WEATHERSTONE
CAPITAL MANAGEMENT

Tactical Investing

Solutions in an Uncertain Economy

Why Tactical Investing?

There are many styles of investing. Each has its own approach towards risk.

When we founded Weatherstone Capital Management in 2001 we did so with one goal in mind -- to put only the most informed investment decisions, backed by exhaustive research and analysis, as well as years of experience in a variety of markets, to work for our clients.

Tactical Investing is how we do it.

Tactical Investing is an active, continuous discipline that among other things, aims to lessen the effects of unwarranted, negative risk on your long-term financial future while remaining ready to take advantage of potentially positive investment opportunities which can present themselves at virtually any time.

Although no one can say for certain what the future of any investment may be, history has given us something of a roadmap and when combined with our above-mentioned research, skill and experience, we are typically able to make highly informed investment decisions for our clients' long-term benefit.

Whether you are an investor in retirement or someone simply looking to better prepare for their financial future, regularly measuring risk factors for your long-term financial benefit is at the heart of tactical investing.

We've prepared this special report so that you, along with your financial advisor, can have a greater understanding of tactical investment methodology.

Tactical Investing: Certainty in an Uncertain World

In the following pages you will read about the basic processes and rationale behind Tactical Investing. We've designed this dynamic, hands-on approach with one purpose in mind -- to help you reach your long-term goals. It includes such concepts as recognizing investment risks and opportunities, the effects of macro-economic factors on diversification and asset allocation, how to spot and manage changing investment climates, and coping with economic cycles and seemingly irrational financial markets. Most importantly, we discuss the role Tactical Investing can play in your long-term investment success.

Tactical Investing is based on:

- The cyclical nature of financial-market risk factors
- Changing investor needs
- Changing market opportunities
- Nobel Prize-winning economic research
- Recognizing gaps between theoretical finance and real-world experience

Key Tactical Investing Principles:

- Realizing that market fluctuations can provide risks and opportunities
- Understanding that risk levels change over time
- Basing investment allocations on changing risk levels
- Monitoring and periodically adjusting asset allocations
- Minimizing risk for long-term success

(Section One)

Tactical Investing: Why Stock Price Fluctuation Can Be Uncorrelated to Fundamentals and How It Impacts Investment Decisions

As the boxes below indicate, world-renown economists have identified numerous negative factors that can serve as obstacles to rational investment-decision making, including incomplete information, decision-making flaws and seemingly unpredictable financial markets.

Bounded Rationality – 1947
Herbert A. Simon, Carnegie Mellon
1978 Nobel Prize in Economics

- ✓ Research focused on the limited information processing capacity of the brain causes people to make satisfactory vs. optimal choices.
- ✓ It is impossible to have perfect and complete information at any given time to make an investment decision.

Prospect Theory – 1979
Daniel Kahneman, Princeton University
2002 Nobel Prize in Economics

- ✓ Research focused on decision making under risk
- ✓ Investors regularly make irrational choices when faced with risk.
- ✓ Documented biases for overconfidence, optimism, hindsight, and over-reaction.

Adaptive Markets Hypothesis – 2004
Andrew Lo, MIT
2012 Time's list of 100 Most Influential People in the World

- ✓ Research focused on how intelligent, but fallible investors learn from and adapt to new economic realities
- ✓ Markets shift from the wisdom of crowds to the madness of mobs and back again.
- ✓ The trade-off between risk and reward is not stable over time or circumstances.
- ✓ Financial markets exhibit complex dynamics of cycles, trends, panics, manias, bubbles and crashes.

Theories of Bounded Rationality (Simon 1972)
Prospect Theory: An Analysis of Decision under Risk (Kahneman and Tversky, 1979)
The Adaptive Markets Hypothesis: Market Efficiency from an Evolutionary Perspective (Lo 2011)

Financial markets often fluctuate far more than the underlying economy due to euphoria, uncertainty and numerous other factors. Over time, this often presents significant investment risks as well as opportunities for investors.

(Section Two)

The Tactical Investment Approach

Measuring Potential Risk vs. Reward

- Evaluate measures which have historically indicated past levels of high/low risk.
- Gauge important risk factors, similar to how an insurance company analyzes such facts as age, health status and if a policy holder engages in hazardous behavior, in order to develop a risk profile.
- Understanding that investment climates change, we remain ready to react based on historical models and risk measurement.

Invest when Risk-Taking has Historically Been Rewarded

- While history does not always repeat itself, it can frequently follow a similar path.
- We typically aim to "overweight" asset classes that have performed well in similar, past environments.

Take a Defensive Position when Risk-Taking has Not Been Rewarded

- Reduce or eliminate positions in asset classes that are likely to underperform vs. competing asset classes or "safe havens" such as cash or bonds which can offer refuge from challenging market conditions.

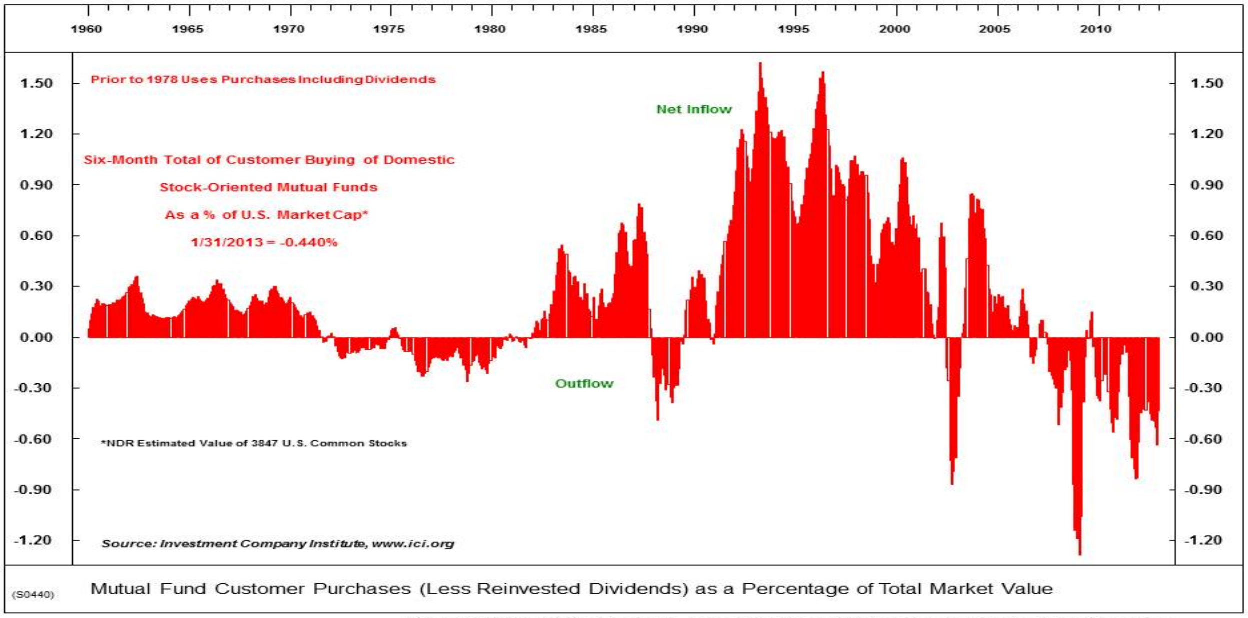
Regularly Monitor and Adjust as Needed

- Tactical investing is an ongoing process. Therefore, we evaluate important risk measures and asset classes, regularly reviewing them, i.e., daily, weekly or monthly depending on the type of risk and volatility model.

(Section Three)

Why Most Investors Significantly Underperform

Numerous studies have shown that investors collectively "buy high" and "sell low" – a classic mistake. New fields of academic research have developed in an effort to learn why. The chart below illustrates large-scale investor buying and selling of stock mutual funds over the past 50 years. The highest purchase levels typically came in years when there were strong returns. Conversely, the years with large negative returns typically saw a large amount of cash exit the market.



Emotions and Investing – Typically a Losing Combination

Research from Dalbar, Inc., shows that the impact of "emotionally driven" buy-and-sell decisions causes investors to significantly underperform market indexes over time. For most of us, seeing the value of our hard-earned money move up and down produces strong emotions, particularly when it is moving downward.

One of the keys to reducing the emotional impact of investing is to utilize disciplined strategies that people can be comfortable sticking with through a full market cycle (both a bull and bear market). Strategies that can adapt to changing market conditions and reduce volatility levels over time may better fit people's emotional preferences than those that can cause them to endure investment losses that may be difficult or impossible to tolerate.

Mutual Funds, Stocks, and Bonds Performance 1993 – 2012

	Equity Fund Investors	S&P 500	Fixed Income Investors	Barclays Capital Aggregate Bond Index
20 Year	4.25%	8.21%	0.98%	6.34%
10 Year	6.05%	7.10%	1.17%	5.18%
5 Year	-0.84%	1.66%	1.64%	5.95%

Source: Dalbar Inc.

"Worldly wisdom teaches that it is better for reputation to fail conventionally than to unconventionally succeed." - John Maynard Keynes (1883-1946) British economist

(Section Four)

Risk Levels – Changing Over Time

Numerous factors can impact the performance of financial markets. Day-to-day news events may push the price of stocks up or down, but over a series of weeks, months and years other forces have a more powerful impact on the strong or weak performance of the markets. It is generally easier and more profitable to focus on these intermediate–term factors than try to predict what the impact of the next major news event will be. Although there are a large number of important factors that can impact the markets, a brief look at five of them can be useful to help understand this concept.

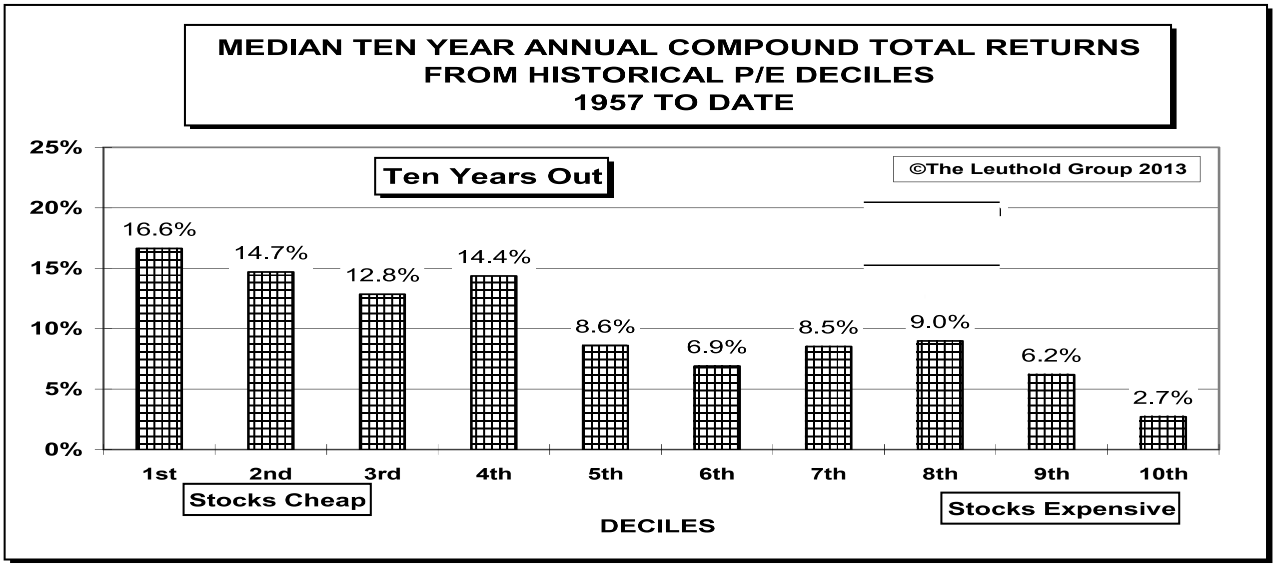
Risk evaluation tools that have historically shown profitability and consistency:

1. Valuation
2. Economic cycles
3. Secular trends
4. Seasonality
5. Momentum

Valuation

Broadly defined, valuation is the price one pays for an asset relative to its historic value. If you measure the stock market's performance over a ten–year period following a purchase, there is a distinct correlation showing that when one invests at historically cheap levels, they tend to do significantly better than when doing so at historically expensively.

Economic Cycles: Business Cycles and Financial–Market Performance



During economic cycles some asset classes have typically performed better than others. Consider that ten of the twelve largest stock market declines since 1916 have occurred within 12 months of the beginning of a recession and during economic recoveries stocks have historically outperformed bonds.

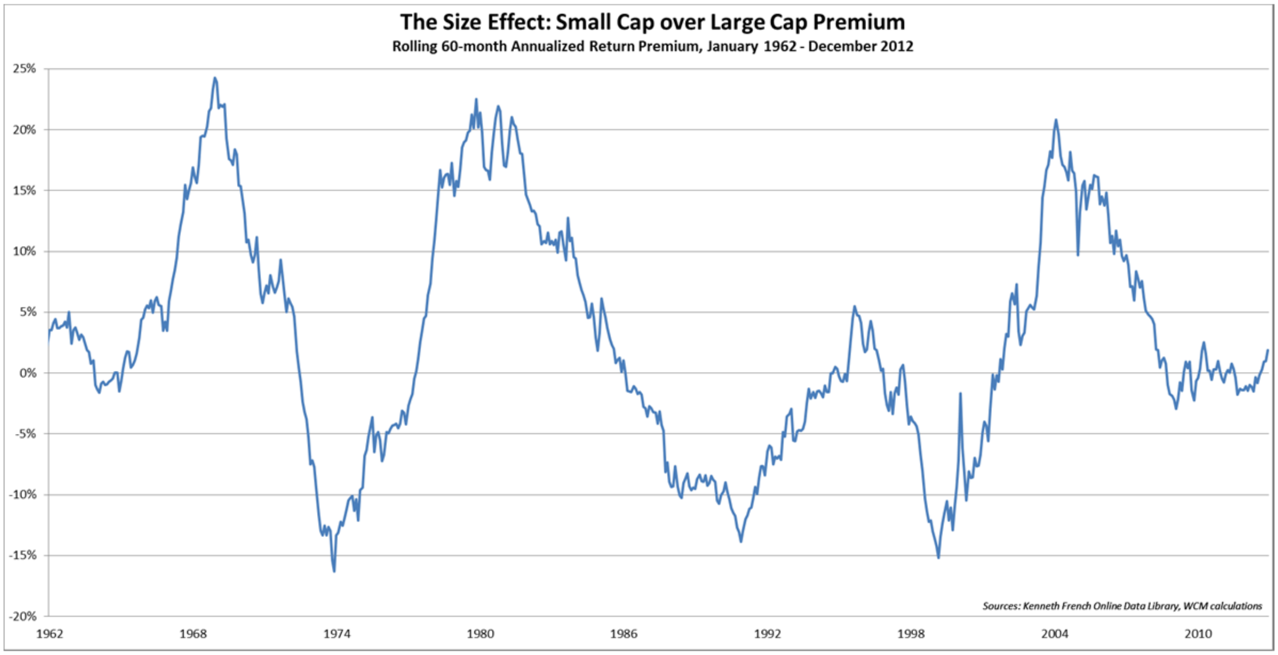
Historical Relationship between Business Cycles and 'Best Asset Class' Performance

Asset Class	**Recovery & Expansion**					**Slowdown & Decline**				
Bonds vs. Stocks	Stocks	Stocks	Stocks	Stocks	Stocks	Stocks	Bonds	Bonds	Bonds	Stocks
Large vs. Mid vs. Small	Small	Large	Mid	Large	Small	Large	Mid	Mid	Mid	Large
Value vs. Growth	Value	Value	Value	Value	Value	Value	Growth	Growth	Growth	Growth

Source: Market Cycles and Business Cycles (Wells Fargo Funds Management, LLC)

Secular Cycles

There are also multi-year cycles that occur in the financial markets, from interest-rate cycles to valuation cycles. An example of one such cycle is the "size effect," or the tendency of small companies, measured by their market value, to generate average returns that are regularly higher than those of large companies. While this cycle is consistent over very long time periods, when viewed over shorter time periods it becomes apparent that the tendency for small stocks to outperform, typically ebbs and flows in multi-year cycles. Looking at such cycles and seeing how they compare relative to past cycles can be useful in determining which areas to overweight or underweight.

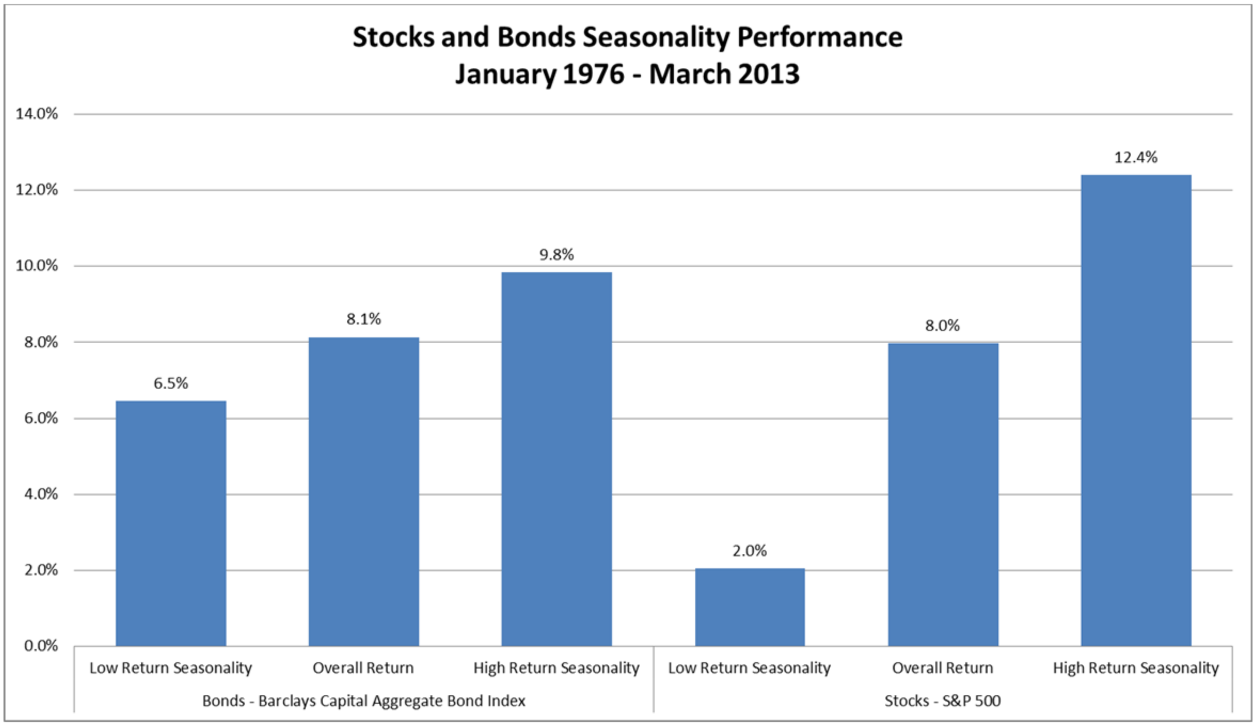


The Small Cap over Large Cap Premium is the difference of the rolling 60-month annualized return for the Small Capitalization portfolio minus the Large Capitalization portfolio. The portfolios are constructed at the end of each June using the June market equity, and NYSE breakpoints.

The Small Capitalization portfolio consists of the bottom 30% (by market cap) of all NYSE, AMEX, and NASDAQ stocks for which market equity data is available as of June of each year. The Large Capitalization portfolio consists of the top 30% (by market cap) of NYSE, AMEX, and NASDAQ stocks for which market equity data is available as of June of each year.

Seasonality

Seasonality is the tendency of returns to be stronger or weaker than average during certain times of the year. There has been a well–researched tendency for both stock and bond returns to be stronger from the end of October through the end of April than during the May–September period. This tendency has been seen across many different countries and has remained reasonably consistent over very long time periods. The chart below shows the average annual returns for stocks and bonds and the breakdown of their returns during periods of high and low seasonality.



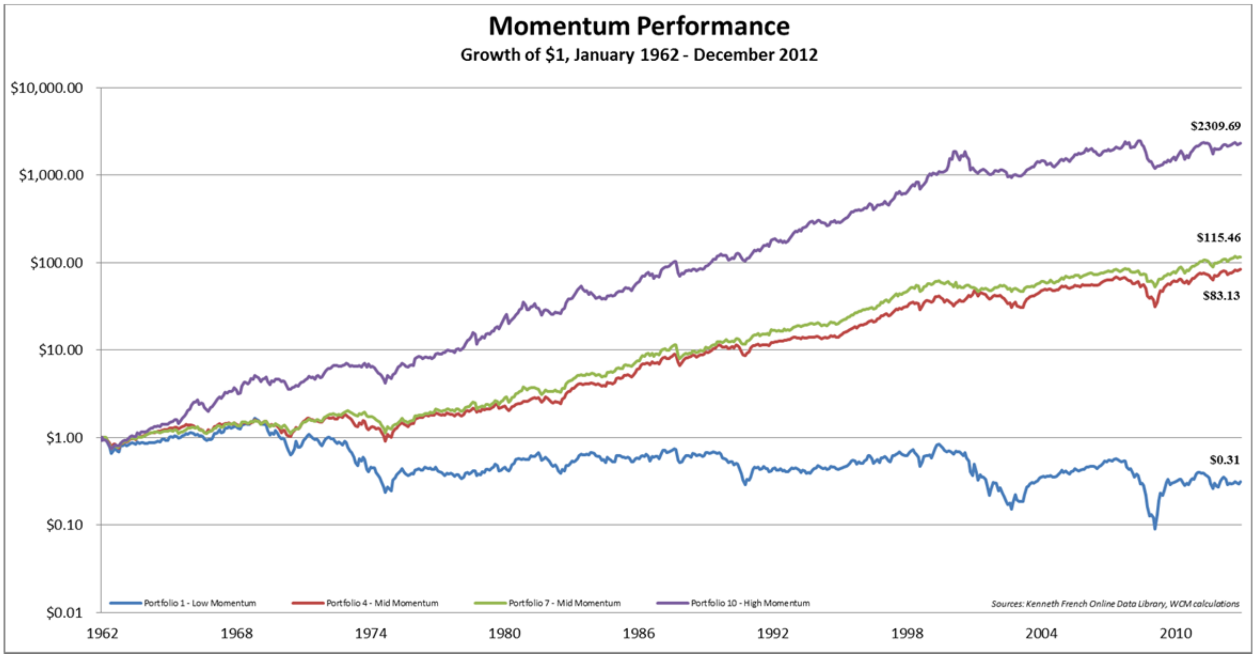
Bonds Low Return seasonality is a geometrically compounded annualized return for the period May – September.
Bonds High Return seasonality is a geometrically compounded annualized return for the period October – April.
Stocks Low Return seasonality is a geometrically compounded annualized return for the period December – May.
Stocks High Return seasonality is a geometrically compounded annualized return for the period June – November.

Momentum

Momentum is broadly defined as the tendency of investments to continue to perform as they have in the recent past for some time into the future. Momentum strategists attempt to predict future returns based on past returns over an intermediate time period. While long-term trends tend to reverse themselves, relatively short-term trends tend to continue. The stock portfolios in the chart below are reconstructed monthly using the prior 2-to-12 months return periods.

An example of a significant catalyst for momentum is earnings announcements. They provide a case study for understanding the behavioral biases of most investors. When investors receive news about a company's earnings, they tend to adjust their expectations of prices, relative to their prior view. However, they do so to an incomplete extent because they exhibit the behavioral bias of conservatism. This causes prices to "underreact" and subsequently drift in the same direction as more and more investors fully incorporate this now stale information into their valuations.

The *Momentum Performance* graph below displays the powerful magnitude of momentum in the returns of the highest and lowest decile portfolios relative to some mid–ranked portfolios.



Portfolio Construction: The portfolios are constructed monthly using NYSE prior 2 to 12 months return decile breakpoints, subsequently, additions are made from the AMEX and NASDAQ to each decile. Portfolio 1 – Low Momentum includes stocks in the lowest 10% of returns over the prior 2 to 12 months, similarly, Portfolio 10 – High Momentum includes stocks in the highest 10% of returns over the prior 2 to 12 months.

(Section Five)

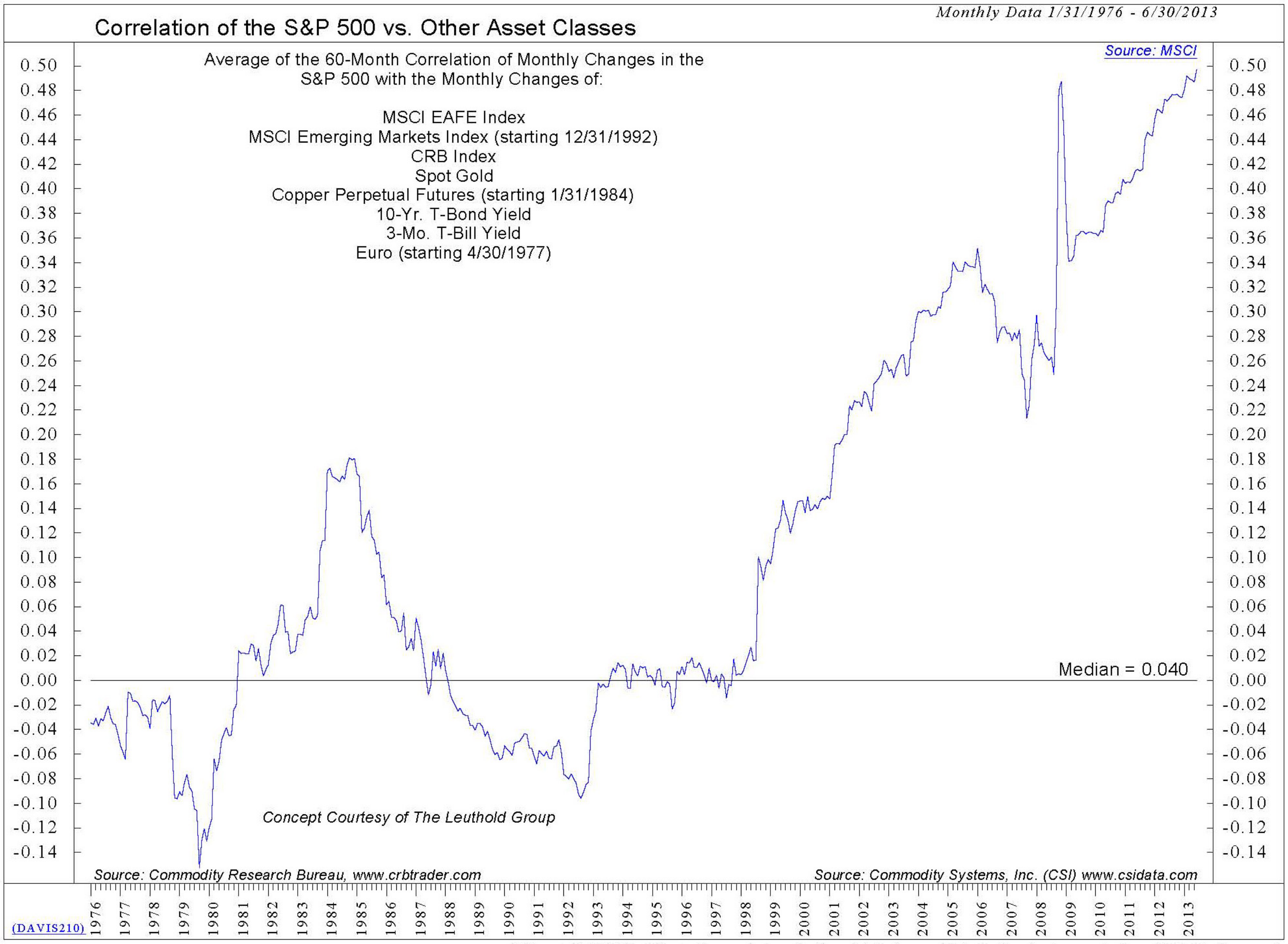
Adjusting Assets Based Upon Risk

Reexamining Diversification

"The principle of diversification is not wrong; it is simply harder to achieve in today's macro-factor-driven markets." - Andrew Lo

Modern Portfolio Theory, developed in the 1950s, sought to reduce "total portfolio variance" by combining assets whose returns were imperfectly correlated. More than half-a-century later, diversification is not considered to be as effective as it was once thought to be, as it can often fail to meet the evolving complexities of today's financial markets.

The chart below provides an illustration of how the benefits of traditional diversification have eroded over time. It shows the correlation of a basket of asset classes in comparison to a well-known stock market benchmark. A correlation of 0 means that there is virtually no correlation and a correlation of 1.0 indicates that each of the asset classes was moving in lockstep. The fact that over the past 15 years correlations have increased from 0 to nearly .50 shows that many asset classes are now behaving similarly. In order to regain the historical benefits of diversification we can expand the number of asset classes used to achieve diversification and incorporate tactical strategies to eliminate exposure to asset classes and move to cash or other non-correlated asset classes during periods that managers believe show above-average risk—a key component of the tactical investing strategy. Combined with a thorough examining of historical performance records and other factors, we aim to identify differentiating factors which may present investment opportunities.



As Andrew Lo notes, diversification remains a key investing principle but has become more difficult to achieve due to macro–economic factors. The active approach of tactical investing incorporates strategies that aim to reduce risk while still obtaining diversification's benefits.

(Section Six)

Putting Tactical Investing to Work

Tactical investing can be divided into three basic principles:

● Combine Multiple Asset Classes and Strategies
Tactical investing seeks to combine investment strategies in addition to multiple types of asset classes in order to maximize diversification. While diversification alone does not guarantee a profit or protect against a loss, it remains a key tactical investing principle.

● Diversify by Including Alternative Investments
As alternative asset classes such as precious metals, real estate, emerging markets and other investment categories become available in more liquid investment vehicles such as mutual funds and ETFs, the ability to achieve greater diversification is enhanced.

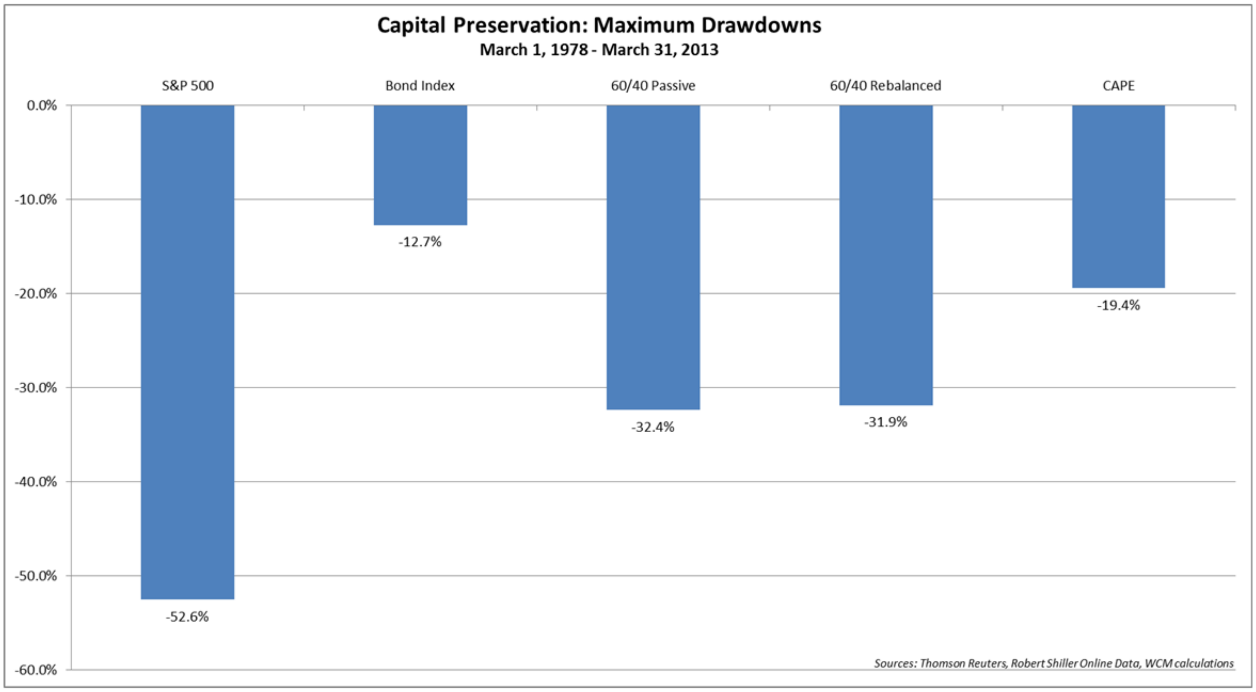
● Being Flexible with Fixed Income
Fixed income's role in an investment portfolio is typically to generate current income, provide a reduction in volatility and preserve capital. Looking beyond the traditional government and corporate bond categories, additional income-producing sectors of the bond and equity markets can enhance income potential. With this in mind, we maintain a flexible approach in our fixed-income selections. *Note: For more on this strategy component see page 17.*

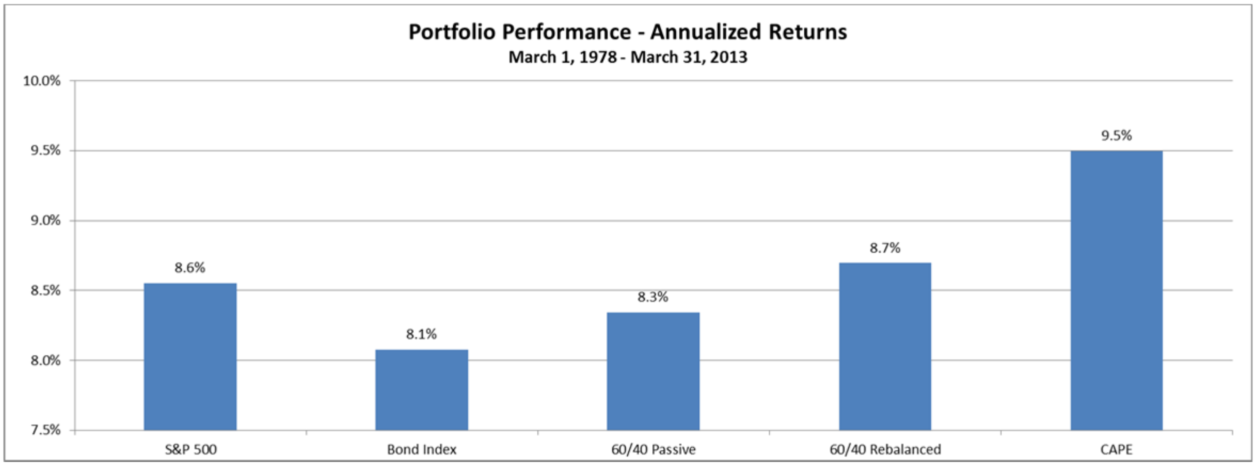
Combining Asset Classes and Strategies

The charts below provide a historical snapshot of two primary asset classes – stocks and bonds, their historical returns and worst–year declines. Declines are minimized and returns are improved when one combines stocks and bonds into a portfolio. An additional static strategy such as systematic rebalancing can further improve the risk/reward profile. However, adding in a tactical strategy that would shift the percentage allocated to stocks or bonds based upon historical valuation further improved the risk/reward profile.

In the example below we created a tactical strategy utilizing only valuation. The portfolio is allocated 60% to the S&P 500® Index, and 40% to the bond index when stocks are selling below their historical average price–to–earnings ratio. The portfolio moves to 60% bonds/40% stocks if stocks are selling above their average price–to–earnings ratio. This is one example of how incorporating tactical strategies in addition to standard diversification can benefit a portfolio by potentially minimizing market declines and providing the opportunity for higher long-term returns.

The CAPE Defensive Portfolio demonstrates how a simple valuation strategy can improve risk management compared to traditional variations of the 60%/40% stocks/bonds portfolio.





Maximum Drawdown: lowest portfolio value / prior maximum portfolio value -1
60/40 Passive: Passive (non-rebalanced) 60/40 stocks/bonds portfolio at inception
60/40 Rebalanced: Annually rebalanced (first trading day of the year) 60/40 stocks/bonds portfolio
Bond Index: Barclays Capital Aggregate Bond Index (formerly Lehman Brothers Aggregate Bond Index)
CAPE Defensive: When real S&P 500 P/E > S&P 500 CAPE, 30/70 stocks/bonds position, otherwise 60/40 position
CAPE (cyclically adjusted price-to-earning) is a measurement of the real (inflation adjusted) S&P 500 index level divided by the 10-year average of real earnings. CAPE attempts to smooth valuations by spreading out earnings anomalies that arise at the peak of a profit cycle or the depths of a recession. "Stocks" proxied by S&P 500, "bonds" proxied by Barclays Capital Aggregate Bond Index.

Diversify By Including Alternative Investments

Alternative investments have historically been shown to have the potential for reducing volatility and improving performance over time. By expanding the range of investments used to achieve diversification there is the potential to provide more consistent returns with less volatility.

	Large US Equity	Small US Equity	Non-US Equity	US Bonds	Cash	Real Estate	Commod-ities	**End Result: Equally Weighted Multi-Asset Portfolio**
43-Year Average Annualized Return (%)	9.94	10.75	9.06	8.18	5.59	11.51	9.47	10.26
43-Year Standard Deviation of Annual Returns	17.55	21.99	22.50	6.53	3.48	19.42	24.49	10.34
Worst 1-Year Return (%)	-37.00	-33.79	-43.38	-2.92	0.06	-39.20	-46.49	-27.59

Source: 7twelveportfolio with returns shown from 1970-2012. Each sub-asset was equally weighted in the portfolio (14.3%) and annually rebalanced at the start of each year. Taxes and inflation were not taken into account.

Be Flexible with Fixed Income

As part of an overall tactical strategy, fixed income is dynamic and plays an important role in tactical–investing. Interest rates and ratings change, as do investors' goals. As a result, a flexible approach towards fixed–income investing is warranted.

The performance of income asset classes can vary significantly over time, much like various sectors of the equity market. Adjusting the asset allocation to classes based upon whether a segment has been in or out of favor can be beneficial, much like a value or momentum tactical strategy can benefit an equity portfolio. Similarly, history also shows that income–producing equity sectors such as preferred stocks, utilities and consumer staples should also be evaluated for use in portfolios due to their income–producing characteristics and low correlation with many other income-producing asset classes.

Fixed–Income Flexibility:

- Readily adjust asset–allocations
- Focus on income-producing sectors
- Consider preferred stocks, utilities and consumer staples

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	6/30 2013
Real Estate 36.50%	Real Estate 32.02%	Utilities 13.92%	Real Estate 33.99%	Utilities 20.16%	Foreign Gov't 9.43%	High Yield 45.68%	Real Estate 26.75%	Con Staples 13.99%	Emerging Mkt Bonds 17.91%	Con Staples 15.15%
Emerging Mkt Bond 30.61%	Utilities 23.74%	Real Estate 11.70%	Utilities 24.54%	Con Staples 14.18%	Agg. Bonds 5.24%	Bank Loan 41.44%	High Yield 14.13%	TIPS 13.56%	Real Estate 17.64%	Utilities 9.91%
High Yield 24.05%	Emerging Mkt Bonds 12.33%	Emerging Mkt Bonds 11.26%	Con Staples 14.36%	TIPS 11.63%	Intermediate Gov't Bonds 4.69%	Emerging Mkt Bonds 32.32%	Con Staples 14.11%	Utilities 10.52%	High Yield 14.69%	Real Estate 4.65%
Utilities 23.75%	Foreign Gov't 12.06%	Bank Loan 4.58%	Emerging Mkt Bond 11.13%	Foreign Gov't 10.94%	Cash 1.35%	Real Estate 31.76%	Emerging Mkt Bond 12.69%	Agg. Bonds 7.84%	Con Staples 10.76%	TIPS 4.04%
Foreign Gov't 18.21%	High Yield 9.95%	Con Staples 3.58%	High Yield 10.09%	Agg. Bond 6.97%	TIPS -2.35%	Utilities 17.89%	Bank Loan 9.37%	Real Estate 7.24%	Bank Loan 9.44%	Bank Loan 2.48%
Con Staples 11.57%	TIPS 8.46%	Cash 2.93%	Foreign Gov't 7.28%	Intermediate Gov't 6.05%	Con Staples -15.43%	Con Staples 14.89%	Utilities 9.03%	Intermediate Gov't 6.64%	Utilities 7.19%	High Yield 1.38%
Bank Loan 10.11%	Con Staples 8.16%	TIPS 2.84%	Bank Loan 6.61%	Emerging Mkt Bond 5.43%	Emerging Mkt Bond -18.24%	TIPS 11.41%	Agg. Bond 6.54%	Foreign Gov't 5.24%	TIPS 6.98%	Cash 0.02%
TIPS 8.40%	Bank Loan 5.02%	High Yield 2.60%	Cash 4.75%	Cash 4.56%	High Yield -27.06%	Agg. Bond 5.93%	TIPS 6.31%	High Yield 2.75%	Agg. Bond 4.21%	Agg. Bond -2.44%
Agg. Bond 4.10%	Agg. Bond 4.34%	Agg. Bond 2.43%	Agg. Bond 4.33%	High Yield 1.32%	Bank Loan -30.22%	Intermediate Gov't 4.53%	Foreign Gov't 6.12%	Bank Loan 1.76%	Intermediate Gov't 2.91%	Intermediate Gov't -2.52%
Intermediate 1.90%	Intermediate Gov't 3.00%	Intermediate Gov't 1.90%	Intermediate Gov't 3.48%	Bank Loan 1.08%	Utilities -34.65%	Foreign Gov't 4.35%	Intermediate Gov't 5.64%	Emerging Mkt Bond 0.90%	Foreign Gov't 1.77%	Emerging Mkt Bonds -7.34%
Cash 1.03%	Cash 1.21%	Foreign Gov't -8.79%	TIPS 0.41%	Real Estate -14.69%	Real Estate -42.22%	Cash 0.09%	Cash 0.12%	Cash 0.05%	Cash 0.05%	Foreign Gov't -7.37%

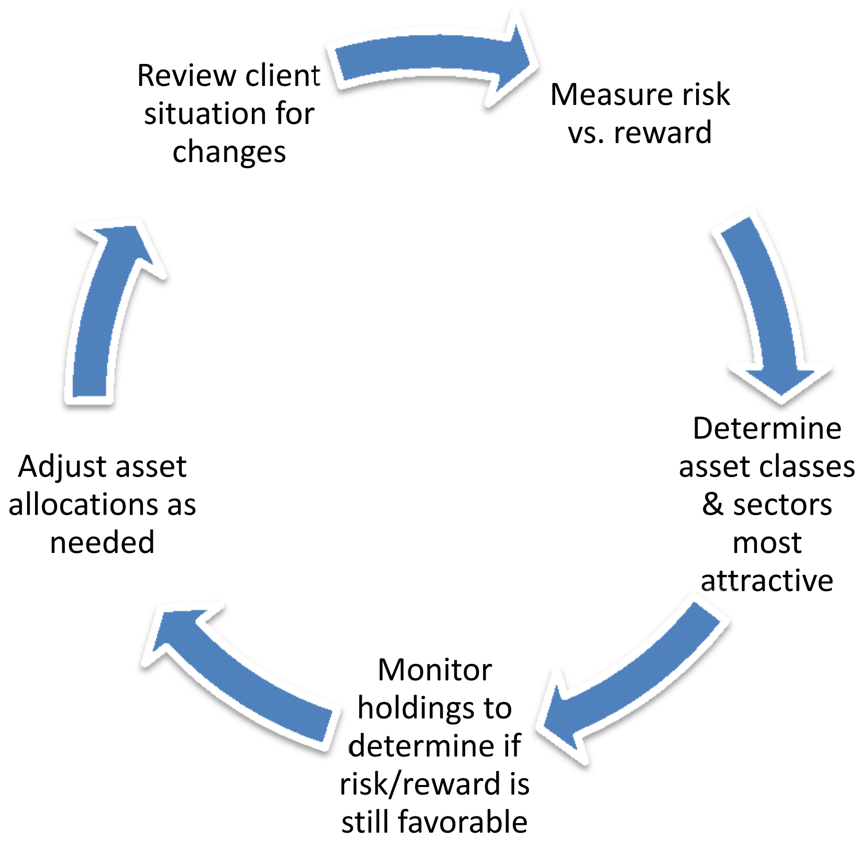
Source: Zephyr Analytics. Barclays U.S. Aggregate, Barclays Global Treasury ex-U.S., Barclays Treasury: TIPS, Morningstar Bank Loan, Morningstar Emerging Market Bond, Morningstar High Yield Bond, Morningstar Intermediate Government, Morningstar Utilities, S&P 500 Consumer Staples (Sector), Citigroup 1-Month Treasury Bill, & S&P 500. Source: Zephyr Analysis. Data as of 6/30/2013. Past performance is no guarantee of future results. Each index reflects a group of unmanaged securities. It is not possible to invest directly in an unmanaged index. Unless otherwise noted, index returns reflect the reinvestment of income dividends and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. Diversification does not ensure a profit or eliminate the risks of investing. The chart is not indicative of the past or future performance of any product.

(Section Seven)

Regularly Monitor and Adjust – a Tactical Investing Hallmark

Whether you are managing a business or your personal health it is important to regularly monitor results, making sure that things are going as expected and making adjustments as needed. The same is true with your finances.

The tactical investment-management approach differs from the more commonly used strategic or buy-and-hold portfolio-management methods. Instead of periodically rebalancing to a pre-set asset allocation, investments are regularly monitored and adjusted as risk levels change and/or new opportunities arise. This allows the portfolio to adapt to changing market environments while providing the ability to allocate for maximum growth when prudent to do so and adjusting to defensive allocations to preserve principal at other times.



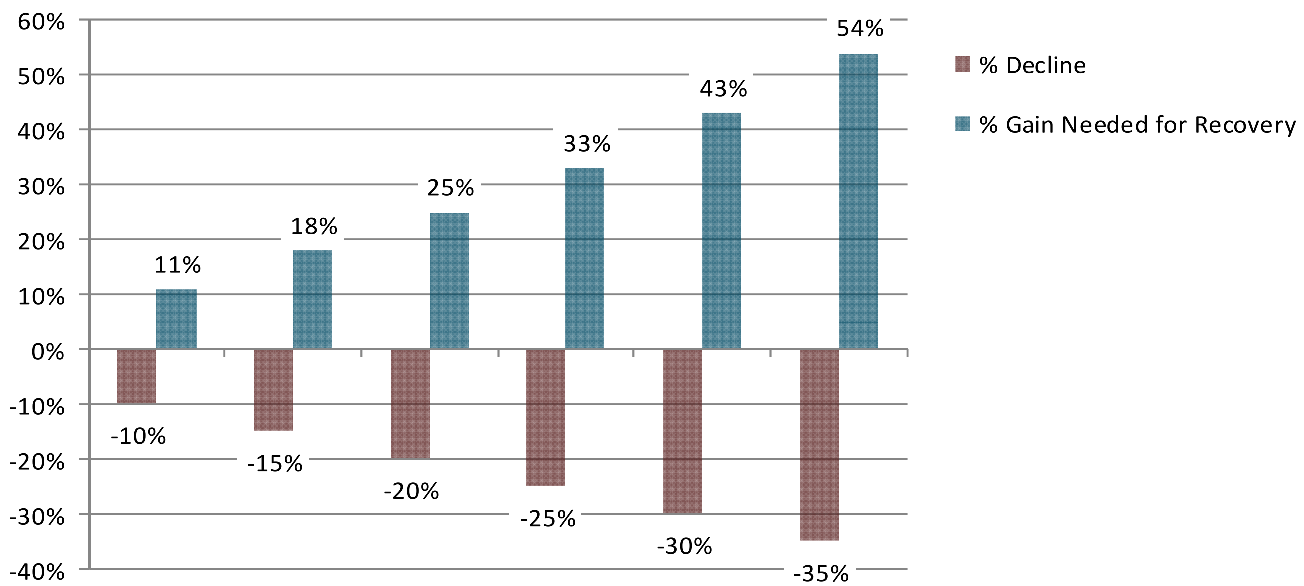
Minimizing Risk for Long-Term Success

"The first rule of investing is don't lose money. The second rule is don't forget the first rule." -- Warren Buffett

The past 15 years have reminded investors of just how volatile financial markets can be. During that time we have seen two stock market drops of more than 40%, corporate bonds experienced their largest drop since the Great Depression, and wide swings in commodity prices were illustrated by oil hitting highs of over $140 and then dropping to the low $30's within a year.

The chart below shows the difficulty of recovering from losses in an investment portfolio. Simply put, it is exponentially more difficult to recover from larger losses than it is to recover from smaller ones. In dollar terms, more consistency and minimizing losses equates to more wealth – the goal of tactical investing.

Flexible strategies that can reduce or move out of an investment during periods of high risk may be useful for risk-adverse investors, allowing them to allocate a higher percentage of their portfolio to asset classes that have historically generated higher returns.



Considerations for Investment–Portfolio Construction

When considering suitable investment choices for individual circumstances, be sure to:

● Take a holistic view of your complete financial picture
● Understand how market fluctuations affect investor behavior
● Set realistic investment goals and priorities
● Realize that obstacles and life-changing events may impact today's decisions
● Be sure projected investment returns are relative to the time horizon necessary to meet your investment objectives.

(Section Eight)

The Potential Benefits of Working with a Financial Advisor

While you may have once felt comfortable in your ability to manage your own finances, you may have also noticed that the financial world continues to grow more complex. Factors such as longer life spans, a questionable Social Security system and other circumstances often mean our money must work harder and longer today than it did for previous generations. As a result, many come to realize that they do not have the time or desire to master the nuances of investing and planning that today's regularly evolving financial environment requires. Consequently, they often come to learn that they may be better served by working with a financial advisor.

An experienced financial advisor will generally have the knowledge and expertise necessary to fill any gaps in your long-term financial plan including:

- Helping you determine what it may take to retire on "your terms"
- Working with you to set and reach realistic financial goals
- Determining the state of your current financial affairs by reviewing income, assets, liabilities, and assessing tax- and estate-planning challenges
- Acting as a neutral third-party to weigh and explain the advantages and disadvantages of financial decisions you are considering
- Making recommendations about specific products and services
- Monitoring your long-term financial plan and periodically evaluating its progress
- Adjusting your plan to meet changing goals and accommodate changing investment markets or tax laws
- Coordinating your financial planning among other advisors such as your accountant, estate-planning attorney and life insurance agent or recommending competent professionals should you need a new advisor on your team.

Developing Your Tactical Investing Action Plan – a Checklist

___ An investment advisor can work with you to develop a risk profile, prioritizing your financial goals and objectives.

___ After reviewing your questionnaire responses, an advisor will typically recommend a customized portfolio based upon meeting long-term goals.

___ An investment advisor will provide the appropriate paperwork to establish an account and fund the account which is then mailed to Weatherstone Capital Management.

___ Weatherstone Capital Management will review the paperwork for accuracy and submit the forms to the custodian for deposit whereupon Weatherstone Capital Management will make the initial asset allocation.

___ Investors will then receive a "welcome kit" and be able to login to monitor allocation changes and account values.

___ Weatherstone Capital Management will provide ongoing monitoring and regularly communicate with clients and their advisor. As an additional layer of security, the custodian will also provide quarterly statements.

Closing Thoughts

In order to help you achieve what is important to you, it is essential that your money work hard and work smart. Your financial strategy will play a role in this process. Consider that how you and your investment portfolio will respond to the inevitable ups and downs of the financial markets are critical decisions and why periodic portfolio reviews are warranted.

The adaptability of tactical-investment strategies can serve as an important part of a long-term investment plan to help minimize emotional stress and use financial market fluctuations to benefit long-term growth. After reading this we hope you'll consider how the tactical-investment approach can help you reach your long-term goals.

Should you have any questions or concerns or wish to review anything in further detail, please contact your investment advisor.