

# Tax-Efficient Benchmark Income with Moderate Growth

## INVESTMENT STRATEGY

Tax-Efficient Benchmark portfolios seek to maximize returns while minimizing risks by investing primarily in lower-cost, passive investment strategies.

Though we make investments through a three-to-five-year lens, changes to these portfolios may take place sooner than that if market conditions change or if a change in managers is deemed necessary.

The fixed-income portion of the portfolio is invested primarily in municipal bonds.

These portfolios may be appropriate for investors who aim to match the market while keeping costs low.

This specific model is designed with a goal of providing current income, moderate capital appreciation potential, and appropriate diversification among asset classes.

## PORTFOLIO POSITIONING

The portfolio invests primarily in passive strategies to lower the internal expense and manager risk.

The equity portion of the portfolio, compared to the benchmark, had overweight exposure in the following sectors:

- Materials
- Financials
- Energy
- Industrials
- Consumer Staples
- Utilities

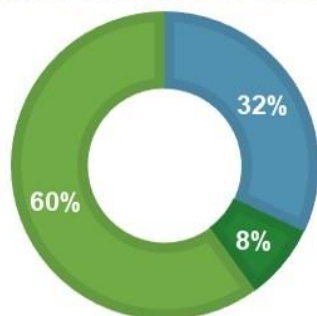
It was underweight in the following sectors:

- Consumer Discretionary
- Real Estate
- Communication
- Technology
- Healthcare

At month-end, the equity style breakdown was 71% large cap, and 29% Mid-Small Cap.

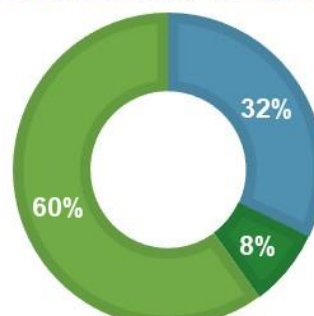
The Bond Credit Rating breakdown was 96% Investment Grade and 4% High-Yield Bonds.

## STRATEGIC ALLOCATION



- U.S. Equity
- International Equity
- Fixed Income

## BLENDED BENCHMARK COMPOSITION



- US Fund Large Blend
- US Fund Foreign Large Blend
- US Fund Municipal National Intermediate-Term

## PERFORMANCE REVIEW

Year-to-date, the portfolio's total return is 11.56% gross of fees, and 10.66% net of an average fee.

For the trailing one year, the portfolio's total return is 11.56% gross of fees, and 10.66% net of an average fee.

3 of 11 sectors positively impacted performance on an absolute basis in this quarter, with the Materials, Consumer Discretionary, Real Estate, Communication, Energy, Technology, Consumer Staples, and Utilities detracting.

## PERFORMANCE OVERVIEW

Net returns are net of the advisory fees

	As Of 12/31/2023					*Cumulative	*Cumulative	*Cumulative
	QTR	YTD	1 YR	3 YRS	5 YRS	3/01/2015 - 8/31/2015	10/01/2015 - 12/31/2015	5/01/2022 - 12/31/2023
Gross (%)	8.71	11.56	11.56	-	-	-2.61	2.98	10.52
Net (%)	8.48	10.66	10.66	-	-	-3.13	2.71	8.82
Blended Benchmark	8.08	11.43	11.43	0.88	5.53	-2.42	2.87	9.57

Footnotes: See the next page for blended benchmark composition definitions.

## ABOUT CORNERSTONE WEALTH PORTFOLIOS

We focus on investment principles that have stood the test of time rather than basing decisions on short-term market predictions. Our goal is to identify a small number of experienced managers who offer the potential to outperform their peers over a long period of time. Our approach is to combine a well-defined quantitative and qualitative due diligence process with proprietary construction tools to build, manage and monitor client portfolios. Cornerstone Wealth Portfolios is a managed fee-based investment program available through Cornerstone Wealth Management LLC. Our investment team has developed sophisticated long-term strategies in an effort to manage and control risk as we help investors pursue their financial goals. For more information about the program, contact your financial advisor.



## IMPORTANT DISCLOSURES

The benchmarks were selected because, in our opinion, they most closely track the types of holdings that are likely to be included in our allocations.

The custom benchmark uses a 31.36% Large Blend, 7.84% Foreign Large Blend, 58.80% Int Muni, and 2.00% Cash rebalanced monthly. The index return is calculated by weighting the respective index return on a monthly basis.

The Large Blend represents The Morningstar US Fund Large Blend Category which includes large-blend fund portfolios which are fairly representative of the overall U.S. stock market in size, growth rates, and price. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios tend to invest across the spectrum of U.S. industries, and owing to their broad exposure, the portfolios' returns are often similar to those of the S&P 500 Index. The Foreign Large Blend represents the Morningstar US Fund Foreign Large Blend Category which includes foreign large-blend fund portfolios which invest in a variety of big international stocks. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios typically will have less than 20% of assets invested in U.S. stocks. The Int Muni represents the Morningstar US Fund Municipal National Intermediate Core which includes managers that focus on municipal debt/bonds with an average duration of more than 4.5 years but less than seven years, or average maturity of more than five years but less than 12 years. Past performance is not indicative of future results. Performance shown represents total returns that include income, realized and unrealized gains and losses.

Cornerstone Wealth Management claims compliance with the Global Investment Performance Standards (GIPS®).

Cornerstone Wealth Management (CWM) is a registered investment adviser with the United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. Our firm is defined for GIPS purposes as the Asset Management division of Cornerstone Wealth Management. Prior to August 2012, the representatives of CWM offered investment advice through LPL Financial, a registered investment advisor and separate entity from CWM. To request GIPS Reports and/or list of composite descriptions, please contact Liyin Bao at [Liyin.Bao@lpl.com](mailto:Liyin.Bao@lpl.com).

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The composite may include bundled fee portfolios that pay a fee based on a percentage of assets under management. This fee includes investment management, trading costs, portfolio monitoring, consulting services, and in some cases, custodial services. Net of fee returns was calculated using actual fees. Management fees are booked on a cash basis. Gross returns are supplemental to net returns. Gross returns without bundled fee portfolios are presented net transaction costs as well as custodial fees. Gross returns with bundled fee portfolios may be gross transaction costs and custodial fees of those bundled fee portfolios. Both gross returns and net returns are net of tax withholdings on dividends, interest, and capital gains.

Benchmark indices are unmanaged, and cannot be invested into directly.

\*Cumulative Performance shown starts on 3/1/2015, when the first account was incepted as being eligible to measure performance. Because there were no accounts in this composite from 9/1/2015 to 9/30/2015, and from 1/1/2016 to 4/30/2022, the performance for those periods are not shown.

2% cash is blended into the above allocations in the actual portfolios as well as the benchmarks. The cash position is set to avoid overbuying caused by market fluctuation and other liquidity problems, and will not change because of market conditions. Refer to the next paragraph for the exact allocations.

TE Benchmark Income with Moderate Growth Composite includes portfolios that invest primarily in passive strategies with the fixed income component consisting of municipal bond. These portfolios are designed with a goal to provide current income, moderate capital appreciation potential and appropriate diversification among asset classes. The strategic asset allocations are 31.36% in US equity, 7.84% in international equity, 58.8% in fixed income and 2% cash or cash equivalents, with tolerance bands of 5% deviation. The U.S. Dollar is the currency used to express performance. Performance includes the reinvestment of income.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. All indices are unmanaged and may not be invested into directly.

Market Index Definitions:

The **Standard & Poor's 500 Index** is a capitalization-weighted index of 500 stocks designed to measure the performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Bloomberg Barclays US Aggregate Bond Index** is an index of U.S. investment-grade fixed-rate bond market, including both government and corporate bonds.

The **MSCI EAFE Index** captures the returns of large and mid-cap equities across developed markets in Europe, Australasia, and the Far East, excluding the U.S. and Canada.

No strategy assures success or protects against loss. All investing involves risk, including potential for loss. The prices of small and mid-cap stocks are generally more volatile than large cap stocks. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price. High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free, but other state and local taxes may apply. Capital gains tax considerations may also apply. Investing in an indexing strategy involves risks, including index-tracking errors, and the loss of principal. International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. Investing concentrated in certain markets and sectors carries additional risk such as economic, political, or regulatory development that may affect many or all issuers in that sector.

Past performance is no guarantee of future results. Investors participating in this model portfolio may experience different individual performance results.