

KLD Capital Management Overview

Protecting Clients from the Worst Case (Large Drawdowns) and Positioning Them for the Best Case (Absolute Returns)

- U.S. stock market, long/short Registered Investment Advisor (fiduciary duty, fee-only)
- Logical, objective money management process that makes sense in all market environments
- **Strength is Risk:** buy during lower-risk conditions, sell during higher-risk conditions

BENEFITING

All U.S. stock market participants with regular and/or retirement accounts

TARGET

To **PROTECT AND GROW CLIENT CAPITAL regardless of market trends** or economic environment, with unique long/short money management methods that complement existing approaches

- PROTECT client capital with true diversification (by asset, action, and strategy)
 - **Diversify by asset AND action** at individual strategy level (using market indexes and taking long, cash, and short positions)
 - **Diversify by strategy** at portfolio level (using the KLD Capital IDExtreme Approach to create and deploy new strategies with low correlation to existing methods)
- GROW client capital (seeking low/mid-teens annual returns net fees with drawdowns significantly below the market) using objective, common sense-based strategies that perform well on a stand-alone basis

METHOD

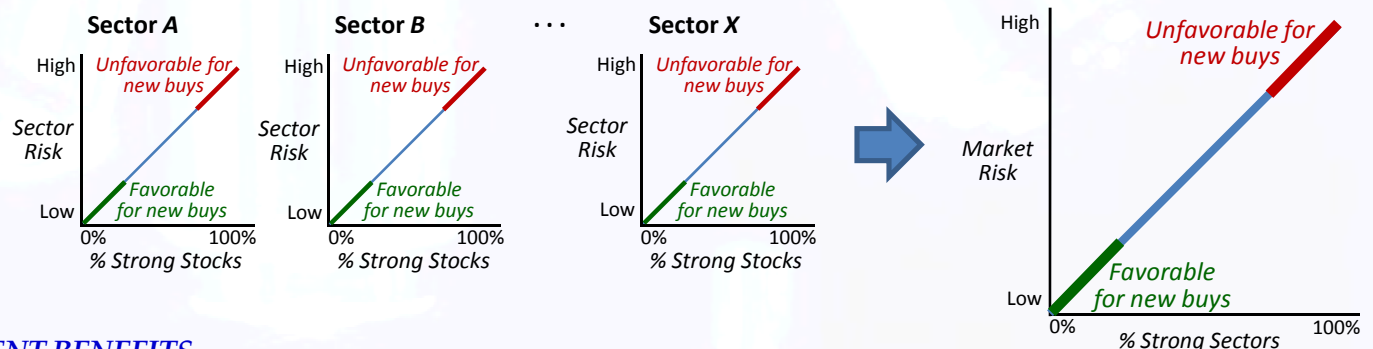
KLD Long/Short Multi-Index Strategy (money management program) based on KLD IDExtreme Approach utilizing Inside-Out Risk Analysis, the KLD Sector Risk Gauge, and Market Phase Analysis

COMMON SENSE INSIGHT

Different risk conditions = different actions required; more strong sectors = more market risk

Therefore: 1) there are times to buy, sell, and be in cash, and 2) track price action for thousands of stocks to identify sector-by-sector/overall market risk extreme conditions and take the right actions at the right times.

Track individual stock strength, measure sector-by-sector risk, aggregate into Market Risk perspective



CLIENT BENEFITS

- 1. Capital protection and growth via objective, stand-alone, long/short money management program.**
KLD combines buy lower/sell higher underpinnings with an objective stock-, sector-, and market-level risk focus to provide clients legitimate opportunities to protect and grow capital throughout the full market decline/rally cycle.
- 2. Capital protection via strategy diversification complementing Buy and Hold and Value Investing.**
Buy and hold is prone to large losses (does not adjust for changing market conditions, asset diversification fails when all stocks fall as in 2008/early 2009, 2000 through 2002). Value investing is proven but can be prone to large drawdowns (Warren Buffett -52% 2007-2009, Benjamin Graham -70% 1929-1932). With unique, diversifying KLD strategies included, portfolio-wide performance may be more steady.
- 3. Continued performance improvement due to continued system refinement and creation of new strategies.**
KLD's quantitative approach can continually be improved and provides a sound foundation for new strategies including long-only or short-only, using individual stocks and/or sector- and market-based ETFs and mutual funds.

KLD CAPITAL MANAGEMENT

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