



Improving Investment Performance Through Quantitative Asset Allocation

Leading investment groups in today's global capital markets have one thing in common—they implement quantitative investment models to identify opportunity and control risk. This is true across the complete spectrum of professional investors, including hedge funds, pension funds, and investment banks. They leverage advances in academic finance and readily available computational power to transform the investment process into a modern, efficient, dynamic method, which is precise, and above all, quantitatively controlled. They strive to eliminate components of the investment process which are ad-hoc or fraught with inefficiency such as stock-picking (trying to “beat the market”) or “pie chart” asset allocation which places fixed percentages of capital in asset classes using criteria such as age. By utilizing advanced processes they maintain a competitive advantage which differentiates them in a field of ever-increasing sophistication and complexity.

Effective investment groups adhere to a uniform approach which involves maintaining a rigorous framework for the complete investment process. The totality of the framework encompasses the acquisition and analysis of data, the subsequent selection of assets, and a continuous reassessment of opportunity and risk. The benefits are immediate and dramatic. Quantitative finance has established a new set of leaders in the investment community. Leaders who continually research and innovate stay ahead of the curve.

Benefits to the Individual Investor

The benefits of adopting a quantitative framework for investing are not limited to large institutions or elite groups. In fact, there is a real need and appropriate solution applicable to the individual investor who has funds in a brokerage account or retirement account. The immediate benefits of quantitative asset management include the *ordered control* of;

- Reducing vulnerability to dramatic market movements by superior diversification;
 - Precise estimates of expected asset and portfolio return based on estimates of risk;
 - Management of transaction fees by eliminating unnecessary trading;
 - Dynamic position weights which respond to changing market conditions;
 - Maintaining a high ratio of return achieved to risk experienced;
 - Inclusion of new investment opportunities, as they become available, without disruption to the overall investment management framework.
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Additional benefits occur by *eliminating inefficiencies* otherwise present in the investment process. These inefficiencies include;

- Attempts to “beat the market”;
- Trading based upon rumor, hunches, or emotion;
- Excess trading for the sake of trading;
- Unnecessary market risk;
- Haphazard attempts to diversify portfolio holdings.

How Quantitative Portfolio Asset Allocation Occurs

A unifying theme within quantitative asset management is decision-making in response to streams of market data. Acquisition and storage of data are the foundation of the process. The next level is statistical analysis of these data. At OKLO financial, this analysis is accomplished with a suite of proprietary computational algorithms. The selection of appropriate weights for the constituent components of the portfolio is the next step, and occurs as the merits of expected return per position are weighed versus their impact on overall portfolio risk. Again, this requires sophisticated proprietary computational analytics.

Finally, market movements, new trading opportunities, and cash flow dynamics necessitate maintenance of the portfolio. Maintenance, however, requires trading and trading always incurs an expense in the form of transaction fees. As a consequence, sophisticated algorithms must continually weigh the benefits versus the costs of trading. Too little trading and the merits of a balanced diversified portfolio are lost. Too much trading and transaction fees erode the performance of the portfolio.

The OKLO Core Investment Program

The Oklo Core Investment Program provides a complete investment solution. We enable individual investors to participate in a quantitative asset management program designed to *generate and preserve wealth*. OKLO applies quantitative expertise to manage the investment process—not to speculate in the financial markets.

OKLO financial employs professionals who have worked for years in the financial industry. They understand the concerns and issues at stake for individual investors who may be overwhelmed with information that is often confusing or inaccurate. They have experience educating investors who went through the downside of the tech bubble and the extreme volatility of 2001 and 2002. Most importantly, they have a keen understanding of how the individual investor can benefit from a quantitative approach to portfolio management and its attendant opportunities.

Your Next Step

Are you the type of investor who would benefit from a complete and guided professional approach to quantitative investment management? Chances are, the answer is yes. Individuals who cling to the notion that they or their advisors can beat the markets are, in all likelihood, gambling their core assets on the vagaries of a random process. Superior diversification will protect assets if and when we move into another period of high volatility or dramatic and protracted bear markets in stocks or bonds.

Investors who embrace a rigorous, proactive, and efficient framework of quantitative asset management are those who stand the greatest chance of generating *and* preserving wealth. OKLO financial can help you take this critical step. We have successfully transformed our client's investment processes into informed, disciplined, and, most importantly, *profitable* experiences. We look forward to discussing our program with you.

For more information please contact us.

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