Investment Management Thought Process

Philosophy

1) We have observed over many years the inclination of markets to deviate, sometimes dramatically, from any reasonably definable measure of value or other meaningful metric.
2) An advantage may be gained by investing in targeted sectors or securities based upon sound underlying fundamentals or in recognition of market pricing anomalies, particularly where there are emerging or established trends supported by those factors.
3) The most reliable way to maximize the probability of better than average long term results is to solidify the advantage so gained by systematically avoiding severe downturns in portfolio value.

As a consequence, we seek to maximize absolute returns using a broad tactical allocation methodology implemented in coordination with multiple risk management strategies.

Frames of Reference

1) Traditional Investment Theory
    - Not as dogma, but for the insights elements of theory can provide
2) Lessons of Market History
    - But without seeking to project the past into the present
3) Current Market and Economic Conditions
    - Cognizant of the limited correlation between the two.

Conceptual Objectives

1) Think Independently
    - Why: The fundamental underpinnings of long market cycles change, by definition, very infrequently, but when they do, recognition is crucial
    - See things as they are, not as one would like them to be
    - Don't blindly or stubbornly force an investment management "system" through a market environment for which it is not well-suited
2) Manage for Probability, Not Performance
    - Why: Performance is unpredictable
    - The primary goal in retirement investing is not mere performance; the goal is maximal probability of achieving a desirable result for each investor

Implementation Principles

Sound principles, ***applied in proper context***, provide enduring value.

Structure

1) Diversify purposefully
    - Utilize weakly correlated or non-correlated asset classes
    - Build the mix using only asset classes demonstrating favorable risk/reward
2) Selectively hedge risk
    - Employ hedges in relation to severity of perceived risk

Process

3) Don't overpay
    - Always consider fundamentals, for both opportunistic and defensive purposes
4) Invest with the primary trends
    - Seek to identify and capitalize on prevailing or developing trends
5) Monitor correlations
    - Be attuned to changes and their implications
    - Don't assume historical relationships are static – they are not
6) Manage entries and exits
    - Monitor market dynamics and technical analysis to add value at the point of execution of buys and sells

Structure provides portfolio stability and ***primary*** risk management. If you wake up in the morning and the market is falling apart, the structure is already in place.

Process provides a framework for responsiveness to changing conditions with a ***primary*** focus on maximizing growth.

In coordination, they constitute a dynamic approach to portfolio management that effectively integrates sound growth objectives with multifaceted risk management.

Investment results cannot be guaranteed. All investing involves risk, and no strategy can assure a profit or protect against loss in every market circumstance. Additionally, some of the above principles cannot be effectively utilized on all investment platforms,

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