



Investment Allocation



Sweetgum Labs

Financial planning has evolved.

Introduction

OUR PROGRAM IS STRUCTURED TO PROVIDE EVIDENCE, DESPITE BEING PLAIN VANILLA, THAT A PORTFOLIO WITH EFFECTIVE ASSET ALLOCATION PROVIDES MORE STABILITY IN THE SUCCESS LEVELS OF YOUR FINANCIAL PLAN.



A Sweetgum Labs client is unlikely to be boasting about capital market performance at a cocktail party.

While, we believe opportunities exist to hit home runs, we also understand the diversification that asset allocation provides, will inevitably balance out outliers with underperformers. These facts have led us to focus the majority of our time educating clients on how to make good decisions instead of trying to find the next hot stock.

We believe that if you can potentially retire five years earlier because our planning has given you the confidence to do so, that is when we are most successful.



JOHN BARANAUSKAS

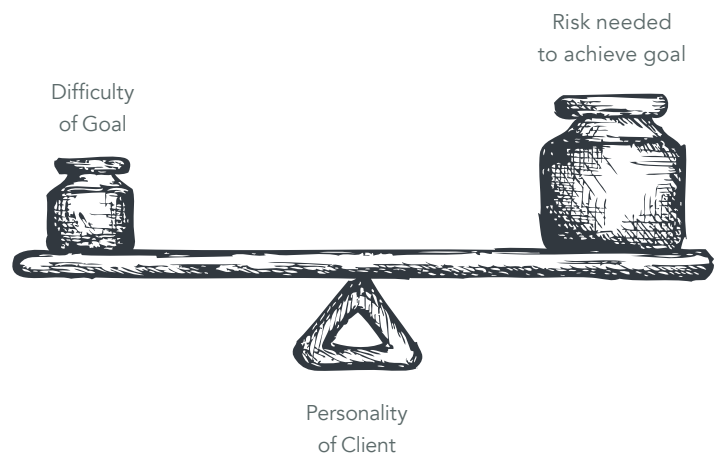
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Step 1

CUSTOMIZED AT THE INDIVIDUAL LEVEL

“A real plan is a lengthy process.”

As advisors, we need to get to know you, our client. Knowing the personality of the human is superior to taking a risk questionnaire. That’s why we prefer to create a plan before onboarding your assets. A plan is a lengthy process. This process creates stresses which will naturally reveal more of your personality. With this information, we can evaluate and adjust to how personality affects the probability of plan success. A risk questionnaire will help us create a centerline. We can adjust the fulcrum based on unique personality characteristics.



Step 2

"tuition has been growing at 8% while the CPI is still hovering around 1.5%"

FINANCIAL GOALS NEED TO BE DEFINED

Financial goals need be defined. Different purchases have different inflation rates (college tuition has been growing at 8% while the Consumer Price Index (CPI) is hovering around 1.5%) and in order to be most effective in our planning we request to have good details of what and when your purchases will occur, our planning software will do the rest.

Step 3

FIRM-WIDE ALLOCATION MODELS

The art of asset allocation is an imperfect science. Despite the imperfections, we need to create models for our clients. We aggregate models from recognized sources such as investment firms, insurance companies and research firms, then take a simple average to see it from different perspectives (insurance companies are typically conservatively biased when compared to others).

Step 4

FIRM-WIDE ANALYSIS

As previously mentioned, allocation models are imperfect. A 10-year lookback of performance will likely produce drastically different results than one with 50 years of data.

One of the methods to understand these swings is by looking at standard deviation (dispersion from the mean of a set of values). The standard deviation number is used in ratios to evaluate the effectiveness of the risk you are taking is being compensated with returns.

Once analyzed, a determination if a slight tactical override (1-3%) should be implemented to ride the swings each asset class experiences.



Step 5

SPECIFIC TO CLIENT/FIRM-WIDE ANALYSIS

We are at a point of implementation of your plan that we now understand your goal requirements and how much risk you can and are willing to tolerate to meet these goals. We know firm-wide how to effectively allocate in individual asset classes based on risk adjusted returns.

We select the specific investments by reviewing performance compared to benchmarks, ratios, fees and due diligence conducted.

We typically have 3 manager options available for each asset class (in case your outside investments correlate highly with one or more of our selections).

Now that we understand your goal requirements and how much risk you can and are willing to tolerate to meet these goals we can implement your plan.



Step 6

MONITORING FIRM-WIDE



We monitor your allocation quarterly and adjust investments if they become disproportionately out of an ideal range.

We monitor the investments semi-annually (with emergency exceptions) and confirm that they haven't drifted from their intended style.

Performance will be monitored and if a manager is not keeping up with his/her respective benchmarks for an extended period of time, an adjustment will be made.

Goals are tasked to be adjusted semi-annually.



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