

**SELECT**

Money Management, Inc.  
**REGISTERED INVESTMENT ADVISOR**

# TACTICALLY-MANAGED MODEL PORTFOLIOS



120 VANTIS DRIVE – SUITE 440, ALISO VIEJO, CA 92656 | 949.975.7900 | TOLL-FREE 800.445.9822

SECURITIES OFFERED THROUGH SECURITIES EQUITY GROUP | REGISTERED BROKER-DEALER | MEMBER FINRA & SIPC

# EFFICIENT MANAGEMENT

---

## **TACTICALLY-MANAGED PORTFOLIOS ARE SEPARATELY MANAGED ACCOUNTS USING MUTUAL FUNDS, EXCHANGE TRADED SECURITIES, AND INDIVIDUAL STOCKS.**

Efficient management of client accounts under \$1 million remains a challenge for many registered investment advisory firms. While it is important to offer clients diversified portfolios with the appropriate level of risk, many advisors have struggled to find an efficient way to manage accounts at the \$100,000 or even at the \$25,000 level. At Select Money Management, Inc., we are pleased to offer our clients several Tactically-Managed Model Portfolios based on our clients' varied risk tolerances.

Tactically-Managed Model Portfolios give investors access to a diversified system of Separately Managed Accounts that hold mutual funds, exchange traded securities and/or individual stocks grouped together within a specific risk tolerance.

For our Tactically-Managed Model Portfolios, we identify the investible universe, then narrow that universe to a select group of investments with a strong track record, a competitive cost structure, a well-thought-out investment process, and firm-level resources that support the managers.

## **TACTICALLY-MANAGED PORTFOLIOS FOR MANY RISK LEVELS**

While we know returns cannot be guaranteed, and past performance is not indicative of future returns, we are ardent believers that risk can and should be managed. That is why we tactically manage our model portfolios in order to be more responsive to changing market cycles. This strategy is designed to actively manage asset allocation of the models, particularly during times of increased market volatility when the long-term direction of the market is unclear.

"Tactical Management" simply means that we attempt to avoid segments of the market that are overvalued or out of favor. This strategy can potentially help enhance potential returns relative to the returns associated with a static mix of asset classes.

To discover more about how our Tactically-Managed Model Portfolios might be what your portfolio needs, please review this brochure along with our Wrap Fee Program Brochure (Form ADV, Part 2A appendix).



# TACTICALLY-MANAGED MODEL PORTFOLIOS

---

At the core of our investment methodology is a rigorous due diligence process that relies on the expertise of a team of investment professionals with well over 100 years of collective experience evaluating managers, designing investment solutions, and overseeing portfolios. Our team's efforts are augmented by custody services and research capabilities of National Financial Services, LLC (NFS), a Fidelity Investments Company, which provides detailed analysis regarding thousands of investments.

## TACTICAL BOND MODEL \$25K MINIMUM

**THE TACTICAL BOND MODEL PORTFOLIO** uses a ladder allocation of individual bonds with a reasonably consistent yield and short-term maturities. This model portfolio seeks to achieve this yield with low volatility and is designed for investors to hold to maturity. In most model positions, maturity will be within 1-3 years. The Tactical Bond Model Portfolio seeks exposure to fixed income managers and may contain mutual funds, and/or exchange traded securities.

## TACTICAL FIXED INCOME MODEL \$25K MINIMUM

**THE TACTICAL FIXED INCOME MODEL PORTFOLIO** is a yield-focus model that derives its yield from multiple asset classes within the fixed income space. The Tactical Fixed Income Model focuses more on yield than principal stability. This model portfolio is well-suited for those seeking income with fluctuating price levels. The Tactical Fixed Income Model Portfolio seeks exposure to fixed income managers and may contain mutual funds and/or exchange traded securities.

## TACTICAL GROWTH & INCOME MODEL \$25K MINIMUM

**THE TACTICAL GROWTH & INCOME MODEL PORTFOLIO** seeks to provide a combination of yield production utilizing bonds and moderate equities. Holdings will be based on the highest rated managers within our carefully selected investment choices. The Tactical Growth and Income Portfolio may contain mutual funds, and/or exchange traded securities.

## TACTICAL BALANCED MODEL \$25K MINIMUM

**THE TACTICAL BALANCED MODEL PORTFOLIO** is designed for moderate investors seeking a balance of equity and fixed income. The Tactical Balanced Model Portfolio seeks exposure to equity and fixed income managers and may contain mutual funds and/or exchange traded securities. We evaluate 7 broad-based asset classes weekly to determine the highest ranking based on model computations. Changes in asset weightings can change within the equity and fixed income asset classes.



# TACTICALLY-MANAGED MODEL PORTFOLIOS

---

## TACTICAL EQUITY CORE MODEL \$100K MINIMUM

**THE TACTICAL EQUITY CORE MODEL PORTFOLIO** is a growth portfolio focusing on individual stocks from highly capitalized industry and sector leaders that typically pay dividends. The model uses both fundamental and technical analysis to determine the stocks held in the portfolio.

## TACTICAL EQUITY MODEL \$100K MINIMUM

**THE TACTICAL EQUITY MODEL PORTFOLIO** is a growth portfolio focusing on individual stocks that have historically consistent payment of dividends as well as growth. The model uses both fundamental and technical analysis to determine the stocks held in the portfolio. Approximately one-half of the portfolio is allocated into "core" (consistent dividend paying companies) and approximately one-half in "satellite" (growth-oriented companies).

## TACTICAL GROWTH MODEL \$25K MINIMUM

**THE TACTICAL GROWTH MODEL PORTFOLIO** is a sector-based model analyzing up to 40 market sectors weekly. We allocate in the top 8 to 10 sector groups with the highest relative strength ranking within our model computations. It is our objective within the group of sectors we track to isolate those that show the best potential upside, even in down markets. The Tactical Growth Model Portfolio seeks capital appreciation through sector mutual funds and/or exchange traded securities.

## TACTICAL GROWTH FOCUSED MODEL \$25K MINIMUM

**THE TACTICAL GROWTH FOCUSED MODEL PORTFOLIO** is a sector-based model for investors that can tolerate slightly higher risk than our Tactical Growth Model Portfolio. This additional risk comes from having the portfolio concentrated in fewer sector groups. In this model portfolio we allocate in the top 5 to 7 sector groups with the highest relative strength ranking within our model computations. It is our objective within the group of sectors we track to isolate those that show the best potential upside, even in down markets. The Tactical Growth Focused Model Portfolio seeks capital appreciation through sector mutual funds and/or exchange traded securities.

# TACTICALLY-MANAGED MODEL PORTFOLIOS

---

## TACTICAL BASED COUNTRY MODEL \$100K MINIMUM

**THE TACTICAL BASED COUNTRY PORTFOLIO** seeks out opportunities within various countries identifying the strongest country exchange traded securities based on our model rankings. The model groups up to 5 of the highest ranked countries together for diversification. By utilizing exchange traded securities, the model can easily change amongst these various specific countries within our model. The tactical aspects assure that the positions are closely monitored and managed throughout the year. Investors allocating funds to this model should be able to withstand greater volatility while seeking higher growth potential.

## CUSTOM STRATEGIES

**CUSTOM STRATEGIES** are also available for specific client needs. Please ask your Advisor for information on related fees and minimums for Custom Strategies.

## KEY BENEFITS

---

### ASSET DIVERSIFICATION

Investors typically need significant assets to invest directly with institutional money managers. By utilizing Tactically-Managed Model Portfolios, investors can own a portfolio that is diversified across multiple asset classes and/or across different sectors.

### PERSONALIZED PROCESS

With the assistance of your Financial Advisor, building your investment portfolio begins with an in-depth consultative process designed to outline your objectives. Then, we will assist you in selecting the portfolio models that will achieve your goals.

### RISK MONITORING

To ensure that the portfolios continue to meet their strategic and diversification objectives, our investment team monitors model portfolios so that they remain within their target for the portfolio. We periodically use conventional reallocation techniques to keep the risk within the appropriate range.

### SMART FEE STRUCTURE

Tactically-Managed Portfolios are charged a simple, clearly stated annual fee that is based on the size of the account that is established when the account is opened, or a new model is selected. Fees are charged quarterly in arrears.

# STRAIGHTFORWARD PRICING

**TACTICALLY-MANAGED MODEL PORTFOLIOS** require a minimum balance of \$25,000 to \$100,000 in investable assets depending on the model selected. Fees are billed quarterly according to the fee schedule below. Fees for portfolio management services may be negotiated under certain circumstances and we may waive minimum balance requirements at our discretion.

| AGGREGATE<br>or<br>FAMILY<br>ACCOUNT<br>VALUE | ANNUAL FEE<br>Tactical Equity and<br>Tactical Equity Core<br>Models | ANNUAL FEE<br>Tactical Growth,<br>Tactical Growth<br>Focused, Tactical<br>Based Country<br>Models | ANNUAL FEE<br>Tactical Balanced<br>Model | ANNUAL FEE<br>Tactical Growth &<br>Income Model | ANNUAL FEE<br>Tactical Fixed<br>Income Model |
|---|---|---|--|---|--|
| \$25,000.00 -<br>\$150,000.00                 | 2.20%   | 2.10%   | 2.00%                                    | 1.70%   | 1.25%  |
| \$150,000.01 -<br>\$250,000.00                | 2.10%   | 2.00%   | 1.90%                                    | 1.60%   | 1.25%  |
| \$250,000.01 -<br>\$500,000.00                | 1.90%   | 1.80%   | 1.80%                                    | 1.50%   | 1.00%  |
| \$500,000.01 -<br>\$750,000.00                | 1.80%   | 1.70%   | 1.70%                                    | 1.40%   | 1.00%  |
| \$750,000.01 -<br>\$1,000,000.00              | 1.70%   | 1.60%   | 1.40%                                    | 1.25%   | 1.00%  |
| \$1,000,000.01 -<br>\$2,000,000.00            | 1.30%   | 1.20%   | 1.10%                                    | 1.00%   | 0.90%  |
| \$2,000,000.01 -<br>\$3,000,000.00            | 1.00%   | 0.90%   | 0.90%                                    | 0.80%   | 0.70%  |
| \$3,000,000.01 -<br>\$4,000,000.00            | 0.90%   | 0.80%   | 0.80%                                    | 0.70%   | 0.70%  |
| \$4,000,000.01 -<br>\$5,000,000.00            | 0.80%   | 0.80%   | 0.80%                                    | 0.70%   | negotiated                                   |
| \$5,000,000.01 +                              | negotiated  | negotiated  | negotiated                               | negotiated                                      | negotiated                                   |

**TACTICAL BOND MODEL** has a flat 1.00% annual fee for all account values.

**CUSTOM MODELS** annual fees are negotiated at the time the account is opened.

# ABOUT SELECT MONEY MANAGEMENT

---

**SELECT MONEY MANAGEMENT, INC.** offers Tactically-Managed Model Portfolios through the Select Money Management, Inc. Wrap Fee Program (the “Program”). We serve as sponsor and investment manager for the Program, which is a fee-only investment management program, offered on a discretionary basis. This program is based on our proprietary tactical asset allocation methodology.

Each of these models is designed to meet a specific goal. Portfolios are then created using separately managed accounts with mutual funds, exchange traded securities, and/or individual stocks. We will assist you with selecting one of our portfolio models based on our understanding of your specific financial circumstances, anticipated future financial needs, investment goals, return objectives, investment horizon, and risk tolerance.

Acting in a limited discretionary capacity, we will choose when to execute any trade for your benefit and risk. When managing an account based on a model portfolio, the timing of trades in your account will primarily depend upon the model or changes in the model and, generally, will not take into consideration how long you may have held the position indicated by the model.

The Tactically-Managed Model Portfolios offered under the Program require a minimum of between \$25,000 and \$100,000 of investable assets depending on the model selected. We may waive the minimum requirements at our discretion. Custom Strategies are also available for specific client needs.

**ACCOUNT PROTECTION** - To give clients the maximum level of protection for their accounts, Select Money Management, Inc. accounts are custodied at NFS, LLC., a Fidelity Investments Company. SIPC provides up to \$500,000 of protection for accounts that clients hold in each separate capacity (e.g., joint tenant or sole owner, etc.), with a limit of \$250,000 for claims of uninvested cash balances. Along with SIPC protection, National Financial Services LLC provides for brokerage accounts additional “excess of SIPC” coverage from Lloyd’s of London, together with AXIS Specialty Europe Ltd. and Munich Re. Note that account protection only applies when a SIPC firm fails financially and is unable to meet obligations to securities clients. It does not protect against losses in the market value of investments. Details about SIPC coverage are available at [www.SIPC.org](http://www.SIPC.org).



# DISCLOSURES

---

There is no guarantee that any forecasts or opinions in this material will be realized. Information should not be construed as investment advice. This material does not constitute the rendering of investment, legal, tax, or insurance advice or services. It is intended for informational use only and is not a substitute for investment, legal, tax, and insurance advice.

State, national, and international laws vary, as do individual circumstances, so always consult a qualified investment advisor, attorney, CPA, or insurance agent on all investment, legal, tax, or insurance matters. The effectiveness of any of the strategies described will depend on your individual situation and on a number of other factors. After reviewing your personal situation, we may recommend that you not use any strategy in this document but instead consider other strategies available through our practice.

As with any investment strategy, there is potential for profit as well as the possibility of loss. A tactical asset allocation strategy does not ensure a profit or guarantee against a loss. Select Money Management, Inc. does not guarantee any minimum level of investment performance or the success of any portfolio or investment strategy.

Regarding Model Portfolios: To help avoid the presentation or dissemination of potentially misleading information, GIPS (Global Investment Performance Standards) specifically disallows linking model results to actual performance results. No simulated, hypothetical, or backtested performance is provided regarding any of our Tactically-Managed Model Portfolios.

All investments involve risk and investment recommendations will not always be profitable. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Please contact your advisor at Select Money Management, Inc. for additional information on our Tactically-Managed Model Portfolios. A complete description of the Select Money Management, Inc. Wrap Fee Program and its fees are contained in our Wrap Fee Program Brochure (Form ADV, Part 2A appendix). To request a copy, contact your investment advisor representative or call our office at 949-975-7900.

---

## **SELECT MONEY MANAGEMENT, INC. – REGISTERED INVESTMENT ADVISOR**

**120 VANTIS DRIVE - SUITE 440, ALISO VIEJO, CA 92656 | 949.975.7900 TOLL-FREE 800.445.9822**

**SECURITIES OFFERED THROUGH SECURITIES EQUITY GROUP | REGISTERED BROKER-DEALER | MEMBER FINRA & SIPC**