J. Chris Harvie, CFP, Managing Partner
Private Investment Management
PIM Portfolio Manager

Investment Philosophy Statement

Watching for market signals, ignoring market noise.

There are plenty of opinions on Wall Street, on financial networks, online and everywhere else. So where's the real intelligence? Who knows what will happen? And when?

At Harvie Wealth Management Group, our portfolio manager strives to make tactical decisions utilizing proprietary analysis and evaluation techniques. This type of analysis attempts to evaluate the supply-and-demand forces of particular asset classes such as domestic equities, international equities, bonds, currencies, commodities, and cash – ranking the asset classes from strongest to weakest, based upon "Relative-Strength." Relative Strength is a measure of price trends that indicate how a security is performing relative to other securities.

Why do we do this? To see where the money **IS** going. Which asset classes are in favor? Which sectors within those asset classes are moving – and in which direction? Rather than "time" the markets or aim for high-flying stocks that "may have potential," we scrutinize thousands of scientific data points. These are commonly known as tactical indicators.

"Relative Strength helps identify securities that were recently rising in value faster than others."

"Relative Strength" is the foundation of our portfolio construction and risk management process. Within any market, this robust, unbiased technique helps us identify (in real time):

- How one asset class is performing relative to the broad market – and to its peers. What we believe are the strongest performing investments, as well as the weakest.
- The signals tend to be long-term – helping investors enjoy the benefit of "a run" and helping avoid sustained downturns.

Real time beats "some of the time."

No market analysis is always correct. That's why monitoring the daily battles of relative strength and making multiple comparisons simultaneously (growth vs. value, large cap equities vs. small cap equities, and international vs. domestic), client portfolios can be aligned with what we believe are the strongest asset classes and investments.

Tracking motion – rather than emotion.

Chris Harvie is steadfast in his discipline: to abide by market signals, to insights from selected economists and managers. With an investment approach that is tactical – without bias or emotion – striving to get the asset classes right is of paramount importance.

HARVIE
WEALTH MANAGEMENT GROUP

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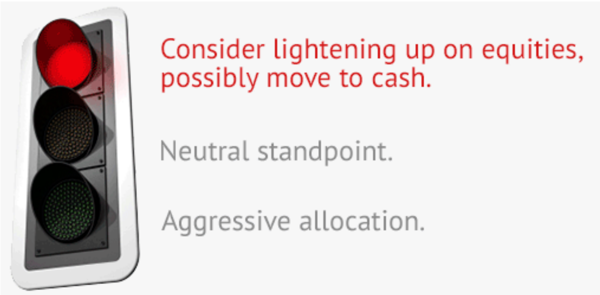
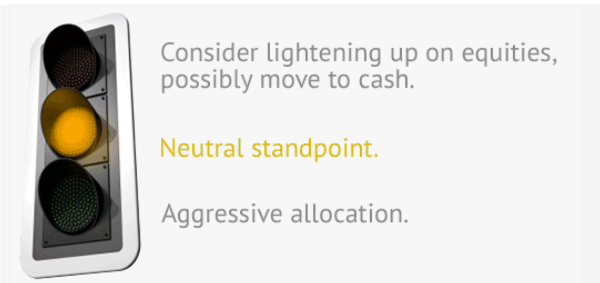
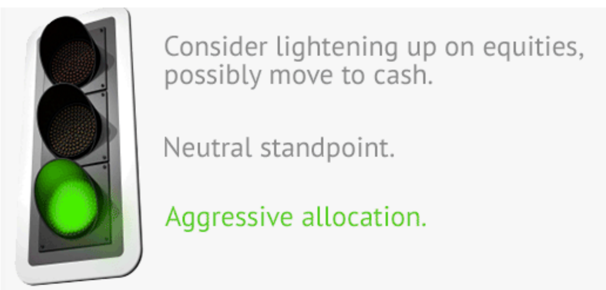
Below is an example of the process:







- When markets are moving higher, the green light typically calls for a more aggressive allocation of assets.
- When there's no clear sentiment, a yellow light generally encourages a neutral standpoint
- When indicators turn negative, a red light usually signals to lighten up on equities and, often, move to cash and cash alternatives.

This example is provided for informational purposes only. Asset allocation recommendations are subject to change based on an investor's profile. We will review your investment objectives, risk tolerance, and liquidity needs before selecting an investment allocation that is appropriate for your specific need.

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The data drives each decision. Discipline drives everything.

Specializing in comprehensive investment planning, Chris Harvie believes that a well-formulated strategy can include all asset classes – from domestic and international equities and bonds, to mutual funds and ETFs (Exchange Traded Funds), to currencies and commodities exposure through the use of ETFs.

As part of his holistic approach to investing, Chris devotes significant time to determining and appreciating the nuances of each client's personal philosophy and monetary values. Further, Chris believes that:

- **Emotions and subjective decisions have no part in investing.** The unbiased analysis of asset classes' daily performance is highly effective
- **Buy-and-hold strategies are not successful over time –** especially in minimizing portfolio volatility.
- **Technical indicators (when to buy) are as critical as fundamental indicators (what to buy).** The reason? "Technicals" also dictate when to sell.
- **Market volatility offers opportunity.** When stock prices are falling and indicators turn negative, Chris shifts to "wealth preservation mode." When stock prices are rising, equities may be added.
- **The "math of losses" shows that client portfolios cannot suffer losses and be expected to easily recover.** Any significant downturn affecting a portfolio's value would require an even greater gain, to get back to even. For example:
    - A 20% drop would require a 25% gain.
    - A 30% drop would require a 43% gain.
    - A 40% drop would require a 67% gain.
    - And a 50% drop would require a 100% gain (which, of course, is quite difficult).
- This is why Chris seeks to preserve client assets against losses by focusing on each portfolio's consistent and total return.
- **Cash has value**. When signals point to increased risk, equity exposure is typically reduced and portfolios may not be fully invested. Using cash/cash alternatives as a hedge can help protect against market losses and can be immediately invested in markets when opportunity arises.
- **Client satisfaction is the ultimate indicator in measuring success.** The large number of longtime and referred clients tells Chris that satisfaction is high.
- Harvie Wealth Management Group provides you with written progress evaluations on a quarterly basis. These evaluations will include a comparison of your portfolio to an index as well as a review of your asset allocation and historical performance. In addition, you will receive a monthly statement and a 1099 statement at the end of the year. You will have direct access to me should you have any questions or concerns.

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By maintaining open communication, I believe we may be able to help avoid reflexive or reactive decisions during downward market cycles.

As each Private Investment Management (PIM®) program account is individually managed, construction and ongoing management of portfolios may vary from those discussed in this Philosophy Statement.

Technical analysis is only one form of analysis. Investors should also consider the merits of Fundamental and Quantitative analysis when making investment decisions. Technical analysis is based on the study of historical price movements and past trend patterns. There is no assurance that these movements or trends can or will be duplicated in the future

Past performance is not indicative of future results, and there is no assurance that any investment strategy will be successful.

The value style of investing cannot guarantee appreciation in the market value of an investment's holdings. The return and principal value of stocks fluctuate with changes in market conditions. The value type of investing tends to shift in and out of favor.

Investments and investment strategies contained herein are provided for informational purposes only. We would need to review your individual situation before recommending appropriate strategies to you. All investing involves risk, including the possible loss of principal. Stocks offer long-term growth potential, but may fluctuate more and provide less current income than other investments. Investing in fixed income securities involves certain risks such as market risk if sold prior to maturity and credit risk especially if investing in high yield bonds, which have lower ratings and are subject to greater volatility. All fixed income investments may be worth less than original cost upon redemption or maturity. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline of the value of your investment. Income from municipal securities is generally free from federal taxes and state taxes for residents of the issuing state. While the interest income is tax-free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternative Minimum Tax (AMT). The PIM program is not designed for excessively traded or inactive accounts and are not appropriate for all investors. Please carefully review the Wells Fargo Advisors advisory disclosure document for a full description of our services. The minimum account size for this program is $50,000.

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