



# Econ Wealth Management

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## Investment Philosophy

### INVESTMENT OBJECTIVE, INVESTMENT POLICY, & ASSET ALLOCATION

The focus of each of our portfolio strategies varies in accordance with the specific investment objective of growth, income through equity or income through bonds. We categorize our strategies based on the underlying security types: stock, bond ETF<sup>1</sup> or equity ETF. Certain strategies can be used solely in an account; however, risk and financial goals determine suitability. Most portfolios feature a combination of two or more strategies that create a blend featuring multiple asset classes and equity sectors within a given risk tolerance. We use discretion to actively manage accounts based on technical indicators, fundamental data and macro-outlook of the market. This approach allows our Asset Management Team (AMT) to proactively seek new opportunities for growth & limit downside exposure.

### GENERAL PORTFOLIO CONSIDERATIONS

- ◇ Strategies may contain a cash component and have the ability to use “cash-like-funds” as a place holder if certain conditions permit.
- ◇ Cash will likely be a component of all portfolios and the percentage could vary depending upon the current market conditions.
- ◇ Municipal obligations may be employed in accounts whose tax status makes it advantageous.
- ◇ Capital gains exposure is an important consideration of every portfolio and is reviewed annually.

### DISCIPLINED INVESTMENT MANAGEMENT: RESEARCH & SECURITY SELECTION

Holdings are selected using a daily process involving both technical analysis and fundamental research. Securities are screened through a fundamental process that creates various lists that qualify for each strategies objective. Those lists are scanned daily through EWM’s proprietary code that considers various technical indicators. Securities are then monitored and analyzed from a technical and fundamental standpoint for further due diligence ensuring that the holdings align with their predetermined portfolio strategy.

### EWM INVESTMENT SELECTION PROCESS

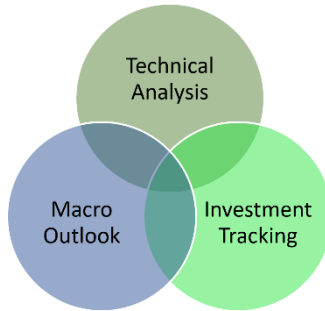
Our top-down process is conducted weekly which consists of three parts: a macro look at trend, sentiment, seasonality, breadth, & fund flows, asset class analysis and sector strength analysis. These three areas provide 40 different indicators that create a score out of 100 that gives a gauge of the current market momentum. Sourcing, technical analysis and fundamental research combine for the bottom-up process that occurs daily. The daily process allows the AMT to monitor current holdings and determine an action plan that best fits the clients’ goals and needs. Ideas are filtered through fundamental and technical scans and provide the AMT with a continuous list of options suitable for client accounts. From a fundamental research standpoint, EWM relies on third-party providers for reports and valuations regarding stocks and ETFs.



<sup>1</sup> Exchange Traded Funds

## ACTIVE MANAGEMENT OF YOUR ASSETS

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We believe that technical analysis provides the best ability to control risk within client portfolios. Using technical indicators including RSI, MACD, and moving averages helps to create a better understanding of price momentum and trend of securities. Understanding these indicators and recognizing chart patterns allows EWM to actively manage our strategies based on the flow of money into assets. Securities are chosen after stops and target prices have been created. A holding is deemed suitable if the reward to risk ratio (RRR) is above 2.0 [Percent to Target/Percent to Stop]. Fundamental parameters considered include but are not limited to dividends, market cap, and P/E, P/CF, volume, expense ratio, equity ratings. These methods provide the tools necessary for our AMT to engage in the selection process to build our portfolio strategies based on investment objectives. The final product is a menu containing holdings across stocks, equity ETFs and bond ETFs.

## INDIVIDUALIZED PORTFOLIO ANALYSIS: BENCHMARKING & CONSTRUCTION

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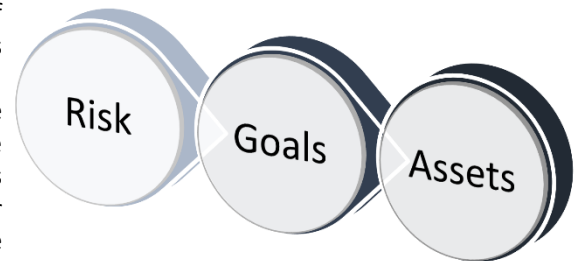
The process of benchmarking involves establishing the proper global allocation and official benchmarks to use to track risk and performance. Each of our five risk objectives is prescribed a benchmark that comprises of acceptable market capitalization-based indices and the aggregate bond index. Over the course of a market cycle (generally 5 years), certain tactical & cyclical investment decisions may be made that may cause certain market sectors to be under or overweight. The risk versus return of these decisions is monitored on an ongoing basis. We believe technical analysis provides an opportunity to proactively manage accounts based on market outlook. Using this analysis, we look to capitalize on buying opportunities presented by corrections in the market. Positions may be increased or reduced as price, performance, and market conditions warrant. Performance is tracked for every account and every investment held within our menu on a regular basis. Investment performance will be reviewed at least annually to determine the continued feasibility of achieving the client's investment objectives as well as the appropriateness of the client's portfolio in achieving the goals set forth in the IPS<sup>2</sup>. Cash is considered an important piece of our portfolios. Most portfolios contain roughly 1% cash to cover immediate needs and fees debited on a quarterly basis. Based on our top-down view, our cash position may fluctuate during a volatile market.

## PROACTIVE CLIENT COMMUNICATION: PORTFOLIO EDUCATION & REVIEW

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Clients receive a fiduciary review, at least annually, to discuss performance and updates to goals & objectives. The evaluation reviews asset allocation and highlights current and past account performance considering stated guidelines. It also supplies relevant benchmarks against which the client may further measure performance. We use our clients' IPS to understand their goals & risks. We can use this information to map client needs and our products using Money Guide Pro. Risk and goals may be periodically updated and we use these opportunities to assure our investment strategies align with client aspirations.

Communication with clients is ongoing and proactive based on segmentation of client household. A part of our proactive approach is communication with clients regarding important updates and periodic check-ins including information regarding AMT activity and market outlooks. Educational materials can be reviewed online as well as other services provided to all clients including the monthly AMPP<sup>2</sup>, the Jake & Steve Show, COMPASS Points, quarterly newsletters and periodic updates from our AMT and Financial Planning Team. Holistically, our investment management process assures our clients' portfolio allocations are reviewed at least quarterly to validate that our portfolios are managed per our philosophy in accordance with clients' best interests.



## IMPORTANT DISCLOSURES

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Information presented is believed to be factual and up to date. It should not be regarded as a complete analysis of the subjects discussed. Different types of investments involve varying degrees of risk. All investment strategies have the potential for profit or loss. Past performance is not a reliable indicator of current and future results. The information presented herein is intended for educational purposes only and is in no way intended to be interpreted as investment advice or as a device with which to ascertain investment decisions or an investment approach.

The specifics of the activity presented by the EWM Asset Management team is intended for general information only. The actual impact to your personal portfolio is not represented by the statements made in this document and you should proactively review your monthly/quarterly statements or contact the office to speak to an Advisor to validate your specific transactions.

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<sup>2</sup> A.M. Planning Pathway