

## Wealth Preservation

The importance of wealth preservation for affluent investors around the world was, once again, re-confirmed with the recent banking crisis and the resulting steep decline in the financial markets. Many investors and their advisors lose sight of prudent risk management principles when economies and stock markets expand and the pursuit of performance inadvertently exposes their portfolios to unnecessary risk. The consequences of excessive risk exposure are often underestimated when markets are rising.

## Loss and Recovery

A certain amount of movement in a portfolio is expected and accepted, as all but the most conservative of investments will fluctuate in value, rising and falling with the markets. Excessive exposure, on the other hand, has a painful long-term impact on performance. To illustrate this point, consider the investment return a portfolio needs to generate in order to recover from varying degrees of loss:

Portfolio Loss	Return Needed to Breakeven
-10%	+11.1%
-20%	+25%
-30%	+43%
-40%	+67%
-50%	+100%

The numbers are even starker when viewed in dollars terms. For example, if a \$100,000 investment declines by 50%, the result is a remaining balance of \$50,000. When the market rebounds, a 50% gain increases the value of the portfolio to \$75,000. A 100% gain would be required to return the portfolio to break-even status.

## Proactive Asset Management

Pacific Wealth Management® makes wealth preservation the foundation of all our clients' financial plans. We proactively manage investment risk at all times to ensure our clients' wealth is protected for themselves and the security of future generations. Our rigorous discipline effectively manages risk by actively seeking to participate in growth-oriented assets when risk is low while reducing exposure to growth investments when risk is high.

Our proprietary Proactive Asset Management strategy combines fundamental, quantitative and technical research to vary investment portfolio allocations to minimize risk and protect principal. When markets retreat dramatically, valuations become compelling and opportunities abound. A significant benefit of this dynamic strategy is the ability to redeploy defensive assets back into growth opportunities when risk and valuation levels become more attractive. This "dry powder" eliminates the need to take losses on existing depreciated holdings.

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## Our Mission

Pacific Wealth Management's mission is to craft and execute highly disciplined wealth management strategies for high-net worth investors, corporations and foundations around the world. We work with our clients' other trusted advisors to integrate effective planning strategies with their asset management and income distribution plans. Our dynamic Proactive Asset Management is focused on wealth preservation. We combine extensive experience and state-of-the-art technology in pursuit of exceptional performance and service to build relationships that span generations.

## Pacific Wealth Management Client Experience

The entire Pacific Wealth Management team is committed to exceptional client service. Our professionals are dedicated to the efficient delivery of consistent and timely financial market commentary and investment performance updates to keep our clients informed throughout the year. Effective communication is particularly valuable during periods of market volatility to help clients filter the ever-increasing levels of media sensationalism.

## Experience Counts

The managing directors of Pacific Wealth Management each bring 26 years of extensive industry experience, combined with passionate dedication to professionalism, education and high ethical standards, to every client relationship. Mark Hill is a CERTIFIED FINANCIAL PLANNER™ Practitioner and Certified Divorce Financial Analyst. Jim Kuntz is a Certified Investment Management Analyst. Mark and Jim are supported by an accredited team of experienced professionals dedicated to attaining our financial objective - meeting yours. It is the standard by which we measure our success.

## To Learn More

For additional information, call us today or visit our website: [1.888.495.9797](tel:18884959797)

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