

Portfolio
Management
Group



Building Portfolios Using Exchange Traded Funds

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ETFs Allow for Flexible Strategies

- **Core** – 100% ETF portfolio strategies based on asset allocation models, model portfolios or other portfolio analysis and strategy.
- **Core / Satellite** – Addresses asset allocation strategies by managing active risks and costs through a blend of index (passive) and active managers. Combines ETFs as the “Core” with complimentary securities, mutual funds or active managers as the “Satellites.”
- **Completion** – Fills asset allocation gaps or makes style or sector tilts using one or more ETFs.

ETFs Cover Many Market Segments

Exchange Traded Funds Universe

Broad Based	Large-Cap	Mid-Cap	Small-Cap	Micro-Cap	Sectors
<ul style="list-style-type: none"> • Global • Total Market 	<ul style="list-style-type: none"> • Core • Growth • Value 	<ul style="list-style-type: none"> • Core • Growth • Value 	<ul style="list-style-type: none"> • Core • Growth • Value 	<ul style="list-style-type: none"> • Core 	<ul style="list-style-type: none"> • Cons Disc • Staples • Energy • Financials
International		Specialty	Fixed Income	Other	<ul style="list-style-type: none"> • Healthcare • Industrials • Info Tech • Materials • Telecom • Utilities
<ul style="list-style-type: none"> • International • Emerging Markets • Africa / Middle East • Asia • Europe • North America • Latin America 		<ul style="list-style-type: none"> • Dividend • IPOs • Spinoffs • REITs • Socially Resp 	<ul style="list-style-type: none"> • Governments • Short-term • Intermediate • Long-term 	<ul style="list-style-type: none"> • Gold • Silver • Currency • Commodities 	

ETF Usage

- Traditional index funds
- Equitize cash
- Gain sector/style exposure
- Market diversification
- Portfolio completion
- Tax-loss harvesting
- Numerous fixed income applications

Our Investment Process



Step 1

Set Financial Objectives

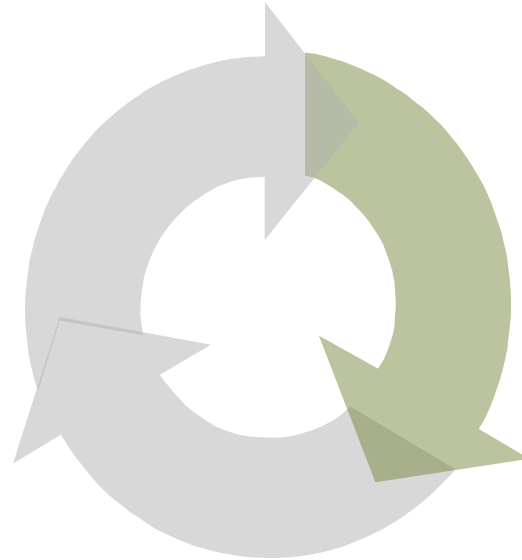
Establish a realistic set of objectives.

- Financial Goals
- Investment Time Horizon
- Risk tolerance
- Past investment experience
- Knowledge of the capital markets

Step 2

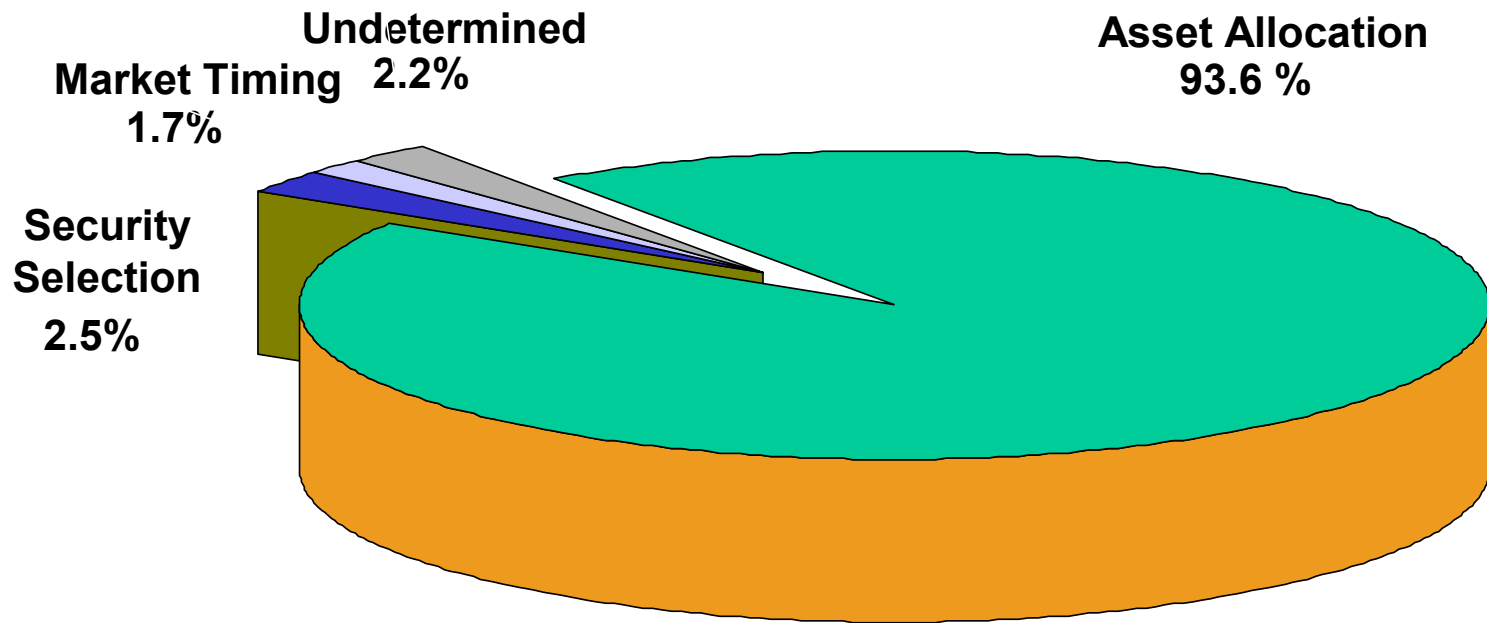
Create a Tailored Strategy

Build a portfolio to meet your return objectives while reducing your risk



A Case for Asset Allocation

Asset Allocation can be one of the most important decisions of Investment Policy. Over 90% of the variability in long-term returns can be attributed to Asset Allocation.



Source: *Financial Analysts Journal*, January-February 2000, analyzing the period 12/93 to 12/97.

Step 3

Ongoing Portfolio Monitoring

Track your portfolio's progress toward your stated goal

- Active discussions of goals
- Adjustments to changing financial circumstances
- Review of market performance
- Evaluation of portfolio performance

Reasons to Hire a Portfolio Manager

- Lack of time
- Lack of expertise
- Remove emotions
- Fiduciary concerns
- Liquidity
- Diversification
- Timely reporting
- Professional Asset Management
- Continuity of management

Why Smith Barney's ETF Program May Be Right For You?

- Direct contact with financial advisor
- Individually managed portfolio
- Ability to diversify entire client portfolio
- Asset based fee based on total assets under management
- Global resources of Smith Barney

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