

A core portfolio strategy to capture today's opportunities while protecting against downside risk.

Establishing a core portfolio diversified among asset classes, market capitalizations and regions can help protect investors during marketing downturns, while participating in positive market environments.

- Portfolio holds a combination of exchange traded funds, mutual funds, and cash.
- Allocation can include, but is not limited to, global equities, fixed income, real estate and commodities.

QSI was founded in 2001 to provide broad diversification at a low cost, utilizing institutional portfolio management tools to potentially reduce overall risk. The advent of ETF's enhances its opportunity and creates a distinct advantage for lowering cost without sacrificing diversification.

A Distinct Advantage— Building a portfolio around QSI Core Strategies

■ Establishing a core portfolio can help investors navigate through unpredictable markets. It offers a comprehensive solution for broad diversification across global markets at a low cost while systematically managing risk.

■ Focuses on allowing investors to enhance their portfolios by adding shorter-term tactical "satellite" investments, which are designed to opportunistically take advantage of market trends or special investment situations. QSI's efficient, cost effective strategy and diversification gives them the consistent base from which to implement the overall approach.



Significant Potential

- Takes advantages of evolving opportunities and risk amid ongoing transformations in global economy.
- Diversification within asset classes- by type of security, sector or region- can further mitigate unnecessary risk and serve to provide potential additional return.

Poised to Perform

■ Combination of ETF's, while employing the fundamentals of Modern Portfolio Theory and tactical management tools, offers potential improved long term portfolio returns while managing market downturns.

■ QSI's core portfolio strategies typically invest in over 10,000 securities across stocks, bonds and cash striving to achieve an optimum diversification to maximize potential return while managing the portfolios' downside exposure to risk.

Built upon shared values and vision

Quantitative Strategies brings together a team of leading professionals with a shared history of expertise. Their vision was to structure an “ingenuously simple” core portfolio strategy for all seasons of the market. A strategy was created that investors and advisors understood, was transparent, liquid, low cost and efficient to protect them in market downturns yet participate in positive market environments.

Disciplined and Accomplished

The management team follows a comprehensive and disciplined process when selecting investments.

Mr. Okawa oversees the overall asset mix, geography, industry and tactical allocations.

Management Team	Area of Focus	Years Experience
PAUL OKAWA, CFA	Portfolio Management, Head of Research	10
MORRIE REIFF	Portfolio Management	19
ALAN SHORR	Portfolio Management, Structured Investments	25

Structured for Results – Transparency, Flexibility and Control

Our portfolio strategies are distinct as it combines:

- The **right structure** to stay consistent over the long term eliminating unnecessary costs and risks
- A **prudent approach** to avoid market missteps
- **Focus** to stay disciplined in all market environments
- The **complete dedication** to proactively serving our clients
- **Transparent**, liquid, low cost and risk managed approach

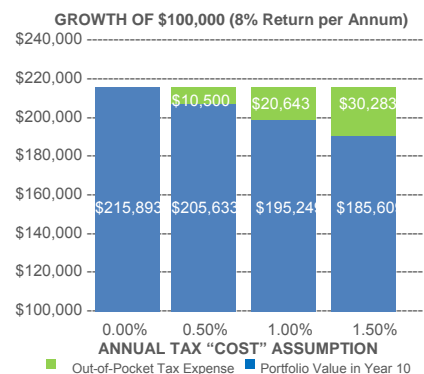
Constructing a tax efficient, low cost, and risk managed core portfolio becomes essential.

Focus on what can be managed. The impact of fees and taxes is often overlooked by investors. Figure I illustrates a hypothetical impact of a 1.5% tax cost assumption over a 10-year period on an investor. An investor would experience an out-of-pocket expense of more than \$30,000.

A significant impact to returns.

The impact is easy to ignore in periods of strong, stable markets; however, eliminating unnecessary costs and risks can make a difference in challenging markets.

Hypothetical Tax Cost – FIGURE I



Source: BCI May 2009. For illustrative purposes only. QSI does not offer tax advice. Investment illustrated above is gross of all fees.

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QSI

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