INVESTMENT GUIDELINES

January 2024

JANUARY 30, 2024

TRURO WEALTH

Global Wealth Builder Model Portfolio	
Investment Strategy	The model portfolio offers an investment opportunity in a share portfolio of high-quality companies. We allocate capital to these companies based on our robust investment process recommendations. The model portfolio will target a quality-value investment style bias over a business cycle. Our investment philosophy is based on the hypothesis that markets can be inefficient at pricing high-quality companies in the short term. Market sentiment and short-term hurdles weigh heavily on most investors' minds. This results in a disconnect between the price of the share and its true value (intrinsic value). The strategy seeks to exploit this disconnect by investing in companies with an advantageous industry positioning, sustainable earnings and cash flow growth, a history of generating cash returns for clients and trading at suitable discounts to their estimated intrinsic value. These companies are often better placed to reinvest through the economic cycle, less reliant on borrowings, and consistently return money to shareholders. Our investment process is both disciplined and rigorous. We use a blend of fundamental and quantitative share selection and a machine-learning risk management system to create a portfolio of approximately 50 (a minimum of 30 and a maximum of 70) shares that align with our investment philosophy and objective.
Client Appeal	The benefits of investing in the model portfolios include: • Access to the expertise of an experienced specialist investment team. • Access to a model portfolio not part of a generalised collective investment scheme (e.g. unit trusts). • Using active portfolio management, unbound by external indices, allows investments in companies that meet our investment philosophy and are identified as suitable investments by our robust investment process. • Access to an investment process that applies suitable and rational risk controls. • Invitations to receive regular client reports on the performance and type of investments made. • Investors maintain full control of investments made on their behalf. Unlike unit trusts, which represent a pro-rata basket of shares, investors hold the underlying shares. • We are increasing investors' flexibility in allocating away from large "cookie-cutter approach" fund managers to cost-effective bespoke outsourced portfolio managers.

Global Wealth Builder Model Portfolio	
Investment Objective	The investment process invests in a concentrated global share portfolio that offers long-term returns above the MSCI All Country World Index (ACWI) USD.* *Please note that the investment objective should not be used as a forecast. It is only a comparative indication of the model portfolio strategy's goals. Returns are not guaranteed.
Investor Suitability	This model portfolio suits investors seeking high-conviction, quality-value exposure to global shares. Investors should be unconcerned with short-term relative performance (< 3 – 5 years) or any regard for a benchmark index and growth investment style. Investors need to have a high-risk tolerance.
Benchmark	MSCI All Country World Index (ACWI) USD. Please note that the model portfolio is constructed and managed without regard to the abovementioned index. It is only an indication of what the strategy aims to achieve.
Minimum Investment Time Frame	The minimum investment time frame is seven years. ** **This is a suggested time frame for using the model portfolio to see its full benefits. Investors can cease using our model portfolio at any time.
Risk Level of the Model Portfolio	The model portfolio has a strong focus on capital preservation. Despite this, investors risk losing some or all of their investments. High-risk investments tend to fluctuate in the short term. They can, however, produce higher returns over the longer term. Please seek proper financial advice when considering whether this product is suitable.
Asset Allocation Guidelines – at rebalance	
Asset Allocation	The model portfolio will invest between 90% and 100% in global listed shares. Cash level limits are between 0% and 10%.
Market Capitalisation	The model portfolio will only include investments where the individual company market capitalisation is above USD 1bn and has a minimum average daily volume of USD 5mn. This reduces the risk of investors being unable to efficiently trade in and out of their shares.
Portfolio Diversification	The portfolio will hold, on average, 50 shares (minimum of 30 and maximum of 70).
Maximum allowed positions	There will be no direct share exposure greater than 10% to any company. No more than 5% of the issued capital of a company shall be held. Sector, country, and regional weights are the results of bottom-up share selection and are unconstrained.
Rebalancing Frequency	The portfolio will be traded at the end of March and September (with a six-week grace period). Given periods of high market volatility, we reserve the right to conduct intra-quarter rebalances. This ensures that our best ideas are reflected in the portfolio and that investors can maximise the opportunity to generate long-term returns.

Global Wealth Builder Model Portfolio	
Distributions	The portfolio will make all distributions available to investors every quarter.
Fees	1% p.a. This fee is not all-inclusive. Investors will face transaction, bid-ask spread, and taxation costs.
Minimum Investment	ZAR 500,000
Monitoring and Reporting	We will issue quarterly performance newsletters to our clients. These will be available via our website under the communications quarterly reports section.

Market Conditions and Risks	All investments carry risk. Different investment strategies may carry different levels of risk, depending on the assets acquired under the model portfolio. Assets with the highest long-term returns may also carry the highest level of short-term risk. Investors need to consider the risks below and their willingness to bear them.
	
	• We do not guarantee the liquidity of the investments, repayment of capital, rate of return, or the model's investment performance. The value of the model portfolio investments will vary. Returns are not guaranteed, and investors may lose money by investing in the model portfolio.
	• The level of returns will vary, and future returns may differ from past or back-tested returns. The structure and the administration of the model portfolio offering are subject to change.
	• We do not consider the investors' financial situation (including tax and estate planning). We also do not offer advice related to individual investors' financial situation. If you require personal financial or taxation advice, please get in touch with a licenced and experienced financial or tax adviser.
	• **Company Specific Risk**
	  ○ There may be instances where a company's share prices fall in value for a company-specific reason (for example, where management suddenly resigns). The value of a company's share can vary because of changes to management, product, distribution, or its business environment. **It is important to remember that the investment process used is about share selection. As a result, there will be high company risk.**
	• **Concentration Risk**
	  ○ The benefit of buying several different shares is to reduce the volatility of a single individual investment. As the model portfolio has exposure to a concentrated portfolio of shares, it may sometimes experience higher volatility than more diversified investments.
	• **Share Selection Risk**
	  ○ At times, the portfolio manager team may make poor investment decisions. This will result in poor investment returns (for example, where the portfolio manager invests in a company that significantly underperforms the share market). This risk is mitigated to some extent by the knowledge and experience of the portfolio manager team.

Global Wealth Builder Model Portfolio	
Investment Process Review Mechanism	Investment processes, like any other processes, can always be improved upon. There are several ongoing academic and practical investment process enhancements. We will strive to enhance our investment process continually. In doing so, we will make incremental adjustments to our investment process, ensuring we continually align our investment philosophy with stated investment objectives.

Stable Income Model Portfolio	
Investment Strategy	The model portfolio offers an investment opportunity in a share portfolio of high-quality companies. We allocate capital to these companies based on our robust investment process recommendations. The model portfolio will target a quality-value investment style bias over a business cycle. Our investment philosophy is based on the hypothesis that markets can be inefficient at pricing high-quality companies in the short term. Market sentiment and short-term hurdles weigh heavily on most investors' minds. This results in a disconnect between the price of the share and its true value (intrinsic value). The strategy seeks to exploit this disconnect by investing in companies with an advantageous industry positioning, sustainable earnings and cash flow growth, a history of generating cash returns for clients and trading at suitable discounts to their estimated intrinsic value. These companies are often better placed to reinvest through the economic cycle, less reliant on borrowings, and consistently return money to shareholders. Our investment process is both disciplined and rigorous. We use a blend of fundamental and quantitative share selection and a machine-learning risk management system to create a portfolio of approximately 50 (a minimum of 30 and a maximum of 70) shares that align with our investment philosophy and objective.
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Investment Objective	The investment process invests in a concentrated global share portfolio that offers stable USD-based dividend income and total returns that exceed the MSCI All Country World Index (ACWI) USD.*

Stable Income Model Portfolio	
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Stable Income Model Portfolio	
	• **Dividend Payout Risk** ○ Investors should be aware of the risks associated with companies suddenly being unable to pay dividends. Factors such as adverse economic conditions, financial distress, or changes in business performance may impact a company's ability to distribute dividends. Unforeseen events or shifts in market conditions could result in the suspension, reduction, or elimination of dividend payments, potentially negatively impacting the overall return on investment. Investors should carefully assess the financial health and stability of the companies in their portfolio to mitigate the potential impact of such unforeseen circumstances.
Investment Process Review Mechanism	Investment processes, like any other processes, can always be improved upon. There are several ongoing academic and practical investment process enhancements. We will strive to enhance our investment process continually. In doing so, we will make incremental adjustments to our investment process, ensuring we continually align our investment philosophy with stated investment objectives.