

Investment Process - Proprietary Investment Strategies

EQUITY STRATEGIES

Earnings Driven

Philosophy

Focus on earnings & valuation factors which drive stock prices over longer periods of time.

Asset Strategy

- Large Cap Domestic Equity

Analysis

- LB&C Composite rank
- Earnings screens
- Valuation screens
- Quality screens

Risk Management

- Sector & stock diversification

Portfolio Construction

- Disciplined buy/sell rules
- 2-3% security position
- 40-50 holdings

Equity Income

Philosophy

Focus on well capitalized companies which deliver consistent, above average dividend yield.

Asset Strategy

- Large Cap Domestic Equity

Analysis

- Dividend history & sustainability
- Dividend growth
- Valuation and yield screens
- Quality screens

Risk Management

- Sector & stock diversification

Portfolio Construction

- Disciplined buy/sell rules
- 1-3% security position
- 45-60 holdings

FIXED INCOME STRATEGIES

Municipal Bond

Philosophy

Focus on tax-exempt income over taxable capital gains.

Maturity Structure

- Client specific objectives
- Interest rate and yield curve analysis

Sector Analysis

- Historical yield spread
- U.S. Treasury yield spread
- Credit risk
- Supply-demand variables

Security Selection

- Quality and credit trends
- Maximize income component
- Diversification among issuers

Portfolio Construction

- Duration \pm 25% benchmark
- 20-30 issues
- Maximum exposure: 5%
- Minimum average quality: AA

Taxable Bond

Philosophy

Focus on total return fixed income which minimizes credit and volatility risk.

Maturity Structure

- Between 4-12 years
- Interest rate and yield curve analysis

Sector Analysis

- Historical yield spread
- Credit risks
- Market volatility
- Supply-demand variables

Security Selection

- Quality and credit trends
- Yield comparisons
- Liquidity

Portfolio Construction

- Duration \pm 20% benchmark
- 20-30 issues
- Maximum exposure: 3-5%
- Minimum average quality: A