



Paul Kluskowski

*Planning  
and Wealth  
Management  
Strategies  
brought to  
you by Paul  
Kluskowski,  
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T/R

*Introducing:*  
**Adaptive  
Asset Allocation**

*An Alternative to Traditional  
Buy and Hold Strategies*

**Take  
charge of  
your future.**



# Introducing Adaptive Asset Allocation

*An alternative to traditional buy and hold strategies*

We use various complimenting strategies, based on the existing market environment, with a goal of participating in rising markets while providing capital preservation and downside protection to our clients. Our nimble and adaptive strategies help reduce our clients' stress caused by short-term market disruptions, given the increased ability to generate consistent returns.

Using a combination of quantitative technical analysis and a fundamental approach, our strategies efficiently adapt to evolving market conditions across a broad spectrum of products. Prudent investing and risk management support an allocation of assets based on each clients' suitability; investments are allocated to stable returning alternatives, supplemented by a varying



degree of higher return opportunities, depending on each clients' risk tolerance levels.

% Account Value	Strategy	Strategy Description	
50%	ETF's	Index Rotation	Intermarket Rotation
30%	Stock/Option	Individual Stocks with covered calls/cash-covered puts	
10%	Volatility Glide	Long/short exposure to VIX using VIX Exchange Traded Notes	
5%	High Yield Bonds	Bonds for companies with reasonable balance sheets in distressed industries	
Varies	SP500 Rolling Hedge	Higher than typical exposure to SP500	

Lower Risk  
 ↑↓  
 Higher Risk

## Exchange Traded Fund (ETF) Rotations

*Intended Benefit: Flexible and diversified market exposure across industries and product types*

There are two ETF strategies utilized depending on market conditions. One relies on stock market indices (SP500, DJIA, Nasdaq, etc) while the other is comprised of various market product types (e.g. stocks, bonds, commodities).

ETFs are similar to other indices because they aggregate many assets into one value which mimics the performance of the underlying constituents as if an investor owned each one individually.

Primary benefits of ETFs include diversification, which lowers

overall risk, and minimal transaction costs to the investor.

Because of these unique attributes, careful monitoring of market opportunities can be monetized by ETF Rotations. Rotations have pre-determined criteria and are re-evaluated on a monthly basis.

## Stocks and Equity Options

*Intended Benefit: Focused market exposure, via single-stock selection, comprised of dividend paying assets and potential for premium capture*

To supplement the broad market (i.e. ETF) strategies, single-stock investments can be considered using fundamental research, which is provided by a proven and independent third-

party. For suitable investors, this approach deepens specific company exposure and provides a low-risk option strategy. Typical investments that fit this criterion include large companies that pay

regular dividends in stable and developed industries.

Prudent investing in underappreciated assets that pay regular dividends provide a lower risk enhanced return opportunity.

## Volatility Glide

*Intended Benefit: Participate in declining volatility that typically follows dramatic stock market fluctuations*

Volatility is a market term that measures the inflections or changes in performance over time. These changes are tracked in their own index, referred to as the VIX Index, and can be analyzed for investment. Because the VIX measures change, a performance chart tends to depict the inverse of the market's performance.

For example, consider a sharp decline in the S&P 500. The change

(or "volatility") in the periodic values of the S&P 500 would be meaningful, thus, resulting in an increase and upward sloping VIX Index.

Historically, volatility occurs quickly and slowly tempers over time. Careful monitoring allows for opportunities to sell volatility (i.e. taking a "short" position in the VIX Index) during these periods of slow decline. These oppor-



tunities tend to be short-term strategies which can range from a few days to a several weeks.

The intention is to find opportunities to profit in times of declining or stagnant stock market prices.

## High-Yield Bonds

*Intended Benefit: Earn an above average return by identifying cash flow producing companies with higher perceived default risk*

Compared to equity (i.e. stock) investments, bonds are, by definition, a lower risk alternative given their seniority treatment in a hypothetical bankruptcy situation. They usually pay semi-annual coupon payments for a specific period of time. High-yield refers to the type of company based on an assigned credit rating which is

determined based on the perceived ability for the company to pay its coupon obligations. Compared to investment grade companies, high-yield bonds are deemed to be relatively more risky which offer greater reward and return for its investors.

Similar to stock and equity option strategies, third-party funda-

mental research is used to identify prudent high-yield bond investments. By analyzing individual companies' financial health and their ability to pay ongoing coupon obligations, actual default risk can be more thoughtfully assessed.

This strategy uses detailed company-level analysis to uncover lower risk-adjusted returns.



## SP500 Rolling Hedge

*Intended Benefit: Higher than typical exposure to SP500 with some downside protection*

This strategy allows for a larger than normal exposure to the SP500 for those clients so inclined. A rolling hedge is used to

provide a degree of protection from sharp, sudden downturns in the index, although this does not provide full protection.

### The Fine Print

*Past performance is no guarantee of future results. This piece is provided for informational purposes and is not intended to provide specific investment advice. Rather, it outlines strategies employed in the ongoing investment advisory relationship with current clients. It contains my current opinions and those are subject to change. Information, data and graphs are derived from sources deemed to be reliable, but are not guaranteed. Investing involves risk, including but not limited to loss of principal. This is not a solicitation to buy or sell any security, strategy or product. And, the principals, associates and/or employees of T/R Financial may have positions in any or all of the securities mentioned.*

*Hypothetical performance results have many inherent limitations, some of which are described here. No representation is being made that any account will or is likely to achieve profits or losses similar to those referenced. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by a particular trading program. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results. Results not adjusted for commissions, fees and slippage.*

## Paul Kluskowski

### INVESTMENT MANAGER

Paul Kluskowski is an Investment Manager with TR Financial Management Group. A cum laude graduate of Andrews University, he became an Auxiliary Operator at the Palisades Nuclear Plant when he was only 18. He earned his NRC Reactor Operator's License when he was 22, and his SRO License at 25.

Paul left the Palisades plant after 19 years when his wife was transferred. They moved to Washington, D.C., where he was hired by Morgan Stanley as a Financial Advisor. He was there for 4 years and was a National Sales Award winner.

He learned a lot about the financial industry in this position, and in 2003 he decided to become an independent advisor under the umbrella of TR Financial Group. The majority of his fee-paying clients came with him when he made the move.

In 2006, a former supervisor gave Paul a generous offer to go back into the nuclear power industry. He worked for 6 years at the Prairie Island Nuclear Generating Plant in Minnesota, while still managing accounts through TR Financial Group. Paul became a partner in TR Financial in 2008, and in 2012, he decided to devote himself to full time investment management.

Today Paul focuses on providing wealth management and protection solutions for members of the nuclear power industry along with other high-net worth individuals and families. He has successfully navigated two ugly bear markets and the challenges of 2011, including the U.S. credit downgrade and the default of Greece.

Through all of this, Paul has enjoyed an impressive client retention rate, and he has developed and honed his strategies for serving his clients' best interests. Using a consultative and collaborative process, he makes customized recommendations for each client's unique needs.

Paul has had a number of articles published in *Working Money*, *Options Trader* and *Technical Analysis of Stocks and Commodities* magazines. He also hosted the AM radio show *Money Matters* on KDWA in Hastings for 18 months.

Paul was an avid boxer, and in 2004 he fought in a white-collar event at Gleason's Gym in Brooklyn, NY. He is also a dedicated vegetable gardener who is committed to the principles of sustainability and self-reliance. Paul and his wife Lisa have been married for over 20 years, and enjoy small-town, midwestern life.



**Paul Kluskowski**  
Investment Manager

- **National Sales Award Winner**
- **Published in several financial magazines**
- **Former NRC Licensed Senior Reactor Operator**
- **Andrews University cum laude graduate**
- **Former white-collar boxing enthusiast**



- **Former host of KDWA's Money Matters**

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