



## Investment Management Philosophy

At Prescott Tax & Wealth Management, we seek first and foremost to be your trusted advisor, whether concerning your tax, insurance or investment needs. As financial advisors, we take a holistic approach in the pursuit of your financial independence and the attainment of your life goals. Two fundamentally important factors in achieving such outcome are: 1) retaining as much as possible of what you earn via sound tax management; and 2) growing what's left over with a risk-appropriate approach.

We believe that achieving strong risk-adjusted investment performance over time is predicated on several key principals, which are as follows.

- Maintain a long-term focus and stay invested
- Protect principal against erosion from inflation and exposure to material downside risk
- Minimize costs, for example, through predominant use of passive ETF in portfolio construction
- Be tax-wise with decisions involving choice and timing of investments, accounts and elections
- Optimize investment returns through wise, risk-appropriate investments and utilization of tactical portfolio management where applicable

## Investment Management Options

We offer numerous retirement and non-retirement investment options that span investment account types, including Roth, SEP and traditional IRAs, small company 401Ks and defined benefit plans, and traditional investment accounts. Our managed account offering consists of the following three approaches, which are described on the following page.

- *Tactical Allocation Portfolios*
- *Strategic Allocation Portfolios*
- *Institutional Management Portfolios*

## Tactical Allocation Portfolios

Ideal for IRA and other retirement accounts, these portfolios are tactically adjusted as market momentum factors change and indicate potential market corrections or sell-offs. By adjusting with the market, these portfolios are specifically designed to avoid full participation in downside exposure during negative market periods while conversely disproportionately capturing upside exposure during positive market periods. These strategies also benefit through predominant use of low-cost passive index ETFs that offer strong liquidity and trading volumes. These portfolios are ideal for IRA and 401K accounts due to their higher trading frequency and otherwise lower tax efficiency.

## Strategic Allocation Portfolios

A slightly more cost-effective alternative to Tactical Allocation Portfolios and Institutional Management Portfolios, these portfolios are generally more tax-efficient with less frequent trading given a long-term perspective. Similar to our Tactical Allocation Portfolios, they predominantly utilize low-cost passive index ETFs except where select alternatives offer highly compelling risk-adjusted return propositions that justify higher internal fund costs.

## Institutional Management Portfolios

Ideal for taxable accounts, these portfolios offer a diversified, tax-aware, multi-asset exposure to boutique and institutional managers that are rarely available to individual investors. As tax and investment professionals, we perform tax-loss harvesting and apply a tax-aware perspective in the management of the portfolios, enhancing returns through these cost savings. These portfolios can also be combined with mutual fund and ETFs to gain specific exposures, diversify risk and lower costs as desired.