

# Professional Money Management: Cornerstone

*The team brings a disciplined and institutional-quality approach to investment management. With decades of experience, we believe the process has withstood the tough economic periods while excelling during periods of growth and expansion. Our process for selecting your investment managers and indexed solutions begins with your plan.*

## Investor profile

- We develop a specific profile of your characteristics as an investor beginning with risk tolerance and time horizon.

## Asset allocation model

- Utilizing your Investor Profile, we create a mix of asset classes designed to align with your tolerance for risk.
- This allocation is based on the Efficient Frontier Model, for which the author was awarded a Nobel Prize<sup>1</sup> and is actively updated.

## Investment manager selection – passive and/or active management

- Appropriate passive and/or active managers are selected, and your assets are deployed to them in accordance with the percentages determined in your Asset Allocation Model.

## Performance review

- The performance of your individual holdings and overall portfolio are compared to the appropriate indexes.
- Your Investor Profile is updated to reflect any major changes.
- Your assets are re-allocated or re-balanced as necessary. Forced rebalance during market corrections is discussed.
- Help ensure your investments are still based on your updated Investor Profile and Asset Allocation model.
- Check that you're on track to meeting your long term aspirations.
- Oversight is used for both manager selection and removal from managed platform.

## Tax efficiency strategies

- We have a keen awareness of after-tax return.
- We employ tax loss harvesting in order to help minimize realized capital gains and potentially create loss carryforwards when appropriate.
- ETFs may provide an increased tax efficiency due to their structure and how they are traded.

While past performance does not guarantee future results, historical performance data is available for each passive and/or active investment vehicle. Once your asset allocation has been determined, a hypothetical illustration will be provided for your recommended portfolio.

<sup>1</sup> Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns. Source: Brinson, Singer and Beebower, "Determinants of Portfolio Performance," Financial Analysts Journal, May/June 1991. Note: this study was conducted on large pension plan portfolios.

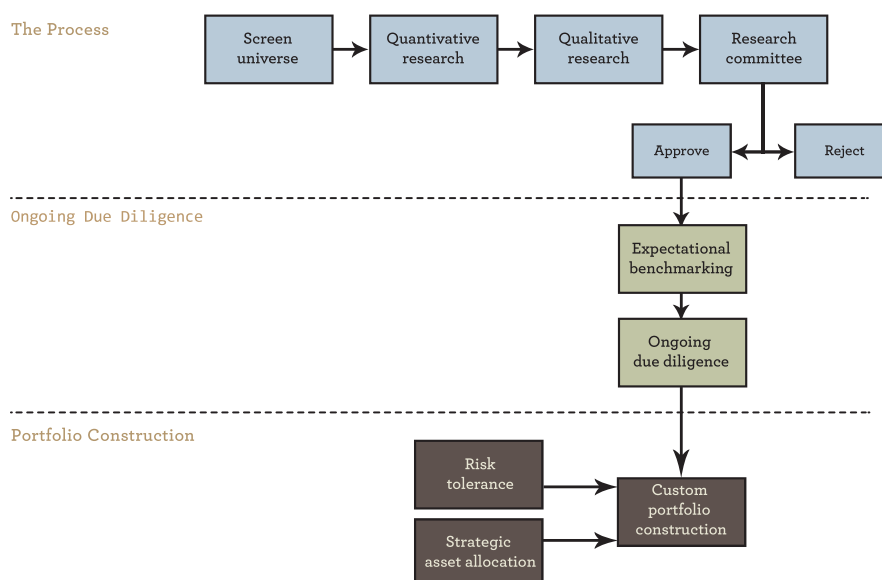
## Due diligence

Wells Fargo Advisors' Financial Network's rigorous due diligence process carefully screens outside professional money managers as well as passive index ETFs. The screening process looks at over two hundred quantitative and qualitative metrics before a money manager or ETF is "allowable" and available for purchase.

### This screening process includes:

- In depth review of credentials both at analyst and manager levels
- Stringent tests of investment style
- Examining each manager's performance record
- Tracking the consistency of the returns in varying market conditions
- Evaluating and monitoring the level of risk taken by the manager, measured against the value of returns generated.
- Screening is ongoing—once a manager/ETF is "allowable" it continues to be monitored and may be removed if it no longer meets the rigorous selection criteria.

We believe examining past performance is necessary, though a poor guide to future results. Our analyses and recommendations are objective, based on unbiased research.



## Portfolio Construction

Our portfolios consist of both actively managed portfolios and passively managed exchange traded ETFs. This combination allows for the benefits of both types of investing. There have been decades when active management outperforms and decades when passive outperforms.

Combining both strategies, we strive to minimize overall volatility, participate in whatever style is in favor and rebalance between the two strategies at least yearly. Also, index ETFs can help with tax efficiency. Coupled with our active portfolios where we can tax loss harvest, it allows for a tax efficient mix. We are here to help navigate the markets with our disciplined, time-tested approach.

Exchange-Traded Funds are subject to risks similar to those of stocks. Investment return may fluctuate and are subject to market volatility, so that an investor's shares, when redeemed, or sold, may be worth more or less than their original cost. Exchange Traded Funds may yield investments results that, before expenses, generally correspond to the price and yield of a particular index. There is no assurance that the price and yield performance of the index can be fully matched.

### To learn more, please contact:

**Robert L. Karp, CFP®, CRPC®, AIF®**  
CEO, Managing Partner  
Phone: 212-205-2876  
Email: [robert.karp@wfafinet.com](mailto:robert.karp@wfafinet.com)

**Vincent M. DeSimone, CFP®, CRPC®, AIF®**  
Managing Director, Partner  
Phone: 212-205-2879  
Email: [vincent.desimone@wfafinet.com](mailto:vincent.desimone@wfafinet.com)