

Customized Fixed Income Portfolio

Professionally managed fixed-income portfolios

Thomas Moran
Founder, Chief Executive Officer
Senior PIM Portfolio Manager
Thomas.Moran@MoranWM.com

For over 30 years, Moran Wealth Management has effectively navigated the fixed-income markets, developing the strategies, experience and marketplace contacts essential to pursuing the investment objectives of their clients.

Our Fixed Income Strategies portfolio provides management services designed to help you achieve your goals for income and long-term capital growth within the fixed-income allocation of your portfolio. We actively manage taxable and tax-sensitive fixed-income portfolios with a specialized focus on meeting the unique needs of sophisticated individuals and select institutions.

Investment and Insurance Products:

- ▶ Are NOT insured by the FDIC or any other federal government agency
- ▶ Are NOT deposits of or guaranteed by the Bank or any Bank affiliate
- ▶ May Lose Value

Our fixed-income process begins with you.

Moran Wealth Management will design a customized strategy for your unique situation and investment objectives. These may include income and liquidity needs, risk tolerance, tax status and time horizon.

Customization considerations may include:

- Having a state bias for municipal bond holdings
- Restricting the quality of individual bonds to a minimum grade
- Limiting average maturity or duration for the overall portfolio
- Tailoring a portfolio to meet specific liquidity events or needs
- Constructing a portfolio to a custom sector allocation or custom index

Customized fixed income portfolios are designed for investors who value the experience of a professional fixed-income team when making investment decisions and appreciate a strategy that can adapt to their changing needs and changing market conditions.

Independent Research and Active Management

Our rigorous research process begins with the analysis of bonds to be purchased for a portfolio and continues throughout the holding period of the bonds. Our team conducts thorough reviews of the financial state and creditworthiness of bond issuers and seeks to identify those that may have changes to their credit rating before credit-rating agencies actually issue a rating change. Through insightful analysis, our group can help manage risk as well as identify potential investment opportunities.

An active management approach enables us to adapt to changing market conditions and your changing needs. We regularly monitor your portfolio so that as circumstances change, we can adjust your portfolio to help ensure that it is on track toward achieving your financial goals.

Disciplined Investment Process

After designing a customized strategy for your unique situation, our comprehensive investment process involves:

Economic Analysis

- Understanding market conditions and their effect on interest rates, tax policy and economic growth, which in turn drive portfolio returns

Portfolio Construction

- Portfolio duration – determining your portfolio’s sensitivity to changes in interest rates
- Yield curve positioning – allocating investment capital between bonds of different maturities
- Sector allocation – allocating investment capital between different bond sectors, such as Treasuries, agencies, corporates, asset-backed bonds, mortgage-backed bonds and municipals, depending on your particular strategy
- Cross market analysis – evaluating the return relationship between tax-advantaged and taxable bonds to determine the appropriate allocation of each for your portfolio
- Risk management – analyzing risks presented by inflation, interest rate changes, credit, call features, liquidity and market direction

Bond Selection

- Seeking opportunities through market knowledge, credit research, issue selection and trade execution

Understanding your investment needs

We will analyze your particular situation and specific investment objectives to determine the most appropriate strategy that will help to meet your needs.



Understanding your investment needs

Unique Circumstances

- Each client's needs and goals are unique
- Ultimate objective is to balance risk and reward according to your goals, risk tolerance, time horizon, income and liquidity requirements and tax status

Customization

- Multiple strategies available
 - Tax-advantaged and taxable
 - Range of short to long duration strategies
- Ability to customize by state, quality, maturity/duration and sector to meet your specific needs

Need for Income

- The goal is to help ensure that your income requirements and return objectives are met *and* maintained over time

Seeking Maximum Income within Total Return

- Seek to enhance the income component of total return while helping to preserve the capital component
- Favor bond structure geared towards generating income
- Seek cross-over opportunities between taxable and tax-exempt securities

Understanding your investment needs

Risk Tolerance

- An investor's risk tolerance varies according to age, career stage, income requirements, financial goals, etc.
- Certain investors are more sensitive to volatility within their portfolio
- Understanding the risk-reward balance is an important consideration

Preservation of Capital

- Clarify risk via risk tolerance guidelines determined at portfolio outset
- Diversify types of risk within your portfolio to help preserve capital (e.g. interest rate risk, liquidity risk, credit risk)

Understanding your investment needs

Time Horizon

- Time horizon may change as circumstances change, so customization and flexibility are important

Managing Liquidity

- Tailor a portfolio with a goal to meet specific liquidity events and changing needs
 - Shorter maturity/duration bonds selected for more immediate liquidity needs
 - Longer maturity/duration bonds seeking to increase long-term performance
 - Higher rated securities typically selected for potentially increased liquidity

Tax Status and Residency

- Your *tax status* is an important consideration — an individual subject to the Alternative Minimum Tax or maximum tax bracket may consider tax-advantaged strategies
- Considering your *state of residency* is important

Seeking Maximum Tax Efficient Investing

- Actively manage the impact of taxes to your portfolio
- Out-of-state bonds and taxable should be considered on an after-tax basis to help increase diversification and potentially increase yield

Personalized service

Consider the Following

- Is your portfolio maximizing its return potential?
- Is your portfolio too risky?
- Is your portfolio tailored to your specific needs?
- Do you receive a quick response from your investment manager?

M.W.M Response

- Sensitivity/Scenario analyses upon request
- Portfolio Diagnostics
- Sophisticated tools and resources
- Customized investment strategies
- Availability of an investment professional

Hypothetical of a Muni Bond Portfolio Analysis

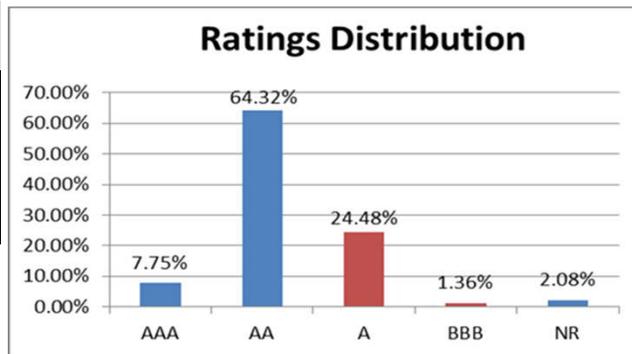
Client thought their portfolio consisted of:

- 100% muni bonds
- Rated AA or better
- Seeks to avoid high risk states/municipalities

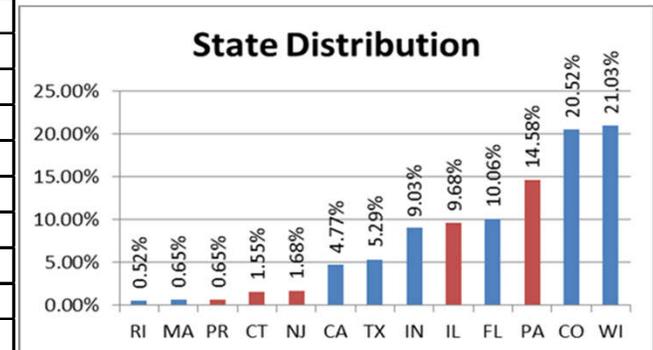
Actual Portfolio Characteristics and Sample Holdings

- Bonds rated lower than AA by one or more rating agency: **40.03% of total par value**
- Bonds rates BBB or lower by one or more rating agency: **1.35% of total par value**

Ratings	Portfolio Allocation
AAA	7.75%
AA	64.32%
A	24.48%
BBB	1.36%
NR	2.08%



State	Portfolio Allocation
RI	0.52%
MA	0.65%
PR	0.65%
CT	1.55%
NJ	1.68%
CA	4.77%
TX	5.29%
IN	9.03%
IL	9.68%
FL	10.06%
PA	14.58%
CO	20.52%
WI	21.03%



S&P Credit Quality: “AAA” – The highest quality debt with minimal credit risk. “AA” – High quality and subject to very low credit risk. “A” – Upper-medium grade and subject to low credit risk. “BBB” – Subject to moderate credit risk: considered medium-grade and as such may possess certain speculative characteristics. “NR” – Not rated by S&P.

This information is hypothetical and is provided for informational purposes only. It is not intended to represent any specific return, yield, or investment, nor is it indicative of future results.

****IMPORTANT DISCLOSURE ON NEXT PAGE****

****IMPORTANT DISCLOSURE****

Bonds are subject to market, interest rate, price, credit/default, call, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates.

Income from municipal securities is generally free from federal taxes and state taxes for residents of the issuing state. While the interest income is tax free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternative Minimum Tax (AMT).

For many investors, personalized fixed income portfolios offer a strategy for helping to achieve income and return goals within well-defined risk guidelines. To determine whether a customized and actively managed bond portfolio is right for you, call us today at 239-920-4440 and speak with a Moran Wealth Management associate. We can help you evaluate whether this strategy will meet your specific needs.

Thomas Moran, William Banfield, Kylene Moran and Byron Donalds acts as our group's Private Investment Program (PIM) Portfolio Manager, and are authorized to make all discretionary decisions for advisory program accounts. Other team members provide support and assistance in the implementation of the investment strategy as outlined by the portfolio managers.

Disclosures

Dividends are not guaranteed and are subject to change or elimination.

Investments in fixed-income securities are subject to market, interest rate, credit and other risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline in the bond's price. Credit risk is the risk that an issuer will default on payments of interest and/or principal. This risk is heightened in lower rated bonds. If sold prior to maturity, fixed income securities are subject to market risk. All fixed income investments may be worth less than their original cost upon redemption or maturity.

Yields and market value will fluctuate so that your investment, if sold prior to maturity, may be worth more or less than its original cost.

Income from municipal securities is generally free from federal taxes and state taxes for residents of the issuing state. While the interest income is tax-free, capital gains, if any, will be subject to taxes. Income for some investors may be subject to the federal Alternative Minimum Tax (AMT).

The PIM program is not designed for excessively traded or inactive accounts, and may not be suitable for all investors. Please carefully review the Wells Fargo Advisors advisory disclosure document for a full description of our services. The minimum account size for this program is \$50,000.

Since no one investment program is suitable for all types of investors, this information is provided for informational purposes only. You should review your investment objectives, risk tolerance and liquidity needs before selecting a suitable investment program.

Moran Wealth Management is not a legal or tax advisor. Investment products and services are offered through Wells Fargo Advisors Financial Network, LLC (WFAFN), Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company. Moran Wealth Management is a separate entity from WFAFN.

0419-00352