
Independence Asset Advisors, LLC

Principles and Practices

First Quarter 2018

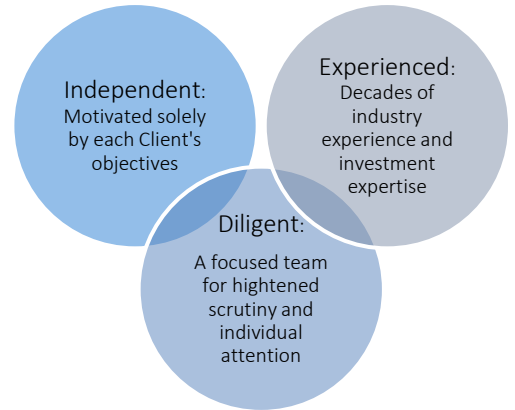


As fiduciaries, our top priority is the advancement of each client's unique objectives through unbiased analysis and careful execution of deliberate investment strategies.

We specialize in providing investment advisory and outsourced Chief Investment Officer services to a select group of compatible clients. We cover all asset classes and categories, seeking the optimal mix of exposures and strategies unique to each client's needs. We manage assets exceeding \$940 million and serve as OCIO for both taxable and tax-aware clients. In our role as outsourced CIO, we advise based on a client's specific objectives, tailoring asset allocation and investment strategy to the Client's needs and financial goals.

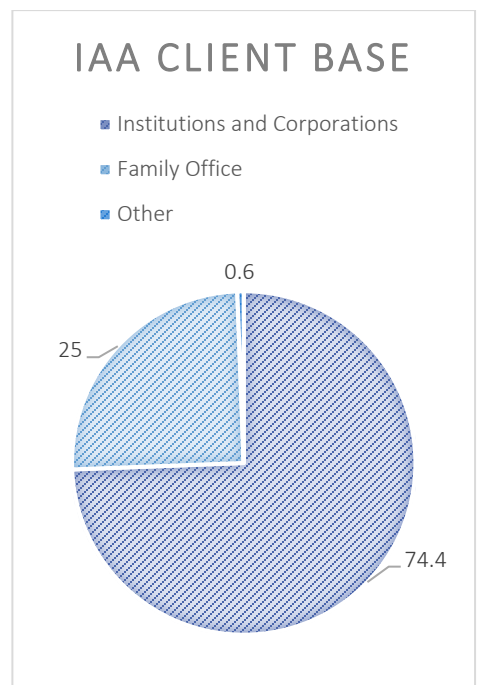
OUR FIRM

Scott D. Renninger founded Independence Asset Advisors in 2010 to provide investment advisory and outsourced Chief Investment Officer services to a select group of compatible clients. IAA covers all asset classes and categories, seeking the optimal mix of exposures, strategies and managers unique to each client's needs.



OUR CLIENT BASE

We employ a customized approach tailored to each client. Our assets under management (AUM) exceeded \$940 million as of 12/31/2017. We serve as outsourced CIO for both taxable and tax-aware clients and have extensive experience managing income and gain realization. In our role as OCIO, we advise clients based on their specific objectives and manage the execution of their investment strategies. Our clients include Corporations, Institutions, Family Offices, Trusts and other Qualified Accredited Investors.



DEDICATED EXPERTISE AND VALUES

We have decades of experience in the investment industry and a broad knowledge base that we employ to build our clients' investment portfolios. We consistently strive to stay highly informed about potential investment opportunities and to diligently attend to market trends. We have strong working values that emphasize fiduciary behavior, teamwork, ingenuity, and good judgement. Together, our knowledge and ideals give us the tools to help our clients succeed.

OUR SERVICES

We offer a range of comprehensive investment services, including but not limited to the following:

- Investment strategy development and in-depth asset allocation analysis
- Investment strategy and asset allocation implementation
- Fund and Investment Manager due diligence process, selection, evaluation and oversight
- Fee negotiations with Custodians, Advisors and Managers
- Creation and implementation of individual Investment Manager guidelines
- Monitoring of Investment Funds and Sub-Advisor performance
- Tactical asset allocation and periodic rebalancing
- Periodic meetings with Investment Managers
- Meetings and presentations with Clients and their advisory boards
- Detailed monthly investment reporting, market updates and regular letters
- Provision of stress tests and Monte Carlo simulations
- Line of Credit arbitrage and analysis
- Exceptional customer service and close working relationships
- Coordination of activities with the Client's professional service teams, including accounting/auditing, tax, estate planning, legal and insurance.
- Comprehensive assistance with new account inception, custodial transfers, and management changes

OUR PHILOSOPHY

We believe in informed, intelligent investing that is precisely engineered for each of our clients. We construct individualized investment strategies based on careful research and comprehensive planning. By working to avoid loss of capital, we give your assets more room to grow.

Truly Exceptional Client Service

Being selective with regard to our selective client base allows us to provide those we serve with meticulous investment management services and enhanced logistical support, including but not limited to: account inception, rebalancing, asset transfers between custodians or managers, line of credit opening and access, and alternative investment maintenance.

The outsourced CIO model makes our team an extension of a client's other staff. We act as a working nexus between our clients, their back-office teams, legal and accounting professionals, and custodians and Investment Managers. Our support includes document review and signature procurement, custodian data management, complete account reconciliation, performance history preservation, as well as fee and cost tracking. We believe in keeping our clients fully apprised of how their assets are being put to work and thus maintain open lines of communication with all parties who affect them.

A TAILORED INVESTMENT APPROACH

We pride ourselves in offering our clients the individual attention they deserve. We work to ensure that each of our Clients' investments is thoroughly researched, analyzed and managed, and that each portfolio is balanced to both meet the needs of the investor and maximize return while minimizing cost. We customize all components of a client strategy, focusing on appropriate asset allocation, diversification, manager selection and asset quality. We have extensive experience with a variety of traditional and alternative investment vehicles that we use to design tailored investment plans. Our time-tested philosophy focuses on reducing risk of capital loss versus volatility, or relative performance. We provide full transparency to investors by identifying all fees and expenses and preparing personalized portfolio reporting packages that clearly break down investment returns, allocations, balances, benchmarks and trends.

LOW COST STRATEGY

Costs can significantly degrade returns. Accordingly, fees paid should be commensurate with value added. We leverage combined scale to reduce or eliminate costs. We use our scale to offer access to world class institutional managers. Our scale, experience and knowledge allow us to negotiate the best rates possible for your investments.



RISK MANAGEMENT

*A good investment is one that will perform well when your investment thesis is correct. A great investment is one that protects you when the future delivers the unexpected. Broad diversification at all levels enables a portfolio to weather unexpected market storms. High quality, unleveraged investments can mitigate downside risks. We embrace clear investment policies and investment manager guidelines. We are meticulous in the performance of comprehensive and ongoing due diligence. Most of all, we believe in protecting capital while participating in market gains, i.e. **winning by not losing**.*

ASSET ALLOCATION AND REBALANCING

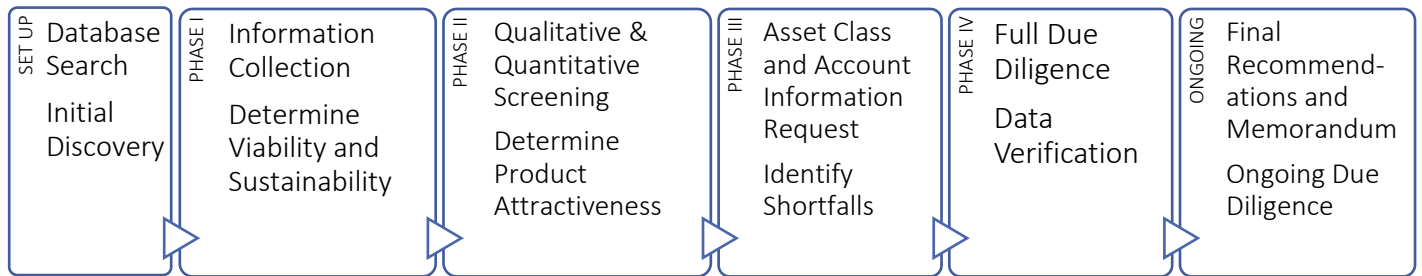
Based on needs and risk tolerances, there is an efficient allocation for each client. Flexibility allows for tactical shifts based on valuation and market conditions, but within pre-determined ranges which provide appropriate boundaries. Fixed Income, Equities, Real Assets and Alternatives form the broad structure for a portfolio, but each class has numerous options to optimize the risk/return trade-off. We are in constant search for those sub-classes that complement existing investments. We believe that reversion to the mean is one of the most powerful forces in investing. Rebalancing can also improve overall returns by putting assets to work more efficiently.

MANAGER SELECTION

Our focus is on finding the investment strategy best suited to our clients' needs, not on selecting from a stable of managers. Successful long-term relationships require a thoughtful alignment of interests between client and manager.

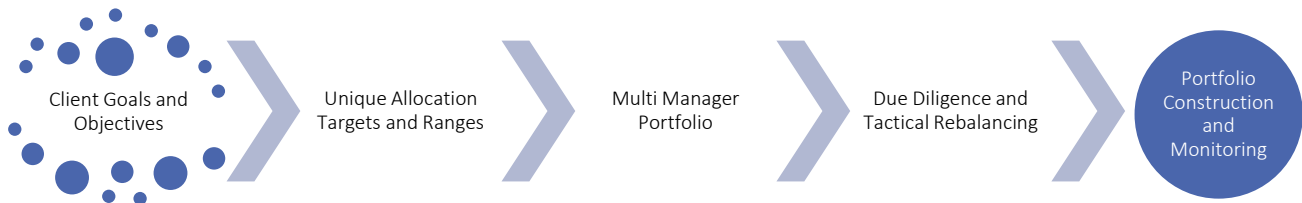


To vet prospective Investment Managers and strategies, we use a bottom-up process. As a strategy passes through our five evaluation phases, it is subject to a higher level of scrutiny and analysis. While research efforts for traditional and alternative strategies utilize the same general approach, there are nuances due to the specifics of each asset class. We fine-tune our process within this framework to ensure a comprehensive evaluation.



OUR PROCESS

Our process is designed to minimize the risk of loss while enhancing diversification and overall investment return.



Each Client is Unique

Understanding expectations, time horizon, risk tolerances and restrictions starts the process of forming an investment policy statement or taking a fresh look at existing guidelines.

Client Goals and Objectives

This process forms the backbone for all investment decisions and provides a common purpose for Independence Asset Advisors, investment managers, all other service providers in partnership with our clients.

Strategic and Tactical Guideposts

Based on needs and risk tolerances, there is an efficient allocation for each client. However, flexibility allows for tactical shifts based on valuations and market conditions while remaining within predetermined ranges.

Unique Allocation Targets and Ranges

Fixed Income, Equities, Real Assets and Alternatives form the broad structure but each class has options to optimize the risk/return tradeoff. We are in constant search for those sub classes that complement existing portfolios.

Putting It All Together

Our clients invest in over 70 different strategies across all asset classes. We have no predetermined stable of managers and constantly evaluate new strategies and firms.

Portfolio Construction

Much like asset allocation, each manager is viewed in context with the rest of the portfolio. What role does the strategy play in meeting our client's objectives?

Ongoing Value Added

We work to keep a portfolio near its target allocation. Periods of market mispricings and timely rebalancings are opportunities to improve the overall portfolio.

Due Diligence and Tactical Rebalancing

Comprehensive manager oversight mitigates surprises. Monitoring style drift, organizational changes and operational shortcomings helps to anticipate issues before they become problems.

Investment Stewardship

Financial markets are constantly changing. We continuously search for the best strategies and managers.

Portfolio Monitoring

We design customized reporting and communications to facilitate quality oversight in a manner our clients find understandable and relevant.

OUR COMMITMENT TO YOU

We will always avoid conflicts of interest, acting as true fiduciaries for our clients.

We partner with our clients to meet their unique investment objectives.

We advise based on unbiased, comprehensive research and proven principles.

We provide access to high quality institutional managers.

We work to lower costs so that our clients receive a higher effective return.

We are committed to addressing our clients' needs through individual attention and attention to detail.

We strive to be patient, skeptical investors who value risk management and manager integrity above the promise of quick or unusually high returns. This means we do not chase fads or Wall Street's latest products du jour. We will inevitably miss a good investment, but sometimes the best investment is avoiding a loss.

AT A GLANCE: OUR GUIDING PRINCIPLES

Preservation of Capital "Winning by not losing" is our first rule.

Quality Counts The best protection against capital loss is to own high-quality assets.

Valuations Matter Price matters. Regression to the mean, where asset values will revert to "normal" valuations over time, is a fundamental principle of investing.

Managers Matter The less efficient a market sector, the more important it is to have a top decile or top quartile manager.

Character Counts "Is it legal?" is too low a threshold for investment management. We act as Fiduciaries for client assets under our care and invest exclusively with managers we judge to also be good fiduciaries.

Expenses Count Cost matters. In highly efficient markets, a high expense drag is nearly impossible to overcome on a consistent basis over a long time horizon.

Asset Allocation Matters Strategic asset allocation is a key driver of portfolio returns and an important tool for managing risk.

Liquidity is Expensive Cash returns often do not keep pace with inflation and generally provide a negative real return over time.

Risk is not Volatility Risk is losing money.

Leverage Magnifies Risk Excessive debt will do more harm in bad markets than it may potentially reward in good markets. Leverage terms must be carefully structured and monitored to avoid margin call risk.

WHAT YOU WON'T GET FROM US

Speculation or big bets. Each Investment Advisor's approved guidelines have strict limits on the positions a manager can take. Our focus is on capital preservation.

Market timing. We do not make wholesale changes in the belief that we know how interest rates, currencies or markets will rise or fall.

Highly leveraged investments. We do not seek managers that use high levels of leverage to magnify returns. Leverage also magnifies losses.

Exotic investments. We don't invest in anything we don't understand, or the latest fads from Wall Street.

Opaque investments. Each investment must have a track record with documented risk/reward characteristics.

COMPLIANCE

Independence Asset Advisors is an SEC registered Investment Advisor and is subject to the regulatory oversight of the SEC. We consider compliance to be essential to our firm's integrity. Kyle Bubeck, the owner of Beacon Compliance Consulting, serves as our Chief Compliance Officer. Kyle has served in that role for Independence Asset Advisors since 2010 and is familiar with our firm and its operations. Kyle is involved in virtually all aspects of compliance for Independence Asset Advisors, including Best Execution and Trading, Advertising and Marketing Review, Code of Ethics Compliance, Compliance Policies and Procedures, and Advisor Disclosure. He is responsible for creating the policies and procedures of the firm, for making sure the compliance program is implemented, and for overseeing the effectiveness of the compliance program. Kyle manages the documentation of policies and procedures in the firm's Compliance Manual. The outsourcing of the CCO role allows us to dedicate our human resources to working with and for other customers.
