

# Agenda for Meeting

Review Client's Goals and Objectives

Discuss Current Situation and Observations

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Discuss TPG Value Proposition

LPL Financial and the Independent Advisor Business Model

TPG Philosophy and Client Beliefs

Our “Toolbox” and Process

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Recommendations and Plan of Action

# The Philadelphia Group Value Proposition

Each client works with a team of specialists:

- CFP® Professional
- Experienced Investment Strategist
- Dedicated Service Team
- Back Office Operations

Independent, Conflict-Free Advice

Holistic View of Wealth Management

Top Level Technology and Product Offering Platforms

Robust Client Communication Systems

# CLIENT BELIEFS

Liquidity  
Transparency  
Proximity  
Role Clarity  
Diversification  
Emotional Stability  
Scale  
Predictability

# CLIENT BELIEFS

## Liquidity

We believe clients should invest primarily in financial vehicles that are readily available to be sold on a DAILY basis.

We believe that situations and needs change and that modern markets evolve rapidly, and we believe that certain products without liquidity do not provide adequate benefits to warrant their lack of liquidity.

By using either ETFs, mutual funds, separate accounts, individual securities or other vehicles with daily liquidity, our clients always have full access to their capital and as advisors we can always make immediate, timely moves for them.

# CLIENT BELIEFS

## Transparency

The only person providing any compensation to our firm is the client.

In our advisory accounts, there is no conflict of interest because outside parties do not compensate us for the sale of their products. Our fee is billed quarterly from the account and it is fully transparent.

We believe that only accepting compensation from the client directly allows our clients to know their advisor is clearly aligned with their best interests.

We receive no additional benefits or compensation from any product companies we recommend to clients. There are no rewards trips, health insurance benefits paid for, or any other factors that could contribute to a biased recommendation. There are no products that we as a firm are “affiliated with” or “owned by”.

In addition, we are compensated while the client is holding cash in the accounts. This is further confirmation that we do not have bias towards holding stocks or bonds if we do not feel like we want to own the assets at that time. Selling out of positions does not mean a paycut for us, and at many firms it does.

# CLIENT BELIEFS

## Proximity

We believe that advisors should have close contact and communication with the people actually making the ongoing decisions for their portfolios.

Our industry has too many advisors who delegate actual portfolio management and other responsibilities to outside firms or other people within their firm that the client will never meet or speak with.

We believe that investors are best served when they can communicate directly with the people who are helping to make the portfolio decisions for them.

# CLIENT BELIEFS

## Role Clarity

We believe that clients are dealing with too many financial advisors who define a successful day by the number of sales made to new customers. We meet many client who don't really know what their advisor does all day.

At The Philadelphia Group, our segmented team makes it very clear who is responsible for what tasks in your financial life.

Our primary advisor is your point of contact and the specialist for financial planning needs.

Our Director of Client Portfolio Management is responsible for the daily portfolio decisions.

Our dedicated service team handles day to day client service issues.

We believe that by having someone on the team focused full time on portfolio management and another person focused on the big picture, the client will receive better results than dealing with one advisor who is trying to wear multiple hats.

# CLIENT BELIEFS

## **Diversification:**

Asset allocation in our new global world has changed dramatically. In the current markets, asset classes have begun to move together much more frequently. This phenomenon has made traditional diversification much more difficult.

In 2008, almost all stock and bond holdings went down in value together. This unfortunately provided little risk management to those individuals who thought they were properly diversified.

Our belief is that despite these challenges, there are opportunities to properly diversify and reduce risk, and that this modern asset allocation strategy is critical to the long term stability and success of the client's portfolio.



## **Scale:**

We believe that independence is critical for the best interest of the client. We also believe that a client is best suited working with a firm that also has extensive resources for research, product availability, and other back office needs.

If you can blend independent advice with large company resources, we contend that the client will get the best advice and solutions.

The Philadelphia Group has selected LPL Financial as its broker dealer for those reasons. LPL is the nation's largest independent broker dealer with over:

- 15,000 advisors
- 3000 home office employees
- \$3 billion per year in revenues
- \$300 billion in total assets under management.
- Publicly Traded on NASDAQ under Symbol LPLA

# CLIENT BELIEFS

## Emotional Stability:

We believe that one of the biggest problems for clients is that they truly don't know what they are trying to accomplish in their asset management.

Our experience tells us that no matter what a client tells you, the following philosophy holds true:

***Clients want to make a reasonable PERCENTAGE return when markets are going up, and when markets are going down they want only a minimal DOLLAR loss.***

This inconsistency in measurement expectations means that the portfolio must be managed to gather a good portion of the up markets, but to capture only a portion of down markets. This desired relative stability will allow a client to “sleep better at night” and to ride out tough markets with confidence.

We believe this is the goal most clients are looking for whether they can express it or not.

# CLIENT BELIEFS

## **Predictability:**

We believe that a financial relationship should have ongoing communication that is regular and predictable.

Our firm begins each relationship by laying out the various client communication opportunities available to each client. These include various market commentaries, client conference calls, events, and individual meetings.

Our firm uses technology to our advantage and attempts to use these powerful tools to make life more consolidated and simple to track.

By setting the framework in advance, each client can enjoy a degree of predictability in the management of their financial life.

# WEALTH MANAGEMENT TEAM

## Primary Advisor

### **Michael P. McDermott**

Certified Financial Planner (CFP®)

Accredited Investment Fiduciary (AIF®)

#### **Client Relationship Responsibilities:**

- Act as primary contact point for financial planning decisions.
- Works with client's other advisors (CPA, Attorney) to coordinate planning.
- Communicates directly to clients on all investment management updates or changes.

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## Director of Client Portfolio Management

### **Roy Blumberg**

#### **Client Relationship Responsibilities:**

- As strategist for The Philadelphia Group, he oversees the overall asset allocation and strategy for all client accounts.
- Focuses on his model allocation as well as the screening and ongoing due diligence of outside managers.
- Writes various client correspondence and hosts periodic client education and portfolio update calls.

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## Client Service Team

**Geoff Forcino**—Associate Wealth Advisor

**Laura Brown**—Account Service Representative and Lead Contact for E-money Platform

**Rosemary Saveri** - Director of Client Service

#### **Client Relationship Responsibilities:**

- Serves as a full time, in-office support team and coordinates all scheduling.
- Geoff is licensed advisor able to support basic customer service requests.

# TEAM BIOS

Michael P. McDermott is a founding partner of The Philadelphia Group. He attended Saint Joseph's University and graduated in 1997 after being named an Academic All-American by the Golf Coaches Association of America. This is an award handed out to a handful of scholar athletes who score in the top tier nationally both in the classroom and on the field. Upon graduation, Michael began in the financial services business and has remained in this career since 1997.

Michael is a Certified Financial Planner (CFP®) and an Accredited Investment Fiduciary (AIF®). These industry certifications show his commitment to the highest level of knowledge, ethics, and continuing education that each of these designations require. His securities licenses include Series 6,63,66,7,24 and insurance licenses for life, health, disability, and long term care.

His practice focuses in two main areas:

- 1) Comprehensive wealth management planning for affluent and emerging affluent individuals including their investment management, retirement income strategy, and estate planning.
- 2) 401k and Pension Plan Due Diligence, Fiduciary Consulting, and Plan Selection for business owners. His experience and industry qualifications assist him in successfully advising clients in these two main areas.

Michael is actively involved in the community and local events. He is a board member of The Philadelphia First Tee, a national organization dedicated to making golf more accessible to inner city children. He is a founding member of Community Backstop, a suburban Philadelphia charity designed to provide assistance to those in our local communities in need. He is also involved in the Philadelphia Chapter of the American Red Cross.

Michael is also an accomplished local amateur golfer. A former Pennsylvania Amateur Golf Champion, he has been named "Philadelphia Golfer of the Year" 5 times and competed in numerous US Amateur Golf Championships. In 2010, he was elected to the St. Joseph's University Athletics Hall of Fame.

Michael and his wife Brooke live in Bryn Mawr, PA with their sons Brad and Ryan.

# TEAM BIOS

Roy M. Blumberg is a Partner of the Philadelphia Group and the Director of Client Portfolio Management. He has over 25 years of experience in Portfolio Management and Equity Research.

Mr. Blumberg is most widely recognized for his seven-year media career as the Market Analyst for CNBC Television. He was the first person to broadcast from the floor of the New York Stock Exchange and was instrumental in the development of the financial news format for market analysts and commentators.

During his career, Roy has served as a Director of Research, Chief Investment Strategist and Portfolio Manager. He was the Chief Investment Strategist and Chairman of the Investment policy committee at Sterne Agee and Josephthal Inc. Roy joined the Philadelphia Group in 2009 after serving as the Director of Research at Janney Montgomery Scott, where he managed a staff of 45 analysts, research associates and support staff.

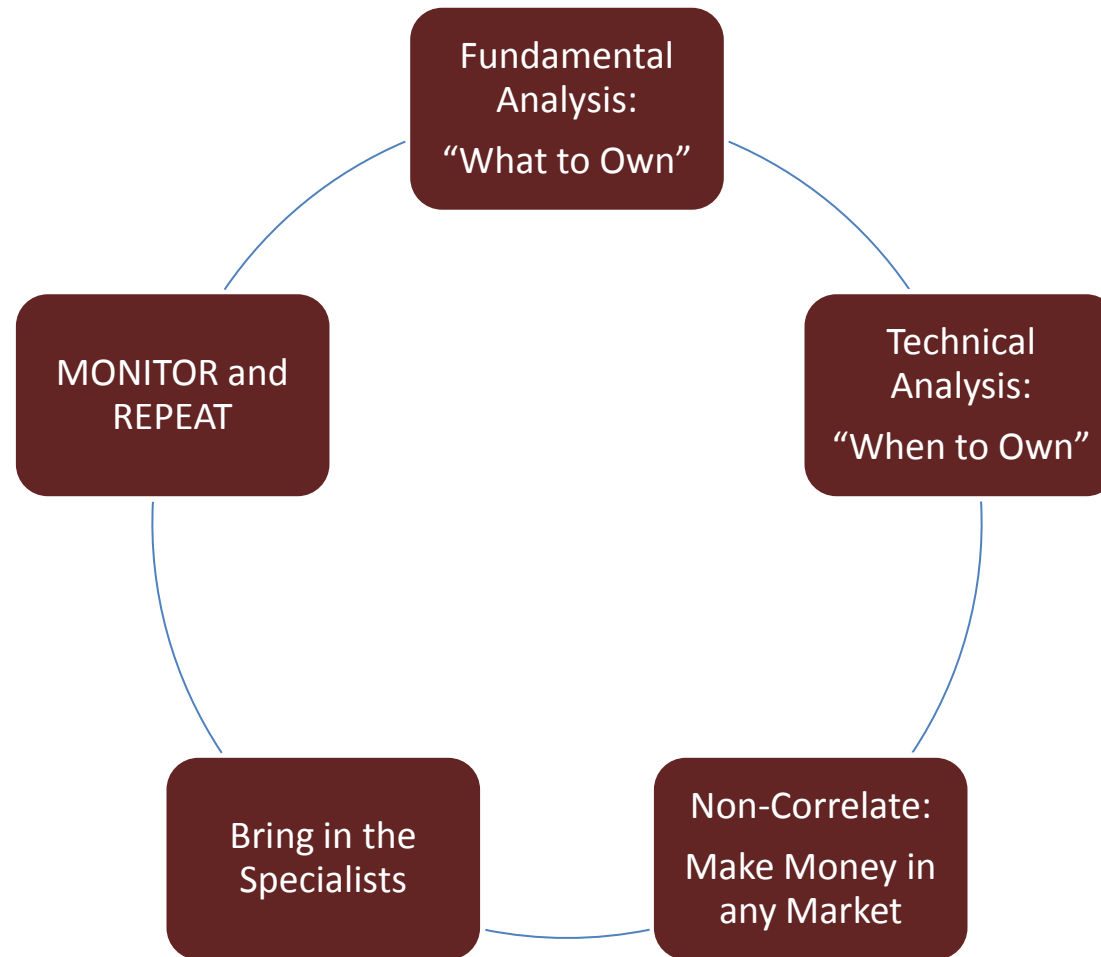
Recent market events have inspired Roy to become a Financial Advisor with direct client relationships. After more than two decades of working with other advisors and their clients it became apparent that clients need better strategies, especially in difficult times.

In his client portfolio management, Roy employs several risk management techniques that attempt to preserve assets in declining markets, while still providing reasonable returns in advancing markets. Roy is bringing this philosophy and his extensive experience to high net worth individuals who recently have experienced the perils of managing portfolios without downside protection strategies in place.

He graduated Cum Laude from the University of Connecticut, with a Bachelor of Science Degree in Business Administration.

Roy, his wife Regina and their two children, Zoe and Zachary live in Chester Springs, Pennsylvania.

# PORTFOLIO MANAGEMENT PROCESS



# Current Model Portfolio Allocations

## Capital Appreciation

Powershares Nasdaq 100 Index	QQQQ	12%
iShares Russell 1000 Growth Index	IWF	18%
SPDR S&P 500 Index	SPY	10%
iShares S&P Midcap 400 Growth Index	IJK	10%
SPDR Barclays Capital Convertible Bond	CWB	10%
SPDR Gold Shares	GLD	7%
iShares S&P GSCI Commodity Index	GSG	8%
iShares Latin America 40 Index	ILF	7%
iShares Dow Jones Select Dividend Fund	DVY	5%
Cash		13%

## Growth & Income

iShares Russell 1000 Growth Index	IWF	20%
SPDR S&P 500 Index	SPY	10%
iShares S&P Midcap 400 Growth Index	IJK	20%
iShares iBox Investment Grade Corp	LQD	15%
iShares Dow Jones Select Dividend Fund	DVY	15%
SPDR Barclays Capital High Yield Bond	JNK	10%
SPDR Barclays Capital Convertible Bond	CWB	7%
Cash		3%

## Income & Moderate Growth

SPDR S&P 500 Index	SPY	20%
SPDR S&P MidCap 400	MDY	10%
Powershares Nasdaq 100 Index	QQQQ	5%
iShares iBox Investment Grade Corp	LQD	25%
iShares iBox High Yield Corporate Bond	HYG	10%
Eaton Vance Global Macro Absolute Return	EAGMX	15%
SPDR Barclays Capital High Yield Bond	JNK	10%
Cash		5%

## Alternative Assets

(Utilization and funding amounts based on individual client's situation)

Managed Futures  
Unconstrained Bond Fund  
Global Macro Absolute Return  
Market / Event Driven Arbitrage  
Tactical Asset Managers  
Non-Publicly Traded REITs  
Private Debt / Leveraged Loan Portfolio  
Private Equity



## Life in a Box

# Fee Schedule

Asset Level		Advisory Fee
<u>From</u>	<u>To</u>	
\$250,000	\$500,000	1.50%
\$500,000	\$1,000,000	1.20%
\$1,000,000	\$2,500,000	1.00%
\$2,500,000	\$5,000,000	0.90%
\$5,000,000+		0.80%