

SANAD FLAGSHIP - INVESTMENT PHILOSOPHY

A Deliberate Barbell, Not the Middle-Risk Default

A long-horizon policy pairing concentrated growth with explicit defense

The objective is not to make every asset moderate. It is to accept a clearly bounded, high-growth Nasdaq-100 pole while preserving enough liquidity and macro defense to rebalance through severe losses.

RESEARCH CANDIDATE v0.3-R | AUGUST 2026

Decision status

This paper defines the only portfolio Sanad is prioritizing. It is a research policy, not a live investment recommendation. Legal, tax, compliance, custody, execution, and suitability review remain required before real capital is accepted.

01 / EXECUTIVE DECISION

One flagship, one explicit tradeoff

Sanad will prioritize a single unlevered strategic allocation: 30% Nasdaq-100 growth equities, 25% Treasury bills, 20% intermediate U.S. Treasuries, 10% short Treasury Inflation-Protected Securities, 10% gold, and 5% broad commodities. Clients may select goals and funding instructions; they do not edit securities or policy weights.

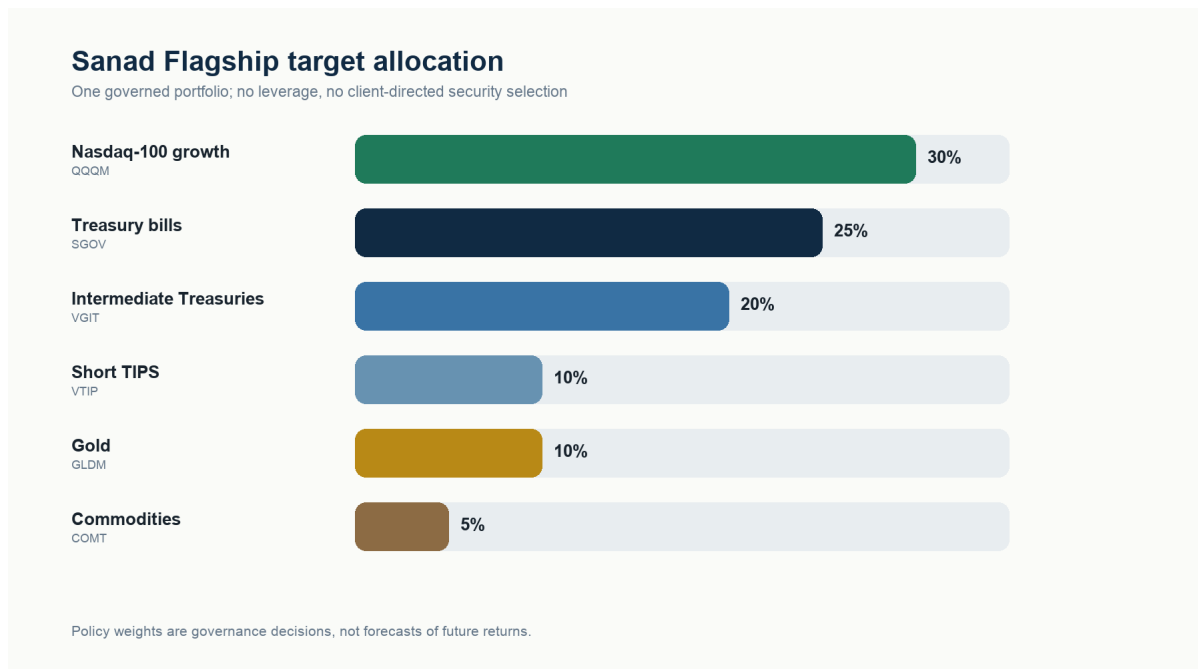


Figure 1. Sanad Flagship v0.3-R target capital weights. QQQM is the explicit 30% growth pole; the remaining 70% is the defensive pole.

What this portfolio is for

A 20-30 year investor who wants explicit participation in large-cap growth but refuses to let the entire portfolio depend on that regime. This policy may be unsuitable when employment, private-company equity, or options already make the investor's total balance sheet excessively technology-dependent.

The tradeoff is visible. In the January 2008-July 2026 proxy, the flagship compounded at 7.4% with a -16.2% maximum month-end drawdown. Its 2022 loss was -13.5%. The common sample begins after the dot-com collapse, so the separate QQQ stress history remains a required counterexample rather than a footnote.

02 / THE INVESTOR, NOT THE TICKER LIST

Systemic risk enters through the whole balance sheet

A founder or early technology employee can appear diversified while remaining economically concentrated. Salary, unvested equity, private-company value, housing in a technology hub, venture exposure, and public growth stocks can all weaken together when financing conditions tighten. Portfolio construction must therefore begin with human capital and liabilities, not with an isolated brokerage account.

Exposure	Hidden common driver	Flagship response
Employment and private equity	Technology profits, funding, IPO market	QQQM can compound the same risk; total-balance-sheet eligibility is required
Near-term spending and taxes	Forced sale during a drawdown	25% Treasury-bill liquidity reserve
Long-duration assets	Real-rate and discount-rate shocks	Bound nominal duration; no leverage
Purchasing power	Unexpected inflation	Short TIPS, gold, and commodities serve different roles
Model confidence	False precision in means and correlations	Coarse weights, versioning, bands, and falsification rules

The governing objective

Choose w to maximize the worst credible long-horizon real outcome

subject to: $\sum(w) = 1$; $w \geq 0$; leverage = 0; liquidity, concentration, drawdown, and tail-loss constraints

This is a robust decision problem, not a claim that the worst distribution is known. The set of credible regimes includes growth and inflation surprises, changing correlations, illiquidity, and estimation error. A coarse policy that remains acceptable across nearby assumptions is preferred to a fragile point estimate with a slightly better backtest.

Non-goal

The flagship is not designed to maximize one-period Sharpe ratio, track the S&P 500, win every inflation episode, eliminate loss, or generate contractual convexity.

03 / TALEB: MODEL THE DAMAGE FROM BEING WRONG

Fat tails change the question

Financial returns are not well summarized by a stable mean and variance. Extreme moves occur more often than a normal model suggests; volatility clusters; cross-asset correlations can rise during stress; and estimates derived from a finite sample remain noisy. Under heavy tails, adding observations does not necessarily make the sample mean reliable at the rate implied by Gaussian intuition.

Expected Shortfall at 95% = $E[-R \mid R \text{ is in the worst } 5\%]$

Unlike volatility, expected shortfall asks how severe the observed bad tail was.

Wealth($t+1$) = Wealth(t) $\times$ (1 + $R(t)$)

Compounding is multiplicative: a 50% loss requires a 100% gain to recover.

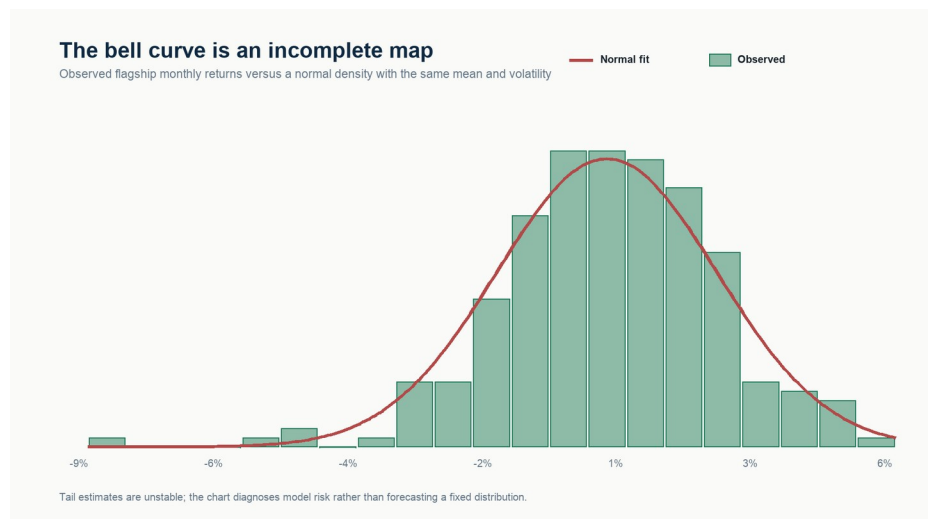


Figure 2. Observed flagship monthly returns. Excess kurtosis was 1.58; the worst month was -8.4%. A finite sample cannot reveal the true tail.

Fragility is payoff curvature, not a slogan

For a concave payoff: expected payoff under noise is below payoff at the expected shock

Dispersion hurts a concave exposure; leverage, margin calls, and forced liquidation can make the damage nonlinear.

Taleb's antifragility is about sensitivity to dispersion and convexity. A long-only ETF mix has approximately linear market exposure. It may be diversified and less fragile, but it is not inherently antifragile. Sanad therefore uses the narrower language robust and barbell-shaped. Explicit convex hedges remain a separate research question because option carry, path dependence, implementation, and governance can overwhelm the intended benefit.

04 / DALIO: DIVERSIFY ECONOMIC CAUSES

Balance growth and inflation surprises

Bridgewater's All Weather framework begins from a durable insight: assets respond to surprises in economic growth and inflation. Counting six tickers is not diversification if all six require the same benign regime. Sanad borrows the regime lens, but not the institutional use of leverage to equalize asset risk.

Regime surprise		Assets expected to help	What can still go wrong
Growth expectations	above	Nasdaq-100 growth equities	Concentration and valuation compression can overwhelm earnings
Growth expectations	below	Treasury bills and intermediate Treasuries	Inflation or fiscal stress can make bonds fall with stocks
Inflation expectations	above	Short TIPS, commodities, sometimes gold	Each hedge is horizon- and implementation-dependent
Inflation expectations	below	Nominal Treasuries and growth assets	Deflation with financial stress can still damage risky assets

Where Sanad deliberately differs

- **No leverage.** Risk parity often raises the return target of safer assets with borrowing; the flagship refuses margin-call and refinancing fragility.
- **No risk-equality promise.** Capital and variance contributions are monitored, but unstable covariance estimates do not dictate weights.
- **No single inflation hedge.** TIPS address U.S. CPI linkage, commodities respond to spot and roll dynamics, and gold is a scarce reserve asset with no guaranteed inflation beta.
- **A deliberate technology-heavy sleeve.** QQQM is chosen as a bounded growth pole, not mislabeled as broad diversification. External technology exposure can make the policy unsuitable.

Synthesis

Dalio supplies the map of macroeconomic drivers. Taleb supplies the warning that the map, its parameters, and the investor's payoff can all be wrong. Sanad combines regime diversification with explicit limits on ruin mechanisms.

05 / FLAGSHIP SPECIFICATION

One aggressive pole, five defensive jobs

Sleeve	Weight	\$50,000	Research ETF	Job and principal failure mode
Nasdaq-100 growth	30%	\$15,000	QQQM	Concentrated growth; valuation, sector, and equity-crash risk
Treasury bills	25%	\$12,500	SGOV	Liquidity and optionality; inflation can erode real value
Intermediate Treasuries	20%	\$10,000	VGIT	Growth/disinflation defense; duration and fiscal risk
Short TIPS	10%	\$5,000	VTIP	CPI-linked principal; real-rate and index-lag risk
Gold	10%	\$5,000	GLDM	Scarce reserve diversifier; no cash flow or reliable short-horizon hedge
Broad commodities	5%	\$2,500	COMT	Inflation-shock sensitivity; roll, tax, and concentration risk

Why these weights are intentionally coarse

Thirty percent QQQM makes the growth thesis explicit rather than smoothing it into a broad-market middle. Forty-five percent nominal Treasuries separates immediate liquidity from recession-sensitive duration. Ten percent short TIPS, ten percent gold, and five percent commodities diversify inflation exposure without allowing any one imperfect hedge to dominate. Five-point increments acknowledge that expected returns and correlations cannot be estimated precisely enough to justify cosmetic decimals.

Risk remains concentrated

$$RC(i) = w(i) \times [Covariance \times w](i) / [w' \times Covariance \times w]$$

Interpretation. The portfolio is diversified by function and capital, not equalized by estimated variance. Equity remains the main growth engine and measured risk source.

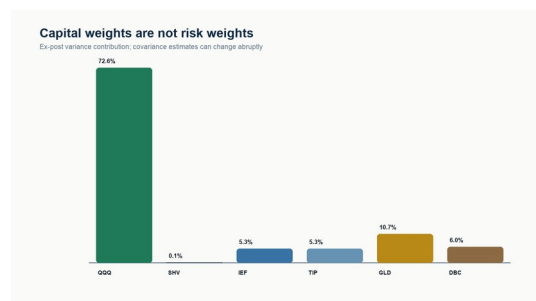


Figure 3. Full-sample ex-post variance contributions. The QQQ growth proxy contributed 72.6% of variance despite a 30% capital weight. This estimate can change abruptly.

06 / HISTORICAL PROXY

A diagnostic, not a forecast

The common proxy uses adjusted-close returns from January 2008 through July 2026. QQQ proxies QQQM because QQQM began only in October 2020; IEF proxies VGIT, TIP proxies VTIP, GLD proxies GLDM, and DBC proxies COMT. The global 60/40 benchmark retains a fixed 60% SPY / 30% EFA / 10% EEM equity blend. The base comparison rebalances monthly and omits client taxes, spreads, slippage, market impact, and intraday execution.

Metric	Sanad Flagship	Global 60/40	Treasury bills
Nominal CAGR	7.4%	6.5%	1.4%
Real CAGR (U.S. CPI)	4.8%	4.0%	-1.0%
Annualized volatility	7.0%	10.3%	0.6%
Maximum monthly-close drawdown	-16.2%	-32.1%	-0.3%
Maximum daily-close drawdown	-20.2%	-37.2%	n/a
Historical expected shortfall 95%	4.0%	6.7%	0.1%
Worst month	-8.4%	-12.1%	-0.1%
Ending value of \$10,000	\$37,415	\$32,368	\$12,966

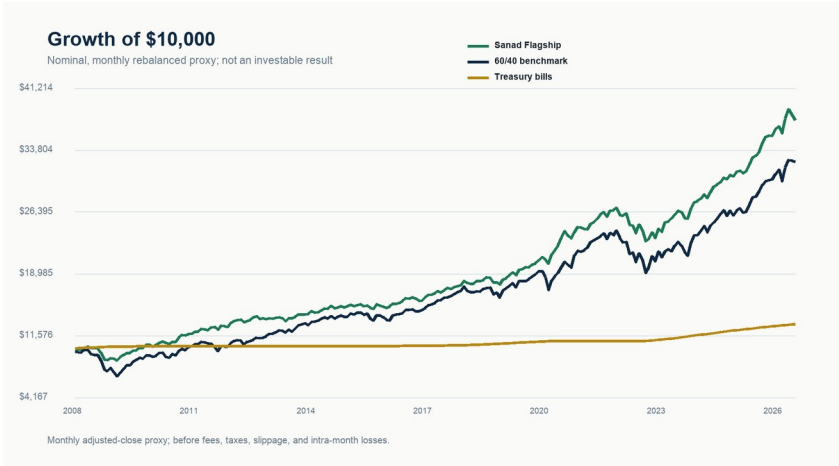


Figure 4. Nominal growth of a monthly rebalanced proxy. Proxy adjusted returns contain proxy fund expenses; client-level frictions are excluded.

The flagship produced a 7.4% nominal CAGR and 4.8% real CAGR in this sample, versus 6.5% and 4.0% for 60/40. Its maximum month-end drawdown was -16.2%; the daily-close reconstruction worsened that figure to -20.2%. The benchmark's daily-close maximum drawdown was -37.2%. These are historical descriptions, not future bounds, and neither daily series captures intraday loss.

QQQM is the growth pole - not the diversification

The growth pole is deliberately concentrated	
Current-policy diagnostics; QQQ is the long-history proxy for QQQM	
	Current policy
Capital weight	30.0%
Ex-post variance contribution	72.6%
Common-sample policy CAGR	7.4%
Actual-fund policy CAGR	8.7%
Standalone QQQ dot-com drawdown	-83.0%
Actual-fund policy history: 2020-11-30 to 2026-07-31. Historical results are not forecasts.	

Figure 5. Current-policy growth-sleeve diagnostics. QQQ supplies the long-history proxy; QQQM is the implementation fund.

Metric	Current policy	Decision meaning
Capital weight	30.0%	The concentration ceiling is explicit
Ex-post variance contribution	72.6%	Capital weight is not risk weight
Common-sample nominal CAGR	7.4%	Historical compounding, not a forecast
Actual-fund policy CAGR	8.7%	Short history beginning after QQQM inception
Actual-fund max drawdown	-14.9%	Month-end observation, not a future bound
2022 return	-13.5%	Rate-sensitive growth and bonds fell together

The actual-fund policy history runs only from 2020-11-30 to 2026-07-31. Over that short window, it compounded at 8.7% with a -14.9% month-end drawdown. That is implementation evidence, not a full-cycle test.

What 'middle-risk trap' means here

It is a product-design critique, not a theorem. Sanad makes the risky pole explicit and bounds its capital weight instead of describing the full portfolio as moderate. QQQM is concentrated, valuation-sensitive, not antifragile, and not guaranteed to outperform.

08 / STABILITY DIAGNOSTICS

No diversifier is permanent

A portfolio that assumes one fixed covariance matrix is making a hidden forecast. The flagship's own common sample shows large changes in 36-month correlations with the QQQ growth proxy. Intermediate Treasuries moved from strongly negative to strongly positive correlation; TIPS and commodities also changed character. Sleeve roles are economic hypotheses, not hedge guarantees.

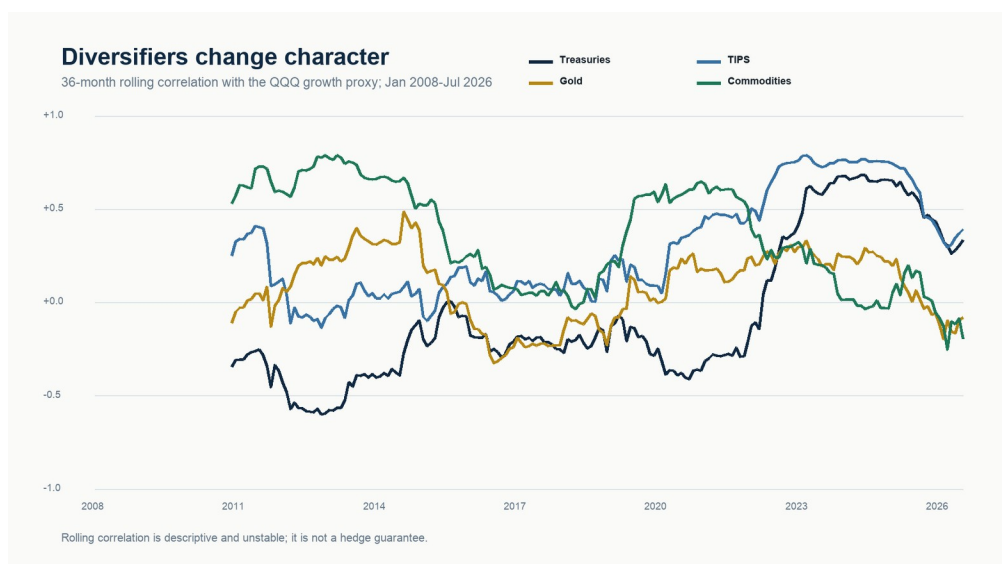


Figure 6. Thirty-six-month rolling correlation with the QQQ growth proxy. Every diversifier changed materially across the sample.

Sleeve	Minimum	Median	Maximum	Latest
Treasuries	-0.60	-0.21	+0.68	+0.33
TIPS	-0.14	+0.19	+0.79	+0.39
Gold	-0.33	+0.14	+0.49	-0.08
Commodities	-0.25	+0.30	+0.79	-0.19

One backtest contains multiple stories

Subperiod	CAGR	Volatility	Max drawdown	Expected shortfall
2008-01-31 to 2017-03-31	5.6%	6.7%	-16.2%	4.0%
2017-04-30 to 2026-07-31	9.2%	7.3%	-15.0%	3.8%

The first half compounded at 5.6%; the second at 9.2%. That difference is not a regime forecast. It is direct evidence that the full-sample average is unstable.

09 / COSTS AND REBALANCING

Govern turnover; do not optimize it in hindsight

The policy reviews drift monthly but trades only when a sleeve breaches the larger of a 20% relative band or two percentage points. In the frozen sample, this band rule rebalanced 18 times and required 5.2% annualized one-way turnover, versus 223 events and 14.2% turnover for monthly restoration to target. The result supports lower-turnover governance; it does not prove a return advantage because cash flows, taxes, spreads, and execution are omitted.

Schedule	CAGR	Max drawdown	Rebalances	Annualized turnover one-way
Monthly	7.4%	-16.2%	223	14.2%
Quarterly	7.5%	-16.0%	74	9.0%
Annual	7.8%	-14.5%	18	5.4%
Bands	7.6%	-15.1%	18	5.2%

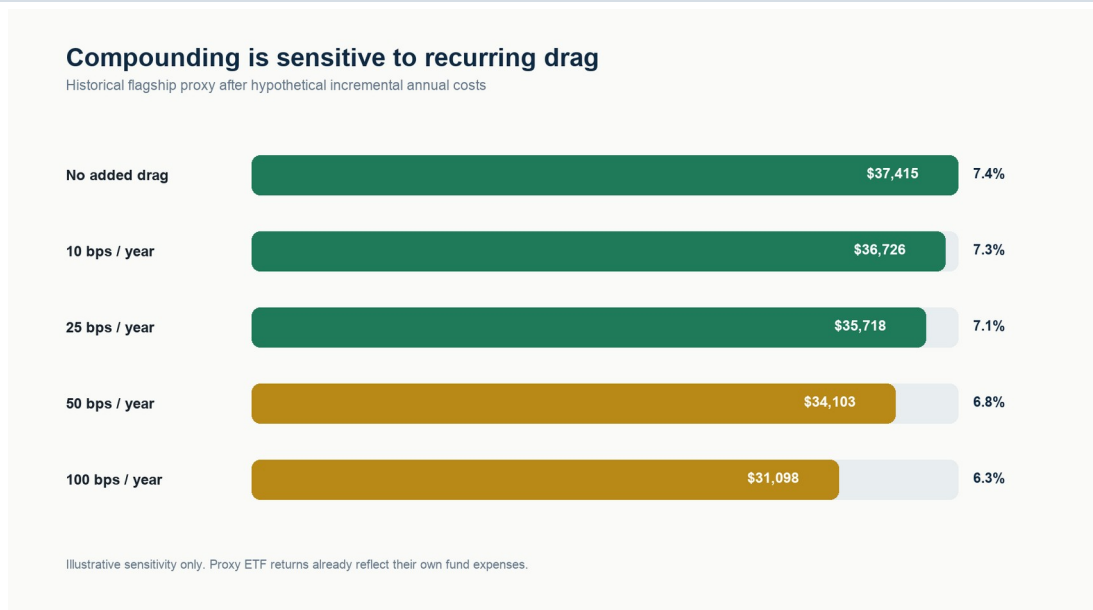


Figure 7. Historical ending value after hypothetical incremental recurring drag. Proxy adjusted returns already contain proxy fund expenses.

Using published expense ratios available at the research cutoff, the target funds' weighted expense ratio was approximately 0.11% per year. Fund expenses can change. An illustrative additional 50 basis points of annual drag reduced the sample ending value of \$10,000 from \$37,415 to \$34,103.

10 / STRESS AND PATH DEPENDENCE

The portfolio still loses money

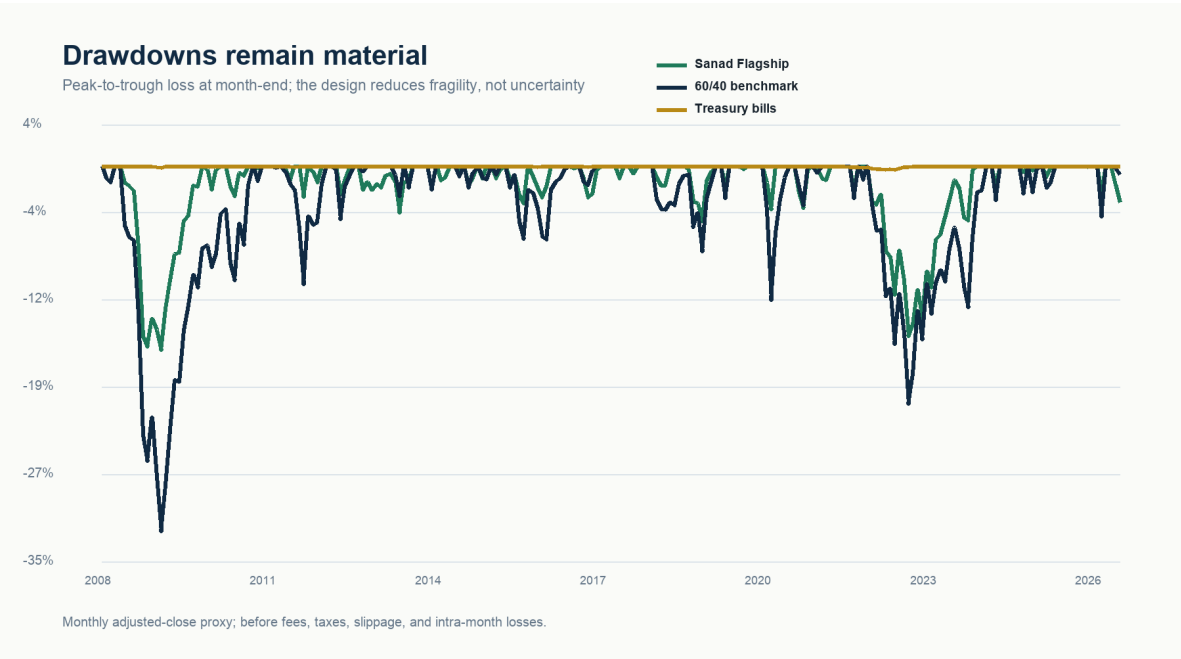


Figure 8. Month-end peak-to-trough drawdowns. The daily-close flagship loss reached -20.2%; intraday loss is unknown.

Calendar year	Flagship	Global 60/40	Treasury bills	Observation
2008	-11.0%	-22.9%	2.8%	Liquidity and nominal Treasuries reduced, but did not remove, equity loss
2020	19.4%	12.7%	0.8%	Full-year returns hide the speed of the March collapse and rebound
2022	-13.5%	-15.2%	0.9%	Stocks and bonds fell together; inflation sleeves only partly offset loss

The omitted regime is the most important warning

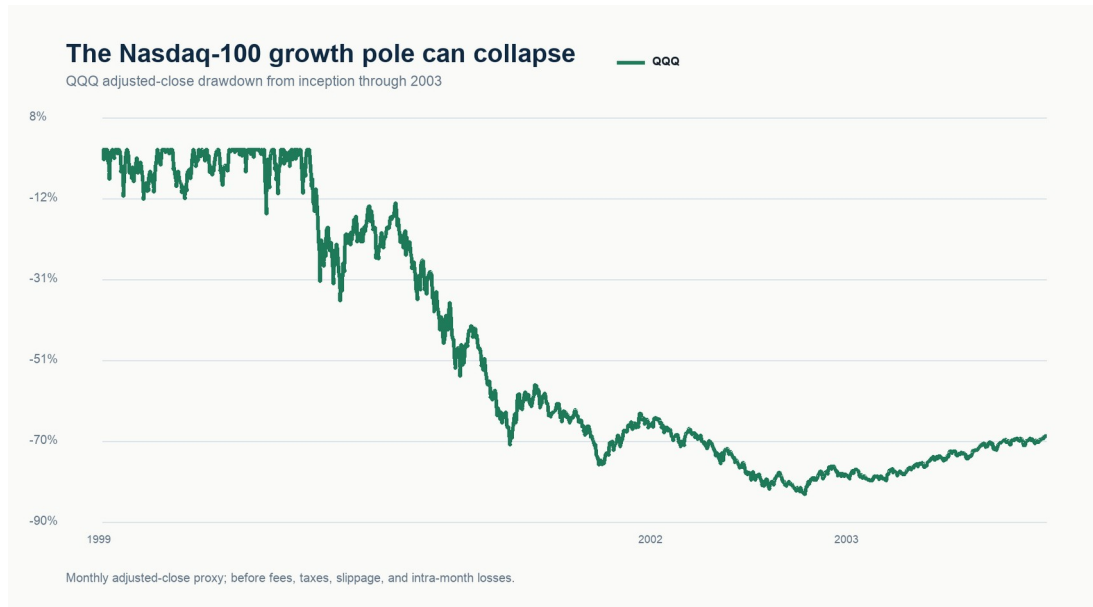


Figure 9. QQQ adjusted-close drawdown from inception through 2003. The maximum loss was -83.0% from 2000-03-27 to 2002-10-09; recovery to the prior adjusted peak did not occur until 2015-02-20.

The multi-asset common sample starts in 2008 and therefore excludes this collapse. No 2008-present relative-performance result can erase it. The defensive pole and 30% cap are responses to this path risk, not proof against recurrence.

10 / STRESS AND PATH DEPENDENCE - CONTINUED

History does not define the range of outcomes

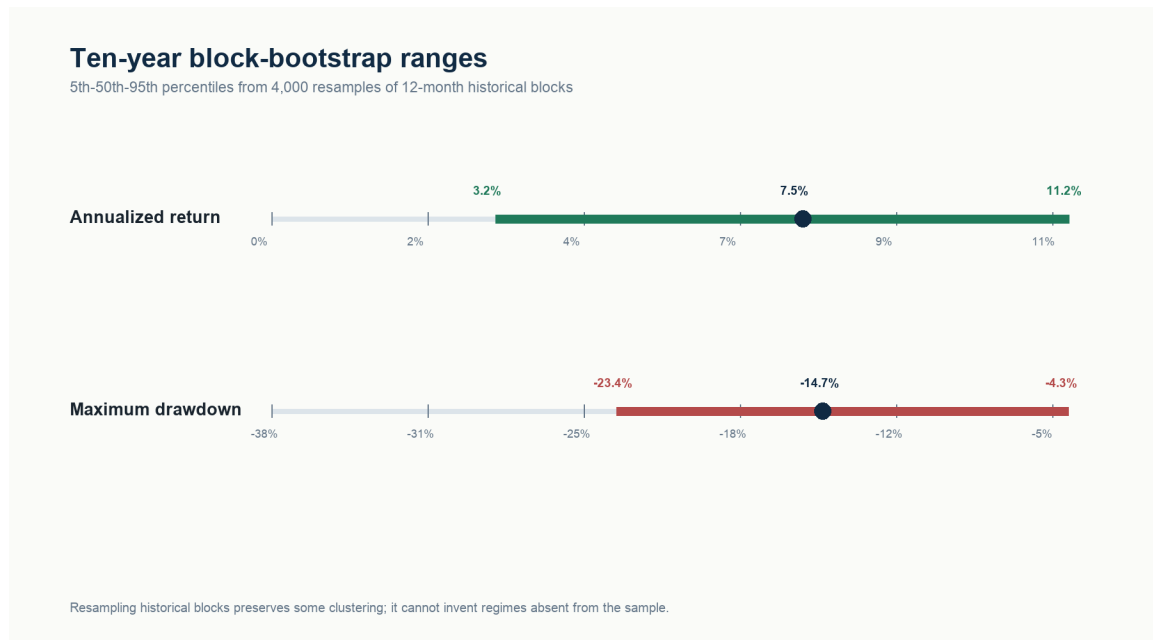


Figure 10. Ten-year circular block bootstrap. Annualized return 5th/50th/95th percentiles: 3.2%, 7.5%, 11.2%. Drawdown percentiles: -23.4%, -14.7%, -4.3%.

The bootstrap resamples 12-month blocks to retain some serial dependence. It does not estimate the probability of future loss, and it cannot invent a regime absent from the data. Its main use is to show that path variation is wide even when the same historical months are reused.

11 / WHY THIS PORTFOLIO, NOT THE BACKTEST WINNER

A constrained interior choice

The research enumerated a five-point grid subject to no leverage, bounded sleeve ranges, an observed maximum drawdown no worse than 20%, and observed monthly expected shortfall no greater than 4.5%. Candidates were ranked by the 10th percentile of rolling five-year nominal CAGR. The flagship was deliberately not the top-ranked sample portfolio.

Decision	Why it rejects sample optimization
Keep 25% in bills	The sample winner used less liquidity; bills preserve optionality and reduce forced-sale risk
Limit intermediate Treasuries to 20%	The common history benefited from a long disinflationary rate cycle
Retain 10% TIPS and 5% commodities	Top sample candidates drove commodities to zero and leaned into historical bond performance
Hold gold at 10%, not 5% or 20%	Gold diversifies reserve risk but has no cash flow and is not a reliable short-horizon CPI hedge
Cap QQQM at 30%	A 40% growth sleeve ranked higher in-sample, but the dot-com stress and external technology exposure argue for a harder concentration ceiling

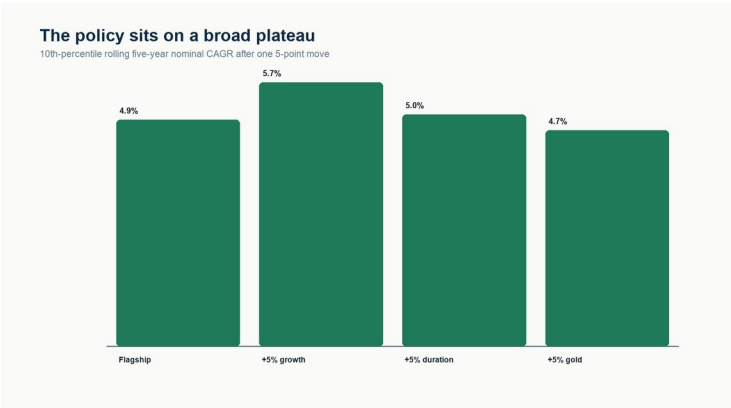


Figure 11. One-step perturbations show a broad rather than singular optimum. The governed choice retains explicit regime and liquidity floors.

11 / CANDIDATE DIVERSIFIERS

Why not managed futures now?

Long-history time-series momentum research and inflation-regime evidence make trend-following a credible diversifier candidate. A live sleeve would also introduce manager dispersion, futures leverage, collateral, tax, fee, capacity, and operational questions. Sanad will evaluate a liquid managed-futures sleeve using predeclared, product-level, out-of-sample criteria; it will not change the flagship until that work is complete.

Why not add tail puts now?

A persistent option program could add contractual convexity, but its result depends on strike, tenor, roll timing, volatility, liquidity, taxes, and a premium budget. Carry can overwhelm the intended benefit. Sanad will not market convex protection until a capacity-aware implementation survives out-of-sample and operational review. The flagship is a robust interior candidate, not a unique optimum.

12 / INVESTMENT OPERATIONS

A portfolio is a controlled system

The policy is useful only if implementation does not reintroduce the fragility it was designed to reduce. Strategy versions are immutable. Client accounts reference an approved version. New versions require evidence, independent review, an effective date, and a migration plan; history is never overwritten.

Control	v0.3-R rule	Reason
Rebalance trigger	Review when a sleeve leaves its target +/- 20% relative band, with a 2 percentage-point minimum	Sample evidence supports lower turnover; no return-enhancement claim
Cash flows	Use deposits and withdrawals to reduce drift before selling	Lower turnover and potential tax realization
Schedule	Monthly drift review; quarterly investment committee review	Separate monitoring from policy changes
Execution	Whole-dollar fractional orders where supported; idempotent submission and reconciliation	Prevent duplicate orders and state divergence
Authority	Clients cannot alter tickers, weights, or active versions	Suitability and fiduciary policy remain controlled
Leverage	None at portfolio level	Avoid margin calls, refinancing dependence, and forced liquidation

Rebalance mathematics

$$\text{Target dollars}(i) = \text{Net liquidation value} \times \text{Target weight}(i)$$

$$\text{Trade dollars}(i) = \text{Target dollars}(i) - \text{Current market value}(i)$$

The engine reconciles custodian cash and positions, snapshots the portfolio, computes drift against the account's immutable strategy version, applies cash-first allocation and risk controls, creates a proposal, and only then submits idempotent orders. Every synchronous request and asynchronous job carries trace context and an audit identifier.

Tax warning

Tolerance bands and cash-first trading reduce turnover; they do not constitute tax optimization. Tax-lot selection, wash-sale monitoring, account location, and jurisdiction-specific treatment require separate design and review.

13 / WHAT WOULD CHANGE OUR MIND

The policy must be falsifiable

Failure or new evidence	Required response
A sleeve no longer performs its documented economic job after fees and structure	Freeze new allocations, diagnose index/fund mechanics, and propose a versioned replacement
Liquidity, spread, custody, or tax structure becomes unsuitable	Set position limits or replace the instrument before client migration
Independent long-history data materially contradicts the proxy result	Publish the discrepancy and rerun the predeclared selection procedure before a successor version
Client total-balance-sheet risk cannot be represented by one flagship	Do not force-fit the client; narrow the eligible market or add a separately governed mandate
A convex hedge survives fee-, capacity-, and path-aware out-of-sample testing	Evaluate as a new strategy version; do not rewrite v0.3-R history
Live implementation drifts from reconciled custodian state	Halt trading, preserve audit data, reconcile, and require incident approval before resumption

Known limitations

- The common 2008-2026 window is short for structural regimes, begins after the dot-com collapse, and includes a long period of declining interest rates.
- ETF proxies differ from target funds in duration, geography, index construction, roll method, expenses, and tax treatment.
- Daily adjusted closes still understate intraday drawdown, execution stress, and short-lived correlation spikes.
- Historical expected shortfall and covariance are unstable estimates; the bootstrap only rearranges observed history.
- The analysis excludes client-specific liabilities, taxes, spending, concentrated holdings, and behavior.

Release gates before real money

Before real money: independent data replication; investment committee approval; legal, regulatory, tax, and fund review; broker verification; disaster recovery; reconciliation; idempotency tests; incident runbooks; and a staged pilot with conservative limits. A successful sandbox is necessary, not proof that a \$50,000 live account is safe.

Bottom line

Remain solvent, liquid, and able to rebalance when the investor's other assets are under stress. Survival preserves the right to compound.

14 / SOURCES AND DISCLOSURES

Primary research and implementation sources

#	Source	Publisher / year
1	The All Weather Story	Bridgewater Associates • 2012
2	A Mathematical Definition, Mapping, and Detection of (Anti)Fragility	Taleb and Douady / arXiv • 2012
3	Tail Risk Constraints and Maximum Entropy	Geman, Geman, and Taleb / Entropy • 2015
4	Statistical Consequences of Fat Tails	N. N. Taleb • 2020
5	Optimization of Conditional Value-at-Risk	Rockafellar and Uryasev • 2000
6	Optimal Versus Naive Diversification	DeMiguel, Garlappi, and Uppal • 2009
7	A Well-Conditioned Estimator for Large-Dimensional Covariance Matrices	Ledoit and Wolf • 2004
8	The Probability of Backtest Overfitting	Bailey et al. • 2016
9	Leverage Aversion and Risk Parity	Asness, Frazzini, and Pedersen • 2012
10	Market Liquidity and Funding Liquidity	Brunnermeier and Pedersen / NBER • 2007
11	The Golden Dilemma	Erb and Harvey / NBER • 2013
12	Facts and Fantasies about Commodity Futures	Gorton and Rouwenhorst • 2006
13	The Best Strategies for Inflationary Times	Neville et al. • 2021
14	A Century of Evidence on Trend-Following Investing	Hurst, Ooi, and Pedersen / AQR • 2017
15	You Can't Always Trend When You Want	AQR • 2019
16	Inflation Bets or Deflation Hedges?	Campbell, Sunderam, and Viceira / NBER • 2009
17	Optimal Portfolio Choice for Long-Horizon Investors with Nontradable Labor Income	Luis M. Viceira • 2001
18	U.S. CPI for All Urban Consumers	Federal Reserve Bank of St. Louis • retrieved 2026
19	Historical adjusted-close data	Yahoo Finance chart API • retrieved 2026
20	Invesco NASDAQ 100 ETF fact sheet	Invesco • Q1 2026

#	Source	Publisher / year
21	Invesco QQQ ETF	Invesco • retrieved 2026
22	Nasdaq-100 Index methodology	Nasdaq • 2026

Reproducibility package

Sanad_Flagship_Research_Companion.xlsx contains the policy allocation, formula-backed expense checks, monthly proxy series, rolling correlations, rebalancing schedules, cost sensitivity, sources, and control checks. The repository also retains the frozen adjusted-close snapshot and the scripts that generate every chart and table.

Disclosures

This is Project Sanad research, not individualized advice, a security recommendation, an offer, a guarantee, or a suitability determination. Investing can lose principal; diversification does not ensure profit. Historical and simulated results do not predict future performance. Fund and tax details can change. Obtain qualified legal, compliance, tax, custody, cybersecurity, and investment review before live deployment.