



The advantages of professional management with

Concorde Gateway™ Advisory Solutions

CONCORDE
ASSET MANAGEMENT



Experience, stringent discipline, and vast resources are some of the reasons why discerning institutional and individual investors turn to professional money management companies. These professional managers draw upon a depth of experience that only comes from a history of practical application. While seeking consistent performance over time, they follow a pure investment discipline that is founded on a well-established set of criteria of values. In addition, most professional managers possess and access extensive resources across the globe in order to make well-informed decisions about the portfolios they manage. These professional money management companies oversee the assets and pension funds of some of the largest corporations and endowments in the country.

Concorde Gateway™ Advisory Solutions draws from a broad universe of institutional quality management companies and investment instruments to create portfolios to an individual's specific investment objective. The Gateway™ selection process uses both quantitative and qualitative measurements to assess portfolio managers before including a professional investment management company in the program. Professional managers must have an established presence in the investment management arena with historical performance that places them among the top of their respective peers. The Gateway™ process also seeks professional managers that display a consistent style of management. Potential managers are additionally screened for responsiveness, competitive fees, and commitment to client service quality.

The end result is a carefully chosen list of professional managers representing a variety of investment styles from a group of prominent investment management companies.

The Importance of a Well-Defined Investment Approach

An integral component of Concorde Gateway™ Advisory Solutions is our well-established and objective investment philosophy. This investment philosophy follows a disciplined, four-step process that helps define an individual's objectives, portfolio strategy, investment manager, and performance measurement process.

- Step 1 Client Profile Analysis
- Step 2 Determination of Portfolio Strategy
- Step 3 Selection of Institutional Quality Portfolio Managers
AND/OR other appropriate investment instruments
- Step 4 Monitoring and Reporting

Step 1: Client Profile Analysis

In the first important step, a client profile is created through a series of specific questions and data gathering. As part of this process, three primary areas are addressed to form the basis from which the portfolio will be directed. These three primary areas, Individual Financial Profile, Risk Tolerance, and Investment Time Horizon, are unique to each individual client. The client profile analysis also sets forth the objectives, guidelines, and constraints for which the portfolio will be managed.

Individual Financial Profile

Each individual financial profile can introduce unique parameters or constraints that affect how an account is to be managed. How much is available in investable assets, how much is eventually needed for use and when, and other personal matters are important elements to completing a proper individual financial profile.

How long an investment portfolio is held can have an important effect on asset allocation and ongoing portfolio management decisions.

One of the main factors in the client profile process is determining the investment time horizon you are prepared to assume. It is important to recognize that the range of returns appears less volatile with longer holding periods. How long an investment portfolio is held can have an important effect on asset allocation and ongoing portfolio management decisions.

Over the long-term, periods of high returns tend to offset periods of low returns. With the passage of time, these offsetting periods result in the dispersion of returns gravitating or conveying towards the average. In other words, while returns may fluctuate widely from year to year, holding the asset for longer periods of time results in apparent decreased volatility.

Risk Tolerance Determination

In general, investment risk cannot be avoided, but it can be managed. The key to properly positioning an investment portfolio is determining a level of risk that is acceptable to the investor. Although more of an art than a science, Concorde Gateway™ provides the investor and the manager with a quantifiable perspective on the investment manager selection process.

Diversification is an important part of the professional management process.

Step 2: Determination of Portfolio Strategy

Once the client profile analysis is complete, the next step of the investment process is to determine the appropriate portfolio strategy: diversification, asset allocation, and customization.

Diversification

Diversification is an important part of the professional management process and is employed to reduce individual market risks. Company or individual security risk is the risk that a specific security may fall in price due to non-market-related factors, such as poor company management. It is the risk in excess of the over-all stock market and is not always rewarded with higher returns. Greater company risk is assumed when you invest in a limited number of securities. This is true of stocks as well as other types of asset classes.

Generally, it is impractical for most investors to buy and monitor a diversified portfolio of individual stocks. Professional management provides the ability to maintain a diversified portfolio of securities, thereby lowering individual security risk. However, even professional management cannot diversify away market risk. Market risk is the risk that the entire market will experience when there is a decline in price. Even if every stock in the market is held in a portfolio and all have very little company-specific risk, the portfolio will still be exposed to market risk.

The asset allocation decision is one of the most important decisions an investor will make.

Asset Allocation

The decision on how assets should be allocated over a variety of asset classes is perhaps the most important decision made in an investment process. For the most part, portfolio performance is predicated on how this capital is apportioned. Asset classes that tend to move in opposite directions through a variety of economic cycles may reduce risk without adversely affecting return or may improve return while maintaining the same risk level. We will help identify asset classes or industry sectors that have low or negative correlation, yet are consistent with your investment objectives.

Diversifying investments through an asset allocation strategy may reduce the overall volatility of a portfolio.

Proper asset allocation will also help reduce portfolio volatility over time. As the holding period a portfolio increases, the total risk or volatility of the portfolio decreases.

Customization

When the Concorde Gateway™ Advisory Solutions process is applied, clients gain greater control over their portfolio. The portfolio can be managed for specific strategies and personal investment preferences.

Step 3: Selection of Professional Managers

A key element to the Gateway™ process is the careful screening of professional management companies, the qualifying of their experience, and quantifying of their performance within their areas of expertise and services.

Our selection process is based upon extensive research and evaluation in several areas. This information gathering process is a function of ongoing analytical evaluations, due diligence and interviews with the managers and their staffs. Effectively discerning specific criteria and management disciplines, which we believe are necessary for quality portfolio management, is a core ingredient of Concorde Gateway™ Advisory Solutions.

Ranging from small niche managers to large institutional management organizations, Gateway™ will carefully select and recommend the appropriate management firms, followed by careful selection and recommendation of the appropriate individual or combination of managers and investment instruments that best meet the client's needs.

Concorde Gateway™ managers are profiled and ranked within six core portfolio strategies:

1. Very Conservative
2. Conservative
3. Moderately Conservative⁴
4. Moderate
5. Moderate Aggressive
6. Aggressive

Changes in investment climates, individual investor needs, and professional manager strategies require an objective and ongoing monitoring process.

Step 4: Monitoring and Reporting

An integral component to the Gateway™ Advisory Solutions process is consistent monitoring and performance evaluation. Gateway™ continually monitors the performance of all recommended portfolio managers, as well as each individual portfolio, and reports that performance to the client in a clear, concise report.

Changes in investment climates, individual investor needs, and professional manager strategies require an objective and ongoing monitoring process. The ability to assess a manager's performance in light of overall market conditions, risk assumed and in relation to their peers is another key component of our process. Concorde Gateway™ clients receive comprehensive monthly statements, individual transaction confirmations, and quarterly performance reports. Utilizing numerous databases, software, and decades of experience, the Concorde Gateway™ team keeps the investor's goals in sight and portfolio on course while reporting its progress along the way.

Past performance and predictions are not indicative of future results. Diversification does not guarantee profits or guarantee protection against losses. Different types of investments, asset classes and/or investment strategies involve varying levels of risk, and there can be no assurance of any specific investment, asset class or investment strategy (including participation in the program) will be profitable.

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