



Client First Capital

# The ONE Portfolio Investment Strategy

[www.clientfirstcap.com](http://www.clientfirstcap.com)



*At Client First Capital, we first seek to understand your financial needs and appetite for risk. Then, using a probability-based risk management approach, we create a tailored investment strategy based on a holistic view of your portfolio.*

# Our Philosophy

## About Investing

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Most large firms use standard investment models built on Modern Portfolio Theory as these frameworks provide an easily scalable solution. We believe that Modern Portfolio Theory, despite its name, is antiquated and fundamentally flawed for several reasons which are detailed below:

- Modern Portfolio Theory takes a narrow view of the market by only considering stocks and bonds. We believe there are four major asset classes comprised of stocks, bonds, commodities and currency.
- Alarming, Modern Portfolio Theory does not consider the current market environment. We believe that risk management / mitigation is a key component of a sound investment strategy.
- The Theory believes that diversification between stocks and bonds protects an investment portfolio. However, during heightened volatility, most stocks and bonds move in the same direction.
- Modern Portfolio Theory assumes probable outcomes are evenly distributed. We know from market data that this is not the case.

At Client First Capital, we work closely with our small group of high-net-worth families to develop and implement an evolved investment strategy called **The ONE Portfolio**. This strategy follows a disciplined process that starts with understanding appetite for risk and financial needs and then layers in probability statistics as a way to manage risk and develop the ideal investment portfolio for each family.

# Understanding Your Needs & Risk Appetite

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Understanding your risk appetite and financial planning needs is the first step in developing a customized investment strategy. We work with you to determine how much in potential losses can be afforded from a financial planning point of view. With this information, we can identify which of the following core investment models to use as a starting point to then tailor your ideal portfolio.

<b>Principal Preservation</b>	<i>Focuses on capital preservation and protection as a primary goal.</i>	The investment mix is built predominately containing bonds and the conservative strategy is structured to minimize exposure to market volatility. A sizeable percentage of total return for this strategy is driven by current income.
<b>Stable Capital</b>	<i>Focuses on capital preservation alongside the potential for capital appreciation.</i>	The investment mix contains a majority of bonds but also layers in a higher exposure to the market. As such, the overall exposure to market volatility is limited. The total return for this strategy is driven primarily by current income but also includes potential upside from equity returns.
<b>Moderate Appreciation</b>	<i>Primary focus is on capital appreciation.</i>	The investment mix is structured to contain a moderate mix of equities, currencies, bonds and commodities resulting in an increased exposure to market risk while maintaining some level of downside protection. The total return for this strategy is primarily determined by appreciation of equities and commodities as well as current income.
<b>Focused Growth</b>	<i>Seeks to maximize total return.</i>	The investment mix is structured to contain a heavy weighting towards equities and commodities versus short-term bonds resulting in a high level of market risk with limited downside protection. The longterm return for this strategy is primarily determined by appreciation of equities.

# An Overview of Our Approach & Process

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Each investment portfolio using the Client First Capital ONE Portfolio investment strategy is built by balancing liquidity needs and risk reduction given the current market environment.

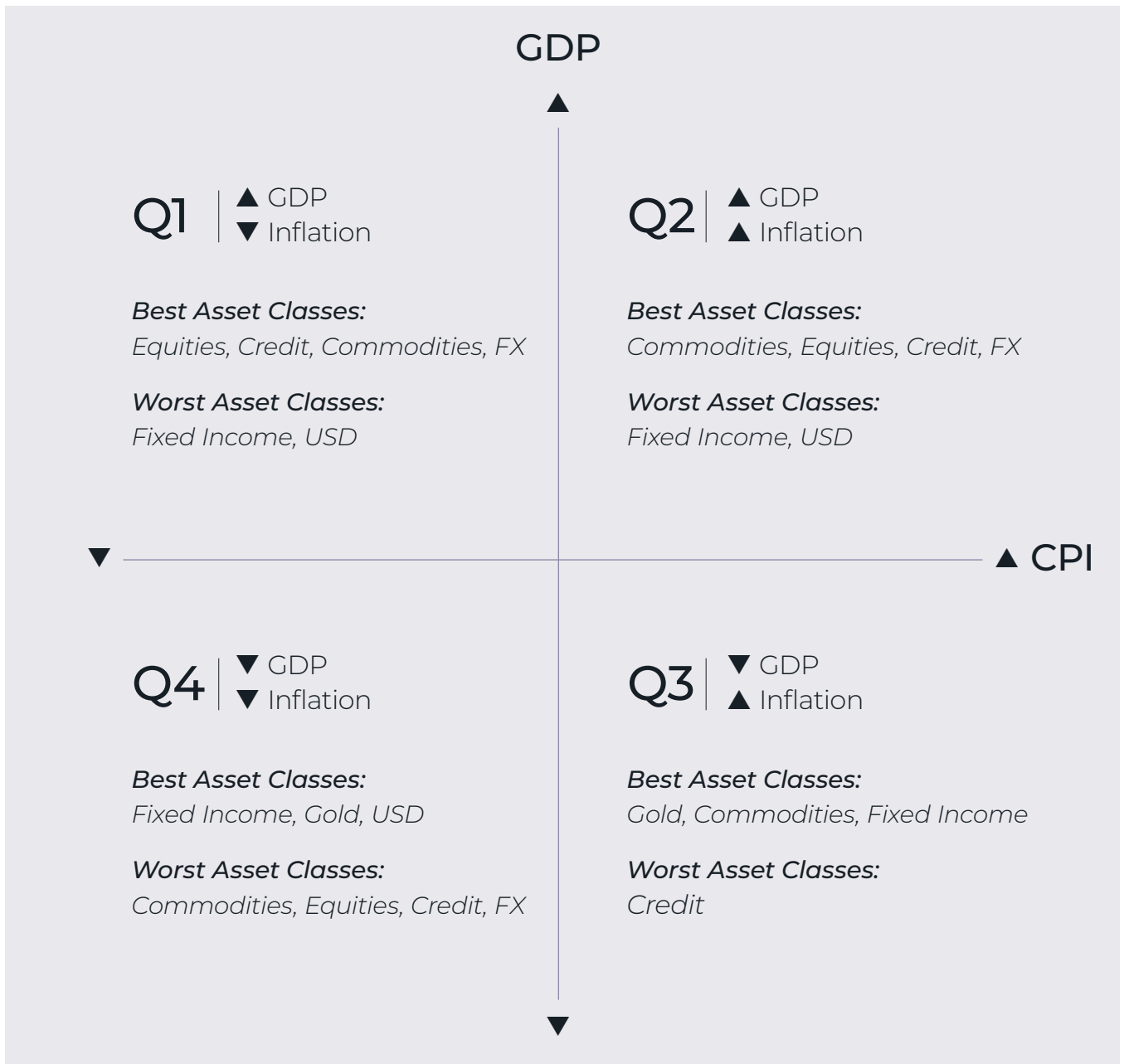
Once we have identified the optimal asset allocation to match our client's needs, factoring in liquidity, cash flow, time horizon, life goals, investment constraints and taxes, we then look to our risk management process to identify key holdings within in each asset class.

Our risk management process is built on contextualizing key economic developments in a consistent manner across time and geographies enabling us to proactively identify holdings which we believe will mitigate downside risk.

Our **quadrant-based approach** is a framework through which we can understand which sectors carry the most amount of risk based on the current economic environment. We use this framework to measure and map the trending rates of change in growth and inflation across economies.

Our goal is to build a portfolio that holds sectors that have the highest risk adjusted return based on our current environment.

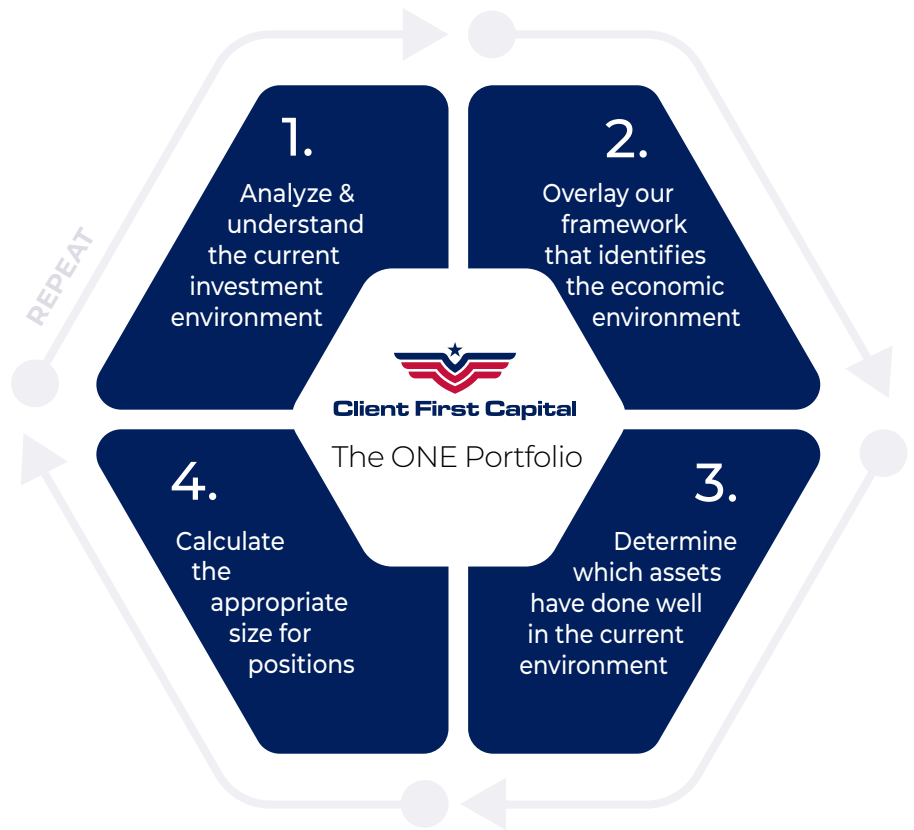
To understand our current environment, we analyze U.S. and global equities, interest rates, commodities and currencies. This robust investment approach provides our clients with a customized portfolio based on a deep understanding of numerous economic factors and trends.



# The ONE Portfolio: A Dynamic Risk Portfolio Design

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The Client First Capital ONE Portfolio investment strategy overcomes the flaws of Modern Portfolio Theory by contextualizing a quadrant-based approach within the current market environment with key considerations of price, volume and volatility. As a dynamic investment strategy, the Client First Capital ONE Portfolio incorporates new economic data and market information to adjust risk on a proactive basis.



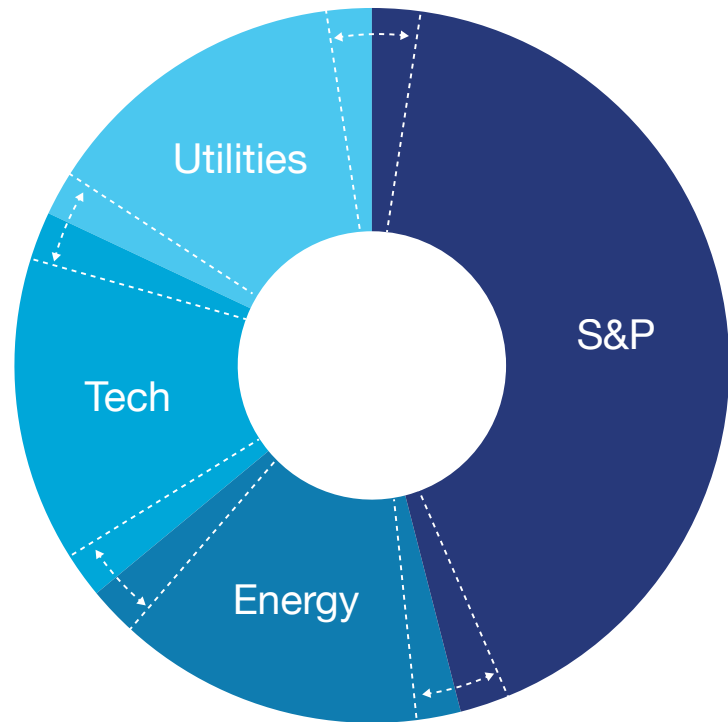
# Ongoing Investment Portfolio Monitoring

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It is important to know when and why transactions will happen within your portfolio.

Although we monitor investment portfolios daily, there are two main reasons for which we make changes to your investments:

1. A greater than 10% drift on our overall allocation based on your tailored investment strategy
2. A market shift from based-on CFC's Risk Management Process that creates a change in a size of a position or holding of an asset



Rebalancing of your portfolio is triggered by market shifts that (1) affect your overall allocation, and/or that (2) push your portfolio outside of your predefined risk thresholds.



# Reporting & Transparency

Client First Capital provides detailed investment performance reporting with full transparency around costs and fees using our customized reporting software.





## Contact Us

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