



Guide to

TACTICAL MONEY MANAGEMENT

A Modern Solution for
Today's Retirees and
Investors

The History of Investment Strategies: The Investment strategies in the 1980s and 1990s were largely centered around traditional, long-term approaches. The most common methods included:

60/40 Portfolios: A portfolio mix of 60% equities for growth and 40% bonds for stability, designed to provide balance between risk and reward.

Mutual Funds: Offering diversification and professional management, mutual funds were an easy way for average investors to gain exposure to a variety of assets.

The Rule of 100: This rule suggested that the percentage of your portfolio allocated to equities should be 100 minus your age. As investors aged, they were encouraged to shift towards safer investments, thereby reducing potential risks. These strategies were effective in a stable, growth-oriented market but often fell short during significant downturns. Alarmingly, even today, these traditional strategies remain the primary methods employed by many investors. This reliance on outdated approaches can leave portfolios vulnerable to modern market challenges.

An Illustrative Example: Imagine an investor in 2006 nearing retirement. Following conventional advice, they shift their portfolio to blue-chip stocks, balanced mutual funds, and bonds for stability. But when the 2007-2008 financial crisis hit: Blue-chip stocks and balanced mutual funds suffered significant losses, sometimes as severe as high-growth stocks. Bonds, once viewed as a safe haven, underperformed due to rising interest rates and credit risks. When the market eventually rebounded, aggressive investments surged back while conservative portfolios lagged, leading to missed growth opportunities and extended recovery times. This underscores the need for modern, adaptive strategies that protect against downturns while capitalizing on growth.



The Evolution and Advantages of Tactical Management

Tactical money management was developed to address these limitations of traditional investment strategies. Unlike the static “buy-and-hold” approach, tactical management involves real-time adjustments to asset allocations based on market conditions. This dynamic approach provides enhanced growth potential and proactive risk management.

Advantages of Tactical Management

- ❑ **Adaptive Allocation:** Reallocates assets based on current market signals to maximize growth and minimize risk.
- ❑ **Proactive Risk Management:** Utilizes mechanisms to shift portfolios to cash or inverse strategies during downturns, protecting assets from significant losses.
- ❑ **Selective Investments:** Focuses on high-potential stocks, creating concentrated and strategic growth, unlike broad-market exposure.
- ❑ **Growth in All Market Conditions:** The ability to move to cash or inverse strategies ensures that tactical management can not only limit losses but also capitalize on bear markets.



Examples of Tactical Management Strategies

- ❑ **Quantitative and Algorithmic Models:** Strategies that use complex algorithms to identify market trends and trigger buy, sell, or cash positions.
- ❑ **Long/Short Strategies:** Leveraging inverse positions to generate gains during market declines, which can protect portfolios and create opportunities in bear markets.
- ❑ **Dual-Direction Strategies:** Ensuring growth during both bull and bear markets by adapting positions to changing market conditions.

Our Third Party Vetting Process

One of the biggest challenges for middle to upper-middle-market investors is the lack of awareness and access to tactical management strategies. Most people do not know these strategies exist or how to evaluate whether a management team is truly tactical and capable of outperforming their peers. Our Registered Investment Advisory firm, led by a CFA with over 30 years of experience, has meticulously vetted nearly 100 tactical management teams and selected only the top 7 that meet our high standards. This vetting process ensures that only teams with proven, high-performing track records manage client portfolios.

The Unique Advantages of Fixed Indexed Annuities

(FIAs) Fixed Indexed Annuities (FIAs) are crucial for creating stability and guaranteed income within a financial plan. Their unique structure makes them an outstanding non-correlated asset that performs independently of stock market trends.

Why FIAs are a Vital Component of Our Strategy

- **Annual Reset Provision:** This feature locks in gains annually and resets the baseline. This means that any previous gains are protected, and future growth begins from the highest locked-in point. This allows FIAs to generate returns in upward, sideways, and even downward-trending markets, provided there is market volatility.
- **Principal Protection:** FIAs safeguard your principal and any previously earned gains. The insurance company assumes the downside risk, ensuring that your assets are protected even in a market downturn.
- **Lifetime Income Protection:** FIAs can include income riders that provide a guaranteed income stream for life, mirroring the security that pensions once offered.
- **Non-Correlated Stability:** Because FIAs do not directly participate in market losses, they serve as a safety net during volatile or bear markets, complementing the tactical management strategies by buffering the overall portfolio.



Our Vetting Process for FIAs

We have access to 95% of the entire market of FIAs and use advanced technology and industry expertise to select the most suitable options. This rigorous process ensures that our clients benefit from what we deem to be the best available annuities tailored to their unique needs.

The Integrated Strategy - Marrying Tactical Management and FIAs

The marriage of tactical management and FIAs provides what we believe to be an ideal approach to financial planning that emphasizes growth while safeguarding against risk. This integrated approach allows investors to hold a higher percentage of assets in the market while maintaining a ****low-risk profile****.

Key Benefits of the Integrated Strategy

- **Diversified Stability:** FIAs serve as a volatility buffer, allowing for more aggressive allocations in the tactical portion of the portfolio without increasing overall risk.
- **Risk Reduction:** The combination of moving to cash or inverse positions in tactical management and the stability of FIAs reduces portfolio drawdowns significantly— by up to 50% to 75% compared to traditional portfolios**.
- **Lifetime Income Security:** The inclusion of FIAs with income riders ensures retirees can cover essential living expenses, creating peace of mind and reducing the risk of outliving their savings.
- **Growth Opportunities:** Tactical management enables active market participation during favorable conditions, while FIAs secure gains and protect against losses during downturns.





The data utilized in the calculation of the risk score is sourced from Morningstar and calculated via OnPointe Risk Alyzer. Last 10 years ending May 2025. Notice the Low Risk Score for one of our Tactically Managed Portfolios. Above numbers are Net of Fees. In fact our Fees are probably less than your local Passive Money Manager's Fees, and also include Advanced Tax & Estate Planning, something you may need.

20 vs 71 Morningstar Risk Score vs. S&P-500

-9.93% vs -23.92% LOSS or DRAWDOWN

18.65% vs 12.75% Annual Return

453.10% vs 231.96% TOTAL RETURN (10 Years)

NO, you may not have to take on more risk to get better results! Financial instruments are like tools. When used properly for their intended purpose you get the best results. The above Tactically Managed Portfolio has 33% in an FIA as a volatility buffer instead of Bonds. That's why the OnPointe Risk Analyzer score is so much lower as compared to the S&P. {OnPointe Risk Analyzer, May 2025}





The FIA cant lose with a “0” Floor, compared to Bonds which have been just as volatile as Equities (-17.14%), over the last ten years ending May 2025. [OnPointe Risk Analyzer,May 2025]

FIA with 45% Par Rate (S&P 500)	 0 RISK SCORE	 -0% MAX DRAWDOWN	 6.57% AVG RETURN (CAGR)	 88.90% TOTAL RETURN
US Aggregate Bond Index (AGG)	 21 RISK SCORE	 -17.14% MAX DRAWDOWN	 1.75% AVG RETURN (CAGR)	 18.96% TOTAL RETURN

Why We Believe This Approach is Superior

Managing Risks with More Than Just “Safer” Investments: Traditional financial planning may recommend shifting to bonds or conservative stocks to lower risk. However, this strategy often exposes investors to interest rate risks and limited growth potential. By integrating tactical management with FIAs, we provide a comprehensive solution that balances aggressive market participation with robust risk management.

A Balanced Approach: This integrated strategy supports higher returns with managed volatility, creating a financial plan designed to maximize growth and minimize risk. Retirees gain the freedom to enjoy their lives without the constant worry of market fluctuations, knowing their essential expenses are covered by guaranteed income sources

Aligning with Leading Research

Our approach is backed by leading academic and industry studies:

- **The Wharton School Study:** Demonstrated that FIAs can provide reliable lifetime income using 25-40% less capital than traditional strategies, offering more flexibility and growth potential. (1)
- **Harvard Business Review:** Stressed the importance of balancing growth with risk mitigation through secure, income-generating assets. (2)
- **BlackRock Study (2024):** Found 97% of annuity owners felt confident they wouldn't run out of money, and 88% noted the protection from market volatility that annuities provide. (3)

Why This Matters for You

- **Higher Market Participation with Reduced Risk:** The combined power of tactical management and FIAs allows you to benefit from market growth while maintaining a conservative risk profile.
- **Customized Solutions:** Our expert team builds tailored portfolios to align with your financial goals, offering growth, stability, and guaranteed income.
- **Peace of Mind:** The assurance of lifetime income and strategic risk management lets you enjoy retirement confidently, focusing on what truly matters.

A New Era for Retirement Planning

Tactical money management, paired with the stability and income protection of FIAs, marks a new approach in financial planning. By blending adaptive investment strategies with the benefits of FIAs, our clients can achieve resilience, growth, and peace of mind in their retirement portfolios. Invest confidently, knowing that your portfolio is prepared for all market conditions.

The following are risk factors and potential drawbacks to utilization of Fixed Index Annuities (FIAs):

- ❑ **Limited Growth Potential:** While offering some market participation, gains are often capped or limited by factors like participation rates and cap rates, meaning you might not capture the full upside of the index.
- ❑ **Limited Liquidity and Surrender Charges:** FIAs typically have surrender periods, and withdrawing funds early can result in significant penalties or surrender charges, especially for withdrawals exceeding a stated free withdrawal amount or for ending the contract before maturity.
- ❑ **Complexity and Fees:** Understanding the terms, conditions, and various fees associated with FIAs can be challenging, and some products may have high costs that reduce overall returns.
- ❑ **Dependence on Insurance Company Stability:** The security of an FIA relies on the financial health of the issuing insurance company, making it crucial to choose a reputable insurer with strong financial ratings.
- ❑ **Tax Implications:** While earnings grow tax-deferred, withdrawals during the distribution phase are taxed as ordinary income, and beneficiaries may also face ordinary income tax on the remaining contract value.
- ❑ **Potential for Zero Interest Credits:** In years where the benchmark index experiences a downturn, the annuity might credit zero interest, potentially leading to surrender charges or rider fees offsetting any non-existent gains.
- ❑ **Lack of Inflation Protection:** Fixed annuities may not fully keep pace with inflation, potentially leading to a loss of purchasing power over time, although some riders can offer limited inflation protection.





References

(1) The Wharton School Study: Professor David F. Babbel, The Wharton School Of Business, Professor Craig B. Merrill, The Marriott School of Management, Brigham Young University, July 12, 2006 “Rational Decumulation” (2) Harvard Business Review: Robert C Merton, July – August 2014 Harvard Business Review, “The Crisis in Retirement Planning” (3) BlackRock Study 2024: BlackRock, Inc October 22, 2024, “Annuity Owners Value the Benefits of Lifetime Income”

Disclosure

Investment advisory services are offered by Core Fiduciary Advisors, LLC, a Virginia registered investment advisor. Opinions expressed are as of the current date and subject to change without notice, and data may be obtained from third-party sources we believe are reliable but cannot be guaranteed. Core Fiduciary Advisors, LLC shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, the information, data, analyses or opinions contained herein or their use, which do not constitute investment advice, are provided as of the date written, are provided solely for informational purposes and therefore are not an offer to buy or sell a security. This commentary is for informational purposes only and has not been tailored to suit any individual. References to specific securities or investment strategies should not be considered an offer to purchase or sell that specific investment or engage in that particular strategy. Guarantees from insurance products are backed by the solvency of the issuing insurance company. Past performance is not indicative of future results.