



EAS-E Dynamic Distribution Strategy

An EQIS Allocation Scientifically-Engineered (EAS-E)

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Do you want reliable income that can pay you steady distributions, where both the income and distributions are generated using sound methodologies? If so, then you may want to invest in an EQIS Allocation Scientifically-Engineered (EAS-E) Dynamic Distribution Strategy! The Strategy invests in a carefully and rigorously designed portfolio that can pay both Smart and Tactical Distributions.

The Investments

The investment portfolios primarily consist of high dividend-yield stocks and high-yield bonds. The holdings are broadly diversified across asset classes, geographic regions, and investment philosophies. The stocks

include both large firms that typically generate dividends and also firms in specific sectors and asset categories that have historically generated reliable income, such as utilities, real estate, and energy.

The Model Allocations, from Conservative to Aggressive

Strategy Type	Conservative	Mod. Conservative	Moderate	Mod. Aggressive	Aggressive
Domestic Dividends 1	4.00	4.75	5.50	6.25	7.00
Domestic Dividends 2	3.00	3.75	4.50	5.25	6.00
Domestic Dividends 3	3.00	4.00	5.00	6.00	7.00
Domestic Dividends 4	3.00	5.25	7.50	9.75	12.00
International Dividends	3.00	3.75	4.50	5.25	6.00
Energy	3.00	4.75	6.50	8.25	10.00
Utilities	3.00	4.00	5.00	6.00	7.00
REITS	3.00	4.75	6.50	8.25	10.00
Hedged Strategy	7.00	7.75	8.50	9.25	10.00
Tactical Fixed Income 1	32.00	26.75	21.50	16.25	11.00
Tactical Fixed Income 2	30.00	22.50	15.00	7.50	0.00
Tactical Fixed Income for Tactical Distribution	6.00	8.00	10.00	12.00	14.00
Total	100.00%	100.00%	100.00%	100.00%	100.00%

The core equity investment is in domestic dividend-paying firms, usually large cap and value firms, as their dividends tend to be relatively reliable. Multiple domestic portfolios are used for manager diversification. The allocation also includes international assets (for diversification), utilities, energy firms, and REITs (these investments tend to pay dividends that are reliable), a hedging strategy (for some downside protection), and tactically managed fixed income. The model also includes an allocation that can be used, if necessary, for tactical distributions.

Smart Distributions

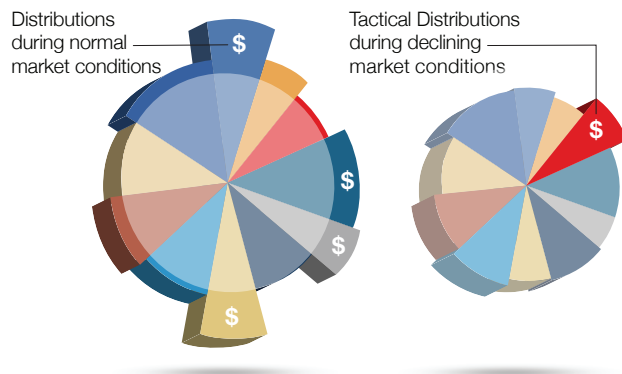
During “normal” times, when we create cash to pay regularly scheduled distributions, we do it the “Smart” way. Our methodology keeps your investments on track and is tax-efficient. Here’s how:

- When we pay your distribution, we can first use any cash from the dividends and interest that has accumulated in your account from your investments. This way, we will avoid selling your stocks and bonds if possible.

- If the accumulated cash in your account falls short of your desired distribution amount, then we will sell stocks and bonds so that your current investment weights converge back to your target investment weights.
- If we sell your stocks and bonds to provide cash for distributions or to rebalance you back to your target investments weights, then we will sell the shares of each security with the largest losses first and largest gains last, for tax efficiency.
- If the stock market suddenly significantly declines, then we will not initially sell those heavily discounted stocks to pay your distributions. Instead, your distributions will first be paid from cash and the selling of other assets.

Tactical Distributions

Ever hear of the “bucket” approach to investing? It’s a popular investing strategy because it can provide investors peace of mind. In general, the bucket approach works like this. Investors fund three “buckets”: one bucket for long-term growth (so if its value drops, then you’re not that worried about it for now), one bucket for intermediate needs (maybe to cover your costs of living for years 3-10), and one bucket to cover monthly expenses for the next 2 years (this is in case we enter a bear market or have a stock market correction). We are proud to introduce EQIS Tactical Distributions! The



idea behind EQIS Tactical Distributions is to emulate the bucket used to cover monthly expenses for the next 2 years in case of a market decline.

The Tactical Distribution Methodology

During “normal” times, we will create cash to pay your distributions using the EQIS Smart Distribution methodology. But if we enter a bear market or if a stock market correction occurs, then we may pay your distributions from the money that is set aside to pay EQIS Tactical Distributions. The EQIS Investment Committee will decide when to pull this trigger. The money in the tactical distribution bucket is actively managed with the

following goal: obtain income while its investment value will be largely unaffected if the stock market falls in value. So, even if a bear market or a stock market correction occurs, the plan is for there to be enough money in the tactical distribution bucket to cover your monthly expenses for 2 years. When the market bounces back up, then we will stop paying EQIS Tactical Distributions and return to paying you EQIS Smart Distributions. In addition, at this time we will rebalance your accounts back to their target weights.

Ready to start to invest in the EAS-E Dynamic Distribution Strategy? Just follow these simple steps:

1. Make sure to invest in the EAS-E Dynamic Distribution Strategy.

Other EAS-E models do not pay tactical distributions.

2. Make sure you are in the right risk tolerance category.

If your desired tactical distribution rate is high, then you may need to be in a more aggressive risk tolerance category. For example, if your desired tactical distribution rate is 3%, then you should probably be in Conservative, but if your desired distribution rate is 7%, then you should probably be in Aggressive. Your financial adviser can help you determine what the appropriate risk tolerance is for you.

3. Make sure your income becomes cash.

To make sure cash is accumulating in your account, request for dividends and interest that are paid by the investments to be kept as cash in your account and not reinvested. This ensures the returns you’re getting will be safe, and will not be lost.

4. Let us know the frequency and amount of your distributions.

You can have your distributions paid out monthly or quarterly. All you need to do is fill out a simple form. On that form, you will also let us know the distribution amount that you want.

You’re done! Congratulations, you are invested in an EAS-E Dynamic Distribution Strategy.

At **EQIS** We Believe

- Everyone associated with EQIS is a family that depends upon and cares for each other
- In treating others as you wish to be treated
- In always doing our best to go the extra mile to say “YES”
- That honesty and integrity are paramount at ALL times
- In rejecting high-cost, outdated investment products in favor of client first solutions

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