Measured Wealth

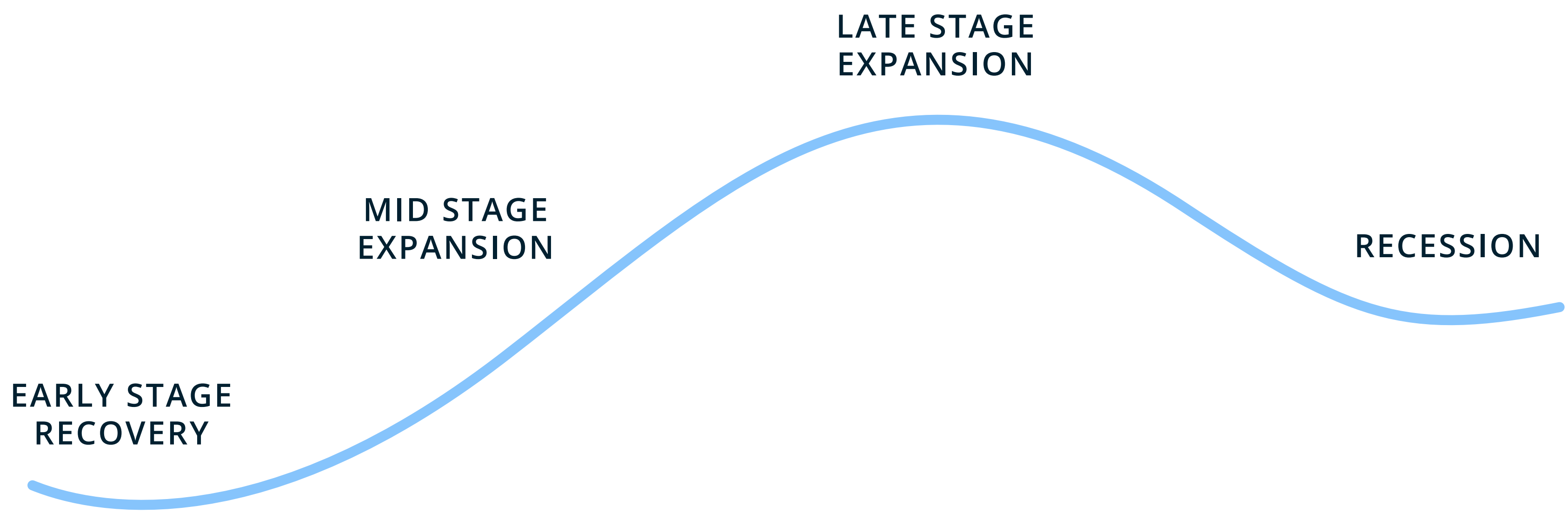
Disciplined Approach to Investing

Finding A Disciplined Approach

If you're like most people you have been a good saver. Each month you save through your 401k or other retirement vehicle. Month in and month out you have the discipline to stay the course even increasing the amounts you add from time to time. You probably looked at the investment offerings within the retirement plan and recognized a few names which gave some comfort in the selection process. If you really did your homework, you reviewed the past performance of each offering and then made your "educated guess" and concluded your research.

Measured Wealth Private Client Group LLC, deploys a proprietary and disciplined investment process built on thorough research and a robust framework. The core of our investment process centers around monitoring and analyzing the economic cycle. We believe the economic cycle exhibits recurring patterns. In addition to tracking several macroeconomic indicators, we incorporate quantitative and fundamental research along with technical analysis to aid in assessing the global economic environment and in constructing client portfolios.

Economic Cycle



Economic factors

- Employment
- Industrial Production
- Consumer spending
- Credit growth
- Consumer & business sentiments
- Corporate profitability
- Monetary policy
- Inflation

Early Stage Recovery

- Strong rebound in economic activity
- Hiring starts again
- Consumer spending jumps
- Stock market bounces
- High risk investments leads
- Bond yields rise

Mid Stage Expansion

- Robust economic growth
- Job creation accelerates
- Healthy consumer spending
- Stock market continues higher
- Risk investments still leads
- Bond yields stabilize

Late Stage Expansion

- Economic growth moderates
- Job creation wanes
- Consumer spending slows
- High quality/low risk investments leads
- Bond yields rise

Recession

- Economy contracts
- Mass Layoff
- Consumer retrenches
- Stock market collapses
- Quality holds up better
- Bond yields drop

Measured Wealth's Investment Philosophy

- We employ a disciplined approach to constructing and managing client portfolios. Generating superior returns with close attention to risk drives the core of our philosophy.
- The investment process is grounded in a systematic, evidence-based framework that strives to avoid behavioral finance drawbacks , i.e. emotional investing.
- Asset allocation is the primary driver of portfolio returns and forms the foundation of our portfolio construction process.
- We use several inputs in determining our asset allocation exposures for client portfolios. What percentage of the portfolio should be in US equities vs. non-US equities, which sectors should be overweighted or underweighted, and how low or high should duration be in the fixed-income allocation are examples of key questions concerning a portfolio's asset allocation.

Measured Wealth's Investment Process

- Top-down approach
- Use hybrid framework employing quantitative models, fundamental research and technical analysis
- Through extensive research, derive exposures and then find vehicles (mutual funds, ETFs, stocks) to best represent those exposures in our models
- Rebalance when deemed necessary due to meaningful change in model exposures
- We review many macro factors and inputs in our research to gain a better understanding of the "big picture" and based on our conclusions, desired portfolio exposures are determined and implemented in our models.
- Measured Wealth's investment process starts with a top-down approach to assessing the economic and investment landscape.

Portfolio Exposures

Careful consideration is given to each factor in the process and guides us in the decision-making process.

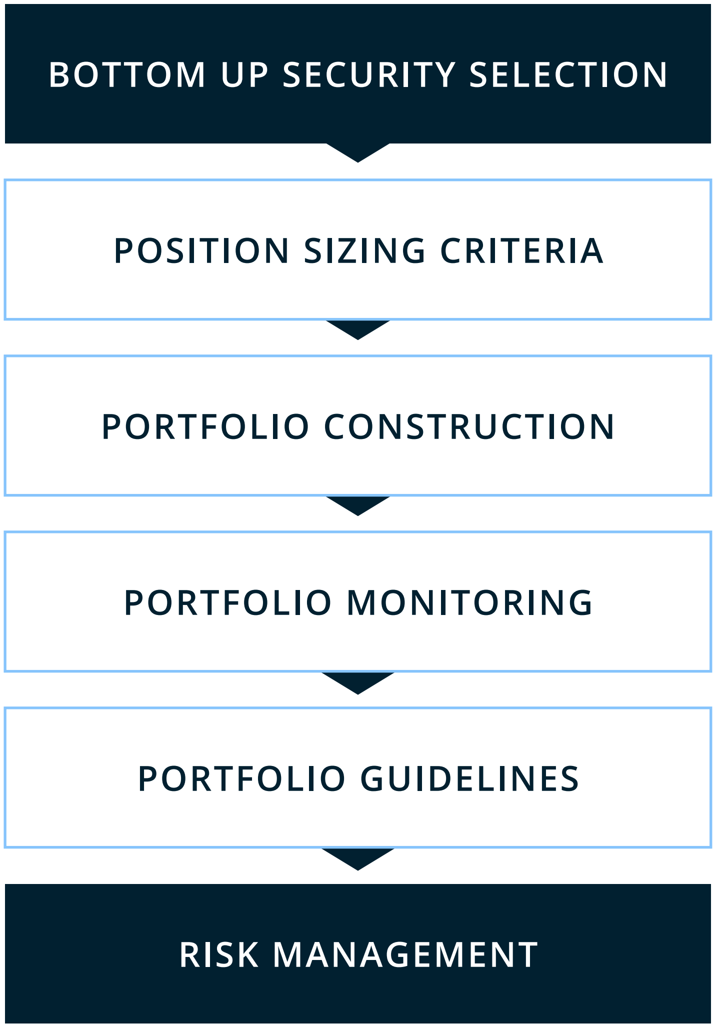
Based on our research and analysis, we derive intentional portfolio exposures to be reflected in our investment models relative to respective benchmarks.

- Market cap size
- Growth vs. value style bias
- Sector weights
- US vs. non-US
- Fixed-income duration & credit quality
- Cash level
- Overweight, Neutral, underweight

A disciplined and repeatable process for stock selection

Our stock selection process is driven by a quantitative multi-factor model that includes valuation, growth, earnings, price momentum and quality factors. The stock selection model calculates a score for each of the 1300+ US stocks in its universe. These Buy/Hold/Sell alpha scores help to focus our attention on those stocks warranting further in-depth research & analysis.

An equally disciplined approach to portfolio construction



Position Sizing Criteria

- Upside to target price
- Conviction in thesis
- Clarity and timing of catalyst
- Statistical characteristics
- Liquidity

Portfolio Construction

- Driven by bottom-up security selection
- Broad investment guidelines allow security selection to drive portfolio construction
- Portfolio characteristics measured in real-time to evaluate marginal impact of each security on entire portfolio

Portfolio Monitoring

- Ongoing monitoring of existing holdings
- Evaluate company and industry develpments
- Review and adjust target prices periodically as new information becomes available

Portfolio Guidelines

- Maximum position size of 5% (measured at time of purchase)
- Maximum sector weight of 35%
- Maximum cash position of 5%

Risk Management

True investment risk is not a statistical measure of volatility, variance, or estimated tracking error. We employ a multi-layered set of checks & balances designed to buffer against capital losses.

- **Quantitative ranking scores** of all stocks results in portfolios with better-than-benchmark valuation, momentum, and quality attributes.
- **Monthly attribution feedback loop** to understand where value is being added or subtracted.
- **Quantitative measures** capture subtle changes in portfolio characteristics.

True investment risk is not a statistical measure of volatility, variance, or estimated tracking error.

Even the best research and analysis will be wrong on occasion, so diversification is imperative.

Hold stocks until valuation, momentum, or fundamentals breakdown; avoid getting "married" or overly attached to any holding "true investment risk" is a permanent impairment or loss of capital

"True investment risk is not a statistical measure of volatility, variance, or estimated tracking error"

When we put this guide together we intentionally used the words "discipline and repeatable." Over the years it has become abundantly clear that many people are "good savers." How else would you accumulate the assets you have? It has also become abundantly clear most people do not have a well-defined, disciplined, and repeatable process for buying, selling, or constructing a portfolio. If you have accumulated investable assets of $500,000 or more, please give us a call to learn how you too can "experience the difference."

Ready to get disciplined?

Sitting with a financial professional can help provide the tailored guidance you deserve and help to keep you focused on your goals even when life gets busy.

Measured Wealth

CALL US TODAY

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