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THE KATZ GROUP

comprehensive financial services for individuals, families and businesses

Prudential

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Investment Policy Statement: Our Approach to Investing

- ### Asset Allocation
  - We are top-down asset allocation managers, not bottom-up stock pickers or traders.
  - We design, manage, and oversee customized portfolios that are diversified across global asset classes and appropriate given a client's risk tolerance, time horizon and investment objectives.
    - We seek to implement these strategies in a cost-effective and tax-conscious manner.
    - All portfolios are closely monitored on an ongoing basis and adjustments are made when necessary.

- ### Risk Management
  - We are strong believers in the power of diversification to help reduce volatility and create a smoother, more consistent return experience over time.
    - We believe that diversification applies not only to asset classes, but also to investment styles as well as investment products with complementary attributes.
  - Downside first focus- We prioritize mitigating drawdowns in adverse market environments over outperforming during favorable market environments.
    - By design, our diversified strategies are likely to lag broad equity market indexes during robust bull markets and "risk-on" stock market rallies.
  - We believe that investors should seek to maximize risk-adjusted returns (as measured by return per unit of risk) instead of absolute returns.

- ### Forward-Looking Framework
  - Rather than relying solely on historical data to inform investment decisions, our portfolios are constructed through a forward-looking lens.
    - Dynamic portfolio positioning incorporates strategic investment themes to take advantage of long-term trends as well as tactical, shorter-term themes to capture current market opportunities.

- ### Goal-Based Approach
  - Our process seeks to challenge the traditional "returns first" mentality by prioritizing the achievement of client goals over the outperformance well-known market indices.
  - We leverage innovative planning tools to track progress relative to specific future outcomes (rather than simply comparing a portfolio's return to that of a broad market index) to keep our clients focused on what truly matters most and help them avoid the potential pitfalls of assuming unnecessary risk to chase excess returns.

- ### Behavioral Coaching
  - Bouts of market volatility are inevitable throughout economic cycles and often tempt investors to make counter-productive, emotional decisions.
  - We are committed to helping our clients keep market volatility in perspective and avoid making costly, emotional investment decisions by encouraging a long-term focus and a disciplined, patient approach.