

INVESTMENT PHILOSOPHY

Even though markets may change, good investment advice is timeless.

We believe investing based on a process of reducing risk in a portfolio, by diversifying across asset classes and investing within each particular asset class, is the best way to achieve the highest potential return while minimizing risk. We combine the discipline of a value investor with the imagination of a growth investor. This approach controls risk while capturing the significant growth potential of yet undiscovered investments.

It's our belief that preservation of capital is an essential component of durable long term investment success. We've developed a variety of asset allocation models to meet portfolio diversification demands in the way our clients have come to expect.

We are also observers of investor reaction and are watching for behavior that is short-sighted, emotionally driven or uninformed. When prices move to irrational extremes, opportunities develop for patient long term investors. By developing and maintaining a series of investor profiles, we help clients identify their goals and risk tolerance, and assign them to a portfolio that drives them toward those goals.

In defining successful investment management, we help our clients determine and meet their investment and income objectives using a constant re-evaluation process. It's important to be able to shift investment strategies as needs, lifestyle, situations and goals change. To do this our investment philosophy takes seven areas of evaluation into account:

Asset Allocation:

Asset allocation is a critical factor in determining total portfolio return and relative safety. Studies have shown that asset allocation decisions account for a much greater proportion of total return than either security selection or market timing. Diversification is a critical step in portfolio construction. We believe that the markets are long-term efficient, and can be

short-term inefficient. We believe that market timing is destructive, and that successful investing requires conviction and discipline.

Cost Reduction:

We focus on minimizing transaction costs and expense ratios for our clients. We are constantly performing due diligence on individual portfolio managers to ensure we use the best managers with the lowest fee schedules. Because of our institutional relationships, we have access to investments with lower fees, which reduces costs for our clients.

Continual Portfolio Management:

We begin the individual portfolio review by analyzing your investment objective. These reviews keep us in tune with your investment goals and risk tolerance. These goals will provide direction for the overall plan and help us create an investment portfolio that accurately fits your needs. It is also important to routinely review objectives and to shift investment strategies as needs, lifestyle situation, and goals evolve. This can include re-evaluation of:

- Return expectations
- Capital preservation
- Risk tolerance
- Tax considerations
- Time horizon
- Laws and regulations
- Income requirements
- Unique circumstances and preferences

Expectations:

As a client of First Citizens Wealth Management, you can expect the following:

- A clear set of "deliverables". You will receive a highly detailed, personalized plan tailored to your specific financial goals.
- An honest, authentic and transparent evaluation of the potential (and challenges) relating to your portfolio.
- Regular communication. How do you want to communicate, and how often?
- Realistic expectations. We will establish

a personalized Investment Policy Statement with your specific goals and objectives in mind. This will be our guideline for managing your portfolio, and your assurance that we are doing so.

Evaluation:

Our first responsibility is to have an understanding of your needs. With that in mind, we conduct an interview to gather, record, and analyze the information based on your individual time horizon, cash flow needs, risk tolerance, tax status, financial goals and objectives, as well as other factors associated with investment decisions.

Implement Specific Investments:

We utilize primarily individual securities, mutual funds, and ETF's (electronically traded funds), depending on the particular circumstances. This selection process involves:

- Review of equity research
- Development of a "working" list of securities
- Selection of investments for the portfolio
- Oversight by our Wealth Investment Strategy Committee, Trust Investment Committee, and finally, our Director's Trust Committee

Monitor Results:

Our investment professionals regularly monitor your portfolio for performance, suitability, and any significant market changes that may affect future results. We update our working list quarterly, or more often if appropriate. We meet with you regularly to review performance and make sure we are continuing to meet your objectives.

Revisit Each Step:

As our periodic review process occurs, we revisit each of the above steps to make certain that our philosophy and your objectives are met. Finally, our investment process is designed to provide value to our clients' financial journey. Our investment philosophy is, in fact, the day to day disciplined routine by which we serve all our clients.

A Team You Can **TRUST.**



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