

Investment Management Style

Our objective as Portfolio Manager seeks to deliver long-term capital appreciation while attempting to minimize investment risk. We strive to achieve these objectives through the consistent application of a sound investment strategy. In general, we avoid trend following, earnings momentum, and market timing strategies. We believe that the market is efficient in the long run, that consensus expectations are already implicit in present pricing, that the future is largely unpredictable, and change is inevitable. The risk reward parameters are dictated in part by the economic and financial environment in which we find ourselves at any given time. We believe, however, certain fundamentals of sound investment methods apply in all environments.

We employ a Value Contrarian, bottom up, fundamental, equity approach with decisions made by looking beyond current investor emotion, discounting Wall Street expectations, and then relating historical valuation strategies, company fundamentals, and investor sentiment characteristics to current price. We research and analyze individual businesses, looking for quality companies exhibiting solid long-term fundamental strengths, whose share prices have fallen temporarily out of favor representing discounted historical valuation levels. We only allocate capital to the most sensible businesses on the most favorable terms. This stance frequently puts us in a contrarian position relative to the broad consensus view held by Wall Street. For the patient investor, this strategy is designed to protect principal from substantial, permanent erosion and create opportunities for favorable returns over the long-term.

We are accorded full discretionary powers for the management of portfolios under the prudent man rule and invest in accordance with all Federal and State regulations. In our efforts to mitigate the risks of a volatile market, we diversify our portfolios to ensure stability in returns.

We will only manage equity accounts for those who are comfortable with our methods and whose time horizons are not constrained. For accounts with a balanced objective, we will reduce the overall fee structure accordingly.

Prior to the management of any individual client assets, we meet with each client to discuss not only our investment philosophy and process, but equally as important, their individual financial position, comfort level, risk tolerances, time horizons, expectations, and investment objectives. The individual risk parameters of each client dictate the structure of each portfolio.

We seek to add additional value for our clients by educating them on the foundation of our equity investment philosophy. Over the years, we have prepared an investment paper each quarter on many different subjects. The common theme of these investment papers is a focus on the less well-understood elements of the investment process and those elements over which we have some control. They represent our observations over time of what changes stock prices and how we strive to improve our clients' odds for success.