



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 remained committed to a tactical, rules-based investment process with the specific goals of limiting downside risk and providing satisfying returns over a market cycle. Using decades of strategic research and our rules-based discipline, Ocean Park strives to help its clients meet their investment goals.

Fundamentals of Portfolio Management

Ocean Park has a long-proven approach to each of these questions.

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

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 BUY - *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.

2 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 stopbands 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.

3 WHEN TO SELL - *Our Completely Quantitative Discipline*

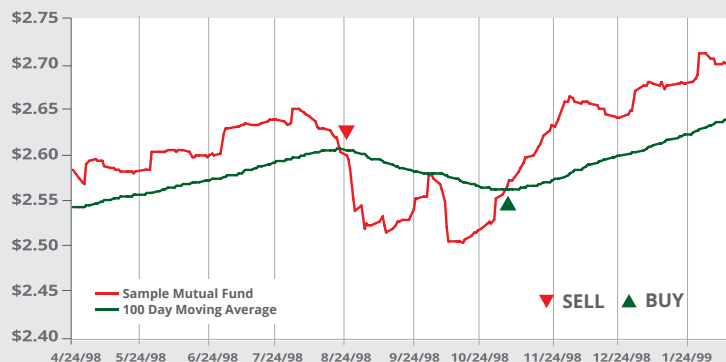
- We update our trailing-stop-loss discipline every day for every holding.
- When the price declines below the trailing stop, we sell, and move temporarily to cash.
- Our stops are completely quantitative and are proportionate to the historic volatility of each asset class.
- Our stop-loss discipline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

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.

Ocean Park Asset Management, Inc. (Ocean Park) is an SEC registered investment adviser. The performance quoted herein represents past performance. Past performance does not guarantee future results. **Investments employing Ocean Park strategies are NOT insured by the FDIC or by any other Federal Government Agency and MAY result in loss of principal.** For more information, call 800-729-1467 or visit www.oceanparkam.com

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.

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