

The Active Manager



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Make Plans to Attend OUTLOOK 2026

Still uncertain about attending NAAIM's Fall conference, coming to the Westin Hotel at Dallas Fort Worth Airport on October 26 and 27, 2026? There's some great information to gain by being there:

- How the federal government and financial markets could change based on mid-term results
- Documented systems that make excellence repeatable instead of accidental
- Practical ways AI can be integrated into investment research and an advisory workflow
- Viewpoint collusions at the Treasury Department and Federal Reserve and their impact on financial markets
- SEC changes and new directions
- What the technical picture is saying now and areas of the market that may warrant attention as we move toward year end
- 3 NASAA Investment Adviser Representative Continuing Education Credits at a special ethics session Sunday

and much more. The two-day format and conference location at the Westin Dallas Fort Worth Airport makes for fast in and out travel, minimizing time out of the office. But best of all is the networking and relationships formed from face-to-face interactions with people who, like you, believe in active investment management.

President's Letter



Ron Rough

NEXT UP ON THE NAAIM calendar is our OUTLOOK 2026 conference at the Westin DFW in Dallas, Monday, October 26 and Tuesday October 27. This year's event once more offers a compact information-rich, two-day event. If you have found it's hard to take time for the larger multi-day financial conferences, this is a perfect in-out opportunity

to catch up on current issues in the active investment management community and learn from some thought leaders in our industry. I've always found the smaller size of OUTLOOK also makes it a lot more intimate in terms of being able to talk to people and interact with the speakers.

A unique feature of this year's conference is the opportunity to earn continuing education credit before the conference on Sunday the 25th. NAAIM is offering 3 hours of approved NASAA Investment Adviser Representative (IAR) Continuing Education credit in Ethics and Professional Responsibilities presented by Ryan Redfern, President of Shadowridge Asset Management, LLC. In addition to Sunday's ethics program, CFP® Continuing Education and additional IAR CE credits are available for select presentations throughout the conference on Monday and Tuesday. This is an excellent opportunity to satisfy a significant portion of your annual IAR CE requirements while attending OUTLOOK.

The full agenda is on page 4 of this newsletter, so take a moment to check out topics and speakers and then make plans to be at OUTLOOK 2026 in Dallas.

The timing of OUTLOOK right before the mid-terms should make this a particularly interesting and timely conference. The market has been whistling past every obstacle from the conflict in Iran to stubborn inflation, Fed interest rate increases and political tensions. The mid-term elections, with both the House and Senate majorities at stake, could be a game changer. While news coverage has focused primarily on differences between Republican and Democratic stances, these are local elections in each voting district, which typically comes down to a battle of personalities and regional issues. That makes results particularly difficult to predict.

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The views and opinions of the authors are not necessarily those of NAAIM, its officers or Board of Directors.

Agenda Highlights at OUTLOOK 2026



Sunday, October 25 – EXTRA CREDIT

Earn three hours of NASAA Investment Adviser Representative (IAR) Continuing Education credits in Ethics and Professional Responsibilities on Sunday, October 25, immediately preceding OUTLOOK 2026.

This special ethics session will

be presented in three 50-minute sessions by Ryan Redfern, President of Shadowridge Asset Management, LLC, and provides an excellent opportunity to satisfy a significant portion of your annual IAR CE requirements while attending OUTLOOK. There is no additional charge for this special Sunday session.

Ethical Obligations in Client Supervision and Ongoing Monitoring — The first session examines the ethical responsibilities of Investment Adviser Representatives (IARs) in supervising client accounts and ensuring ongoing compliance with fiduciary standards. Building on NASAA model rules and SEC interpretations, it highlights the importance of vigilant monitoring to detect issues like unsuitable investments or unauthorized activities. Through practical examples, participants will learn to integrate ethical oversight into their practices, promoting client protection and regulatory adherence.

Ethical Use of Technology and AI in Advisory Practices — Session two addresses the growing ethical challenges and responsibilities associated with using artificial intelligence (AI), algorithms, and other emerging technologies in investment advisory services. Aligned with recent SEC examination priorities (including 2026 focus areas) and NASAA guidance, it explores how IARs must ensure transparency, fairness, and fiduciary compliance when deploying tech tools. Participants will examine risks like algorithmic bias, “AI-washing,” data privacy, and explainability, while learning practical steps to maintain client-first standards.

Cybersecurity, Privacy, and Ethical Protection of Client Information — The final session focuses on the ethical and professional obligations of IARs to safeguard client data in an era of heightened cyber threats. Drawing from SEC Regulation S-P amendments, NASAA principles, and 2026 regulatory priorities, it stresses fiduciary duty in privacy protection, incident response, and transparency. Participants will gain tools to identify vulnerabilities, implement safeguards, and handle breaches ethically while preserving client trust.

Monday, October 26



Midterm Madness – Eight Days Out: Positioning Into November & Beyond

- Presented by Henrietta Treyz, Co-Founder, Director of Economic Policy, Veda Partners

Henrietta Treyz provides an overview of the economic, trade and electoral landscape as the US hurtles into the final stretch of the 2026 midterm elections. With the House and Senate in play for Democrats, Ms. Treyz will walk through what to expect in the lame duck session of Congress (hint: especially active if Republicans lose control of either chamber) and the final two years of the Trump administration.

Ms. Treyz has been providing investors with economic policy analysis for over 15 years, leading the Veda policy team through trade wars, global pandemic, recession, financial services reform, healthcare reform, and various trade policies of multiple administrations impacting the global marketplace and investment community. Her analysis is derived from legislative, regulatory, and political events nationally and at the state level on issues as diverse as tariffs, fiscal stimulus, tax legislation (corporate and individual), the debt ceiling, and other economic and fiscal priorities of Washington, D.C. Her longstanding relationships with Administration, Agency, Senate and House members and staff run the ideological gamut and her approach to making directional calls for investors hinges on understanding the motives and voting tendencies of all manner of public officials.



The 80/20 Manifesto: The Power of Disproportionate Returns

– Presented by David Leo, Founder, Street Smart Research Group, LLC

The 80/20 Manifesto is a practice-management framework built on one uncomfortable premise: roughly 20% of what you do generates the vast majority of your results — and most practices spend their time on the other 80%. David Leo applies the Pareto Principle to the business of advice.- Why “satisfied” clients are a growth risk rather than a finish line — and why the very satisfied are the ones who consolidate assets and refer. You’ll learn a sharper way to identify your best clients than AUM alone, the documented systems that make excellence repeatable instead of accidental, and how to reclaim the hours a high-value producer quietly gives away — so more of your week goes to the work only you can do. And you’ll confront the hardest part: why knowing what to do is not the same as doing it.

David is the founder and head coach of Street Smart Research Group LLC, where for over two decades he has helped independent and RIA practices work smarter, not

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Agenda Highlights at OUTLOOK 2026 CONTINUED

harder. Drawing on 30 years at IBM and seven as a Corporate Vice President at UBS/PaineWebber, he coaches advisors to focus on the vital 20% of activities that drive 80% of results.

Using AI for Investment Research and Modeling - Presented by Rob Hanna, Capital Advisors 360

Artificial intelligence is rapidly changing how investment professionals research ideas, test models, manage data, and automate repetitive tasks. This hands-on presentation will explore practical ways AI can be integrated into investment research and an advisory workflow—from initial setup and data collection to model development and business automation. Presenter Rob Hanna will demonstrate how AI can be used to scan and analyze sources such as X (Twitter) and Bluesky, explore and extend the findings of research papers, build and test investment models, and update datasets such as the VIX, the Federal Reserve's SOMA holdings, or the NAAIM Exposure Index. You will also be introduced to dashboards that can monitor information and trigger automated tasks, along with key considerations for designing reliable, useful, and repeatable AI-driven workflows.



Are Bessent and Warsh Wearing the Same Team Jersey? – Presented by Danielle DiMartino Booth, CEO and Chief Strategist, QI Research

The two most influential men in U.S. financial policy are Scott Bessant, 79th United States Secretary of the Treasury and Kevin Warsh, the 17th Chair of the Federal Reserve. Danielle DiMartino Booth explores how their views and policies mesh and conflict and what to expect in the coming months.

A global thought leader in monetary policy, economics, and finance, Ms. DiMartino Booth is CEO & Chief Strategist for QI Research, a research and analytics firm she founded in 2015. She is the author of *FED UP: An Insider's Take on Why the Federal Reserve is Bad for America* (Portfolio, Feb 2017), a business speaker, and a commentator frequently featured on CNBC, Bloomberg, Fox News, Fox Business News, BNN Bloomberg, Yahoo Finance and other major media outlets. Prior to QI Research, Ms. DiMartino Booth spent nine years at the Federal Reserve Bank of Dallas. She served as Advisor to President Richard W. Fisher throughout the financial crisis until his retirement in March 2015. Her work at the Fed focused on financial stability and the efficacy of unconventional monetary policy.

NAAIM Member Round Tables: Informal concurrent discussions

Target your priority topics during two 45-minute round-table discussions.

- **Session #1 Topics:** Marketing/Custodians or Technical Analysis/Trading
- **Session #2 Topics:** Technical Analysis/Trading or Software Tools Used in Your Practice

Tuesday, October 27



Market Outlook – Presented by Helene Meisler, Contributor, The Street Pro

Discover why Helene Meisler has long been a favorite at NAAIM conferences. On Tuesday, Ms. Meisler will take a technical look at the current market environment, reviewing key indicators that help assess market strength, momentum, and investor sentiment. She'll highlight what the technical picture is saying now and discuss areas of the market that may warrant attention as we move toward year end. Her presentation will also explore potential opportunities among stocks and market groups as the effects of tax-loss selling begin to fade.

Ms. Meisler has been working on Wall Street for 40+ years. As a self-identified swing trader, she specializes in utilizing technical analysis to capture short-to-medium term stock gains. She began her career at Cowen, followed by a few years at Goldman Sachs as their first ever technical analyst, she then managed equity money for Cargill. She has gained notoriety for her use of hand-drawn charts.



From \$7 Million to \$130 Million: What NAAIM and AI Helped Me Accomplish – Presented by Ryan Redfern, President, Shadowridge Asset Management, LLC

This session is a first-person account of growing an active-management practice from \$7 million to \$130 million in AUM. It focuses on the NAAIM relationships and member insights that changed how the firm was designed, the operating systems that removed the founder as the bottleneck, and the practical ways AI is now used for research, marketing, client work, and day-to-day leverage.

NAAIM Exchange Live

The final session at OUTLOOK 2026 is an opportunity for attendees to bring up and discuss topics that may have arisen during the conference or in their own practices. This live exchange often sparks some of the most enduring lessons of the conference.



Sunday, October 25

- 3:00 – 6 PM **NASAA IAR CE Credit – 3 Hours:** Ryan Redfern, President, Shadowridge Asset Management, LLC. (Free with conference registration)
- 6:00 PM NAAIM Board Meeting
- 7:30 PM **Meet in Hotel Lounge** for a nightcap and your first drink is on NAAIM!

Monday, October 26

- 7:30 AM **Registration** – Breakfast in the Sponsor Hall
- 8:30 AM Welcome – Ron Rough, NAAIM President
- 8:45 AM **Midterm Madness – Eight Days Out: Positioning into November & Beyond** - Henrietta Treyz, Co-Founder, Director of Economic Policy, Veda Partners
- 9:45 AM **The 80/20 Manifesto: The Power of Disproportionate Returns** - David Leo, Founder, Street Smart Research Group, LLC
- 10:45 AM Refreshment Break
- 11:15 AM **AI for Research, Modeling, and Business Automation** - Rob Hanna, Capital Advisors 360
- 12:15 PM Lunch - Sponsor Introductions
- 1:15 PM **Are Bessent and Warsh Wearing the Same Team Jersey?** - Danielle DiMartino Booth, CEO and Chief Strategist, QI Research
- 2:15 PM **You can automate the task. You own the fiduciary duty.** - Leila Shaver, Founder and Compliance Nerd, My RIA Lawyer
- 3:15 PM Refreshment Break
- 3:45 – 5:15 PM **NAAIM Member Round Tables:** Informal concurrent discussions
- Session #1 Topics:**
- a. **Marketing** – David Leo, Moderator
 - b. **Custodians** – Josh Kneller, Moderator
 - c. **Fed Action and The Economy** – Danielle DiMartino Booth, Moderator
- Session #2 Topics:**
- a. **Technical Analysis/Trading** – Jim Bernstein, Moderator
 - b. **Software Tools Used in Your Practice**- Jacob Dechesnes, Moderator
 - c. **Using AI in Your Practice** – Colby Cantrell and Rob Bernstein, Moderators
- 6:00– 9:00 PM **NAAIM Evening Event – At Fault Dallas Sports Bar (Pickleball is available)**

Tuesday, October 27

- 7:30 AM Breakfast in the Sponsor Hall
- 8:30 AM **The State of the Market** - Helene Meisler, Contributor, The Street Pro
- 9:30 AM **From \$7 Million to \$130 Million: What NAAIM and AI Helped Me Accomplish** - Ryan Redfern, President, Shadowridge Asset Management, LLC
- 10:30 AM Refreshment Break
- 11:00 AM **Working with an AI Assistant** - Chad Henry, ForthRight Financial Planning
- 12:00 PM Lunch – Roundtable Summaries
- 1:00 PM **NAAIM Member Panel - Using AI for Marketing, Compliance, Note Taking and Other Business Practices** – Colby Cantrell, Retirement Specialist Central Ohio; . Chris Miller, South Pointe Advisors; and Rich Davila, ProfitScore Capital Management, LLC
- 2:00 PM Refreshment Break
- 2:30 PM **NAAIM Exchange Live – Barry Arnold**
- 4:00 PM **Conference Adjourns**



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Time to Start Working on Your Founders Award Paper!

LAUNCHED IN 2009, THE NAAIM FOUNDERS Award is designed to expand awareness of active investment management techniques and the results of active strategies through the solicitation and publication of research on active management. \$5,000 is presented annually for the best paper submitted to the competition.

The competition is open to all investment practitioners, academic faculty and doctoral candidates who submit an innovative topic in the area of active investing. This can be either a documented and justified investing approach or an exploration into the validity of active investing. Active investing topics can involve making investment decisions using technical analysis, quantitative analysis, etc. Papers can also address related topics such as position sizing techniques, money management approaches, scaling into and out of trades, exit strategies, etc.

Deadline to Submit a Paper - March 2027

The winning author will receive the following prize package:

- \$5,000 cash prize and the opportunity to present the winning paper at the 2027 Uncommon Knowledge Conference in Scottsdale, Arizona.
- Uncommon Knowledge Conference registration, domestic coach airfare and one night lodging for one author of the winning paper.

To download the competition rules and review prior winning articles and submissions, visit the NAAIM website under Programs | Founders Award, where you can find a list of more than 200 papers submitted since 2009 and request papers you find of interest. You will also want to complete an online INTENT TO SUBMIT found on the website.



SAVE THE DATE:
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McDowell Mountains

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An Updated Look at Missing the Best and the Worst Days of the Market

ONE OF THE MOST COMMON ARGUMENTS USED against active management is that “active management risks missing the best days of the market” resulting in significantly lower returns for the investment period.

For more than 30 years, NAAIM has argued that missing the best overlooks the most significant part of market performance – the impact of the worst days of the market. Global View Capital recently published an updated graphic on

missing the worst, illustrating that the worst days of the market typically occur during market declines. An investment strategy focused on limiting the risk of down markets, has the potential to miss the worst days of the market. The performance repercussions of missing the worst are so great, that it doesn’t matter if one also misses the best days!

For more information or permission to use the graphic with your clients, please contact Barry Arnold, Global View Capital Management, (262) 349-0647.



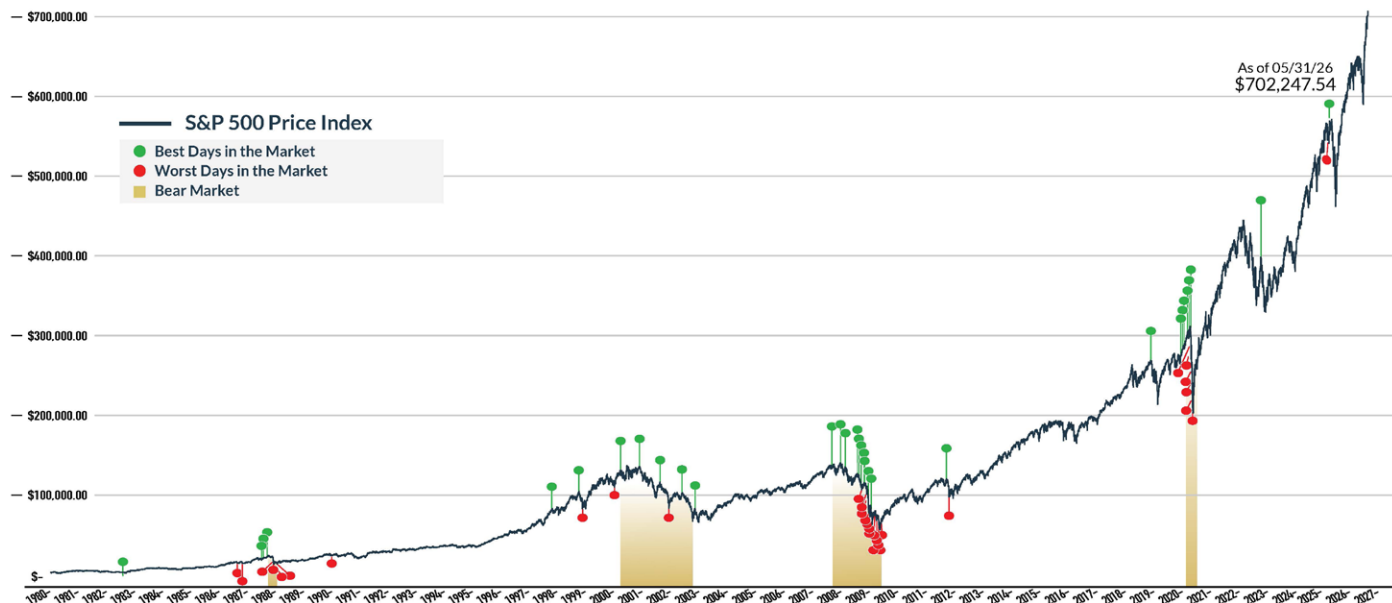
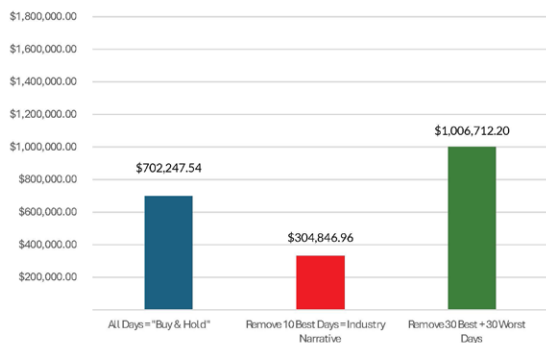
MISSING THE BEST AND WORST DAYS IN THE MARKET

The financial industry has always preached that because nobody can successfully time the market, one should stay the course and “buy and hold”. To illustrate that, they only tell one side of the story.

It’s true that excluding the best performing days would have reduced the overall return, however, our research has uncovered some surprising facts.

One of the most significant findings was to see what the results would be if we missed both the best and worst days in the market.

To our surprise, we discovered that most of the best and worst days were clustered within bear markets. This is a huge discovery because if one can simply avoid the bear markets, your wealth is preserved and performs even better!



Source: Graphs calculated by Global View Capital Management using data from 01/01/1980 to 05/31/2026 of the S&P 500 Index from MetaStock. Data Excluding Best and Worst Days calculated by GVC. The chart is for illustrative purposes only and does not reflect any actual investment product. The index is unmanaged and not available for direct investment.

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How to Limit the Considerable Tax Burden Associated with Active Portfolio Management

BY GRANT MORRIS



PASSIVE, SET-IT-AND-FORGET-IT PORTFOLIO MANAGEMENT often fails because investors don't have the discipline and emotional where-with-all to stay invested when markets decline. They often miss out on the recoveries that can happen quickly after a market downturn. That's why many choose active portfolio management, which responds to changes in the markets in real time.

The issue: Active portfolio management may realize gains throughout the year that could result in significant taxable events if active management takes place in taxable accounts. The taxes can significantly cut into the returns that are generated through sound active management.

This guide explains how you can introduce your clients to an active investment solution that limits the impact of taxes on their returns and provides greater flexibility when they pay them.

Active Portfolio Management: The Basics

Active portfolio management is a hands-on investment strategy where professional managers or individuals actively select, buy, and sell securities. The primary goal is to improve portfolio performance.

Unlike passive management, which takes more of a set-it-and-forget-it approach, active managers may rely on research, market forecasts, economic indicators, expertise, and other factors to seek to improve performance, taking advantage of opportunities in the markets while reducing risks. Active managers can use fundamental and technical analysis, as well as quantitative tools, to make informed investment decisions. They shift asset allocation, increase cash holdings, or use hedging techniques to seek to protect against downturns and enhance performance.

Tax Implications of Active Portfolio Management

Because of frequent buying and selling and other factors, actively managed portfolios come with significant tax obligations when held in taxable (non-retirement) investment accounts. The types of taxes include:

- **Capital gains taxes:** Active managers frequently buy and sell securities to outperform the market, leading to higher turnover and more capital gains distributions which are taxed at capital gains tax rates.
- **Income taxes:** Frequent trading often produces short-term gains, which are taxed at higher ordinary income rates, rather than the more favorable long-term capital gains rates.
- **Net investment income tax (NIIT):** High-income investors may be subject to an additional 3.8% tax on net investment income.
- **Annual tax liability:** Even if an investor does not sell their shares in an active mutual fund, they may still owe taxes on the capital gains distributed by the fund annually. This tax drag can negatively impact portfolio performance. If not handled properly, the tax burden can make the returns of an actively managed portfolio less appealing than a passive one.

How Exchange Traded Funds Can Help

The integration of active management into an exchange-traded fund (ETF) structure fundamentally changes the tax consequences for investors in taxable investment (typically non-retirement) accounts. As covered, traditional active management typically results in higher taxes due to frequent

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How to Limit the Considerable Tax Burden Associated with Active Portfolio Management

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trading and portfolio turnover, which generates realized capital gains. This is true whether an investor is accessing active management through a separately managed account or through a mutual fund. However, the ETF wrapper can significantly limit the tax drag because of its unique structural mechanisms.

Actively managed ETFs are designed to be more tax-efficient than traditional actively managed portfolios and mutual funds.

ETFs primarily use “in-kind” transfers, which involve the direct exchange of underlying securities for ETF shares (or vice versa) between authorized participants and the fund. The purpose is to bypass cash transactions to maximize tax efficiency. This mechanism, often referred to as *in-kind redemptions* or *in-kind creations*, avoids the sale of securities and thereby prevents capital gains taxes. (It also reduces transaction costs, an added benefit.)

Some of the other ways ETFs help with the active management tax burden include:

- Tax-efficient holding: When you do sell, you are taxed at lower long-term capital gains rates (0%, 15%, or 20% depending on income) if held for more than a year.
- Deferred tax payment: You control when the tax event occurs (when you sell), rather than being forced to pay taxes on capital gains distributed annually by a fund, even if you did not sell shares.

According to Fidelity, in 2024, only 9% of active equity ETFs made capital gains distributions, while 64% of active mutual funds did.

ETFs, Active Management, and Taxes: The Bottom Line

Active ETFs allow financial professionals to introduce their clients to a solution that pairs professional oversight and enhanced investment performance with structural tax advantages because of in-kind trades. By comparison, other actively-managed strategies, including mutual funds, which must often sell securities for cash, trigger capital gains that are distributed to all remaining shareholders — even if the fund’s value declines in a given year. This results in a tax drag that limits returns.

In addition, ETFs allow investors greater flexibility in when they pay taxes on their holdings, typically when they are sold and not annually.

According to a July 2024 report by ISS Market Intelligence, more than 60% of financial advisors planned to increase their usage of ETFs. This includes over 50% who plan to do so with active ETFs. Don’t you owe it to yourself to learn about — and introduce your clients to — a leading actively-managed tax-efficient ETF solution?

Grant Morris, CFA, CFP®, specializes in tactical investment strategies and technical analysis for McElhenny Sheffield Capital Management (www.mscm.net). He joined MSCM after developing a rules-based trend-following strategy to manage his personal investable assets. Mr. Morris has vast experience serving clients in the financial-services industry, previously as a consultant, and now in managing multiple tactical ETF strategies for MSCM clients and other RIA firms.



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QQQP

Tradr 2X Long
Innovation 100
Quarterly ETF

Seeks 200% of the
quarterly performance of
Invesco QQQ®

SPY

QUARTERLY RESET

SPYQ

Tradr 2X Long SPY
Quarterly ETF

Seeks 200% of the
monthly performance of
SPY

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What Your Spouse Needs to Know About the Family's Finances

BY VIC VERMA

IN MY LAST ARTICLE, I WROTE ABOUT WHY SO MANY women may find themselves managing significant wealth after a major life transition without feeling fully prepared for it. This article is about what families can do before that moment arrives.

In many families, the biggest problems do not come from a lack of wealth. They come from a lack of clarity and preparedness. One spouse may know where everything is, how the accounts are titled, who the professionals are, and what documents are in place. The other may have only a partial picture. From the outside, everything can look secure. But when life changes suddenly, what seemed manageable can become overwhelming very quickly.

That is why preparation matters.

Preparation is not about expecting the worst. It is about making sure that if life changes, one spouse is not left trying to solve a financial puzzle during a period of grief, uncertainty, or pressure.

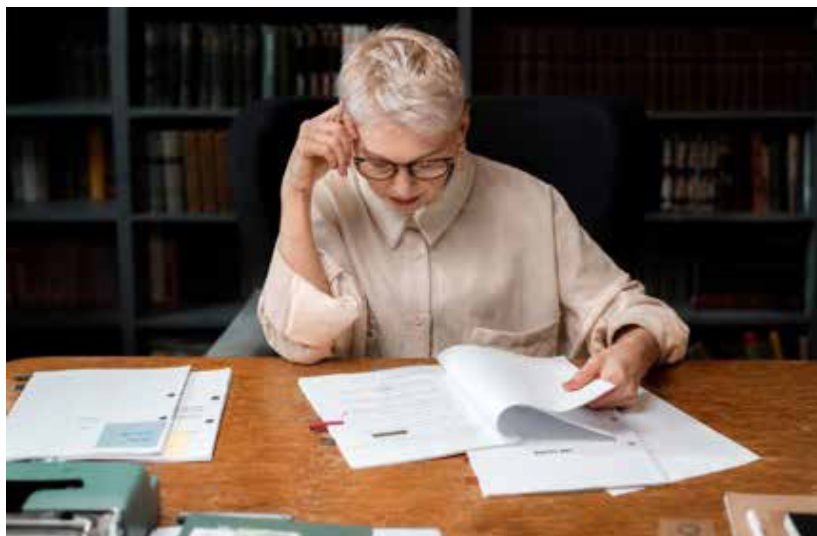
So what does preparation actually look like?

• **First, both spouses should know where the money is.**

That sounds like common sense, but it matters more than people realize. Bank accounts, brokerage accounts, retirement accounts, insurance policies, trusts, employer plans, real estate interests, and business holdings should all be easy to find. We had a client who knew he had an account at Fidelity but could not remember the account number. We decided to visit a Fidelity office together. After looking him up, the representative said, "Sir, you actually have another IRA here with about \$44,000 in it." The client himself did not know the account existed. If he did not know about it, how would his spouse?

• **Second, both spouses should understand how assets are titled and how they pass.** This is one of the most overlooked parts of planning. Many people assume their will or trust controls everything, but beneficiary designations on retirement accounts, insurance policies, and certain transfer-on-death accounts often override those documents. For example, many people open a 401(k) or IRA when they first start working. They may not be married at the time and may name their par-

ents as beneficiaries. Unless that designation is changed later, it can remain in place, and a will generally cannot override it. That is why keeping beneficiary designations current is so important.



• **Third, both spouses should know the key professionals involved.**

If there is a financial advisor, accountant, or estate attorney, both people should know who they are and have some relationship with them. This matters more than many realize. If one spouse suddenly has to make decisions alone, it is far easier when there is already trust and familiarity in place.

• **Fourth, families should create a simple master document showing the practical landscape of the household finances.**

It can be a clear list of accounts, institutions, contacts, insurance policies, and where important documents are stored. It should also include logins and passwords, along with where key records are kept. I have seen this happen firsthand. Someone I know knew where her husband's accounts were, but when the time came, she could not access them because she did not have the logins or passwords. Knowing that an account exists is only part of the equation. When these details are in order before they are needed, a difficult period becomes at least a little easier to navigate.

• **Fifth, preparation is not only logistical. It is also about exposure.**

Many people feel anxious because they may suddenly have to make large financial decisions on their own. That can leave them feeling less confident. Confidence often comes from familiarity, and familiarity usually comes from being included in the conversation. That is why families should talk, while they still can, about the broad shape of their finances, their priorities, and what would happen if life changed unexpectedly. Both spouses should have at least a basic understanding of their financial life.

These conversations are not always easy. Many families avoid them because the topic feels uncomfortable, pessimistic, or premature. But avoiding them does not remove the risk. It only postpones the confusion. I have advised families

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What Your Spouse Needs to Know About the Family's Finances

CONTINUED FROM PAGE 12

on these matters for years, and even so, when my own father became critically ill, I found it to be one of the most difficult conversations to have. How do you talk about these things when your instinct is to reassure someone you love that everything will be fine? That experience reminded me that these conversations are hard for almost everyone, which is exactly why it is better to have them well in advance, when life is still going along just fine.

At AQS, we have seen that the people who navigate these transitions best are not always the ones with the most money. Very often, they are the ones who had more clarity, more transparency, and a little more preparation before life changed.

Preparation does not mean controlling the future. It means reducing the number of avoidable problems that appear when the future arrives.

Vivek "Vic" Verma is the CIO of AQS, a New York-based wealth management firm serving women navigating major financial transitions, ultra-high-net-worth families, businesses, and a foundation. He previously held roles at the multi-family office American Alpha Advisors and at multi-billion-dollar funds Mason Capital and Patriarch Partners. Vic holds an MBA from Columbia Business School. He can be reached at verma@aqsmgmt.com. To learn more about AQS, visit aqsmgmt.com.

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President's Letter

CONTINUED FROM PAGE 1

The future of Artificial Intelligence is another source of market uncertainty with leaders of AI companies warning that AI could get ahead of our ability to control it. But Pandora's box of AI has been opened and there is no wishing it away. AI is a transformational technology. How much government plays a role in putting up guardrails is the tricky part. Regardless, 10 years from now the world will be quite different and we will have to adapt to it.

While I get to write this letter as NAAIM President, the real work of NAAIM takes place at the board and committee level. Following this letter is a list of your NAAIM board members and their contact information along with a thank you to board members who have stepped off the board after many years of service to NAAIM. I hope you will take a moment to introduce yourself to these individuals, if you do not already know them, thank them for their efforts and share your thoughts on NAAIM and how we can make the organization more effective. They are a great team and I look forward to working with them over the next two years.

The Board is currently working on several different issues including expanding NAAIM's social media presence and increasing the benefits of membership. We are continually looking for ways to find other active managers to grow our membership. New ideas, new insights into the market and different ways to run our businesses keep NAAIM a vital and valued organization.

The agenda committee, currently chaired by Paul Schatz, has done an incredible job bringing relevant speakers to our conferences and covering a wide range of topics that influence the daily success of our businesses. The OUTLOOK agenda is proof of their effectiveness. Agenda plans are already underway for next spring's Uncommon Knowledge conference, coming up May 2 – 5, 2027 at the Scottsdale Marriott at McDowell Mountains in Arizona.

I would like to encourage every member of NAAIM to help us get the word out about NAAIM. If you know of other active managers in your professional circle, take a moment to tell them about NAAIM and the NAAIM conferences. Send them to the NAAIM website for information on our many programs. If they agree, provide their email address to Susan

Truesdale so she can add them to the email chain. Finding other like-minded investment advisors who believe in active management and want to protect clients from market downturns is key to NAAIM's growth.

Markets have gotten complacent over the last decade with sharp declines followed by a quick bounce back. Many active managers may be wondering whether this approach is worth it or if they should throw in the towel and join the buy-and-hold crowd. History tells us that market cycles change, but secular bull markets are always followed by secular bear markets. Evidence is beginning to show that a tilt could be starting to happen, and we could see the current 15-year secular bull market give way to a secular bear. I tell fellow advisors and even the younger people in our firm, 'Stick to your guns, stay with your process.' Every time investors have begun to think "This time is different," the market has proven them wrong.

How do you deal with a complex world full of uncertainties? It's important to take time to step back and do things you enjoy. My wife and I just got back from a trip out to Colorado where we participated in American Discovery Trail 250 Relay, celebrating America's 250th anniversary. The 250 relay is a Coast to Coast Trail Cross-country event (about 5,000 miles) from July to Nov 2026. The route we took included parts of the Continental Divide trail and the Colorado Trail. The main requirement is non-motorized transportation. You can walk, bike, run, ride horseback, and more. It's really a step back in time to when life did not move as fast with time to talk and meet people from different backgrounds and lines of work.

Come December, we are off to Germany to listen to a long-time friend of my wife sing with Frankfurt opera. Naturally, there's time set aside for renewing acquaintances, touring and experiencing winter celebrations.

Here's hoping you are making time in your schedule to enjoy life and that we will meet at OUTLOOK 2026 in just a few weeks. Until then, have a great Fall!

Sincerely,

Ron

Ron Rough

2026-2028 NAAIM President

Going Off Script

BY JIM LEE

EVERYBODY HAS A START SOMEWHERE... USUALLY at the bottom.

I've always wanted to be a portfolio manager. But those jobs aren't given to recent college graduates. So, I started with a regional insurance company that later became a well-regarded planning firm.

They aggressively hired and trained new recruits. In order to "look and sound" like a financial advisor, we had to memorize verbatim a 30-minute PMM, or Personal Money Management interview. This was a scripted conversation that we had with every potential client.

The PMM was loaded with vintage 1990's sales techniques, including prepared cues to handle objections, move to the close, and gather referrals.

It wasn't so much financial planning as method acting with good intentions. My training manager used to say "fake it till you make it" ... but that never really resonated with me.

I stayed for six years and became bored from using other people's words to sell other people's products. Being a successful "asset gatherer" is different than being an "portfolio manager". At that point, I figured out that my job was a

distraction from what I really wanted to do.

We follow all kinds of scripts in our lives, whether we know it or not. There are scripts for polite conversations with strangers, scripts for talking about your vacation, and scripts for things people talk about on a date. There are even scripts that tell you what you should want out of your life.

Scripts have some real advantages – they don't need a lot of thinking, are socially acceptable, and often make other people feel comfortable. But the real issue here is about authenticity and engagement.

There are times (like my first job), where I downloaded someone else's script and made their business model my priority. A script isn't just a set of words... it's a program that tells you what to do and how to think.

The solution is to write your own story. Say it in your own words. Be as real as you can be.

Don't be afraid to experiment a little bit. Go "off script" for a while and see how other people react. And just as importantly, see how changing the script makes it truly yours.



(Image source: ChatGPT)

*Jim Lee, CFA, CMT, CFP®
Founder, StratFI*

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Special Thank You to Past Board Members

At the 2026 Uncommon Knowledge Conference, the NAAIM board said good-bye to long-serving board members Matt Spangler and Craig Thompson as they stepped down from the Board. They joined the ranks of more than 75 past and current members who gave their time over the past 37 years as NAAIM Board members. We extend our heartfelt thanks to Matt and Craig and the many other individuals who were and continue to be the keystone to the success of NAAIM.

Guidance, not guesswork: Active management for retirement accounts

BY DAVID WISMER

For clients seeking to take advantage of market opportunities—while also looking to avoid large drawdowns—actively managed strategies are an attractive and accessible option for workplace retirement accounts.

There is little doubt that many Americans are underprepared to fund their retirement needs. A recent [Newsweek](#) article summed it up clearly:

“More than half of all Americans do not have a plan in place for their retirement, a new study has revealed.

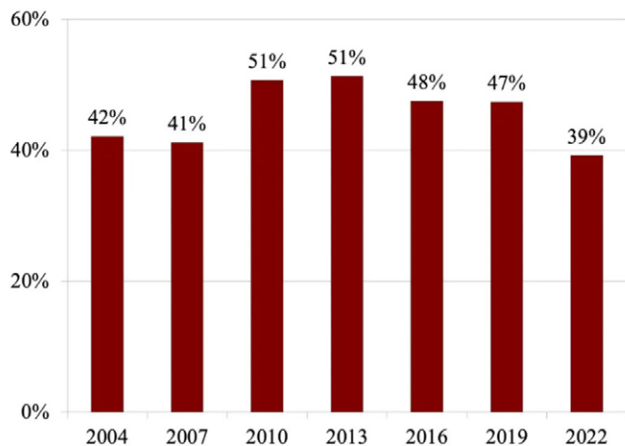
“Allianz Life’s 2024 Annual Retirement Study has found that 56% of Americans have no solid financial plan for their post-working years. The survey, which polled 1,000 over 25s in February and March this year, also found that nearly half (48%) worry about living too frugally and not enjoying retirement as much as they should.”

These statistics align with the National Institute on Retirement Security’s findings from 2024:

“The ground is shifting when it comes to retirement. Most Americans are experiencing increased financial pressures and low levels of retirement savings. ...”

FIGURE 1: THE NATIONAL RETIREMENT RISK INDEX (2004–2022)

% households at risk



Bar chart showing the percentage of U.S. households at risk of being unable to maintain their standard of living in retirement from 2004 to 2022.

Source: Yimeng Yin, Anqi Chen, and Alicia H. Munnell, 2024. “The National Retirement Risk Index: An Update from the 2022 SCF” Issue Brief 24-5. Center for Retirement Research at Boston College.

How are Americans managing their workplace retirement plans?

Research from Fidelity, Boston College, and others reveals several concerns with how working Americans are contributing to and managing their workplace retirement savings plans, including 401(k)s and other voluntary savings plans such as 403(b)s:

- According to a Fidelity study, age-appropriate equity allocations have declined, particularly among millennials. Only about 59% of those studied have what Fidelity considers to be age-appropriate investment allocations. The study found, “The decline in [retirement] preparedness is being driven by two primary factors: people are saving less and investing more conservatively.”
- Factors impacting retirement plan contribution rates include lower household savings rates, inflation, and declining real income.
- In 2023, Ms. Munnell noted that 401(k) participants were hit hard by the weak 2022 stock market, and that “more importantly, long-run trends show little gains for median balances.”

In an updated look at 401(k) balances last year, Munnell wrote,

“Average balances rose from \$112,600 in 2022—a terrible year for the stock market—to \$134,100 in 2023, and median balances from \$27,400 in 2022 to \$35,300 in 2023. The big difference between the median and the average is due to a small number of accounts that have really big balances.

“The good performance of all the indicators in 2023, however, does not mean all is well. Balances are actually pretty puny. Consider the holdings of those approaching retirement—ages 55-64. As one would expect, these balances are much larger than those for the full participant population. But still, the median is only \$87,600, which means that half of participants have less than this amount and half have more.”

It’s also worth noting, as Munnell pointed out in 2023, that “households with a 401(k) plan are the lucky ones. Only about half of households in the middle third of the income distribution have such a plan.”

The shift over the past 45 years from defined benefit plans (pensions) to defined contribution plans (401(k)s) has raised important questions:

- Are most American workers too focused on wealth accumulation and not enough on risk management of their investment assets and planning for decumulation—that is, how they will fund a retirement income stream?
- Are they making avoidable mistakes with their 401(k)s? Bankrate cites several of the most common:
 - » Not contributing enough or consistently
 - » Failing to increase contributions with income growth
 - » Being unaware of or not understanding investment choices, fees, or the performance of different investment funds
 - » Accepting the default investment option
 - » Being too heavily invested in your employer’s company stock

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Guidance, not guesswork: Active management for retirement accounts

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- » Failing to take full advantage of employer matches
- » Not understanding vesting schedules (especially important if an employee is leaving their company)
- » Taking early withdrawals and incurring penalties and/or fees
- Do most workers have the financial literacy to manage such an important asset on their own? Behavioral tendencies associated with self-directed investing—such as loss aversion, anchoring, or herding—can all impact 401(k) decisions. As one industry observer put it, “You give the burden of planning retirement and place it upon the shoulders of the person who knows the least.”
- Are workers aware of and preparing for sequence-of-returns risk—the potential damage caused by poor market returns just before or after retirement?

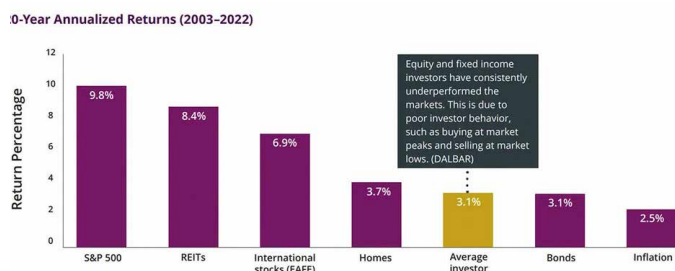
Why this information matters for advisors and their clients

Certainly, one of the key themes presented here is that participants in 401(k) and other voluntary retirement plans are being asked to effectively manage their own investment portfolios with limited personal investment knowledge and a tendency to make decisions influenced by behavioral biases. While plan sponsors provide information on administrative details and available investment options, that support falls short of professional guidance in making important investment decisions year after year.

Research from DALBAR and other sources shows how self-directed investors often underperform major benchmarks. In 2024, DALBAR reported,

“Despite strong market performance in 2023, investor behavior continues to hold back returns when compared with the market. ... The Average Equity Investor earned 5.5% less than the S&P 500 in 2023, the 3rd largest investor gap in the last 10 years. ... The Average Fixed Income Investor earned 2.63% less than the Bloomberg Barclays Aggregate Bond Index gain.”

FIGURE 2: COMPARISON OF SELF-DIRECTED INVESTOR PERFORMANCE TO MAJOR ASSET CLASSES



Sources: Developed by Darnell Sikes Wealth Partners (DSWP), based on data from Morningstar Direct, Bloomberg, and DALBAR

This trend is not new. As wealth management firm Darnell Sikes Wealth Partners notes,

“For several years, DALBAR has analyzed when investors get in and out of the market to see how their decisions compare to the wise investing adage to buy low and sell high. They found that it is easy to be right when the market is steadily rising, but during turbulent times, investors need guidance.”

For roughly the past two decades, select third-party investment managers (also known as turnkey asset management platforms, or TAMPs) have offered managed investment solutions for advisors who work with plan participants in 403(b), 401(k), 401(a), or 457 plans.

For clients seeking to take advantage of market opportunities, while also seeking to avoid large drawdowns in turbulent markets, actively managed strategies are an attractive and accessible option for many plan participants. Funds can be used to deliver different risk-managed strategies in separately managed accounts designed to be used within a self-directed brokerage account (SDBA).

Plan participants at many companies or within the public sector can ask their advisor about the ease of using the SDBA option. By doing so, they can add a dynamically risk-managed separate account to their workplace retirement account. This separate account provides a gateway to the same management styles as high-net-worth investors, institutions, and foundations, giving investors more tools, an enhanced risk-management approach, and professional guidance to help them reach their retirement funding goals.

The bottom line

Working with their financial advisor, plan participants can construct a workplace retirement portfolio that reflects their objectives, risk tolerance, time horizon, and personal or family financial situation—in addition to being analyzed and optimized in the context of their overall financial plan.

Having a knowledgeable and professional advocate for retirement investment planning takes away the burden for plan participants of making difficult investment decisions each year on their own. In addition, employing risk-managed strategies that have an active, responsive defense mechanism can help keep a severe bear market from derailing a plan participant's portfolio and progress toward their goals.

David Wismer is editor of Proactive Advisor Magazine. Mr. Wismer has deep experience in the communications field and content/editorial development. He has worked across many financial-services categories, including asset management, banking, insurance, financial media, exchange-traded products, and wealth management.