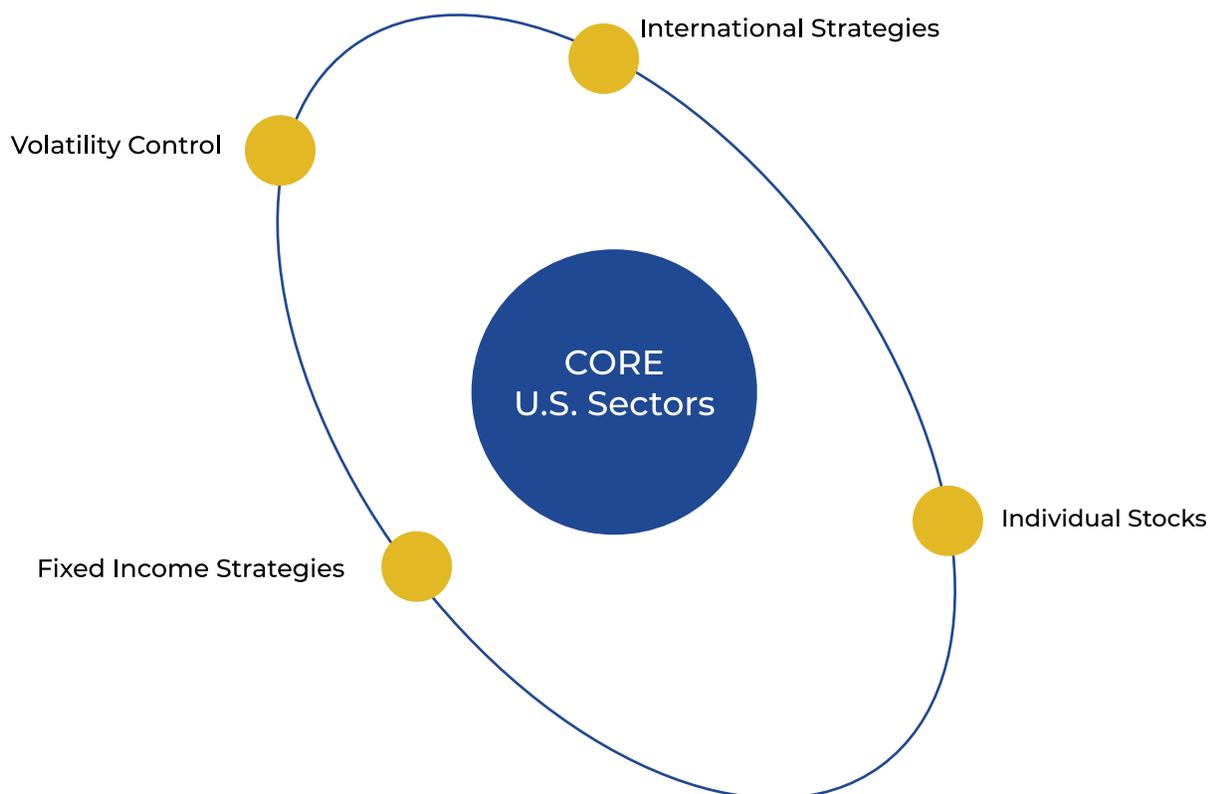


IWA INVESTMENT PHILOSOPHY

Active investment management versus passive investment management: The debate has been ongoing for decades. These two philosophies have separated the financial industry into two groups. Typically, if you believe one mindset to be right, you believe the other to be wrong.

At Independence Wealth Advisors, we disagree with this divisive approach. We believe both management techniques have advantages and disadvantages.

We aim to use both techniques congruently so we can maximize the advantages and limit the disadvantages. We believe these two techniques can complement each other and work to help minimize risk and maximize reward.



The IWA Investment Philosophy is centered around the “core-satellite” approach. We allocate a core sector ETF (Exchange Traded Fund) portfolio and subsidize with satellite strategies. Within these strategies, we tactically weight investments to include U.S. equity market ETFs, individual stocks, international ETFs, alternative ETFs, fixed income ETFs, mutual funds, insurance products, and more.



Core ETF U.S. Sectors

We take a systematic approach to diversifying among U.S. sectors. Each sector receives a tactical weighting of either under, neutral, or overweight allocations relative to the sector's weighting within the S&P 500 Index. We overweight our strategy toward undervalued sectors. When a certain sector is trading under its historic average, we shift a larger percentage of the portfolio assets towards that sector. We rebalance this sector rotation once per month to stay accurate to the changing market climate. We employ this strategy using sector-specific ETFs.



Satellite Strategies

- **INTERNATIONAL STRATEGIES**
 - The U.S. equity markets comprise less than 50% of the global asset universe. We believe international securities play an important role in a well-diversified portfolio. We target a broad market focus while using international ETFs or mutual funds.
- **FIXED INCOME STRATEGIES**
 - We may use corporate, international, or government bonds to generate income, diversification, and the potential for equity risk reduction. Our fixed income strategies focus on sector rotation, similar to the core strategy. This strategy seeks to provide excess return through income and yield-generating ETFs based on our proprietary process.
- **VOLATILITY CONTROL**
 - Volatility control techniques aim to target or limit the volatility of portfolio returns over time. We use a volatility control sleeve to reduce downside risk and target a more consistent outcome with your overall portfolio. Depending on your age, consistent returns may be more or less important.
- **INDIVIDUAL STOCKS**
 - Let's take two portfolios of roughly twenty stocks. Each has a totally different focus. One portfolio targets growth stock. These are companies aiming for price accumulation. The second portfolio targets value stocks. These are companies aiming for high dividends and more stable price accumulation. It's crucial to know the difference in your individual stocks.



Portfolio Monitoring

Our analyst team makes monthly rotations within our Core U.S. Sector portfolio. Our investment committee meets every quarter to review and discuss every position within our investment galaxy. Lastly, we review allocations within the core and satellites every year on an individual client basis.