

# Investment Process

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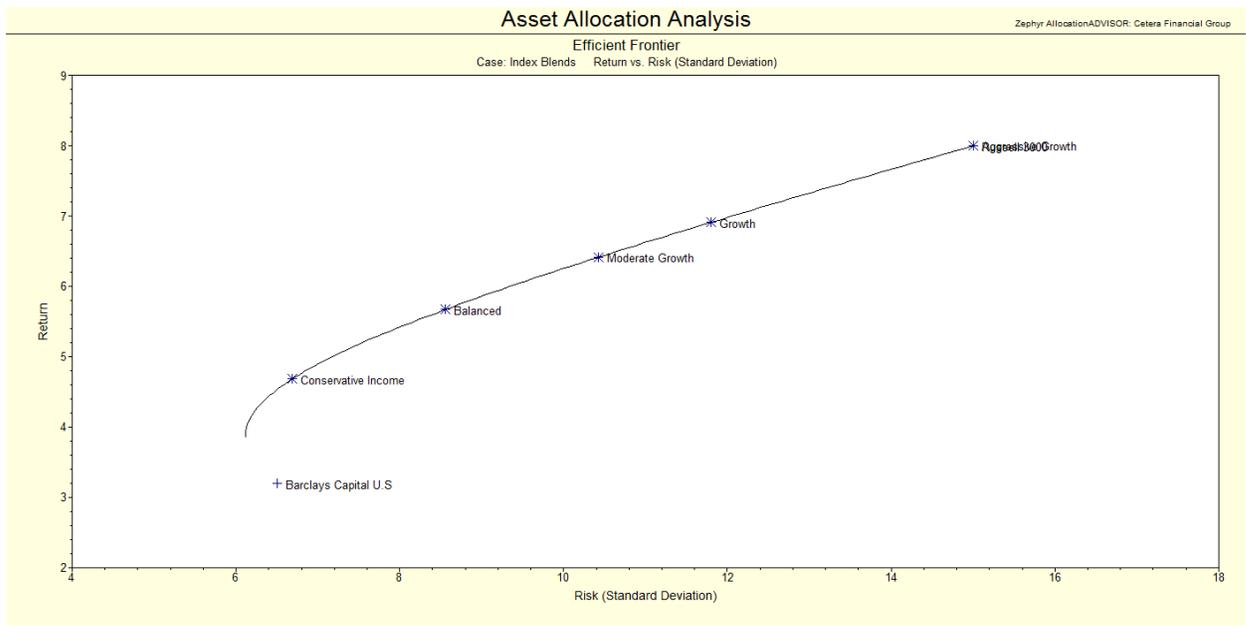
We are in the business of helping people reach their goals. This can mean a lot of things, whether it is helping make decisions on what debts to pay off first or which investments to potentially maximize returns. Our focus is on managing risk. We do this through understanding our clients' needs and partnering with other investment professional teams across the country to deliver a personalized custom service with the leveraged resources that can only be found within a fortune 500 company.

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# Strategy

In helping our clients reach their goals and objectives in life, it is important for us to manage the risk we are taking with their savings. We first define the objectives of each model and set a base asset mix of stocks, bonds, and alternatives. This asset mix diversifies the risk of holding only a few investments and reduces the correlation to the broader stock market. We use the efficient frontier to gauge the risk/reward aspect of our portfolios. Through systematic diversification and tactile portfolio weights, we aim to achieve a superior risk adjusted return over time against the market.

(Below is an Efficient Frontier Model. The line shown represents the highest expected return of a portfolio given the level of risk or standard deviation taken on. It is comprised of an “optimal” set of investment options. Any portfolio below the line indicates the portfolio is “sub-optimally” allocated and isn’t properly diversified.)



*It is important to remember that Asset Allocation is an investment strategy, and will not guarantee a profit or protect you from a loss. It is driven by complex mathematical models, and should not be confused with the much simpler concept of diversification*

## Models

**Balanced Total Return:** This model is designed to be diversified, defensive, and have an income component to it as a means of pursuing a positive even in flat markets. Investment horizons are focused at an intermediate term as clients near or have reached the point where they are drawing from their savings. The model is a strategic allocation built for risk adverse investors wishing to mitigate major downturns in the market while still participating in some of the upward growth.

**Moderate:** The moderate model uses a blending of equities, fixed income or income related securities, and alternative investments to provide growth and stability. It is positioned with numerous long hedges to pursue a reasonable level growth throughout multiple phases of the economic. The model is intended for investors with an investment horizon of more than five years.

**Moderately Aggressive:** This model is more aggressive and equity focused allocation with minimal exposure to fixed income. Generally has a long term investment focus, but relies more heavily on the tactical portion of investing which takes into account items that should take effect in less than a year. This model is designed for investors with a higher risk tolerance attempting to grow their principal over a long time period.

*All investing involves risk, including the possible loss of principal. There is no assurance that any investment strategy will be successful.*

## Fundamental Investing

Fundamental investing is a type of investment research that involves breaking down the components driving individual companies. Through either a top down or bottom up approach (top down meaning looking at the global economy and refining your data more and more till you are looking at individual companies or vice versa for bottom up) we look for opportunities to invest in securities that are relatively undervalued and/or have valuable prospects through future growth. It involves financial statement analysis, sector analysis, corporate governance, local legislation, etc.

## Tactical Investing

Tactical investing takes advantage of trends within the market. There are many ways to identify and classify trends. It can be through comparing financial ratios, technical analysis, momentum indicators, credit spreads, etc. The outlook and purpose of this type of investing is to find anomalies in market prices that should correct in less than a year's time.

## Investment Manager Selection

We have described our current market environment and what direction we feel these events will take us looking forward. We also have shown how we allocated our models across the risk spectrum. The next

portion of our investment process is to identify managers that share a similar investment philosophy to our own. We accomplish this through screening the entire fund space for a given asset class. Through identifying managers with strong objective focus, historically competitive track records, strong risk reward metrics, and attractive pricing, we provide our clients with an insightful, unbiased lineup of investment professionals to make the day to day trading decisions. Our goal is first classify our clients' financial objectives then to find the managers who align with our own philosophy to make sense and help our client's reach their goals.

## **Discretionary Platform Trading**

Throughout the entire financial service industry, one of the biggest concerns coming from clients is if their financial advisor is watching their portfolio and making changes as needed. This is a concern we want to approach through managing a small set of models and attaching them appropriately to our clients. This process increases our efficiency by allowing us to evaluate the investment allocation, risk, and performance and enables us to be proactive across all of our clients' accounts regardless of account size or the timing of their next meeting with us.

Changes to individual investments will no longer be made during the meetings. Instead, we are delivering our economic outlook and investment strategy in real time to our models. One of the benefits of managing models is we can place each investment under a magnifying glass and leverage our resources with those of other financial entities to establish a sophisticated process to investing. We hope to provide a deeper level of investment research and commentary to our clients by including thorough analysis and reasoning whenever changes are being made. Our goal is to address the concerns our clients have, let them know their financial advisor is actively managing their account, and hopefully achieve higher invest returns.

## **Disclosures**

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*Past performance is not an indication or guarantee of future results.*

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