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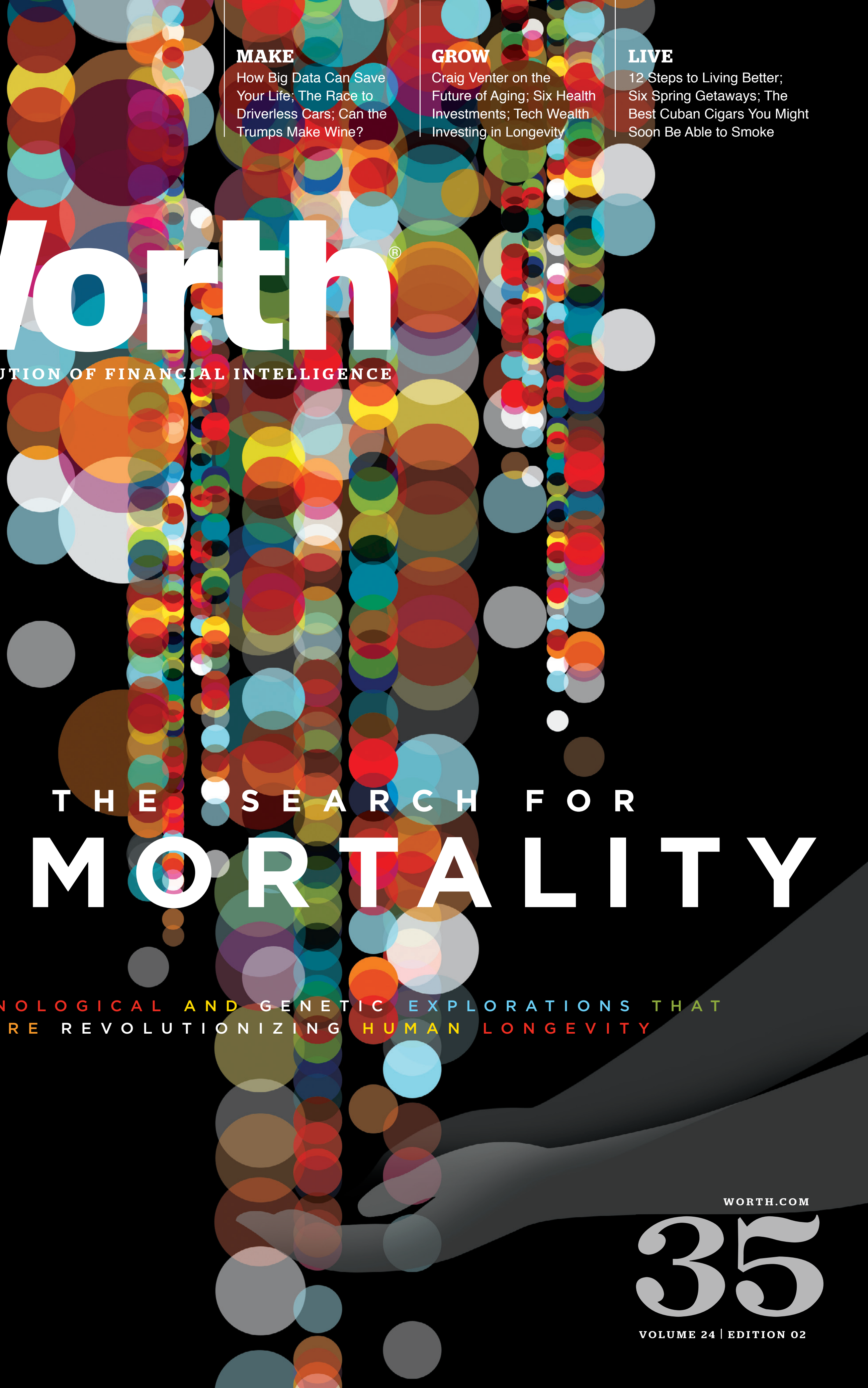

THE SEARCH FOR IMMORTALITY

TECHNOLOGICAL AND GENETIC EXPLORATIONS THAT ARE REVOLUTIONIZING HUMAN LONGEVITY

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Waldron Private Wealth

John Waldron, Founder, Chief Executive Officer; Matthew Helfrich, Managing Director, Chief Investment Officer; Jeff Howden, Managing Director, Chief Investment Strategist; Jim Mendelson, Managing Director; Michael Krol, CFP®, CPA, Managing Director; Chris Roe, CPA, Managing Director

"After this past year, how do I know if my investment allocation is appropriate for me?"

By Matthew Helfrich

Investment allocations are among the most discussed and debated conversations clients have with wealth managers: *Is my allocation right for me? Do I need to be more conservative? Should we have more domestic equity exposure?* These are just a few of the questions circling through investors' heads after a periodic investment-performance review.

Studies show that asset allocation remains the primary driver of volatility and portfolio returns. There are always times when asset allocation does not appear to make sense in the short term; however, investors still need to determine whether any changes they are making are with their *true* portfolio end-goals in mind, or are using "recency bias."

We find that a good basis to start is creating "goals-based" portfolios tied to client-specific and then investment-specific goals, following certain criteria and proceeding from the most to the least urgent decisions. Those criteria are:

01 What is the "risk attitude" and "risk capacity" of this portfolio? These are subjective and objective starting points: A true starting point is to determine the client's tolerance for risk coupled with his or her and the portfolio's ability to withstand that risk. Just because the portfolio has the financial wherewithal to withstand volatility doesn't mean the investor has the emotional ability to do so.

02 What is the cash flow required from this portfolio? Determining the portfolio's needs now and in the future gives the investor the ability to understand the frequency, amount and mix of portfolio return necessary to support the established cash-flow goals.

03 What is the tax status of the portfolio? It is critical that the wealth manager and client lay out and understand the tax status of the portfolio, to derive the asset allocation. Generation-skipping trusts have different time horizons and tax implications than do IRAs, charitable trusts or individual accounts.

04 What asset classes should be considered and what should the "mix" be among them? This is where most people think they need to start when developing a portfolio. But investors will have a better idea after following the above steps instead of starting at this point. Choosing from domestic equity, international equity, alternatives, real assets, fixed income and cash is a broad starting point. It is critical to understand the components and drivers of risk and return, and the degree to which asset classes will interact with one other.

05 What sub-asset classes should be considered? After the broad asset classes and appropriate mix are determined, the next consideration is the amount of: growth, value, large, small, short-term maturity, long-term maturity, low-quality credit, hedged equity to be "rolled-up" into the portfolio's broader allocation.

06 Which independent managers should be used? The preceding five steps take a tremendous amount of time and conversation. While manager selection has a role, it is often the least urgent decision when deriving the appropriate allocation. Having a top-decile versus a median-decile international manager is not critical if the allocation to international is not appropriate. Additionally, we believe that being independent in our manager sourcing allows us to keep a clear perspective for the most appropriate implementation for the end client.

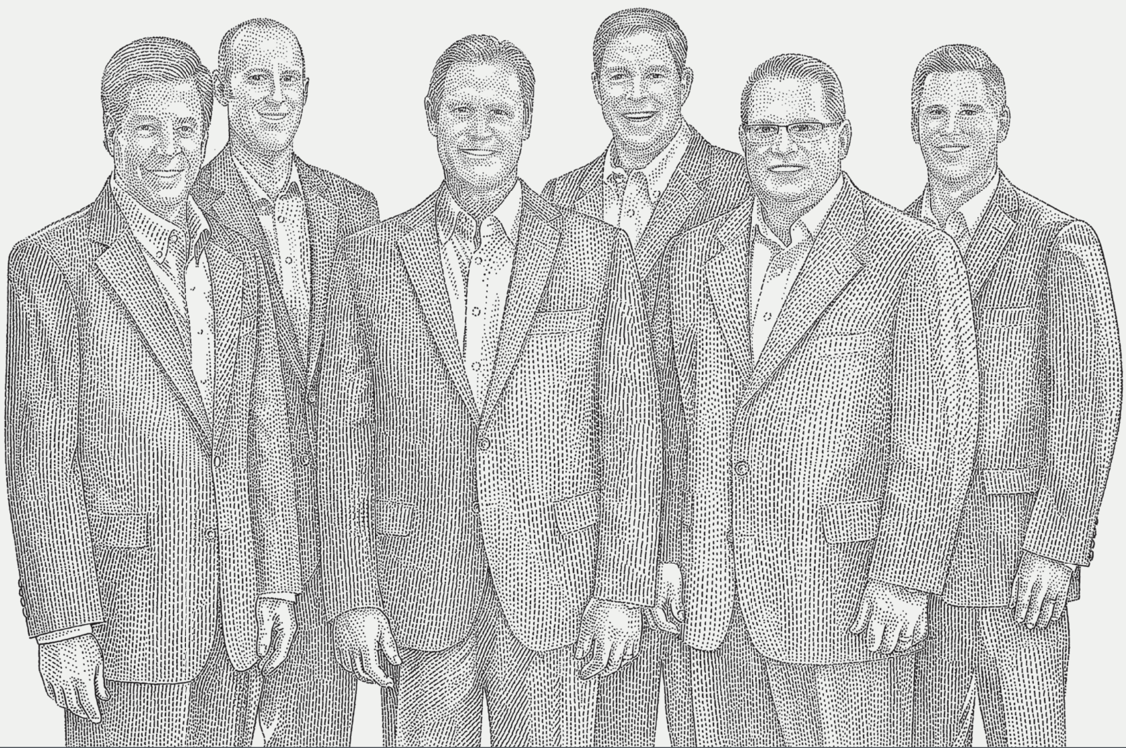
Fear and greed are two powerful emotional drivers of investor behavior. Consequently, periods of rising asset prices and the ensuing euphoria sometimes cloud our ability to exhibit the best investment behavior. Channeling this behavior into the appropriate allocation is simple, but not easy.

"Fear and greed are two powerful emotional drivers of investor behavior."

—Matthew Helfrich

How to reach Waldron Private Wealth

You can reach Waldron at 412.221.1005, *and we would be happy to discuss the next steps to our process.*



Left to right: Jim Mendelson, Matthew Helfrich, John Waldron, Jeff Howden, Chris Roe, Michael Krol

About Waldron Private Wealth

Waldron Private Wealth is a boutique private wealth management firm that advises a select group of high net worth individuals, families and family offices. By limiting the number of clients it serves, Waldron can offer greater focus on how to best simplify the complexities of significant wealth, so all clients can achieve what's important in their lives. Waldron's advisory team is prepared to serve its clients across a wide range of key financial disciplines. The advisory team includes: three CPAs, seven CFPs, an attorney, a certified divorce financial analyst and three members holding certificates from the Institute for Preparing Heirs.

Financial Services Experience
112+ years (combined)

Assets Under Management
$1.1 billion (as of 12/31/2014)

Minimum Fee for Initial Meeting
None required

Minimum Net Worth Requirement
$5 million

Largest Client Net Worth
Confidential

Compensation Method
Asset-based (investment services), hourly and fixed fees

Primary Custodians for Investor Assets
Fidelity Family Office Services and Pershing

Professional Services Provided
Planning and investment advisory services

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