



Our Philosophy and Helpful Thoughts

Our Philosophy and Helpful Thoughts:

Why aspire to an “average?”

Averages are the first step in the wrong direction.

Where...

...is more vital than fretting over Bull or Bear

Always remain invested.

The market works by looking forward.

Fundamentals still rule.

Eliminate emotional investing. Our analysis is based on publicly-reported data and consistent quantitative review.

Successful Investors Manage Risk, Eliminate Emotion

Our 80+ years of combined experience shows time and again that “the crowd” bases their investment decision on emotion. A wealthy investor will tell you that uncomfortable investing can yield high rewards.

To move away from “the crowd”:

Get out of your own way.

Remember that “feeling good” and successful investing rarely go hand-in-hand.

Make sure you know what NOT to buy.

Do not diversify yourself into mediocrity.

Be disciplined and patient.

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Terms and Definitions

» S&P 500 INDEX:

Capitalization weighted benchmark that tracks broad-based changes in the U.S. stock market. This index of 500 common stocks is comprised of 400 industrial, 20 transportation, 40 utility, and 40 financial companies. The index is calculated on a total return basis with dividends reinvested.

» S&P SMALL-CAP 600 INDEX:

Capitalization weighted benchmark that tracks companies with market capitalizations of \$300 million - \$1.5 billion and their changes in the U.S. stock market. The index is calculated on a total return basis with dividends reinvested.

» STANDARD DEVIATION:

Standard Deviation is a statistical measurement of the range and frequency of returns of stocks in an index. Higher standard deviation indicates higher risk. If the quarterly returns are all the same, the standard deviation will be zero. The more they vary from one another, the higher the standard deviation. Thus, it measures uncertainty, which is a measure of risk.

» INFORMATION RATIO:

A measure of portfolio management's performance against risk and return relative to a benchmark or alternative.

» DRAWDOWN:

The peak-to-trough decline during a specific period of an investment. It is usually quoted as the percentage between the peak and trough.

» ALPHA:

A measure of risk that a portfolio carries relative to the to the market.

» BETA:

A measure of volatility or systematic risk of a security or a portfolio in comparison to the market as a whole.

» CORRELATION:

A statistical measure of how two securities move in relation to each other.

» ANNUALIZED RETURN:

The annual average return that a portfolio or security had over a period of time.

» VOLATILITY:

A statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security.

» RISK / REWARD:

A ratio used by many investors to compare the expected returns of an investment to the amount of risk undertaken to capture these returns. This ratio is calculated mathematically by dividing the amount of profit the trader expects to have made when the position is closed (i.e. the reward) by the amount he or she stands to lose if price moves in the unexpected direction (i.e. the risk).

» SECTORS:

A group of securities in the same industry or market.

» CAPITALIZATIONS:

A company's outstanding shares multiplied by its share price, better known as "market capitalization".

» WEIGHTED:

The percentage or value of each asset in a portfolio.

» LARGE-CAP:

Companies with a market capitalization greater than \$5 Billion**.

» MID-CAP:

Companies having a market capitalization greater than \$1 billion **

» SMALL-CAP:

Companies having a market capitalization greater than \$200 million **.

**Source: www.standardandpoors.com

DISCLOSURES

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*Performance calculations assumed 5% cash holdings and reinvestment of dividends and/or earnings and was calculated annually. Stocks acquired by another company were not included in the past returns. Returns include the highest portfolio fee of 2.5% which includes management, and advisory fees. Actual returns will be impacted by market and economic factors. In addition, clients may impose investment restrictions on their accounts. Accordingly, simulated Model portfolio returns are not necessarily indicative of the returns that an actual client account would have achieved. Comparison of GAM's Model returns to the returns of one or more specific indices is for illustrative purposes only. GAM Models are less diversified than these indices, which may increase both the volatility and risk of client accounts. An investor cannot invest directly in an index. An index's performance does not reflect the deduction of transaction costs, management fees, or other costs which would reduce returns. These strategies involve the risk of loss. You should not assume that future performance results will be profitable or equal to implied past Model performance. There can be no assurance that any specific investment strategy will be profitable. The use of GAM's Models and strategies may NOT be appropriate for certain investors. The use of these Models is NOT a substitute for personalized investment advice and investors should consult with an experienced financial advisor before investing or implementing any investment strategy.

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