

# **CIMCO's Guiding Principles**

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**cash is  
king**

**CIMCO's  
Guiding  
Principles are  
Interconnected**

**These Principles allow  
for the full power of  
compounding to take  
hold and build your  
wealth**

the price paid for a stock  
determines your return

investors face two primary types of risk: company  
risk & price risk

price and value are two very different things

the key is to establish a value for a stock using our proprietary models


## Guiding Principle

## Key Points

cash is king

- The critical issue is the correct deployment of cash – cash is a very valuable asset
  - Cash is both an offensive and defensive tool; its preservation is key to wealth building
  - Precision in its deployment is the basis of wealth creation
  - Cash is flexibility and power – with it you can fully exploit investment opportunities

price paid = return

- The price you pay for a company's stock will determine your return 
  - If a stock's is priced at \$10 and it rises by \$1 to \$11, the return is 10%
  - If the same stock is priced at \$20 and it rises by \$1 to \$21, then the return is only 5%

risk control  
via  
company & price risk

- A stable company has lower company risk & the lower its stock price the lower its price risk
  - We look for companies with stable financial metrics over the past 10 – 15 years
  - And that are trading at prices below our calculated intrinsic worth (value)
  - Therefore our focus on price acts as risk control and also maximizes return potential

price v value

- The ability to correctly value a stock is critical to making investment decisions
  - Without knowing the value of a stock how can you know you are paying the right price
  - The stock market simply quotes you the price of a stock trading on any given day
  - But CIMCO's proprietary models can calculate its value; we don't want to pay too much

our models calculate  
the value of a stock

- CIMCO's model's are the foundation of our business – they have been extensively tested
  - They are stringent & unforgiving & are vastly different from failed Wall Street methods
  - They obey mathematical laws that limit the need for assumptions
  - They correctly predicted that the market was grossly overvalued in 2006/2007

# How our guiding principles enable CIMCO to meet your investment goals

