

# Investment Management Overview

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for current  
Morningstar®  
performance.*

**F**ounded in 2005, nationally-ranked Wallick Investments, LLC is a registered investment advisory firm, specializing in building, implementing and managing investment portfolios for individuals (IRAs, joint, individual, trusts), institutions (corporate pensions, 401ks, foundations, endowments) and other non-affiliated advisors, including RIAs, CPAs, attorneys and financial planners.

We offer a full complement of competitive investment solutions including diversified stock portfolios, bond portfolios and, as appropriate, non-correlating assets to hedge against volatility, inflation, and market declines. We design and manage separate account portfolios using thoroughly researched proprietary processes that are repeatable, systematic, unemotional and have stood the test of time. We also manage an institutional Index based on our Fidelis methodology. Please see [WIFidelisIndex.com](http://WIFidelisIndex.com) for more information.

Wallick Investments' equity portfolios consist of primarily individual securities (stocks and/or Inspire Investing's Fidelis ETF based on our investment methodology), not mutual funds. Both strategic and tactical asset allocation as well as security-selection decisions are based on "factors" which have significant academic support and have been effectively implemented by some of the world's most successful investors.

Wallick Investments, LLC is fee-only. We receive neither commissions nor any other compensation from broker-dealers or product providers such as mutual funds or insurance companies. We do however, receive licensing fees from companies offering investment productions based on our Fidelis methodology. Clients have direct access to the portfolio managers who welcome investment management and security-selection questions.

**O**ur investment services provide our clients with the trust and confidence to realize their dreams and focus on that which is most important to them.

Call us at 803.699.9400 or visit

**[Wallickinvestments.com](http://Wallickinvestments.com)**





# Why Wallick Investments?

Our success is measured by our clients' outperformance against similarly allocated benchmarks.

Our emphasis is on adding value, net-of-fees, greater than what our clients can earn investing in index funds, and by outperforming our industry peers.

We care about performance because we care about our clients.

We are dedicated to professional excellence, integrity and consistent results.

## Professional excellence

- We are career portfolio managers with over 50 years combined experience. We have successfully navigated economic expansions and recessions, as well as bull and bear markets.
- We are focused. Investing is our only business.
- We stay informed of the latest research concerning faith-based and quantitative factor-based investing.
- We accept fiduciary responsibility and uphold the Chartered Financial Analyst® (CFA®) Institutes' Code of Ethics and Standards of Professional Conduct.
- We regularly review our performance against benchmarks— our Fidelis Index as well as our peers (see our quarterly *Portfolio Review & Commentary* at [Wallickinvestments.com](http://Wallickinvestments.com)).

## Integrity

- We place our clients' interests ahead of our own. Everything we do is because we believe it is best for our clients. Potential conflicts of interest are avoided or fully disclosed.
- Our fee schedule is fully disclosed and easy to understand. See page 23.
- We invest our firm assets alongside our clients' in our recommended portfolios.
- The final step in our stringent security-selection process is to screen companies based on their moral and ethical practices.
- We report performance relative to similarly allocated benchmarks to clearly show where we are adding value (see our sample Performance Review, page 22).

## Consistent results

- Our performance has been consistently highly ranked against a universe of our peers: Morningstar®; Evestments; PSN; and Money Manager Review.



## Our team

Wade Stinnette, Dan Wallick, Susan Wallick and Jake Wallick

### **Daniel Wallick**

#### **Managing Partner ■ Chief Investment Officer**

Daniel Wallick is a 1991 Phi Beta Kappa Honors graduate from the University of South Carolina with a degree in Finance and Economics and post-graduate work in accounting. His career experience includes accounting and management at Blue Cross and Blue Shield of South Carolina, and brokerage at Merrill Lynch and South Carolina Bank and Trust. In June of 2005, he launched Wallick Investments, LLC in Camden, SC, moving in 2006 to Wildewood Business Park in Northeast Columbia and in 2018, to downtown Columbia. Dan is active in the church, is a member of the South Carolina Christian Chamber of Commerce in Columbia and serves on the investment committee for the Roman Catholic Diocese of Charleston. He enjoys spending time with his wife Susan and their growing family: Jacob, Samuel, Zachary, his wife, Hannah and granddaughter, Maeve. In addition to investment research, his hobbies include: running, reading, fishing, tennis and golf. Dan is a member of the Chartered Financial Analyst® Institute.

**DanWallick@WallickInvestments.com**

### **Wade Stinnette**

#### **Principal ■ Senior Portfolio Manager**

Wade Stinnette is a 1980 graduate with distinction from the Virginia Military Institute with a Bachelor of Science degree in Chemistry and served six years as a Commissioned Officer in the United States Marine Corps. He has been working with investment clients since 1986 and has extensive experience building investment portfolios, implementing investment plans, monitoring asset allocations, rebalancing portfolios, and providing on-going communications regarding investment results, outlook, and strategy. Prior to joining Wallick Investments, Wade served in various capacities within boutique investment firms, such as Tanglewood Asset Management and The London Company, and at bank asset management departments including Certus Wealth, First Citizens and Wachovia. He is a past Secretary and Treasurer of the CFA Society of SC and has served on the boards of directors of several non-profit organizations. Wade enjoys spending time with his family, gardening, hunting, fishing, and volunteering at his church and in his community.

**WadeStinnette@WallickInvestments.com**

# Wallick Investments, LLC reduces overall fees by offering separate accounts directly to investors.

## **Jacob D. Wallick, CFA**

### **Portfolio Manager ■ Managing Director, Wallick Institutional**

Jake Wallick, a CFA® charterholder, is a 2016 honors graduate from The University of South Carolina's Darla Moore School of Business with a degree in Finance and Management, and directed study in Biology. While at USC, he was Japan Club treasurer and an active participant in the student led Carolina Fund. His career experience includes working as a financial analyst intern with Wallick Investments and as a transaction accountant supporting global markets with Deutsche Bank Corporate Finance Department in Jacksonville, FL. In July of 2017, Jake joined Wallick Investments formally. He is an Eagle Scout and passionate about nutrition and exercise. In addition to his investment studies, he enjoys swimming, running, sailing, soccer, keeping up with friends, and spending time with family.

**JakeWallick@WallickInvestments.com**

## **Susan H. Wallick**

### **Principal ■ Director, Marketing and Communications**

Susan H. Wallick is a 1991 Bachelor of Arts graduate of the University of South Carolina with a concentration in Graphic Design. Her career began as the full time graphic designer for Lutheran Theological Southern Seminary where the Alumni magazine Southern Bulletin was winner of the Associated Church Press Best of Class Award of publications for six consecutive years and Best in Class for Graphic Design. In 1999, she launched her freelance design firm, Salinity Art and her accounts through the years have included: Ben Satcher Ford Motors, Lexington Medical Center, Sporting Classics Magazine, Garage Tek, Richland School District Two and Heathwood Hall Episcopal School (whose newsletter, The Highlander, received the 2006 and 2009 Silver Wing Award presented by the SC Public Relations Society of America). Formally joining Wallick Investments in August of 2013 and later becoming a partner in 2017, her chief responsibility is public relations. Active with family, church and her community, Susan enjoys cheering on the University of South Carolina with Dan and her Mom and Dad (also an alum), where sons, Jake, and Zach (now a USC PhD student) and his wife, Hannah, also earned their degrees, and where youngest son, Samuel, attends Honors College majoring in Accounting. Susan enjoys artistic projects and entertaining granddaughter, Maeve.

**SusanWallick@WallickInvestments.com**

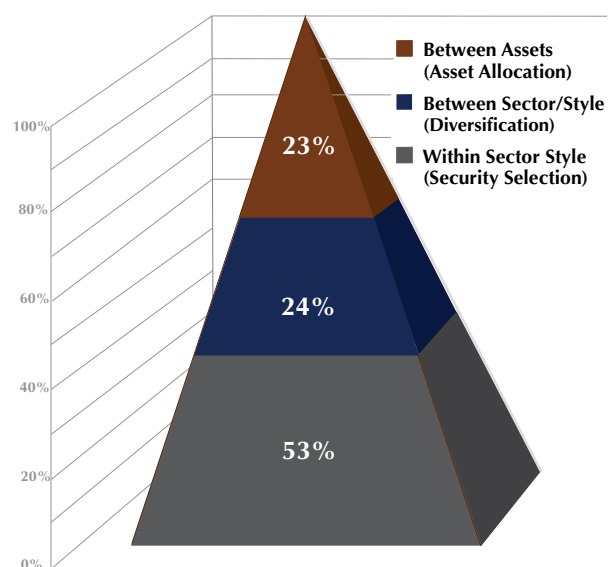




# Investment Philosophy

Wallick Investments believes active management, based on a disciplined, well-researched, repeatable plan, adhered to over an investment cycle (usually around 5 years), can add significant value. Our experience and academic research has shown, the three most important components of active management and overall investment performance include **asset allocation**, **sector diversification** and **security selection**.

Unlike most investment firms which emphasize one component, such as asset allocation almost exclusively, Wallick Investments believes all three components are essential. We provide our client portfolios with multi-dimensional diversification.



*Contributors to overall performance.*

*Data shown: Annualized performance from March 2009 to June 2022*

**Asset allocation:** *13.87% between assets representing 23% of potential total added value*

- US Stocks (12.43%)
- Bonds (1.49%)
- Cash (0.46%)
- Commodities (-1.49%)

**Sector/style diversification:**

*14.12% between sectors representing 24% of potential total added value*

- Healthcare (14.52%)
- Consumer Staples (10.51%)
- Consumer Discretionary (13.59%)
- Technology (17.25%)
- Utilities (9.95%)
- Energy (3.14%)
- Basic Materials (8.08%)
- Telecommunications (3.72%)
- Financials (11.58%)
- Developed International Markets (5.40%)
- Emerging International Markets (2.44%)

**Security selection:** *31% is the average of the figures listed below which is the difference between the bottom of the top quartile (25th percentile) vs. the top of the fourth quartile (75th percentile) for each sector. This represents 53% of potential total added value.*

- Healthcare (44.63%)
- Consumer Staples (32.80%)
- Consumer Discretionary (20.98%)
- Technology (44.63%)
- Utilities (13.42%)
- Energy (34.13%)
- Basic Materials (31.46%)
- Telecommunications (43.71%)
- Financials (10.24%)
- Industrials (26.74%)

# Portfolio Engineering

Our portfolio engineering process assesses client goals, objectives, time horizons and risk tolerances to determine their strategic (long-term) asset allocation, and multi-factor equity portfolio(s). Market and economic indicators are used to determine tactical (short-term) adjustments to asset allocation and favored factor-based equity holdings.

## Client

*Goals, objectives, time horizons & risk tolerance to determine...*

**Strategic asset allocation benchmarks** (stocks, bonds, cash— long term)

**Core Equity Portfolio:**

**WI Fidelis and/or tactical portfolio WI Excelsis**

*Market & economic indicator details on page 10 used to determine...*

**Tactical adjustments—**

**WI Tactical Asset Allocation  
and tactical portfolio WI Excelsis**

**Final portfolio**

*Security  
selection,  
see  
page 8*



# Strategic Asset Allocations and Benchmarks

Clients' asset allocation strategies are based on their individual risk tolerances and time horizons as defined by a questionnaire and client input. Each allocation strategy defines a range of weightings for each asset class (stocks, bonds, other/cash). Within each allocation strategy, Wallick Investments diversifies most clients' holdings between our tactical asset allocation portfolio, a multi-factor strategic (core) equity portfolio (WI Fidelis), a tactical equity portfolio, WI Excelsis, and our WI Bond portfolio.

Descriptions and the security selection process for each equity portfolio can be found on pages 11–15.

The following are allocation strategy approaches for various portfolios—given a clients' risk tolerance and time horizon.

**The Aggressive allocation strategy** objective is to maximize total return. It is expected to be between 45% and 125% as volatile as overall stock market and to outperform its benchmark.

Aggressive	Range	B'mark
<b>Stocks</b>	<b>70 - 100%</b>	<b>85%</b>
<b>Bonds</b>	<b>0 - 30%</b>	<b>7%</b>
<b>Other/Cash</b>	<b>0 - 30%</b>	<b>8%</b>

**The Moderately Aggressive allocation strategy** objective is to emphasize total return with growth and modest income. It is expected to be between 30% and 105% as volatile as the overall stock market and to outperform its benchmark.

M. Aggressive	Range	B'mark
<b>Stocks</b>	<b>60 - 90%</b>	<b>75%</b>
<b>Bonds</b>	<b>10 - 40%</b>	<b>17%</b>
<b>Other/Cash</b>	<b>0 - 30%</b>	<b>8%</b>

**The Moderate/Balanced allocation strategy** objective is to balance growth and income. It is expected to be between 25% and 80% as volatile as overall stock market and to outperform its benchmark.

Moderate	Range	B'mark
<b>Stocks</b>	<b>45 - 75%</b>	<b>60%</b>
<b>Bonds</b>	<b>30 - 60%</b>	<b>32%</b>
<b>Other/Cash</b>	<b>0 - 30%</b>	<b>8%</b>

**The Conservative allocation strategy** objective is income with limited volatility. It is expected to be between 20% and 60% as volatile as overall market and to moderately outperform inflation.

Conservative	Range	B'mark
<b>Stocks</b>	<b>30 - 60%</b>	<b>45%</b>
<b>Bonds</b>	<b>40 - 70%</b>	<b>47%</b>
<b>Other/Cash</b>	<b>0 - 30%</b>	<b>8%</b>

**The Defensive allocation strategy** objective is capital preservation with modest total return. It is expected to be between 15% and 40% as volatile as the overall market and to slightly outperform inflation.

Defensive	Range	B'mark
<b>Stocks</b>	<b>20 - 50%</b>	<b>35%</b>
<b>Bonds</b>	<b>50 - 80%</b>	<b>57%</b>
<b>Other/Cash</b>	<b>0 - 30%</b>	<b>8%</b>

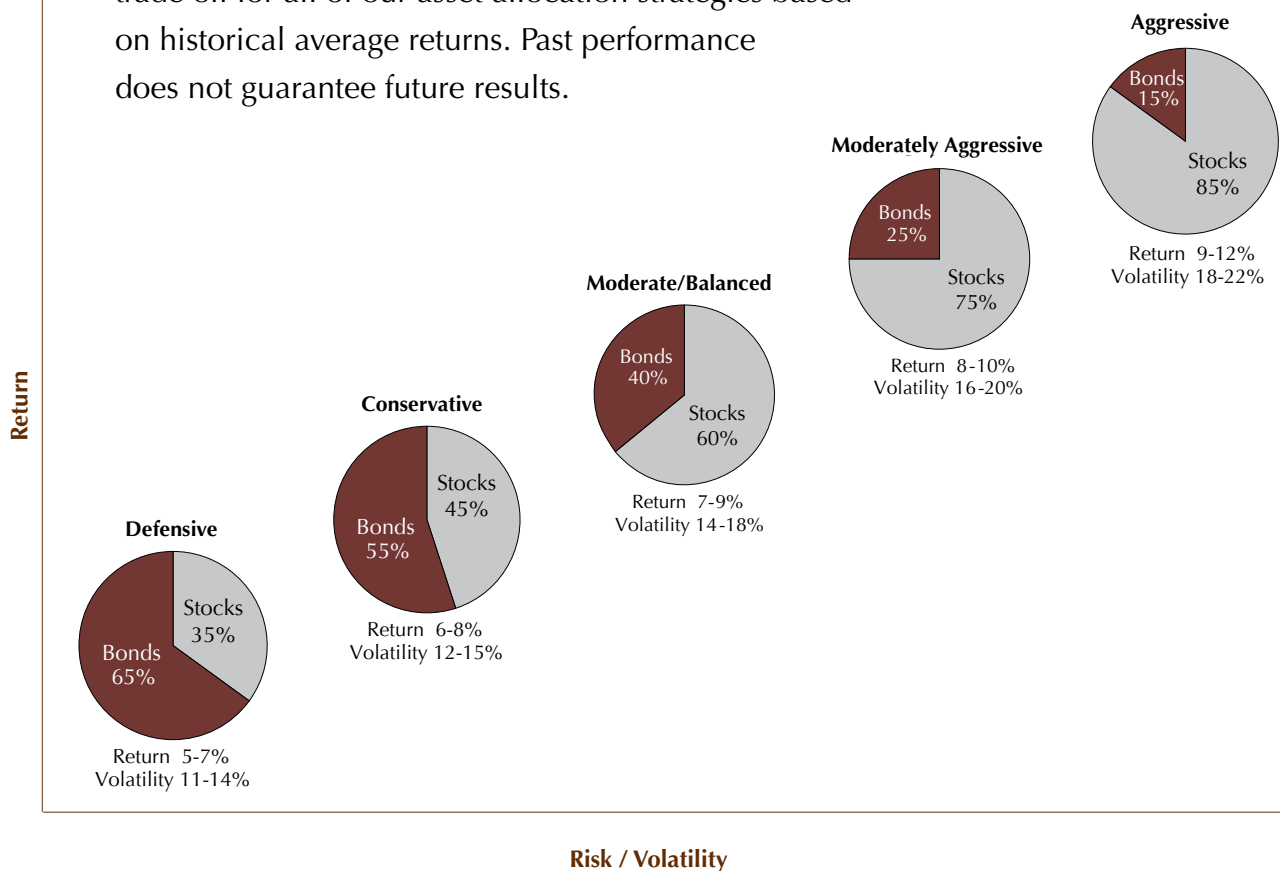


## Wallick Investments' performance goals (separate accounts):

*to rank in the top 50th percentile for 1 year investment performance  
and top 33rd percentile for longer time periods  
based on returns of separate accounts and  
open-ended mutual funds.*



This graph illustrates the associated expected risk/return trade off for all of our asset allocation strategies based on historical average returns. Past performance does not guarantee future results.



# Security Selection

Wallick Investments' success at selecting individual securities for a client's portfolio is a critical determinant of overall performance. Despite constant industry stories of new investment strategies sure to deliver higher return with less risk, we are not easily convinced. We do, however, rely heavily on academic research which has shown a few strategies have delivered consistently robust results. Components of these strategies have been utilized with great success by many investment gurus throughout history.\*

Wallick Investments' equity portfolios are developed based upon a proprietary combination of these strategies which emphasize Value (both intrinsic and relative), Momentum, which includes earnings and/or price, and Quality, measured by corporate financials and/or stock volatility.

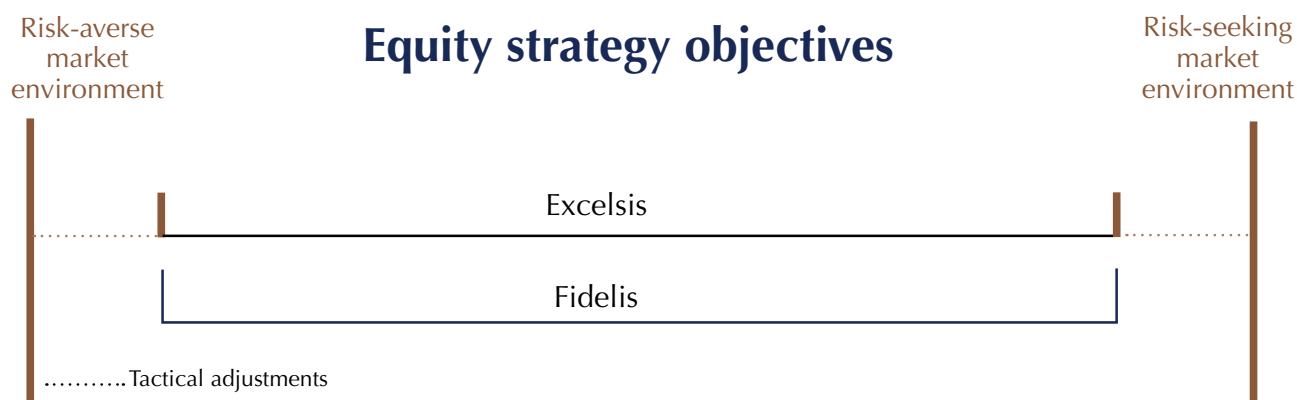
Having quantitative data as a key driver in our security-selection process eliminates much of the subjectivity and emotion which often leads to investment mistakes. Below is a list of Wallick Investments' primary security-selection factors and sub-criteria associated with each. See the exact weighting of each factor on the date the WI Fidelis Index was launched, and on each quarterly reconstitution date.

## WI Fidelis Multi-Cap Multi-Factor Index Input Table

Momentum 33% (including EPS Strength)		Quality 34% (including Profitability, Financial Health and Growth)		Value 33% (including Volatility and Dividend Yield)	
12-Month Relative Strength (.15)	Current Year Revision Trend last 4 weeks (.03)	Inspire Social Impact Score (.05)	Current Ratio (.02)	Current Dividend Yield (0.08)	Price to Book Value divided by Estimated 3-5 year Growth Rate (.03)
3-Month Relative Strength (.06)	Current Year Revision Trend last 12 weeks (.02)	Enterprise Value / EBITDA (.03)	Quick Ratio (.02)	Average Consensus Value vs. Price (.05)	Price to Cash Flow divided by Estimated 3-5 year Growth Rate (.03)
Latest Quarter Earnings Surprise (.03)	Expected Earnings Surprise (.01)	Return on Invested Capital (ROIC) (.03)	Sales Growth Year over Year (.02)	Price to Sales divided by Estimated 3-5 year Growth Rate (.05)	5 Year Beta (.03)
Last Quarter Earnings Surprise (.03)		Free Cash Flow / Market Cap % (.03)	Earnings Per Share (EPS) Growth Year over Year (.02)	Price to Earnings divided by Estimated 3-5 year Growth Rate (.03)	2 Year Beta (.03)
		Return on Assets (ROA) (.02)	Net Income Growth 1 year (.01)		
		Return on Equity (ROE) (.02)	Sales Growth 1 year (.01)		
		Profit margin (.02)	EPS Growth last 5 years (.01)		
		Debt to Equity (D/E) (.02)	P/B Growth last 5 years (.01)		
				Key	
				> .05	
				= .05	
				= .03	
				= .02	
				= .01	
					WI FIDELIS INDEX Multi-cap Multi-factor FAITH-BASED EQUITY BENCHMARK

# Equity Portfolio Construction

Wallick Investments' security-selection process screens a universe of over 7,200 stocks based on a proprietary weighting of each of the equity style factors described on the previous page for each portfolio. After initial screening, additional qualitative research and ensuring compliance with our ethical filters, we select highly-ranked stocks for each portfolio. Our core equity portfolio, Fidelis, adhering to the disciplined methodology on page 12, is composed of quality companies, selling at a discount with momentum, and reasonable volatility and dividends. Our tactical equity portfolio, WI Excelsis, will use similar factor-based methodology, but we will tactically adjust weightings to attempt to outperform our Index. All Excelsis holdings are actively monitored daily and are removed from our portfolios when they meet our pre-established sell criteria. Our sell criteria were developed to let winners run and to cut losers early. Below is an illustration of the objectives of each portfolio followed by pages showing performance and brief descriptions of each of our portfolios.



## \*Notes:

1. Clifford S. Asness, Antti Ilmanen, Ronen Israel and Tobias J. Moskowitz, Vol. 13, No. 1 (2015). "Investing with Style" Journal of Investment Management, pgs 27– 63.
2. James O'Shaughnessy (1998), "What Works on Wall Street?"
3. Pat Dorsey (2004), "The Five Rules for Successful Stock Investing"
4. Kevin Matras (2011), "Finding #1 Stocks: Screening, Backtesting and Time-Proven Strategies"
5. Peter Lynch (1986), "One Up on Wall Street"
6. Benjamin Graham (2005), "Intelligent Investor"
7. Mary Buffet (2002), "Buffettology"
8. Ken Fisher (2007), "Super Stocks"
9. Martin Zweig (1997), "Winning on Wall Street"
10. Joel Greenblatt (2005), "The Little Book that Beats the Market"
11. John Neff (2001), "John Neff on Investing"
12. Andrew Ang, Linxi Chen, Michael Gates & Paul D. Henderson (2021) Index + Factors + Alpha, Financial Analysts Journal, 77:4, 45-64, DOI: 10.1080/0015198X.2021.1960782
13. Benoit Bellone, Thomas Heckel, François Soupé, Raul Leote de Carvalho, (2020) "Equity factor investing: Historical perspective of recent performance" Electronic copy available at: <https://ssrn.com/abstract=3732113>
14. David Blitz, Guido Baltussen & Pim van Vliet (2020) When Equity Factors Drop Their Shorts, Financial Analysts Journal, 76:4, 73-99, DOI: 10.1080/0015198X.2020.1779560



# Tactical Allocation and Factor Exposure

Wallick Investments' tracks both market and economic indicators to identify early warning signs of potential "bear" markets and shifts in market style/factor preferences. Wallick Investments utilizes these indicators to make tactical adjustments to asset allocation (up to 15% of a client's portfolio) and equity factor rotation (between 0 and 30%). Wallick Investments may also make tactical allocations to international, small/mid cap stocks and commodities.

Our primary indicators are listed below but are subject to change based on available research.

## Leading Economic Indicators

*Published by US Economic Conference Board*

10 Individual Economic Indicators

## National Activity Index

*Published by the Chicago Federal Reserve Bank*

85 Individual Economic Indicators

## Probability of Recession

*Published by the St. Louis Federal Reserve Bank*

4 Individual Economic Indicators

## Financial Conditions Index

*Published by the Chicago Federal Reserve Bank*

105 Individual Economic Indicators

## Financial Stress

*Published by the St. Louis Federal Reserve Bank*

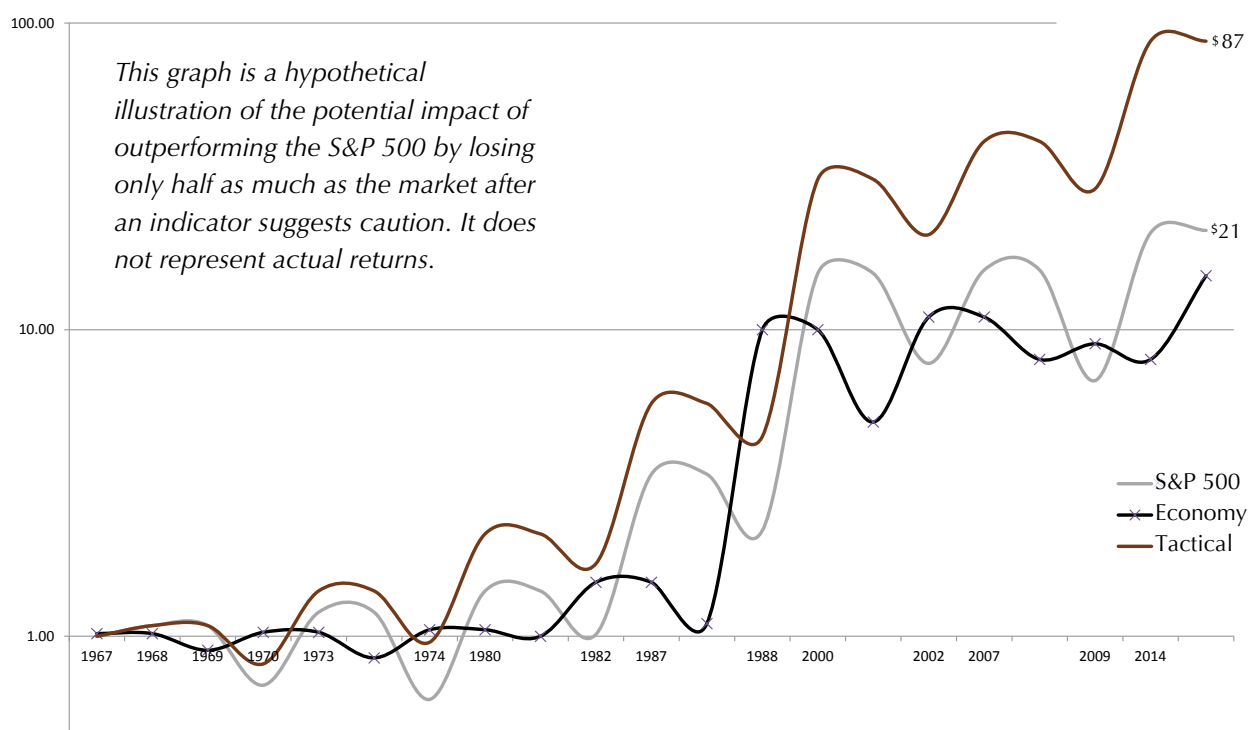
18 Individual Economic Indicators

## US Current Account Balance

*Published by Bureau of Economic Analysis*

## Market Sentiment Indicators

"Fear" index (VIX) and market valuations





# Investment Strategy: WI Tactical Asset Allocation

Investment Manager:



**WALLICK  
INVESTMENTS, LLC**

RIA ■ Strategic Moral Investing

Dan Wallick, Wade Stinnette, Jake Wallick

<b>Asset Class &amp; Objective</b>	The WI Tactical Asset Allocation overall portfolio style is best defined as tactical. The Asset Allocation Model's goal is to outperform its benchmark in all market environments. WI Tactical Asset Allocation portfolio is a dynamic holding consisting of securities representing high-level assets best suited for the current business cycle based on macro-economic data.
<b>Strategy Custom Benchmark</b>	92% iShares US Aggregate Bond Fund (AGG) / 5% Barclays iPath DJ UBS Commodities ETF (DJP) / 3% SPDR Barclays 1 – 3 month T-Bill ETF (BIL)
<b>Single Strategy Benchmark</b>	Not Applicable
<b>Style Factors</b>	WI Tactical Asset Allocation portfolio will rely on index funds to overweight desired assets. This portfolio may include Inspire Fidelis ETF (FDLS) as its equity allocation.
<b>Portfolio Characteristics</b>	<ul style="list-style-type: none"> <li>■ Less than 25 holdings</li> <li>■ Complies with WI faith-based and biblically responsible investment guidelines</li> </ul> <p>May include exposure to:</p> <ul style="list-style-type: none"> <li>■ Stocks</li> <li>■ Bonds</li> <li>■ Commodities</li> <li>■ Managed futures</li> </ul>
<b>Investment Process</b>	Wallick Investments' security selection process evaluates current macro-economic data listed on the previous page to determine which, if any, asset class to overweight.
<b>Sell Discipline</b>	<ul style="list-style-type: none"> <li>■ A change in macro-economic data</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>■ The standard deviation for this portfolio will customarily range between 5 to 15.</li> </ul>



# Investment Strategy: WI Fidelis

Investment Manager:



Dan Wallick, Wade Stinnette, Jake Wallick

<b>Asset Class &amp; Objective</b>	WI Fidelis' overall portfolio style is best defined as Multi-Cap Blend with a concentration on capital appreciation and income. Fidelis' goal is to outperform its benchmark in all market environments. WI Fidelis portfolio is a core, "all-weather" strategic holding consisting of stocks with multi-dimensional diversification including high exposure to the style factors Quality, Value, Momentum and Low Volatility which all have shown a tendency to outperform the overall market in the long run. The actual weightings will be 34% Quality, 33% Value and 33% Momentum. For more information, visit <a href="http://WIFidelisIndex.com">WIFidelisIndex.com</a> .
<b>Strategy Custom Benchmark</b>	48% Vanguard 500 Index (VFIAX) / 22% Russell 1000 Value Index (IWD) / 15% Vanguard Small-Cap Index (VSMAX) / 10% Vanguard FSTE All-World ex-US Index (VFWIX) / 5% Vanguard Mid-Cap Index (VIMAX)
<b>Single Security Index</b>	Russell 3000 / iShares Russell 3000 (IUV)
<b>Factor Benchmark</b>	Russell 1000 Comprehensive Factor Index / Xtrackers Russell US Multifactor ETF (DEUS)
<b>Portfolio Characteristics</b>	<ul style="list-style-type: none"> <li>■ One ETF composed of 80-100 securities</li> <li>■ Diversified multi-factor exposure</li> <li>■ Diversified equity style exposure</li> <li>■ Diversified equity sector/industry exposure</li> <li>■ Minimum of 40% of the largest stocks meeting our investment screening criteria</li> <li>■ Maximum of 35% International ADRs</li> <li>■ Complies with WI faith-based and biblically responsible investment guidelines</li> </ul>
<b>Investment Process</b>	See page 8 for Factor percentage inputs and page 16 for Sector/Industry Inputs
<b>Sell Discipline</b>	<ul style="list-style-type: none"> <li>■ Quarterly rebalancing and reconstitution based on Fidelis ranking methodology</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>■ Strictly defined by Investment methodology</li> </ul>





# Investment Strategy: WI Excelsis

Investment Manager:



Dan Wallick, Wade Stinnette, Jake Wallick

<b>Asset Class &amp; Objective</b>	WI Excelsis' overall portfolio style is best defined as Multi-Cap Blend. WI Excelsis consist of stocks with high exposure to the same factors as WI Fidelis, however, WI Excelsis will make tactical adjustments in order to attempt to increase risk-adjusted return.
<b>Strategy Custom Benchmark</b>	48% Vanguard 500 Index (VFIAX) / 22% Russell 1000 Value Index (IWD) / 15% Vanguard Small-Cap Index (VSMAX) / 10% Vanguard FSTE All-World ex-US Index (VFWIX) / 5% Vanguard Mid-Cap Index (VIMAX)
<b>Single Security Index</b>	Inspire Fidelis Multi-cap Multi-factor ETF (FDLS)
<b>Factor Benchmark</b>	Russell 1000 Comprehensive Factor Index / Xtrackers Russell US Multifactor ETF (DEUS)
<b>Portfolio Characteristics</b>	<ul style="list-style-type: none"> <li>■ 50 – 75 positions</li> <li>■ Diversified multi-factor exposure</li> <li>■ Diversified equity style exposure</li> <li>■ Diversified equity sector/industry exposure</li> <li>■ Minimum of 40% Large-Cap</li> <li>■ Medium turnover of 75% – 100% per year</li> <li>■ Complies with WI faith-based and biblically responsible investment guidelines</li> </ul>
<b>Investment Process</b>	Wallick Investments' security-selection process screens a universe of over 7,200 stocks based on a proprietary weighting of each of the equity style factors. After initial screening, additional qualitative research and ensuring compliance with our ethical filters, portfolio managers select highly-ranked stocks for each portfolio. WI portfolio managers evaluate the final, top-scoring investment choices for the best combination of investments across sectors and the total portfolio. WI portfolio managers will make tactical adjustments to equity markets, sectors and factors in an attempt to maximize risk-adjusted return.
<b>Sell Discipline</b>	<ul style="list-style-type: none"> <li>■ Over valuation without strong earnings momentum</li> <li>■ Deteriorating earnings momentum without high valuations to price</li> <li>■ A negative change in a companies corporate or moral stewardship</li> <li>■ On-going monitoring of each investment to confirm continuing qualification</li> <li>■ Higher ranking choice</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>■ Beta will range between 0.65 – 1.35, depending on macro-economic data and market conditions</li> <li>■ Sectors adjusted based on sector and factor based data</li> <li>■ Standard Deviation and Beta controls based on macro-economic data</li> </ul>



# Our Strategic Moral History

The Wallick Investments team desires to be a force for good in all we do. In our professional lives, this is wrapped up in Strategic Moral Investing. It is our love of God, who first loved us, that fuels our passion for investment success for our clients. Our long-term investment performance and academic research supports our belief that an investor does not have to compromise his/her values in order to achieve exceptional investment results.

Strategic Moral Investing (SMI) has been a core component of who we are since the firm's inception. In 2005, we were limited to informal screening, eliminating companies based on individual security research. Since June of 2013, by leveraging filtering databases, Wallick Investments eliminates from consideration companies that purposely and significantly profit from: abortion, contraception, predatory lending, bio-engineering or companies that significantly promote activities in opposition to traditional family values, such as pornography.

One of Wallick Investments' key quantitative investment factors is Investment Quality. Within Investment Quality, Stewardship is a critical sub-factor. All Wallick Investment's equity portfolios require companies to meet basic stewardship requirements. As of April 2016, Wallick Investments maintains a portfolio of companies that not only meet our moral filtering criteria, they also do not profit from activities susceptible to addiction such as alcohol, tobacco and gambling, and demonstrate a commitment to the Christian investing principles of subsidiarity, solidarity and religious liberty.

## What is Strategic Moral Investing (SMI)?

*Strategic Moral Investing is a disciplined, factor-based investment process designed to achieve exceptional performance without moral indifference.*

- It is an academically-tested and technologically-enabled, repeatable process of integrating Biblical principles with skilled investment management;
- an inspired defense of life-affirming corporate leadership in a proven, proprietary way;
- based on a belief that neither investment returns nor moral values need be compromised;
- and is faith and reason in action.

# Wallick Investments specializes in Strategic Moral Investing

—outperforming custom benchmarks  
without moral indifference.

## Why SMI?

Like family life, economic life is one of the chief areas where we live out our faith, love our neighbor, confront temptation, fulfill God's creative design, and grow in holiness. Our economic activity in factory, field, office, or shop feeds our families—or feeds our anxieties. It exercises our talents—or wastes them. It raises our hopes—or crushes them. It brings us into cooperation with others—or sets us at odds.

*As a key component of our economic lives, our investments either further **endear** us to or **estrangle** us from our awesome loving God.*

## Consumer vs. Owner

Is it hypocrisy to utilize a streaming service for family movie night, yet exclude that company from an investment portfolio?

The answer is rooted in the biblical principle of being in the world but not of it.

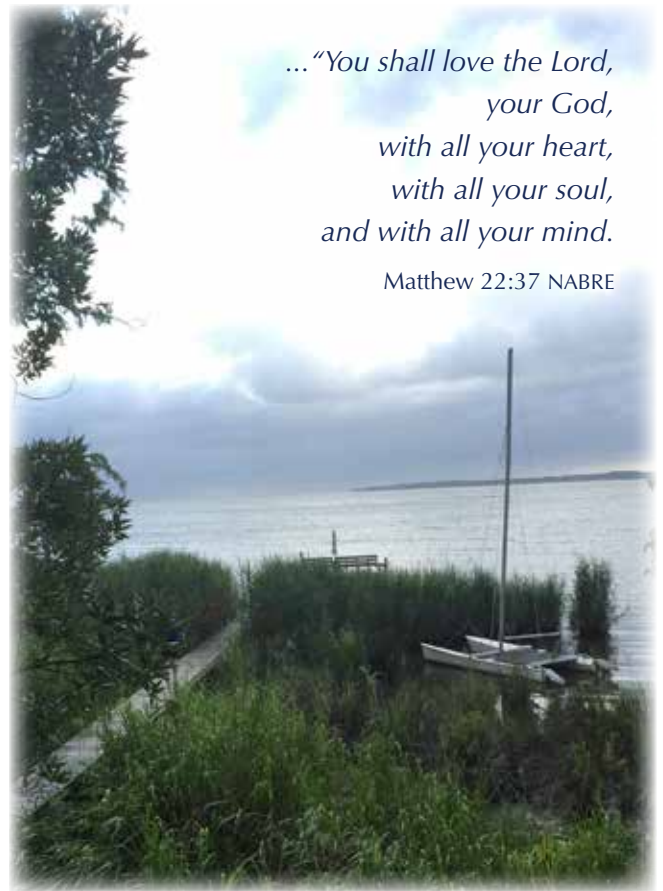
As consumers, we are morally responsible for the products and services we buy— i.e., the kind of movies we stream. Investors (owners) are morally responsible for the profits they are earning and how they are earned— i.e., profiting from pornography on a streaming service.

This is the example Jesus left us with His life, to associate with the world but avoid participating with it's sin.

[inspireinvesting.com/post/is-biblically-responsible-investing-hypocritical](http://inspireinvesting.com/post/is-biblically-responsible-investing-hypocritical)

*"If you don't have integrity, you have nothing. You can't buy it. You can have all the money in the world, but if you are not a moral and ethical person, you really have nothing."*

*Henry Kravis - Co-founder, co-chairman and co-chief executive officer of KKR*



*...“You shall love the Lord,  
your God,  
with all your heart,  
with all your soul,  
and with all your mind.*

*Matthew 22:37 NABRE*





## The WI SMI Process *continued*

**Step 1:** Score the equity candidates by Quality, Valuation and Momentum factors and only allow companies with positive or no Inspire Social Impact Score.

**Step 2:** Utilizing WI Fidelis Multi-cap Multi-factor Index methodology,

### 1. Initial Financial Screening

Common to all portfolios— minimum required faith-based Inspire Social Impact Score >0 or n/a.

### 2. Security Ranking

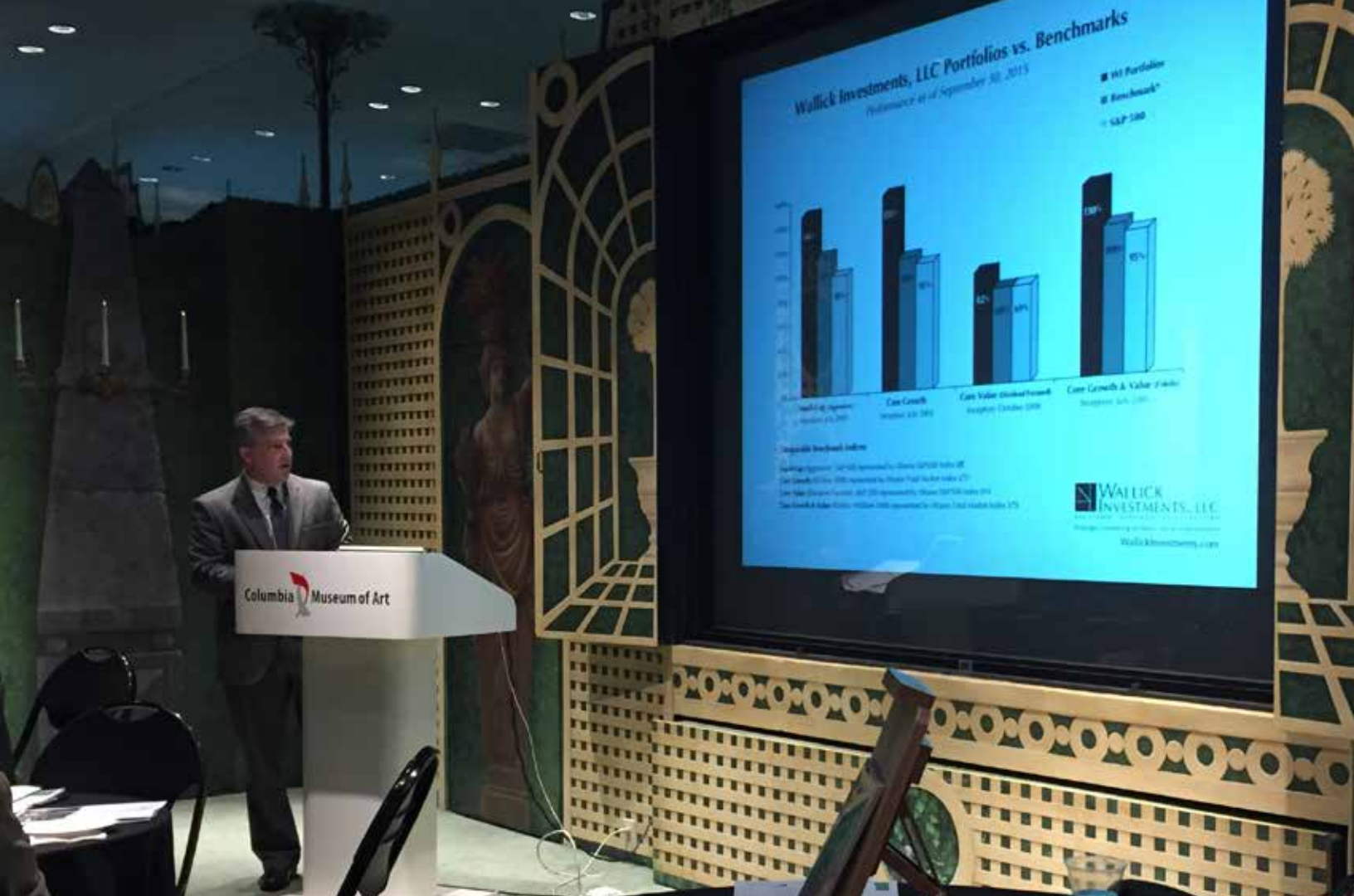
Ranking based on WI Fidelis investment methodology and/or proprietary weighting of each investment factor within each portfolio (WI Excelsis).

### 3. Final Portfolios

## Sector and Industry Diversification

 **WI FIDELIS INDEX**  
Multi-cap Multi-factor  
FAITH-BASED EQUITY BENCHMARK

Sector	# of Stocks	Minimum # of Industries
Basic Materials	4	2
Business services	4	2
Technology and communications	27	7
Consumer discretionary (including autos and transportation)	6	3
Consumer staples	4	2
Energy	8	3
Financial (including real estate)	16	6
Medical	12	4
Industrial (including aerospace, conglomerates and construction)	11	6
Retail	5	3
Utilities	3	2
<b>11-18 Sectors</b>	<b>100 Stocks</b>	<b>40 or more Industries</b>



*"Clients who value moral/ethical decisioning of their investments can continue to both feel comfortable with the positions they hold, and the performance they can expect— based on our system of research and length of time we have applied SMI, and our skilled application of it."*

- Dan Wallick, managing partner and chief investment officer

**Let us grow your investments.**

## Aligning Faith and Investing

As good stewards, desiring to glorify God in all we do, Wallick Investments strives to educate and enlighten investors. We are portfolio managers with more than 50 years combined experience and over 10 years of strong investment performance. We have a consistent investment and moral/ethical selection process with on-going investment and spiritual due-diligence monitoring. For more information about Wallick Investments' portfolios, our proven investment processes, and our performance, see our web site or call us at 803.699.9400.

## Performance Review

4th Quarter (Sept. 30, 2021 – Dec. 31, 2021)

Account Client name IRA	This Qtr. ↑ X.X %	YTD ↑ X.X %	Since Inception ↑ X.X %	Allocation Benchmark* Growth	This Qtr. ↑ X.X %	YTD ↑ X.X %	Since Inception ↑ X.X %
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*\*See below for Custom Allocation Benchmark details*

### Composite/Model Performance

Wallick Investments' Portfolio Composites	This Qtr.	YTD	Annualized Since Inception	Index**	This Qtr.	YTD	Annualized Since Inception
WI Tactical Allocation Model	↓ x.xx %	↑ x.xx	↑ x.xx	Equity <sup>1</sup>	↑ x.xx	↑ x.xx	↑ x.xx
WI Bonds Composite	↑ x.xx	↑ x.xx	↑ x.xx	Equity <sup>2</sup>	↑ x.xx	↑ x.xx	↑ x.xx
WI Fidelis Composite	↑ x.xx	↑ x.xx	↑ x.xx	Equity <sup>3</sup>	↑ x.xx	↑ x.xx	↑ x.xx
WI Excelsis Model	↑ x.xx	↑ x.xx	↑ x.xx	Equity <sup>4</sup>	↑ x.xx	↑ x.xx	↑ x.xx

*\*\*See below for Index details*

#### \* Custom Allocations Benchmarks

Aggressive: 41% Vanguard 500 Index / 4% Vanguard Mid-Cap Index / 12% Vanguard Small-Cap Index / 19% Russell 1000 Value Index / 9% Vanguard FSTE All World ex-US Index / 5% Hedge / 7% Aggregate Bond Index / 3% Barclays 1 – 3 Month T-Bill

Growth: 36% Vanguard 500 Index / 4% Vanguard Mid-Cap Index / 10% Vanguard Small-Cap Index / 17% Russell 1000 Value Index / 8% Vanguard FSTE All World ex-US Index / 5% Hedge / 17% Aggregate Bond Index / 3% Barclays 1 – 3 Month T-Bill

Moderate: 29% Vanguard 500 Index / 4% Vanguard Mid-Cap Index / 8% Vanguard Small-Cap Index / 13% Russell 1000 Value Index / 6% Vanguard FSTE All-World ex-US Index / 5% Hedge / 32% Aggregate Bond Index / 3% Barclays 1 – 3 Month T-Bill

Conservative: 22% Vanguard 500 Index / 2% Vanguard Mid-Cap Index / 6% Vanguard Small-Cap Index / 10% Russell 1000 Value Index / 5% Vanguard FSTE All-World ex-US Index / 5% Hedge / 47% Aggregate Bond Index / 3% Barclays 1 – 3 Month T-Bill

Defensive: 17% Vanguard 500 Index / 2% Vanguard Mid-Cap Index / 4% Vanguard Small-Cap Index / 8% Russell 1000 Value Index / 4% Vanguard FSTE All World ex-US Index / 5% Hedge / 57% Aggregate Bond Index / 3% Barclays 1 – 3 Month T-Bill

#### \*\*Composite / Model Index Benchmarks

1. WI Tactical Asset Allocation Model: 92% iShares Barclays US Aggregate Bond Fund / 5% Barclays iPath DJ UBS Commodity TR ETF / 3% SPDR Barclays 1 – 3 Month T-Bill ETF

2. WI Bonds Composite: 100% iShares Core Aggregate US Bond Market

3. WI Fidelis Composite: 48% Vanguard 500 Index / 5% Vanguard Mid-Cap Index / 15% Vanguard Small-Cap Index / 22% Russell 1000 Value Index / 10% Vanguard FSTE All World ex-US Index

4. WI Excelsis Model: 48% Vanguard 500 Index / 5% Vanguard Mid-Cap Index / 15% Vanguard Small-Cap Index / 22% Russell 1000 Value Index / 10% Vanguard FSTE All World ex-US Index

SAMPLE





## RIA ■ Strategic Moral Investing

The design of the Wallick Investment logo echoes the solid, analytical and transparent objectives of the firm. Wallick Investments uses multiple investment strategies, relying heavily on quantitative analysis of data. Therefore, the mark of the logo contains two distinct investment indicator graphics. The sepia swish with an upward arrow denotes where in a stock's "earnings surprise" cycle it is most advantageous to invest. The "x" axis vector represents risk. The "y" axis vector represents return. The bisecting ray headed out of the top left quadrant is where the firm and the investor aspires to be—the greatest amount of return with the least amount of risk. The mark itself (in the shape of a quadrant) is also placed in the top left quadrant of the logo to reiterate the objective: more return with less risk.

## Wallick Investments' fees

At Wallick Investments, we endeavor to earn our fees by:

- Filtering all equity portfolios for compliance with Christian values
- Developing and managing factor-based equity portfolios
- Making prudent tactical asset allocation decisions
- Making data-driven, factor-rotation decisions
- Providing non-emotional financial counsel
- Providing transparent reporting

Individual fees are based on a client's risk tolerance and assets they have placed under management at Wallick Investments. The Wallick Investments' maximum fee schedule is as follows:

Assets Managed	Aggressive	Moderately Aggressive Growth	Moderate/Balanced	Conservative	Very Conservative Defensive
< \$250,000	1.40%	1.40%	1.40%	1.35%	1.30%
\$250,000 – 499,999	1.25%	1.20%	1.15%	1.10%	1.05%
\$500,000 – 999,999	1.00%	0.95%	0.90%	0.85%	0.80%
> \$1,000,000	0.80%	0.75%	0.70%	0.65%	0.60%

### 401K Plan Fees

Wallick Investments Models: 1.0%

Portfolios of accounts or ETFs: .60% ■ Individual fund or ETF: .35%

- Individual custodians may impose additional charges.



# Frequently Asked Questions

## What is an RIA firm?

RIA (Registered Investment Advisor) refers to a firm in the business of managing investments or giving investment or financial planning advice. An individual who works for an RIA is known as an Investment Advisor Representative (IAR). Depending on an RIA's assets under management, the firm is required to register with either the US Securities and Exchange Commission (SEC) or with a state's securities division. Wallick Investments is registered with the South Carolina Attorney General's Office and licensed in North Carolina as well. Wallick Investments, LLC is an RIA firm specializing in building, implementing and managing investment portfolios with integrity and professional excellence.

## How is an RIA different from a brokerage firm?

RIAs are paid a percentage of the value of the assets they manage for clients, an hourly fee or a fixed fee. A brokerage firm is usually paid by commissions for trades and transfer payments from mutual funds and/or insurance companies based on the products sold. For additional information concerning Wallick Investments' fees, please see page 23. Instead of legally adhering to the same "suitability" standard a brokerage firm and its financial advisors must uphold, an RIA and its IARs must adhere to a fiduciary standard of care laid out in the US Investment Advisers Act of 1940. This stricter standard requires an RIA to provide additional transparency and its employees must act and serve a client's best interests with the intent to eliminate, or at least to expose, all potential conflicts of interest which might incline an investment advisor consciously or unconsciously— to render advice which is not in the best interest of the client. For additional information about the fiduciary standard, see our inside back cover.

## Are our accounts safe?

Wallick Investments, LLC and our custodian(s) have established policies and procedures and take significant precautions in order to protect ourselves and our clients against data theft. These precautions include equipping all computers with firewalls and security software, avoiding the use of wireless internet connections when possible, using Secure Socket Layer (SSL) technology encryption, restricting access to information, not releasing information to any outside parties not legally requiring such information and maintaining all client files in locked and fireproof safes. Clients also have protection against custodian financial collapse through Securities Investor Protection Corporation (SIPC) insurance and additional account protection through underwriters at Lloyd's of London.

## Separate Accounts vs. Mutual Funds

A **mutual fund** is a pooled account. Many investors own a portion of one fund. When the fund manager makes a change, it affects all the investors. When investors buy or sell large quantities of a fund, it forces the manager to make large purchases or sales of securities he may not believe is best for the fund. The manager earns a fee for managing the fund and because most mutual funds are sold through a financial advisor, the advisor and their firm also receive compensation. This is usually accomplished through an advisory fee, a load (an up-front mutual fund fee) or increased management fees which are shared with the advisor and their firm. With **separate accounts**, investors own a portfolio of securities which are individually managed by the portfolio manager. The manager has the ability to make changes to individual accounts without affecting other clients' accounts. The manager earns a fee for managing the accounts. If there is an outside advisor involved, they also receive compensation, usually in the form of an advisory fee.



# The Fiduciary Standard

In the world of finance, the fiduciary standard is the highest ethical standard for investment professionals. It legally requires investment professionals to keep the interests of their clients first, above their own interests as well as above those of their employers. Investment advisors attempting to achieve this standard limit their potential conflicts of interest and disclose possible conflicts that cannot be eliminated. Possible conflicts include compensation from sources other than the client, such as incentives from broker/dealers, mutual funds or insurance companies.

Prior to the 2017 Department of Labor's (DOL) new Fiduciary rules (vacated 2018), **the majority of investment professionals actually were held to a lesser standard by regulators called a suitability standard.** Under the suitability standard, advisors are free to sell any investment or insurance product that can be considered appropriate for the client's situation, not necessarily the best product or strategy, just an appropriate one.

Investment advisors bearing the fiduciary standard are expected to minimize their clients' overall investment expenses while maximizing risk-adjusted returns and disclosing strategic processes used to manage their clients' accounts. Disclosures can include asset-allocation guidelines, diversification requirements, security-selection criteria, performance benchmarks and performance-monitoring procedures. Disclosures can be found in a client agreement, an investment policy statement and/or a Registered Investment Advisors mandatory ADV form, also called a disclosure brochure.

Obviously, there are many advantages to working with advisors who accept fiduciary responsibility; however, guaranteed success is not one of them. Advisors who accept the higher standard can select investments that perform poorly despite their best efforts on their clients' behalf. By the same token, advisors who do not accept the higher standard still can offer successful products and strategies. The major difference is an investment advisor accepting fiduciary responsibility is less likely to be making decisions for the wrong reasons.

Finding investment professionals who adhere to the fiduciary standard for all accounts is not always a simple task. Attorneys, Certified Public Accountants and Registered Investment Advisors are professionals who are always held to the fiduciary standard. Therefore, investors should ask their advisors for clarification about fiduciary responsibilities and investors should request that clarification in writing.





# WALLICK INVESTMENTS, LLC

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