

# BUILDING PATHWAYS TO A MORE SUSTAINABLE FUTURE

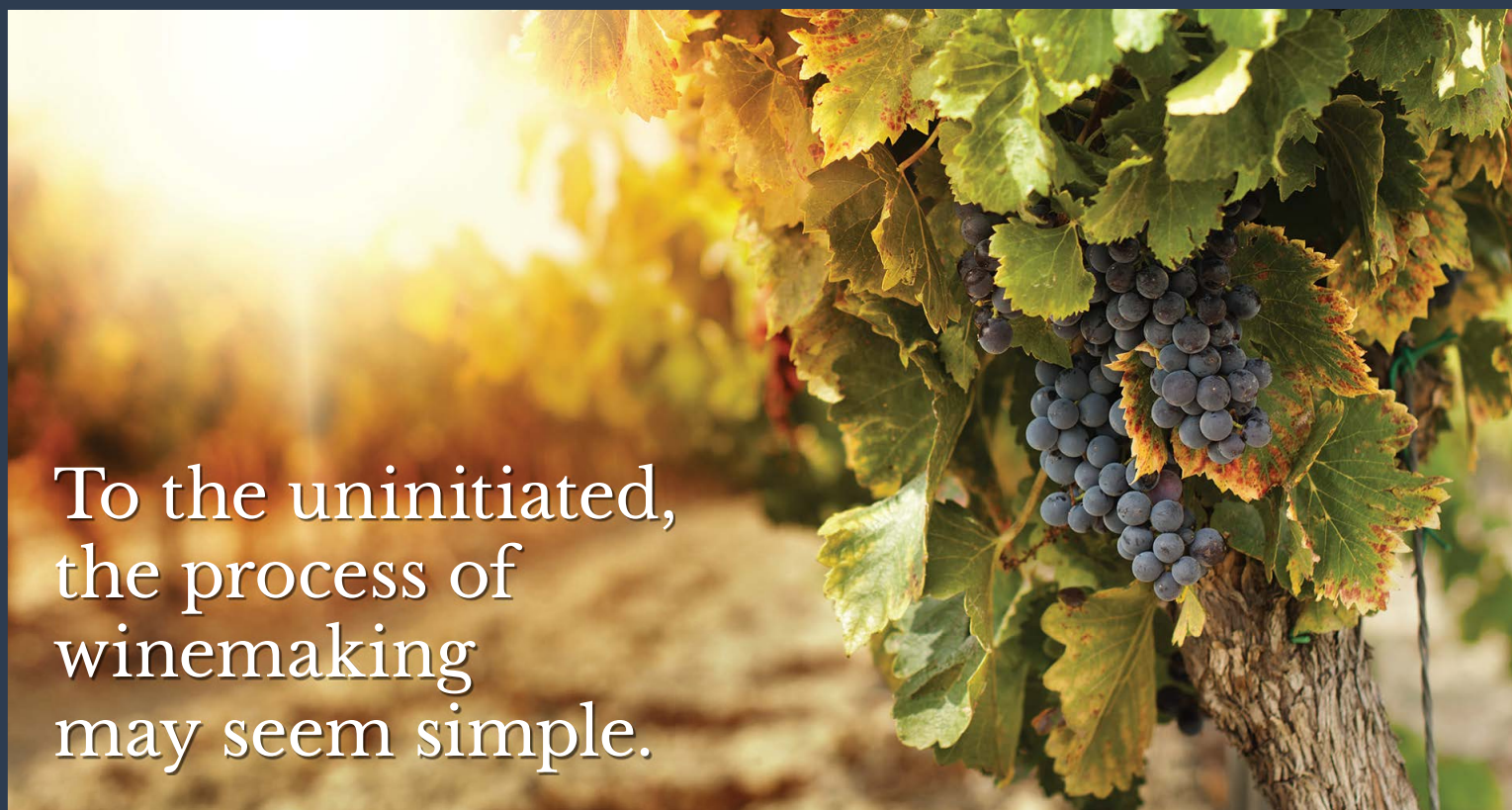
Vineyard Global Advisors offers a range of investment strategies designed to allow participation in the market's growth within a dynamic, risk-managed framework that seeks to offer protection during significant market declines.

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Our goal is to give our clients greater peace of mind  
by generating steadier returns over time.



# WELCOME TO VINEYARD GLOBAL



To the uninitiated,  
the process of  
winemaking  
may seem simple.

**The best wines, however, require time, patience and a deep understanding of the practices required to bring out the optimal characteristics of the grape.**

Without that knowledge, the quality of the wine will suffer. But with that knowledge, the vintner can produce wines of great value. And with the right care, the best grape vines can last generations, yielding exceptional results along the way.

At Vineyard Global Advisors, we take a similar approach to investing. We believe time, patience and a deep knowledge of financial markets are critical elements that factor in to each investor's success. When these elements are brought together in an informed, disciplined approach, exciting things can happen. Goals can be reached, lifestyles maintained or elevated, and the world's best vintages occasionally enjoyed.

**We invite you to get to know us better to see whether our approach to investing aligns with your needs.**



Visit us online at  
[www.VineyardGlobalAdvisors.com](http://www.VineyardGlobalAdvisors.com)

# ADVISORS

## FACING UNCERTAINTY WITH A PLAN

Uncertainty has always been the most critical challenge facing investors. Whether it's stocks, bonds, real estate or gold, expectations for the future determine the price of every security. Optimists might point to the fact that this century has experienced the longest-running bull market in U.S. history. Yet, regardless of the prevailing environment, discerning investors will always ask, "How long will it last?" and, "What would happen to my lifestyle in the event of a downturn?"

### Our Mission



At Vineyard Global Advisors, our mission is to help investors achieve a more sustainable pathway toward the goal of living off their accumulated assets.

Our philosophy is simple, yet elusive in today's frenetic world: Provide our clients with a way to participate in market growth within a framework that offers protection during significant market declines.



### WHAT'S YOUR PLAN?

Having a plan to not only find opportunity but also manage uncertainty is essential to any investor's success. Read on to discover how Vineyard helps thoughtful investors transition toward steadier financial futures.

## A Culture of Independent Thinking

As an independent investment firm, we are free to think creatively and innovatively. Our clients choose us because we are better able to explore, develop and implement opportunities. Importantly, Vineyard's culture frees us from the restrictive "group-think" mentality that often prevails at larger firms, enabling us to act for the best interest of our clients. **We believe these qualities provide a performance advantage.**







Managing the market's inherent risk is central to all we do.

# OUR PHILOSOPHY

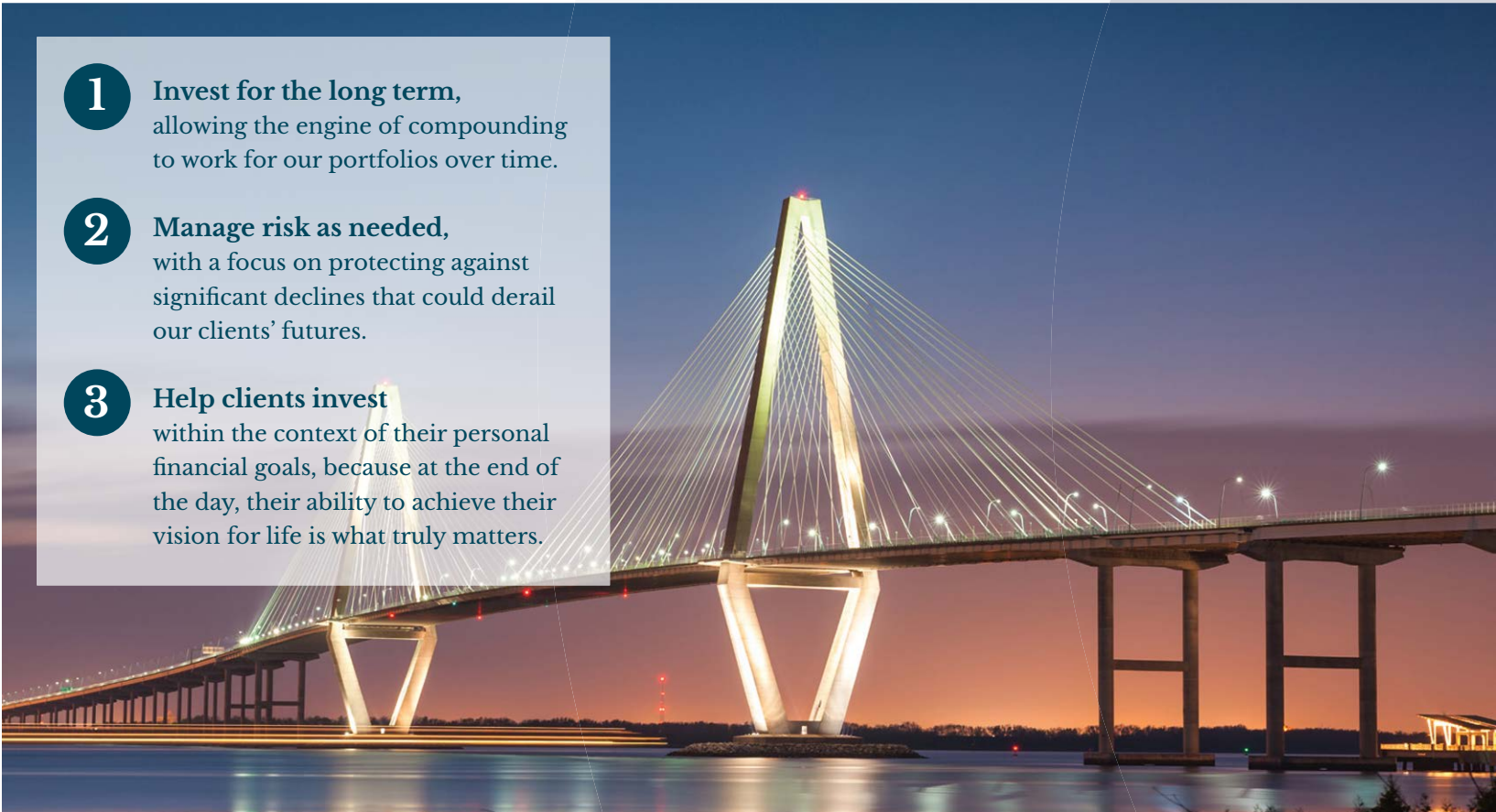
## Balance Opportunity and Risk Through Time-Tested Principles

Risk comes hand-in-hand with opportunity. Without it, there would be little potential for growth in an investment portfolio. That said, poor risk management can be a significant obstacle separating investors from their goals. With this in mind, the tenets that guide us include:



Wealth compounds at a faster rate over time

- 1** Invest for the long term, allowing the engine of compounding to work for our portfolios over time.
- 2** Manage risk as needed, with a focus on protecting against significant declines that could derail our clients' futures.
- 3** Help clients invest within the context of their personal financial goals, because at the end of the day, their ability to achieve their vision for life is what truly matters.





Risk-managed strategies produce a steadier stream of returns



Client's ability to meet their personal financial goals increases

## VINEYARD'S BELIEFS

To lessen the volatility of Vineyard portfolios, we employ a dynamic risk management process that adapts the level of exposure to what the current environment requires. In a deteriorating environment, protecting against extreme downside risk becomes critical because the more a portfolio loses in value, the greater are the returns required to get back to breakeven. (See page 9 for more detail on this concept.) Conversely, in a positive investment backdrop, our goal becomes positioning Vineyard portfolios to participate in the market's growth.

The table below gives a simplified example of what our philosophy looks like in action. It shows how the ability to dampen volatility in a portfolio can make a significant difference in its outcome.

	Stable Portfolio	Volatile Portfolio
Year 1	10%	20%
Year 2	10%	(40%)
Year 3	10%	50%
Average Annual Return	10%	10%
Compound Annual Growth Rate	10%	2.6%
\$1,000,000 Turns Into...	\$1,331,000	\$1,080,000

### The Vineyard Tradeoff: Lower Highs & Higher Lows

Most risk management measures come at a price, but we believe it's a price worth paying. In exchange for the costs associated with protecting Vineyard portfolios from significant downturns, we may give up some upside potential. The result is portfolios that tend to experience "lower highs" (i.e., that do not typically achieve the maximum market performance in an up market), but also "higher lows" (i.e., that do not fall as much as the overall market during a severe downturn).

Steadier returns over time help keep our clients on track toward meeting their personal financial goals. Knowing there's a plan in place to address risk gives them peace of mind, helping them avoid costly, emotionally-driven decisions when volatility strikes.



"Vineyard's driving mission has always been to provide peace of mind to our clients by producing steadier returns over time."

Tom Samuelson, CFA, CMT  
Chief Investment Officer  
Vineyard Global Advisors



#### Get In Touch

Questions? Ready to engage?  
Give us a call: (800) 780-1691



# THE PROCESS BEHIND OUR STRATEGIES

## Security Selection

Vineyard's product slate covers a broad range of investment objectives. Our security selection process is based on data-driven research that resists the confusing headline noise of the day. Each of our strategies is founded on a rigorous, highly-sophisticated model that screens a given universe of securities for carefully selected "factors"—measurements we use to estimate a security's potential. The rankings generated by our models are then put through further rounds of analysis to determine whether the timing is right for owning each individual security.

## Informed Risk Management

The way risk is handled can have a substantial impact on an investor's ultimate success. Our approach for all Vineyard strategies involves applying layers of protection as needed in response to changing market conditions, with the goal of providing the most protection during times of significant market deterioration.

### Macro Model

Vineyard's risk management approach is guided by our proprietary Macro Model, which we believe provides a reliable indication of the market's health. Our Macro Model is evidence-based, combining input from a range of measurements that have historically added value in terms of grading the overall market backdrop. When our Macro Model signals improving conditions, we look for opportunities to add exposure to market growth; when the Model points to a deteriorating investment environment, we add layers of protection to our portfolios as needed.

### Dynamic Diversification

Our first line of defense against market declines is diversification. By investing across a range of asset classes that respond differently to changing market conditions, we reduce the overall risk of Vineyard portfolios.

Our approach is dynamic, shifting in accordance with the current phase of the business cycle: expansion, contraction or transition. We focus our diversification efforts on areas of the market that have historically outperformed. We believe taking an informed approach to diversification helps us deliver better results for our clients.

*Vineyard's Macro Model informs risk management decision-making across all portfolios.*



Our investment process seeks to provide participation in the growth of global markets through the **careful selection of securities**, with **protection added as needed** through **dynamic risk management**.

## A Focus on Value

When it comes to investing in equities, our bias is toward healthy companies with strong growth prospects that are trading below what we deem to be their true value. We believe underpriced securities offer opportunity and are less likely to suffer in down markets. Our valuation discipline steers us away from expensive, “hot” stocks with questionable merits, toward fundamentally sound, high quality companies.

## Tactical Hedging

While diversification helps reduce risk in markets that fall in the 5% to 10% range, beyond that, greater measures are sometimes needed. As markets continue to fall, the benefits of diversification diminish since many asset classes move in tandem. At that point, based on guidance from our Macro Model, we may choose to support our portfolios with tactical hedges aimed at mitigating the effects of severe market declines. In a positive environment, our tactical hedging strategy may involve increasing participation in areas where we see above-average growth potential.

## Costs Matter

Vineyard portfolios are managed without a bias toward active or passive investing. We look for the best value within the context of the investment objective at hand, utilizing exchange traded funds (ETFs) and no-load mutual funds when possible to reduce our operating expenses and increase the tax efficiency of our portfolios. In addition, the way we manage risk involves adding hedges when needed *without buying or selling from the portfolio's holdings*. In this way, we avoid some of the transactions that could generate costly tax consequences for our clients.

*“Our clients are willing to invest for the long term. They’re looking for ways to sustain their lifestyle through their retirement years.”*

Clark Richard  
Chief Executive Officer  
Vineyard Global Advisors



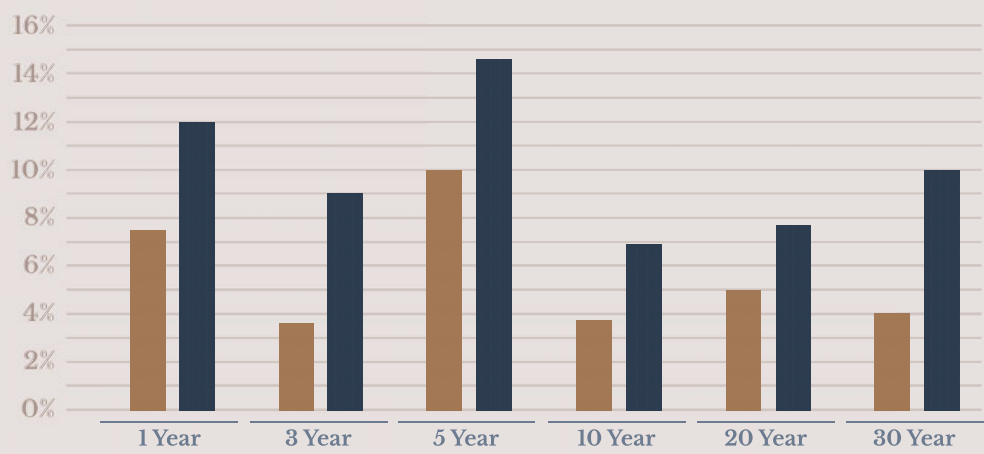


# THREE TRAPS WORTH AVOIDING

## TRAP 1 Emotional Decision Making

Over the last century, individual investors have consistently underperformed the major market indices.<sup>1</sup> Why do they underperform? According to research firm Dalbar, poor decision-making stems from a range of emotional biases, with two of the strongest being panicked selling in down markets

and buying out of a “herd mentality” in up markets. Specifically, the fear associated with a market decline often triggers a fight-or-flight response that leads to selling when prices are lowest. Likewise, when the market is rising, unfounded optimism can cause investors to plow money into overvalued securities.



### Investor Returns for Equity Funds vs. S&P 500

Investor Return  
S&P 500

Source: Dalbar

### Vineyard's Response

Our investment philosophy addresses the problem of emotional decision-making head on: Our approach involves using volatility to our clients' advantage by buying on temporary price weakness during times of overall market strength, while protecting our portfolios as needed during times of market deterioration.

In knowing their portfolios have a built-in plan for managing volatility, Vineyard clients feel better prepared to face market declines when they happen. For this reason, they are less likely to give in to fear that could drive them to sell at the wrong time.



#### Emotional Decision-making

Hurts performance  
in a crisis



#### Market Downdrafts

Can require significant  
recovery time



#### Retirement Withdrawals

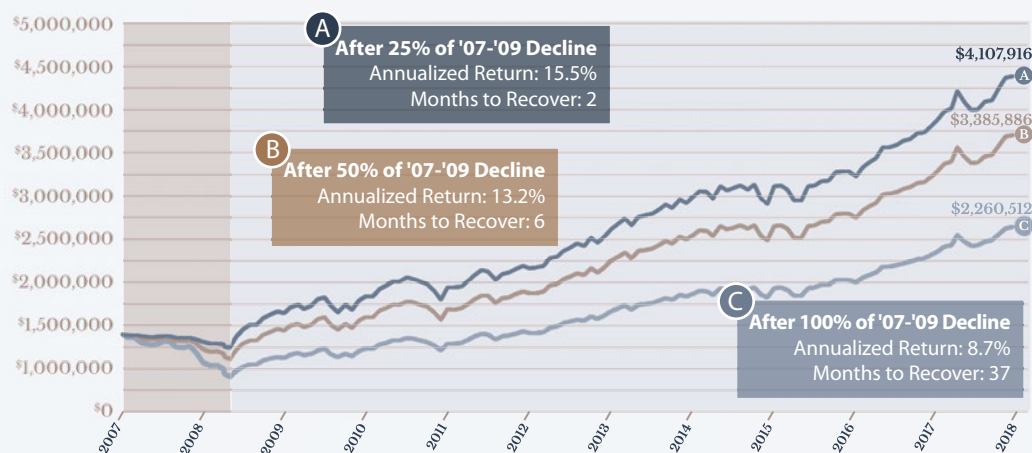
Affect a portfolio's  
sustainability



## TRAP 2 Getting Caught in a Downdraft

Studies of human behavior say the fear of losing money is twice as powerful as the pleasure of a gain.<sup>2</sup> That fear is there for reason. For each additional dollar lost, an even greater amount is required to get back to breakeven. The chart below shows the impact of the 2008 Financial Crisis on three

portfolios—each with a different risk profile. Not surprisingly, the portfolio that lost the least was back to making money sooner. The message is clear: Having a good defense (risk management) empowers a stronger offense.



### Recovering from a Crisis

Managing risk is essential to achieving long-term goals. This hypothetical example assumes an initial investment of \$1MM in three portfolios as of Oct. 31, 2007, each of which experiences a different level of participation in the 2008 financial crisis. Following the decline, all portfolios remain fully invested in the S&P 500 Index, with dividends and capital gains distributions reinvested.

Source: Bloomberg

### Vineyard's Response

Vineyard strategies are designed to offer protection from significant downturns. Our Macro Model guides our risk management policy, telling us how much protection to provide at any given time. For the reasons mentioned

above, we are less concerned about random volatility. When the potential for larger losses grows as market conditions deteriorate, we add the final layer of our risk management process, tactical hedging, to help further protect client assets.

## TRAP 3 Mistiming Retirement Withdrawals

For investors who plan to start living off their nest egg, the five years before and after they begin taking withdrawals are an especially vulnerable time. That's because the returns earned during those years have a disproportionate effect on future wealth. The source of the vulnerability stems from the problem of trying to sustain a fixed standard of living from volatile assets. Specifically, it refers to the risk that a market downturn damages a client's portfolio just when they are starting withdrawals, causing it to become prematurely depleted.

### Vineyard's Response

Many of our clients come to us specifically for the purpose of repositioning their assets away from risk and toward principal preservation. Our approach of adding layers of protection to our strategies as market conditions warrant makes Vineyard a choice to consider for anyone heading into retirement.



<sup>2</sup> Kahneman, Daniel; Tversky, Amos. "Prospect Theory: An Analysis of Decision Under Risk." *Econometrica*, Vol. 47, #2, March, 1979.



# PREPARING FOR THE FUTURE

Today's investors have an unprecedented number of choices when it comes to where to invest their money. They also face a lot of noise surrounding those options, including promises of sure bets and faster growth. Time has proven that trendy investment ideas can produce dismal outcomes. Time has also shown that, when combined with prudent risk management, the compounding effect of a value discipline is a proven way to accumulate wealth.

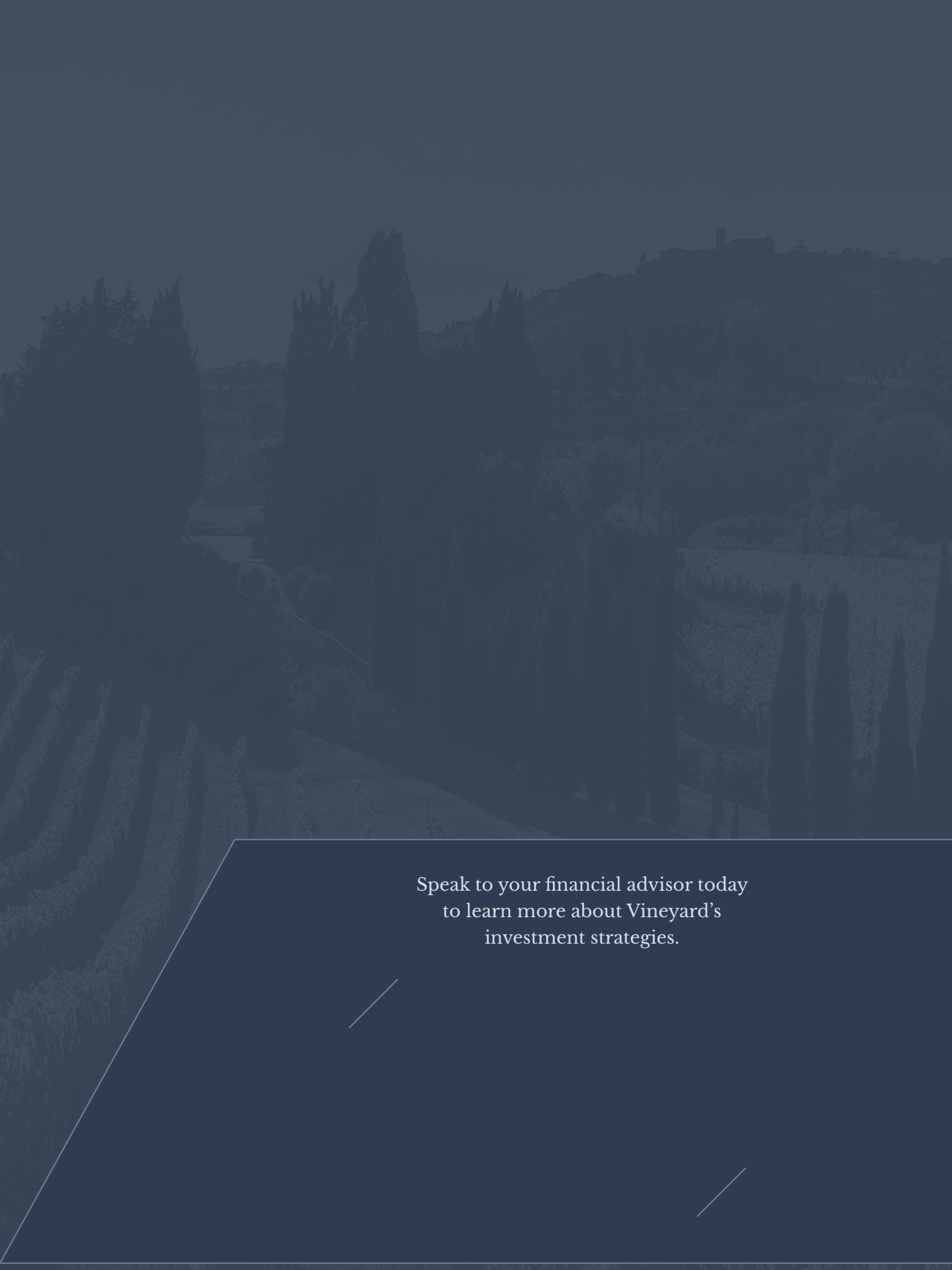
At Vineyard, we take a longer-term view of your success. We work with financial advisors and their clients to find solutions to their clients' financial goals. The stability we seek to provide helps our investors avoid the emotional decisions that could derail their plans.

If you are an investor seeking sustainable growth, Vineyard strategies may be an appropriate choice for you. We encourage you to speak to your advisor about the possibilities.

## About Vineyard Global Advisors

The Vineyard family of companies was established in 2014 to provide new ways to meet life's uncertainties with confidence through leading wealth services, informed consultation, and a dynamic planning mindset. Our investment strategies draw on the wealth of experience of our team of portfolio managers and product specialists. All of the models that support Vineyard strategies are proprietary, having been developed by our founders.





Speak to your financial advisor today  
to learn more about Vineyard's  
investment strategies.

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75 Malaga Cove Plaza  
Unit 5  
Palos Verdes Estates, CA 90274

Phone  
Web  
Email

(800) 780-1691  
[www.VineyardGlobalAdvisors.com](http://www.VineyardGlobalAdvisors.com)  
[info@vineyardglobaladvisors.com](mailto:info@vineyardglobaladvisors.com)