



RISK MANAGED  
FOR ALL TERRAINS.

# QUINT-ESSENTIAL STRATEGY

Cornerstone's Quint-Essential Strategy, also known as our Model Portfolio, is based on a combination of fundamental research and technical analysis. It is a fully flexible portfolio with no limit on asset classes. As a risk managed portfolio, there are 5 key themes that drive the Quint-Essential Strategy.

## 5 KEY STRATEGIC POINTS

1. **Dynamic Risk Management**
2. **Real World Diversification**
3. **Pro-Active Asset Allocation**
4. **Strategic Re-Balancing**
5. **Invest For The Upside & Downside**

## 1 DYNAMIC RISK MANAGEMENT

To manage the portfolio's risk, we utilize several strategies including asset allocation, diversification, negatively and non-correlated assets and inverse market positions to hedge everything from stocks and bonds to special situa-

## 2 REAL WORLD DIVERSIFICATION

Besides US stocks and bonds, we also use foreign and emerging market stocks and bonds, hard assets, precious metals, currencies, hedge positions and cash. By using such a wide variety of asset classes, we are able to reduce overall volatility of the portfolio.

# 3

## PRO-ACTIVE ASSET ALLOCATION

Buy and Hold strategies of the 20<sup>th</sup> century no longer work in the new more volatile markets in the 21<sup>st</sup> Century. It is for this reason that our asset allocation is not static. We do not have pre-set asset class minimums or maximums. We may raise or lower our target allocations in anticipation of changing market and economic conditions as our proprietary research indicates. Today's asset allocation needs to be flexible.

# 4

## STRATEGIC RE-BALANCING

Besides having a flexible asset allocation, we also re-balance strategically. If an asset class strays too far from the target, we either sell or buy to bring the asset class back into line. This means that sometimes we sell some asset classes when they are high and buy other asset classes when they are low.

# 5

## INVEST FOR THE FULL CYCLE

Many investors only invest for the up cycle. But markets have both up and down cycles, bulls and bears. All markets have bulls and bears, eventually. So by not limiting ourselves to only US stocks and bonds, we are able to look for bull markets in other markets that might be in other parts of the world.

We also are not afraid to get out of the market and even utilize strategies that may benefit from a declining market. In this way, we are able to invest for the whole market cycle, both the up and the down cycle.

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**Cornerstone's Quint-Essential Strategy** is a sensible approach to markets that many times don't make a lot of sense. We use disciplined strategies to manage risk, while looking for opportunities around the World. We combine fundamental research with technical analysis to give investors a strategy that has both long term and short term perspectives. Thanks to our research and experience, we do for investors what many cannot do for themselves.

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**Past performance is no guarantee of future results.**

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*Diversification does not ensure a profit or guarantee against a loss. There is no assurance that any investment strategy will be successful.*