

# Introduction to Separately Managed Accounts

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*John Petrides, Managing Director/Portfolio Manager  
Point View Wealth Management, Inc.*

**Morris Area Planners Group**

*Tuesday, May 26, 2015*

*8 am*



Point View Wealth Management, Inc.  
Summit, New Jersey

[www.ptview.com](http://www.ptview.com)  
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# Point View Update

- Independent, Fee Only (not Fee Based), SEC Registered Investment Advisor
- ***#5 on CNBC's Top Independent, Fee Only, RIA***
- For Nearly 25 years, Served Private Clients, Non Profits
- Independent, Objective, Open Platform, Not Representing Security Issuers
- Transparent, Do Not Receive Commissions, No Hidden Incentives
- World Class Third Party Custodian (Fidelity), Ensures Asset Security
- 85% of Our Assets in Direct Holdings as Opposed to Funds
- Consistent Performance, Solid Track Record and Personal Trust
- Tax Sensitivity
- \$1 Million Minimum



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# CNBC Ranks Point View #5 in US



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# Point View

## Senior Professionals



**David Dietze, JD, CFA, CFP**  
**President &**  
**Chief Investment Strategist**



**Claire Toth, JD, MLT, CFP**  
**Vice President &**  
**Chief Operating Officer**



**John Petrides, MBA**  
**Managing Director &**  
**Portfolio Manager**



**Elaine Phipps, CFA, MBA**  
**Portfolio Manager**



**Donna St. Amant, MBA**  
**Portfolio Manager**



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# John J. Petrides, MBA

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- Managing Director and Portfolio Manager at Point View
- Over Fifteen Years Experience In Managing Investment Portfolios.
- Prior to Point View, Six Years as a Portfolio Manager for Advisors Capital Management, LLC., Prior to that Equity Analyst at Bear Stearns Asset Management.
- Guest on CNBC, CNN World Business, quoted in Barron's Magazine

- Actively Involved In Community Service Organizations: Michael J. Petrides Student Award for Excellence in Math and Science, Amethyst House, AmeriCorps Volunteer at John's Home for Boys in Queens, Board of the Department of Community Programs (DCP) in Summit and Treasurer of Summit Public Arts.
- Received his MBA from Pace University's Lubin School of Business, in 2005 and his BA in Political Science from Fairfield University, in 1999. In 1998, Studied at St Catherine's College at Oxford University in England

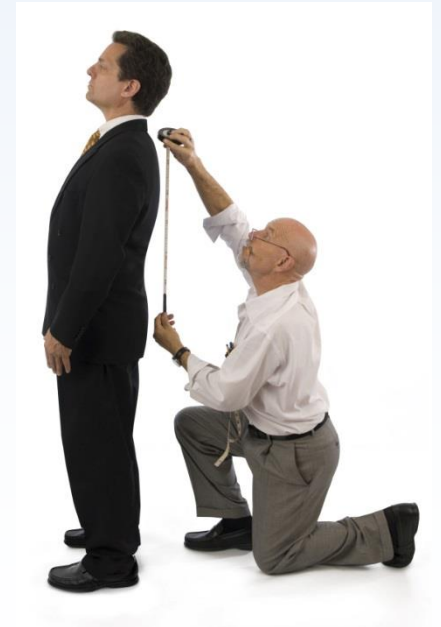


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# Rule #1 SMA Investing: Customization

- Tailor each *individual* portfolio for each *individual* client.
- Understand the investor's financial objectives: risk tolerance, income needs, tax situation, time horizon, charitable intentions, etc.
- Build a portfolio of *individual* securities.  
based on what the client is looking to achieve.
- No two clients are alike; portfolios should not be managed that way either.



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# Rule #2 SMA Investing: Flexibility

- Once the financial objectives are established, we create the portfolio buying individual stocks and bonds, rather than lumped in a fund with other investors.
- Clients can see individual cost basis on each security.
- Can harvest tax losses; gift securities.
- Segregate the positions to have bonds in tax sheltered and stocks in taxable accounts.
- Life Happens! Financial objectives change, an SMA portfolio can adjust.
- Avoid overlap with other accounts, or complement overall asset allocation.



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# Rule #3 SMA Investing: Transparency

- Favor Active management over Passive Management.
- Avoid mutual fund and ETFs.
- Clients have their own cost basis.
- No hidden fees. Control realized gains/losses
- Unconstrained investing. Not tied to a “style box,” i.e. “Small Cap Growth,” or “Investment Grade Corporate Bonds.” We can invest anywhere.
- No surrender charges or lock up fees.



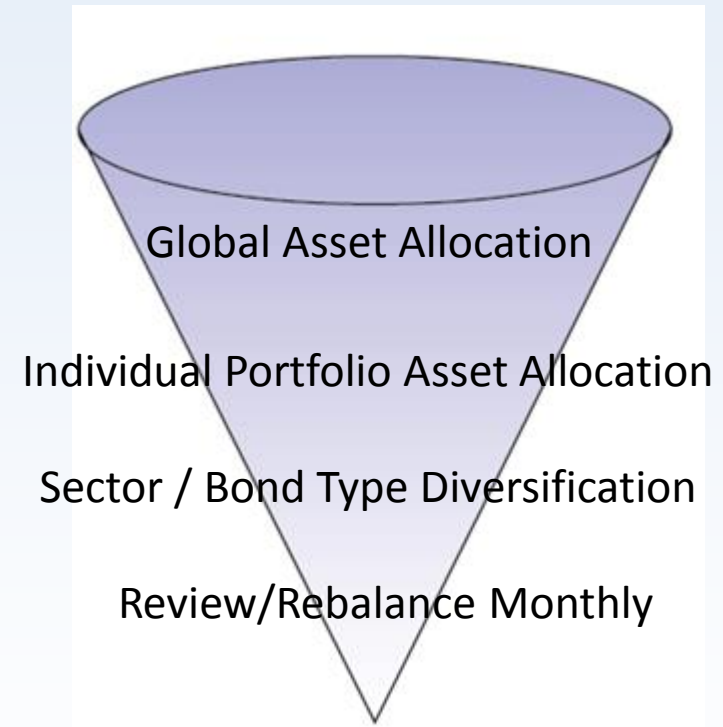
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# Rule #4 SMA Investing: Diversification/Rebalancing

- Unlock correlation within the portfolio.
- Prevents clients from going too far over skis.
- Provides downside protection.
- Control the size of each individual position.



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# Rule #5 SMA Investing: Behavioral Investing

- Customizing, Flexible, Transparent, Diversify, Rebalance and most importantly COMMUNICATION allows us to work with our clients to manage the portfolio based on value, rather than on headlines.
- In volatile times some clients may want to load up on equities, others may cringe.
- Instead of following a mandate established in a prospectus like a mutual fund manager, we can address each client individually.
- Instead of blindly owning the market in an bullish environment, as in an index ETF, we can pare back on sectors that are overvalued and too heavy within a client portfolio.



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# Case Study:

# Mr. & Mrs. Smith

## UNDERSTANDING THE BACKGROUND

- Steve & Mary Smith are 62 and 63 years old respectively.
- Mr. Smith just retired. Their total household investable assets = \$1.6mil.
- Taxable assets = \$500k; Tax Sheltered Accounts = \$1.1mil
- Taxable assets = Joint Account, Cash/Checking
- Tax Sheltered = 4 IRA accounts with two different managers; 1 employer deferred compensation account; 1 legacy 401k.
- The couple has no debt, two children, three grandchildren.
- They have not considered trusts or generational wealth plans as of yet.
- The Smiths receive \$90k annually in pensions and social security.
- Steve has been a “do-it-yourself” investor for a long time. He is not afraid to take risk but understands he does not want to be responsible if something goes wrong.
- Mary’s mother recently died. The Smiths do not want their children to be financially responsible for them later on.



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# Case Study:

# Mr. & Mrs. Smith

## DOING THE LEG WORK

- Point View team understands the Smiths' background.
- Gathers statements on total assets and accounts.
- Organizes them by taxable vs tax sheltered status.
- Understands the type of investors and level of involvement in the process the Smiths want to have.
- Conducts an entire analysis breaking down the Smiths current asset allocation, showing overlap of funds, realized capital gains if securities were liquidated today, etc.



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# Case Study:

# Mr. & Mrs. Smith

## CREATING THE PLAN

- First step is to create a macro asset allocation based on the Smiths' projected life expectancy, income needs, tax situation, financial goals. In this case "Growth with Income," 75% equities, 25% Bonds.
- Then, look to consolidate the IRAs for Steve and Mary so each has one account.
- Next, review their current holdings. Evaluate what securities PV would keep and what we would sell and the tax implications if any.
- We customize a portfolio of 40-50 individual stocks, appropriately weighted across all economic sectors, and 10-12 high quality bonds, of various types and maturities.
- Because we manage the portfolio on an aggregate basis, we propose the fixed income positions to be bought in the tax sheltered accounts and the equities in the taxable accounts to the extent possible. This is the most efficient from a tax standpoint, and provides greater flexibility for the client: harvest losses, gift securities, etc.



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# Case Study:

# Mr. & Mrs. Smith

## EXECUTING THE PLAN

- Once the Smiths and Point View agree to the plan, we begin executing.
- We invest in stages and look to restructure the portfolio over time.
- We review and rebalance the portfolio on a monthly basis, according to the original allocation established.
- However, over time, “things happen.” Steve and Mary’s life will not be the same in their early sixties as it will 10 years later (they will need to withdraw their MRD, for example).
- Therefore, as changes occur in their life, we can change the portfolio structure and continue to customize accordingly.



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# Q&A Period



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