

DIVERSIFIED STRATEGIC

Diversified Strategic (“DS”) is a passively managed strategic asset allocation strategy that invests in many asset classes including U.S. equities, international equities, emerging market equities, real estate, commodities, fixed income, and/or money market. DS remains fully-invested at all times, relying on diversification, low expense ratio securities, tax efficiency, rebalances, and proprietary modeling strategies in an attempt to grow assets. Portfolios are rebalanced periodically to keep them in line with desired investment objectives.

OBJECTIVES

Diversified Strategic seeks broad, diversified growth over the long term while focusing on cost-reduction through the use of low expense ratio securities. DS utilizes decades of research and historical asset class performance data in constructing each proprietary model and determining the weightings of each asset class represented. Multiple models are available that target various risk and return characteristics. The strategy remains fully invested at all times, with money market allocation exposure ranging from 2% to 7%, depending on the model.

PROCESS

Diversified Strategic utilizes decades of research and data in constructing each proprietary model. The long-term historical risk and return characteristics of various asset classes impact which asset classes are represented and the weightings of each. Combining this research with low-cost securities helps create an effective, efficient portfolio for the long run. DS rebalances semi-annually to keep portfolios in line with desired investment objectives. A combination of money market and/or diversified U.S. fixed income securities are used in the money market/fixed income portion of the portfolio.

RISK MANAGEMENT

Diversified Strategic relies upon diversification across asset classes and a relative “buy low, sell high” rebalance methodology to manage risk.

RISK OF LOSS

As with any strategy, there is no guarantee that this strategy will be profitable or meet its objectives. Investors may own securities that lose a substantial portion of value or possibly drop to \$0 in value, resulting in substantial or complete losses for the portfolio. Additional risks include underweighting asset classes that perform well and overweighting asset classes that lag or perform poorly.

MODELS

Five models targeting various percentages of equities and fixed income are available. Aggressive models target 98% equity exposure; Growth models target 80% equity exposure; Balanced models target 60% equity exposure; Conservative models target 40% equity exposure; Income models target 20% equity exposure.