When I was young I thought that money was the most important thing in life; now that I am old I know that it is.

~Oscar Wilde
Introduction

Ascendance Wealth is a registered investment advisory firm based in Englewood, CO, focused on the creation and implementation of capital market strategies for individual investors.

→ The company’s sole purpose is to maximize financial returns for all clients through efficient use of risk suitable for each.

Vast majority of investment portfolio risk goes unrewarded.

(Source: Firm research)
Advisor Selection

Background

- Clay Anderson leads all investment activities for the firm. Clay has overseen over $700M in corporate investments across multiple Fortune 500 companies.
  - Chartered Financial Analyst (CFA), 2004
  - M.B.A., University of Colorado, 2000
  - B.S., Finance, University of Colorado, 1999

- Ascendence Wealth is a registered investment advisor with the state of Colorado (CRD # 142583).
  http://www.adviserinfo.sec.gov/(S(it14l4mwa1zkgokmtib2qfrb))/IAPD/Content/Search/iapd_Search.aspx

- Why choose a CFA charterholder?
  http://www.cfainstitute.org/about/investor/adviser/Pages/index.aspx
Advisor Principles

Appeal

Investment returns are compromised by inappropriate risk and excessive management fees.

→ These factors are seldom (if ever) mentioned, measured, or managed.

Through a combination of expert analysis and candid presentation, clients can witness the impacts of each.

Illustrative Example:

- Beginning: $10,000
- Gains: $500
- Contributions: $1,000
- Fees: ($300)
- Ending: $11,200

Actual risk = 16.57%
Expected risk = 13.28%

Many advisors would tout a 12% return on this portfolio; the actual net return was 2%.

An additional 25% more risk was needed to deliver the 2% return.
Advisor Relationship

Alignment

- Transaction fees and other investment expenses are the most significant inhibitor of financial returns.

  - Chart at right reflects relative value lost due to higher-than-needed expense.

- The firm does not accept third-party compensation:
  - No commissions from product / security originators.
  - No referral fees or soft dollar benefits from broker / dealers.

- In true partnership fashion, and with full disclosure, the firm’s assets are often invested alongside client recommendations.
Advisor Offerings

Investment Categories

Intelligent investing in today’s environment is incredibly time-consuming and fraught with risk. Managing and aligning pursuits amongst or between tax-advantaged accounts (401k, 529, IRA, or Roth) and taxable accounts requires additional rigor.

All classes, and choices therein, should be considered in formulating an asset composition:

a. Bonds (Treasuries, junk, etc.)
b. Equities (foreign, domestic, small-cap, etc.)
c. REITs (apartments, shopping malls, etc.)
d. Physical assets (gold, currencies, oil, etc.)
e. Options (puts, calls, straddles, etc.)
f. Others (forwards, futures, cash, etc.)
Advisor Outreach

Interactions

- **Concise** and **frequent** communication regarding general events and trends in financial markets and specific impacts to client investments. All calls and emails returned the same day.
  - Email: info@ascendancewealth.com
  - Phone: 303.720.3279
  - Web: www.ascendancewealth.com

- Candid discussion and representation of strategies, forecasts, and historical results.
  - Precise identification (and composition) of financial performance.
  - Any shortfalls from plan, if any, explained fully.
Case Study (page 1 of 5)

Introduction

- Two clients, aged 55 and 54, wanted an independent review of their investment performance after five (5) years with a leading financial services firm:
  
  
  - $500k was the original principal.
    - *To be used to help fund retirement.*
  
  - The account was tax-advantaged.
  
  - Clients’ outlook and comfort more weighted towards risk aversion.
Case Study (page 2 of 5)

Current Summary

- **Asset Allocation:**
  - 17 mutual funds, with several possessing identical objectives.
  - Most mutual funds possessed correlation values > 0.90.
  - Extremely-limited market diversification.

- **Fees:** Not mentioned was the advisor’s annual fee of ~$6,000.
  - Also not calculated was the value lost to each fund’s administrative fees.

- **Performance:** Touted return of 14% (annual closer to 1.3%).

- **Reporting:** 16 pages, mostly research from Morningstar, with inappropriate benchmarks selected, no analysis of risk profile or measurements, and no return decomposition.
Case Study (page 3 of 5)

Selected Materials From Ascendance Wealth

- **Asset Allocation:**
  - Diverse securities chosen based upon outlook, non-systematic risk, expenses, and correlations.

- **Fees:**
  - **All** expenses clearly noted as a reduction to investment balances.

- **Reporting:**
  - Performance attribution easily discerned.

According to the Pew Research Center, 72% of Americans say “Wall Street only cares about making money for itself.”
Case Study (page 4 of 5)

Selected Materials From Ascendance Wealth

- **Account Strategy:**
  - Easy-to-compare weights across multiple asset classes.
  - Analysis provided to assess thousands of scenarios.

- **Return Decomposition:**
  - Clear distinction of selections that exceeded, matched, or under-performed relevant benchmarks.

- **Summary:**
  - Simple measures that determine the value of the services provided.

### JAN-2007 through FEB-2012

<table>
<thead>
<tr>
<th>Category</th>
<th>Private Capital</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- All Fees</td>
<td>$24,365</td>
<td>$51,110</td>
</tr>
<tr>
<td><strong>Risk:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Portfolio Variance</td>
<td>12.2%</td>
<td>14.1%</td>
</tr>
<tr>
<td>- Low Balance</td>
<td>$357,482</td>
<td>$313,188</td>
</tr>
<tr>
<td><strong>Asset Weights:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cash</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>- Bonds</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>- REITs</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>- Equities</td>
<td>65%</td>
<td>65%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Returns:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Cash</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>- Bonds</td>
<td>6.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>- REITs</td>
<td>-2.0%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>- Equities</td>
<td>1.5%</td>
<td>1.3%</td>
</tr>
<tr>
<td><strong>--&gt; Weighted Net Return</strong></td>
<td>11.8%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>
Case Study (page 5 of 5)

- Gross returns would have been slightly lower:
  - Decreasing risk by over a third lowered returns by three tenths of a percent.

- Very little diversification within the existing portfolio:
  - Over 30 fund pairs with correlations in excess of 0.90 (compared with 2 fund pairs in the proposed portfolio).

- Management fees are the single most important factor in determining returns.
Conclusion

If economic uncertainty continues to pervade, you're going to have to work like a dog just to live like one. ~George Gobel