
INVESTMENT GROWTH MANAGEMENT

October, 2013

Investment Approach

Investment Growth Management (IGM) is an independent Register Investment Advisor (RIA) in the state of California. We are held to a fiduciary standard on behalf of our clients. IGM focuses on building and maintaining individual investment portfolios that are consistent to the best interests, goals, and risk tolerance of each client.

At IGM we strive to focus on managing risk while seeking long term growth through capital appreciation and income generation from dividends and interest. We pursue a goal of structuring a long term diversified investment portfolio that produces competitive annual returns above the rate of inflation and income yields around the 3-5% range.

To achieve our goal we strive to follow three investment approaches:

1. Invest in mutual funds, ETFs, and ETNs to provided diversification into a variety of asset classes.
2. Have an allocation of quality individual bonds.
3. Invest in quality stocks with a strong record of growing dividends, and potential for capital appreciation.

In regards to our first approach - Invest in mutual funds, ETFs, and ETNs to provide diversification into a variety of asset classes - we analyze all of our investments and look to achieve diversification throughout various sectors of the market. Through diversification we are able to reduce market risk and volatility while seeking to generate appropriate returns based on asset allocation.

The mutual funds, ETFs, and ETNs selected are in the higher end of the Morning Star rating scale. These funds have a history of producing greater returns than the market average with approximately half the down side risk as measured by the S&P 500 index from the past 5-10 years.

As for our second approach - Have an allocation of quality bonds - we invest in quality, individual corporate, government, and municipal bonds. IGM does not invest in bond funds. When investing in bonds our strategy is to hold to maturity. Investing in individual bonds provides a time certain return when held to maturity, provided that the company or government agency is able to meet its financial obligations.

As for our third approach - Invest in quality stocks with a strong record of growing dividends - we pursue investing in stocks that have a good historical record of increasing dividends with a promising future and/or a potential for growth. Over time, dividend paying stocks have outperformed non-dividend paying stocks and have historically done so with less volatility. In addition, stocks that grow their dividends, in aggregate, have had even higher returns than stocks that pay a consistent dividend. (Data by Ned Davis Research)

Generation of interest and dividends is used for reinvestment to achieve long term compounded returns, and as income distributions for clients. Using the three investment approaches, we develop an individual strategy for each client that is customized based on goals, age, and risk tolerance.

The views of Investment Growth Management do not guarantee future results. Historical returns do not guarantee future returns. Investment decisions that are in the best interests for our clients are based on a variety of factors, including current market conditions and the client's current and long term goals, age, and risk tolerance.
