

# Belvedere Advisors

*Ranked in Top 100 Wealth Managers Nationally  
in 2010 by Wealth Manager*

[www.BelAdv.com](http://www.BelAdv.com)



September 2011

Differentiated Wealth  
Management Services for  
Individual Investors and  
Family Offices



**Belvedere Advisors**

# Important Information

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This presentation was approved by Jason Tripp on September 13, 2010.

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# Table of Contents

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Firm Overview _____	4
Services Offered _____	6
Investment Philosophy _____	11
Engaging Belvedere Advisors _____	17

## Belvedere recognition Awards

 <p>AS SEEN ON wealthmanagerweb.com</p> <p>2010 TOP WEALTH MANAGERS</p> <p>Belvedere Advisors LLC 2010 Top Wealth Managers wealthmanagerweb.com 2010</p>	<p><b>BELVEDERE ADVISORS</b></p> <p><b><u>WEALTH MANAGER</u></b></p> <p>Ranked in Top 100 Wealth Managers Nationally for 2010</p>	<p><b>BELVEDERE FUTURES FUND</b></p> <p><b><u>BARRONS</u></b></p> <p>Ranked Number 54 in "Top 100 Hedge Fund-Thriving Survivors" - May 22, 2010</p> <p>Ranked Number 7 in "The Hedge Fund 100, Acing a Stress Test" - May 11, 2009</p>
	<p><b>BELVEDERE DEFENSIVE FUND</b></p> <p><b><u>THOMSON REUTERS</u></b></p> <p>2010 Lipper Hedge Fund Award for Excellence</p> <p>North American Winner</p> <p>Best 3-Year Performance</p>	<p><b><u>BARCLAY MANAGED FUNDS REPORT</u></b></p> <p>Number 10 Performer in the Past Five Years Category for 2<sup>nd</sup> Quarter 2009</p> <p>Number 10 globally in the Past Five Years category for 2<sup>nd</sup> Quarter 2010</p>

Belvedere Advisors is an independent, registered investment advisor providing professional wealth management services to individual investors, families and mid-size institutions.

## Firm Overview

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- Licensed by the State of California
- Operates out of Marin County, California
- Functions as an independent firm
  - enabling clients to access full spectrum of investment opportunities
  - having no conflicts of interest
- Brings an experienced team
  - Each possesses a minimum of two decades of investment experience across multiple economic and investing environments
  - including positions at McKinsey & Company, Lehman Brothers and multi-billion dollar investment companies
- Focuses on results for:
  - preserving wealth by applying our global view of markets and asset classes
  - growing wealth through our proven expertise in investment selection

Belvedere's people are proven professionals with long experience in investment research and portfolio construction.

## Biographies

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### **Patrick Beaudan    Chief Executive Officer and Chief Investment Officer**

- 16 years in the financial industry;
- Mechanical engineering Ph.D., Stanford University;
- M.S and B.Sc. Summa cum Laude, Aeronautical engineering, State University of New York;
- Head of European Strategy, Lehman Brothers London, New York;
- McKinsey & Company, financial and pharmaceutical industries, Toronto and New York;
- Author of several scientific papers; Reserve air force officer;
- Lecturer at École des Hautes Études Commerciales, Department of Finance, France.

### **Glenn Bossow    Managing Director and Head of Investment Research**

- 26 years in the financial industry;
- B.A., Denison University;
- President, CapitalWorks QED;
- Senior VP, Aspen Partners (\$600 million alternative investment firm);
- Vice President, Shaker Investments (\$2 billion asset management firm).

### **Jason Tripp    Director of Compliance**

- 19 years in the financial industry; BsC. and B.A., University of Arizona;
- Chief Compliance Officer, Burrill Merchant Advisor; Compliance Director, Financial Marketing; Atlas Securities; Examiner, NASD (now FINRA).

We offer confidential, highly personalized financial advisory services to individual investors, families and institutions in quest of customized solutions for superior risk-adjusted returns.

## Services Offered

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- Build and manage customized investment portfolios
  - utilizing multiple asset classes
  - providing global exposure
  - blending analytical rigor with flexibility of approach
  - incorporating tax and other specific client objectives
  - focusing on consistency of returns
- Collaborate with clients in a relationship-driven format
  - paying careful attention to risk tolerance
  - ensuring alignment of interests
  - exercising complete objectivity in investment selection
  - acting on client-specific mandates (e.g., concentrated stock positions, socially responsible investing or other theme-based investment guidelines)

Core portfolios managed by Belvedere Advisors are available for review and updated on a monthly basis.

## Core Portfolios of Belvedere Advisors

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### *Single Manager Portfolios (Closed)*

*View the latest portfolio at the following web address*

- Belvedere Quantitative Fund

[www.BelAdv.com/docs/Portfolios/BQFSummary.pdf](http://www.BelAdv.com/docs/Portfolios/BQFSummary.pdf)

### *Proprietary Strategies (Open)*

[www.BelAdv.com/docs/Portfolios/BelvedereStrategiesPresentation.pdf](http://www.BelAdv.com/docs/Portfolios/BelvedereStrategiesPresentation.pdf)

- Belvedere Global Macro Strategy
- Belvedere Maximum Opportunity Strategy

[www.BelAdv.com/docs/Portfolios/BAGMFSummary.pdf](http://www.BelAdv.com/docs/Portfolios/BAGMFSummary.pdf)

[www.BelAdv.com/docs/Portfolios/BAMOSummary.pdf](http://www.BelAdv.com/docs/Portfolios/BAMOSummary.pdf)

### *Multi-Manager Portfolios (Open)*

- Belvedere Aggressive Fund
- Belvedere Defensive Fund
- Belvedere Emerging Markets Fund

[www.BelAdv.com/docs/Portfolios/BAFSummary.pdf](http://www.BelAdv.com/docs/Portfolios/BAFSummary.pdf)

[www.BelAdv.com/docs/Portfolios/BDFSummary.pdf](http://www.BelAdv.com/docs/Portfolios/BDFSummary.pdf)

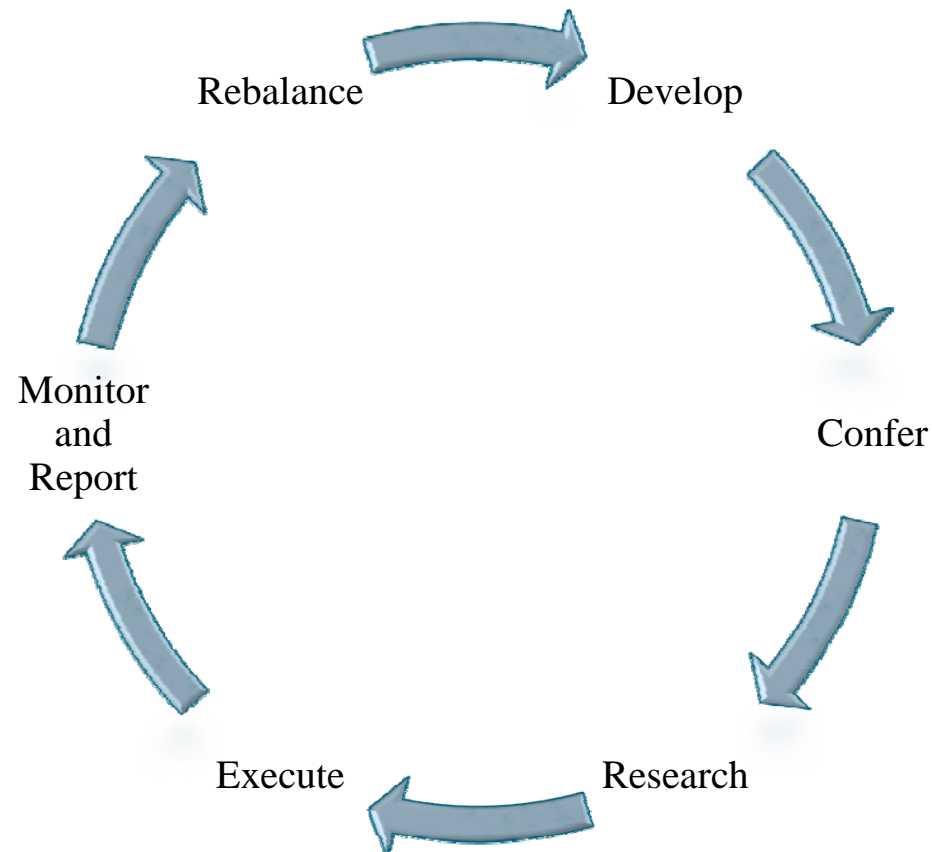
[www.BelAdv.com/docs/Portfolios/BEMFSummary.pdf](http://www.BelAdv.com/docs/Portfolios/BEMFSummary.pdf)

Actual client portfolios will vary based on client objectives and investment amounts.

Our approach to wealth management is client-driven. In consultation with clients, our team will devise, implement and monitor an investment strategy best suited to each situation.

## Our Approach

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Our approach to wealth management is client-driven. We collaborate with each client to develop a formal Investment Policy that guides our investment research.

## Our Approach

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Develop an investment mandate, incorporating client inputs regarding:

- risk appetite
- investment horizon
- cash flow and liquidity needs
- tax profile

Confer with our clients in order to:

- develop a formal overall Investment Policy
- communicate complex ideas in simple English
- review and finalize investment choices

Research:

- seek out the most compelling investment ideas
- explore access to global investment opportunities
- evaluate application of traditional asset classes, as well as alternative strategies and private investments, if appropriate
- perform intensive due diligence

Portfolios are managed to ensure that each client's investment goals are met. Each portfolio is monitored and adjusted in light of our assessment of the markets.

## Our Approach

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### Execute:

- receive final client approval before transacting
- manage completion of necessary paperwork

### Monitor and Report:

- reporting and discussing with clients quarterly and as needed
- performing ongoing diligence on investments

### Rebalance:

- Rebalance portfolio, incorporating changes in client objectives and market conditions

Belvedere's investment philosophy is to focus on diversification of risk while searching for performance opportunities across global markets.

### Our Investment Philosophy

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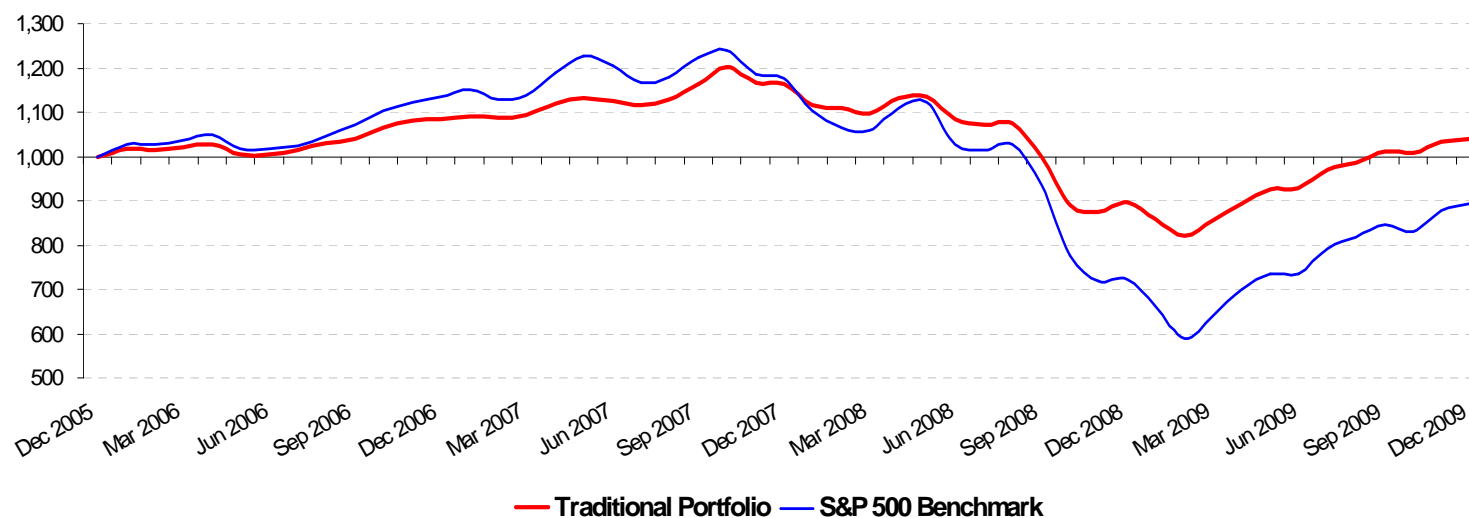
- Traditional thinking exposes investors to far more risk than is appreciated.
- Return expectations can only be properly evaluated with an understanding of the risk accompanying the investment.
- Properly diversified portfolios will likely incorporate multiple asset classes in order to achieve objectives, while minimizing risk.
- Correlations between asset classes fluctuate over time; however, all asset classes will tend to be highly correlated during severe market crises.
- The nature of market inefficiencies can change over time, but there are always opportunities to be seized.
- In all market conditions, there are talented money managers around the world who are both skilled and well positioned to provide attractive risk-adjusted returns.

Traditional portfolios are typically allocated to stocks, bonds and cash. In practice, such portfolios may diversify sources of return but not sources of risk. Their performance over time has been tightly linked to the markets.

### Performance of a Traditional Allocation over Past 4 Years

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- Traditional portfolios are typically allocated to stocks, bonds and cash. Perhaps there is an “international” allocation as well. This is considered to be “diversified.”
- For the 4-year period ended December 31, 2009, the chart below shows the benchmark performance of the following allocation: 40% US equities, 15% international equities, 5% commodities, 40% bonds.
- Over the 4-year period, \$1 million grew to \$1,038,922 equating to an annual growth rate of 0.96%.

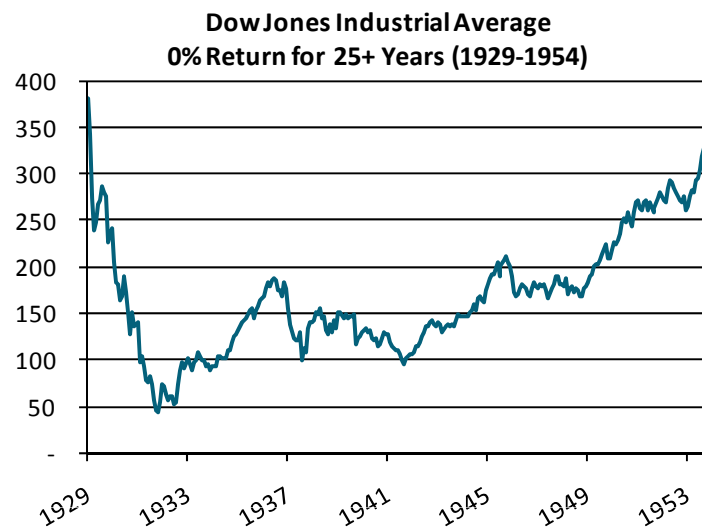
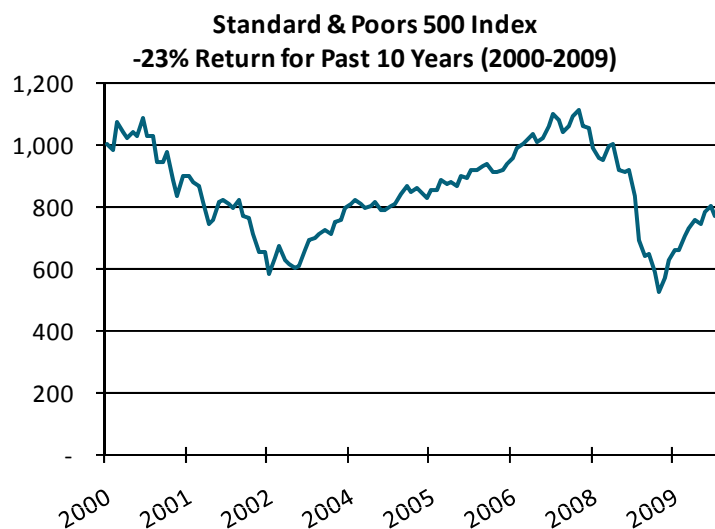


Even very long-term investment horizons may not salvage a portfolio that does not properly diversify risk.

**Equity markets have had extended periods of time with no growth.**

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- Advisors frequently set long-term performance expectations at 8-12% per annum; however, these “on-average” rates of return are very misleading.
- Market returns have been very lumpy; almost 70% of the last century’s returns were double-digit years (i.e., > +10% or < -10%).
- High/low extremes, and their impacts, are more frequent and long-lasting than advisors acknowledge.
- Timing plays a much larger role in determining outcomes than most investors realize.



Building portfolios that preserve and grow wealth requires continually assessing multiple asset classes and strategies, many of which are frequently overlooked or avoided by most advisors.

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## A Properly Diversified Portfolio will incorporate both Traditional and Alternative Asset Classes and Investment Strategies

### **Traditional asset classes and investment strategies, which can lack diversification of risk:**

- Equities
  - U.S. and International
  - Small and large capitalizations
  - Value and growth
- Fixed Income
- Indexing

### **Additional asset classes and investment strategies can greatly contribute to diversification of risk:**

- Real estate
- Timber
- Private equity / Venture capital
- Absolute return
- Managed futures
- Currencies

Portfolios that diversify sources of risk across multiple asset classes can generate attractive performance even in periods of market shocks.

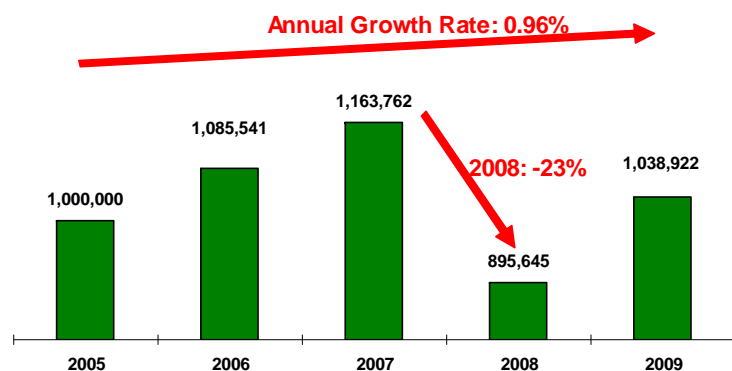
### Example of a Diversified Portfolio vs a Traditional Portfolio

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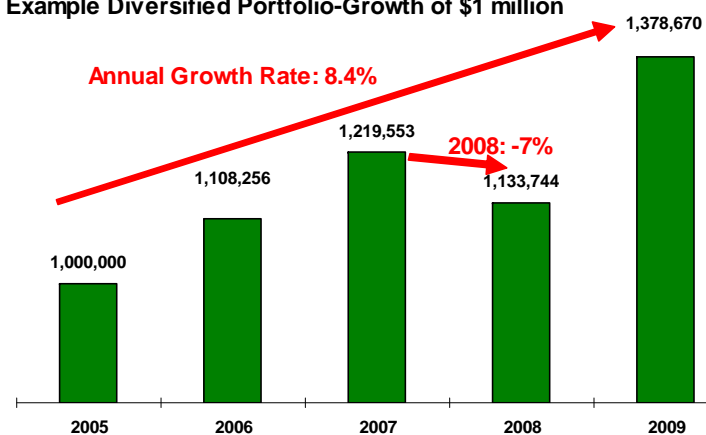
- Diversified example: 30% US equities, 15% bonds and 55% absolute return strategies.
- Traditional example: 40% US equities, 15% international equities, 5% commodities, 40% bonds.
- Over the period, \$1 million invested in each of these allocations performed differently:

	<u>Ending Value</u>
Diversified Example	\$ 1,378,670
<u>Traditional Example</u>	<u>1,038,922</u>
Performance Difference	\$ 339,748

Example Traditional Portfolio-Growth of \$1 million



Example Diversified Portfolio-Growth of \$1 million



Large institutions have long invested in a full array of asset classes. Similar strategies are also available to smaller investors who are served by advisors with institutional backgrounds such as Belvedere Advisors.

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### Institutional View of the Investment World

- A truly diversified portfolio requires incorporation of multiple asset classes with differing return characteristics and sources of investment risk.
- Risk comes in many forms; failure to achieve the return objective is a key risk.
- The fast changing investment landscape now provides multiple ways in which investment strategies that were once the province of institutional investors are now accessible to individual and smaller institutional investors.

## Engaging Belvedere Advisors

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### What we ask from our Clients

- Prepare for a collaborative relationship; you will be involved.
- Share with us your needs, goals and concerns.
- Have an open mind toward a comprehensive and truly diversified investment approach.
- Expect success.

## **Belvedere Advisors Sample Publications**

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*View this document at the following web address*

### *Belvedere Advisors' Brochure*

[www.BelAdv.com/docs/Presentation/BelvedereAdvisorsBrochure.pdf](http://www.BelAdv.com/docs/Presentation/BelvedereAdvisorsBrochure.pdf)

### *Articles*

- Developing an Appreciation for Risk

[www.BelAdv.com/docs/Articles/RiskArticleSep2010.pdf](http://www.BelAdv.com/docs/Articles/RiskArticleSep2010.pdf)

- Cholesterol and Volatility

[www.BelAdv.com/docs/Articles/RiskArticleOct2010.pdf](http://www.BelAdv.com/docs/Articles/RiskArticleOct2010.pdf)

- Capturing Market Returns: Taking an X-Ray of Your Money Manager

[www.BelAdv.com/docs/Articles/ArticleNov2010.pdf](http://www.BelAdv.com/docs/Articles/ArticleNov2010.pdf)

- Right-Brain Left-Brain Investing

[www.BelAdv.com/docs/Articles/ArticleDec2010.pdf](http://www.BelAdv.com/docs/Articles/ArticleDec2010.pdf)

- Mind Games

[www.BelAdv.com/docs/Articles/ArticleMar2011.pdf](http://www.BelAdv.com/docs/Articles/ArticleMar2011.pdf)

- A review of Emerging Markets

[www.BelAdv.com/docs/CArticles/BelvedereAdvisors-EmergingMarketsJuly2011.pdf](http://www.BelAdv.com/docs/CArticles/BelvedereAdvisors-EmergingMarketsJuly2011.pdf)