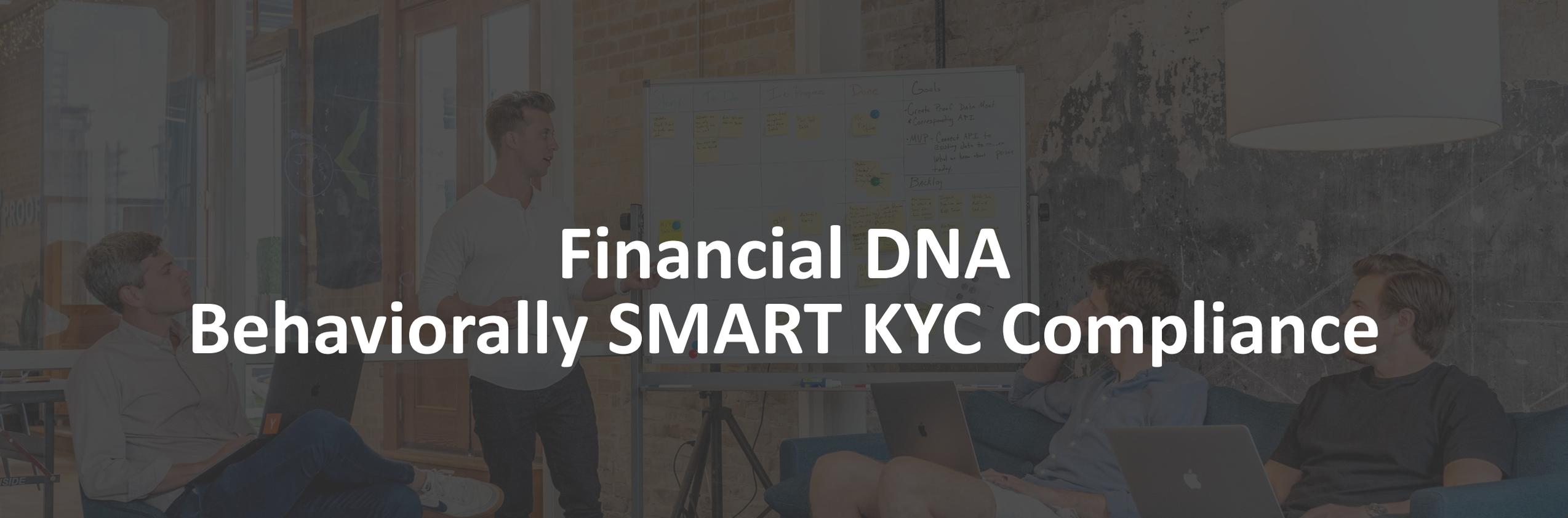


DNA Behavior[®]

Human Performance Acceleration
Using Behavioral Insights Since 2001



A man in a white shirt stands in a meeting room, presenting to a group of people seated around a table. A whiteboard in the background is divided into sections: 'To Do', 'In Progress', 'Done', 'Goals', and 'Backlog'. The 'Goals' section contains the text: 'Create Brand Data Model & Corresponding API', 'MVP - Connect API to existing data to run what we know about person today', and 'Backlog'.

Financial DNA Behaviorally SMART KYC Compliance

Managing the Growing Regulatory Compliance Avalanche

Behavioral Management Grows Relationships and Minimizes Risk



Client Protection, Engagement,
Experience and Retention - 23%
Revenue Uplift



Costly Complaints and Litigation –
99.75% Investor Suitability

Compliant KYC Discovery Process Incorporating Financial DNA Measurement

Traditional - Objective Factors

- Wealth (Net worth)
- Annual Income,
- Tax Status
- Employment Stability
- Time horizon, Liquidity
- Spending Patterns
- Demographic Factors -age
- Financial Goal Needs/Objectives
- Financial Capacity
- Investment Experience, Knowledge
- Education, work experience

Financial DNA - Subjective Factors

- Communication and Learning Style
- Purpose Based Goals (Needs and Wants)
- Risk Profile (including Risk Propensity, Tolerance, Loss Aversion, Preference, Composure) Style
- 16 Behavioral Biases influencing decision-making style

Goals Based Planning

- In-depth client inquiry and interactive discussions
- Structure for advisor to make professional judgement
- Risk Profile development based on objective and subjective factors
- Allocation of risk profile to different goal buckets
- IPS to guide decisions

Changing the Know Your Client Paradigm with a Behavioral Finance Platform Using Financial DNA

Traditional Paradigm	Financial DNA Holistic Approach	New Generation of Financial Personality Discovery and Performance Measurement
Big Data and Artificial Intelligence (Current Observed Behaviors Based on Assumptions and Some Actions)		Completion of a Validated Discovery Process by each participating individual to measure stable long-term behaviors and preferences
Singular Risk Tolerance Profiling Questionnaire (Highly Subjective)		Holistic Financial Personality Discovery firstly measuring Natural Instinctive DNA Behavior (Higher Objectivity) and then Learned Situational Behavior
		Measurement of Risk Propensity, Tolerance, Loss Aversion, Risk Preference, Risk Profile, 16 Behavioral Biases, Portfolio Grouping 1 to 7
Static Reports		Risk Composure: Market Mood Dashboard for Real Time Behavioral Management to Markets
N/A		IPS and Behavioral Portfolio Models
N/A		Customized Communication Keys and Action Steps
N/A		Quality Life Insights for Goals- Based Planning
N/A		Advisor Client Group Reporting
Situational Questions and Intelligence, Experience Bias		Validated Psychometric Analysis using Non-Situational Forced Choice Questions and Fit for Purpose Situational Risk Profiling Questions
Basic Stand-Alone Platform		API Integration with Custom Reporting and Branding

The Compliance Strength of Financial DNA Evaluated as the Platinum Standard of KYC

The Regulators globally adopt a principles-based approach to compliance and do not prescribe specific tools and methodologies.

Notwithstanding, Financial DNA meets the guidelines of the following regulators as a “fit for purpose” and “best practices” process for KYC and Investor Suitability:

USA – FINRA, SEC

Canada – OSC

UK-FCA

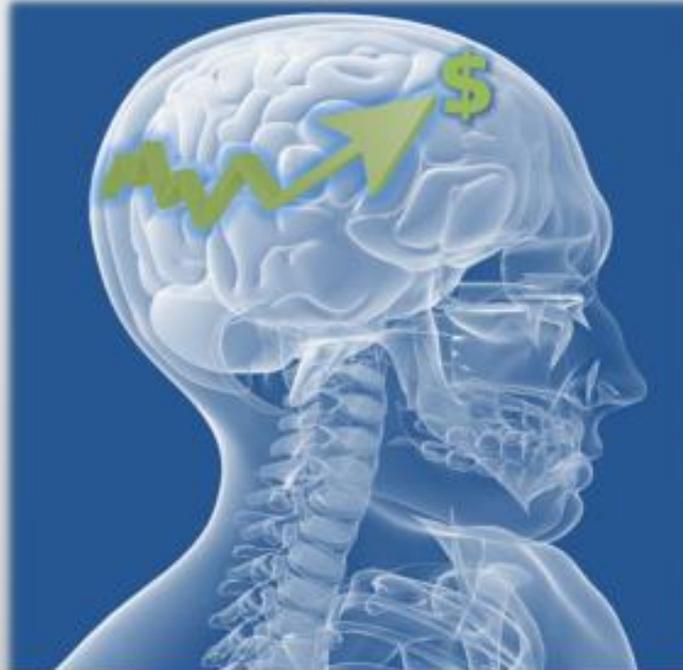
Netherlands - AFM

Australia – ASIC

In addition, the Finance and Technology Research Center in the UK gave Financial DNA a “5 Star” Rating in 2012 for its psychometric strength.

About the Financial DNA Solution

The World's Most Holistic Know Your Client Behavioral Discovery



Financial DNA[®] is a proprietary solution for comprehensively and reliably discovering all dimensions of a client's financial personality for making life and financial decisions based on extensive validated behavioral finance research. The end result is an improved goals-based financial plan for clients.

Financial DNA[®] = Financial Personality

Multi-Dimensional Behavioral Discovery



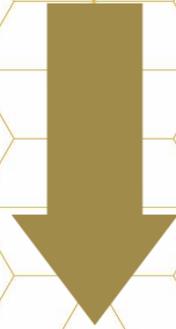
The Traditional Risk Profiling Methodologies Leave you in the Dark in Key Areas



The Power of Implementing Financial DNA From 40% Advisor Accuracy to 99.75% Investor Suitability



Completion by Each
Advisor+ Team



Reduced Subjective
Advisor Judgement



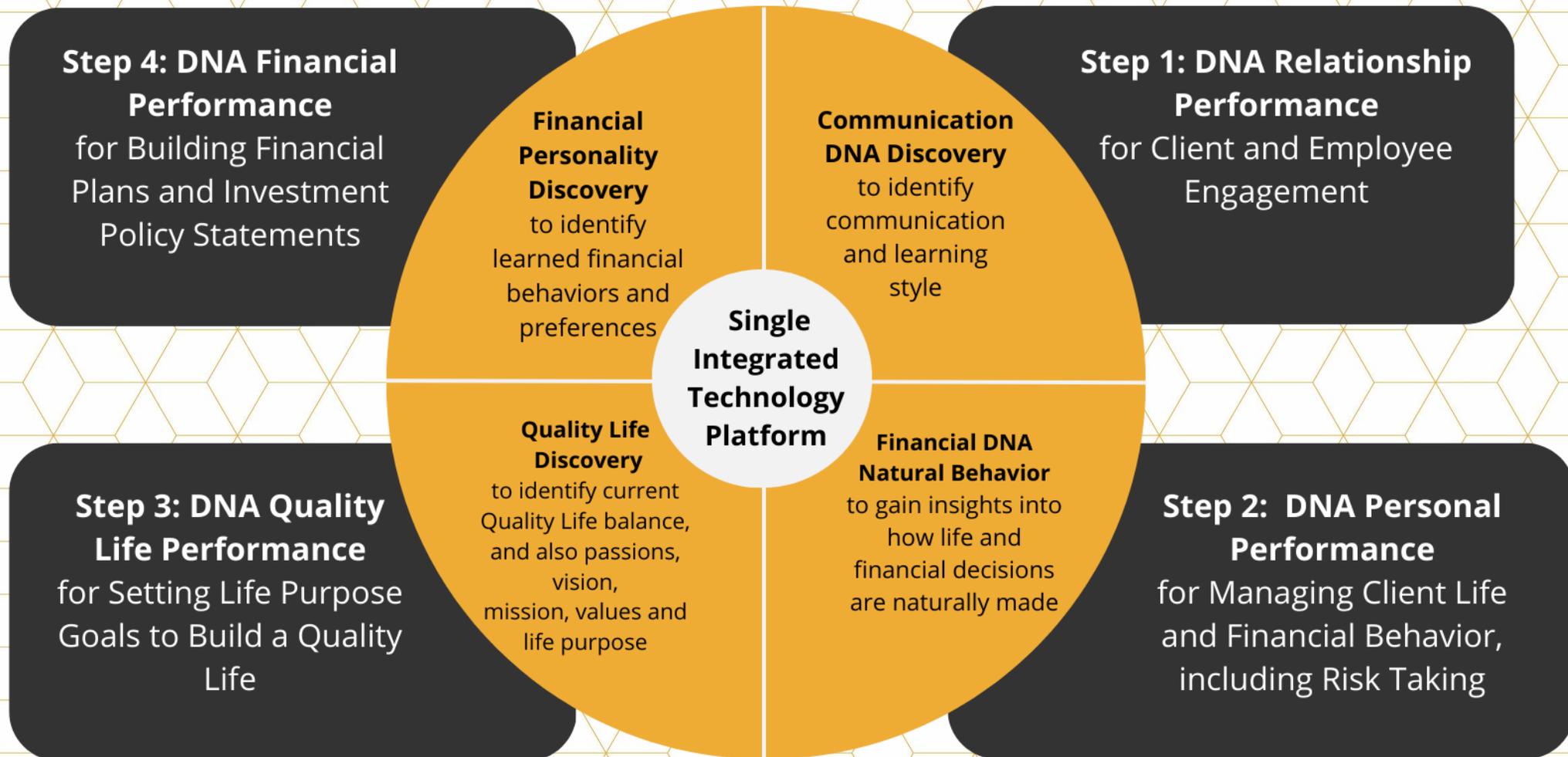
Completion by Each
Client



Minimized Advisor
+ Client Emotions

Our Complete Financial DNA Discovery Process for Wealth Mentors

Four Separate Online Discovery Steps for Customizing Life Long Financial Planning Experiences



Financial DNA Discovery Process Deliverables Implemented in Stages

1. Communication DNA Discovery

For DNA Relationship Performance



- Identify Communication and Learning Style
- Takes 2-5 mins
- 12 Forced Choice Questions)
- Completed by prospects before first meeting

Reports:

- Consumer
- Enterprise

2. Financial DNA Natural Behavior Discovery

For DNA Personal Performance



- Identify 16 Financial Behaviors, including 10 Risk Areas
- Takes 15-20 mins
- 46 Forced Choice Questions
- Completed by engaged clients in the fact find process

Reports:

- Talent/Summary
- Behavioral Mgt
- Wealth Mentoring

3. Financial DNA Quality Life Discovery

For DNA Quality Life Performance



- Identify Current Quality Life Balance in 8 Key Life Areas
- Takes 15-20 mins
- 80 Self-Rating Items
- Completed by clients in a deeper goal setting process

Reports:

- Quality Life Performance
- Planning

4. Financial DNA Financial Personality Discovery

For DNA Financial Performance



- Identify 18 Learned Financial Behaviors and Preferences
- Takes 15-20 mins
- 29 Likert Style Questions
- Completed by clients in building the plan and IPS

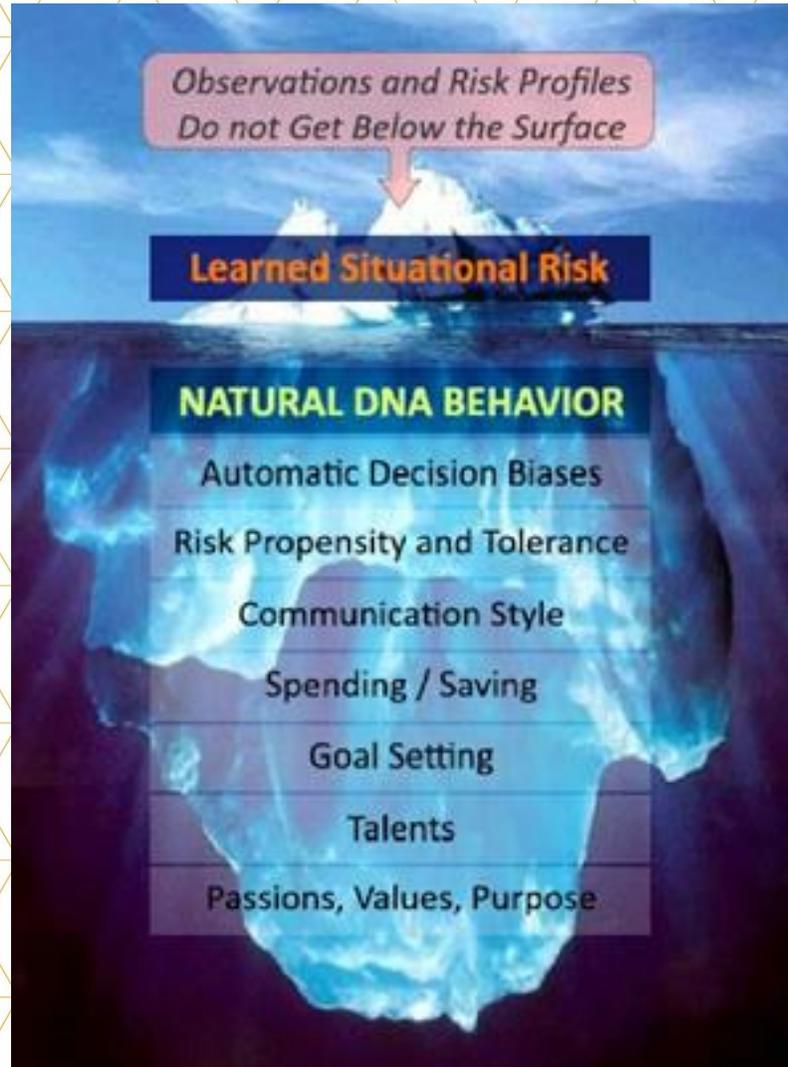
Reports:

- Financial Performance
- Behavioral IPS

A group of people are working in a modern office setting. They are seated at a long table with laptops open in front of them. A man in the foreground is wearing headphones and looking at his laptop. Another man is looking at a laptop in the background. The office has a warm, wooden interior with a hanging light fixture consisting of several cylindrical shades. The right side of the image is partially obscured by a white geometric pattern.

THE PROCESS FOR USING FINANCIAL DNA INSIGHTS IN CLIENT CENTERED GOALS-BASED PLANNING

Quicker and 91% More Reliable Method to Predict Reactions to Market / Life Events



DNA Natural Behavior
– 46 Questions
(10 to 12 Mins)

Completed by each individual
client (both spouses
participate)

Process for Advisors Using Financial DNA Insights Impacting Every Phase of the Financial Planning Process



New Client Onboarding Process for Enhancing Engagement and Deepening Discover



Client Onboarding

1. Every client to complete Financial DNA Natural Behavior Discovery (taking 10 to 12 minutes) after an introductory meeting, but before the financial planning process commences.
2. Report discussed with the client during the planning process and plan tailored to client's decision-making style, risk, goals and financial capacity.

Annual Review and Transitions

Initially complete FDNA Natural Behavior Discovery one time only. However, reports are referenced in every interaction through the client lifecycle.

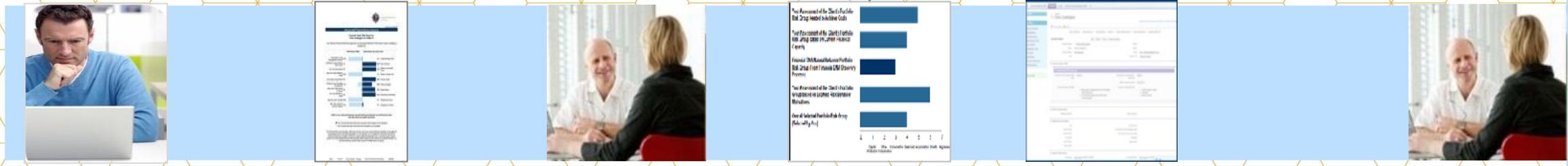
Additional Quality Life and Financial Personality Discovery steps available to know the client at a deeper level.

DNA Advice and Compliance Process

How is the Financial DNA Discovery Process Used?

Compliance Phases of Advice Process

After the Risk Profile is known using Financial DNA, the advisor prepares a plan and IPS for further discussion and client sign-off. The factors considered in making recommendations are documented.



Client online completion of the FDNA Natural Behavior Discovery Process and gets report Optional: Financial Personality Discovery

Advisor reviews client FDNA reports and prepares for discovery meeting knowing how to adapt his/her biases

Advisor discusses the FDNA Report in the discovery meeting in context of client needs, wants, goals, financial capacity, risk profile and experiences. Simulate emotions using Market Mood.

DNA data integrated to CRM and Financial Planning Software for monitoring all communications and processes, and to provide exception reporting for misaligned actions

Annual Review: Client online completion of the FDNA Financial Personality Discovery Process to compare natural behavior against situational and behavioral changes. Update IPS

Client Onboarding: Deployment of the Financial DNA Reports

● **CDNA Customized Meeting Guide**
(1 page) for advisor to engage the client on their terms

● **FDNA Summary Report**
(6 pages) for advisor and client to identify decision-making style, biases and risk

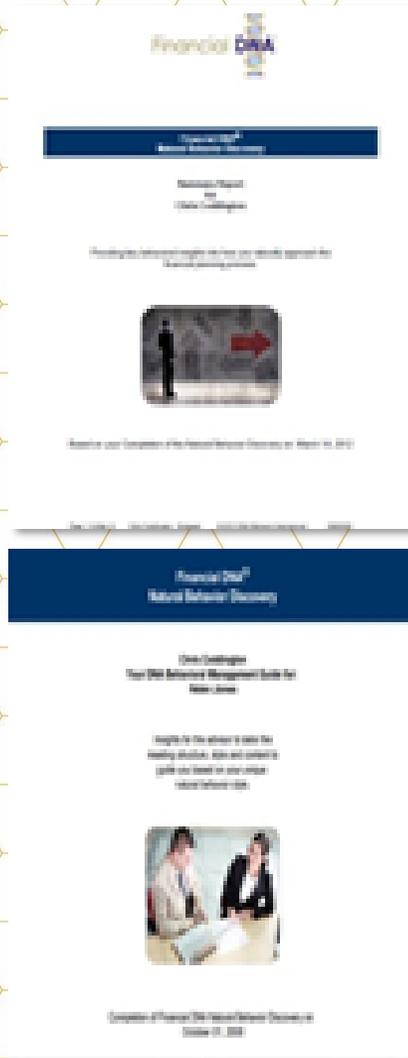
Financial Talent DNA Report
(1 page) for pinpointing the client interview to 10 key behavioral insights; or
Comparison Talent DNA Report
(1 page) for Couples

● **DNA Behavioral Management Guide**
for the advisor to adapt their style in behaviorally managing the client

Behavioral IPS
to align financial personality to the plan

Additional FDNA Discovery Processes:
Quality Life Financial Personality

Financial DNA Natural Behavior Discovery Reporting for Clients and Advisors

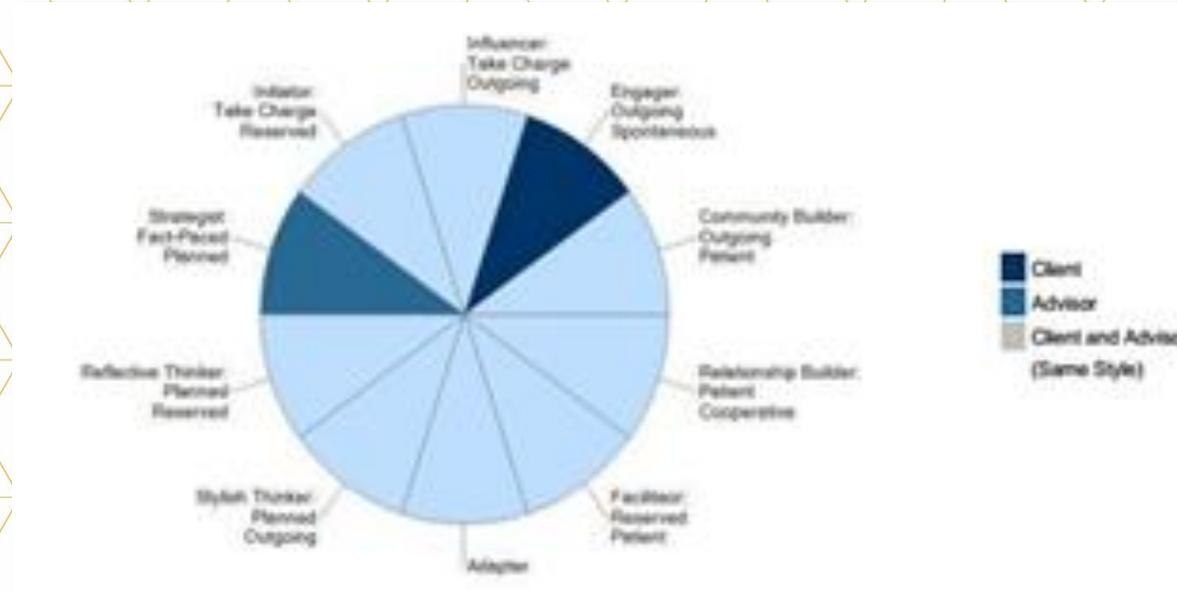
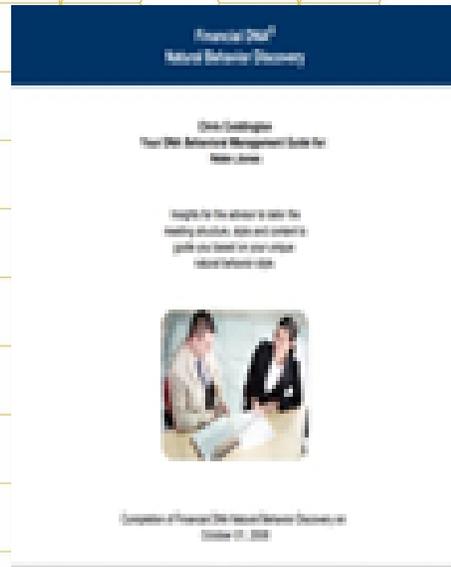


The client receives the Financial DNA Natural Behavior Summary Report (6 pages) - Key behavioral insights on the clients natural approach to the financial planning process.

The advisor uses the Behavioral Management Guide comparing themselves to the client and to help them guide the advisory process

1. Additional: Financial Talent DNA Report (1 page) – 10 Performance Success and Risk Factors to focus the client discussion
2. Additional: Financial Talent DNA Comparison Report – Highlighting couple differences
3. Alternative Option: Financial DNA Investment Risk Report (3 pages) addressing investment risk only

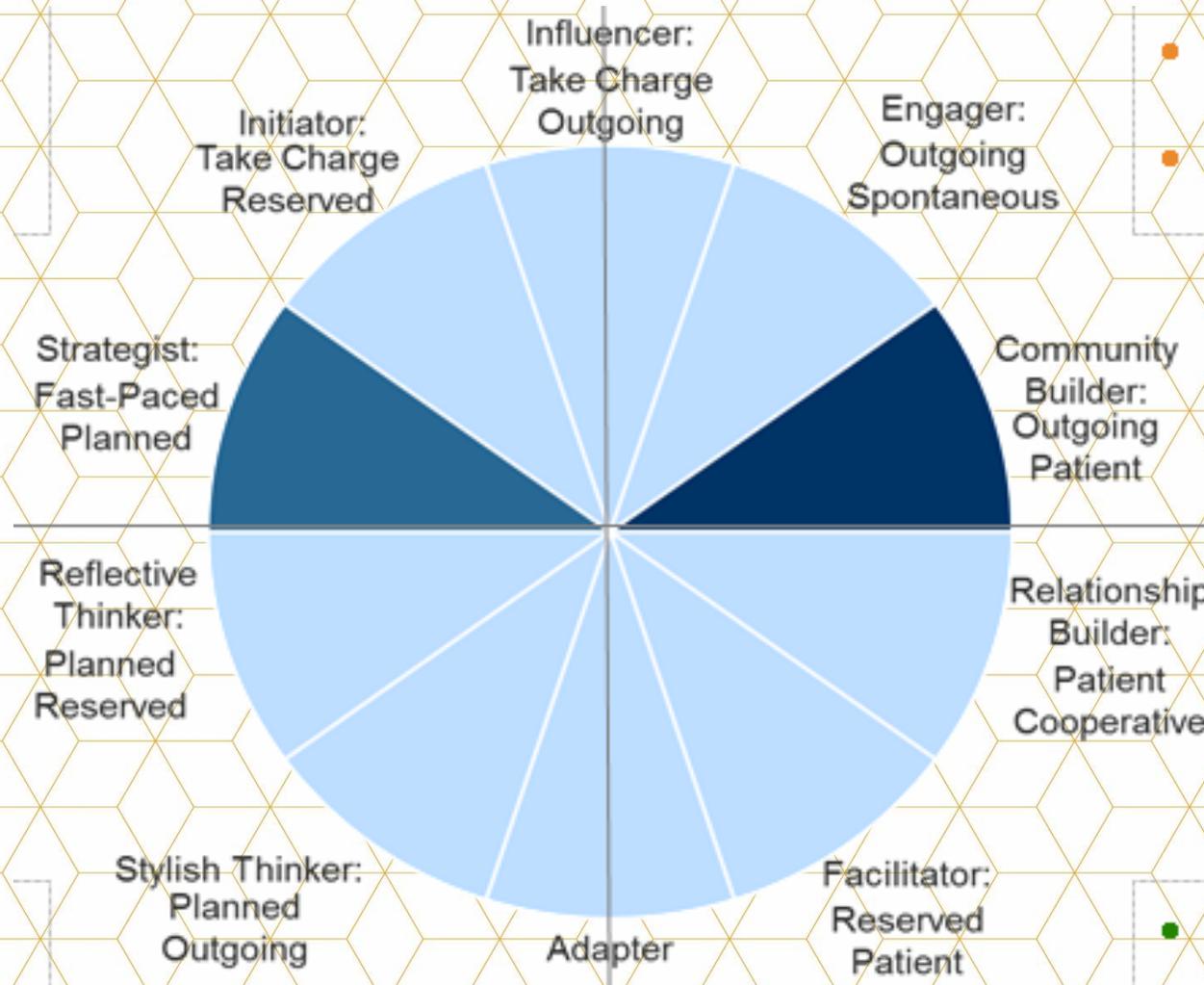
DNA Behavioral Management Guide Report Helps Advisors Guide Clients to the Right Solutions



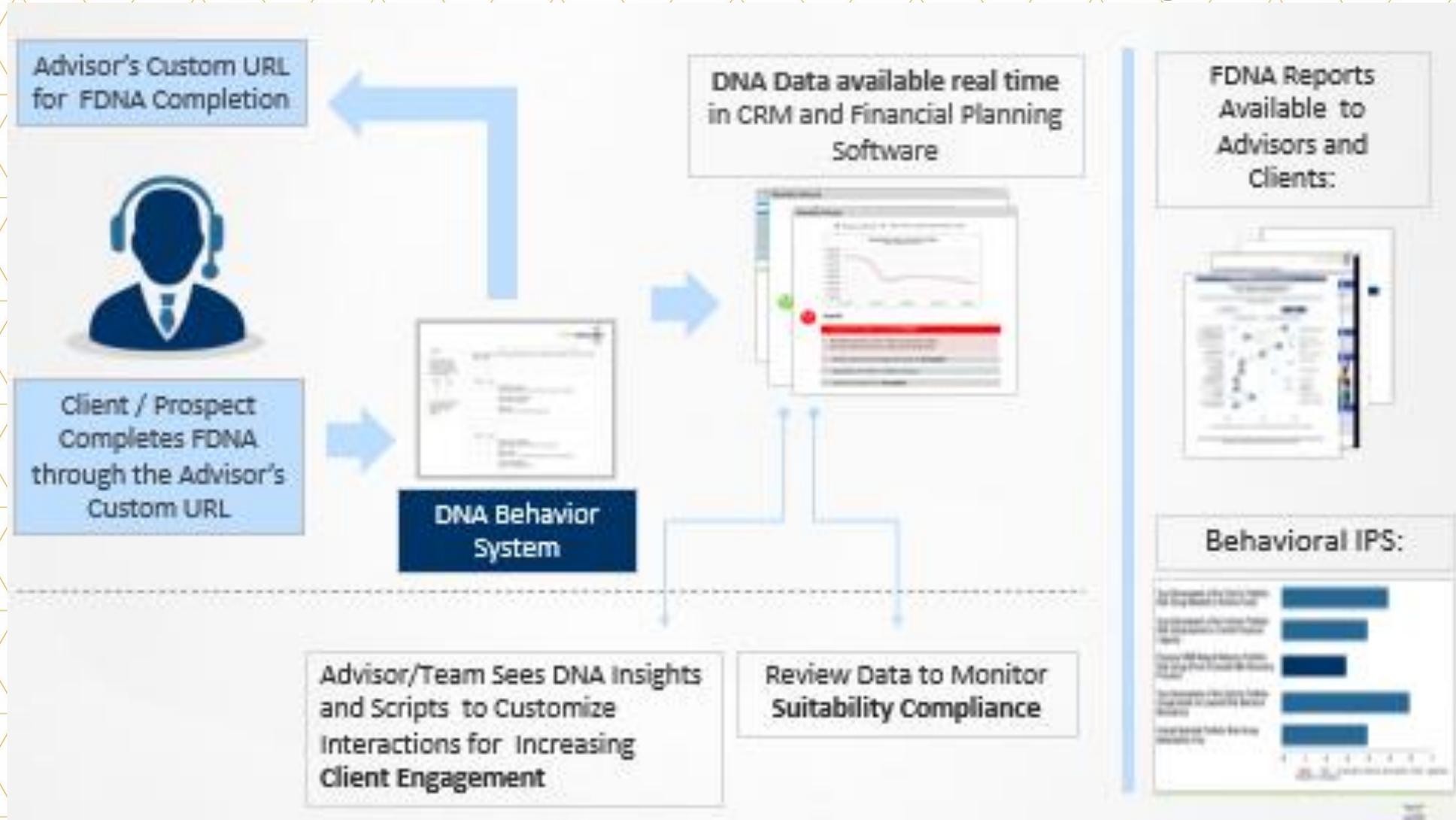
Report provides:

1. Behavioral differences between client and advisor
2. Guidance for the advisor to adapt their style to the client
3. Financial behavior biases and risk reporting
4. Client engagement meeting process and questions – relationship, financial and investment behaviors
5. Behavioral IPS – aligning goals, financial capacity and risk-taking behaviors

Financial DNA Natural Behavior Unique Style Matrix Including Risk, Behavioral Biases, Communication Style



How Advisors are Accessing Financial DNA[®] In All Phases of the Financial Planning Process



A group of people are working in a modern office setting. They are seated at a long table with laptops open. A hanging light fixture with several glass shades is positioned above them. The background shows a wooden wall and a large window. The overall atmosphere is professional and collaborative.

**FINANCIAL DNA
DISCOVERY**

**FIT FOR PURPOSE
FINANCIAL
PERSONALITY
INSIGHTS**

The Definition of Financial DNA®

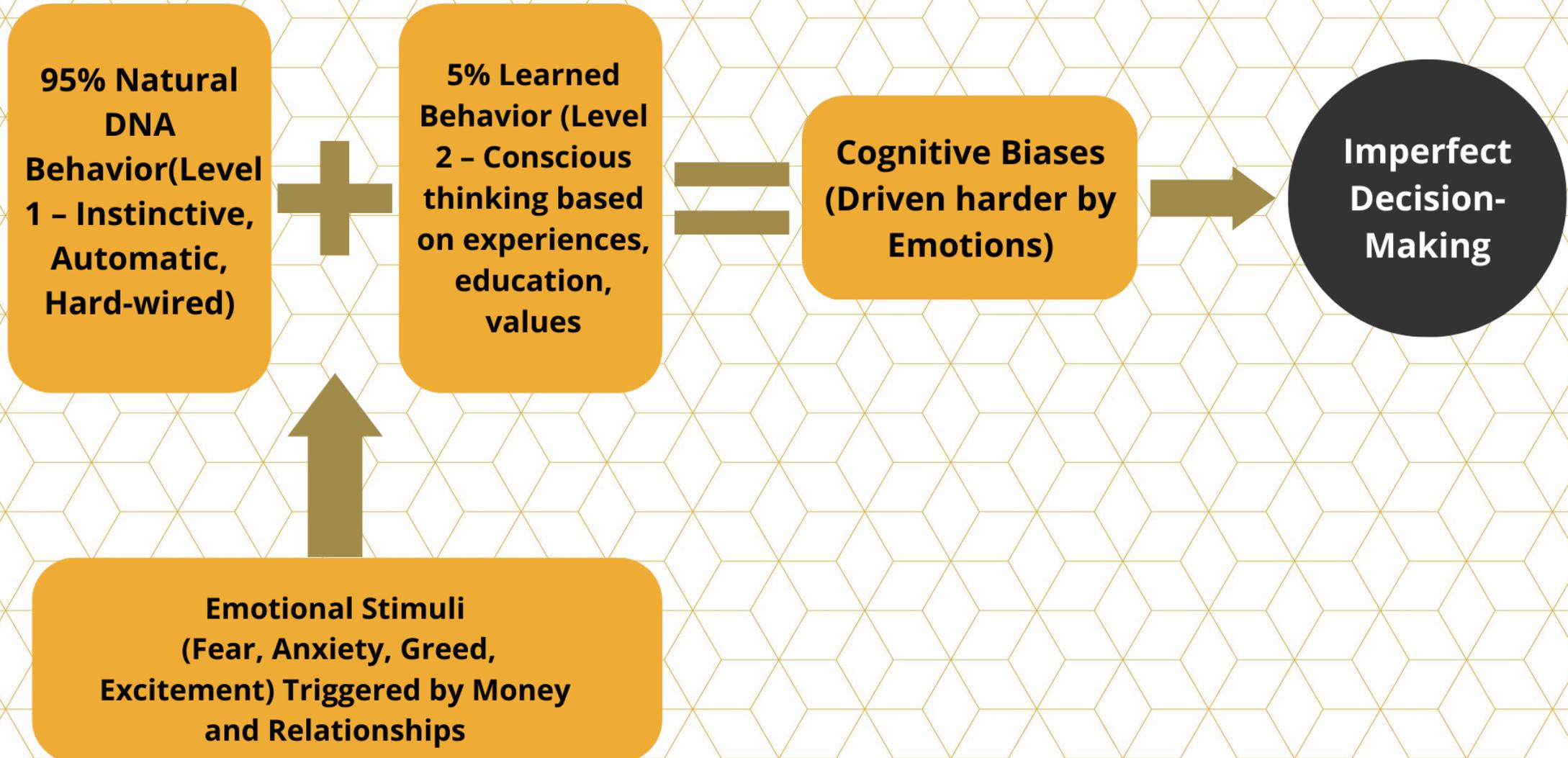
The 2 Levels of a Person's Financial Personality

Every person inherently has a unique Financial DNA® code representing their financial personality. The financial personality influences every life and financial decision a person makes, and has 2 levels which are integrated:

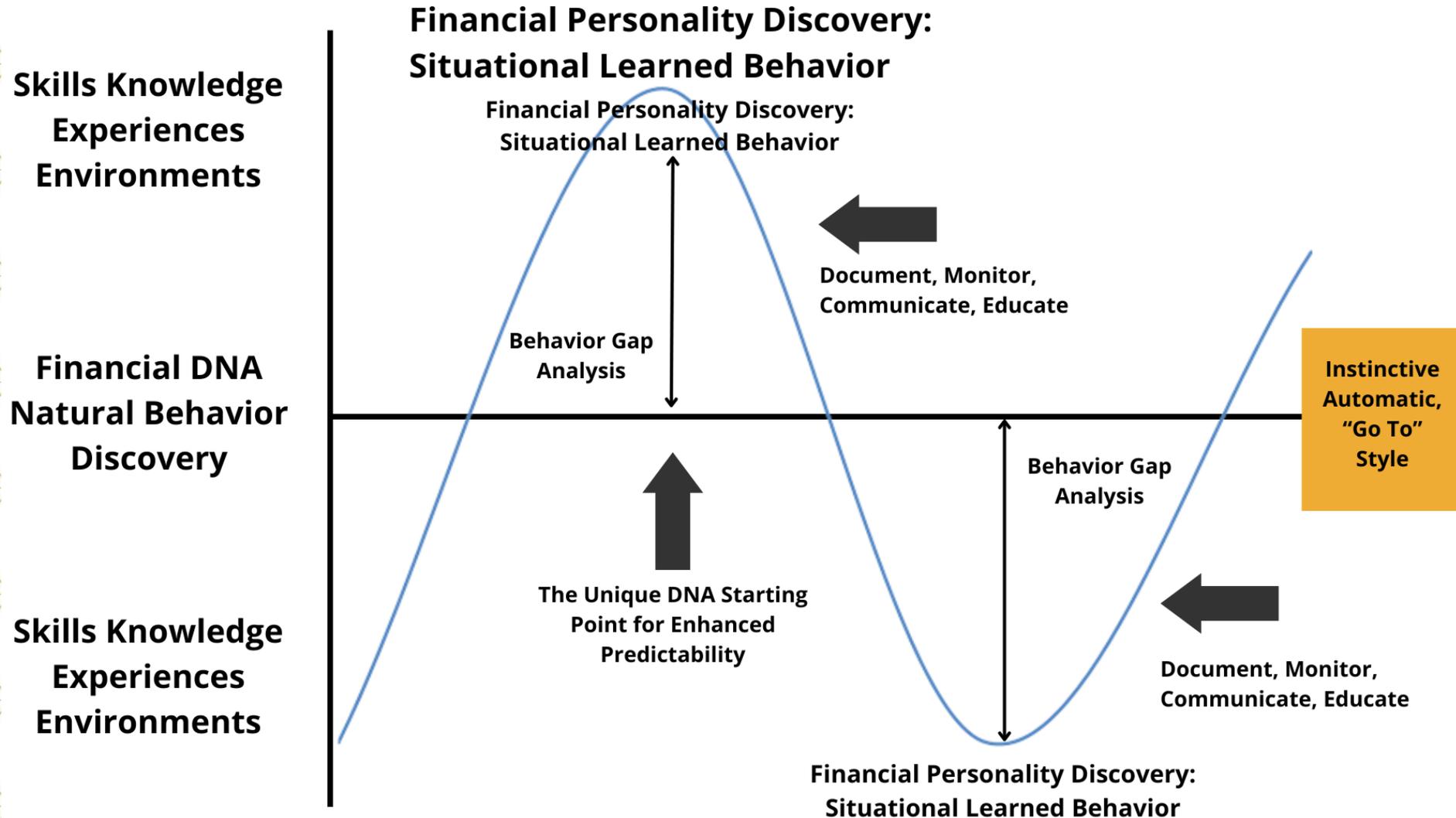
1. The natural born DNA behavioral style that remains stable over time and will drive how they consistently respond to different events; and
2. Their current learned behavioral style which is consistently shaped by their environment, life experiences, values and education.

Your Financial Personality Brain

The Drivers of Imperfect Decision-Making



Re-Positioning the Discovery Starting Point to Natural DNA Hard Wired Behavior



Risk Profile Construction Utilizing the Right Data

Operational Best Practices

Upfront + One Time: Financial DNA Natural Behavior Discovery (Level 1- Nature)

Identifies long-term perspective and emotional commitment for risk/reward trade-off.

Makes subjective discovery of risk profile more objective 91% reliability
Reversion “go to” emotional point in pressure event situations.

Annual: Financial Personality Discovery (Level 2 - Nurture)

Identifies short-term changing influences of current environment, experience, education on taking risk.

Identifies preferences and potential rational thinking
Indicates short term decision-making.

Alignment + Aggregation

Gap analysis of natural and learned risk profile styles
Identify attitudinal and perception shifts.

Align behavior to objective factors influencing portfolio - including spending
Document and adjust IPS.

Suitability Requires Consideration of Many Risk Factors

The Key Elements of Financial DNA Risk Profile Discovery

Key Investment Risk Elements	Terminology Definitions	FDNA Natural Behavior Discovery (Level 1 – Automatic, Instinctive, Hard-Wired)	FDNA Learned Behavior Discovery (Level 2 – Learned Situational Behavior Based on Experiences, Education, Environment)
Risk Need	Risk required to meet financial goals	High Wealth Creation Motivation - Goals Drive	FDNA IPS + Financial Planning Software
Risk Capacity	Financial ability to endure the risks of portfolio losses	Low Spending Behavior	FDNA IPS + Financial Planning Software
Risk Propensity	Willingness to take risk	Yes - Bold Sub-factor Score	Yes
Risk Tolerance	Willingness to live with losses	Yes – Risk Tolerant Sub- Factor Score	Yes
Loss Aversion	Likelihood to maintain investments in down markets and not crystalize losses - Extent upset/emotional losing money more than making it	Yes	Yes
Risk Composure	How client will behave in a crisis	Market Mood/Financial EQ	Yes - Financial EQ
Risk Perception	Judgement about severity of risk in current climate	Inherently not measured as client gut feel	Inherently not measured as client gut feel
Risk Preferences	Personal evaluation of risk preference	No	Yes
Risk Profile	Aggregate of the above factors for	Financial Behavior Capability	FDNA IPS + Client Conversation

Financial Planning Insights

Key Behaviors to Navigate in the Planning Process

Financial Planning Insights		
Based on combinations of your behavioral factors, your natural talents in the financial planning is set out in the table below.		
Insight	L/M/H	Population% (0-100%)
Sets the Agenda for the Planning Process	HIGH	96%
Patiently Builds Long Term Relationships	LOW	1%
Focus on Bottom Line Results	HIGH	98%
Risk Propensity for Taking Chances	HIGH	98%
Risk Tolerance for Living With Losses	HIGH	99%
Sets Goals for Ambitious Plans	HIGH	99%
Pursues Goals to Stay Focused on the Plan	HIGH	96%
Comfort to Deal With Change and Make Decisions	HIGH	90%
New Idea Driven for Investing in Solutions and Products	HIGH	82%
Financially Organized and Follows Budgets	MEDIUM	69%
Need for Information, Research and Analysis	HIGH	95%
Spending Desire on Lifestyle Items	LOW	8%
Need for Control Over Financial Planning Decisions	HIGH	93%

High Scores= 70% and over
Medium Scores= 31% to 69%
Low Scores= 30% and under

 Risk Behavior

 Goal-Setting Behavior

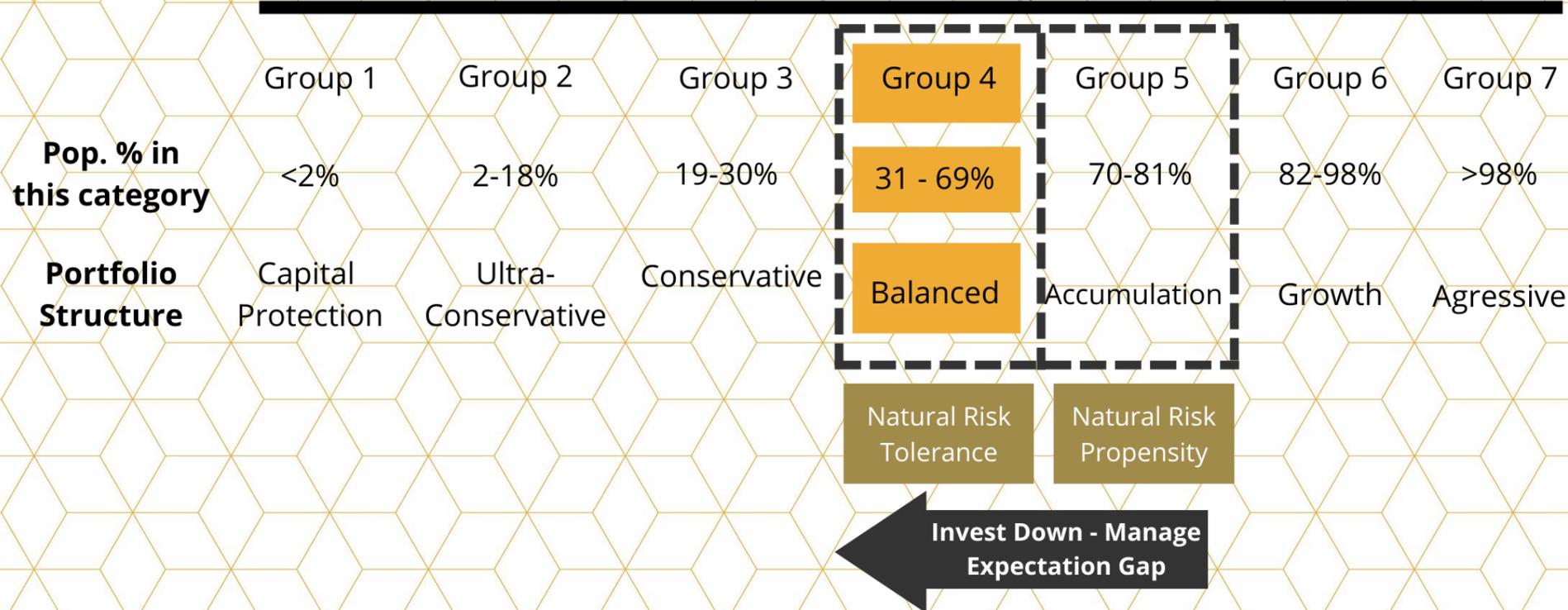
 Spending Behavior

Risk Propensity vs Risk Tolerance

The Advisors Nightmare



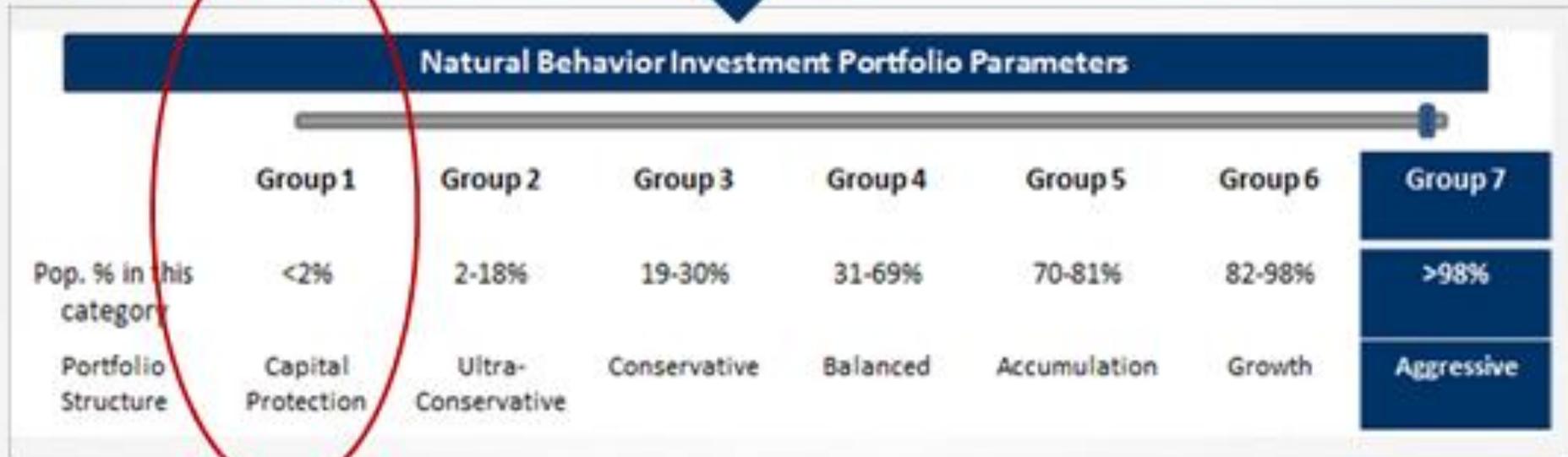
Risk Behavior Gap - High Emotions



Client's Natural Behavior Portfolio Risk Group Based on Risk Propensity and Risk Tolerance

Risk Propensity for Taking Chances	HIGH	98%
Risk Tolerance for Living With Losses	HIGH	99%

For those who should take no risk and be in cash



Building the Plan and IPS – Summary of Clients Selected Portfolio Risk Aligned to Goals, Capacity

Your Assessment of the Client's
Current Portfolio Risk Profile
Group



Your Assessment of the Client's Portfolio
Risk Need Group to Achieve Goals



Your Assessment of the Client's Portfolio
Risk Group based on Current Financial
Risk Capacity



Financial DNA Natural Behavior Portfolio
Risk Group (based on Risk Propensity and
Tolerance)



Financial DNA Learned Behavior Portfolio
Risk Group (From Financial Personality
Discovery or Advisor's Assessment of the
client)



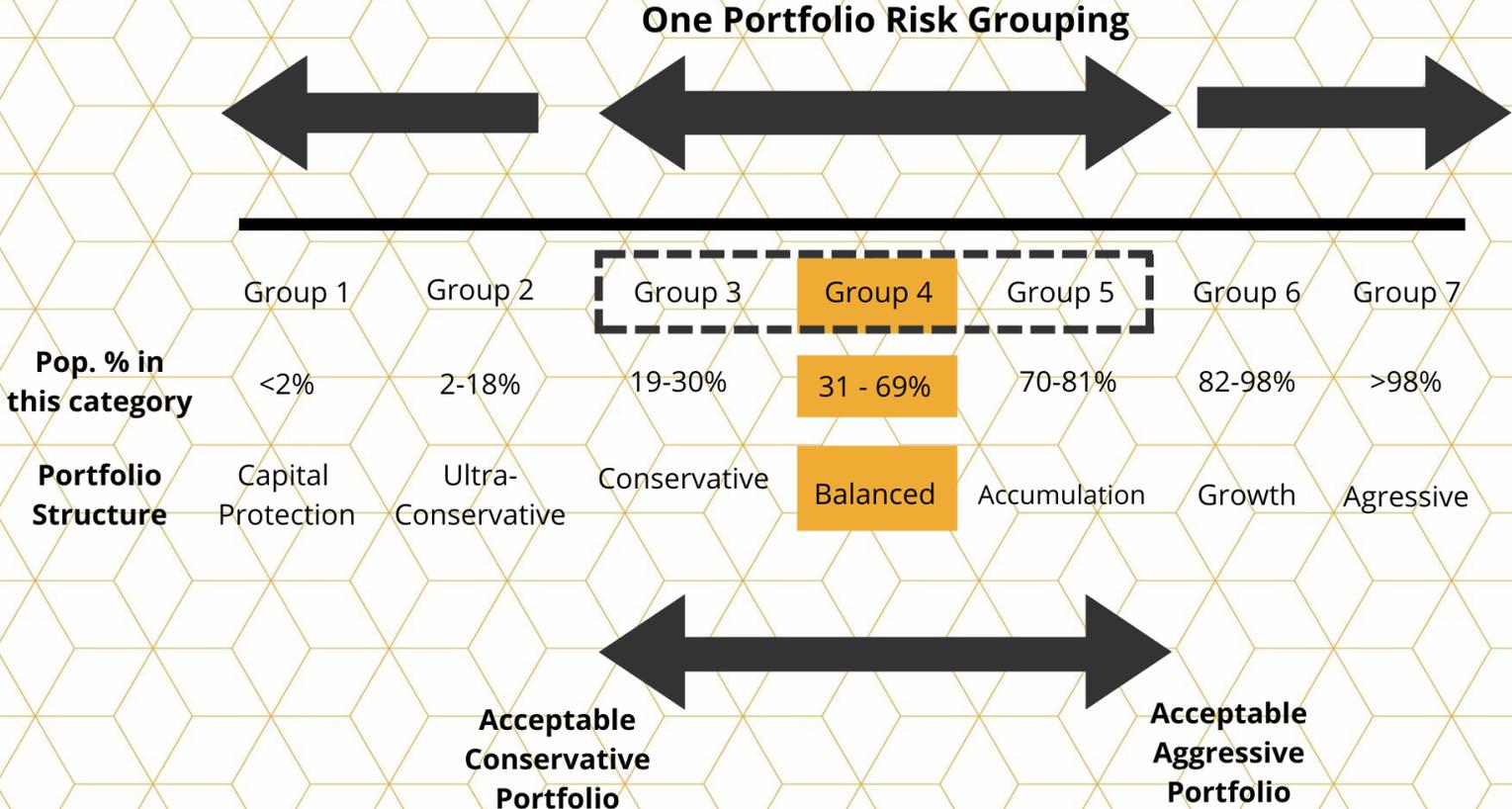
Overall Selected Portfolio Risk Profile Group
(Selected by Advisor and Client based on
discussion of the aggregate of all scores)



Building a Behavior Centered Portfolio with the Client

Mutually Agreeing the Overall Risk Profile

- Approach:**
1. Do not set the Risk Profile higher than the Risk Need (to achieve the goals).
 2. Build the portfolio within +/- 1 Grouping of the Natural Behavior Portfolio Risk Profile Group as it reflects the long term “go to” default behavior. Subject to:
 - (i) Review the client’s Risk Need (to achieve goals) and Risk Capacity (financial ability)
 - (ii) The client’s Learned Risk Behavior Motivations (experiences, education, environment)



Investment Portfolio Risk Reward Analysis

The Risk Need Group Level to Achieve Client's Goals

Portfolio Risk Group	1. Capital Protection	2. Ultra-Conservative	3. Conservative	4. Balanced	5. Accumulation	6. Growth	7. Aggressive
1. Investment Portfolio Rate of Return Aim to Achieve Goals (Without Borrowing)	In Line with Cash Deposits	In Line with or slightly better than cash deposits	Excess of deposits and possibly beats inflation	Average returns higher than deposit rates and inflation	Above average returns and higher than deposits or inflation	Significantly higher than deposits and inflation with high return potential over the long term	The highest return potential over the longer term

Investment Portfolio Risk Reward Analysis

Risk Capacity Group Level Aligned to Financial Ability

Portfolio Risk Group	1. Capital Protection	2. Ultra-Conservative	3. Conservative	4. Balanced	5. Accumulation	6. Growth	7. Aggressive
2. Average Portfolio Fluctuation Based on 5 Year Data of Monthly Pricing	0% to ±0.5%	±0.5% to ±2%	±2% to ±5%	±5% to ±10%	±10% to ±15%	±15% to ±25%	±25% or greater
3. Potential Short Term Portfolio Loss (Based on Outer Limits)	-1%	-4%	-10%	-20%	-30%	-50%	Far greater than -50%
4. Risk of Expected Loss	Very Low Risk	Low Risk	Low to Medium Risk	Medium Risk	Medium to High Risk	High Risk	Very High Risk

Potential Learned Risk Behavior Motivations

Factors Influencing Client's Risk Profile Level

Potential Motivations Influencing Client Investment Decisions	Client Maybe Motivated to Invest Higher Than their Natural Risk Behavior	Client Maybe Motivated to Invest Lower Than their Natural Risk Behavior
1. Market Perception	Bullish	Bearish
2. Goal Setting Attitude	Ambitious	Conservative
3. Financial Decision-Making Confidence	High	Low
4. Age	Retirement in 10+ Years	Close to Retirement
5. Financial Experiences	Good - "Rags to Riches"	Poor - "Riches to Rags"
6. Life Experiences	Positive Feeling	Negative Mood
7. Values and Beliefs	Belief in taking risk builds wealth	Belief that investments are for life security
8. Financial Education	High Investment Knowledge	Low Investment Knowledge

Goals Based Behavioral Portfolio Design

A Strategic Approach Based on Needs and Wants

1. Strategy Allocation

- 3 Portfolio Buckets with \$\$\$ based on goals (needs and wants), financial ability and Risk Profile
- Different Portfolio Risk Profile Grouping for each Bucket

2. Asset Allocation

- Asset Allocation determined for each Portfolio Bucket
- Passive vs Active Investing Style varies for each Bucket depending on Portfolio Risk Grouping and Capacity

Goals-Based Behavioral Portfolio Design

Strategy Allocation

3 Portfolio Buckets

A “Mental Accounting” Approach

Operating Portfolio (“Preservation”)

Preserve principal, generate income and minimize volatility.

Amount: Min 6 to 12 months cash for daily activities (short term needs and wants), up to 3 to 5 years cash for Retired Person.

(Risk Portfolio Grouping 1)

Capital Appreciation (“Accumulation”)

Manage volatility but focus on appreciation to generate future purchasing power for building retirement capital (long term needs).

Amount: 5 to 10 year horizon.
(Risk Portfolio Grouping 2 to 7)

Strategic Portfolio (“Speculative”)

Designed to meet special objectives, generate high returns or cash flow and are less liquid.

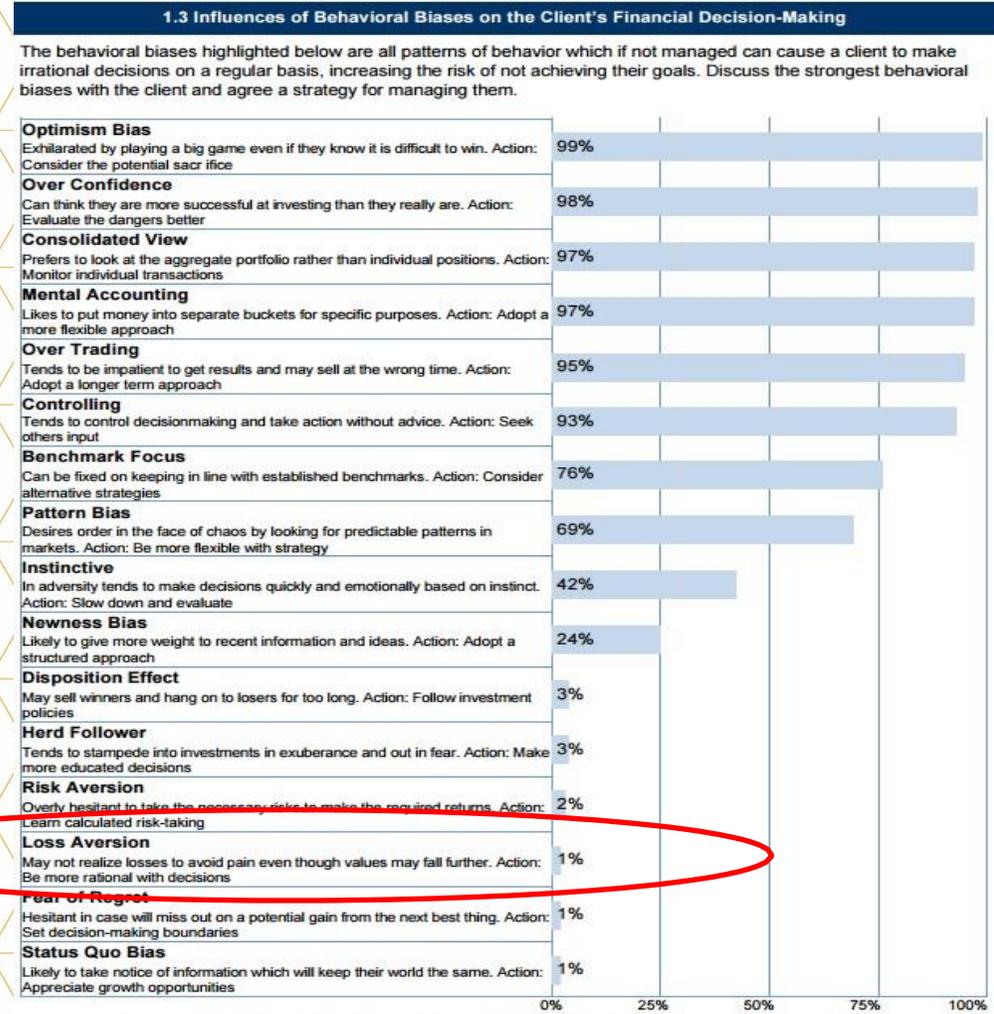
Amount: Long-term horizon and can be lost without retirement damage (long term wants).

(Risk Portfolio Grouping 5 to 7).

Subject to level of capital and investment experience, education

Specific Measurement of Each Behavioral Bias

Insights for Behaviorally Managing Client Decisions



How Will You Manage Client Risk Composure (Emotions)? In every Interaction, Annual Review and Market Volatility



Market Mood™

For the first time, advisors can predict the Market Mood of clients in times of volatility and have at their finger tips the customized communication keys and instructions for proactively taking action.



The fact that people will be full of greed, fear or folly is predictable.

- Warren Buffet

Power Real Time Client Behavioral Management Use the Market Mood™ to Simulate Risk Composure

Predict how clients are reacting to market events (in real time).



Exuberant: Grow the Portfolio



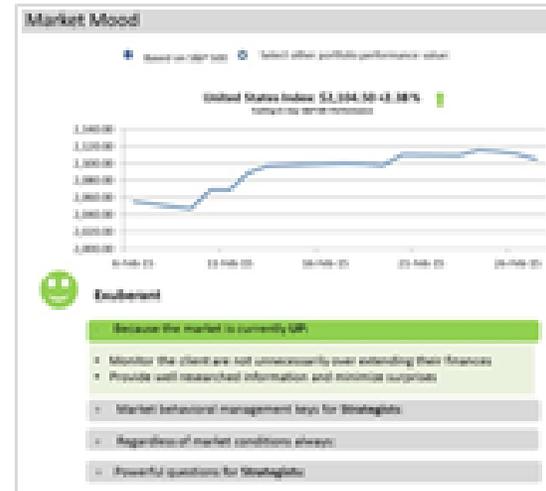
Comfortable: Regular meeting schedule



Watchful: Education opportunity



Fearful: Prevent client turnover



Market Mood Firm Dashboard for Building a Market Volatility Plan

Home Clients Groups **Market Mood™** Facilitation Tools Logout

Filter: Clients

Search: Go
By Client ID, Name or Username

Quick Links:
[Create New Client](#)
[Create New Group](#)

About Market Mood™ and FAQ Guide

Powered by Financial DNA, Market Mood™ gives you insight into your client's natural instinctive fears or exuberance in periods of market volatility.

Based on S&P 500
 Select other portfolio performance value:
United States Index: \$2,106.63 +2.18%
 Trailing 15 Day S&P 500 Performance

Market Mood of Clients

Client ID	Name	Behavior Style	Risk Score (0-100%)	Market Mood	Action Item
#49857	Johnson Michael	Community Builder	14%	Angry	Invite to office for a relaxed meeting or group education event
#49864	Mary Butler	Community Builder	16%	Angry	Invite to office for a relaxed meeting or group education event
#49866	Don Spring	Community Builder	16%	Angry	Invite to office for a relaxed meeting or group education event
#49877	John Smith	Stylish Thinker	12%	Angry	Email research article on current market
#49887	John Thomas	Community Builder	14%	Angry	Invite to office for a relaxed meeting or group education event
#49870	Michael Johnson	Community Builder	14%	Angry	Invite to office for a relaxed meeting or group education event
#49885	Jennifer Moore	Relationship Builder	14%	Angry	Invite to office for a relaxed meeting or group education event
#49863	Christine Traynor	Adapter	24%	Sad	Email market research article and invite to a client

Results Per Page: 100 Search:

Terms and Conditions | Minimum System Requirements | Provide Feedback | Copyright 2015 DNA Behavior International

Questions? Chat with us.

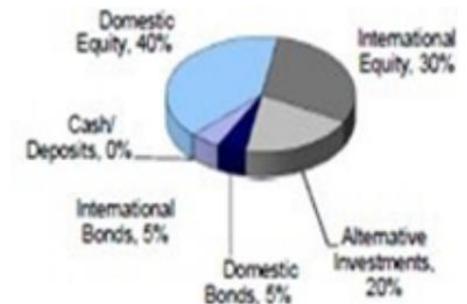
Optional: Financial Personality Discovery Annually

Aligning Natural and Learned Behavior

Financial Performance with Financial Personality Discovery for revealing situational learned financial behaviors and preferences at a deeper level to build and review Financial Plans and Investment Policy Statements – 29 questions taking 20 to 30 minutes



Financial Personality Analysis comparing the Natural DNA Risk Taking Behavior which remains stable over time and Learned Risk Taking Behavior which changes situationally.



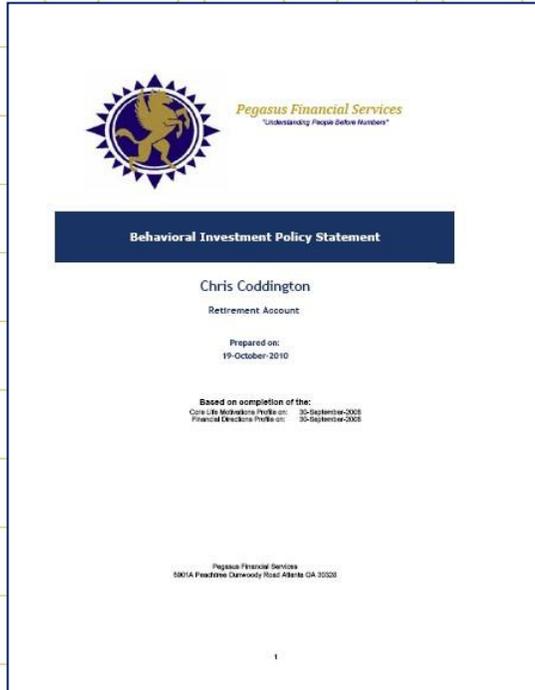
The 5 Key Financial Performance Areas

Application for Decision-Making Improvement

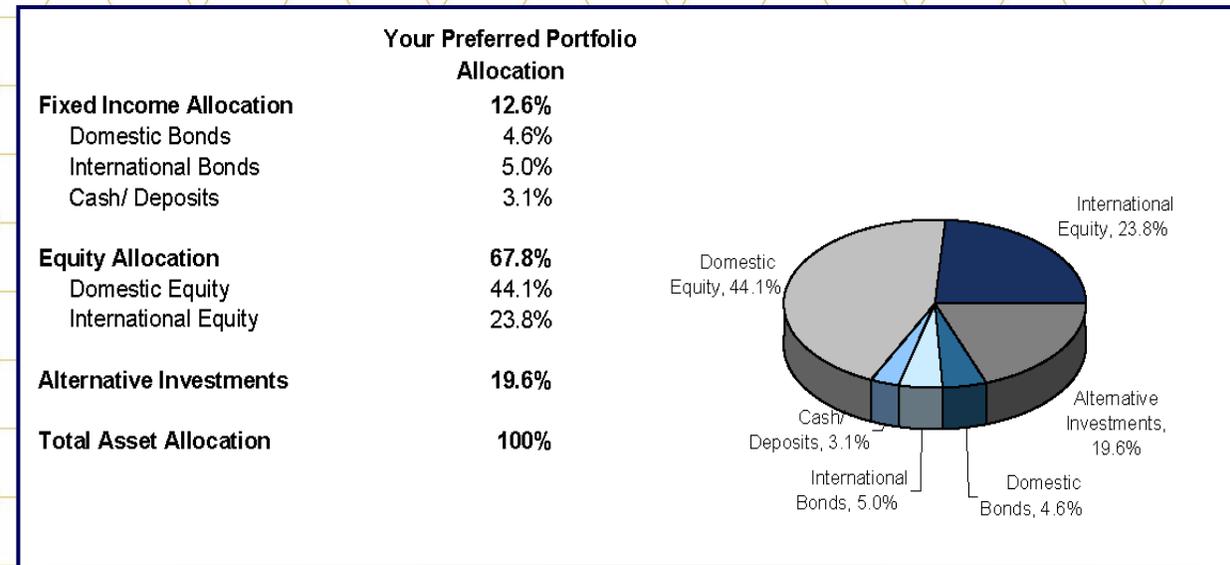
Financial Performance Area	Definition	Financial Performance Goal	Financial Performance Struggle
Risk Behavior	Emotional capacity to make financial and investment decisions which lead to higher returns	Set appropriate boundaries for making committed decisions	Over or under confidence
Relationship Management	Preference for how you wish to be related to and managed in the financial planning process	Building trust for open discussion	Lack of open communication
Financial Planning Management	Preference for managing the financial planning process and making decisions	Follow a structured planning and review process	Lack of a written plan which is followed
Wealth Building	Motivation to build wealth through investments	Build an investment portfolio that you understand and are comfortable with	Not having a clear investment strategy to meet your goals
Financial Emotional Intelligence	Ability to proactively manage emotions in making decisions	Maintaining emotional balance	Over-reacting to market events

Behavioral Investment Policy Statement

Updated for Material Goal and Portfolio Changes



1. Formalized agreement between advisor and client of the established investment objectives, horizons, process, policies and agreed mandate for investing a portfolio.
2. Includes an asset allocation based on the investor's financial personality, buckets of Quality Life goals and overall Risk Profile.
3. Protection against spur of the moment emotional decisions based on short term market events.



Asset Allocation Determined by Firm Based on Country, Client Goals, Capacity, Risk Profile, Policies

Indicative Standard USA Investment Portfolio Attributes for All Groups (Defined by Firm not DNA Behavior)

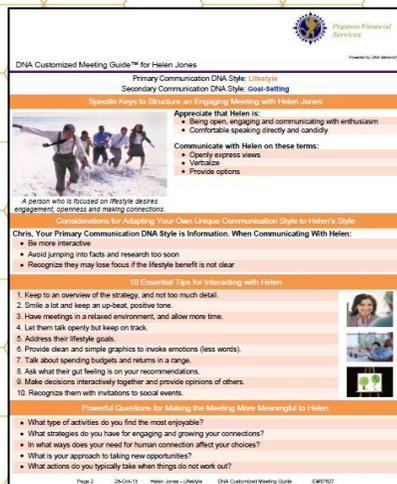
Portfolio Risk Group	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7
	Capital Protection	Ultra-Conservative	Conservative	Balanced	Accumulation	Growth	Aggressive
Capital Appreciation Portfolio:							
Defensive	90%	80%	60%	50%	40%	20%	10%
Growth	10%	20%	40%	50%	60%	80%	90%
Fixed Income Allocation	90%	80%	60%	51%	40%	20%	10%
Domestic Bonds	45%	40%	25%	21%	15%	10%	5%
International Bonds	0%	10%	10%	14%	10%	5%	5%
Cash/ Deposits	45%	50%	25%	21%	15%	5%	0%
Equity Allocation	10%	20%	20%	50%	60%	80%	90%
Domestic Equity	10%	20%	20%	35%	40%	45%	40%
International Equity	0%	0%	0%	15%	20%	30%	30%
Strategic Portfolio:							
Alternative Investments	0%	0%	0%	0%	5%	15%	25%
Operating Portfolio: (Cash, Short Term Bonds)	100%						
Investment Style: Passive vs Active	100% Passive	100% Passive	100% Passive	100% Passive	75% Passive	65% Passive	50% Passive

Communication DNA Reports Connect to the Client in the First Meeting



1-Page Communication DNA Consumer Report

- Immediately available to the client
- Provides insights to communication preferences and learning style



1- Page Customized Meeting Guide Report

- Overlays advisor's style with client's style
- Provides insights for advisor to customize the meeting experience

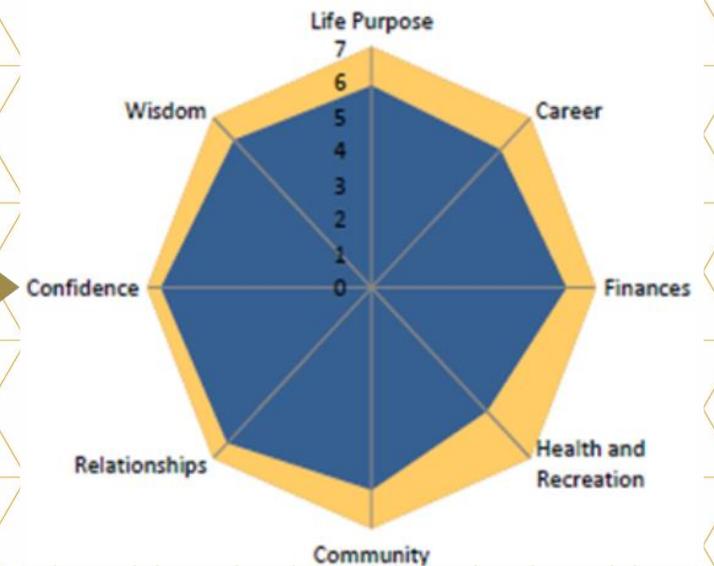
Additional enterprise reports are available for firm use.

Optional: Quality Life Discovery Annually For Purpose Based Planning and Annual Goal Review

Quality Life Performance
with Quality Life Discovery
for Setting Goals based on
Identifying the Clients
Current Strength and
Struggles Areas for Living a
Quality Life – 80 rating
Items across 8 areas taking
20 to 30 minutes

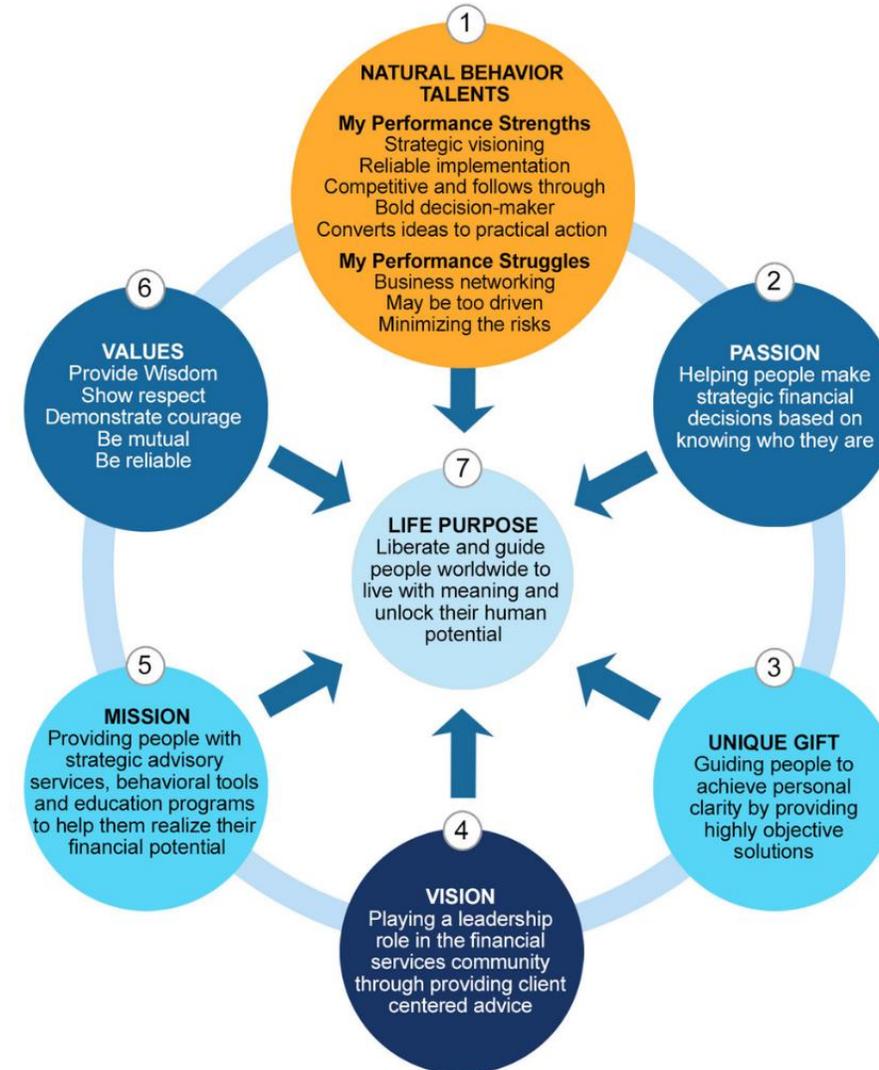


DNA Quality Life
Performance Report



Optional: Quality Life Planning Process For Clients in Transition

Quality Life Planning Process
with Life Purpose Discovery
based on integrating a
person's Talents, Passions,
Unique Gift, Vision, Mission
and Values - rating Items
across 6 areas taking 20 to 30
minutes



A group of people are working in a modern office setting. They are seated at a long table with laptops open. A man in the foreground is wearing headphones and looking at his laptop. Another man is looking at a laptop in the background. A woman is also visible. A hanging light fixture with several glass shades is positioned above the table. The background features wooden walls and large windows.

THE SCIENTIFIC FOUNDATION OF FINANCIAL DNA

The Financial DNA Design Starting with Natural Behavior

Discovery Key Assessment Principles Followed for Valid Input to Suitability

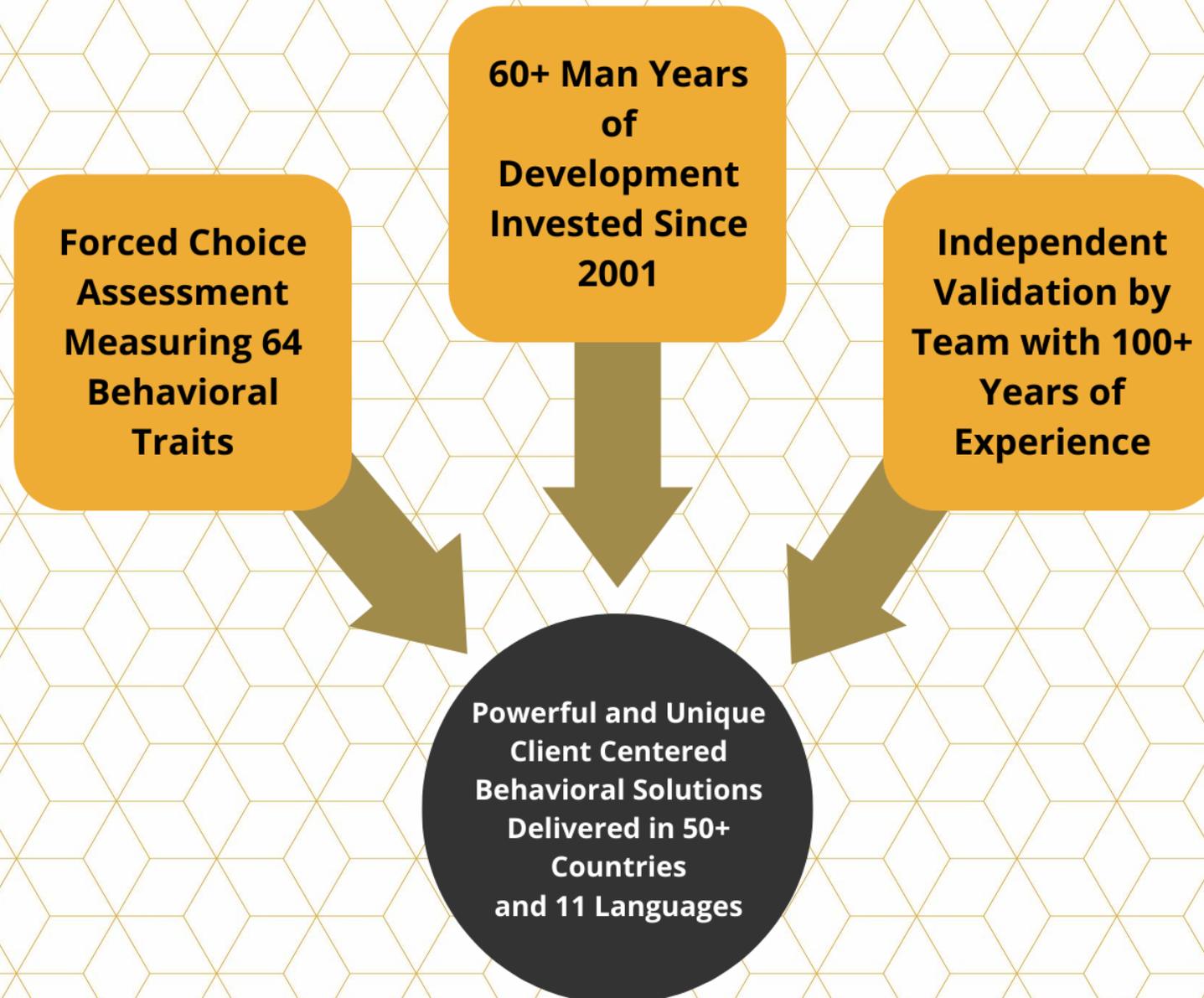
Design objective was to establish each individual investor's stable long-term preferences for taking risk versus returns, but recognize short term emotions, by:

1. Firstly, identifying the natural "hard-wired" behavior using a validated Forced-Choice Scoring Model completed by each investor, with singular and non-situational phrases
2. Secondly, identifying the influences of learned behavior by using a separate Likert Scoring Model completed by each investor with specific situational questions.

In addition ensuring:

1. Separate measurement of each subjective risk profile element and objective elements impacting investment objectives
2. Removing the need for a person to have knowledge of finance and investing, and current market conditions (situational bias)
3. Not requiring the person to perform computations and reasoning
4. Not linking past decisions with optimal future actions
5. Not relying on perceptions of the markets and future beliefs
6. Avoiding social context questions which may not be honestly answered

The Science Behind the Financial DNA Systems



Independent Validation of Financial DNA Natural Behavior Discovery

Combinations and Permutations

How many different Objects are there? (n)

How many Objects will you choose? (r)

Is the position of each Object important? ▼

Is there an unlimited supply of each Object? ▼

Combinations:

Formula:
$$\frac{(n+r-1)!}{r!(n-1)!}$$
 [Details](#)

List Them:
Type 'n' names separated by commas, then press 'List'

[View Larger](#)

© MathsIsFun.com v2.13



1. The Financial DNA Natural Behavior Assessment is comprised of 46 sets of threenon-situational items (pairs of phrases) thatrelate to one of the 8 factors using a forcedchoice rating (most like, least like). methodology. A total of 138 rating items.
2. Independent validation work using established psychometric methodologies performed by industrial psychologists fromGeorgia Tech University, and other independent psychologists with a total of more than 100 years relevant experience.
3. The responses to the 46 questions (138 rating items) produce 2,349,060 scoringcombinations.
4. The number of unique report T Score combinations is:
3,704,945,600,000,000,512,144,136.

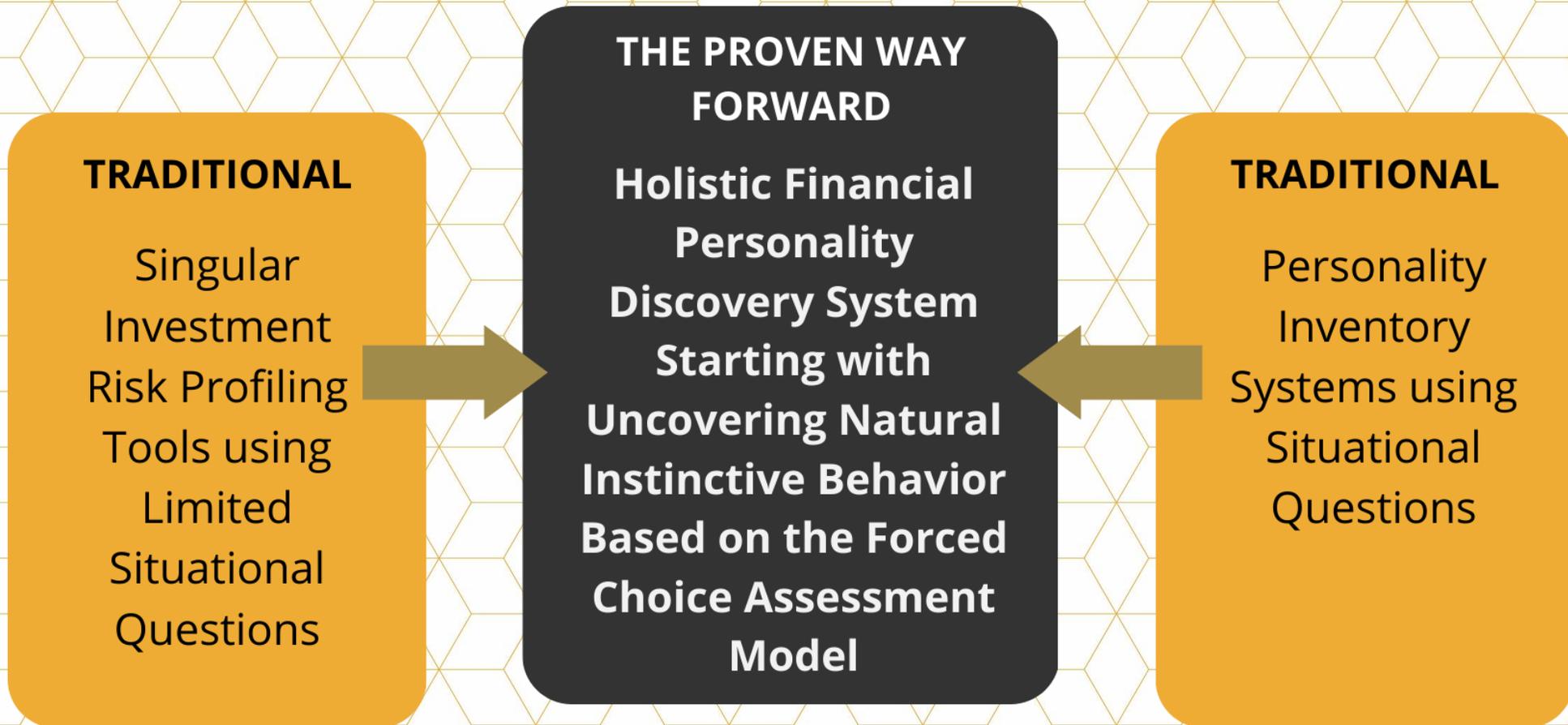
Additional validation research informationcan be provided on request

Independent Validation Process

The Psychometric Measurement Methodologies

1. The Financial DNA Natural Behavior Assessment is comprised of 46 sets of three non-situational items (pairs of phrases) that relate to one of the 8 factors using a forced choice rating (most like, least like) methodology. A total of 138 rating items. The “forced choice” rating system is used because it is independently proven to provide the most reliable prediction of behavior.
2. The pairs of phrases used in the assessment were determined by experienced subject matter experts on the DNA Behavior Research team, and independent validation work performed by industrial psychologists from Georgia Tech University, and other independent psychologists with a total of more than 100 years relevant experience.
3. A Confirmatory Factor Analysis determined a 97.10% positive correlation of the items to the 8 primary factors and 24 sub-factors.
4. Exploratory Factor Analyses were conducted on the factors and sub-factors to provide on which items related to one another to build the structure of the factors.
5. Convergent Validity of each of the factors was determined by correlation against the Financial DNA Path 6 factor conceptually relating to it. Each of the correlations were considered statistically significant with absolute values over .70 using the Pearson Correlation Methodology . This means that there is a 95% chance that the correlation is not random.
6. Cronbach’s alpha co-efficient was used to assess the internal consistency of each factor. For each factor other than Pioneer all alpha co-efficients were above .80 which is considered excellent in terms of reliability.
7. The sample of data was taken and analyzed over 3-to-8-year time to determine repeatability and consistency which is important for determining natural predictive behaviors. The data base is continuously reviewed for accuracy.

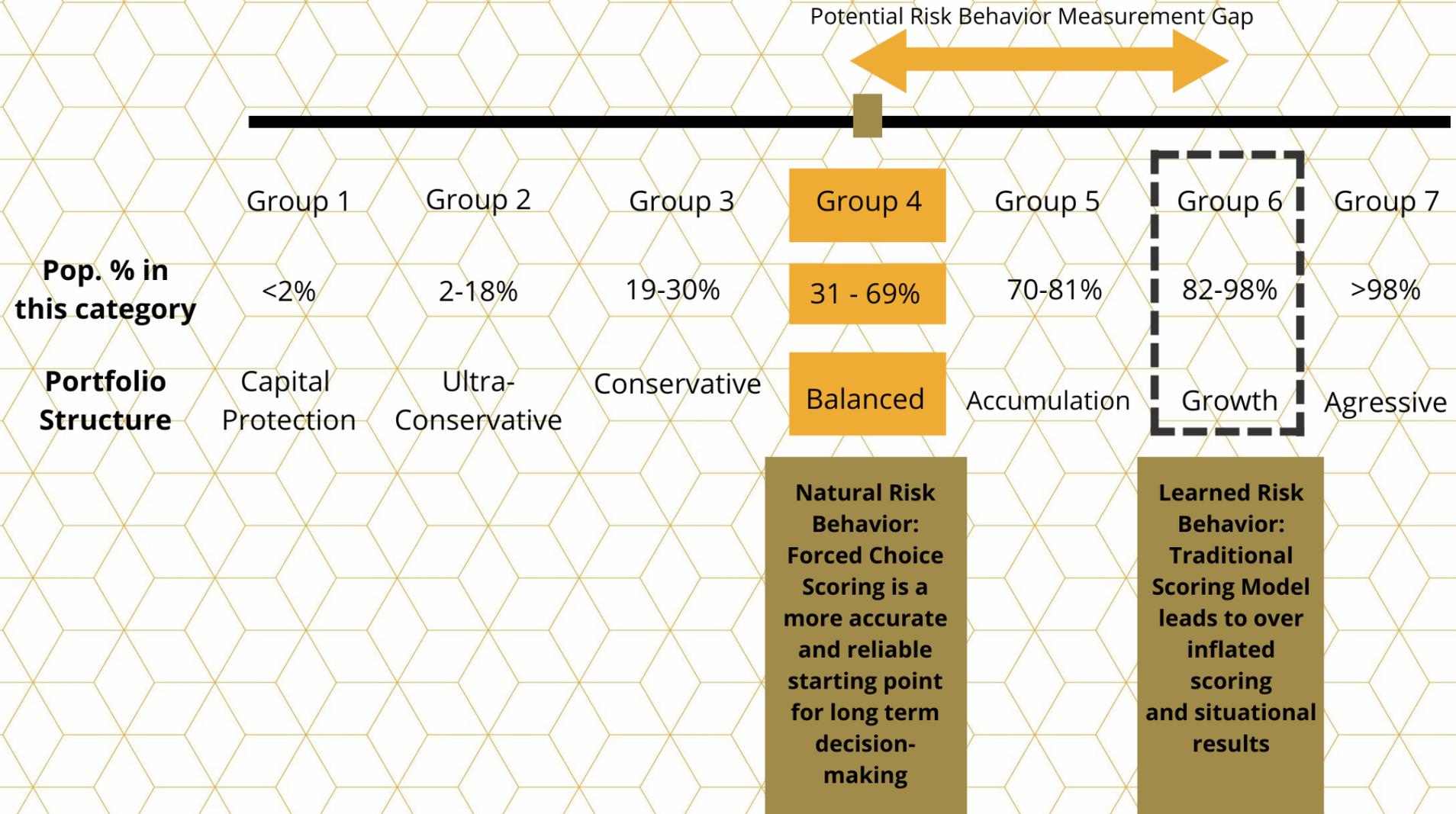
Financial DNA Enhances the Behavioral Discovery Model Using More Robust Methodologies



The Forced Choice Scoring Model is academically proven to be one standard deviation more accurate than Likert Scoring Models (Situational Questions)

Risk Profile Formats

The Flaws of Traditional Risk Profile Formats



Forced Choice Questions Leading to Predictive Measurement

Making a Subjective Process More Objective

Choose “**Most Like**” you and “**Least Like**” you from each triad of words

- Attentive**
Pays careful attention to what is said; makes effort to listen well
- Thinks quickly**
Intelligent, mentally alert and sharp
- Follows routines**
Likes habit, prefers to perform in a routine manner

- Confidently faces danger**
Bold, brave, valiant, fearless
- Interactive**
Sociable, wants to interact with others, seeks communication
- Self-assured**
Full of assurance and certainty, bold, confident

- Decision Maker**
Conclusive, decisive, comfortable in decision making or problem solving
- Generates new ideas**
Inventive, imaginative, characterized by originality and expressiveness
- Determined**
Follows through on goals, focused on outcomes

Measurement strengths for long term reliability and predictability in different marketcycles:

1. Non-situational phrases that consistently measure specific ingrained behaviors and automatic biases over long periods
2. Easy to understand – low chance of misinterpretation
3. Very difficult to “game” the assessment

Traditional Situational Questions Leading to Inconsistent Measurement

I want to use my money to become an important person in the community. How strongly do you agree?

- Strongly agree
- Agree somewhat
- Disagree somewhat
- Disagree strongly

I am willing to take significant risk in order to increase my returns. Does this describe your attitude toward risk?

- Not at all
- To a small extent
- To a moderate extent
- To a great extent
- To a very great extent

To what extent does ensuring your financial future is protected occupy your time, thoughts and energy?

- Not at all
- To a small extent
- To a moderate extent
- To a great extent
- To a very great extent

Long term predictability and reliability issues:

1. Responses change depending on situation and market events
2. Difficult to interpret and requires education
3. Strengths (risk tolerance) likely to be overstated and struggles understated by 1 standard deviation

Financial Personality Discovery Construction

Specific Situational Risk Tolerance Questions

The Financial Personality Discovery has been developed with 29 “best of breed” situational based questions and scoring model which specifically assess for the client’s current short-term risk propensity, risk tolerance and loss aversion:

1. Financial knowledge and experience – if high, can accept more risk and less emotional with losses
2. Acceptance of income volatility in fluctuating markets
3. Self-assessment of willingness to take risk
4. Loss aversion in down markets based on a reference point – initial amount invested and changes in the values of invested assets
5. Emotional response to risk – willingness to reflect on information and employ an analytic process
6. Financial awareness of the consequences of risk: risk-reward trade-off
7. Response to investment volatility in the past
8. Ability to accept risk within context of different portfolio structures and instruments
9. Attitude to taking on debt and paying it off

DNA Behavior®

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