

GURUN Cookbook

The investment process explained by GURUN INVESTMENT ADVISORS, INC.

The Investment Process

The Gurun investment professionals have summarized the various steps we take with prospective clients to simplify the mechanics of becoming a Gurun client. We want to make sure that our firm is a good fit for our prospect's expectations. These nine steps outline the process of becoming a valued client of Gurun Investment Advisors, Inc.

1 Initial Meeting to understand the investment objectives, needs and wants of the prospect

- a. Determine if a match exists with our investment philosophy
 1. Low volatility management—capital preservation, competitive returns, compounding, high quality universe

2 Evaluate Existing Holdings and determine suitability

- a. Investment objectives
- b. Risk Profile Questionnaire
- c. Income / liquidity requirements
- d. Other—tax implications, time horizon

3 Present Investment Recommendations

- a. Determine appropriate asset allocation
 1. Stocks, bonds and cash equivalents
- b. Select appropriate investment vehicles
 1. Industry and company diversification

4 Establish Account(s) at Southwest Securities (SWS)

- a. Transfer financial assets into SWS
- b. SWS provides accounting and custodial services
 1. Each account is insured up to \$20,000,000
 2. No hidden charges—our firm compensates SWS for services

5 Process Paperwork

- a. Memorandum of Understanding—defines how the portfolio will be managed based on client's long-term objectives
- b. Investment Advisory Contract
 1. Billed quarterly in arrears
- c. 1.00% for common stocks
- d. 0.50% for bonds
- e. Breakpoints over \$2 million

6 Review Investment Recommendations—client approval is required prior to initial trade executions

- a. Subsequent trades are made on a discretionary basis

7 Execute Investment Strategy

- a. Construct a customized portfolio as defined in the Memorandum of Understanding
- b. Continually monitor and rebalance as appropriate

8 Provide Documentation of Account Activity

- a. From Southwest Securities
 1. Trade confirmations
 2. Monthly statements
 3. Tax reporting—to designated Tax Accountant as directed
- b. From Gurun Investment Advisors
 1. Quarterly statements—positions, annual income and unrealized gains/losses

9 Review Investment Progress

- a. Semi-annual meetings
 1. Ensure portfolios adhere to the Memorandum
- b. Available as needed

Pedigreed Investment Pointers



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