

# Harness Litman Gregory's Asset Allocation Decisions and Manager Selection

Compelling globally diversified portfolios widely available to advisors through turnkey asset management platforms

## **Investment Experience:**

Our research team is known nationally for the depth and quality of their manager due diligence and asset class analysis.

## **Risk Management:**

Our disciplined approach seeks to balance our long-term outlook with our predetermined thresholds for losses over a 12-month period. Balancing capital preservation with long-term growth is of the utmost importance.

## **Litman Gregory Portfolio Strategies:**

The Litman Gregory Portfolio Strategies offer financial advisors access to globally diversified, risk-managed tactical portfolios that are based on Litman Gregory's rigorous, independent research and disciplined investment process. We have designed a range of model portfolios and implementation options that allow advisors to align the appropriate portfolio with their client's investment goals, risk tolerance, and investment preferences—all in a simple turnkey solution.

## **Litman Gregory at a Glance**

- Founded in 1987, privately owned
- 50+ Employees, 16 Principals
- Central Valley, Larkspur, Palo Alto, San Francisco, and Walnut Creek
- Clients include individuals, multigenerational families, nonprofit institutions, and other investment professionals

# Research is the Foundation of our Businesses

## LITMAN GREGORY PORTFOLIO STRATEGIES

Litman Gregory portfolios in a simple turnkey solution

## LITMAN GREGORY ADVISORINTELLIGENCE

Our web-based research publishing service for fellow investment professionals

## LITMAN GREGORY ASSET MANAGEMENT

Litman Gregory's core wealth management business

## LITMAN GREGORY MASTERS FUNDS

Litman Gregory's family of proprietary sub-advised mutual funds

## RESEARCH

### History

**1987**

Launched asset management business serving high-net-worth individuals, families, foundations, and endowments.

**1989**

One of the first RIAs to employ a model-based approach to better leverage research across all client accounts.

Began publishing research and portfolios for other advisors.

**1996**

Initiated the concentrated, high-active-share concept with the launch of first proprietary mutual fund.

Launched Litman Gregory Portfolio Strategies.

**2009**

Constructed portfolios blending the best of active and passive investment vehicles in a cost-effective core portfolio solution.

**2013**

Litman Gregory Portfolio Strategies surpasses \$6 billion in assets and are widely available across custodians and broker-dealers.

## The Litman Gregory Research Analyst Team:



**Jeremy DeGroot, CFA**  
Chief Investment Officer  
Principal

University of Wisconsin  
(BS—Economics); University  
of California—Berkeley  
(MA—Economics)



**Rajat Jain, CFA**  
Sr. Research Analyst  
Principal

St. Stephen's College  
(BS—Physics);  
University of South Carolina  
(MBA—International)



**Jack Chee**  
Sr. Research Analyst,  
Principal

Drexel University (BS—  
Mechanical Engineering)



**Jason Steuerwalt, CFA**  
Sr. Research Analyst,  
Principal

Brown University (BA—  
Economics, Political  
Science)



**Kiko Vallarta, CFA**  
Research Analyst

San Diego State University  
(BS—Finance); St. Mary's  
College of California (MS—  
Financial Analysis and  
Investment Management)

## Meet the Litman Gregory Research Consulting Team



**Peter Sousa, CIMA®**  
Director of Portfolio  
Strategies, Principal



**Chad V. Perbeck, CIMA®**  
Sr. Research Consultant



**Alice Lowenstein, CFP®**  
Managing Director,  
Investment Management  
Services, Principal

## **Global Perspective.**

We invest across a globally diverse set of asset classes seeking to uncover the most attractive investment opportunities.

## **Long-Term Approach.**

A long-term approach allows us to take advantage of temporarily mispriced investments and helps ensure that fundamentals, rather than fear or greed, dictate investment decisions.

## **Forward-Looking Analysis.**

History provides a valuable frame of reference but does not always apply to the current environment. We seek to learn how the world is evolving and incorporate our opinions about these changes into our assessment of risk and investment allocations.

## **Discipline and Conviction.**

We set the bar high in assessing investment opportunities, and we have the discipline and conviction to act on an opportunity we find compelling. We believe that investors who lack the courage to act on their convictions are destined for mediocrity.

## **Innovative Thinking.**

Our willingness to think outside the box allows us to identify unusually compelling investment opportunities. This has been an important part of our competitive edge and our long-term success.

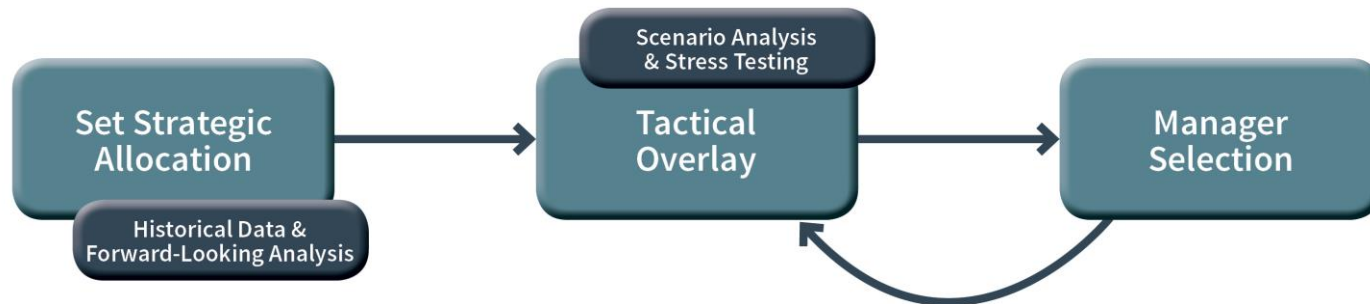
## **Broad Access to Talent: “Manager of the Managers.”**

Our reputation in the investment community provides us with unique access to investment talent from outside firms, via mutual funds and private investment vehicles, allowing us to incorporate a high level of expertise in a variety of asset classes that would otherwise not be available from a single firm. We are continuously evaluating the managers we’ve selected in order to ensure our clients are benefiting from the best talent available.

## OUR PROVEN APPROACH TO INVESTING IS DECEPTIVELY SIMPLE

- 1. Establish a strategic asset allocation for each risk-based portfolio*
- 2. Pursue highly compelling tactical opportunities*
- 3. Select managers with an identifiable and sustainable competitive edge*

### OUR INVESTMENT PROCESS



The Litman Gregory Portfolio Strategies offer financial advisors access to globally diversified, risk-managed tactical portfolios that are based on Litman Gregory's rigorous, independent research and disciplined investment process.

We have designed a range of model portfolios and implementation options that allow advisors to align the appropriate portfolio with their client's investment goals, risk tolerance, and investment preferences—all in a simple turnkey solution.

## Active

- Core of active fixed-income, equity, and alternative strategies mutual funds and ETFs
- Low-cost index-based ETFs used for tactical asset class exposure

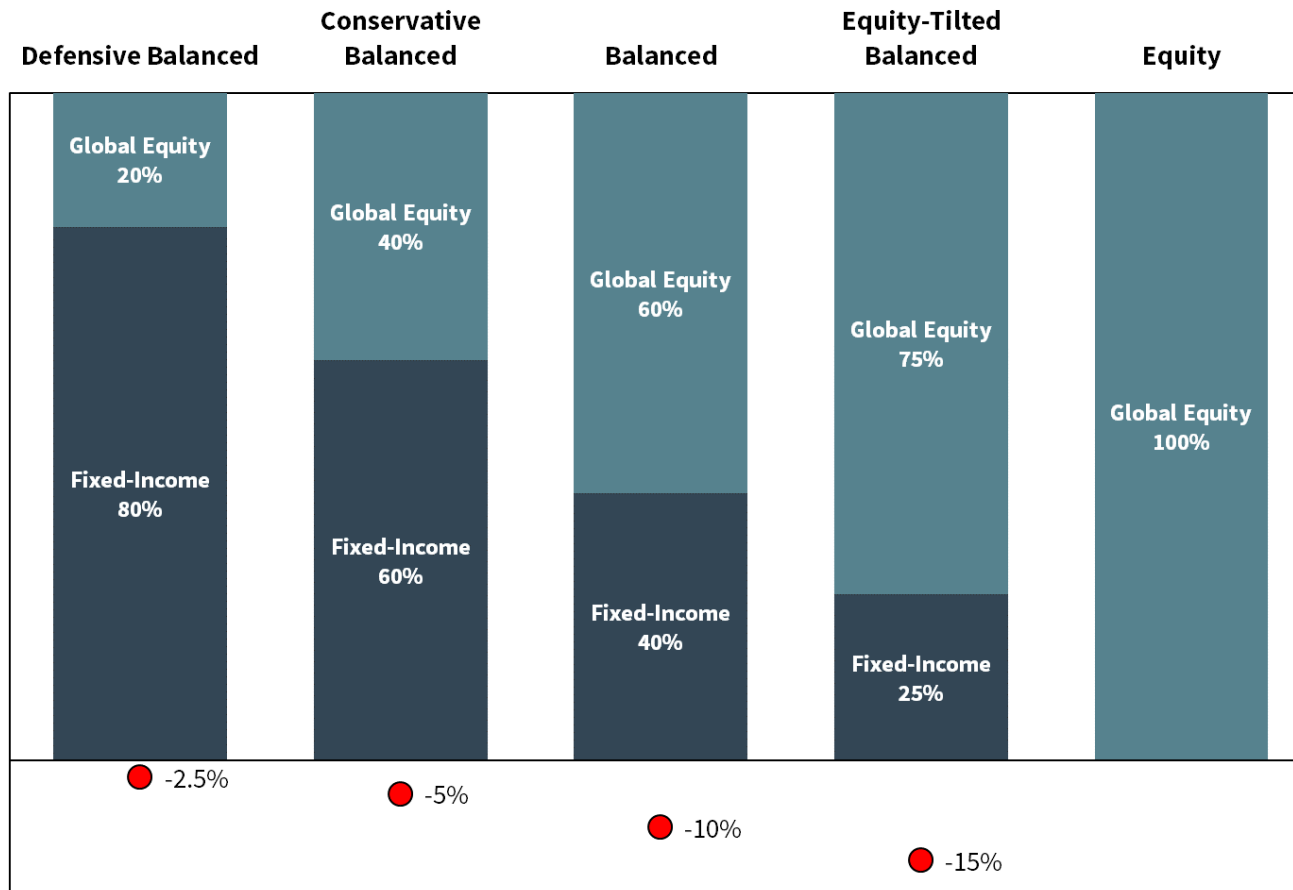
## Index-Based

- Tactical asset allocation implemented largely with index ETFs
- Active strategies used where no quality index-based option exists
- Low-cost index-based ETFs used for tactical asset class exposure

## Alpha-Core

- Core of Litman Gregory proprietary funds and high-conviction active funds
- Satellite positions in low-cost index ETFs
- Tactical asset allocation implemented largely with index ETFs

# A Range of Risk-Defined Strategic Allocations

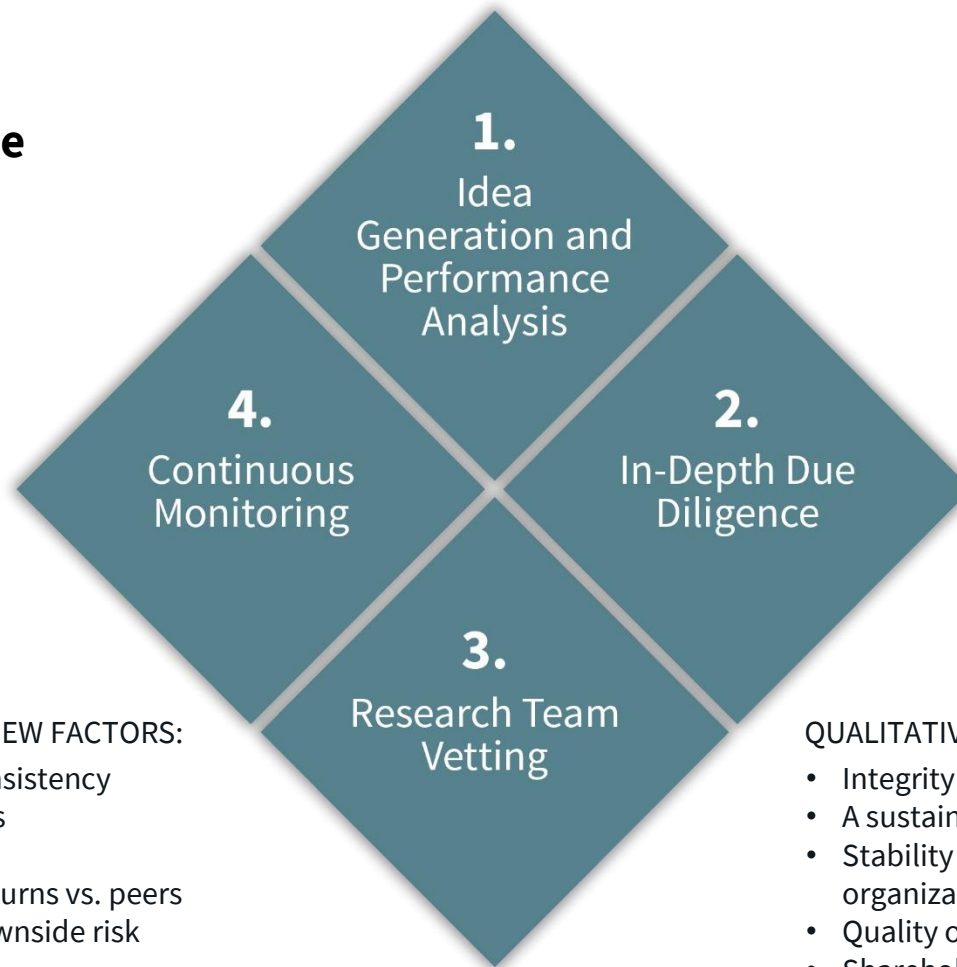


12-Month Target Maximum Downside Loss Thresholds

Though Litman Gregory attempts not to exceed the loss threshold, losses sometimes exceed the threshold in a 12-month period. Though we don't believe it is likely this maximum loss threshold would be breached in a typical market cycle, losses in excess of the threshold do occur, and significant breaches of this loss threshold can be expected during extreme bear markets. The above allocations represent our strategic portfolio weightings. Strategic allocations vary by platform.



## Manager Due Diligence Process



### QUANTITATIVE REVIEW FACTORS:

- Performance consistency
- Holdings analysis
- Expenses
- Risk-adjusted returns vs. peers
- Volatility and downside risk

### QUALITATIVE REVIEW FACTORS:

- Integrity and discipline
- A sustainable, repeatable edge
- Stability and culture of the organization
- Quality of the team
- Shareholder orientation
- “Intuition” is not part of the team’s process





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## Walnut Creek

1676 N. California Blvd. Suite 500, Walnut Creek, CA 94596

## Larkspur

100 Larkspur Landing Circle, Suite 204, Larkspur, CA 94939

## Palo Alto

530 Lytton Avenue, 2nd Floor, Palo Alto, CA 94301

## San Francisco

One Market St., Spear Tower, 36th Floor, San Francisco, CA 94105

## Central Valley

10100 Trinity Parkway, Suite 450, Stockton, CA 95219

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