

RADY OPPORTUNISTIC STRATEGY

INVESTMENT PROCESS

Rady Risk Principle: Risk is in direct proportion to knowledge

Buy

Risk management is our top priority. We employ risk management practices prior to purchase; securities must be trading at or near their 52 week low and preferably their decade low to be considered for portfolio inclusion. This initial screen is a key variable in our risk management process as it 'builds in' a realistic 'bottom' or 'top' to the security prior to purchase.

Securities in Rady portfolios also share a asymmetric risk/reward profile including:

Minimal Debt:

Acceptable Debt/Assets; Balance Sheet Flexibility and/or No Need For Capital

Earnings Power:

No Permanent Impairment

Minimal Goodwill:

Avoid companies with excessive goodwill

Trading Range:

Within 20% of 10 year valuation low

Hidden Assets:

Market Dominance; Intrinsic Value

Monitor

Rady models monitor the portfolio and trigger sell alerts when price targets are hit; position sizes are held at 2-5% with a 10% position maximum.

Securities in the portfolio have a 10% stop trigger both above and below their purchase price.

When positions break the 10% threshold, Rady reviews the security's historical trading ranges in context of the current portfolio to evaluate the risk/reward trade profile.

Sell

If valuations are no longer compelling, both above and below the price target, a sell order is placed to eliminate exposure to the security.

When Rady determines the security no longer meets our strict valuation and risk/reward criteria, the position is sold. This process occurs in the context of risk management and the opportunity to redeploy capital into securities with more attractive asymmetric risk/reward profiles. We only purchase securities that meet our strict risk management criteria, selling at their 52 week low or high. Similarly, we sell securities when their value has been attained, growth has occurred too quickly, or the risk/reward profile is generating too much risk relative to the opportunity.