

The KLD Capital IDExtreme Approach: Practical Applications and Benefits

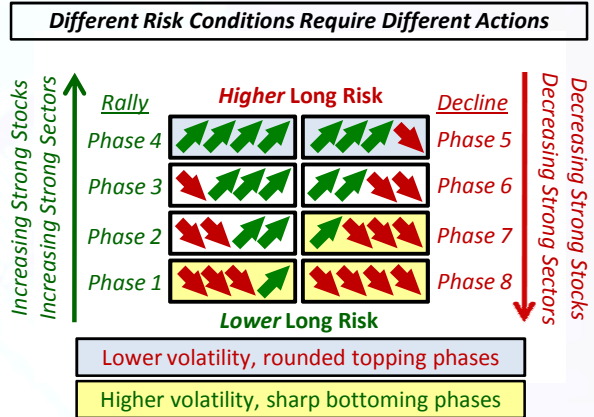
Highlighted Components: Market Phase Analysis, KLD Sector Risk Gauge

KLD Market Phase Analysis: Providing Actionable Context

KLD relates reward and risk to specific market conditions. Through this, KLD generates alpha by adjusting portfolio exposure according to relative and absolute market index performance through changing conditions.

Because it is based on the logical concept that “Strength is Risk,” through all market environments Market Phase Analysis enables consistent, objective portfolio exposure adjustments long and short, aggressive and conservative, based on market volatility and

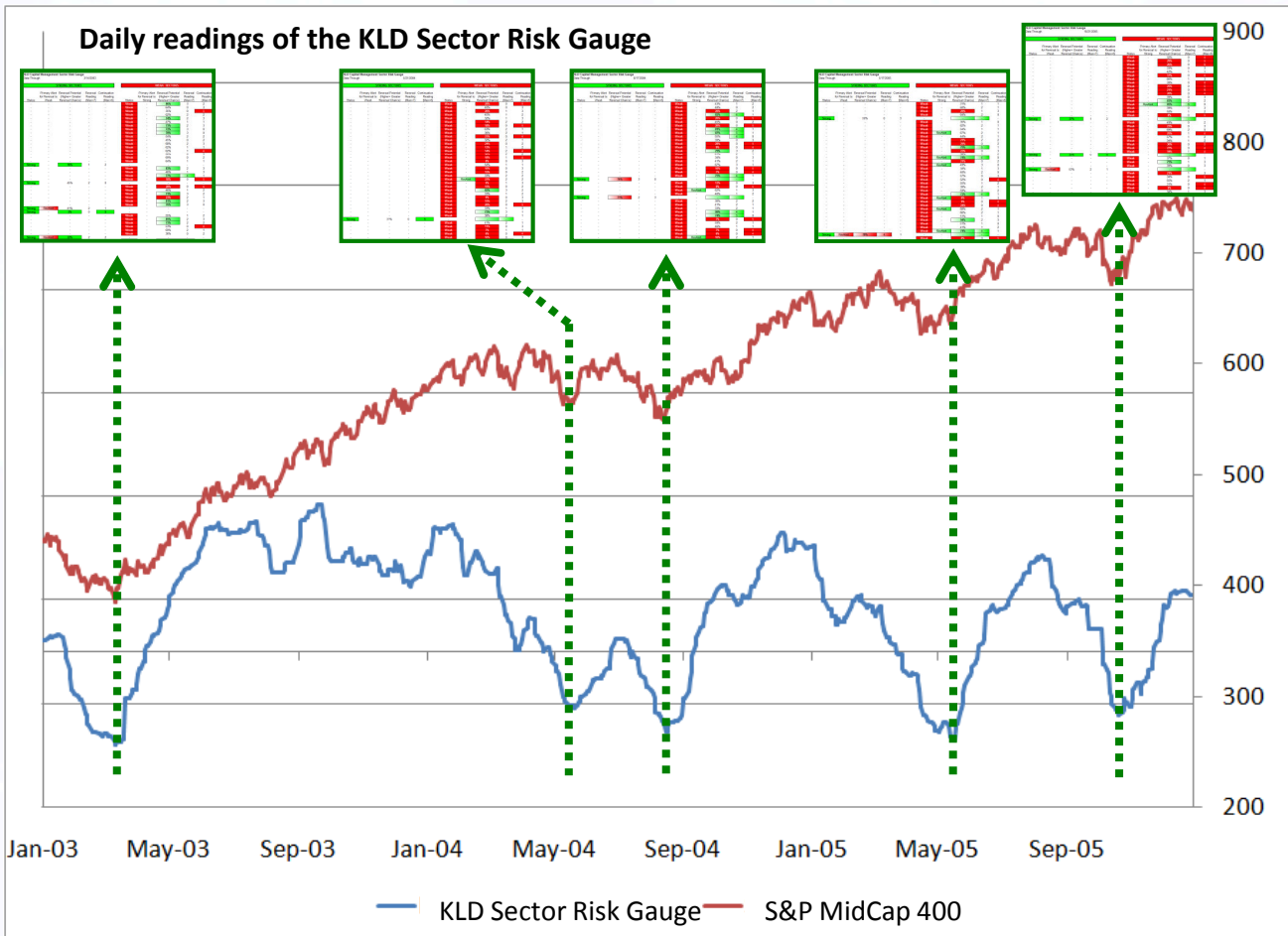
- overall performance (positive or negative, to large or small degrees) of the market indexes during each phase, and
- relative performance of the market indexes compared to each other during each phase (i.e., long capital allocated to stronger indexes and short capital allocated to weaker indexes by phase).



KLD Sector Risk Gauge: regardless of methodology, returns can be improved by patiently waiting for more attractive entry points as signaled by the Gauge.

“The greatest challenge is maintaining the requisite patience and discipline to **buy only when prices are attractive** and to **sell when they are not.**”

Seth Klarman (Baupost Group), *Margin of Safety*



Past performance is not necessarily indicative of future performance and there is always the risk of loss.

KLD CAPITAL MANAGEMENT

Keep Looking Deeper to Make the Complex Simple:
Truly Different Analysis for True Strategy Diversification