



The evolution of asset management.

who we are.



Holos Asset Management is a boutique Chicago-based investment firm founded in 2006 as a new type of investment adviser. The firm was created with the belief that the right combination of asset allocation, international diversification, and long-term investing can maximize risk-adjusted returns. Holos employs a research-intensive methodology as part of our strategic approach to managing your assets. Our use of dynamic, valuation-based asset allocations drives our investment decisions. This approach is based on rigorous quantitative research, market expertise, and investment discipline. We combine our in-house resources with cutting-edge analyses from third-party researchers and leading finance faculty.

The Holos business model was designed with our clients' interests foremost in our mind. Our model is completely transparent, low-cost, and avoids client conflicts.

Our structure and operation demonstrate a dedication to transparency and liquidity. We strive to deliver innovative investing methods and we maintain a constant commitment to quality business practices.



**our strategy.**

**Our firm's approach to asset management combines unique asset allocation strategies with global diversification and a low-cost, transparent business model to help maximize performance for our clients.**

**Dynamic Asset Allocation** Valuation-based investments across market capitalizations and business sectors

**Global Diversification** Investing throughout international and domestic equity and debt markets

**Long-Term Perspective** Guarding against emotional trading in reaction to market events and emphasizing discipline

Many investment firms use a 'static' asset allocation model, promising to maintain your portfolio at set weightings; for example, 60% equity / 40% debt. When market prices shift, those firms simply sell your winners and buy your losers so that they can return to their rigid 60 / 40 mix. However, we believe that making selections based on price instead of value and then adjusting those positions too often, means starting with the wrong blend of securities and then cutting short your ability to take advantage of moves in the market – and incurring extra costs in the process.

The Holo approach to asset allocation represents a specific view of investing, and the methodology we use is based on analysis of various global macroeconomic factors, in addition to individual securities' risk/return profiles. Using these analyses, we are able to buy securities that we believe to be undervalued and sell those that we believe to be overvalued.

Our portfolios also feature broad global diversification, which may mitigate market turmoil in one region of the world or one sector of the investing universe. In addition, we create these portfolios using cost-effective and liquid products, all held in individual managed accounts which are within the client's control at all times.



**why Holos?**

The investment strategy we employ provides exposure to thousands of companies representing scores of industries in dozens of countries around the world, all weighted to reflect the relationship between market prices and calculations of fair value. We implement this strategy on a low-cost, transparent platform for those trying to optimize risk-adjusted returns over the long-term.

We know that when you understand what we do and how we do it, you'll agree that Holos has a better way to manage your assets.

Holos Asset Management represents a new type of investment advisory firm – one dedicated to using advanced research, market expertise, and a conflict-free model to achieve one goal: maximize performance for our clients.



**the investment process.**

# valuation and dynamic asset allocation.

Many investment firms talk about asset allocation (i.e., dividing a portfolio among different asset classes such as stocks and bonds) but they use a 'static' model; in other words, they promise to maintain a given weighting for bonds, US stocks, foreign equities and other securities in your portfolio. When market prices shift, those firms simply sell some of the securities that have increased in price relative to their other holdings and buy more of the security whose relative price has decreased. We believe that other firms make such adjustments far too often, thereby cutting short their ability to take advantage of moves in the market...and incurring extra costs in the process.

Fair value of US and global equity and debt investments are calculated using various macroeconomic factors.

Current prices of securities are compared to their estimated fair values.

Allocations favor asset classes (type, size and location) that are attractively valued.

Asset class valuations are given time to move meaningfully before reallocating resources.

Proper asset allocation requires assessment of an individual's risk tolerance and investment objectives, as some securities offer the possibility of higher returns but are inherently more risky. However, Holos's approach to asset allocation goes much further, and the methodology we use is the key to our strategy. It is based on an examination of the relationship between an asset class's market price and fair value. The analysis considers inflation, interest rates, productivity growth, and earnings and dividend yields. Using these factors, the methodology attempts to identify asset classes that are attractively valued relative to their market prices. A unique formula is applied depending on an asset class's type (e.g., stock or bond), size (e.g., large- or small-cap), and geographical region.

Therefore, while Holos offers portfolios with different weightings of stocks and bonds based on an investor's profile and preferences, each portfolio's holdings will vary over time in accordance with changing market conditions. For example, in 2008 the methodology told us that equities were modestly overvalued and our asset allocation was approximately 59% equities / 41% debt. In 2009 the methodology indicated that equities were substantially undervalued. As a result, we shifted our allocations to approximately 91% equity / 9% debt. Our disciplined year-long adherence to a valuation based asset allocation led to our strong performance in 2009.

We believe that making less frequent adjustments than our competitors and using dynamic as opposed to static allocations may improve long-term performance and mitigate risk.

# equity diversification.

**Diversifying geographically (i.e., spreading investments between firms in the US, other developed countries, and emerging markets) may mitigate market turmoil in any one region of the world.** As the realities of the global economy have shifted, many managers have remained too focused on the US and have failed to properly assess the importance of world-wide exposure, while others haven't developed the necessary expertise to intelligently expand the reach of their portfolios. Further, adding diversification across industries and firms of all sizes creates a portfolio which touches many segments of the economy, preventing over-exposure to risks in any small group of business sectors. We believe that broad diversification may mitigate investment risks.

# strategy options.

Risk tolerance, account size, security expenses, short- to mid-term cash needs, investing time horizon, and exposure preferences all factor into a determination about which portfolio is best suited for any given investor. Holos offers a number of core investment options and we work with clients to determine which specific mix and weighting of securities is best suited for their needs. For each globally diversified model, we offer three sub-options:

A **more aggressive** structure, which favors equity over debt securities in its neutral allocation, and thereby provides the potential to take advantage of equity market gains while maintaining a substantial exposure to frequently less volatile debt markets.

A **neutral** structure, which balances equity and debt in its neutral allocation, and attempts to mitigate some of the more aggressive plan's volatility while including the possibility of missing some potential upside.

A **less aggressive** structure, which favors debt over equity in its neutral allocation, and offers less upside potential but attempts to further mitigate downside risks, relative to the other strategies.

A black and white photograph showing the silhouettes of two men in a meeting. They are seated at a high, round table with a tall, thin pedestal. The man on the left is sitting on a stool, and the man on the right is leaning forward. They are positioned in front of a large window with a grid pattern, through which a cityscape is visible. The lighting is dramatic, with the men appearing as dark shapes against the bright window. Two coffee cups are on the table. The overall mood is professional and focused.

**the Holos advantage.**

# our business model.

**Consider this:** Whether or not your current financial adviser explicitly identifies it, they also have a 'strategy'. That strategy may include directional bets about the market, favorite stocks, funds that your adviser is simply most accustomed to using, products that their supervisors tell them to promote or ones which pay the company high back-end fees...or some rapidly shifting mix of those and other securities.

The Holos approach really is a new way to run an investment advisory firm.

In contrast, the Holos business model has been specifically designed to align our firm with the interests of our clients. Our firm doesn't have relationships with the companies whose products we use and we don't answer to a bank or corporation, which may advocate investment products that aren't optimally suited for our clients' needs. Our only mandate is to pick the best instruments for our clients' accounts and we never obscure our pricing – we want you to understand our business model.

In addition, the methodology we use does not require frequent trading – this minimizes transaction costs and allows returns to accrue without forced reallocations that continually shift assets into last quarter's losers. Further, we utilize the market products in each asset class which minimize costs and benefit our overall investment strategy.

Finally, our business model entails a high-level of account liquidity and total transparency. All customer assets reside in individual managed accounts, which remain within the client's control, and individuals' assets are not co-mingling with those of other clients. Clients can see their portfolio online at any time and all funds are invested in securities which can quickly be converted to cash. However, we are not chasing monthly returns and our firm is a good fit for those with an investment horizon of at least five to seven years.

## our resources.

In addition to the capital markets experience of Holo's partners (discussed on the 'our team' page), our firm leverages outside expertise. These resources include the insights of our advisors and board members – a group which includes elite finance faculty and other successful finance professionals. We also make use of the cutting-edge research done by third party providers; in particular, Unison Advisors.

Founded in 2005, Unison Advisors LLC is an investment management and advisory firm that specializes in valuation-based asset allocation strategies. Unison develops innovative asset allocation strategies through rigorous research of asset class valuation, behavior and effect on portfolio performance. Each Unison asset allocation strategy is a valuation-based asset allocation model that represents a globally diversified portfolio. The strategies seek to deliver superior risk-adjusted returns by favoring asset classes that are attractively priced relative to their fair value. In assessing fair value, the strategies consider macro economic and market variables such as inflation, interest rates, economic growth, and earnings and dividend yields.

# our fees.

Our overall approach and the structure of our operations enable us to keep our fees significantly lower than some other investment adviser offerings, while remaining a firm with a high-level of service and partner contact. We are managing assets to develop long-term relationships and help generate long-term returns, and we set our terms with that in mind.

## Holos Management Fee (per annum)

Up to \$1 million	0.75%
Next \$4 million	0.60%
Next \$5 million	0.40%
Amounts over \$10 million	0.20%

## Contributions & Redemptions

Daily

## Minimum Investment

\$100,000

## Custodian

Charles Schwab & Co. Institutional Services

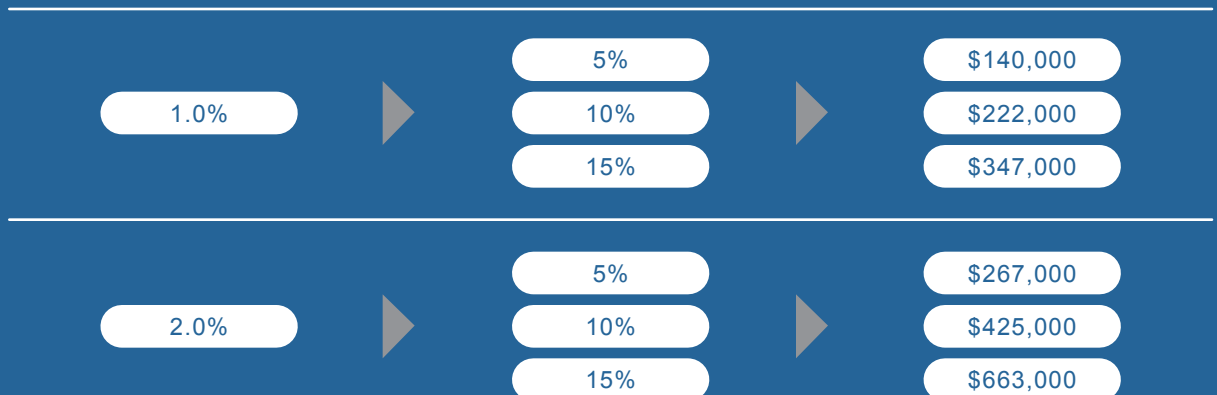
Our lower fees can translate into a positive and significant impact on returns over time:

### Impact on Returns of Lower Advisory Fees

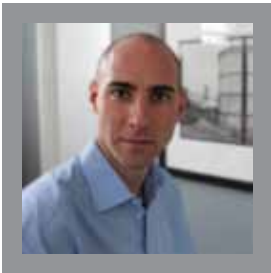
If Holos's fees and expenses on a \$1,000,000 account are lower than another adviser's by X%...

...and the portfolio's average returns are Y%...

...then the Holos account will outperform over 10 years by approximately \$Z:



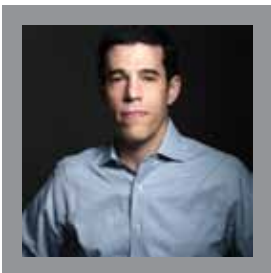
## our team.



**Seth Hanau, Partner**

**Seth has over 15 years of experience in the financial services industry.** Before founding Holos, he was recruited by world-renowned hedge fund manager Steven Cohen to assist in the start-up of **SAC's Sigma Capital Management**. Prior to serving as a Portfolio Manager with Sigma, Seth had been made a partner at First New York Securities within two years of joining that firm. Earlier in his career, he also worked for **Merrill Lynch** and on the floor of the New York Commodities Exchange. Seth has a BA from Indiana University.

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**Adam Orlov, Partner**

**Adam joined Holos in 2009.** He began his career in finance in the investment banking division of **Goldman Sachs** in New York and later founded **Anthem Capital**, a proprietary trading firm. At Anthem Adam developed quantitative equity and equity derivative trading strategies in collaboration with faculty from the Harvard Business School. Adam has an MBA from the University of Michigan and a BA from Northwestern University.

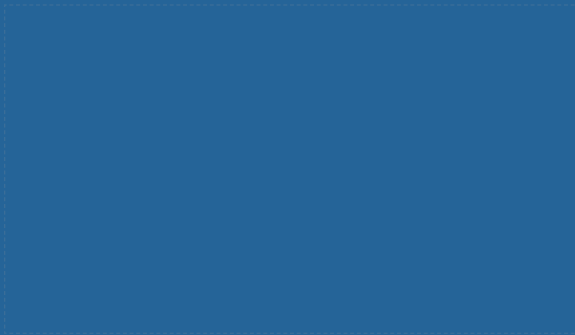
aorlov@holosassetmanagement.com



**Dr. Joshua Coval, Advisor**

Dr. Coval is the Robert G. Kirby **Professor of Finance at the Harvard Business School** and is a key outside advisor to Holos on performance analytics.

# contact information.



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The value and income of any of the securities or financial instruments in your portfolio with Holos may decline as well as rise and you may get back less than you invested, which is to say that past performance is no guarantee of, nor even necessarily a guide to, future results. Your account is not a bank deposit or insured by the FDIC. You may lose all or a portion of your principal. Using diversification and asset allocation as part of an investment strategy neither assures nor guarantees better performance and cannot protect against loss in declining markets. Foreign-currency denominated securities and financial instruments are subject to fluctuations in exchange rates that could have a positive or negative effect on the value, price or income of such securities.

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## DEFINITIONS

- Diversification: Investing in a number of different types of securities in order to hedge against certain risks of individual securities in the portfolio. Ideally, this reduces the risk inherent in any one investment, and increases the possibility of making a profit, or at least minimizing a loss.
- Market Capitalization: A measurement of the size of a business enterprise that is equal to the share price times the number of shares outstanding (shares that have been authorized, issued, and purchased by investors) of a publicly traded company.
- Liquid products: Products that can easily be converted to cash with minimal financial impact.
- Fair Value: Value as determined by factors including underlying fundamentals, such as dividend yield and GDP growth.

## **RISK DISCLOSURES**

Investing has inherent risks that investors should know and understand. These risks include:

- **Market Risk:** The possibility that the investment will decline in value so that when you sell the stock you may receive less than what you paid for it.
- **Political Risk:** National, international and political risk is the possibility that a country's government will suddenly change its policies. Wars, embargos, coups and the appointments of individuals with unfavorable economic policies can impact the financial markets. Changes in tax structures as well as changes in bond or stock ratings can result.
- **Economic Risk:** The possibility that the economy will suffer a downturn as a whole. An economic downturn generally affects the market as a whole.
- **Industry Risk:** The possibility that a specific industry will suffer a downturn. Typically, industries related to the one experiencing problems would suffer as well.
- **Currency Risk:** The adverse variation in return or cost resulting from a change in currency exchange rates. This can also be described as the component of return volatility in a cross-border asset class that is due to changes in foreign exchange rates.
- **Interest-Rate Risk:** Fixed-income securities are subject to market value fluctuations given changes in the level of interest rates. For example, if interest rates rise, the value of fixed-income securities could decline.
- **Reinvestment Risk:** Since many fixed-income securities pay interest semiannually, the reinvestment of coupon payments over the life of the bond can have a major impact on the bond's total return.
- **Credit/Event Risk:** Certain fixed-income securities are subject to event risk and/or changes in credit quality. Issuers can experience increased competition, takeovers and other economic situations that may have adverse effects on the market value of their securities.
- **Call Provisions:** When evaluating the purchase of a fixed-income security, one should be aware of any features that may allow the issuer to call the security. This is particularly important when considering an issue that is trading at a premium to its call price, since the return may be negatively impacted if the issue is redeemed.

All investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investing. Foreign investing does pose special risks including currency fluctuation and economic and political risks not found in investments that are solely domestic. Investments in emerging markets may be more volatile and therefore the risk to your capital could be greater. Further, the economic and political situations in emerging markets may be more volatile than in established economies and these may adversely influence the value of investments made. Investing in stocks of Small- and Mid-Sized Companies may entail greater volatility and less liquidity than larger companies. Concentration of investments in one or more real estate industries, may subject the performance to greater volatility than a portfolio which is less concentrated. Risks of the REIT's are similar to those associated with direct ownership of Real Estate, such as changes in real estate values and property taxes, interest rates, cash flow of underlying real estate assets, supply and demand, and the management skill and credit worthiness of the issuer. Alternative Investments have various risks including that some products use leverage and other speculative techniques that may increase the risk of loss, can be illiquid, may not provide timely and accurate pricing, may involve complex tax consequences, may charge high fees, and may not be transparent.

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