



**PEBBLE VALLEY**  
WEALTH MANAGEMENT

## **Pebble Valley Wealth Management Overview**

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v. 8/24

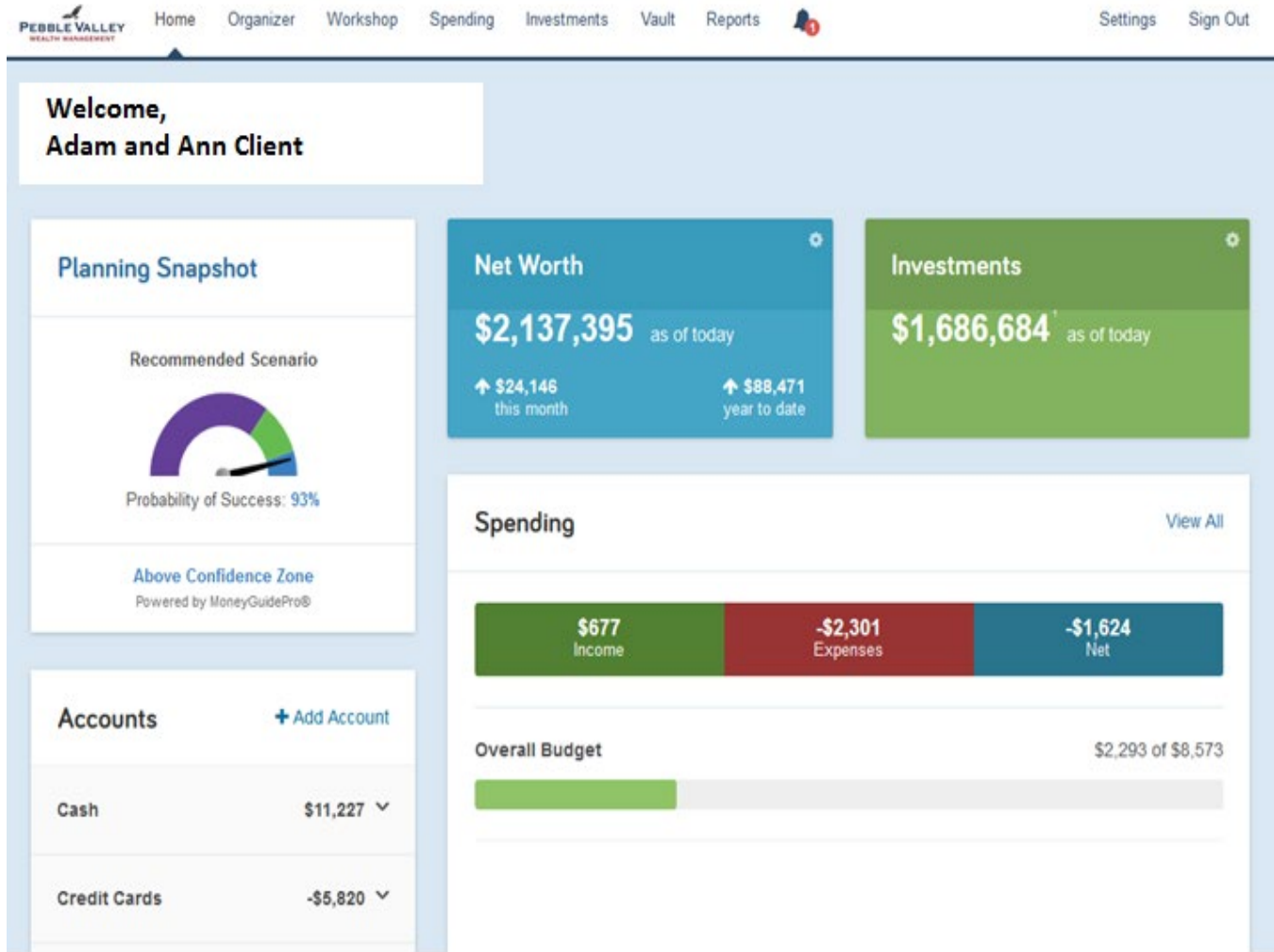
# Why Choose Pebble Valley Wealth Management?

- We organize your finances, manage assets and create a plan to provide peace of mind.
- We listen to your concerns and goals and provide recommendations to act upon.
- We look beyond investments and incorporate retirement planning, tax planning, college savings, estate planning, and protection needs.
- We provide rigorous analysis on how decisions today impact future financial security.
- We provide an online tool - PVWM Portal - to help manage your financial life.
- Receive regular updates on the portfolio and financial plan as well as prompt responses as issues and concerns arise.

# Overview of Pebble Valley Wealth Management

- We work for you, not a product provider, to manage your financial life.
- We are a fee-only advisor (not fee-based) so our compensation comes only from you.
- We are an IL Registered Investment Advisor working as a fiduciary in your best interest.
- Kirk holds key professional designations and institutional experience
  - Certified Financial Planner (CFP®) – Competency in all financial planning areas
  - Chartered Financial Analyst (CFA) - Economics and portfolio management
  - Fellow Society of Actuaries (FSA) - Insurance, investments, pension, Social Security
- Alli is a CFP® with 15+ years experience in planning, investments and client service.
- Bre has 25+ years experience in the financial services industry, as well as her MBA.
- All accounts remain legally titled in your name at the custodian (Schwab or Altruist).
- Legal and Regulatory – see website for copies of ADV and Privacy Policy.

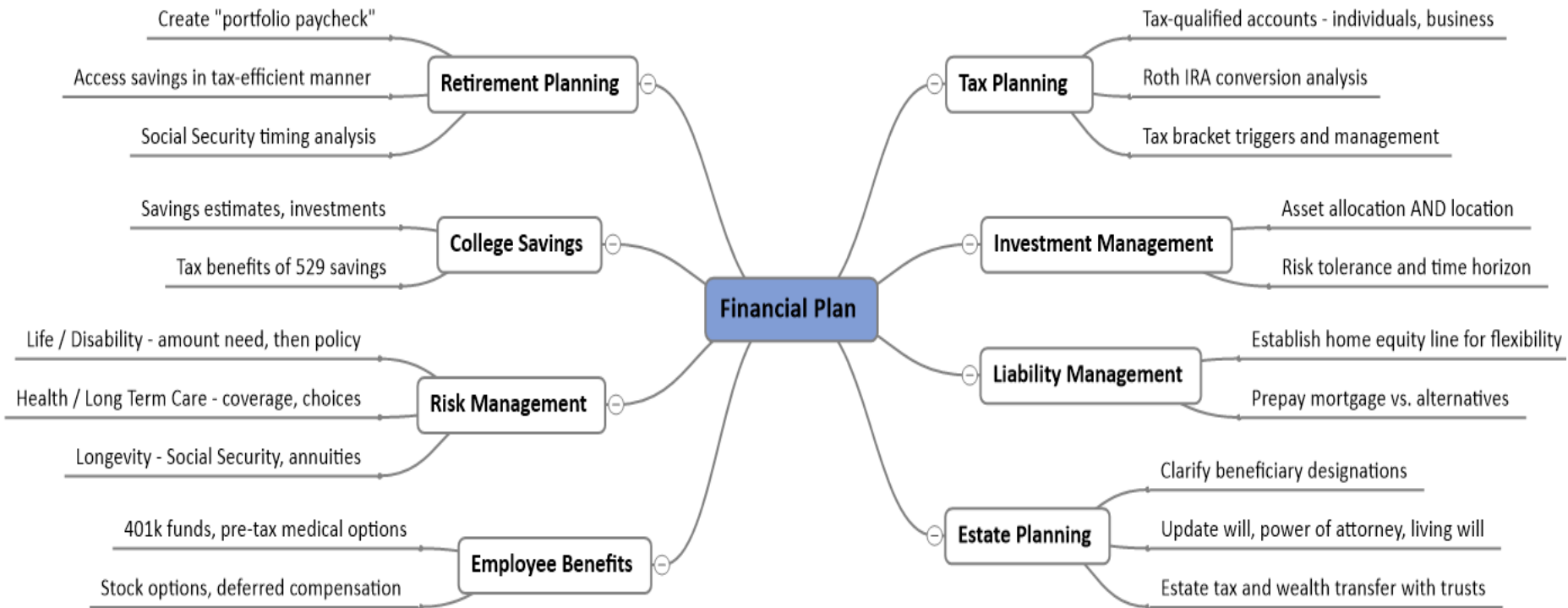
# PVWM Portal



- Summarizes all financial information to help simplify and organize your financial life.
- Includes financial plan, portfolio overview, performance reports and spending and budgeting tools.

# Financial Plan Components

- We discuss and analyze various areas of your financial life with sophisticated financial planning software to assess your financial security.
- We understand the sensitivity of different assumptions and provide guidance on inputs.



# Financial Plan Goal Setting



Needs		Identify expense amounts with appropriate inflation
<b>10</b>	<b>Retirement - Basic Living Expense</b>	
	John (2032)	67
	Jackie (2032)	67
	Both Retired (2032-2058)	\$100,000
	Mortgage Reduction of \$16,032 (2040)	
	Reduce Rtmt 10% Reduction of \$10,000 (2046)	
	Jackie Alone Retired (2059-2060)	\$80,000
		Base Inflation Rate (3.00%)
<b>10</b>	<b>Health Care</b>	
	Both Medicare (2032-2058)	\$9,569
	Jackie Alone Medicare (2059-2060)	\$6,176
		Base Inflation Rate plus 2.00% (5.00%)
Wants		
<b>7</b>	<b>College - Mary</b>	
	4 years starting in 2023	\$35,000
		Base Inflation Rate plus 1.00% (4.00%)

## How long should money last?



# Financial Plan Results

Goals	Normal Retire, SS		Delay SS, +10k Exp		Portf Return 1% Less	
	Average Return	Bad Timing	Average Return	Bad Timing	Average Return	Bad Timing
<b>All Goals</b>	100%	100%	100%	100%	100%	100%
<b>Safety Margin (Value at End of Plan)</b>						
Current dollars (in thousands) :	\$1,296	\$1,209	\$550	\$394	\$271	\$131
Future dollars (in thousands) :	\$4,105	\$3,829	\$1,743	\$1,248	\$859	\$414

Look at different “what-if” scenarios

## Monte Carlo Results

Your Confidence Zone: 70% - 90%

## Likelihood of Funding All Goals



Can also see cash flow details if wish

Event or Ages	Year	Earmarked	Fund All Goals	Additions To Assets	Other Additions	Post Retirement Income	Investment Earnings	Investment Return	Taxes	College - Mary	Ending Portfolio Value
56/56	2021	130,000	1,450,000	14,000	0	0	93,048	5.84%	2,610	0	1,684,438
57/57	2022	137,589	1,546,849	14,000	0	0	99,145	5.84%	2,749	0	1,794,834
58/58	2023	145,620	1,649,214	14,000	0	0	103,379	5.84%	2,895	37,856	1,871,462
59/59	2024	114,055	1,757,407	14,000	0	0	107,764	5.84%	3,049	39,370	1,950,807
60/60	2025	79,044	1,871,763	14,000	0	0	112,304	5.84%	3,211	40,945	2,032,955
61/61	2026	40,323	1,992,631	15,000	0	0	117,062	5.84%	3,370	42,583	2,119,064
62/62	2027	0	2,119,064	15,000	0	0	124,574	5.84%	3,549	0	2,255,089
63/63	2028	0	2,255,089	15,000	0	0	132,514	5.84%	3,737	0	2,398,865

- Start with best estimate, then change key variables to see impact.
- See “monte carlo” results with varying investment returns.
- Detailed cash flows help clarify scenarios.

# Portfolio Management Methodology

- Determine appropriate portfolio risk given needs and risk tolerance determined from research-based questionnaire and discussions.
- Construct a diversified portfolio primarily with low-cost ETFs and mutual funds across different asset classes.
- Hold securities in appropriate account types based on tax benefits but view accounts on a combined basis for overall asset allocation.
- Manage accounts for specific goals - retirement, college, specific purchase – while mindful of cash needs for emergencies.
- Use option strategies in conservative ways if interested.



# Portfolio Management Reports

## Portfolio Balance Summary

	Report Period
Beginning Market Value	2,179,402.63
Total Inflows	515,140.94
Total Outflows	-337,258.52
Investment Gains/Losses	183,390.50
Management Fee (if deduct)	-13,513.57
Ending Market Value	2,527,161.98
Time Wgtdt Return (net of fees)	7.42%

## Portfolio Asset Allocation



	Weight
Equity	51.31%
Fixed Income	32.86%
Alternatives	10.15%
Cash	5.68%
<b>Total</b>	<b>100.00%</b>

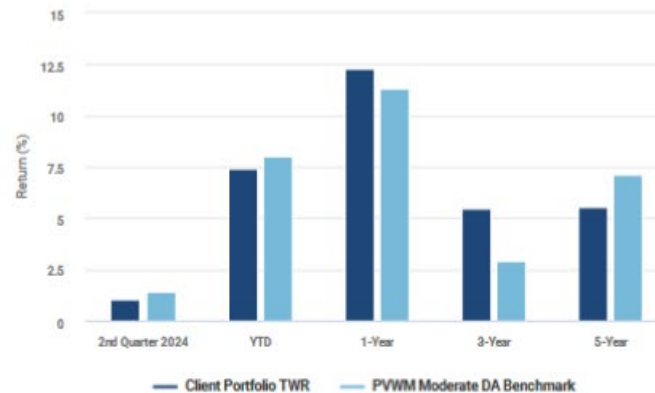
## Cumulative Portfolio Return

Time Period: 01/01/2024 to 07/31/2024



## Portfolio Return Vs. Benchmark

Time Period: 01/01/2024 to 07/31/2024



- Clients will receive informative reports monthly with portfolio performance vs. custom target benchmark.
- The reports will provide summary views along with supporting detail.

# Service Offerings



## Comprehensive Wealth Management

Wealth management including financial planning, tax planning, portfolio management, regular reviews and advisor access.

### Financial Planning

- Retirement Planning & Saving
- Tax Planning
- College Savings
- Debt Management
- Employee Benefit Review
- Insurance Needs
- Estate Planning

### Investment Management

- Asset Allocation with Tax Location
- Tactical Management with low-cost funds
- Option Strategies
- Performance Reporting

### PVWM Client Website

- Net Worth Overview
- Investment Reports
- Financial Plan Information
- Spending Tool for Budgeting

### Fees

- 1.00% of assets managed with breaks above \$1,000,000
- For assets below \$500,000, Base Financial Planning for \$2,100/yr + 0.70% of assets

## Investment Management Only

Portfolio management with tax-aware investing and advisor access.

### Financial Planning

- None

### Investment Management

- Asset Allocation with Tax Location
- Tactical Management with low-cost funds
- Option Strategies
- Performance Reporting

### PVWM Client Website

- Net Worth Overview
- Investment Reports

### Fees

- 0.75% of assets managed with breaks above \$1,000,000
- For assets below \$150,000, ETFs only and no options; min annual fee of \$500

## One-Time Financial Plan

One-time detailed financial plan and asset allocation recommendation.

### Financial Planning

- Retirement Planning & Saving
- Tax Planning
- College Savings
- Debt Management
- Employee Benefit Review
- Insurance Needs
- Estate Planning

### Investment Management

- Asset Allocation with Tax Location

### PVWM Client Website

- Net Worth Overview
- Financial Plan Information

### Fees

- \$3,900 for Net Worth under \$2,000,000
- Additional fees for higher Net Worth and complexity

## Comprehensive Services Fee

### Details

1.00% of the first \$1mm, then  
0.75% of the next \$2mm, then  
0.50% of remaining balances

- See ADV for other service fee details.

## Next Steps

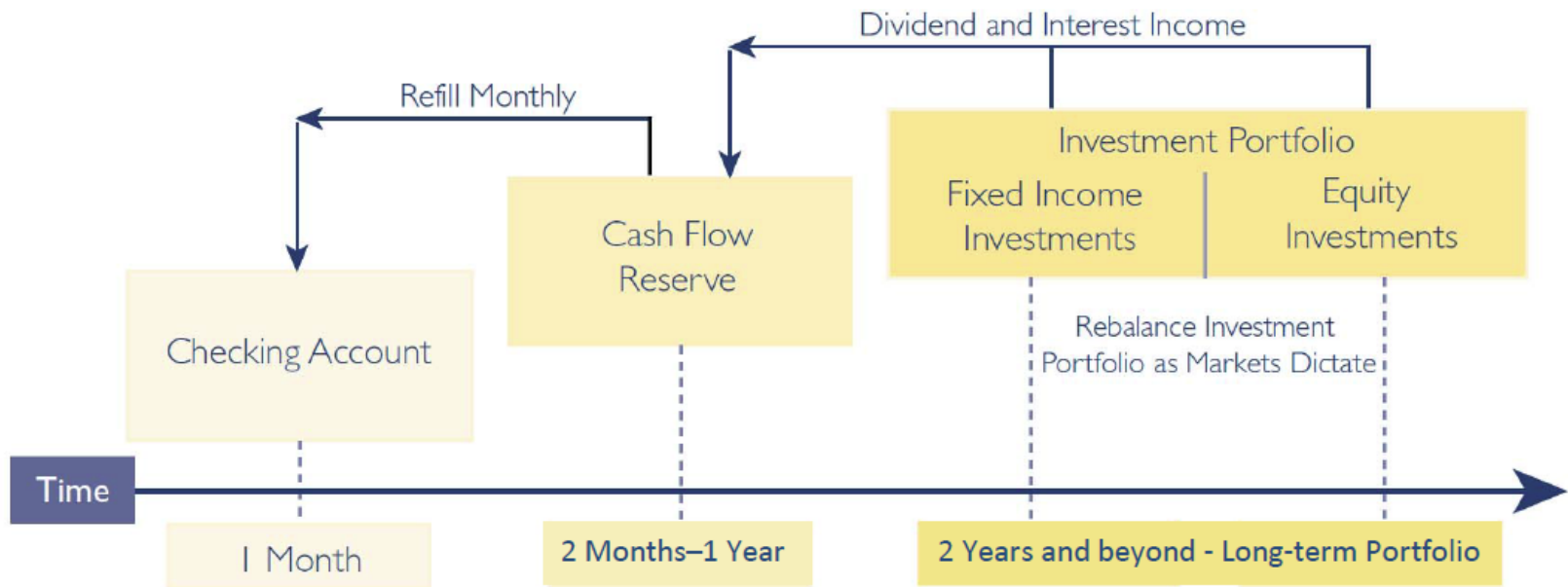
- Determine desired services and complete client agreement.
- Provide access to our online tool - PVWM Portal.
- Complete online risk tolerance questionnaire and data gathering including uploading documents to secure Vault.
- Establish custodian accounts and transfer assets via electronic signature.
- Analyze, recommend and implement plan and begin portfolio management.

# Appendix 1 – Retirement Paycheck

Total Rate of Return focus with opportunistic cash replenishment

Source of cash from dividends, interest and sale of securities during portfolio rebalancing

Supplements base income from Social Security and other pension-like products

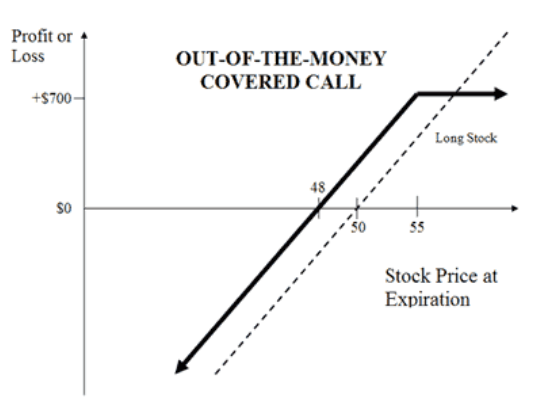


Source: Thornburg Investments; PVWM Research

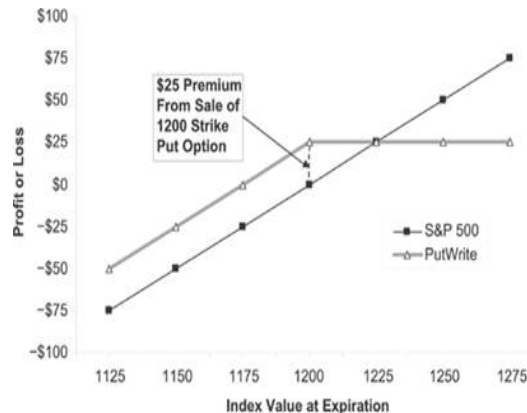
# Appendix 2 - Option Strategies

- Three conservative option strategies to augment income and sculpt portfolio risk
  - Covered calls – get paid if promise to sell positions at a higher price in future
  - Cash secured puts – get paid if promise to invest cash at lower price in future
  - Portfolio hedging – pay a premium to protect portion of portfolio

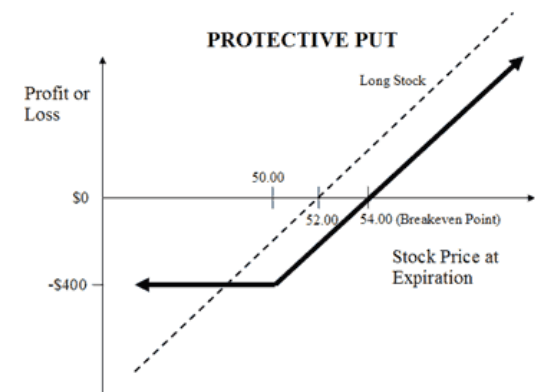
Covered Calls



Cash Secured Puts

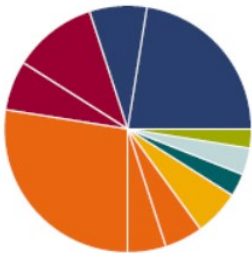


Portfolio Hedging

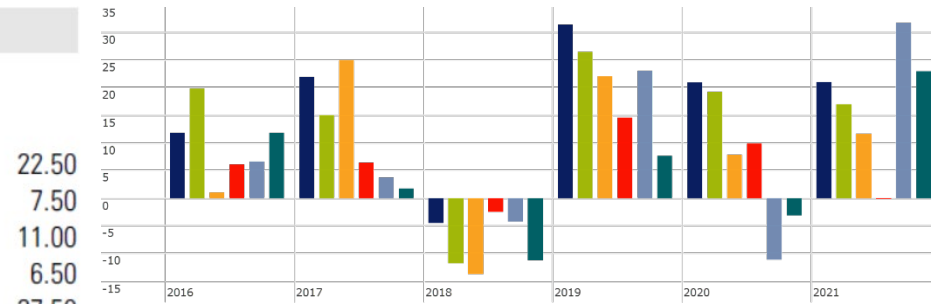


# Appendix 3 - Asset Allocation Models

## Target Asset Allocation–PVWM Moderate



- US Large Cap
- US Mid/Small Cap
- Non-US Dev Stock
- Non-US Emrg Stock
- US Inv Grade Bonds
- US High Yield Bonds
- Non-US Bonds
- Real Estate
- Commodities
- Alternatives
- Cash & Equivalents



Investment Name	1	2	3	4	5
1 DJ US TSM Large Cap TR USD					
2 DJ US TSM Small Cap TR USD	0.93				
3 MSCI EAFE NR USD	0.88	0.80			
4 BBgBarc US Corp Bond TR USD	0.49	0.47	0.47		
5 DJ US Select REIT TR USD	0.73	0.74	0.63	0.65	
6 Bloomberg Commodity TR USD	0.47	0.54	0.50	0.26	0.37