

Advisory Programs* Investment Approach & Process

Investment Approach*

We partner with each client to develop and execute an investment approach that is:

- 1. Goal Focused**
We manage each portfolio for a specified goal; we don't simply chase returns.
- 2. Plan Driven**
We make decisions based on your plan, not based on economic and/or market predictions.
- 3. Asset Allocation Guided**
We tailor each plan to optimize return for the appropriate level of risk.



Investment Process*

Our investment process is based on industry best-practices and leverages institutional quality research, screening and selection.

■ Manager Screening

- Quantitative analysis narrows the universe of managers to those who have consistently outperformed their benchmark while effectively managing risk
- Our proprietary fund scoring system evaluates:
 - Risk (Std Dev., Sharpe Ratio, etc)
 - Style Consistency
 - Expenses
 - Return (including performance consistency)
 - Management Tenure

■ Mgr/Fund Selection

- Qualitative analysis across the remaining managers helps identify managers that are aligned both internally and with our investment philosophy
- Evaluation topics include:
 - Portfolio turnover and strategic approach (market timing v. disciplined investment strategic, philosophy and process)
 - Strength of fund manager incentive alignment
 - Concentration of holdings in certain stocks, sectors, and/or geographies

■ Asset Allocation

- Our diversification strategy is specific to each individual and the goals of the portfolio(s)
- We diversify our clients' portfolios across the 9 primary asset classes
- We never own enough of any one thing to make a killing, nor enough of any one thing to get killed
- We hedge inflation risk through exposure to real estate and commodities, which are two asset classes that have a low to negative correlation to equities and fixed income

■ Portfolio Construction

- Active and Passive: We invest in both actively managed funds we have strong conviction in and lower cost index funds in asset classes where manager differentiation and/or consistency is harder to find
- Portfolio Optimization: We pay attention to correlations across funds to limit redundancies

■ Ongoing Monitoring & Rebalancing

- Monitor for and identify concerns that might warrant fund replacement
- Minimize portfolio drift and maximize efficiency through systematic re-balancing
- Review portfolio goals regularly; adjust as necessary
- Through regular and disciplined re-balancing, we keep the portfolio within the specified risk spectrum and on target within the specified asset class

Added Value.

Where We Add Value

We offer comprehensive, coordinated planning through Multi-Generational Planning style service and boutique solutions, including:

Financial Planning	Identifying values, motivations, and sensitivities to determine appropriate financials goals and strategies to achieve them
Retirement Planning	Identifying savings targets and options to give you peace of mind around your retirement plan
Insurance Planning	Identifying financial risks and implementing risk management strategies to protect you and your family
Investment Management	Implementing a strategic, coordinated and disciplined approach to managing your wealth
Tax Planning**	Identifying and implementing strategies and products to maximize tax efficiency in wealth accumulation and income distribution
Income Distribution	Developing and implementing strategies to effectively and efficiently meet your income needs through retirement
Strategy	Maximize wealth transfer across scenarios

*Advisory program assets are under management of Northwestern Mutual Wealth Management Company

**Financial Representatives do not render tax advice. Consult with a tax professional for tax advice that is specific to your situation.

All investments carry some level of risk including the potential loss of all money invested, and no investment strategy can guarantee a profit or protect against loss.

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