GET SOUND FINANCIAL SOLUTIONS FOR TODAY'S CHALLENGES

It's Time To Think Differently

Sound Income Strategies

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Assets Make Things Possible. Income Makes Things Happen.

For years, investors were told the key to enjoying a more successful retirement was to have a withdrawal plan to create income. They were told they could engineer income by taking withdrawals at a safe rate from their principal each year. At this safe rate, they would have a reasonable chance of never running out of money because they could count on enough market growth to replenish each withdrawal. Most advisors still tout this type of plan and use it with their clients despite its many flaws.

What's Wrong with a Withdrawal Plan?

- A withdrawal plan is, fundamentally, a plan, and as the saying goes: "The best-laid plans of mice and men can and do fail."
- A withdrawal plan depends on market growth. Its success hinges on a huge unknown.
- No one can agree on what constitutes a safe withdrawal rate. Many say it's 4%, but other recent studies have pegged it at anywhere between 1.9% and 3.8%.[1]
- Even at the lowest rate, you may still have at least a 10% chance of outliving your income. While most financial advisors think 10% is a tolerable risk, most retirees would disagree. Why? It means if you're in a room with nine friends, at least one of you is going to run out of money before you die. What if it's you?

What's the Solution?

Instead of a plan, investors today need an actual strategy. The only way to help ensure you won't outlive your money is to have a strategy that generates more reliable income through interest and dividends.

- When you live off your interest and dividends, you're not spending any principle, which means you don't have to worry about whether the market grows or shrinks.
- It gives you the potential to continue growing your money more safely through strategic reinvestment.
- It makes your retirement income a renewable resource.

Sound Alternatives for Today

The bottom line is that times have changed. Withdrawal plans are more unreliable than ever, and even traditional fixed-income strategies face new challenges. Consequently, when it comes to planning for retirement, investors need to apply fresh thinking to retain the traditional fixed-income qualities of asset preservation, stable returns, and diversification. Today's income strategies are far more diverse than the tools your parents or grandparents may have used. At Sound Income Strategies, we have the resources and knowledge to design a customized, diversified portfolio of interest- and dividend-generating instruments suited to your individual goals, needs, and risk tolerance.

1 Source: "Why Monte Carlo Simulations for Retirement Income Should Be Banned," FA Magazine, Feb. 7, 2023.

Think Differently with an "Income First, Growth Second" Approach

Our strategies focus on generating income to fund your expenses in retirement, while helping to preserve and grow your investment principal. It's a sound, long-term investment strategy that eliminates the need to rely on a withdrawal plan.

Why? Because you're earning more reliable income through interest and dividends, and not withdrawing principal, which is really the only way to know your retirement savings will last a lifetime.

To accomplish this, we avoid mutual funds and focus on individual, income-generating securities that can be customized and managed toward your specific needs and goals. Advantages of actively managed individual securities include:

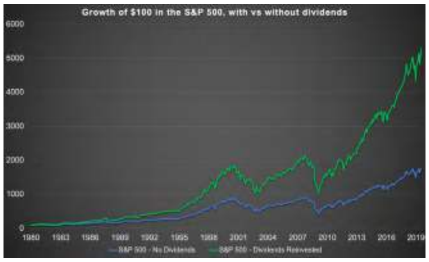
- Less risk of hidden fees
- More portfolio transparency
- More flexibility
- Tax-saving opportunities

By being willing to stray from a short-term benchmark, our skilled investment managers can focus on delivering more secure and more reliable year-over-year income while working through periods of volatility to help reduce risk and take advantage of opportunities. A properly managed, income-oriented portfolio can successfully seek to deliver both short-term income and long-term total return that outperforms the markets and keeps you on track toward your retirement goals — regardless of market conditions.

That's our specialty at Sound Income Strategies. By working together with you and your advisor, we can help you find innovative solutions to today's market challenges, whie building a strategy uniquely suited to your retirement goals.

David Scranton and team ringing the Closing Bell at the NYSE on February 24, 2023.

Focusing on Yield is Paramount in the Fixed Income Market but why in the Equity Markets?



For example,

$100,000

invested in the S&P 500 Index in 1980:

Source: Quantofasia-July 25, 2019

The Power of Steady Dividend Payments Can't Be Ignored

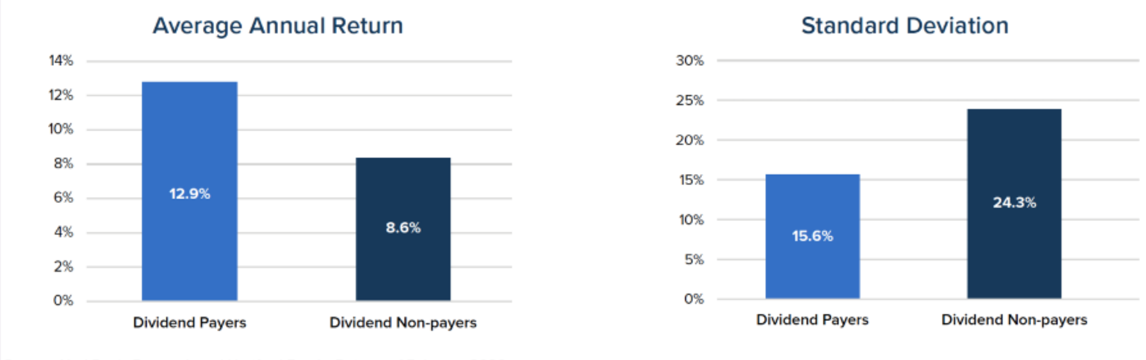
Although some might think a 2-3% dividend is not much to get excited about, remember that unlike interest payments, dividends from equities tend to grow over time, as the part of a company's earnings not paid out as a current dividend is often reinvested to make future dividends bigger.

Without dividends reinvested, would have grown to $1,790,000 or **17.9 times** its value by end of 2019.

With dividends reinvested, would have grown to **52.85 times** its value to $5,285,910 by 2019.

Dividend-Paying Companies Experience Higher Annual Returns and Reduced Volatility

Average Annual Return & Volatility by Dividend Policy for Stocks in the S&P 500 Index
Period: March 31, 1972 to December 31, 2019



Source: Ned Davis Research and Hartford Funds: Data as of February 2020

How They Increase Return

When you are younger, you are saving a big enough percentage of your net worth every year to have a decent dollar-cost averaging effect. However, as you get closer to retirement, the lump sum of your savings has grown, meaning the amount you contribute comprises a much smaller percentage of your total balance, and therefore has a much smaller effect on your dollar-cost averaging efforts. By investing in high-dividend-paying stocks, it accentuates your returns because when the market drops, those dividends can be reinvested into those stocks and essentially dollar-cost average, because you can buy more shares when prices are down.

How They Lower Risk

In the bond market, all else being equal, bonds that pay higher interest have a shorter duration and therefore less volatility. The same is true in the equity markets. Effectively, the higher the dividend the shorter the duration, and less volatility.

Enhanced Fixed Income Research

I. We Invest in Individual Bonds and Bond-like instruments Instead of Bond Mutual Funds

Since many financial advisors today got into the business during the 1980s and 1990s, in what was the fastest growing stock market in U.S. history, their area of knowledge became the stock market, not the bond market. Frankly, when they do fixed income, it's merely an afterthought and most will simply use bond mutual funds or ETFs. The problem? Bond mutual funds carry risks, fees, and tax implications that can be reduced by investing in a portfolio of individual bonds and bond-like instruments. That's why we invest our clients' money in individual bonds and bond-like instruments and avoid bond funds.

II. Rigorous Credit Research: We Look Beyond the Ratings

We learned during the Financial Crisis of 2007-2009 that many of those AAA-rated mortgage bonds that were about to default had ratings that were far too generous. That's why we look beyond these ratings and research the actual financials and management of the issuers themselves.

III. We Don't Buy Bonds and Bond-Like Instruments at Regular Market Prices

Most advisors will purchase bonds and bond-like instruments at current market prices, which means if the market happens to be up, their clients are probably overpaying. That's why we often use limit orders when buying bonds and bond-like instruments on our clients' behalf. That way, if the prices of those securities happen to be up that day, our clients won't overpay.

IV. We Can Go Direct to Get Institutional Pricing

When you're buying stocks and stock mutual funds, the commissions and/or trading fees are required to be 100% transparent. The underlying issue with bonds and bond-like instruments is that the clearing houses don't have to disclose to the client, broker, or investment advisor how much extra they're tacking on to the price of the bond or bond-like instrument they own. That's why we've invested in the technology and research to find out who is buying and selling various bonds or bond-like instruments at any given time. This knowledge gives us the ability to go directly to the buyers or sellers and negotiate the best price, almost on a wholesale basis, for our clients.

V. Our Active Management Approach

The active management of individual bonds and bond-like instruments allows us to continually identify and act upon opportunities to help maximize returns for our clients — seeking to maximize income first and provide opportunities for growth second. To do this, we use a variety of strategies, including proactively swapping bonds and bond-like instruments to get a higher current yield, as well as swapping them to get a higher yield in the future by getting a better purchase price today. This way, if the investment is held until maturity, our clients can earn more. Another strategy we use is to swap bonds and bond-like instruments defensively to get a shorter-term bond or a more secure bond with a higher rating.

Enhanced Equity Research

Identifying High-Dividend-Paying Value Stocks

Value companies tend to be highly profitable but with fewer internal growth opportunities than their counterparts. Therefore, they typically prefer to pay out a higher percentage of their profits in the form of dividends. They also generally have lower price-to-earnings ratios, thus the name “value stocks.”

The challenge: These mature companies often ride the knife’s edge between the mature and declining business/ industry stages. Remember that no company can stay mature forever.

Eventually, a competitor will come along and knock them off their perch. For example, companies like Woolworths, Bradlees, and Caldor, which were all once market leaders, were eventually replaced by companies like Sears, Kmart, and J.C. Penney. Then, those companies were eventually replaced by the likes of Target, Marshalls, and Walmart — who now run the risk of being replaced by Amazon.

So, when a true value investor is doing research to decide which stock represents a good value, they must ride that knife’s edge between dividend-paying companies that are at the beginning of the mature stage versus those that are on the tail end and on their way out. This is one of the biggest challenges for a value-based stock analyst.

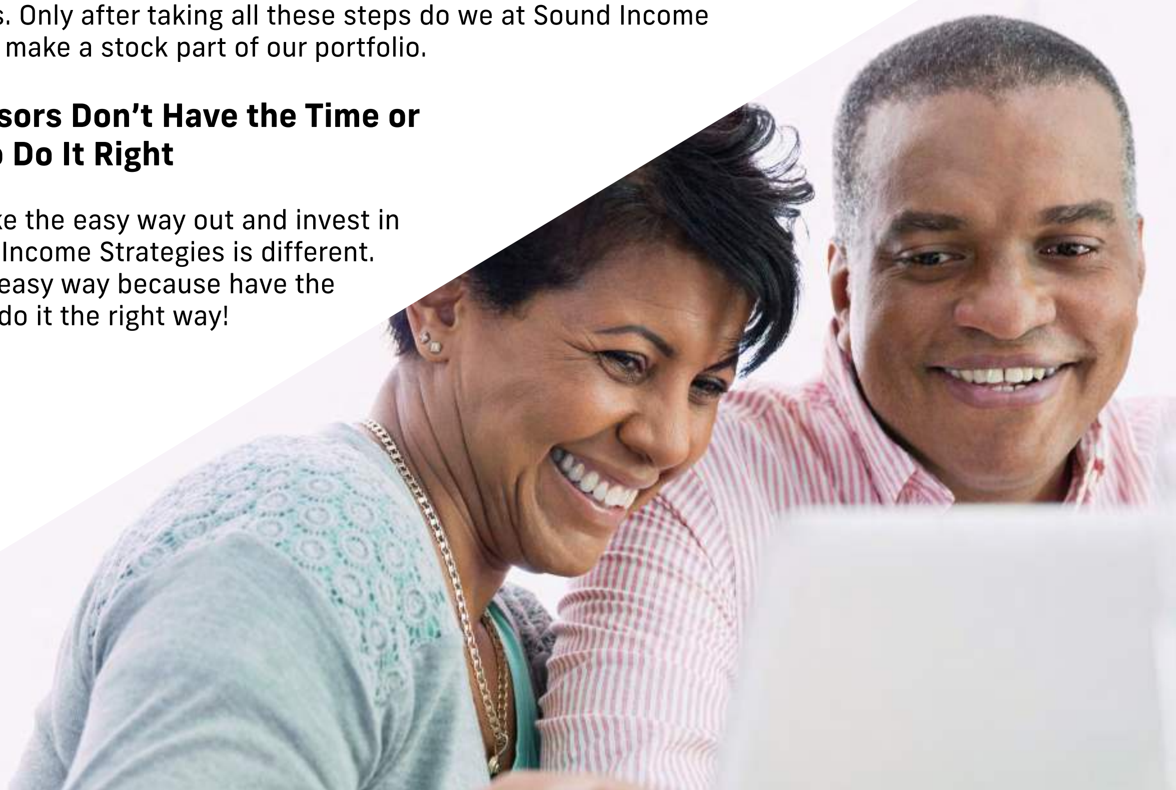
Sometimes a stock will appear to be cheap and boast a high dividend percentage, but it’s only because the price of its shares has dropped. It could be at the tail end of its mature stage where it may eventually have to cut dividends as the price per share continues to drop. Analysts refer to this as a value trap. Many criteria go into determining if a dividend-paying stock represents a true value, but typically, one is looking for a company in the early part of its mature stage with hidden drivers for potential growth that other analysts are not factoring into the price. One of the most common drivers, for instance, is to have takeover potential.

In order to be a good dividend-oriented value investor, a tremendous amount of research and discussion is required. Of course, it starts with spending the time to analyze all the quantitative information that’s publicly available about a company — as would be expected, but that’s where most analysts stop. For our analysts and portfolio managers, however, that’s where the real research only begins. Next, they speak with different analysts to get different opinions about that company and its industry.

Then, they create a list of questions about the way that the company does business, including its competition and competitive advantages. Afterward, they contact investor relations to get answers to a list of questions. Only after taking all these steps do we at Sound Income Strategies decide whether to make a stock part of our portfolio.

Most Independent Advisors Don’t Have the Time or Resources to Be Able to Do It Right

That is why many will just take the easy way out and invest in mutual funds or ETFs. Sound Income Strategies is different. We don’t need to rely on the easy way because have the knowledge and resources to do it the right way!



A Sound Investment Team

Leveraging Talent, Knowledge, and Experience

David J. Scranton, CFA®, CFP®, ChFC, CLU
Founder, Sound Income Strategies, LLC, Advisors' Academy, and Scranton Financial Group

As an independent financial advisor with more than 30 years of experience, David Scranton has specialized in income-generating investment strategies for the past 24 years. Before that, he followed a typical business model focused on growth-based investments. However, in 1999, while many on Wall Street believed the sky was the limit for stock market growth, David's knowledge of market history led him to believe something different. It was at this time that he changed his business model from one focused on growth-based investments to one focused on income-generating investments. As a result, David was able to help many of his clients avoid damaging losses when the Dot Com Bubble burst, and again during the Financial Crisis that started in 2007. In addition to being invited to share his insights on CNBC, Bloomberg, and Fox Business, he also hosts his own national TV show, "Retirement Income Source with David J. Scranton."

Rana Chander, Chief Operating & Information Officer

Rana joined the firm in 2022 as part of the senior leadership team. His primary responsibilities are to oversee corporate strategy, the information technology roadmap, operations, trading, eBusiness, risk management, communications, customer care, and cloud platform engineering at Sound Income Strategies. Rana previously served as Chief Operating Officer and Chief Information Officer for Investacorp Inc, a leading wealth management firm under Ladenburg Thalmann. Before Investacorp, Rana also served as vice president of Global Database Technology for Merrill Lynch, a leading brokerage firm on Wall Street.

Eric Lutton, CFA®, Chief Investment Officer

Eric began his career trading equity options on the floor of the Chicago Board Options Exchange in 1997. Shortly after leaving the Chicago trading pits for a trading floor at Conseco Capital, Eric worked with fixed-income veterans managing over $35 billion on behalf of institutional investors. He then moved to South Florida, where he worked for a boutique RIA firm/hedge fund, Levitt Capital Management, and later for Gibraltar Private Bank & Trust. During this time, Eric obtained a Chartered Financial Analyst designation from the CFA Institute. After many years on the "buy side," Eric had the opportunity to work on the "sell side" at JVB Financial covering institutional and RIA clients for fixed-income securities. Eric helps lead the investment strategy at Sound Income Strategies and works closely with David Scranton to help ensure that our clients are meeting their investment goals while helping to minimize market turmoil and gyrations.

Eric Beyrich, CFA®, CFP®, Co-Chief Investment Officer

Eric Beyrich joined Sound Income Strategies as an Equity Portfolio Manager in 2020. Before joining SIS, Eric spent more than 30 years as a fundamental value investor: 17 as an Analyst, 11 as a Portfolio Manager, and three as a Corporate Strategist. During that span, he was also a partner and Head of Marketing at KR Capital Advisors. Additionally, for the eight years that he was Head of Equities at Loews Corporation, Eric's portfolios consistently outperformed the S&P 500. Eric holds a BA in Economics from Rutgers College, an MBA in Finance and International Business from NYU, a Post-Graduate Diploma in Financial Strategy from Oxford (UK) and he completed the Advanced Management Program at the Wharton School of the University of Pennsylvania. He also holds the CFA and CFP designations.

Charles Radlauer, Chief Compliance Officer

Charles first ventured into the Financial Services Industry in 1997, working as a financial advisor for Dean Witter. After enjoying 13 years of success on the client side of the business, he transitioned to the compliance side in 2010. Charles' experience on both sides of the business has prepared him well for his current role as the Chief Compliance Officer for SIS, where he helps to ensure that all our operations, communications, and documentation are fully compliant and up to date with the latest regulations and rule changes.

INTEGRITY

Our most important commitment is a straightforward one:
To put our clients first.

CAPABILTY

We leverage top talent and cutting-edge technology to help ensure that our actively managed strategies are based on reliable research and professional insights.

STABILITY

We maintain a long-term view and reinvest in our business as we strive to provide consistent, repeatable performance.

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