

How Do We Lower Your Volatility?

Triathlon Partners' investment objective is to reduce the volatility of your portfolio with a disproportionate minimal impact on returns. This is a goal of many advisors, but our approach is different. Their standard method combines asset classes, which can lower the volatility, but also has a large impact on your returns. This can be rationalized as a reasonable trade off, but the impact on returns is often greater than the associated reduction in volatility. These asset classes traditionally have complimentary performance, meaning as one performs well the other does not. These correlations can breakdown, as it did in 2022, when the S&P 500 lost 18% and the US 10-year treasury bond lost 17.8%.

Our process incorporates product diversification. The world of equities includes more than individual stocks, ETFs and mutual funds. There are products that limit losses and lower the volatility of your portfolio by minimizing the negative impact of sequential returns. For example, one year the market is down 20% and the next year it is up 20%, while the average return is 0%, your portfolio lost 4% (a 20% loss on a \$100 portfolio has a new value of \$80, and a 20% gain on an \$80 portfolio has a new value of \$96). Overlaying your portfolio with products that offer protection against losses can offer favorable long-term advantages.

We try to achieve our goals through the following:

1. Triathlon Partners employs a selective sector strategy that follows a rules-based decision process. This incorporates low and high volatility indices with minimal holding overlap. The decision process focuses on trend following, dollar cost averaging and allocation constraints.
2. Triathlon Partners focuses on structured note issues that offer protection in down markets, enhanced interest rate payments and participation ratios that provide greater upside performance than the underlying asset/index. This combination can lower the volatility of your portfolio while providing returns greater than the underlying asset.
3. Triathlon Partners employs product diversification by including annuities and life insurance in existing portfolios that fit your specific financial objectives. These products can offer protection in down markets with a variety of investment options that perform in stagnant and appreciating markets. Annuities and life insurance are efficient products as they grow tax deferred.

Our holistic approach attempts to maximize spending power, translating account balances into cash-flow. We understand that your family's objectives change over time, and that is integrated into a flexible financial plan. Deferred income incentives in annuities leverage tax free growth and provide for a robust retirement. Life insurance is multi-faceted, providing necessary financial security for your family in event of death, and can convert a death benefit into a living benefit, by providing tax-advantaged income or a long-term care rider.

What products are in your portfolio? Has your portfolio recovered from the crash in 2022? How volatile has your portfolio been, and how has it performed? These are the questions your advisor



should have answers to. Triathlon Partners' role as your advisor is to engage, educate and empower. Communication is the cornerstone of our relationships.

Contact us for a full review of your portfolio and to implement a strategy that fits your risk profile and objectives.

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