



INVESTMENT APPROACH

A PROVEN INVESTMENT PROCESS

Our proven ability to develop effective investment strategies stems from Bel Air's four-part process, which integrates expertise in investment advisory services, research and asset management.

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| 1. IDENTIFYING
OBJECTIVES | 2. DEVELOPING AN
INVESTMENT
STRATEGY | 3. IMPLEMENTING
THE INVESTMENT
STRATEGY | 4. OVERSIGHT AND REVIEW
OF PERFORMANCE AND
OBJECTIVES |
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Part 1. Identifying objectives.

Identifying our clients' objectives is central to developing sound investment strategies that meet their needs. We use quantitative and qualitative assessments to help formulate strategies that take into account a client's risk tolerance and seek to provide consistent after-tax returns over time. As part of this analysis, there are several considerations including, but not limited to:

- Current holdings and the strategy behind existing portfolio
- Current and future tax status
- Estate / Next generation planning
- Lifestyle aspirations and income needs
- Charitable interests
- Tolerance for market volatility

While clients come to Bel Air for a variety of reasons – including the sale of a business, inheritance, change in life circumstance, or our reputation for sophisticated advice and strong relationships – they tend to have key common objectives, among them:

- Preserving the real value of assets after taxes and inflation
- Generating sufficient income to maintain desired lifestyle
- Building the value of assets without taking inappropriate risks or sacrificing required income

Part 2. Developing an investment strategy.

We work with our clients to identify the most appropriate asset allocation to achieve their investment objectives. Asset allocation requires an understanding of client specific issues and consideration of the economic and market environment. Most importantly, our disciplined approach reflects a longer-term investment focus that seeks to achieve consistent, risk-adjusted after-tax returns over time. Our analysis yields a customized investment strategy tailored to a client's specific objectives. We allocate assets across four major categories: equities, fixed income, alternative investments and cash.

EQUITIES are part of the growth component in a portfolio. An equities portfolio should be well-diversified by capitalization (e.g., large and small cap stocks), geography (e.g., international and domestic stocks) and style (e.g., core, growth, and value stocks).

FIXED INCOME is the foundation of an investment portfolio, providing predictable, steady cash flow with lower risk of capital loss.

ALTERNATIVE INVESTMENTS include vehicles such as hedge funds, real assets (such as energy and real estate) and private equity. They are generally less liquid than equities or fixed income, offer returns that are potentially less correlated to the public equity and fixed income markets, and have the potential to achieve higher returns. Adding investments with low correlation to other strategies in a portfolio generally reduces the volatility of portfolio returns.

CASH allocations are most appropriate for situations demanding high levels of liquidity. Cash investments include simple money-market funds with attractive yields, floating-rate municipal instruments, discount U.S. agencies and other short-term fixed income securities.



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Part 3. Implementing the investment strategy.

As an independent firm dedicated exclusively to managing assets for wealthy individuals, families and foundations, we are rigorous in our investment selection process, truly acting as a trusted advisor and confidant.

We adhere to a “best in class” investment philosophy, evaluating a global landscape of information and opportunity in the context of individual client goals and tax considerations.

A customized solution is constructed from a range of strategies and services provided by Bel Air and other proven organizations.



Part 4. Oversight and review of performance and objectives.

At Bel Air we pride ourselves on the highest level of client communication and service. We meet with our clients regularly to review performance, and we are constantly in touch with their tax, legal and other advisors. We adjust asset allocation as markets change and to keep the portfolio consistent with clients’ objectives.

A Financial Analysts Journal study found that nearly 94% of the variation in portfolio returns can be attributed to asset allocation decisions rather than individual security selections.

Bel Air also prepares families for intergenerational wealth transfer. We get to know all family members who are affected by the investment strategy, which enables us to advise members of the next generation on their responsibilities to maintain their wealth.

To ensure the safekeeping of our clients’ assets, we use custodial resources of the most respected institutions. Our portfolio reporting system gives us a powerful tool to present reports that meet client needs in addition to being user-friendly and easily understood.

We believe that process, discipline and communication are key to achieving investment objectives. In our view, this requires a strong, dynamic relationship with each and every client.