



1. Our investment process starts with you, the client.

Your goals, time horizon, required returns, risk tolerance, and liquidity needs

We then apply modern portfolio theory and design an appropriate portfolio for you based upon the principles of asset allocation.



2. Implement Portfolio Design

After we have determined the proper asset classes and their weightings, we seek investments to implement our strategy. We have a rigorous screening process. We filter over 10,000 mutual funds by:

- Appropriateness of investment philosophy
- Asset class and style
- Buy and sell discipline
- Manager tenure
- Performance
- Style consistency
- Investment process
- Fees
- Access to portfolio manager for frequent fund updates
- Comparison of holdings vs. philosophy



3. Ongoing Monitoring and Evaluation

We continually monitor and evaluate your portfolio on three levels: asset class weightings, style management, and security selection. We follow a strict process that is overseen by our Investment Policy Committee of senior planners and is executed by our Chief Investment Officer and his team on a daily basis.

Asset Class and Style Weightings - We closely monitor the valuation of each of your asset classes. This valuation analysis is a two-part process. The first step is to compare the relative valuation between the various classes in the portfolio. The second step is to then look to the longer-term historical valuation within each asset class. If we perceive that a particular asset class looks under or over-valued we will change the weighting of that class in your portfolio. Relative valuation is very important to us—we always look for assets that are under-valued to one another today and by historical standards:

- Stocks vs. Bonds
- Domestic vs. Foreign
- Large vs. Mid vs. Small
- High Grade vs. High Yield
- Investment Style
 - Growth vs. Value
 - Long vs. Short

Our investment policy dictates that we will only overweight or underweight an asset class by up to a maximum of 10%. The primary objective of the asset class weighting changes is to add value by reducing risk. Any further over- or underweight may actually *increase* risk by decreasing diversification.

Monitoring of Investment Securities - We monitor your holdings and will change them based on:

- **Strategic reasons**
 - Strategic asset class or style weighting changes as above
- **Specific reasons**
 - Investment philosophy change on the part of the manager
 - Manager change
 - Style drift
 - Performance