Venable Park Investment Counsel Inc.

www.venablepark.com

Venable Park Portfolio Management Philosophy

We are a professional fiduciary working only for the client:

The Investment Services sector has become a sales-driven culture where individual investors too often bear the brunt of poor results. We are professional fiduciaries looking out for the best interests of our clients. We do not participate in new issues, corporate underwriting or collect sales incentives of any kind. We are paid only by our clients directly.

Low fees:

We charge one low annual management fee for our service, thus removing a significant drain on a client's invested capital. In utilizing ETFs rather than individual company securities we are also able to keep transaction fees in client accounts highly cost-effective.

Avoiding company specific risk with the use of Index units and ETFs:

Stock analysis is a dubious activity when based on financial statements that are purely retrospective in nature and can be misleading or fraudulent in the information they present. We have chosen to avoid the perils of individual company risk, by selecting assets for client accounts from Exchange-traded Funds (ETFs) and Index units. By removing the specific risk of individual company securities, we can then focus on monitoring and protecting client capital from large swings in market risk.

Time Horizons must be client specific not theoretical:

Individual investors have finite life spans. Institutional theories of market returns over 50 year time frames are too long to reflect the realty of most real life investors. Most investors do not have the bulk of their savings to invest until they are into their late 40's and 50's. By then their time horizons for real-life purposes are much shorter. As a result, controlling market risk to client capital becomes of primary importance. If investors suffer large market declines in each business cycle they face a serious risk of not having the capital needed at retirement.

Market Timing: Our EQ Trendwatch TM system.

Not only do we refute the notion that markets cannot be successfully timed, but we have proven that one must do so if they are to make sustained returns over 10 and 20- year periods. We have developed our management discipline around monitoring money flow in capital markets and determining when risk to capital is high. As prices rise so too does market risk. We follow a "rising tide lifts all boats" analogy. When prices are at relative highs, our method will have us move client capital completely out of a given index or sector in order to allow price-corrections to take place without suffering large market losses to capital. In this way, the goal is also to have capital available to buy back into markets when prices have declined. We operate on the principle that in order to take advantage of "buying opportunities" which present themselves in each market cycle, one actually has to have cash available to buy. Allowing capital to passively run down with market cycles means too little capital is available to buy low when these opportunities present.

History does not repeat itself, but investor behavior does

We are very attentive students of market history. We see investor psychology as one of the most important factors directing the auction prices of the secondary market. Each investment market is an auction where the participants bid based on individual perceptions of value whether real or anticipated; whether accurate, overly optimistic or overly depressed. In each market cycle there is a distribution from strong hands to weak hands between the various market participants. This has always been so. Our aim is to move with the strong money flow and to be in early and out earlier than the masses.

In a nut shell, we have developed a very disciplined set of rules regarding when we are adding, removing or leaving capital invested in a particular asset class. We have created these rules to be objective and to reduce the persuasion and noise of more subjective market factors such as individual opinion, fear and greed. We have created a systemic and objective method to capture the bulk of market gains and avoid the bulk of market losses as recommended by Wall Street trader Fred Schewd Jr. in 1940:

> "When there is a boom and everyone is scrambling for common stocks, take all your stocks and sell them. Put the proceeds in the bank [T-bills]. No doubt, the stocks you sold will go higher. Pay no attention to this—just wait for the recession which will come sooner or later. When it gets bad enough to arouse the politicians to make speeches, take your money out of the bank [T-bills] and buy back the stocks. No doubt the stocks will go still lower. Again pay no attention. Wait for the next boom. Continue to repeat this operation as long as you live, and you'll have the pleasure of dying rich."
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> *--Fred Schwed, Jr., (1940) Where are all the Customer's Yachts?*