



CLEARSTONE
WEALTH MANAGEMENT

INVESTMENT PHILOSOPHY

Fee-Only Fiduciaries for Business Owners, Professionals and Self-Employed
Helping Create, Grow, Manage and Protect Wealth

CONTACT

Paul Brown M.A., CEO

P: 877-926-6922 (direct)

E: paulb@clearstonewealthmanagement.com

U: www.clearstonewealthmanagement.com

LOCATIONS

Liberty Lake, WA • Whitefish, MT

Investment advice offered through IPI Wealth Management, Inc.
226 W. Eldorado St. Decatur, IL 65222. Phone: 217-425-6340



At Clearstone, we take seriously the importance of helping clients create, grow, manage and preserve their wealth.

OUR INVESTMENT PHILOSOPHY

For this reason, we use time-tested investment methodologies to develop strategies uniquely designed to meet the needs, goals and challenges they face.

Our “evidence-based” investment standards are supported by decades of insight gained from academic research and real-world professionals.

As fiduciaries, our sole purpose is to make certain our recommendations are in the best interests of our clients. This commitment places us on the “same side of the table” and in complete alignment as we work together to meet their immediate and long-term goals.

Our independence frees us from institutional bias, whether from banks, brokerage houses or other money management firms. Therefore, we are free to design investment plans we believe are best for the situation.

We are both fee-only and transparent. We do not receive commissions or bonuses from our investment recommendations, nor are our fees hidden in small print or otherwise kept from our clients.

OUR INVESTMENT PHILOSOPHY FOLLOWS SIX PRINCIPLES

1.

CUSTOMIZED PLANS

We construct customized investment portfolios to meet each client's unique needs. For example, a retiree may be concerned about "outliving" his or her money and is not comfortable with the extreme costs associated with annuities. In this instance we would consider overlapping investment strategies intended to provide immediate income and portfolio growth.

Because each client is different, we do not impose a "one-size-fits-all" strategy, but take great care to explain the likely returns, risks and rationale for our recommendations so that clients understand how these align with their situation.

2.

LONG-TERM VIEW

Despite periods of short-term decline, the market's recovery over the long-term has historically rewarded those who remain invested. In addition to higher returns, the volatility of an investment drops significantly when held over longer periods. Because of these and other advantages, we take a long-term view of the market and create strategies that capture these and other benefits.

3.

STRATEGIC ASSET ALLOCATION

Asset allocation is the primary factor determining long-term returns and variance in returns over time. When constructing portfolios, we use a mix of asset classes, including alternative assets, deemed most likely to produce desired returns while preserving our client's capital. We regularly review and rebalance portfolios based on the original strategic asset allocation. This helps maintain the intended level of risk in the portfolio while creating a counter-cyclical investment pattern.

4.

TACTICAL PORTFOLIO SHIFTS

Through our disciplined, tactical investment strategy we make adjustments to our client's portfolios to take advantage of opportunities to reduce risk or to capture gains. By systematically adjusting to the market's condition we strive to reduce our exposure to extreme and prolonged market losses and increase exposure to compelling opportunities that may produce excess market returns.

Because of our independence we are able to review and select from an extensive number of investments offerings, including carefully reviewed alternative and private placement opportunities.

5.

CAREFUL SELECTION

Our selection process is straightforward and includes: managers, risk-adjusted performance, size, fees and experience.

When making our selections we consider the type of portfolio the investment will be held. For example, since our “tactical” or satellite portfolios are reviewed monthly, they will generally include investment selections that can be traded without charge by the custodian holding the account.

6.

MINIMIZE FEES AND TAXES

Turnover, management expenses, transaction costs and taxes can have a significant impact on a portfolio's performance. By lowering costs, investors can enjoy a greater share of their investment return. We focus on minimizing fund management fees, excess trading and other costs while creating tax efficient strategies that deliver more value to our clients.



OUR SAMPLE PORTFOLIO MODELS

Our clients come to us with a number of investment objectives; each one requiring attention and care to their unique goals and needs.

Some have invested in their privately owned business and are taking steps to diversify away from this important asset. Others are intent on growing their investment accounts as they prepare for retirement.

Families are saving for college. Corporate executives are managing stock options. Retirees are preserving wealth. Some want to blend their multiple 401(k) plans into a single account.

Our investment strategies are tailored to these and other investment goals. The following models, therefore, are reflective of how we create Core, Tactical and Blended Investment Strategies. How these and/or other portfolios are developed and applied are dependent upon the client's unique investment goals, time frame, risks and values.

All Seasons Model

Core Long-term Strategy

The All Seasons Portfolio is intended to both manage risk (during bear markets) and capture gains (during bull markets). This long-term strategy consists of non-correlated assets including US and International Bonds, Large and Small Cap Equities, REIT and Special Consideration ETFs. The strategy is re-balanced quarterly to maintain its intended asset blend.

All World Tactical Asset Allocation

Satellite Tactical Strategy

The All World Tactical Asset Allocation portfolio forms the basis of a “tactical” allocation strategy. The strategy is designed to 1) reduce portfolio risk by moving to a “cash” position during bear markets, 2) capture the momentum of asset classes when they are showing signs of investor favor, and 3) force a disciplined investment approach that prevents behavioral reactions. Each month the strategy’s assets are reviewed on the basis of their performance (long term trends), investment swings (volatility) and risk premium (whether or not the asset is outperforming short-term Treasury Bonds). After review, equal investments are made in the asset classes achieving the highest score.

Blended Investment Strategy

Core-Satellite Combined

The Blended Investment Strategy is just that: one-half of the managed assets are invested in the All Seasons Core Portfolio (ASC) and the other one-half are invested in the All World Tactical Strategy (AWT). The ASC is re-balanced quarterly and the AWT is reviewed and adjustments made each month. With the combination we are seeking to capture the benefits of two investment strategies; a diversified long-term buy and hold portfolio and a disciplined tactical asset allocation strategy.

Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that the future performance of any specific investment, investment strategy (including the investments and/or investment strategies recommended and/or purchased by advisor), or product made reference to directly or indirectly on this paper will be profitable or equal to corresponding indicated performance levels. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client’s or prospective client’s investment portfolio. No client or prospective client should assume that any information presented and/or made available within this paper serves as the receipt of, or a substitute for, personalized individual advice from the advisor or any other investment professional. Historical performance results for investment indexes and/or categories generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results.