

Porter, White & Company

Investment Management Process

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PW Advisers uses a four step investment process to understand, analyze, implement and monitor a client's investments. Our process is continuous and focused on responding to changes in a client's circumstances, not the inevitable fluctuations in the financial markets.

I. Evaluation

Adviser reviews client's goals, objectives, financial condition and tolerance for risk. The review encompasses the following factors, as appropriate:

- Financial condition;
- Expected income or contributions;
- Expected spending needs;
- Time horizon;
- Risk tolerance; and
- Tax situation.

II. Analysis & Documentation

Alternative strategies for achieving client financial objectives are reviewed and analyzed. The strategy selected by the client is documented in a written statement of investment policy. The analysis encompasses the following, as appropriate:

- Analyze client's assets and liabilities, as appropriate;
- Model portfolio, existing and with potential changes;
- Assess risk, return and tax implications of alternative portfolios;
- Simulate future results (using Monte Carlo simulation, bootstrapping, scenario analysis) to assess likelihood of achieving goals; and
- Establish investment policy, including asset allocation policy for the types of investments to be included in portfolio.

III. Implementation

Assets are transferred to an institutional custodian and invested in accordance with the investment policy. Purchases and sales of mutual funds are made periodically (usually semi-annually or annually) in order to maintain asset balance specified in investment policy.

- Transfer assets
- Select mutual funds
- Implement asset allocation policy
- Rebalancing periodically or as needed.

PW Advisers typically recommends mutual funds from Dimensional Fund Advisers held in custody at Fidelity Investments for accounts less than \$25 million, but we can also manage separate accounts of individual securities.

IV. Monitoring

The investment account information is received electronically from the custodian on a daily basis and used to generate client reports as needed. Internal management reports are generated weekly to monitor asset allocation policy exceptions and cash holdings. Accounts are reviewed with the client at least annually, investment policies are reviewed at least annually and changed whenever a client's situation changes. Monitoring activities include the following:

- Account monitoring and record keeping on a daily basis;
- In taxable accounts, accounting for sales and purchases of securities by lot to facilitate minimization of taxes;
- Monthly performance analysis and account statements;
- Quarterly performance reports (and client meeting, if necessary);
- Annual account reviews and client meeting;
- Re-evaluation of investment policy whenever a client's situation changes;
- Monitoring of performance of asset classes and funds and fund management companies delivering asset classes; and
- Ongoing review of relevant academic and professional literature.

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Last Reviewed: September 2, 2009