



## OUR INVESTMENT PROCESS

Since 1988, Ocean Park Asset Management, Inc. (Ocean Park) has been helping retirees and other conservative investors preserve and grow their wealth. Through the years, Ocean Park has fine-tuned an investment approach with the specific goals of limiting downside risk and providing satisfying returns over a market cycle. Using decades of strategic research and proven risk management disciplines, Ocean Park strives to help its clients meet their investment goals.

### Fundamentals of Portfolio Management

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Ocean Park has a long-proven approach to each of these questions, from simplest to the most complex.

- 1 What to buy?
- 2 When to buy it?
- 3 When to sell it?

Past performance does not guarantee future results and there is no guarantee that any investment strategy will achieve its objectives, generate profits, or avoid losses.

## 1 WHEN TO SELL - *Our Completely Quantitative Discipline*

- We update our trailing-stop-loss discipline every day for every holding.
- When the price declines below the trailing stop, we sell, and move temporarily to cash.
- Our stops are completely quantitative and are proportionate to the historic volatility of each asset class.
- Our stop-loss discipline limits the impact of any sustained decline on the overall portfolio.

## 2 WHEN TO BUY - *Also Fully Rules-Based*

- We buy only when our decision rules show an uptrend has begun or is in progress.
- Once a given asset class begins an uptrend adequate enough to generate a “Buy” Signal under our proprietary discipline, we analyze all mutual funds in that asset class to determine which to buy.
- “Buy” Signals are quantitative – and the discipline is the contrary of our trailing stops for “Sell” Signals.

## 3 WHAT TO BUY - *The Most Complex Question (for our diversified portfolios)*

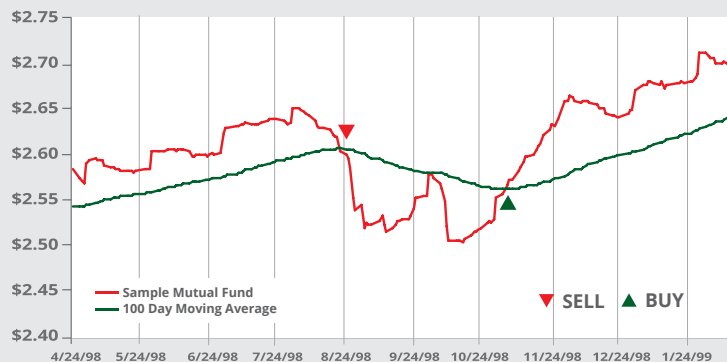
- Often there are multiple asset classes in uptrends.
- As part of our risk-mitigation discipline, we give preference to asset classes with low volatility – our trailing stop bands will be tighter, thus when the trend reverses from up to down, we give back less.
- We also give preference to asset classes that are not highly correlated to each other, or the portfolio as a whole.

### Buy and Sell Discipline: A Simplified Example

This graph illustrates the use of a simple moving average to generate “Buy” and “Sell” signals for a typical high-yield corporate bond fund. This simple technique (sell when price falls below a moving average, and buy when it rises above it) has been used by traders for more than 50 years.

At Ocean Park, we use a more sophisticated trailing stop discipline that our founders developed in 1985-1987, but the goals are the same: to limit the impact of sustained price declines on the clients’ portfolios, and in the case of the more severe declines, to buy back at prices lower than those at which we sold, thereby enhancing long-term returns.

This disciplined approach also allows us to use volatile asset classes without subjecting the client to the occasional severe declines.



*For illustrative purposes only. There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses.*

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Note: “Trailing stop” refers to the way a moving average or comparable discipline rises slowly in periods when price rises in a sustained uptrend – the stop “trails” price movements.

**FOR MARKETING PURPOSES ONLY. This material should not be relied upon as investment advice.**