

If you are happy with the performance of your investment portfolio; if you open your statements with anticipation, and not foreboding, stop reading now.

**IF, ON THE OTHER HAND, YOU ARE WORRIED ABOUT THE HEALTH OF YOUR INVESTMENTS, AND WHETHER OR NOT YOU WILL HAVE ENOUGH FOR THE RETIREMENT YOU ARE ANTICIPATING OR OTHER GOALS, I WOULD LIKE A FEW MINUTES OF YOUR TIME.**



Malcolm Clissold, CFA®, CFP®

The average investor is being taken for a ride by their investment adviser

- It's not necessarily because the adviser is unscrupulous.
- Typically, it's because the adviser doesn't know better.
- The majority of investment advisers don't know how to invest if it doesn't involve a buy-and-hold asset allocation with a little rebalancing thrown in once in a while.



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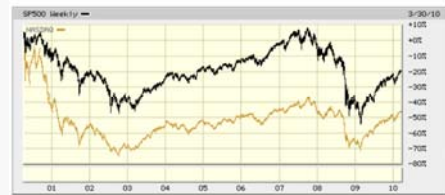
The problem with traditional investment approaches...

- Buy-and-hold investing works until it doesn't.
- When it doesn't you have decades that look like 2000-2009.
- Ten years is a long time to lose money, particularly when you had a chance to make gains, only to see them disappear again.



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The Lost Decade



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Diversification was not protection.



Source: DSHORT.COM

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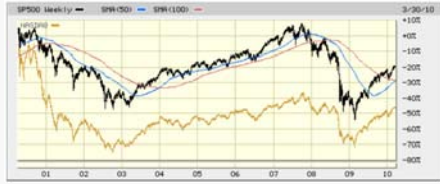
A different way to invest – active asset allocation.

- Active asset allocation is based on the belief that markets are neither random nor completely efficient.
- Markets tend to follow patterns or cycles of behavior that we see repeated over and over.
- No two cycles are precisely the same
- But by analyzing fundamental and technical trends, we have some insight to the market's or an individual investment's overall direction that helps us position assets to take advantage of the current trend.



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### Simplistic approach to identifying risk in the market.



50-day and a 100-day simple moving average added to the S&P 500



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### Moving averages help identify market trends.

- When the 50-day SMA is above the 100-day SMA, the market is in an uptrend.
- But when the 50-day SMA falls below the 100-day SMA, there's a good chance the down move is going to last a while.
- Now you have a choice. Do you get defensive, or do you stick with your buy-and-hold allocation?



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### There's something you need to know about me.

- I hate to lose money.
- When I see a market reversal shape up, I want out of the way. I don't know how far the trend is going to run, but I know if I preserve my capital, if I preserve my clients' capital, there will always be another opportunity to make money.
- I don't try to predict the market.



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### I use an active approach to investing.

- What I do is listen to the market.
- I know I am not going to be 100% right, so I diversify my portfolio and those of my clients among different assets classes and investments.
- But to stay in the portfolio, those assets have to show positive overall trends.



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### Transparency, liquidity, integrity

- My clients have the right to know how their assets are invested at all times.
- We use one of the world's leading financial custodians for client accounts - Schwab Institutional – a division of the Charles Schwab Corporation
  - × leading provider of financial services,
  - × more than 330 offices; 6.8 million client brokerage accounts,
  - × \$1.3 trillion in client assets.
- SCC clients have online access to their Schwab account at all times and they are the only one with access to their funds.



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### The SCC Capital Group approach to active management:

- Subscribe to high quality, **quantitative** market analysis that provides access to some of the best active investors in the world.
- Implement active management strategies with a track record for managing risk and producing consistent results.
- Monitor client accounts on a daily basis and have the ability to move assets out of harm's way.
- Provide investment management on a fee-only basis where our incentive matches that of the client – to grow their assets.



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## Disclosures

- *Past performance is not indicative of future returns.*
- *The S&P 500 and Nasdaq are indexes and as such cannot be invested in directly.*
- *There can be no guarantee that active investment management will be successful in preserving capital or capturing gains in rising markets.*
- *All investing has the potential for loss as well as gain.*
- *It should not be assumed that SCC recommendations made in the future will be profitable or will equal the performance of any securities referenced.*



## SCC Capital Group, LLC

A Registered Investment Advisor

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