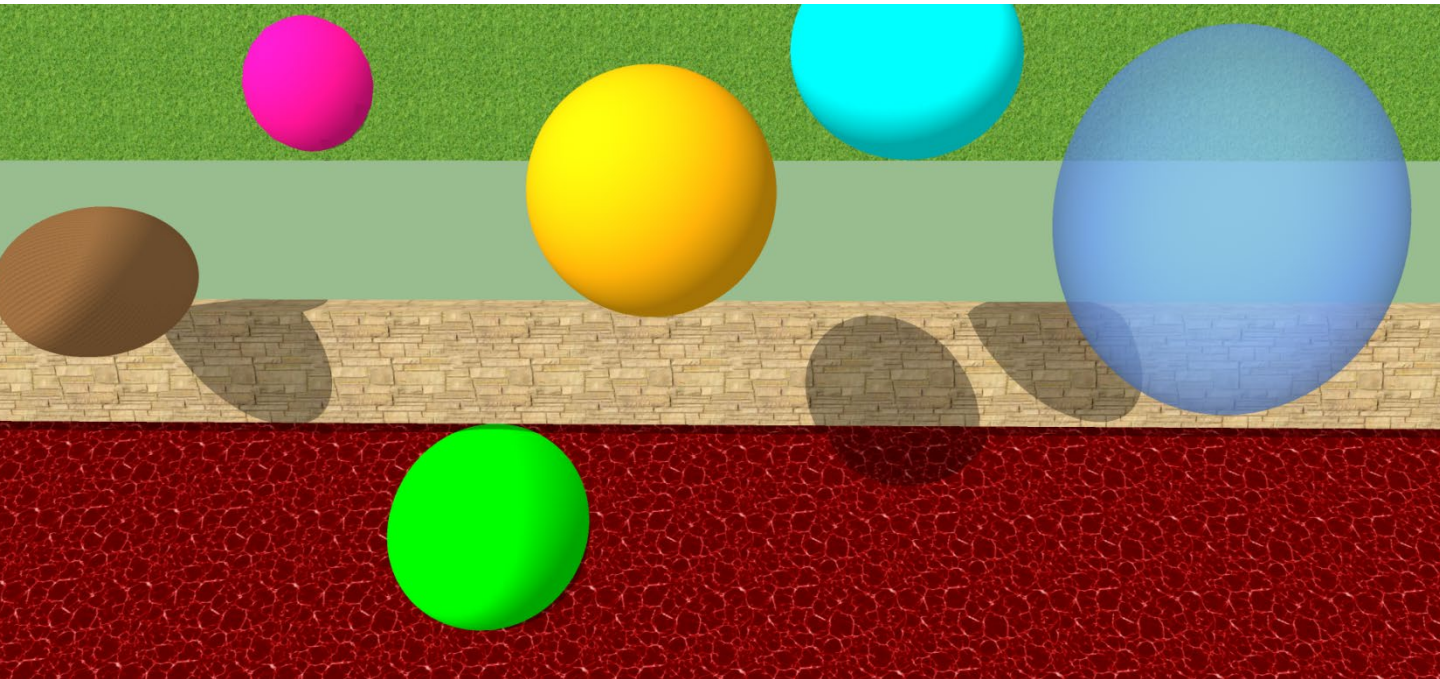




**REDHAWK<sup>®</sup>**  
**WEALTH ADVISORS**



# Environmental, Social, and Governance Portfolio Investment Philosophy

Q4, 2019

## Your Advisory Team

We offer an independent and customized approach to investment management that is well suited to meet the needs of individuals and family's intent on protecting and increasing wealth. We begin with a personalized risk assessment and the development of a personalized investment policy statement ("IPS").

We have partnered with Redhawk Wealth Advisors, Inc. ("Redhawk") to guide the process of investment manager selection, drawing on in-depth knowledge of investments in all the traditional domestic equity, international equity, fixed income, and liquid alternative asset categories. ***We are a fiduciary and committed to identifying investment strategies that are in the best interest of our clients.*** Our experience with mass affluent and high-net-worth individuals has taught us that successful management of private wealth can be a collaborative effort, often involving a client's legal and tax advisors. We are dedicated to a high level of personal communication, including education of family members new to investing, in order to give you the peace of mind you deserve.



### OUR FIDUCIARYSHIELD<sup>™</sup> PROMISE IS TO ALWAYS:

- Give 100% accurate, complete, straightforward & timely information about your investments.
- Act in your best interest when selecting, monitoring, and replacing investments in your portfolio.
- Avoid conflicts of interest and disclose all material facts.
- Ensure that costs are fair and reasonable.



## Redhawk Corporate Overview

Redhawk is headquartered in Minneapolis Minnesota and is an independent, employee owned, investment management firm that works with individual clients, retirement plan sponsors, financial institutions, non-profit organizations, captive insurance companies, and endowments as a fiduciary. ***We provide customized investment advisory services to assist clients in achieving their investment objectives while fulfilling our fiduciary obligations.*** We currently advise over \$1.4 billion in total client assets located throughout the US. We do not have affiliations with broker-dealers, investment companies, or other financial institutions so we are totally unbiased with our investment recommendations. We receive compensation for investment management services solely from our clients so as to avoid any conflicts of interest. Our mission is to provide customized investment management services to assist our clients in achieving their investment objectives.

### Our Goal is a Better Financial Outcome:

To develop and manage a better financial outcome for your retirement by preserving capital and growing your investments. Our investment philosophy focuses on three key objectives:



## Allocation Strategy

The ESG portfolio only includes those mutual funds or ETFs that meet our minimum sustainability score in these three categories.



Environmental



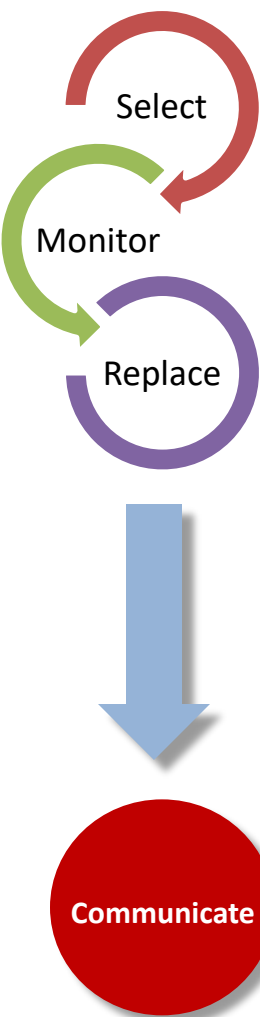
Social



Governance

## Our Process

In a highly volatile investment world, how can you build a plan for long-term success? What does it take to sift through thousands of investment opportunities and identify the relative handful that compliment your specific goals, time horizon, and risk tolerance? ***That's why we have a formal investment committee called the Redhawk Investment Committee ("RIC") that meets weekly to select, monitor, and replace investments.*** The RIC's overall goal is to always be invested in the top sub-categories and funds within those categories.



## Investment Selection

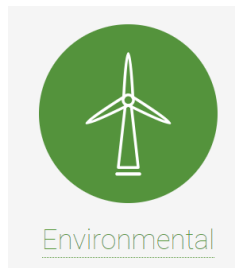
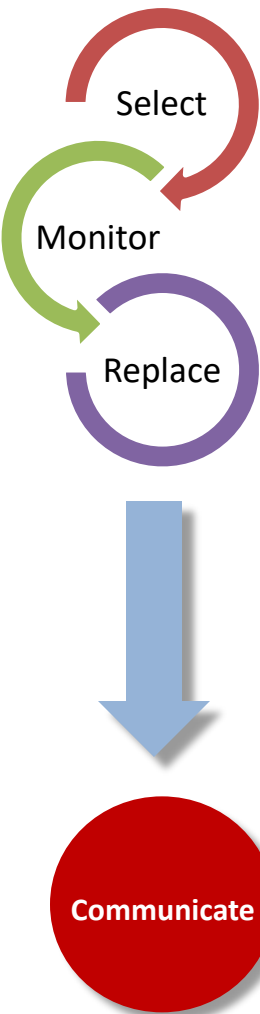
The selection of an investment is a disciplined process and Redhawk analyzes several asset categories during the selection process. We use our proprietary scoring methodology to determine the top performing sub-categories to include in the environmental, social, and governance strategy.



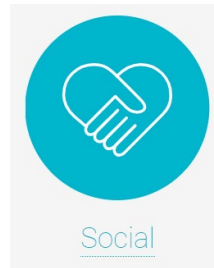
**Top Sub-Categories**

### Investment Selection (continued)

Once the top sub-categories have been determined, the investment committee then researches the top performing funds in each sub-category that pass our sustainability score. The overriding objective of the selection process is to determine which funds score the highest and are in the best interest of the client.



- Air Pollution
- Water Pollution
- Climate Change
- Carbon Emissions
- Energy Efficiency
- Biodiversity
- Water Scarcity
- Waste Management



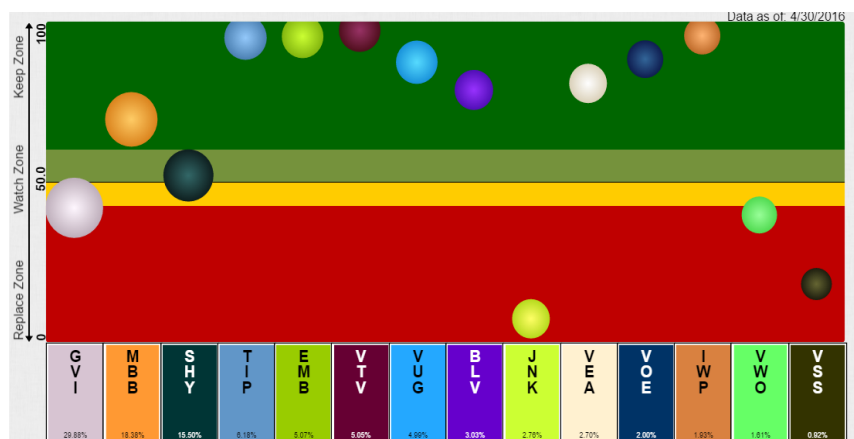
- Human Rights
- Gender and Diversity Policies
- Labor Standards
- Employee Engagement
- Customer Satisfaction
- Community Relations



- Board Makeup
- Executive Compensation
- Corruption Policies
- Lobbyist Activities
- Political Contributions
- Auditing Structures

### Investment Monitoring

The ongoing monitoring of investments is a regular process and monitoring confirms that the criteria remain satisfied and that a fund continues to be appropriate. The investment committee uses the bubble chart to monitor the funds on a monthly basis.



### Investment Replacement

An investment can be replaced for many reasons such as poor performance, legal sanctions, closure to new investors by the investment provider, or that it may not be suitable for clients. ***Best of all, you don't have to do anything because we have full discretion to make changes to your account in a timely manner.*** As part of our process, we adhere to the following courses of action:

- **Approved** - The investment has been approved by the committee without any restrictions other than a minimum account balance and suitability.
- **Watch List** - The investment committee has placed the investment on the watch list for a specific reason based on pre-established criteria.
- **Restricted List** – The investment committee has restricted the investment, such as no new money can be invested.
- **Termination or Replacement** – The investment committee has determined that all assets will be transferred to a like fund.

### Client Communication and Account Access

Redhawk is a big believer in communicating to clients on a frequent basis and also providing the capability for the client to access their accounts. We know that you want to stay on top of your investments.



Anytime access to the Orion Client Portal for performance reporting.



Weekly Update email and podcast with market commentary and investment signals.



Quarterly performance statement e-mailed to you by your advisor.

Communicate



## Fees

Redhawk firmly believes in disclosing all of the fees associated with your account and being fully transparent. We strive to keep fees as reasonable as possible while delivering a high-touch service. The total account fee is comprised of the following:

### Investment Management and Advisor Fee

These fees cover the investment management services for the account allocation strategies and for the services provided by your financial advisor. These fees are paid monthly in arrears and are deducted from your account.

Household Assets	Annual Investment Manager Fee	Annual Advisor Fee	Total Annual Investment Management Fee
Minimum - \$499,000	0.875%	0.875%	1.750%
\$500,000 - \$999,999	0.750%	0.750%	1.500%
\$1,000,000 - \$1,999,999	0.500%	0.500%	1.000%
\$2,000,000 - \$2,999,999	0.450%	0.450%	0.900%
\$3,000,000 - \$3,999,999	0.350%	0.350%	0.700%
\$4,000,000 or more	0.250%	0.250%	0.500%

Minimum investment amount: RUMA - \$100,000 and Wrap - \$250,000.

### Fund Average Expense Ratio

The underlying funds for the environmental, social, and governance portfolio is made up of mutual funds and ETFs. Each fund has its own unique investment management fee (fund average expense ratio) that is charged by the investment company that manages the fund.

Portfolio	Risk Score	Average Expense Ratio	6-Month Comfort Zone
RESG	70	0.48%	-15.00% to 21.12%

### Trading and Transaction Costs

For RUMA and Wrap accounts, Redhawk pays for all trading and transaction fees associated with your account.

## Working With Your Advisor

Your advisor is focused on meeting your retirement objectives while managing risk. This tailored approach to the development of a personalized investment policy statement positions your portfolio to take advantage of market cycles.

The most important part of the approach is understanding your needs and risk tolerance. Only then can we begin building an IPS tailored to you.



Complete the online Riskalyze questionnaire to determine your risk score and acceptable level of risk.

What is your Risk Number?

RISK	RISK	RISK	RISK	RISK
3	44	45	46	4

Capture your risk tolerance and see if your portfolio fits you.

[Get Started](#)



Give your account statements to your advisor.







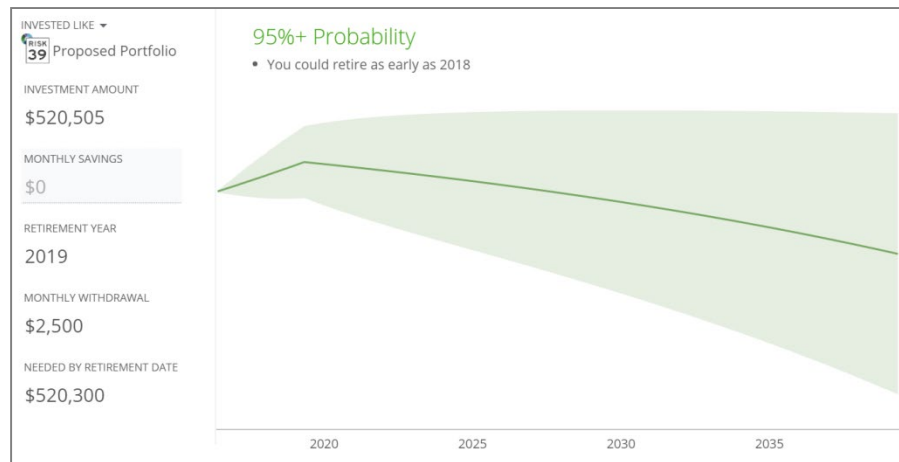
## Working With Your Advisor (continued)



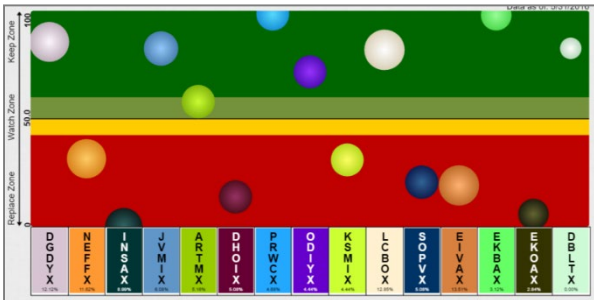
Step  
3

Your advisor will put together a personalized IPS, bubble reports, and scorecard for you.

### Investment Policy Statement



### Current Portfolio



### Proposed Portfolio



### Scorecard

Client Assumptions			
Maximum Monthly Withdrawal at Retirement	\$10,400		
Retirement Year	2028		
Monthly Savings Until Retirement	\$0		
Client Risk Score	40		
Investable Assets	\$867,682		
95% Probability of a Loss Over the Next 6 Months	-7.00%	(\$60,738)	
95% Probability of a Gain Over the Next 6 Months	11.00%	\$95,445	

Portfolio Comparison			
	Current	Redhawk	S&P 500
Portfolio Risk Score	55	36	72
95% Probability of a Loss Over the Next 6 Months (%)	-11.10%	-5.80%	-15.70%
95% Probability of a Loss Over the Next 6 Months (\$)	(\$96,076)	(\$50,263)	
95% Probability of a Gain Over the Next 6 Months (%)	19.30%	15.50%	25.80%
95% Probability of a Gain Over the Next 6 Months (\$)	\$167,593	\$134,420	
Stocks Allocation	75.00%	34.00%	100.00%
Bonds Allocation	20.00%	52.00%	0.00%
Cash Allocation	5.00%	12.00%	0.00%
Other Allocation	0.00%	2.00%	0.00%
Bubble Score	52.75	98.62	75.10
Funds Average Expense Ratio	0.13%	0.70%	
Potential Annual Return	8.24%	9.70%	10.18%
3-Year Upside Capture Ratio	96.45%	88.21%	99.50%
3-Year Downside Capture Ratio	93.62%	3.50%	100.06%
Annual Dividend	2.08%	3.88%	1.78%
1-Year Alpha	-0.23%	6.01%	-0.09%
Needed by Retirement Date	\$2,352,200	\$1,797,700	
Legacy Assets	\$221,295	\$3,372,988	
Retirement Probability	55%	95%	



## Step 4

1. RUMA New Account Establishment Kit, or
2. Wrap New Account Establishment Kit.
3. Investment Policy Statement.
4. Custodian Forms.



Questions can be directed to:

1. [operations@redhawkwa.com](mailto:operations@redhawkwa.com)
2. (952) 835-4295

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Investment Advisory Services are offered through Redhawk Wealth Advisors, Inc., an SEC registered investment advisor.

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