SOUND Wealth Management Group (SWMG) believes that investing in public and private equities and bonds does not require a compromise in one’s morals and principals to yield favorable results. SWMG Wealth Management Group manages the SWMG MAESTRO SRI Portfolio for those who wish to align their investments with their ideals. With this strategy, SWMG invests in companies and municipalities that are believed to provide the best opportunity for long-term sustainable businesses, and in cities that uphold the true principals of Socially Responsible Investing (SRI) and the tenets of Environmental, Social, and Governance Investing (ESG). SWMG combs the entire investment universe for enterprises that meet our stringent, truly responsible investing criteria and omits companies that engage in deceptively responsible business practices - such as corporations that simply buy carbon credits to offset emissions, or companies that increase charitable endeavors to disavow the negatives of their products or business activities (e.g. A fossil fuel company planting trees, or a fast food chain donating to diabetic research organizations).

SWMG feels there are major environmental and social issues that have been rationalized away due to special interest groups and biases that we feel, in the long-term, will not only negatively impact the world we live in, but also trammel the profitability of such businesses. By investing your money in corporations you are “voting with your dollars” as a shareholder. SWMG strives to align the MAESTRO SRI Portfolio with companies that are inspiring and innovative, making strides to enlighten and empower society, and even changing the world for the better; SWMG favors corporations that are working to ameliorate the many Global Issues defined by The United Nations.

Investing in a socially conscious manner requires enhanced due diligence and an understanding of how an investor’s ownership in diversified companies aligns with their intentions. This is especially true when one looks at an index as a benchmark to drive performance; although “index investing” may have its place for some, few recognize that “indexing” might misalign their moral ambitions. For example, the S&P 500 Composite Index contains – with large weightings – companies that are in industries such as fossil fuels, hazardous chemicals, munitions, or tobacco, and employ adverse practices such as wasteful land, unfair wages, predatory pricing, and pollution. We believe the prominent socially responsible index provider (MSCI) has set a disappointing standard for what socially responsible investing is. One might be appalled to find that contained in the top 10 holdings (as of November 2019) of the MSCI World Socially Responsible Investing Index are companies that conduct animal testing, distribute toxic consumables in excessively wasteful plastics, utilize Genetically Modified Organisms (GMOs), and use exploitative trade; even a “supermajor” oil and gas conglomerate is included in this list. Further, many of the constituents of the leading SRI Index have multiple corruption charges – among other factors – that are the antithesis of Environmental, Social, and Governance (ESG) investing.
With this in mind, the SWMG MAESTRO SRI Portfolio reserves up to 33% of the allocation to sell-short (or use derivatives in) companies that, SWMG believes, practice irresponsible stewardship, or are irresponsible to a progressive future. With this investment style SWMG is voting against these businesses, and hopes that, together, we can help influence better business practices and innovation for public companies.

The SWMG Maestro SRI Portfolio is an actively managed model that seeks to provide capital appreciation across asset classes, regions, sectors, capitalizations and credit ratings that exhibit the characteristics that SWMG feels provide the greatest potential for long-term capital appreciation while maintaining a socially responsible (SRI) foundation.

This strategy may use leverage to gain short exposure to — what SWMG believes are — reprehensible businesses, and from time-to-time will utilize a covered call strategy in an attempt to provide additional income/total return on long positions. All core holdings have proprietary SWMG business case write-ups for the investment merits as well as why SOUND Wealth Management Group believes the companies maintain the tenets of Socially Responsible Investing (SRI). Additionally, SWMG creates papers on the inglorious enterprises. SWMG may (from time to time) tactically invest in companies for shorter-term arbitrage, and may not necessarily have fully published business cases at the time of investment.

SWMG believes our SWMG Maestro SRI Portfolio avails from open-mindedness, and encourages dialog with our current and future investors to discuss the existing and/or potential holdings within the MAESTRO SRI Portfolio. SWMG routinely investigates the constituents and channels of the portfolio holdings. You can find more information on our research at www.soundwealthmanagementgroup.com).

SOUND Wealth Management Group believes there is a clear opportunity to do well with companies that do good. SWMG’s SRI criteria attempts to align long investments with companies that you — the investor — feel good about. Together, we can have a positive impact on global commerce, as well as your financial goals, with active Environmental, Social, and Governance Investing (ESG).

This strategy may be incorporated into your personal investment plan, as appropriate, to help address your performance goals and overall investment plan.

Investing involves risk and you may incur a profit or loss regardless of the strategy selected. Sustainable/Socially Responsible Investing (SRI) considers qualitative environmental, social and corporate governance, also known as ESG criteria, which may be subjective in nature. There are additional risks associated with Sustainable/Socially Responsible Investing (SRI), including limited diversification and the potential for increased volatility. There is no guarantee that SRI products or strategies will produce returns similar to traditional investments. Because SRI criteria exclude certain securities/products for non-financial reasons, investors may forego some market opportunities available to those who do not use these criteria. Investors should consult their investment professional prior to making an investment decision.

The S&P 500 is an unmanaged index of 500 widely held stocks that’s generally considered representative of the U.S. stock market. The MSCI World SRI Index includes large and mid-cap stocks across 23 Developed Markets (DM) countries. The Index is designed for investors seeking a diversified Socially Responsible Investment (SRI) benchmark comprised of companies with strong sustainability profiles while avoiding companies incompatible with values screens. Constituent selection is based on research provided by MSCI ESG Research. You cannot invest directly in any index and past performance doesn’t guarantee future results.

Options involve unique risks, tax consequences and commission charges and are not suitable for all investors. When appropriate, options should comprise a modest portion of an investor’s portfolio. No statement within this document should be construed as a recommendation to buy or sell a security or to provide investment advice. Prior to making any options transactions, investors must receive a copy of the Options Disclosure Document which may be obtained from your financial advisor.

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