

# Kisher Capital — Investment Philosophy

## 1. Introduction

At Kisher Capital, our investment philosophy is rooted in both time-tested market principles and our clients' values and goals in mind. We believe that disciplined, evidence-driven investing offers a powerful path to long-term financial success as well as helping us to fulfill our goal of connecting your finances with your future. This document outlines the foundational beliefs, asset allocation approach, risk management principles, and portfolio governance that informs every investment decision we make on behalf of our clients. It also explains how we integrate Biblically Responsible Investing (BRI) for clients who wish to align their portfolios with their convictions. By sharing this philosophy openly, we aim to provide clarity, transparency, and confidence in our stewardship of your capital.

## 2. Core Investment Beliefs

### 2.1 Capitalism's Enduring Power

We believe that capitalism works, as businesses strive to generate profits and increase shareholder value, which leads to an increase in the value of capital markets over time. Participation in global capital markets offers investors a powerful path to wealth creation.

### 2.2 Market Inefficiencies

Although markets are broadly efficient, inefficiencies do exist. These are driven by behavioral biases and structural dynamics, which can persist for both short and extended periods of time. As a result, there are tactical opportunities for disciplined, technical, and fundamental-driven allocations.

### 2.3 Risk & Return Relationship

In a healthy market, investors should earn returns for bearing risk over the course of time. Investors can face both market-wide risks and risks specific to individual investments. These risks are typically measured as volatility of investment returns and the possibility of permanent loss. Understanding volatility and managing behavior, especially avoiding panic selling, is essential to long-term financial success.

### 2.4 The Power of Compounding

Rather than focusing on timing markets, we emphasize **time in the market**. This allows compound growth to work in your favor over decades.

## 3. Asset Allocation & Fund Selection

### 3.1 Strategic & Tactical Framework

We ground portfolios in a strategic allocation based on long-term rewarded factors and macro analysis. We primarily rely on economic fundamentals and the yield curve positioning for macro analysis. Tactical changes to strategic allocations are based on fundamental and technical analysis. Tactical tilts are modest and opportunistic.

### 3.2 Multi-Asset Core Construction (Equity / Fixed Income / Alternatives)

Asset Class	Core Function	Fund Selection Philosophy
Equity	Long-term growth and/or income	Broad market exposure with moderate allocation and selection tilts.
Fixed Income	Income and stability	Durable fixed income funds chosen for duration control and credit quality.
Alternative Investments	Diversification and drawdown protection	Liquid alternative funds designed to cushion against equity and fixed income market stress.

### 3.3 Equity - Systematic Factor Investing

We employ a factor-based framework to identify historical and research-based persistent sources of equity return. These factors include but are not limited to Value, Low Size, Low Volatility, High Yield, Quality, and Momentum. These factors help explain risk and return across portfolios. When combined, these factors can smooth return volatility and enhance Sharpe ratios. This research paper, written by MSCI, demonstrates the factor-based framework we rely upon:

[https://www.msci.com/documents/1296102/1336482/Foundations\\_of\\_Factor\\_Investing.pdf](https://www.msci.com/documents/1296102/1336482/Foundations_of_Factor_Investing.pdf).

### 3.4 Dynamic Fixed Income Management

Our fixed income approach is actively managed by selecting funds that adjust both duration and credit exposure to manage interest rate changes and credit migrations. While the funds themselves manage the detailed risks, our focus is on choosing where to take interest and credit risk to achieve the best balance of return and risk.

### 3.5 Liquid Alternatives (Macro Strategies)

Macro and hedge ETFs can help steady a portfolio. These ETFs are built to behave differently from the broad market and offer better protection during market stress. These include but are not limited to Real Assets, Commodities, Long/Short Equity, Market Neutral, Managed Futures, Multi-Strategy, Event-Driven / Merger Arbitrage, and Alternative Credit.

### **3.6 Optimizing Risk-Adjusted Returns**

We evaluate investments using risk-adjusted metrics (e.g., Sharpe ratio) and apply macro-sensitive, rules-based tactical tilts to enhance returns without disproportionate added risk.

## **4. Risk Management Principles**

### **4.1 Holistic Diversification**

Diversification is essential to avoid overcommitment to a single asset class or market sector thereby increasing portfolio fragility and drawdown risk. A broadly diversified portfolio spreads risk across various investments within each asset class, thereby reducing overall volatility, as different asset classes perform differently across economic cycles (e.g., fixed income may outperform when the stock market underperforms).

### **4.2 Disciplined Position Sizing**

Each position is sized according to risk capacity and alignment with long-term objectives of a portfolio or model. Position sizing seeks to avoid unnecessary idiosyncratic risk.

### **4.3 Rebalancing**

Disciplined rebalancing is essential to long-term portfolio success. Over time, asset classes naturally drift from their target allocations due to market performance. Left unchecked, this drift can increase portfolio risk beyond an investor's intended tolerance. Rebalancing supports long-term return optimization by maintaining the integrity of the original asset allocation strategy.

### **4.4 Behavioral Coaching**

We encourage clients to focus on what they can control, such as their reactions to volatility and global events, rather than succumbing to speculation, media noise, or "hot tips" for individual stock picking. Our role is to help clients stay on course and avoid common mistakes driven by emotions, like over-trading, chasing returns, or panicking during market declines.

### **4.5 Derivatives**

Derivatives (options, futures, forwards, ect.) are a valuable tool for modifying client's risk and return. Derivatives can be used for speculation, income, and hedging. Combining these functions can create defined outcome strategies. As appropriate, we will utilize funds using defined outcome strategies.

## 5. Portfolio Management Governance

### 5.1 Investment Process and Model Reviews

We follow a consistent and repeatable investment framework with limited reliance on discretionary investment selections. All investment models undergo allocation reviews, risk monitoring, and performance attribution—providing insight into what drives returns.

### 5.2 Investment Philosophy Document

This document serves as a guide for clients, ensuring they understand our investment philosophy and the basis for how portfolios are constructed. It functions as a foundational statement to which we adhere.

### 5.3 Code of Ethics

All investment advisor representatives, portfolio managers, and employees of Kisher Capital are required to sign and adhere to the Kisher Capital code of ethics. This document includes our general principles, guidelines for professional standards, personal trading policies, and prohibited investment activities. Our duties as fiduciaries require us to put our clients first. The code of ethics specifies how we accomplish that requirement. The code of ethics can be provided upon request.

### 5.4 Goals-Based Framework

The client's investment portfolios are designed to support client-defined financial milestones. This includes but is not limited to retirement, education, philanthropy, and legacy goals. Our client's investment success is measured by their ability to meet their financial goals rather than just general benchmark outperformance.

## 6. Biblically Responsible Investing (BRI)

### 6.1 Purposeful Screening

Biblically Responsible Investing (BRI) involves the screening of a fund or stock before investing. This screening removes funds and stocks that would violate biblical values through their corporate actions. At the request of Client, KC recommends BRI ETFs that avoid funds and stocks that would violate biblical values. The funds KC utilizes screen out companies involved in abortion products and activism, LGBT activism, sexually explicit content or services, gambling, tobacco, alcohol, and THC products. KC relies upon third-party services to determine if a fund or stock is in violation. Due to lack of corporate transparency and quickly evolving businesses, KC cannot guarantee that BRI portfolios or ETFs are completely and at all times aligned with BRI values.

### 6.2 Value Screening Trade-Offs

Screening may lead to underperformance when excluded sectors or securities outperform. By integrating BRI into a diversified and factor-focused portfolio, we aim to balance conviction with disciplined pursuit of return.

## 7. Conclusion

This philosophy document is more than a statement of investment views, it reflects our commitment to disciplined execution, client alignment, and long-term partnership. We understand that every portfolio represents more than just assets; it represents a purpose, a plan, and people depending on it. At Kisher Capital, we aim to steward that responsibility with wisdom, integrity, and care. As it's written in Proverbs 15:22, *"Without counsel plans fail, but with many advisers they succeed."* Our role is to come alongside you with sound counsel, clear process, and steady guidance so that your financial plans have the best opportunity to succeed, both for your goals and for the good of others. We are committed to delivering a **disciplined, transparent, and values-aligned** investment experience—helping you grow, protect, and direct your resources for the future God has in store for you.



## Disclosures

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