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Smart Beta ETF Model Portfolios

Selectively combining active management and index investing

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Advisors

Working with Chris Eckert

Investing can be an intimidating prospect for many people. Today's capital markets are complex, and the thought of sifting through thousands of available investments can be overwhelming. Most investors simply do not have the time or experience to gather and analyze all of the data necessary to make informed investment decisions. In such situations, it may make sense to work with an experienced professional who understands your financial needs and can dedicate the time and resources to help you meet them.

For over 40 years, Christopher Eckert has been helping investors prepare for and navigate through significant life events and financial transitions. To learn more about how his wealth management process can help you meet the challenges these major life transitions pose to your financial goals, please visit his website or call for a complimentary consultation.

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What is Beta?

A measure of the volatility, or systematic risk, of a security or a portfolio in comparison to a benchmark or the market as a whole.

What is Smart Beta?

Smart beta strategies are designed to add value by systematically selecting, weighting and rebalancing portfolio holdings on the basis of characteristics other than market capitalization.

Embracing Factors

The recognition of key drivers of risk and return - or factors - is at the heart of smart beta investing. Factors are investment characteristics that help explain the risk and return behavior of a security.

The Smart Beta Advantage

As factors tend to rotate in and out of favor over time, a smart beta ETF portfolio that tilts toward those ETFs with the best performing factors may help increase diversification, reduce volatility and provide the potential for better returns relative to a market-cap weighted

Common Factor Methodologies

- **Value:** companies underpriced relative to intrinsic value, often measured by low price to earnings and low price to book ratios.
- **Growth:** companies expected to experience faster than average growth, often measured by revenues, earnings or cash flow.
- **Size:** companies with smaller market capitalization that may be underpriced
- **Quality:** companies exhibiting strong profitability, healthy balance sheets and stable cash flows.
- **Low Volatility:** companies exhibiting lower price volatility than the market average, usually measured by beta or standard deviation.
- **Momentum:** companies that are appreciating in price and benefitting from positive sentiment.
- **Dividend:** weighting dividend paying companies by high dividend yield or by dividend growth characteristics.
- **Equal Weighted:** allocates the same weighting to each company of an index.

Smart Beta ETF Equity Model Portfolio

Current Equity Holdings (100%)	Symbol	Target Allocation
Invesco QQQ Trust*	QQQ	10%
Invesco S&P 500 Top 50 ETF*	XLG	10%
iShares MSCI USA Momentum Factor ETF*	MTUM	10%
Invesco S&P 500 Momentum ETF*	SMMO	10%
iShares Russell 1000 Growth ETF*	IWF	10%
Vanguard Growth ETF*	VUG	10%
SPDR Portfolio S&P 500 Growth ETF*	SPYG	10%
Vanguard International High Dividend Yield Index ETF*	VYMI	10%
Schwab US Large-Cap ETF*	SCHX	10%
iShares MSCI EAFE Value ETF*	EFV	10%

Smart Beta ETF Equity Model Portfolio Guidelines:

- Inventory of equity ETFs is established based upon common factor methodologies discussed above.
- Each ETF is evaluated and a matrix is created to compare the inventory of ETFs versus each other.
- Ranking criteria will include trend, relative strength versus the market and relative strength versus peers.
- The 10 highest rated ETFs will be placed in the portfolio and be equally weighted.
- The inventory of ETFs will generally be evaluated and re-rated on a regular basis.
- Whenever there is a change in the portfolio's holdings, the whole portfolio will be rebalanced so that each ETF is equally weighted.
- The portfolio is only rebalanced when there is a change in the portfolio's holdings.

Smart Beta ETF Growth & Income Model Portfolio

Current Fixed Income Holdings (35%)	Symbol	Target Allocation
SPDR Barclays 1-3 Month T-Bill ETF*	BIL	7%
SPDR Portfolio Aggregate Bond ETF*	SPAB	7%
iShares Core 1-5 Year USD Bond ETF*	ISTB	7%
iShares 0-5 Year High Yield Corporate Bond ETF*	SHYG	7%
iShares Broad USD Investment Grade Corp Bond ETF*	USIG	7%

Current Equity Holdings (65%)

Invesco QQQ Trust*	QQQ	6.5%
Invesco S&P 500 Top 50 ETF*	XLG	6.5%
iShares MSCI USA Momentum Factor ETF*	MTUM	6.5%
Invesco S&P 500 Momentum ETF*	SMMO	6.5%
iShares Russell 1000 Growth ETF*	IWF	6.5%
Vanguard Growth ETF*	VUG	6.5%
SPDR Portfolio S&P 500 Growth ETF*	SPYG	6.5%
Vanguard International High Dividend Yield Index ETF*	VYMI	6.5%
Schwab US Large-Cap ETF*	SCHX	6.5%
iShares MSCI EAFE Value ETF*	EFV	6.5%

Smart Beta ETF Growth & Income Model Portfolio Guidelines:

- Weighting of 65% to the same 10 ETF's that comprise the Smart Beta ETF Equity Model Portfolio.
- Weighting of 35% to a diversified portfolio of fixed income ETFs.

Smart Beta ETF Portfolio Inventory

Global Equity	Symbol	**Gross Expense Ratio	Date added to portfolio
Vanguard Global			
Vanguard Mega Cap ETF*	MGC	0.07	
Vanguard Mega Cap ValueETF*	MGV	0.07	
Vanguard Mega Cap Growth ETF*	MGK	0.07	
Vanguard Extended Market ETF*	VXF	0.06	
Vanguard FTSE All-World Ex-US ETF*	VEU	0.07	
Vanguard FTSE Developed Markets ETF*	VEA	0.06	
Vanguard FTSE Europe ETF*	VGK	0.09	
Vanguard FTSE Pacific ETF*	VPL	0.08	
Vanguard International Dividend Appreciation ETF*	VIGI	0.15	
Vanguard International High Dividend ETF*	VYMI	0.22	04/04/25
Vanguard FTSE All-World Ex-US Small-Cap ETF*	VSS	0.07	
Vanguard FTSE Emerging Markets ETF*	VWO	0.08	
Schwab Global			
Schwab U.S. Broad Market ETF*	SCHB	0.03	
Schwab U.S. Large-Cap ETF*	SCHX	0.03	New 08/04/25
Schwab U.S. Large-Cap Value ETF*	SCHV	0.04	
Schwab U.S. Large-Cap Growth ETF*	SCHG	0.04	
Schwab U.S. Dividend Equity ETF*	SCHD	0.06	
Schwab U.S. Mid-Cap ETF*	SCHM	0.04	
Schwab U.S. Small-Cap ETF*	SCHA	0.04	
Schwab International Equity ETF*	SCHF	0.06	
Schwab Fundamental International Equity ETF*	FNDF	0.25	
Schwab International Small-Cap ETF*	SCHC	0.11	
Schwab Emerging Markets Equity ETF*	SCHE	0.11	
iShares Global			
iShares Core S&P Total US Stock Market ETF*	ITOT	0.03	
iShares S&P 500 Value ETF*	IVE	0.18	
iShares S&P 500 Growth ETF*	IVW	0.18	
iShares MSCI EAFE Value ETF*	EFV	0.34	05/01/25
iShares MSCI EAFE Growth ETF*	EFG	0.36	
iShares MSCI EAFE Minimum Volatility Factor ETF*	EFAV	0.22	
iShares Currency Hedged MSCI EAFE ETF*	HEFA	0.35	
iShares ESG Aware MSCI EAFE ETF*	ESGD	0.20	
iShares International Equity Factor ETF*	INTF	0.15	
iShares MSCI International Quality Factor ETF*	IQLT	0.30	
iShares International Select Dividend ETF*	IDV	0.49	
iShares MSCI EAFE Small-Cap ETF*	SCZ	0.40	
iShares Emerging Markets Equity Multifactor ETF*	EMGF	0.25	
iShares MSCI Emerging Markets Min Vol Factor ETF*	EEMV	0.25	
iShares Currency Hedged MSCI Emerging Markets ETF	HEEM	0.70	
iShares ESG Aware MSCI Emerging Markets ETF*	ESGE	0.25	

* Index based mutual fund or ETF

Fixed Income	Symbol	**Gross Expense Ratio	Date added to portfolio
Broad Market			
iShares Broad USD Investment Grade Corp Bond ETF*	USIG	0.04	04/15/19
iShares Core U.S. Aggregate Bond ETF*	AGG	0.03	
iShares iBoxx \$ Investment Grade Corp Bond ETF*	LQD	0.14	
SPDR Portfolio Aggregate Bond ETF*	SPAB	0.03	06/01/18
Vanguard Total Bond Market ETF*	BND	0.03	
Broad Market - actively managed			
Capital Group Core Plus Income ETF	CGCP	0.34	
First Trust TCW Opportunistic Fixed Income ETF	FIXD	0.65	
PIMCO Active Bond ETF	BOND	0.58	
SPDR Doubleline Total Return Tactical ETF	TOTL	0.55	
Short Term			
iShares Core 1-5 Year USD Bond ETF*	ISTB	0.06	02/07/19
iShares Short-Term Corporate Bond ETF*	IGSB	0.04	
SPDR Barclays 1-3 Month T-Bill ETF*	BIL	0.14	05/01/23
SPDR Portfolio Short Term Corporate Bond ETF*	SPSB	0.04	
Vanguard Short-Term Bond ETF*	BSV	0.04	
Vanguard Short-Term Treasury ETF*	VGSH	0.04	
Intermediate Term			
iShares Intermediate-Term Corporate ETF*	IGIB	0.04	
SPDR Portfolio Intermediate Term Corporate ETF*	SPIB	0.04	
Vanguard Intermediate-Term Bond*	BIV	0.04	
Vanguard Intermediate-Term Treasury Index ETF*	VGIT	0.04	
Long Term			
iShares Long-Term Corporate ETF*	IGLB	0.04	
SPDR Portfolio Long Term Corporate ETF*	SPLB	0.04	
SPDR Portfolio Long Term Treasury ETF	SPTL	0.03	
Vanguard Long-Term Bond ETF	BLV	0.04	
High Yield, TIPS, Preferred and Mortgage-Backed			
iShares 0-5 Year High Yield Corporate Bond ETF*	SHYG	0.30	06/01/18
iShares iBoxx \$ High Yield Corporate Bond ETF*	HYG	0.49	
iShares 0-5 Year TIPS Bond ETF*	STIP	0.03	
iShares TIPS Bond ETF*	TIP	0.19	
Invesco Variable Rate Preferred Portfolio ETF*	VRP	0.50	
iShares U.S. Preferred Stock ETF*	PFF	0.46	
iShares Mortgage-Backed Securities ETF*	MBB	0.04	
SPDR Bloomberg Barclays Convertible Securities ETF*	CWB	0.40	
International			
SPDR Bloomberg International Treasury Bond ETF*	BWX	0.35	
Vanguard Total International Bond ETF*	BNDX	0.07	
iShares J.P. Morgan USD Emerging Markets Bond ETF	EMB	0.39	
VanEck Vectors J.P. Morgan EM Local Currency ETF*	EMLC	0.30	

**Gross expense ratio as reported in fund's prospectus - Morningstar January 2025

Disclosures & Definitions

Mutual Funds and Exchange-Traded Products (ETPs) are sold by prospectus. Before investing, please consider the investment objectives, risks, charges and expenses of the fund carefully. The prospectus, and, if available, the summary prospectus, contains this and other information and can be obtained by calling the fund company, the ETP sponsor, or your Financial Advisor. You should read it carefully before investing.

Exchange-Traded Funds are subject to risks similar to those of stocks. Investment returns may fluctuate and are subject to market volatility, so that an investor's shares, when redeemed, or sold, may be worth more or less than their original cost. Exchange Traded funds may yield investment results that, before expenses, generally correspond to the price and yield of a particular index. There is no assurance that the price and yield performance of the index can be fully matched.

Beta is a measure of the volatility of the fund's total returns to the general market as represented by a corresponding benchmark index of the fund. A beta of more than 1.00 indicates volatility greater than the market, and a beta of less indicates volatility less than the market.

There is no assurance that any fund will meet its investment objective or that the use of smart beta strategies will produce excess returns even if such strategies have done so in the past. Using smart beta ETF selection strategies as a substitute for selecting ETFs tracking more well-known, market-cap or price-weighted indices can be risky, as exposure offered by these strategies could differ significantly from that provided by strategies that select an ETF tracking a market-cap-weighted or price-weighted index.

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