ClearLogic Financial's Investment Principles

THINGS TO PURSUE

1 Embrace market pricing

The market is an effective, information-processing machine. Millions of participants buy and sell securities in the world markets every day, and the real-time information they bring helps set prices.

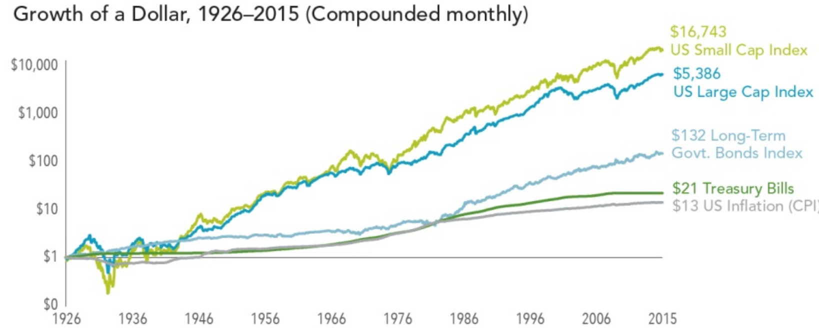
World Equity Trading in 2015

	Number of Trades	Dollar Volume
Daily Average	98.6 million	$447.3 billion

2 Let markets work for you

The financial markets have rewarded long-term investors. People expect a positive return on the capital they supply, and historically, the equity and bond markets have provided growth of wealth that has more than offset inflation.

Growth of a Dollar, 1926–2015 (Compounded monthly)



3 Consider the drivers of returns

You never know which market segments will outperform from year to year. By holding a globally diversified portfolio, investors are well positioned to seek returns wherever they occur.

Dimensions of Expected Returns

EQUITIES

Market
Equity premium—stocks vs. bonds

Company Size
Small cap premium—small vs. large companies

Relative Price
Value premium—value vs. growth companies

Profitability
Profitability premium—high vs. low profitability companies

FIXED INCOME

Term
Term premium—longer vs. shorter maturity bonds

Credit
Credit premium—lower vs. higher credit quality bonds

4 Practice smart diversification

Diversification helps reduce risks that have no expected return, but diversifying within your home market is not enough. Global diversification can broaden your investment universe.

Home Market Index Portfolio

S&P 500 Index

1 country, 500 stocks

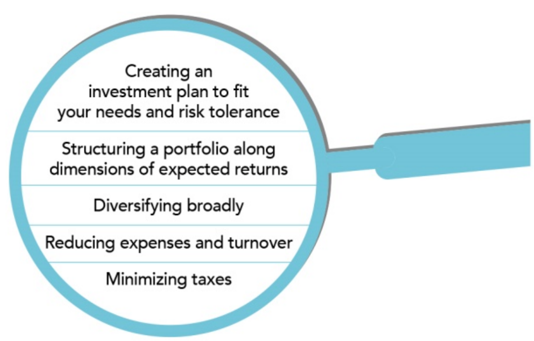
Global Market Index Portfolio

MSCI ACWI
Investable Market Index (IMI)

46 countries, 8,716 stocks

5 Focus on what you can control

A financial advisor can create a plan tailored to your personal financial needs while helping you focus on actions that add value. This can lead to a better investment experience.



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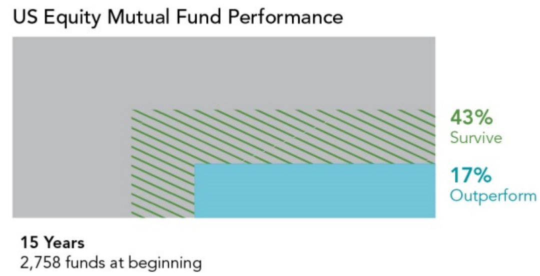
THINGS TO AVOID

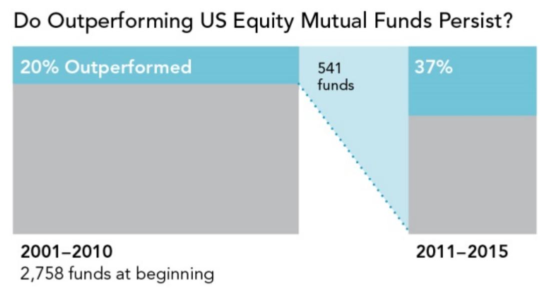
6 Don't try to outguess the market

The market's pricing power works against mutual fund managers who try to outsmart other participants through stock picking or market timing. As evidence, only 17% of US equity mutual funds have survived and outperformed their benchmarks over the past 15 years.



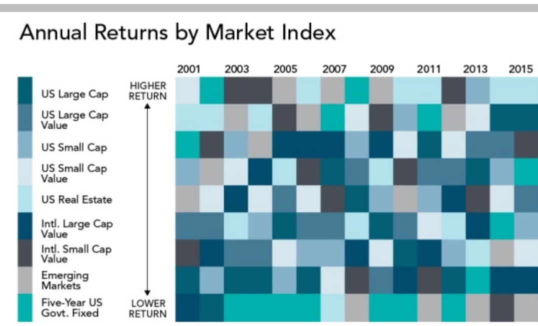
7 Resist chasing past performance

Some investors select mutual funds based on past returns. However, funds that have outperformed in the past do not always persist as winners. Past performance alone provides little insight into a fund's ability to outperform in the future.



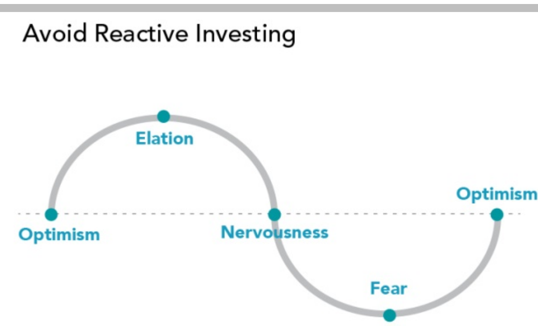
8 Avoid market timing

You never know which market segments will outperform from year to year. By holding a globally diversified portfolio, investors are well positioned to seek returns wherever they occur.



9 Manage your emotions

Many people struggle to separate their emotions from investing. Markets go up and down. Reacting to current market conditions may lead to making poor investment decisions at the worst times.



10 Look beyond the headlines

Daily market news and commentary can challenge your investment discipline. Some messages stir anxiety about the future while others tempt you to chase the latest investment fad. When tested, consider the source and maintain a long-term perspective.