ParsecFinancial

Helping Clients
Thrive Financially

since 1980

Welcome to Parsec!

We pride ourselves on going the distance with clients.

Parsec
Par.sec/par-sek/ (noun)
a unit of distance equivalent to 206,265 times the distance to the sun, or 3.26 light-years

We...

- are a fee-only, registered independent advisor.
- are a fiduciary, always acting in our clients' best interest.
- have grown to 79 employees in six offices across North Carolina.*
- manage $3.6 billion in assets for 2,030 families and businesses.*
- are proudly a family- and employee-owned firm run by a board of directors. 70% of eligible employees are shareholders; we truly care about our business and its long-term viability!*

* As of June 30, 2022

We enable people to thrive by helping them attain and maintain meaningful financial security.

Our three core values guide us:

Relationship | Excellence | Impact

OUR EVOLUTION

1980 — Bart Boyer founded Parsec Financial, working from the lower level of his Asheville home on Sunset Mountain

1986 — Jack Smith joined Parsec as Bart's partner

1987 — Opened our first office on Wall Street in Asheville

1993 — Bart Boyer and his family featured on *Good Morning America*

1996 — Future CEO Rick Manske joined Parsec

1999 — Opened an office in Charlotte

12.31.2000 — **$462 million AUM**

2001 — Future Partner Greg James joined Parsec

2002 — Bart Boyer featured on cover of *Worth* magazine

2003 — Future CIO/CFO Bill Hansen and President Harli Palme joined Parsec

2004 — Future Partner Michael Ziemer joined Parsec

2005 — Expanded our Asheville office to include the upstairs

2006 — Future Partner Michael Bruder joined Parsec and early Partner Jack Smith retired

2007 — Future Partner Roger A. James Jr. joined Parsec

12.31.2010 — **$1.1 billion AUM**

2012 — Founder Bart Boyer retired, remains chairman of the board until 2020

2013 — Opened an office in Southern Pines

2015 — Rick Manske appointed CEO; Bill Hansen President/CIO; Harli Palme COO/CCO

3.31.2016 — Acquired Tryon-based firm Millard & Company

12.31.2016 — **$2 billion AUM**

7.1.2017 — Acquired Winston-Salem-based firm Mimosa Investment Management

2017 — Expanded our Asheville office to include the downstairs

1.2.2018 — Acquired Asheville-based CPA firm Burlingham & Harris, P.A.

2020 — Named in *Financial Times'* list of 300 top RIAs for 4th year in a row*

12.31.2021 — **$4.2 billion AUM**

2022 — Ranked #2 N.C. RIA by *Financial Advisor (FA)* magazine**

2022 — Harli Palme appointed President

* parsecfinancial.com/news/ft300-2020

** parsecfinancial.com/news/2022-fa-magazine-ria-ranking

AUM = assets under management

Achieve Financial Security With Parsec's Financial Road Map

We pride ourselves on going the distance with our clients. After all, a "parsec" is an astronomical distance equal to 3.26 light-years. Let's take this journey together to build a financial road map that works for you.

Here is how we do it:

1

Understand you

Understanding your values, motivations and goals provides a starting point for our journey and sets the stage for a long-term relationship built on trust and mutual respect.

2

Chart your course

Helping you realize your goals means creating a plan for all of your assets, not just the ones inside of your portfolio.

3

Empower your journey through life's stages

Delivering an exceptional experience along this journey is our first priority. To ensure that happens, we will:

- Pair you with an onboarding concierge to ensure a seamless transition for the administrative aspects of our journey.
- Provide regular team reviews delivering advice, planning and investment strategies from our credentialed professionals.
- Arm you with technology that delivers security and insight to your financial situation so that you're never in the dark.
- Deliver timely and informative educational content and events to enrich your Parsec experience.

1

Choose an allocation that suits your risk/return profile

- Discuss and evaluate your financial goals
- Review your risk tolerance
- Establish an IPS/plan/path

2

Allocate equities among large-, mid- and small-cap assets; diversify fixed income

- Set target weights for portfolio components
- International, domestic, growth, value, sectors

3

Complete a bottom-up analysis of individual securities and funds

- Valuation
- Balance sheet strength
- Growth projections
- Fund alpha
- Fund expense ratio

4

Monitor and rebalance

- Rebalance periodically to target allocation
- Sell overvalued or deteriorating securities
- Add new ideas to portfolio

The Parsec Pillars

Long-term investing

Due to the uncertainty of security prices, we firmly believe that investing in a given asset class should be done over a long-term time frame, preferably longer than 10 years. This is critical to investment success because it allows the long-term characteristics of the asset classes to surface. Short-term portfolio spending needs are considered in the long-term asset allocation decision.

Diversification

Diversification is vital to the portfolio management process. We believe the design and diversity of the portfolio as a whole are more important than the selection of any particular security. Our diversification strategy is to create a portfolio consisting of a combination of growth and value companies; large, medium and small companies; as well as international companies, which may include emerging markets. The fixed-income investments are also diversified.

No market timing

We strongly believe that investors should not engage in market timing. This includes timing the purchase or sale of investments based on the news of the day, as well as giving up on the market as a whole and sitting out for periods of time until things "look better." Though tempting, timing the purchase or sale of securities based on an attempt to guess which direction the market will go is highly unlikely to increase long-term investment returns.

Your Values, Your Money, Our Trusted Guidance

You have good reason to trust your partnership with us. Founded in 1980, we have the history and experience to help you succeed.

Wealth management clients for whom we manage more than $4 million are part of our augmented offering called premier wealth. In addition to investment management and financial planning, premier wealth clients enjoy exclusive services. We endeavor to work with your entire family. As such, our minimum fee is waived for adult children who wish to engage with a financial advisor, even if they have no assets to manage. We understand that wealth management spans all generations, and careful planning and communication are needed to ensure your wealth transfer intentions are met. Therefore, we encourage Parsec-led family meetings when needed.

Financial planning and investment management are at the heart of our service, and we will strive to go deeper into the areas of your financial plan where you need it most. To do this, we will meet with you as often as you desire, whether in person or virtually, and we will put specific focus and resources toward an income tax review and estate planning. In addition, we offer premier wealth clients tax planning and consultation through our tax services department at no additional charge.

Exclusive services provided to premier wealth clients:

- Unlimited meetings
- In-depth income tax and estate planning
- Financial planning and investment management for immediate family at no minimum fee
- Complimentary tax planning and consultation with one of our CPAs
- Organization and safekeeping of important documents in a secure vault

Safeguard your fortune today!
parsecfinancial.com/premier-wealth

Did You Know?*

▶ **12%**
of Parsec clients are premier wealth clients.

▶ **$7 million**
Average assets under management of all premier wealth clients

▶ **14 years**
Average length of relationship with our premier wealth clients

* As of June 30, 2022

A Dedicated Team, Invested in Your Financial Success

Whether you are accumulating wealth in growth mode or sustaining the wealth you have earned, we are your family's CFO, and we report to you.

Our wealth management service includes both investment management and financial planning. Our process involves an in-depth analysis of your current financial circumstances, long-term goals and risk tolerance. We then develop a personalized financial plan that covers investments, retirement planning, education planning, taxes, estate planning issues and insurance. And since the only constant in life is change, we update your plan annually to monitor our progress toward achieving your goals.

This holistic approach allows us to help you with long-term planning. When can you retire? How much should you be saving? Or are you in retirement and need to make sure that your assets will last your lifetime? The answers to these questions are crucial in giving you the confidence you need to invest wisely.

As a Parsec client, you can expect the following:

- Investment policy statement and regular portfolio reviews
- Diverse investments depending on specific needs
- Annual financial plan update with a credentialed advisor
- Tax strategies and planning
- Access to our financial planning software and client portal
- Ongoing client-exclusive thought leadership via emails, newsletters, webinars and events

Manage your wealth wisely!
parsecfinancial.com/wealth-management

Did You Know?*

▶ **62%**
of Parsec clients are wealth management clients.

▶ **$1.5 million**
Average assets under management of all wealth management clients

▶ **10 years**
Average length of relationship with our wealth management clients

* As of June 30, 2022

It's Never Too Early To Plan for Wealth and Get Investment Advice

We offer a service for clients whose portfolios are in the accumulation phase and who need financial planning and investment advice.

Often individuals in this phase of their lives have complex financial planning needs as they balance careers, pay off student debt, save for children's college education and try to afford that forever home.

Our emerging wealth service is inclusive of financial planning, investment management as needed, and investment advice on other investment accounts like workplace retirement accounts and 529 college savings accounts. Our financial advisors will cover topics that matter to you:

- Investment and allocation advice on all investment accounts
- Student loan repayment strategies
- Estate planning goals
- Budgeting and cash flow planning
- Advice on major expenses
- Education funding and planning
- Retirement savings and strategies
- Recommendations on insurance such as life, disability and long-term care insurance

Invest in your future today!
parsecfinancial.com/emerging-wealth

Did You Know?

▶ **$1,500,000+**
Loss in potential net worth by investing conservatively from age 25-60 and achieving a 6% annualized return, versus investing more aggressively and achieving a 9% annualized return
(assuming $15,000 invested annually)

▶ **$1,100,000+**
Loss of net worth by delaying investing until you are 30 versus starting at 25
(assuming the individual saves $15,000 annually, achieves a 9% annualized return and retires at age 60)

Align Your Money and Environmental Priorities With Socially Responsible Investing

Engage in socially responsible investing (SRI) with a Parsec SRI portfolio, an equity- and fixed-income portfolio combined to create any desired asset allocation while selecting companies using a socially responsible screening process and funds with a social or sustainable mandate.

SRI is the practice of evaluating investments' social or environmental impact as well as their traditional financial metrics. By doing so, investors hope to direct their money toward companies with sustainable business practices and away from companies that may commit social or environmental injustices.

Environmental factors:

- Carbon emissions
- Air/water pollution
- Energy efficiency
- Water scarcity
- Deforestation

Social factors:

- Product safety
- Data protection/privacy
- Gender and diversity
- Employee engagement
- Labor standards

Governance factors:

- Board composition
- Audit committee structure
- Executive compensation
- Lobbying
- Bribery and corruption

Use your funds for good!
parsecfinancial.com/socially-responsible-investing

*Did You Know?**

▶ **$34.7 million**
Parsec SRI Fund Model AUM

▶ **$120.4 million**
Parsec SRI Stock Model AUM

* As of July 6, 2022

Providing You with Strategic, Proactive and Timely Tax Planning

We integrate our tax services with your investment strategy and financial plan to provide solutions that can help minimize the taxes you owe. Our tax services include both tax planning and tax compliance.

We work alongside your Parsec advisor to help review tax implications related to important decisions such as:

- How to invest
- How to give
- What and when to sell
- How and when to sell a business
- When to retire
- How to most strategically transfer wealth

We provide tax preparations for:

- Individual income tax returns
- Corporate tax returns
- Partnership returns
- Fiduciary income tax returns for estates and trusts
- U.S. estate and gift tax returns

Minimize your tax burden today!
parsecfinancial.com/tax-services

Did You Know?

6
Number of CPAs on staff

700+ tax returns
Our tax team prepares approximately 700 individual, business and fiduciary returns annually.

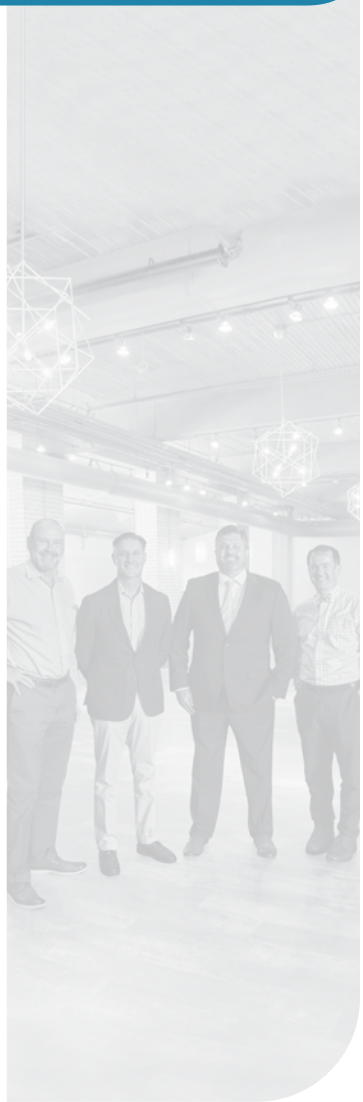
Safeguarding Your Assets Today and for Generations to Come

Trusts can play an important role in your overall financial plan, and you should feel confident that your trust is executed how you envisioned it.

Parsec partners with an administrative trustee who performs the following tasks:

- Collects and distributes income
- Safeguards record keeping
- Provides record keeping
- Produces required tax reporting
- Provides for the administration and disposition of trust assets as directed by the governing document
- Provides principal and income accounting for the trust
- Provides bill payment services at an additional cost

Protect your wealth for future generations!
parsecfinancial.com/trust-services



*Did You Know?**

662
Number of trusts using Parsec's investment management services

$1.1 billion
Amount of supervised assets in Parsec-managed trusts

* As of Dec. 31, 2021

Breaking the Cookie-Cutter Mold for Retirement Plan Advice

We have more than 35 years of experience working in local communities to help small-business owners plan and prepare for their future.

We take the time to understand your unique and evolving needs by designing a retirement plan offering that provides you with the tools to recruit, reward and retain great employees. Our nonbiased fiduciary approach gives you the assurance that there are no ulterior motives. We provide straightforward and easy-to-understand advice with a clearly defined path forward. We have experience working with SEP, SIMPLE, 401(k) and cash balance plans and will ensure we implement the best plan to fit your needs.

Benefit from our ongoing support, including:

- Monitoring, selecting and replacing the plan's investment options as deemed appropriate
- Development and maintenance of the plan's investment policy statement
- Annual plan review meeting with the business owner and leadership team
- Employee education and enrollment meetings
- Proxy voting

Help your employees invest for tomorrow, today!
parsecfinancial.com/business-retirement-services

Did You Know?*

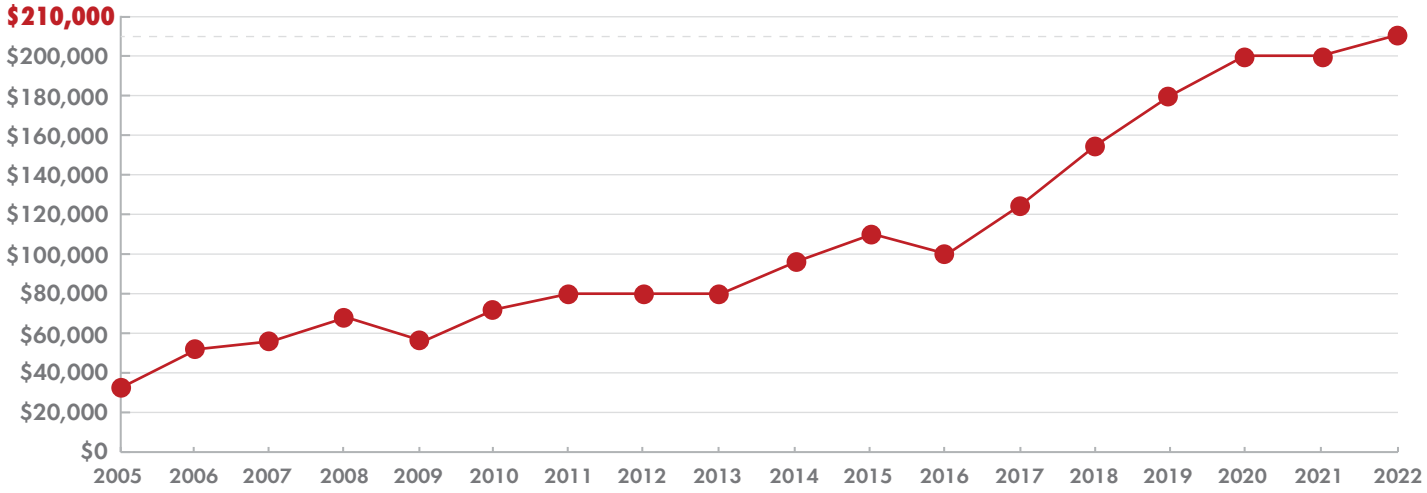
- **9.5 years**
  Average business client relationship
- **$315 million**
  Assets under advisement
- **1,600+**
  Participants served

* Data as of Dec. 30, 2021 and includes balance forward, daily valuation, cash balance, SEP plans and SIMPLE plans

Parsec Prize

We donate approximately 1% of our revenue each year to the Parsec Prize, our charitable grant program. Since 2005, we have given more than $1.9 million to 101 N.C.-based nonprofits.

Parsec Prize Annual Grants Awarded



Corporate sponsorships
In addition to the Parsec Prize, each year we pursue dozens of charitable sponsorships across North Carolina. In 2021, we supported 57 non-profit organizations with more than $87,000 in sponsorships.

Employee giving
We have a formal volunteer-time-off policy for our employees to be involved in the community and serve on numerous charitable boards. To support employees' personal philanthropic endeavors, Parsec matches donations by 200% up to a percentage of their salary. In 2021, Parsec gave $43,000 to 49 organizations in matching donations.

GET TO KNOW THE PARSEC TEAM
AND HOW WE SUPPORT OUR CLIENTS

CREDENTIALED FINANCIAL ADVISORS

Manage the client relationship

FINANCIAL PLANNERS, PORTFOLIO MANAGERS AND RESEARCHERS

Create financial plans; manage/update portfolios; conduct financial research

CLIENT SERVICE, DATA SERVICES, TAX AND SUPPORT SPECIALISTS

Support the team
as well as the client

ParsecFinancial

Serving 2,030 Families and Businesses in Six Offices in North Carolina!

Parsec office locations:

- **Asheville** | 6 Wall St., Asheville, NC 28801 | 828-255-0271
- **Charlotte** | 227 W. Trade St. #1840, Charlotte, NC 28202 | 704-334-0894
- **South Asheville** | 85 Peachtree Rd., Asheville, NC 28803 | 828-277-7400
- **Southern Pines** | 140-B SW Broad St., Southern Pines, NC 28387 | 910-684-8054
- **Tryon** | 22 Depot St., Tryon, NC 28782 | 828-859-7001
- **Winston-Salem** | 100 North Cherry St. Suite 505, Winston-Salem, NC 27101 | 336-659-0050