WISER WEALTH MANAGEMENT

INVEST SMARTER.

Wiser Philosophy

Wiser Wealth Management is an independent FEE ONLY investment advisory firm located in Marietta, Georgia. As a fee only firm, we do not receive commissions or sell any financial products. We are held to a fiduciary standard to act in the best interest of our clients.

A Wealth Management Firm

Wiser Wealth is true to its name. Our services include portfolio management, financial planning, estate planning, tax preparation, and business retirement plans. Our team includes an asset manager, a financial planner, a CPA, and an attorney to enable us to provide comprehensive services.

Fiduciary Responsibility

Fiduciary responsibility is what sets Wiser Wealth apart from banks and brokerage houses. Having an advisor who takes on fiduciary responsibility ensures that you receive unbiased advice. We have worked hard to make sure that our business practices are in line with our clients' best interest.

Fiduciary responsibility mandates that Wiser Wealth do the following:

- Find the most efficient and cost effective investment options.
- Act prudently in the client's best interest.
- Abide by a code of ethics.
- Disclose any conflicts of interest.

In contrast, brokerage firms and banks are not held to the same high standards. This is the difference and value we can add as an independently registered investment advisor.

Planning

Creating an individual financial plan and reviewing it annually is essential to building and maintaining an investment portfolio. Without planning, investors tend to build a portfolio piecemeal, which leads to poor investment allocation. A plan also helps prevent investors from buying more stock when markets are up and selling when markets are down. When creating a financial plan, Wiser uses realistic market assumptions and focuses on your future using a Monte Carlo simulation, which generates a probability of your financial success. The planning process also includes a review of other important financial topics such as budgeting, insurance, estate planning and health care.

"Brokers are not fiduciaries. They only have to find something suitable for you. As a fiduciary, Wiser has to find the best for you."

Casey Smith

President, Wiser Wealth Management

"Professors Richard Woodward and Jess Chua of the University of Calgary...conclude that a market timer would have to make correct decisions 70 percent of the time to outperform a buy-and-hold investor. I've never met anyone who can bat 700 in calling market returns."

Burton Malkiel

Author, *A Random Walk Down Wall Street*

Asset Allocation

When investing in the stock and bond markets, there are two kinds of risk to be concerned with:

- Systematic Risk: the risk of the entire world economy and stock market, which cannot be reduced.
- Non-Systematic Risk (business risk): the risk of owning an individual security. This risk can be eliminated through diversification.

How you allocate and diversify your portfolio will determine a large portion of its risk and return, making asset allocation a powerful tool in achieving the goals set in your financial plan.

Keep Costs Low

Markets are unpredictable, cost is forever. Each penny that a client pays in investment fees is a penny lost, never to be recovered. Considering that industry standard investment costs begin at 2%, an investor with a diversified portfolio and low fees will see a much larger return over the long run. Research suggests that lower-cost investments have tended to outperform higher-cost alternatives. You cannot assume that if you pay more, you will get more. At Wiser Wealth, our portfolio investment cost average is less than 0.3% annually. Added to our annual management fee, this makes Wiser Wealth an ideal alternative for professional asset management.

Maintain Discipline

Asset allocation only works if you maintain discipline and adhere to the strategy. It is easy to get caught up in the short-term, emotional moves of the financial markets, which is why it is crucial to understand that market timing is a losing game. It is virtually impossible to time when a stock or the overall market is bottoming out or reaching its peak. While short term market swings are unpredictable, long term market results are very clear. Investors who invest for periods of five years or greater are far more likely to see positive results. This is why we stress the importance of investing for the long term.

While in Rhode Island in 1885, William Travers, a New York business man, saw a long line of yachts and was informed they were all owned by stock brokers from Wall Street. This led him to ask, "Where are their clients' yachts?" Still relevant today, this is a great example of how financial product salespersons and brokers rarely have an incentive to put their clients' interests first. We and many academics have researched and studied this disconnect, and discovered the following:

- Picking stocks and timing the market has low long term success.
- Mutual funds and separate managed accounts are generally expensive, and after fees rarely beat their appropriate benchmark.
- Using index funds is the most efficient long term strategy.

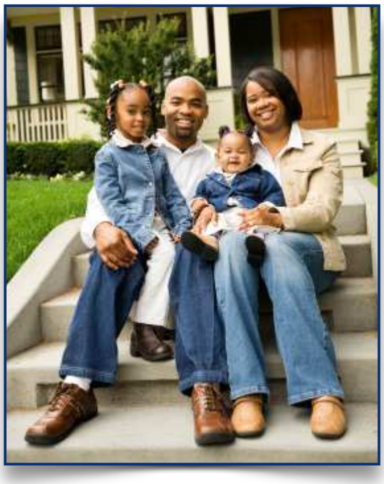
Our investment philosophy is to maintain a diversified portfolio, keep costs of investing low, and always invest for the long term.

A Case for Indexing

What is an Index?

An index is a basket of securities that represents a segment of the stock market. For example:

- The S&P 500 represents the 500 largest companies in the United States.
- The MSCI EAFE Index is a foreign index that holds companies incorporated in Europe, Australasia, and the Far East (EAFE). The index totals over 800 securities.
- The S&P 600 represents 600 stocks that are all considered small companies.



Why Index?

Indexing is an alternative to stock picking and mutual fund investing. There is a lot of data supporting the advantages of index investing. One recent study shows that between 1975 and 2006, 99% of active mutual fund managers covering the US large cap category failed to beat the S&P 500.[1] Indexing removes human behavior, inaccurate market timing, and poor stock picking, all of which lead to the under performance of fund managers.

[1] *"False discoveries in Mutual Fund Performance: Measuring Luck in Estimated Alphas," University of Maryland Robert H. Smith School of Business.*

Indexing Through ETFs

An exchange traded fund (ETF) is an investment vehicle that allows investors to directly invest into an index, at a much lower cost than traditional mutual funds. Since 1993, the ETF industry has responded to the incompetence of active fund managers and the limitations of index mutual funds. Since their introduction in 1993, ETFs have experienced tremendous growth in total assets compared to mutual funds.

Major Differences Between Mutual Funds and ETFs

Mutual funds are traded at net asset value (NAV) after the markets close, and only have to report their holdings quarterly. In contrast, ETFs trade during market hours similar to a stock, and their holdings are usually reported daily. Mutual funds depend on a fund manager to pick stocks, where as an ETF simply purchases and holds the stocks as listed in its assigned index. Another difference is in cost. The average ETF investment cost is 0.25% per year, where the mutual fund industry average is 1.5%.

"My impression is that trying to do market timing is likely to be counterproductive."

John Bogle

Founder, Vanguard Group of Investment Companies

Advantages of ETFs

- Very low costs
- The opportunity to track a market
- Relative diversification within a market segment
- Potential for tax-efficiency
- Consistent management strategy

How Our Models Were Developed

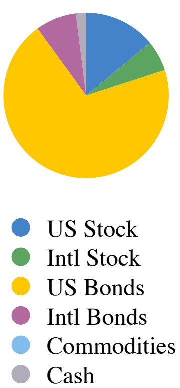
Every year a list is published of the top stocks or mutual funds from the previous year. This is interesting to look at, perhaps, from an economic standpoint or to see if your stock or fund is on the list. However, by no means should we invest in last year's performance today with the expectation that this year's performance will be the same. Yet we see individual investors and financial advisors take this approach all the time.

When building portfolios, it is better to focus on risk rather than chasing returns. Historically we have seen time periods where additional risk has not paid off with higher returns. Very rarely do we see time periods when there is a high rate of return with no risk.

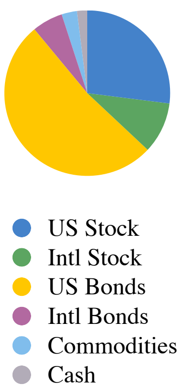
Risk can be measured several ways, all of which include looking at historical volatility (not returns) and determining future risk based on economic indicators. Volatility is the measure of the amount of variance (positive and negative) from zero risk and performance.

Wiser Wealth builds portfolios by looking globally for what we consider to be long- term healthy asset classes. Each asset class is assigned a risk number when weighted within the portfolio to achieve the client's desired risk tolerance, which is determined within their financial plan. In addition to risk, the cost of the fund is also heavily considered. Because Wiser Wealth is a fiduciary fee only asset manager, we search for the best investment vehicles for our clients with no conflicts of interest.

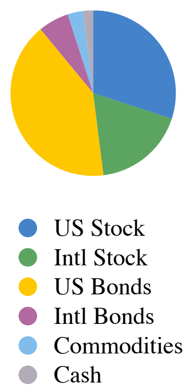
Very Conservative



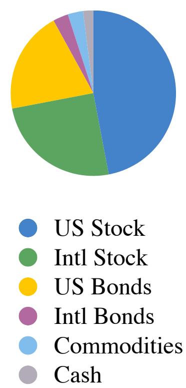
Conservative



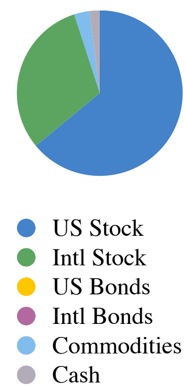
Moderate

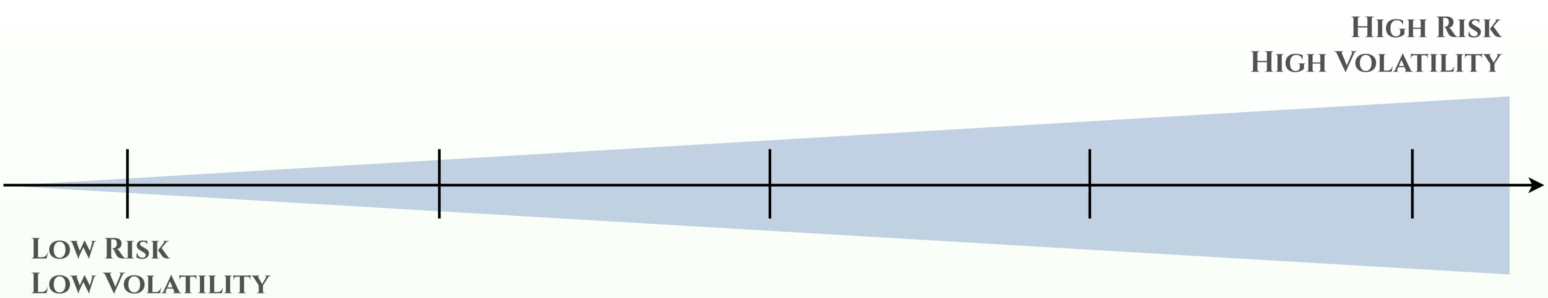


Moderate Aggressive



Aggressive





Portfolio Management ◆ Financial Planning ◆ Estate & Business Legal Services
Tax Preparation ◆ Bookkeeping & Payroll ◆ Business Retirement Plans

125 Church Street, Suite 220, Marietta, GA 30060
678.905.4450 tel 800.596.0716 toll free 678.264.0989 fax
education@wiserinvestor.com
www.wiserinvestor.com