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PINNACLE QUARTERLY

Don't Make This Expensive Retirement Mistake!

Ken Solow

Climbing The Wall Of Worry: A Market Review
Pinnacle Investment Team

Five Ways To Manage Taxes Through Financial Planning
Michael Green

What To Do About The Equifax Hack
Kelly Wright

How Does Medicare Work?
Michael Hamolia

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Table of Contents

Don't Make This Expensive Retirement Mistake!

Ken Solow
Founding Partner

James had been a saver for his entire adult life and was proud of the fact that he had accumulated his retirement nest egg by following the financial 'rules of the game.' He and his wife, Irene, had saved the $3 million their advisors said was the amount they needed to finally retire and pursue other interests.

Everything was fine… until James made a startling revelation.

He was looking over his finances and realized that soon he wasn't going to be receiving a paycheck anymore; he would be living off his portfolio.

His $3 million nest egg was invested in two IRAs that had been rolled over from different employers' 401(k) plans, a ROTH IRA that he had started six years ago, Irene's IRA from when she was working as a real estate broker, and a small inherited IRA from his father-in-law's estate. In addition, he and Irene had their own brokerage accounts and a joint account… and Irene had a special brokerage account left to her by her deceased father. How in the world had they accumulated nine different investment accounts?

James knew he needed $12,000 per month on top of his social security to sustain the retirement lifestyle that he and Irene were looking forward to. But where should the money come from? His tax situation was about to improve dramatically as he began to live off his portfolio, but his deferred comp would be taxed, as would withdrawals from his IRA accounts. Not only was he baffled by the complexity of his changing tax situation, but he began to question whether his long-time investment strategy still made sense once he retired. After all, it took years for his portfolio values to recover from past bear markets. What will happen when the next bear market hits now that they depend on those assets for their monthly income?

He felt betrayed.

After years of careful planning, they had saved the amount of money they needed to retire. Unfortunately, no one told them how difficult it was to figure out what to do next.

Having been in the financial industry for over 30 years, I've heard this story over and over. My response is always the same: Call us and we can help you.

You see, a Pinnacle advisor would introduce James and Irene to our on**point** retirement solution, which would give them…

- A plan for withdrawing money from their different accounts that minimizes the taxes they would pay as their tax situation changes dramatically over the next few years.

- An annual review of the tax impact of each of the securities they own so that the securities that generate the most taxable income are held in the tax deferred accounts (like their IRA accounts).

- A safe amount of cash to withdraw from their portfolio to accommodate the possibility of future market volatility.

- A choice of three different risk-managed portfolio strategies that offer different (but sensible) approaches to managing portfolio volatility in bear markets.

- A method of coordinating all of their accounts so that they can invest in the Pinnacle risk-managed portfolio without buying the same securities in different accounts. (This cross-account rebalancing could reduce the number of transactions in their portfolio).

- A method for evaluating the returns and risk of their portfolio on an ongoing basis so that they can be better consumers of investment management and have more control over their financial plan.

• A strategy for maximizing social security benefits in the future that is coordinated with the rest of their financial planning concerns.

With Pinnacle, Jim and Irene would have a plan that is flexible enough to change along with their needs as they grow older. And they would have a relationship with a trusted financial advisor who is an expert in dealing with the planning and investment issues they'll encounter once Jim actually retires.

If you are approaching your retirement or have recently retired, you might benefit from this as well. Please check out Pinnacle's on**point** "Retired" Plan services (**pinnacleonpoint.com**) for more information.

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Five Ways To Manage Taxes Through Financial Planning

Michael Green
Wealth Manager

As financial advisors, we recognize that the outcomes on an income tax return are the culmination of many occurrences and decisions. Tax efficiency is a vital part of a financial plan at every stage, and so we approach tax planning as both a year-round and lifelong process. With that in mind, here are five areas where you might find new opportunities and strategies to manage your taxes, grow your wealth, and attain your goals.

Retirement Savings

Employer Plans: Whether a 401k, a Thrift Savings Plan, or a 403b account, contributions to these tax deferred vehicles not only help build a nest egg, but also reduce your taxable income in the current year. Lower income in turn may make you eligible for other tax strategies or benefits.

IRAs: Depending on income levels, some workers may be eligible for deductible IRA contributions, or possibly Roth IRA contributions. The former reduces current taxable income, while the latter sets the stage for tax free withdrawals in the future.

Health Savings Accounts: If enrolled in a high deductible health plan, you may be eligible to contribute to a Health Savings Account. Such contributions, as an 'above the line' deduction, reduce your gross income in the current year. They can also be invested for growth (account plan permitting), and accessed tax free in retirement when medical expenses are likely to be higher.

Business Ownership

Expenses: Business owners are eligible for a variety of deductions, including those for a home office, insurance premiums, and travel expenses, to name just a few.

Retirement Plans: Business owners can establish their own tax deferred savings vehicles for retirement. The type of plan employed will depend upon the number of employees and the level of revenue, among other factors. Owners with no employees might consider a Solo 401k plan, which allows both employer and employee contributions, and thus maximum deductions.

Education Funding

College Savings Accounts: Most states allow deductions, within certain limits, for contributions made into state sponsored 529 plans.

Gifting: Those with highly appreciated securities could consider gifting those shares to adult children, whose income levels make them eligible for a 0% capital gains rate. The child could thus liquidate the security tax-free, and use the proceeds to pay for educational expenses. (Note this is best utilized for a child of at least 24, when something called the "kiddie tax" no longer applies, and is thus often a strategy for funding graduate school.)

Charitable Giving

Publicly Traded Securities: Shares of appreciated stock, if gifted to a public charity, provide a charitable deduction, and (as an extra tax benefit) avoid capital gains taxes.

Donor Advised Funds: Contributions to these vehicles provide a current deduction while allowing you to wait until a later time to identify possible charitable recipients.

Charitable IRA Rollover: Those age 70 ½ or older can direct the Required Minimum Distribution from their IRA (up to $100,000) to a qualified charity. Channeled in that manner, the distribution is not a taxable distribution, as it would be if received instead by the IRA account holder.

Portfolio Management

Asset location: Your portfolio may be comprised of taxable brokerage accounts, tax deferred accounts such as IRAs, and tax-free accounts such as Roth IRAs. Generally, growth assets expected to appreciate are better held in taxable accounts, where they will be taxed at lower capital gains rates. Conversely, income producing assets are best held in tax deferred or tax-free accounts, where tax on the income generated is either deferred or avoided.

Gain/Loss Harvesting: Timing strategies, in relation to the sale or retention of assets in the taxable portion of your portfolio, can help in managing your overall tax expense. Securities held at a loss might be strategically sold at year end to offset gains in an otherwise high-income year. When transitioning appreciated securities onto a new portfolio strategy, staggering sales over multiple tax years may preclude you from being pushed into a higher tax bracket in the initial year.

Fee Allocation: Depending upon whether you itemize, investment management fees may be a deductible expense if drawn from a taxable account. A review of your tax return and financial plan can determine if your fees are being taken from the appropriate account or accounts.

The scenarios above arise at different times of the year and in varying stages of life. They reflect just some of the many ways that we pursue tax efficiency while managing wealth and steering our clients towards their goals. Of course, the complexities of individual situations will call for consultation and coordination with a tax preparer. Should you have any questions regarding the tax implications of decisions you are facing or scenarios you are considering, be sure to consult one of our Wealth Managers.

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What To Do About The Equifax Hack

Kelly Wright
Director of Financial Planning

As you have probably seen reported across the media, hackers infiltrated prominent credit reporting agency Equifax and stole the private information of over 143 million Americans. While it will be interesting to see how all this came to be, the big question is, "What should those affected do?"

Your first (and best) option is to contact the four major credit agencies and place a credit freeze on each. The cost varies from state to state—if you are in Maryland and not yet a victim of identity theft, this will cost you $5 per agency to place (or to lift) the freeze. A credit freeze is intended to prevent anyone (including you) from opening credit in your name. If you are currently in the process of buying a house, car, or securing a loan otherwise, this will obviously complicate that process. If you are in the midst of having a legitimate credit report pulled, you may have to wait. If you have frozen your credit, you may be required at some point to unfreeze it.

Here are the links to freeze your credit online:

- **Equifax:** https://goo.gl/sw3WDe
- **Experian:** https://goo.gl/jY4K3a
- **Transunion:** https://goo.gl/6ohdY2
- **Innovis** (Innovis is smaller, but still a legitimate credit agency): https://goo.gl/HfHgmy

Here is a state by state list of costs involved: https://goo.gl/uLuKgR

Three states—Kentucky, Pennsylvania, and South Dakota—remove your credit freeze automatically after seven years. The others are permanent.

It is important to note that freezing your credit will not have a negative impact on your credit score. Also, this will not stop pre-approval credit offers—you can halt those by calling 888-5OPT-OUT (888-567-8688) or by visiting: www.optoutprescreen.com. This will stop the offers that go through the consumer reporting agencies, which is most of them. It's good for five years, though you have the option to make it permanent.

What Are The Effects Of A Credit Freeze?

Within three business days of receiving your letter, the consumer reporting agencies will place a freeze on providing credit reports to potential creditors. Five business days after placing the freeze on your account, the consumer reporting agencies will send you a confirmation letter containing a unique PIN (personal identification number) or password. Keep this in a safe place.

You can have a security freeze lifted for a temporary period. There is a $5 fee charged in Maryland for temporarily lifting a security freeze, unless you are an ID theft victim. Again, this cost varies state by state.

To unfreeze your account, you'll need to contact the consumer reporting agencies, provide proper identification, provide your unique PIN or password, and specify during what period your credit report will be accessible. Consumer reporting agencies must lift a freeze no later than three business days from receiving your request by mail, or no more than 15 minutes after receiving your request by secure electronic method or by telephone. Otherwise a new creditor who asks to see your credit will receive a message or a code indicating the file is frozen.

Should You Use A Paid Monitoring Service?

It may make sense to consider paid monitoring services such as Lifelock, EZ Shield, and Identity Guard, IdentityForce, and ID Watchdog. These services are certainly helpful and have merit, particularly if one becomes a victim of identity theft. Of all these, ID Watchdog is the only one that will help if you have already been an ID theft victim. If you are risk averse and inclined to let a service work for you in this regard, they all offer a valid service for between $10 and $27 a month, which includes ID theft insurance. Credit Sesame and CreditKarma are free monitoring services. Civic has a free service and a low cost paid service, however many facets of their protection are still under development.

Consumer Reports suggests a more direct approach by checking your own credit (annualcreditreport.com), signing up for credit and banking alerts, and using credit freezes.

Equifax is offering a year of their "TrustedID" identify protection for free to those affected by the leak, noting that "enrolling in the free credit file monitoring and identity theft protection that we are offering as part of this cybersecurity incident does not waive any rights to take legal action."

As for your taxes, file as early as possible to prevent someone from filing a bogus return and stealing your refund. And never leave your paper tax returns in your mailbox to be sent to the IRS.

The best approach moving forward is simply to make things harder for the bad guys. Choose reasonable passwords, shred credit card offers, don't let someone with bad grammar and a bad accent who just phoned you bully you into wiring money. Check your accounts regularly. Sign up for text alerts for your credit cards and bank accounts.

Note that the IRS will never call or email to demand immediate payment using a specific payment method (such as a prepaid debit card, gift card, or wire transfer). Generally, the IRS will first mail you a bill if you owe any taxes. The IRS doesn't initiate contact with taxpayers by email, text message, or social-media channels to request information. The IRS will not threaten to immediately bring in local police or other law-enforcement groups to have you arrested for not paying, nor will they demand that you pay taxes without giving you the opportunity to question or appeal the amount they say you owe. Above all, the IRS will never ask for credit or debit card numbers over the phone.

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How Does Medicare Work?

Michael Hamolia
Wealth Manager

If you are close to age 65, it is time to start thinking about Medicare. Here's how it works…

Medicare is a health insurance program run by the federal government for those age 65 or older (though in some cases, it is possible to be covered by Medicare if you are under the age limit). There are two parts to the original program: The first part is Medicare Part A, which you can think of as hospital insurance since it would cover an inpatient stay at the hospital. Part A can cover skilled nursing in a facility (up to 100 days, with the first 20 being covered by Medicare and the next 80 being shared between the patient and Medicare) as well as hospice care. Part A can also cover some health care at home.

The second part is Medicare Part B, which you can think of as medical insurance. This would cover outpatient physician services, routine doctor visits, tests, supplies, and preventative services.

How much does original Medicare cost?

For the majority of Americans, Part A comes at no cost, because either the individual or his/her spouse paid into the Medicare system while employed (for a minimum of 10 years).

Part B premiums are based on your income level (two-years prior to the current year). For 2017, premiums range from $134 per month to $428.60 per month (per individual). You can refer to the chart below for premiums at various levels of income.

There is an alternative to original Medicare called "Medicare Advantage," and it's sometimes referred to as Part C. Essentially, Medicare Advantage is a combination of original Medicare Part A and B and is provided by insurance companies who have been approved by Medicare.

Individual-Filer	Joint-Filer	Married-Filing Separately	Part B Premiums (per month)
Up to $85,000	Up to $170,000	Up to $85,000	$134.00
$85,001 to $107,000	$170,001 to $214,000	N/A	$187.50
$107,001 to $160,000	$214,001 to $320,000	N/A	$267.90
$160,001 to $214,000	$320,001 to $428,000	$85,001 to $129,000	$348.30
$214,001 and up	$428,001 and up	$129,001 and up	$428.60

When should I enroll in Medicare?

Typically, individuals who are retired or no longer have health insurance coverage through their employer may consider enrolling in Medicare three months prior to their 65th birthday. If you're approaching age 65 and still working and have health insurance coverage through an employer, you should consider enrolling in Part A. If you are contributing to a Health Savings Account, you would no longer be permitted to do so upon enrollment in Part A. For those who are approaching age 65 and still working (and have health insurance through an employer), enrollment in Part B can usually be delayed until retirement. In cases where an individual works for a smaller firm (less than 20 employees), they may be required to enroll in Part B.

How do I enroll in Medicare?

You can enroll in Medicare by applying at the Social Security Administration website or by calling them at 800-772-1213. If you prefer a face-to-face meeting, you can schedule an appointment by dialing the same toll-free number.

How do I pay for Medicare?

If you are retired, age 65 or older, and receive Social Security, premiums are automatically deducted from your current benefits. If you are currently employed and do not receive Social Security, premiums will be billed on a monthly basis until you file for Social Security benefits (and the automatic deduction begins).

Since Medicare doesn't cover 100% of health care expenses, there are additional insurance policies —often called Medigap or Medicare Supplement Insurance policies—that can be purchased through private companies. Currently, there are 10 standard Medigap plans that offer various levels of benefits. The ultimate cost of the policy will depend on the plan chosen and the coverage that comes with it (the average cost for the highly popular Plan F is approximately $150 per month).

Additionally, original Medicare does not cover the cost of prescription drugs. In order to get drug coverage, an individual would need to add/purchase a Medicare Prescription Drug Plan (commonly referred to as Part D) or go with a Medicare Advantage Plan that offers prescription drug coverage. Again, the ultimate cost of the policy will depend on the plan chosen and the coverage that comes with it (the average cost of premiums is about $35 per month). Many drug plans have a coverage gap or limit to how much they will pay towards prescriptions. Essentially, there are 4 phases:

• Phase One: You would pay the initial deductible ($400 in 2017).

• Phase Two: The plan pays approximately 75% of the drug costs until the limit is reached ($3,700 in 2017).

• Phase Three: The plan pays a lower percentage which will be slightly different for brand-name and generic prescriptions (up to $4,950 in 2017).

• Phase Four: The plan pays approximately 95% of the costs (over $4,950 in 2017).

Avoid this mistake

Failure to enroll in Part B when eligible may result in additional fees, which continue in perpetuity. The same holds true with a Medigap policy and drug coverage (Part D). Therefore, if you're looking for comprehensive coverage, you may be better served by implementing all of the policies at once when you're eligible, as opposed to waiting and paying more down the road.

Making Medicare decisions can be overwhelming: There are so many complicated options and the plan that works well for your neighbor may not be the best choice for you. The good news is that we have a lot of experience in this area and would be happy to guide you through the process. If you or someone you know could use some help getting started with Medicare, please contact your Pinnacle Wealth Manager.

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MARKET REVIEW

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The third quarter of 2017 was highlighted by unfavorable seasonal effects and a steady stream of nerve wracking geopolitical developments, but despite a challenging environment world equity markets persistently fought off short-term jitters and closed out the quarter solidly in the green. Commodities markets also bounced back in the third quarter, and fixed income found a way to post positive returns as investors continued to demonstrate an appetite for both credit related yield and safe-haven plays to hedge portfolio risks.

Those who stayed invested during the third quarter were amply rewarded for doing so, but as markets climbed higher the risks of an overvalued market rose in tandem. With the fourth quarter looming, investors must decide if they should remain fully invested, or start to pull back after the unusually strong run this year.

Plenty to Worry About

Bull markets climb a wall of worry, and the current market run since February 2016 is no exception. In the U.S., the business cycle is now the third longest on record, which is leading investors to naturally question how long this expansion can persist. The Federal Reserve is slowly raising interest rates and some are beginning to wonder whether the economy is strong enough to withstand additional monetary tightening given that growth rates are still low and inflation seems non-existent after years of easy monetary policy. Geopolitical news flow has kept investors on edge all year given ongoing investigations into the Russian involvement in the U.S. election, constant infighting within the GOP, and intermittent saber rattling between the U.S. and North Korea. Severe hurricanes, poor seasonality, and ultra-low volatility in markets also served to heighten anxiety over the most recent quarter.

Within a sea of worries, perhaps the most fundamentally driven concern today is that stocks appear to be significantly overvalued from a broad index perspective. Valuation is often a terrible timing indicator, but has tended to be a very good predictor of longer-term market returns, so investors are right to wonder if the index driven bull market that has performed so brilliantly is poised to leave investors disappointed when looking out over the next five to ten years.

Scaling the Wall of Worry on Synchronized Cyclical Strength

Despite numerous risks to the market, the good news is that there are some solid reasons to believe that the cyclical bull market is not ready to awaken the hibernating bear just yet. Perhaps the most encouraging reason is that the macro fundamentals have been firming, and for the first time in many years it appears that the global business cycle is in the midst of a synchronized upswing. In the U.S., the chronological age of the cycle is well advanced by normal standards, but at the same time, the low trajectory of growth in recent years

Pinnacle's Earnings Model Projects A Healthy Profit Environment

means that the typical late cycle pressures that usually conspire to topple economic expansions have not yet materialized. Additionally, credit and financial conditions have been supportive and the rest of the world has firmed and is pushing growth in an upward direction (rather than dragging it down). In 2017, Europe, Japan, and many emerging market economies have enjoyed improving growth profiles all year, which has created a positive global feedback loop that is helping to support the aging U.S. expansion. The overall improvement in world growth fundamentals has also been accompanied by dormant inflation across the globe, which is allowing businesses worldwide to benefit from some improvements to top line growth without a commensurate hit to the bottom line that is usually associated with rising cost pressures.

The stable and improving growth profile combined with contained inflationary pressures has created a short-term goldilocks scenario for the profit cycle, which has fundamentally underpinned the rise in equity prices around much of the world. While some discount the latest move in stocks as nothing more than a bubble based on hope and hype, in our view there are plenty of sound fundamental reasons that are helping this cyclical bull market march on.

Furthermore, there are other reasons to continue to be cyclically constructive on markets. The possibility of tax reform / cuts in the U.S. is picking up, and if legislation passes and strongly resembles what has been initially proposed, that could be a game changer for many businesses that would see an immediate increase in after-tax profits. Despite poor valuation at the index level, we also feel there are still specific sectors and industries—and select countries globally—that still offer attractive relative value. Since our investment process provides the flexibility to seek out value where we find it across the globe, we believe there is still ample opportunity to enjoy this bull market while the fundamental backdrop supports being a participant.

International Markets: Is the Worm Finally Turning?

Through the first three quarters of the year, foreign equity markets have outpaced the U.S. for the first time in a long time. Does this resurgence have legs or is it just a temporary phase? While we can't be sure that international performance will continue to outperform the U.S., we are beginning to grow more confident that the current move towards international investing may represent a longer-term trend change.

One of the traits in favor of foreign market exposure is a more attractive valuation profile than here in the U.S. This gives international investors an added margin of safety, and implies that from today's levels, there is a chance to generate more returns in overseas markets than in the U.S. market over a long-term time horizon. Additionally, global central banks are growing more accommodative when compared to the U.S. In stark contrast to the Federal Reserve—which is already slowly raising short-term interest rates and beginning to reduce the size of its balance sheet—the European Central Bank is just beginning to think about winding down their quantitative easing program with no plans to raise rates anytime soon, and Japan continues to pour stimulus into the system unabated.

As described, world fundamentals have picked up and are supporting earnings across many international markets, some of which are outpacing growth levels in the U.S. Japan is a good example of an international market that we currently favor based on improving fundamentals, very cheap relative valuations, and a

central bank that continues to take a hyper accommodative approach to monetary policy. If we are correct that international markets are starting to assume leadership, then this could be the beginning of a longer-term change in trend away from the U.S., since previous historical examples suggest that these phases can continue for multi-year periods once they begin to gather momentum.

Current Positioning

Portfolio asset allocation is very close to benchmark levels across the policy spectrum, but we have been slowly increasing underlying cyclicality by rotating into sectors of the market that we believe offer more value and upside in an environment of improving world fundamentals. Given cheaper valuations and signs that relative trends may be turning in favor of international markets, portfolios now carry a slight underweight to U.S. equity exposure and an overweight to internationals, which is concentrated in Japan and Europe for now.

Within the U.S. equity space, we favor pro-cyclical sectors like Financials, Technology, Industrials, Energy, and Homebuilders, and the heaviest underweights are in more expensive defensive areas of the market like Utilities, Telecoms, Consumer Staples, and Healthcare. From a fixed income perspective, portfolios are positioned to be moderately underweight to interest rate sensitivity and overweight to credit and alternative positions in anticipation of rising interest rates as growth picks up and the cycle matures, which should cause somewhat higher inflation moving forward.

Conclusion

Bull markets are prone to climbing a wall of worry and we don't believe this time is any different. Our current view is that improving world fundamentals have had a lot to do with the current market run and should continue to support earnings and the ongoing cyclical bull market that has been in progress since February 2016. But we also acknowledge that there are legitimate risks to owning the market at high valuation levels, and that even the most fervent bulls should steer clear of overreaching for returns. With the fourth quarter upon us, we will likely maintain portfolio volatility at slightly above benchmark levels and continue to scour the globe in search of pockets of relative value that exist within a generally expensive world.

Despite the wall of worry confronting the bull market, we are trying to enjoy this period of relative calm and the wealth creation that comes from a healthy cyclical rally. We don't think it's time to pull in the reins just yet, but we will remain vigilant and ready to downshift should warning flags start to appear.

Pinnacle's Three Dynamic Strategies

PRIME SERIES

Pinnacle's Prime Series offers investors an array of actively managed portfolios that are globally diversified and designed to provide market-like returns with less risk. Our Prime Series is comprised of five distinct options that include conservative portfolios that prioritize stability and income, moderate portfolios seeking a balance of stability and growth, and growth portfolios designed for appreciation and growth.

The Prime Series portfolios are managed by our experienced investment team to pursue value anywhere in the world—in any asset class—and evaluate opportunities using both qualitative judgment and quantitative tools. Our over-arching strategy is based on long-term economic themes where we build our portfolios in line with the strengths and weaknesses in the market. Our investment team evaluates the qualitative and quantitative data, adjusting our portfolios accordingly. These portfolios have been managed by our investment team since 2002 through all market cycles and have a GIPS verified track-record (through 12/31/2016). The Prime Series should appeal to clients who want an active, tactical management strategy that blends the best of qualitative judgment and quantitative tools.

MARKET SERIES

Pinnacle's Market Series provides an investor with a globally diversified portfolio that is primarily managed with strategic asset allocation and complimented with tactical management in a smaller portion of the portfolio. The strategic holdings are low cost and efficient, and the satellite portion provides a way for the portfolio to increase return potential when markets are cheap, and dampen risk when markets are expensive or volatility increases.

The series offers three portfolios to investors: Conservative, Moderate, and Appreciation. The strategic allocation comprises 70% of the portfolio and is diversified across twelve asset classes that are systematically rebalanced to retain targeted allocations. The tactical allocation comprises 30% of the portfolio and consists of U.S. stocks and fixed income securities. The tactical satellite includes the flexibility to move between stocks, bonds, or cash, and rotates between them depending on market valuations and technical conditions. By combining both strategic and tactical strategies, the Market Series offers the benefits of both passive and active management.

QUANTITATIVE SERIES

The Pinnacle Quantitative Portfolio provides investors with an actively managed portfolio that uses a 'Core and Satellite' approach to combine tactical asset management and quantitative analysis. The Core strategy invests approximately 60% of the portfolio in our Dynamic Moderate Growth model, which strikes a balanced approach between capital appreciation and income. The Satellite strategy comprises about 40% of the portfolio and uses sophisticated quantitative analysis that leverages value and momentum data as it rotates equity sectors, bonds, and cash to balance growth and risk.

Our proprietary quantitative model evaluates current market conditions based on a set of valuation and technical indicators, and rotates the allocation between ten U.S. equity sectors and bonds or cash. This portfolio will appeal to clients who are looking for a heavily rules-based approach to investing and are willing to make aggressive allocation changes depending on market conditions.

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