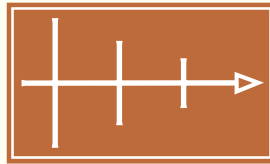


# GOULD

## ASSET MANAGEMENT



*Unconventional Wisdom*

# GOULD ASSET MANAGEMENT

**UNCONVENTIONAL WISDOM** — the knowledge borne of experience and independent thinking. We apply it daily at Gould Asset Management. We challenge simplistic answers to complex questions, and seek fresh solutions to age-old investment problems. We are inherently conservative with client assets, but never equate conservatism with conformity.

The firm takes a personal, sophisticated, and careful approach to wealth management. We work closely with clients—high-net-worth individuals, pension funds, foundations and endowments—to help them realize their financial goals and achieve an overall sense of financial security.

A registered investment adviser based in Claremont, Ca., Gould Asset Management has grown steadily since Donald Gould established the company in 1999.

Mr. Gould is prominent in the financial community for having founded the Pasadena-based Huntington Funds in 1986 and for managing portfolios for Franklin Templeton Investments for many years. He is an adjunct professor of finance at Claremont's Drucker Graduate School of Management, as well as a Pomona College alumnus and a graduate of the Harvard Business School.

**Let the Gould investment team apply its unconventional wisdom to your advantage.**



## INVESTMENT STRATEGIES

Gould offers versatile expertise across a wide range of investment strategies. The firm takes a highly disciplined approach, regularly employing quantitative tools as an input to decision making.

### TARGET RETURN

A dynamic asset allocation strategy seeking a specified target level of long-term total return.

### BENCHMARK PLUS

An asset allocation strategy based on a specified benchmark and driven by client risk tolerance and time horizon.

### DIVERSIFIED EQUITY

A customized, diversified portfolio of individual stocks, selected through a disciplined screening process.

### QUALITY FIXED INCOME

A portfolio composed primarily of AAA/Aaa-rated individual bonds, including U.S. Treasury, Agency and tax-exempt municipal issues.

## TARGETRETURN STRATEGY

Gould is a pioneer with unique experience in target return investing. This strategy seeks to reliably deliver an identified rate of return, plus or minus an acceptable variation, on average, over time, and in a risk-controlled manner.

The “target” for a TargetReturn portfolio is typically a specified rate of real (inflation-adjusted) return, e.g., five percent above CPI. Targeting of absolute returns is also feasible.

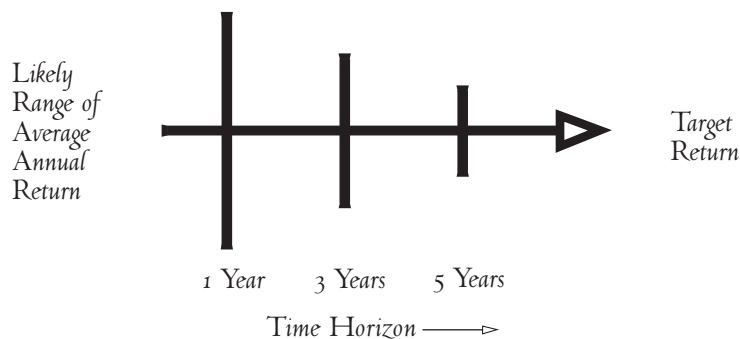
Gould applies a disciplined quantitative strategy, allocating assets across a globally diversified range of equity and fixed-income asset classes. Risk management is focused on controlling return volatility, subject to the long-term return objective. In other words, we take the minimum risk necessary to achieve our long-term target.

The TargetReturn strategy makes sense for high-net-worth individual investors (in both taxable and retirement/IRA accounts), foundations and endowments.

Among individuals, the strategy will likely work best for those who have already accumulated significant assets and wish to devote a core portion of their holdings to a strategy aimed solely at preserving and enhancing purchasing power.

Foundations and endowments typically have explicit annual spending rates. In order to maintain the purchasing power of their annual spending, they must achieve a rate of return at least equal to inflation plus the spending rate—in other words, a target real return.

### How Convergence Works



In a TARGETRETURN account, the return in any given year may vary considerably from the long-term target. Over a reasonable time frame, however, we expect short-term returns to be roughly evenly divided between periods of outperformance and underperformance relative to the target. We therefore expect the average annual return to *converge* toward the target over time, as seen in the narrowing bars in the chart above. Please note that there can be no guarantee of convergence toward the target return within any given time frame.

Gould's **BENCHMARKPLUS** strategy enables clients to select a conventional fixed benchmark (e.g., 60% stocks, 40% bonds) based primarily on risk tolerance and time horizon.

Gould then allocates assets across a diversified range of equity and fixed-income categories, applying a consistent process over time.

This strategy's goal is to improve upon the benchmark's performance through a combination of enhanced return and/or reduced risk, while seeking a high degree of predictable performance relative to the benchmark.



The **DIVERSIFIED EQUITY** strategy consists of a portfolio of individual stocks and is custom designed to meet the client's requirements with respect to growth, income, safety, and other considerations.

Stocks are selected through disciplined screening based on third-party research. Where appropriate, Gould applies a consistent strategy of "writing" equity options, based either on a portfolio of existing client stock positions

(including large positions in a single stock) or on a diversified group of individual stocks selected by Gould.

This strategy's goal is a market-like return over time, with more income and less risk than the stock market itself.



Gould's **QUALITY FIXED INCOME** strategy targets primarily top-rated (AAA/Aaa) individual bonds.

Bonds are selected from a variety of issuer types, including U.S. Treasury, Agency, and tax-exempt municipal obligations. Corporate bond and mortgage-backed security positions, if included, are implemented through low-cost, diversified mutual funds.

Gould actively manages accounts with respect to income requirements, duration (interest-rate sensitivity), issuer type, call features, tax sensitivity, and liquidity.

This strategy's goal is to achieve superior risk-adjusted performance of fixed-income assets.

#### **How GOULD works with investors:**

Gould offers customized individual portfolios structured to meet each client's requirements with respect to return, risk, time horizon, income, and taxes. We manage money through separate accounts—stand-alone portfolios that require a minimum investment of \$500,000. We also offer private investment funds to accommodate smaller amounts.

#### **GOULD clients tend to be:**

- high-net-worth individuals and small-to-medium-sized institutions, including pension funds, foundations and endowments.
- focused on the preservation and growth of purchasing power as a paramount financial concern.
- somewhat more risk-averse than the average investor.

## *Our philosophy is fundamental to our practice . . .*

- We believe that diversification of strategy is as vital as diversification of assets.
- Today's dynamic markets demand an active approach to asset allocation.
- We manage assets in the context of a client's entire holdings, including assets held elsewhere.
- The tax implication of every action is an important consideration in our portfolio decision making.
- Clear communication of appropriate expectations forms the foundation of successful, long-term client relationships.
- Our compensation is based upon assets under management. This aligns our interest with that of our client in terms of both risk and return.
- Gould investment strategies are based in sound theory and practice. They are designed to provide enduring value over a wide range of economic and market environments. As a result, our strategies form long-term core positions for our clients.
- We are independent thinkers, and our business is structured independently as well. We opt for the most cost-effective way of getting the job done. We choose investments and business partners on the basis of advocacy for our client, with no conflict of interest.



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