Hence it is important to review your risk appetite regularly to ensure you have an appropriate asset allocation in your portfolio.

What types of investing risks should you be aware of?

There are a range of risks associated with investments. Although not exhaustive, some of the main risks include general market risk; geopolitical risk, liquidity risk, interest rate risk; FX risk; inflation risk, concentration risk, regulatory risk, default risk by companies, and sustainability/ESG risk.

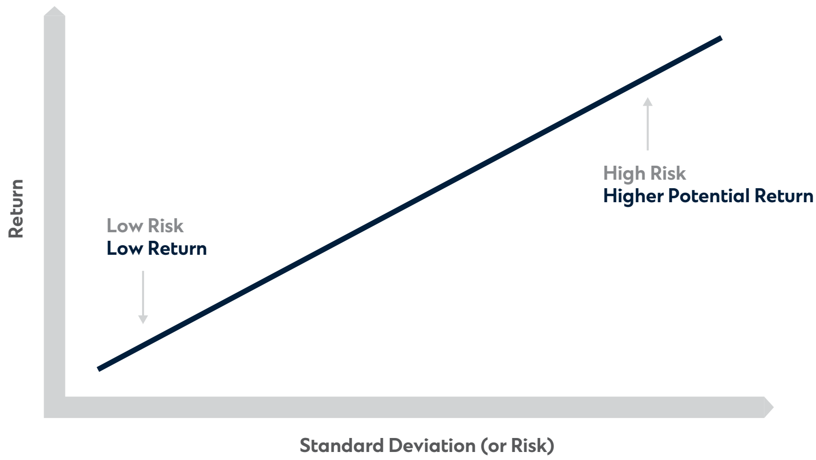
Considering environmental, social and governance (ESG) factors in one's investments is no longer a nice to have and is especially important when it comes to managing long term risks. Reputational risk is growing in its impact on companies and one study found that ESG controversies wiped off $500b off the value of US companies. Climate risk is another growing risk. According to a report from the Carbon Disclosure Project (CDP), climate change risks will cost businesses up to US$120 billion in the next 5 years alone by disrupting supply chains. This has yet to include costs incurred during extreme weather events which can impact physical properties that companies hold.



How do you balance the risk-return trade-off?
A common dilemma in investing is balancing your desire for the lowest possible level of risk (lowest likelihood of the investment losing money) with the highest possible returns. This is known as the 'Risk-Return trade-off'. In general, lower levels of risk are associated with lower potential returns and higher levels of risk are associated with high potential returns.

The below chart shows the risk/return trade-off for investing, showing the correlation between standard deviation (risk) and potential returns. Investors should consider the risk-return trade-off on individual investments as well as across portfolios when making investment decisions.

Risk/Return Tradeoff



Source: Standard Chartered.

How can I reduce risk in my investments?
The most basic and effective strategy for minimizing risk is diversification. Diversification is one of our key Wealth Principles and is used to reduce the chances of loss by spreading your risk across a variety of asset classes and investments that have a low correlation to one another. A well-diversified portfolio consists of different types of assets from diverse geographies and industries that have varying degrees of risk and correlation with each other's returns.

Investors interested in sustainable investing can also consider investment products that integrate ESG into its investment process. ESG is not a separate asset class, rather it is a way of investing, which takes into consideration potential ESG risks and opportunities, alongside traditional financial analysis.

How do I build a portfolio that combines the appropriate level of risk and return suited to me?
Before you start to build your portfolio, you must assess your appetite for risk. Your risk appetite is your tolerance level for fluctuations or drawdowns within your portfolio, as well as your financial capacity to take the risk given the time horizon you have. Are you comfortable with a fair amount of market volatility, or do you prefer a calmer ride? By assessing and understanding your risk tolerance, you will get a good guide as to the types of assets that are suitable for your portfolio. This must also be assessed in combination with your return expectations, to ensure that there is not a mismatch between what you want to earn in returns versus your appetite for risk.

After you've assessed and understood your risk tolerance, the key to successful investing is in understanding the risks in your portfolio and managing these risks on an ongoing basis.

Standard Chartered's risk rating scale

Rating	Investment Profile	Description
1	**Risk Averse** 	Your sole objective is to preserve your capital and achieve returns based on prevailing deposit rates which may or may not keep pace with the rate of inflation. You are not willing to invest in any products where your capital is at risk at any point in time.
2	**Conservative** 	You seek to achieve deposit rate returns and protect your capital against inflation. You are willing to accept very low level of investment risk over the medium term. The value of your investment can and may fall below your original investment amount. While volatility is expected to be low, short-term losses may be higher.
3	**Moderate** 	You seek to achieve low to moderate level of capital growth on your investments and you are willing to accept low to moderate level of investment risk over the medium to long term. The value of your investments can and may fall below your original investment amount. While volatility is expected to be moderate, short-term losses may be higher.
4	**Moderately Aggressive** 	You seek to achieve moderate to high capital growth on your investments and you are willing to accept moderate to high level of investment risk and volatility over the short, medium and long term. The value of your investments can experience high levels of investment risk and volatility and may fall substantially below your original investment amount.
5	**Aggressive** 	You seek to achieve high capital growth on your investments and you are willing to accept very high level of investment risk and volatility over the short, medium and long term. The value of your investments can experience very high levels of investment risk and volatility and may fall substantially below your original investment amount.
6	**Very Aggressive** 	You seek to achieve exceptional capital growth on your investments and you are willing to accept extreme level of investment risk and volatility over the short, medium and long term. The value of your investments may fall substantially below your original investment amount, with the potential that you may lose the entire value or more than the entire value of your original investment amount.

Source: Standard Chartered.

WEALTH PRINCIPLE

5 PROTECTION

Protecting the value of what you have, and what you will generate in the future, is an important principle to help manage and grow your wealth. Protection should offer you the ability to overcome times of financial uncertainty and mitigate the long-term impact of unforeseen events on your wealth.

You can achieve this by having a well-designed plan that covers you and your loved ones in the future, therefore protecting your legacy from unexpected events. A good protection plan should not only protect your wealth today, but also consider the value of your future earnings over your lifetime, in today's terms. It should provide a safety net, shielding both your wealth and future earnings capacity, ensuring that your financial goals are not side-tracked or delayed due to unforeseen life events. And it is also a great tool to ensure systematic planning for future needs, including leaving behind a legacy for your loved ones.

Why is protection important?
It's human nature to want to improve the quality of life for yourself and your loved ones. It is also natural to want to continue to provide for future generations as part of your desire for legacy, especially if you are a key provider, and loved ones are relying on you financially.

When considering the best way to achieve this, it's important to not only focus on your financial capital – the wealth that you will grow over time through investing. But also focus on the human capital you contribute – the value of the future income you will earn (which then gets converted into financial capital over time). You should consider ensuring that the value of your future income is protected against unforeseen circumstances, today.

Even though you may feel healthy now, or you may feel financially stable, protection addresses the ability to comfortably deal with unforeseen events. It's worth asking yourself the following questions, when thinking about the importance of protection.

What if I, or one of my family, fall ill and our medical costs rise significantly?

- Can I comfortably cover these medical expenses?
- Will I still be able to fund my children's education?
- Will I be able to continue maintaining the lifestyle that my family and I are used to?
- Will I still be able to pay my mortgage repayments?

What if I succumb to premature death?

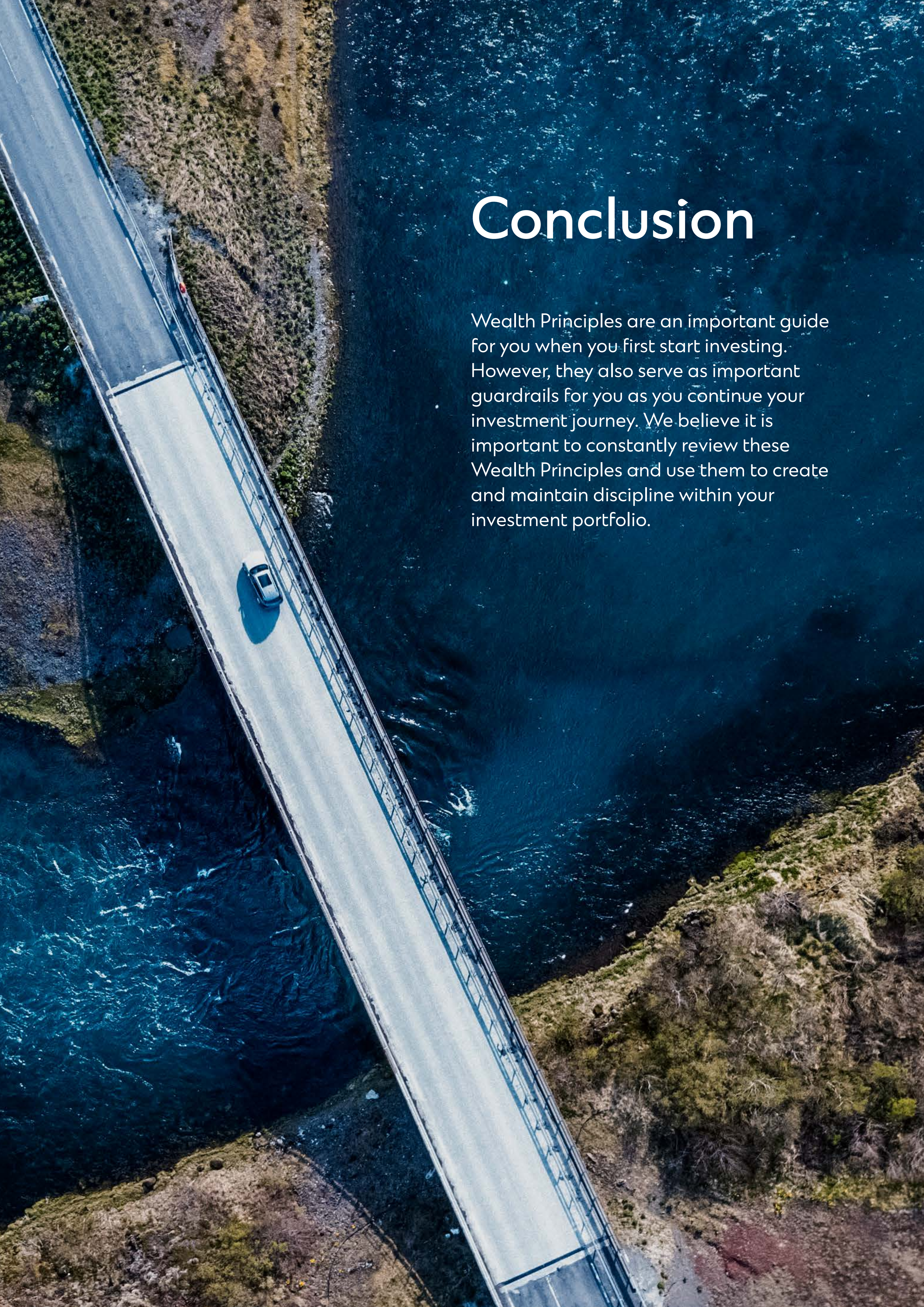
- Will my family and loved ones be taken care of financially?
- Will my business continue to operate, or could there be cashflow issues?
- Can my funeral costs be covered comfortably?

What if I live longer than I anticipated?

- Will I have enough money for retirement?
- Will I be able to fund all my life-needs and continue to live comfortably?

What can a focus on protection in your wealth plan offer you?
There are a broad range of ways that you can add protection into your wealth plan to help mitigate the fear that some of the questions above may cause. It is important to speak with your Relationship Manager about the protection options available and select those that suit your needs and requirements.

By incorporating protection into your overall wealth plan, you can:
1. Provide protection against life's uncertainties
2. Bring peace of mind
3. Bring more certainty and discipline to financial planning



Conclusion

Wealth Principles are an important guide for you when you first start investing. However, they also serve as important guardrails for you as you continue your investment journey. We believe it is important to constantly review these Wealth Principles and use them to create and maintain discipline within your investment portfolio.

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