

## **CONTROLLED RISK STRATEGY (“CRS”)**

Our Controlled Risk Strategy (“CRS”) has provided clients competitive total returns, extensive diversification, relatively level exposure to risk and volatility, coupled with liquidity.

### PORTFOLIO MANAGEMENT PROCESS

KCM offers various CRS accounts. Depending upon the client’s investment time horizon, liquidity need, and risk tolerance a specific strategy will be selected. The asset mix for CRS accounts is determined on a client-by-client basis. Once a specific CRS portfolio is established, the asset mix will be adjusted periodically to reflect the suitable “risk asset” exposure for the selected strategy. Typically, KCM rebalances CRS accounts to their appropriate long-term target asset mix on a calendar quarter basis. Since asset mix is controlled through periodic rebalancing, on average, the asset mix would remain constant over time. However, a change in client circumstance would trigger a review of what new CRS structure might be suitable and asset mix would then be re-aligned to that new mix.

KCM believes that its systematic, disciplined, and consistent process limits risk, maintains appropriate diversification, and allows for risk-appropriate capital appreciation. Turnover is relatively low. Since KCM tends to employ Exchange Traded Fund (“ETF”) securities in its CRS portfolios tax consequences are generally more attractive in taxable accounts than they would be if a traditional mutual fund based strategy were employed. KCM also utilizes tax-favored debt securities in taxable accounts to further mitigate tax consequences.

KCM makes available its CRS strategies in a single, separately managed portfolio thereby removing the need for multiple managers and multiple accounts. A client’s CRS account could contain target allocations to domestic equities, emerging markets equities, real estate, commodities, and fixed income.

Contact us for more information as well as the CRS performance history:

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