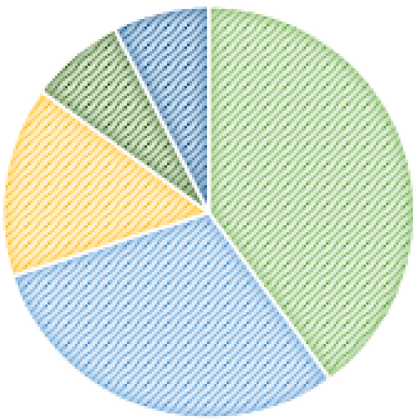
TAMALPAIS
ASSET MANAGEMENT
LARKSPUR, CALIFORNIA

WHAT'S IN THE TAM CORE PORTFOLIO?

THE ASSET ALLOCATION OF THE PORTFOLIO:

40% long-term bonds
30% stocks
15% intermediate-term bonds
7.5% gold
7.5% commodities



THE FOLLOWING ECONOMIC SEASONS ARE THE FOUR THINGS THAT AFFECT THE VALUE OF ECONOMIC ASSETS:

1. **Inflation -** The increase in prices for goods and services — and the drop in purchasing value of a currency.
2. **Deflation -** The decrease in prices for goods and services.
3. **Rising economic growth -** When the economy flourishes and grows.
4. **Declining economic growth -** When the economy diminishes and shrinks.

BASED ON THESE ELEMENTS, WE CAN EXPECT FOUR DIFFERENT SEASONS THAT THE ECONOMY CAN GO THROUGH.

- Higher than expected inflation.
- Lower than expected inflation (or deflation).
- Higher than expected economic growth.
- Lower than expected economic growth.

TAM has constructed a portfolio that performs well through the seasonality of economic cycles. The result is a diversified portfolio that can consistently earn you money while keeping you financially secure during bear markets.

BACK-TESTING OF THE STRATEGY BETWEEN 1984-2013 SHOWED THE FOLLOWING:

10%

The strategy has produced just under 10% annually.

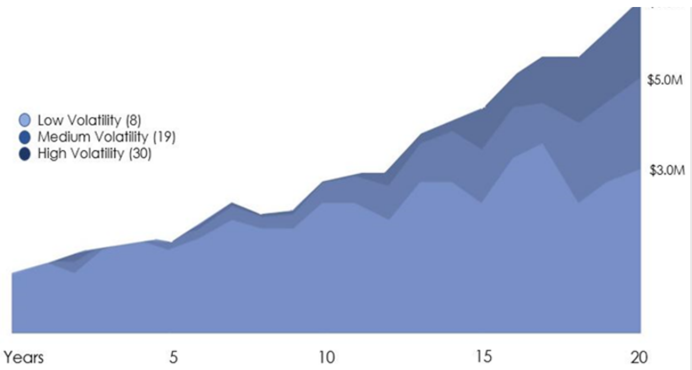
86%

Money was made just over 86% of the time. Average loss was just under 2% with one loss at just .03%.

OUTPERFORMED 60/40

The TAM Core Portfolio outperformed the popular 60/40 asset allocation mix

A FEW INTERESTING TAKEAWAYS FROM THE PORTFOLIO:



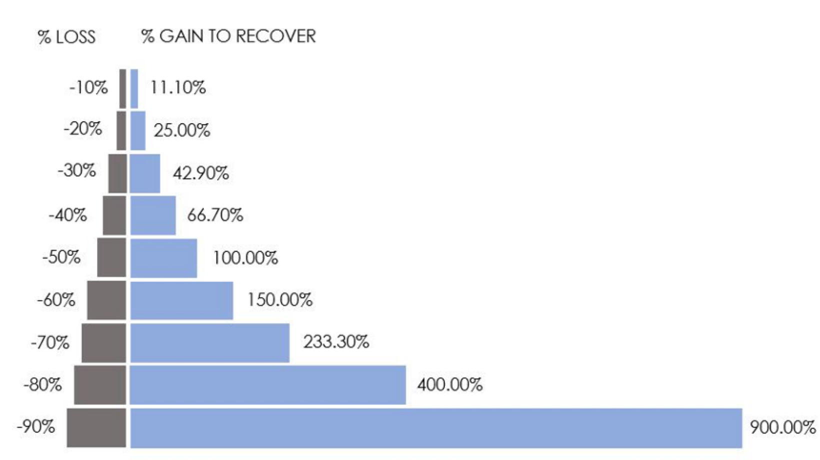
THE PORTFOLIO HAS A RELATIVELY LOW AMOUNT OF STOCKS.

This is due to the high volatility of stocks — and if we are trying to make a portfolio that is as risk-free as possible, you're going to want to minimize that.

Bonds make up the majority of this portfolio, this counters the volatility of the equities in the portfolio. And when building a portfolio that prioritizes minimal risk over making as much money as possible, this is the way to do it.

THERE IS 15% IN GOLD AND COMMODITIES.

With the high volatility of those assets, **they do well historically in environments where there is inflation.** This all combines to make a well-balanced core portfolio that is in TAM with any season.



How often do stock markets crash?

Crashes occur more often than you think. Over the last 50 years, we have seen 25 S&P 500® Index losses of 20% or more, approximately one every two years. During the Financial Crisis from October 2007 to March 2009, the US Stock Market lost 53%, the traditional 60/40 portfolio lost 44.7% but **the TAM Core stood strong only losing 7.9%.**

A FEW MORE FAST COMPARISONS:

- When back-tested during the Great Depression, the TAM CorePortfolio was shown to have lost just 20.55% while the S&P lost 64.4%.

That's **almost 60% better than the S&P.**

- The average loss from 1928 to 2013 for the S&P was 13.66%. The TAM Core Portfolio? **3.65%.**

- In years when the S&P suffered some of its worst drops (1973 and 2002), **the TAM Core Portfolio actually made money.**

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Marin Office
900 Larkspur Landing Circle,
Suite 100
Larkspur, CA 94939

FOR MORE INFO, CONTACT:

Mike Bristow
mike@tamalpaisam.com
(415) 722-2188

Austin Milliken
austin@tamalpaisam.com
(415) 652-6046