



# MAPSTONE | VERITAS

COMPREHENSIVE WEALTH MANAGEMENT

Investment Advisory Approach



ADVICE | EXPERIENCE | RESULTS | *SINCE 1970*



*“We do much more than manage  
money for our clients, we are truly  
invested in them.”*

**Jeffrey C. Mapstone**  
*Founding Partner*

## Our Investment Advisory Approach |

At Mapstone Veritas Financial Group, we know that no two people have the same financial situation, and we have shaped our approach to wealth management accordingly. We begin every client relationship the same way, by taking the time to understand your investment goals, risk tolerance, and time horizon. Once we know who you are, we customize our investment process to fit your situation and position you for success.

### Strategic Investment Management |

We manage wealth strategically, with a focus on macroeconomic and market cycle trends. We evaluate the “big picture”, thinking not just about where we are but where we’re going, and then construct a portfolio to capitalize on these trends.

### Modern Portfolio Construction |

There are more investment opportunities available than ever before. We employ a modern, institutional approach to portfolio construction, with a global perspective that considers the full universe of available assets when building your portfolio.

### Diversification |

We diversify portfolios using the tenets of modern portfolio theory, which forms the foundation of our investment philosophy. It has been proven that market returns can be obtained with less risk using diversified portfolios over non-diversified portfolios. This potentially means less volatility without sacrificing expected return.

### Security Selection |

The securities we hold within every portfolio are chosen after a due diligence process that includes investment manager interviews, the use of LPL Financial Research, and Morningstar research. We also do market cycle evaluation using information from Bloomberg, Schwab, JP Morgan Chase, the CFA Institute and others. We continue to conduct this process as long as we hold a security, to ensure that the portfolio remains consistent with your performance and risk expectations.

### Rebalancing |

Over time assets change in value, and your asset allocation will therefore drift from its intended composition and may result in an overweight in the classes that have outperformed. This can change the risk profile of your portfolio. To maintain your target risk tolerance, we must periodically rebalance the portfolio, which involves systematically selling high and buying low in an effort to enhance risk-adjusted returns.



### LPL Trading Platform |

As financial professionals with EQ Advisors, we utilize LPL's trading platform, one of the largest clearing houses with advanced trading technology. This enables us to take advantage of economies of scale, which helps provide the best pricing to our clients.

### Low Friction Approach |

Investment cost and taxation can be a significant drag on investment performance over time. Because of this, we construct portfolios with cost in mind, utilizing Exchange Traded Funds (ETFs) and institutionally priced mutual funds among other low-cost, high-performance vehicles. We also help you determine when and how incorporating tax efficient assets could be useful in pursuing your financial goals. There may be certain securities that have federal and state government tax advantages; for instance, municipal bonds. Other investment vehicles, such as ETFs, through their creation and redemption process, can minimize taxable portfolio turnover. When appropriate, we utilize tax loss harvesting to reduce taxation by offsetting tax liabilities with realized losses. We use these approaches to make your portfolio as tax and cost efficient as possible, with the objective to maximize your net return.

## Our Investment Advisory Approach |

### Risk Management |

There are many risks that are frequently overlooked which are important to consider when investing, including:

Market Risk	Business Risk	Re-investment Risk
Interest-Rate Risk	Country Risk	Call Risk
Currency Risk	Alternative Strategy Risk	Tax Risk
Sociopolitical Risk	Timing Risk	Regulation Risk
Credit Risk	Capitalization Risk	Event Risk
Redemption Risk	Inflation Risk	Foreign Risk
Opportunity Cost Risk	Liquidity Risk	Valuation Risk
Principal Risk	Management Risk	Concentration Risk

We take all these risks into account while we help you manage your investments and identify how they will affect you personally.

### Fee-Based Management |

Our fee-based management structure for our investment advisory products and services is in place because we share a common goal - to grow your assets. Instead of earning commissions on these products, our compensation is tied directly to the value of the assets in your account. Additionally, as investment advisor representatives, we operate under the fiduciary standard, which means that we are charged with placing your interests above our own and those of the company.

### Three-Bucket Strategy for Income Distribution |

When you are ready to start drawing income from your portfolio, it is critical to have a proper distribution strategy, which incorporates selling the right assets at the right times. We call our strategy the “three bucket approach.” We identify the amount of money that should be placed in short-term, intermediate-term and long-term buckets. We then use the short-term bucket for very liquid, conservative investments, the intermediate-term bucket for moderate risk investments, and the long-term bucket for more aggressive investments. We draw income from the short-term bucket when the more aggressive investments are underperforming. When the long-term assets are outperforming, we may sell some of those assets to replenish the short-term bucket or for current income. This three-bucket rebalancing strategy helps to ensure that we only “sell high” when assets are in a position of strength.

Again, experience shows that most people have not allocated their assets and cash flow in the most efficient ways possible to maximize the probability of reaching an expected goal or result (e.g., overfunded in products, optimal for bucket 1 and/or 2; underfunded in bucket 3).

Your distribution strategy will also include an analysis of your social security, any pensions you may have, and any other sources of income (trusts, rental properties, etc.).





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