ZALAYET, ADLER & SUBA
PRIVATE WEALTH MANAGEMENT GROUP
of Wells Fargo Advisors

Exchange-Traded Fund (ETF) Growth Strategy

Available to Clients of Zalayet, Adler & Suba Private Wealth Management Group of Wells Fargo Advisors

Each client has different savings and investing goals, ranging from buying a house and sending children to college to retiring comfortably and growing wealth for heirs and charitable organizations. In many cases, accomplishing any of these goals can require allocating a portion of the investor's portfolio to investments that have the potential to grow over time and keep pace with inflation, rather than simply preserve assets.

To provide clients with access to the tailored, actively managed portfolios seeking growth opportunities that can help them meet their savings goals, Zalayet, Adler & Suba Private Wealth Management Group has developed an Exchange-Traded Fund (ETF) Growth Strategy.

Portfolio Allocation

The percentage of a client's total portfolio that's allocated to the Exchange-Traded Fund (ETF) Growth Strategy varies based on his or her unique savings goals. For example, Zalayet, Adler & Suba Private Wealth Management Group's portfolio manager may recommend up to a 50% allocation for investors who are in or nearing retirement, while a 90% allocation may be more appropriate for an investor who is starting a college fund for a new baby. Pre-retirees and retirees also may not need all of their assets for retirement and may choose to build wealth for the next generation and charitable donations with a portion of their assets.

Regardless of the size of the allocation, we believe funds designated for the Exchange-Traded Fund (ETF) Growth Strategy should be invested for a minimum of five years. Since market cycles typically last three to five years or longer, this strategy is not appropriate for funds that may be needed in the short-term.

What is an Exchange-Traded Fund (ETF)?

An exchange-traded fund (ETF) is a type of pooled investment security that trades on an exchange. When you invest in an ETF, you get a bundle of assets. They are similar to mutual funds, however, they trade like stocks and experience price changes throughout the day. ETFs are also considered to be generally more tax efficient than mutual funds.

E	T	F
Exchange	**Traded**	**Fund**
ETFs can be bought or sold on a stock exchange like individual stocks	ETFs are traded and experience price changes throughout the day as stocks do	ETFs will track a particular index, sector, commodity, or other assets

Exchange-Traded Fund (ETF) Benefits
ETFs are a cost and tax efficient way to access a comprehensive range of asset classes. Among the features and benefits of ETFs are:

- **Portfolio diversification** - ETF investing enables access to a diverse mix of asset classes through a single ticker symbol. Available ETFs include stock, bond, commodity, sector or industry and currency funds.
- **Trading flexibility** – traditional open-end mutual funds are only traded once per day after the markets close. In contrast, ETFs can be purchased and sold throughout the day when the stock exchanges are open. The trade order flexibility allows us to make timely investment decisions.
- **Tax efficiency** – Exchange-traded funds tend to be generally more tax-efficient than mutual funds because they make fewer (if any) distributions.
- **Lower cost** – ETF expense ratios are typically lower in cost than mutual fund expense ratios.

Exchange-Traded Fund (ETF) Risks

- Risks similar to those of stocks.
- Returns may fluctuate and are subject to market volatility.
- Shares you own, when sold, may be worth more or less than their original cost.
- No guarantee that price and yield performance will match that of the tracked index.

Investment Direction
Within the Exchange-Traded Fund (ETF) Growth Strategy component of the investor's portfolio, assets are typically invested in stock and bond exchange traded funds or cash/cash alternatives. These proportions may increase or decrease based on market conditions. Our Aggressive Growth ETF strategy will have a higher weighting to equity (up to 90%) while our Conservative Growth ETF strategy will have approximately 70% exposure to equities.

Within our ETF Growth Strategy, we combine a core-satellite approach. One segment of the ETF portfolio is committed to the core strategy of investing in inexpensive, diversified index funds that represent the breadth and depth of the market. This portion (around 80%) of the portfolio is allocated in a strategic long-term allocation with exposure to the various asset classes and is adjusted periodically.

The other segment (about 20%) is invested in the satellite strategy. In this part of the portfolio, we are more active and will overweight specific sectors, regions or styles in an attempt to take advantage of current economic and market conditions to produce more growth. This is the more dynamic or tactical part of the overall portfolio.

The potential advantage of a core-satellite ETF Growth Strategy is that the majority of the portfolio is focused on long-term wealth creation, but still allows for tilting the portfolio to try to outperform the market without taking on too much risk.

Risk Management
The Exchange-Traded Fund (ETF) Growth Strategy is structured to manage excess risk in two ways: through careful selection of core and satellite ETFs and market-driven asset allocation.

- ***Core-Satellite Approach***

  The Exchange-Traded Fund (ETF) Growth Strategy invests in index funds. Holding an 80% core enables us to expose clients to the breadth and depth of the markets. To complete this, approximately 20% of the portfolio is in satellite positions, asset classes or sectors with more tactical growth potential. We feel that this combination of a strategic long-term and short-intermediate tactical objective gives this strategy the potential to respond more effectively in the event of a market downturn.

- ***Asset Allocation***

  Markets don't always move in sync; when the stock market is performing below expectations, for example, the bond market may be performing above expectations, and vice versa. Alternatively, a sector, region or style within the same asset class may outperform another. Bond ETFs and cash/cash alternative allocations are designed to help serve a valuable role as a risk-reduction component of the Exchange-Traded Fund (ETF) Growth Strategy, balancing out the higher volatility inherent in stock investments.

  While past performance does not guarantee future results, the investment professionals who manage the Exchange-Traded Fund Growth Strategy's underlying ETFs were selected for their history of long-term ability to deliver strong, consistent returns and outperform their benchmarks over time. Zalayet, Adler & Suba Private Wealth Management Group reviews their performance regularly, adding and removing ETFs as needed to maintain the integrity of the strategy's investment objective.

Communication:

Wells Fargo Advisors provides you with written progress evaluations on a quarterly basis. Quarterly reports are only generated electronically for online clients and are available in SmartStation®. Advisory Performance Reports are mailed to clients annually for advisory accounts and managed composites. These evaluations will include a comparison of your portfolio to an index as well as a review of your asset allocation and historical performance. In addition, you will receive a monthly statement and a 1099 statement at the end of the year. You will have direct access to us should you have any questions or concerns. By maintaining open communication, we believe we may be able to help you avoid reflexive or reactive decisions during downward market cycles.

Next Steps

To learn more about the Exchange-Traded Fund Growth Strategy, please contact Eddie Zalayet, CFP®, Managing Director – Investment Officer or Howard Adler, Managing Director – Investment Officer. Mr. Zalayet and Mr. Adler are among a select number of professionals who are certified to provide Private Investment Management discretionary portfolio management services to clients. Mr. Zalayet has been with Wells Fargo Advisors since 1997 is a Certified Financial Planner™ and Mr. Adler, an advisor since 1983, has vast experience as a market technician.

Eddie Zalayet, CFP®
Managing Director – Investment Officer
PIM Portfolio Manager
Zalayet, Adler & Suba Private Wealth Management Group of Wells Fargo Advisors
555 California Street, Suite 2300, San Francisco, CA 94104
(800) 634-4965   (415) 395-2735   Fax: (415) 291-8657
eddie.zalayet@wfa.com
CA Insurance #0C39522

Howard Adler
Managing Director - Investment Officer
Senior PIM Portfolio Manager
Zalayet, Adler & Suba Private Wealth Management Group of Wells Fargo Advisors
555 California St Ste 2300, San Francisco, CA 94104
(800) 634-4965   (415) 395-2726   Fax: (415) 291-8657
howard.adler@wfa.com
CA Insurance License # 0A03485

https://www.zasprivatewealthmanagement.com/

Investing in fixed income securities involves certain risks such as market risk if sold prior to maturity and credit risk especially if investing in high yield bonds, which have lower ratings and are subject to greater volatility. All fixed income investments may be worth less than original cost upon redemption or maturity.
Stocks offer long-term growth potential, but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations.
Exchange Traded Funds seek investment results that, before expenses, generally correspond to the price and yield of a particular index. There is no assurance that the price and yield performance of the index can be fully matched. Exchange Traded Funds are subject to risks similar to those of stocks. Investment returns may fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost.
Asset Allocation Type and Investment Strategy: Customized Blend; Benchmark is a blend of 49%S&P500/18% S&P400/14% MSEAFANR/7% SLAB/6% MSCIEMNR/6% S&P600/ index.
The PIM program is not designed for excessively traded or inactive accounts and may not be appropriate for all investors. Please carefully review the Wells Fargo Advisors advisory disclosure document for a full description of our services. The minimum account size for this program is $50,000.