



## **The Helmsman Financial Group LLC (HFG) *Portfolio Management***

**Introduction:** The heart of the Helmsman financial planning program is Portfolio Management. In the simplest terms, portfolio management is the comprehensive direction of investment assets. It is a tool with clear benefits for the high net worth investor as well as most investors who might lack the time, knowledge, experience or perhaps even the inclination to devote to the process.

There's no single right way to do portfolio management, but there are plenty of hurdles to doing it well. At HFG we approach portfolio management as a collaborative effort between advisor and investor. You will be a part of the investment team, providing input, receiving regular market and investment updates and complete, understandable performance reports.

Portfolio management includes the monitoring and adjusting of budgeting, banking, and investments to yield an optimal return that balances a clients needs with a self-determined risk reward ratio. The thinking behind Portfolio Management is that all investments carry varying degrees of reward and therefore risk. Viewing each investment as a stand alone entity distorts this relationship.

A Portfolio is a variety of securities, assets and holdings maintained by a single investor or company. Portfolio management can be a wise investment tool as it reduces investment risks through diversification, or the spreading of investments through various fields. It is a rare situation when all stocks and bonds move in the same direction at the same time. Further, low risk investments may help balance the exposure of selecting potentially higher yielding alternatives. A portfolio better manages the risk reward process and is a highly effective device for wealth preservation and enhancement.

**The Portfolio Management Process:** There are five steps in the HFG management process. HFG divides those steps into two phases.

### Phase I

- Gather Information about Client Goals and Objectives
- Evaluate Current Holdings
- Recommend Actions to the Client

The process can actually end at this point. The client is under no obligation to use HFG as portfolio manager. The information developed by HFG is the client's to use as he or she sees fit. It can be implemented by a bank, trust company, mutual fund or stock broker. The majority of clients, however, choose to continue into Phase II.

### Phase II

- Monitor and Manage the Portfolio
- Regularly Report Back to Client

**Portfolio Management Options:** In Phase II at Helmsman we offer three different approaches to portfolio management based on the role the client chooses to play on the management team. These three alternatives are:

- **Investment Assistance Program (IAP)**
- **The Portfolio Administrator Service (PAS)**
- **The Financial Stewardship Program (FSP)**

**The Investment Assistance Program (IAP)** represents the first level of portfolio management offered by HFG. This service is designed for the smaller investor (\$750,000 in portfolio assets or *smaller*) who is interested in mutual fund investing versus individual securities, but is still looking for assistance in the selection of the mutual funds, as well as monitoring the proper asset allocation. With IAP, HFG will invest your cash in a set grouping of selected mutual funds developed based on your investment objective of Growth, Growth and Income or Income.

HFG will then monitor both the specific funds in your portfolio as well as your asset allocation and you will receive an action call with any recommended change. In addition, you will receive both an annual, as well as a mid-year reporting package plus access to a HFG representative for any questions regarding your portfolio or other general financial planning topics.

**The Portfolio Administrator Service (PAS)** is the first of our fee based full service programs.

Person to person interviews develop long term objectives and a target asset allocation program. Such allocations may include fixed income, equity and cash management instruments. HFG then develops a portfolio specifically designed for you consisting of no-load mutual funds and select individual securities consistent with your overall investment strategy, timeline and risk tolerance.

The choice of each investment may be further influenced by tax advantages, existing holdings, credit quality, maturity and corporate size, sector and industry. All investments have buy/sell objectives and are monitored daily.

With PAS you receive an action call when a decision is necessary. We provide the portfolio monitoring, research, evaluation and guidance, you make the final decisions. Once the decision is made, HFG will process the trade.

**The Financial Stewardship Program (FSP)** is similar to the PAS program in its approach, but has one significant difference. FSP is designed for investors who do not have the time or the interest to be involved with the day to day buy and sell decisions. HFG will have full discretionary authority as well as responsibility for all decisions and will process the applicable trades without burdening you, the client, for a final decision. Instead, HFG will meet with you at least quarterly to go over the portfolio reports.

With both the PAS and FSP, HFG becomes your chief financial officer (CFO). We become intimately familiar with your long term life goals and aspirations and assist you with a full spectrum of potential fiscal challenges. Each account is a universe of one. The account is designed and managed to your needs and wishes. Every action, tactic or strategy is specific to you and you alone.

The entire menu of HFG services is available to the PAS and FSP accounts, including but not limited to assistance in:

- Retirement and estate planning
- Gifting
- Asset allocation guidance for your total portfolio, not just HFG managed assets.
- Investment tax planning and
- Guidance on the exercise of stock options

With these programs you have a one stop source of information, guidance and assistance over virtually any financial issue you may face.

**Retirement Planning** is a stand alone service for an interested investor, and may become a second component of assistance for a PAS or FSP account.

Retirement planning bridges the gap between investment management and lifestyle goals. While it may be a stand alone service most investors readily see the value of combining retirement planning and portfolio management. Many of the activities of these services are complimentary to each other.

The HFG approach provides the investor with a *road to retirement* plan. The plan is developed by defining the standard of living you will seek in retirement coupled with your target date for retirement. It offers guidance as to your spending patterns in retirement and adjusts your investment portfolio to coincide with your current location on the retirement roadmap.

You will receive:

- Year by year projections on the steps needed to achieve your retirement objectives.
- Guidelines to reduce the risk of outliving your assets and
- Strategies for keeping your portfolio in balance with your saving needs prior to retirement and your income needs in retirement.

**Summary:** HFG views Portfolio Management as a partnership with its client. The type of partnership is defined by the needs and wishes of the client. The program is differentiated by its fee based approach and extraordinary level of service.

As stated previously, At HFG you pay only for the work done. Our services are exclusively fee based and never include up front, on-going or back end commissions. In some cases there may be a small transaction charge made by the asset custodian, but HFG has no financial interest in such charges.

HFG creates the opportunity for reasonable returns by crafting a diversified disciplined strategy supported by extraordinary client support. With HFG you will understand where your money is, why its there and the measure of risk versus reward you are taking. The ultimate outcome of our efforts being to create a financial peace of mind that enables you to sleep well at night.