

EXPERIENCED AND INDEPENDENT ADVISORS WORKING PRIMARILY  
WITH ACCREDITED ENGINEERS, EXECUTIVES, AND ENTREPRENEURS

SARVER VROOMAN  
WEALTH ADVISORS

9237 Ward Parkway, Suite 320 | Kansas City, MO 64114

# Total Return Large Cap Private Stock Strategy



**Peter Vrooman, CFA®, CIMA®, CRPC®**  
Partner, Wealth Advisor  
Fundamental Choice Portfolio Manager

816-601-1152  
peter.vrooman@svwealthadvisors.com



**Jonathan Sarver, CPWA®**  
Partner, Wealth Advisor  
Fundamental Choice Portfolio Manager

816-601-1151  
jonthan.sarver@svwealthadvisors.com

## Strategy Goal

The strategy seeks favorable risk-adjusted equity returns by utilizing both fundamental and technical analysis of large-capitalization stocks.

## Large Capitalization Stocks

Stocks must have a capitalization in excess of \$10 billion dollars when added to the strategy.

## Number of Stocks in the Strategy

The strategy will hold a target number of 40 stocks. However, at times either cash or ETF's may serve as a "placeholder" for a stock position.

## Darwinian Investment Philosophy

"Ride the winners and sell the losers."<sup>1</sup> Often investors will fall in love with a stock and "marry a stock" and hold it despite its significant decline relative to the market and other stocks. The "Darwinian approach" demands that investors cut their losses short. Often investors will want to "lock-in" a significant gain right away, however the "Darwinian approach" which follows the general rule of holding onto "winning" or appreciated stock investments, where there is a sustainability of the business model and a reasonable valuation, tends to often work well as a portfolio management technique.

## Fully-invested

The strategy goal is to be fully invested, regardless of market conditions. Equity risk is balanced by overall asset allocation and not by market timing within this strategy.<sup>2</sup>

## Fundamental Analysis

Attention will be paid to valuation metrics or ratios including price to earnings, price to sales, price to book value, price to cash flow, and others.

Other *fundamental factors* to be considered will include future earnings growth rate, PE multiple relative to the earnings growth rate, consistency of dividends and earnings history, dividend growth rate, sustainability of business model, owner-operator culture, and other factors.

Investment and Insurance Products: ► NOT FDIC Insured ► NO Bank Guarantee ► MAY Lose Value

## Total Return Large Cap Private Stock Strategy continued

Stock selection will *favor equities with a discounted valuation*, yet a superior long term earnings outlook. The strategy will focus more on “secular stocks”, that have the ability to increase earnings regardless of which phase of the economic cycle we are experiencing, rather than “cyclical stocks” that tend to perform their best in the beginning stages of an economic recovery.

The strategy will take sector diversification into account. The strategy will take into account dividends and dividend growth rates. However, this total return strategy does not require a stock to pay a dividend or to pay a high dividend.

### Communication

Communication with clients is ongoing and frequent. In addition to monthly account statements, clients receive a personalized, comprehensive quarterly performance evaluation. The evaluation reviews asset allocation and highlights current and past account performance in light of stated guidelines; it also supplies relevant benchmarks against which the client may further measure performance. In addition, the quarterly evaluation graphs the account’s growth since inception and its risk level. Investment performance will be reviewed at least annually to determine the continued feasibility of achieving the client’s investment objectives, as well as the appropriateness of the Investment Philosophy Statement for achieving those objectives.

### Research Capabilities

We utilize the fundamental and quantitative research produced by Wells Fargo Advisors, Wells Fargo Securities, and our correspondent research firms.

Some of these firms include:

- S&P Global Market Intelligence
- Morningstar
- Moody’s Investor Service

Our buy/sell decisions are based on the intelligence distributed through these providers.

### Technical Analysis

Attention will be paid to both price action and volume action to determine the beginning, continuation, or end of a trend for an individual stock.

Technical analysis will be utilized in conjunction with fundamental analysis.

Attention will be paid to securities crossing their 50 day and/ or 200 day moving averages on high volume. This moving average cross-over could signal a “buy” for stocks advancing higher in price, or a “sell” for stocks declining lower in price.

In addition, attention will be given to a stock’s relative strength. Relative strength is a measure of price trends that indicates how a stock is performing relative to other stocks in its industry.

Technical analysis is based on the study of historical price movements and past trend patterns. There is no assurance that these movements or trends can or will be duplicated in the future.

---

Past performance is not indicative of future results, and there is no assurance that any investment strategy will be successful. Asset allocation does not eliminate the risk of fluctuating prices and uncertain returns. Investments and investment strategies contained herein are provided for informational purposes only. We would need to review your individual situation before recommending appropriate strategies to you. All investing involves risk, including the possible loss of principal. Stocks offer long-term growth potential, but may fluctuate more and provide less current income than other investments. Dividends are not guaranteed and are subject to change or elimination.

As Fundamental Choice portfolios are separately managed the individual client account holdings will vary, perhaps significantly, from those listed on this factsheet. Information, such as industry sector allocation percentages and market capitalization allocation percentages, will also vary from the information listed on this factsheet. A client opening an account today may, or may not, be invested in securities or sectors based upon the percentages shown on this factsheet. For the most recent portfolio composition please contact the Portfolio Manager.

Fees for the Fundamental Choice program include Advisory services, performance measurement, transaction costs, custody services and trading. Fees are based on the assets in the account and are assessed quarterly. There is a minimum fee of \$250 per calendar quarter to maintain this type of account. The fees do not cover the fees and expenses of any underlying packaged product used in your portfolio. Advisory accounts may not be suitable for all investors. During periods of lower trading activity, your costs might be lower if our compensation was based on commissions. Please carefully review the Wells Fargo Advisors advisory disclosure document for a full description of our services, including fees and expenses. The minimum account size for this program is \$50,000.

Investment products and services are offered through Wells Fargo Advisors Financial Network, LLC (WFAFN), Member SIPC. Sarver Vrooman Wealth Advisors is a separate entity from WFAFN. © 2019 Wells Fargo Clearing Services, LLC 0819-05127 08/19