

OUR INVESTMENT MANAGEMENT PROCESS

GLOBAL MARKET PORTFOLIO

At Hamrick Investment Counsel we believe that the investment markets are basically efficient. In theory, the “global market portfolio” (a representative portfolio of all investable assets worldwide) is the optimal portfolio. However, in the real world of taxes, regulatory constraints and other structural factors that create market inefficiencies, we believe that we can add value for our clients through active portfolio management using our own *investment research*, and by incorporating specific *client considerations*.

INVESTMENT RESEARCH

Our investment research process begins with a Political, Economic and Capital Markets Analysis. We develop this analysis through in-depth research and continual monitoring of a wide variety of periodicals, newsletters and other research sources. We develop our *Investment Outlook* and specific investment strategies to position our client portfolios.

Studies show that asset allocation is by far the dominant factor that determines portfolio returns. As a result, a key strategy we use is *Active Asset Allocation*, whereby we over or underweight major asset classes or sectors in response to the evolving outlook. We make these active asset allocation weightings within tight parameters, typically plus or minus 5% of the target allocation, to minimize risks.

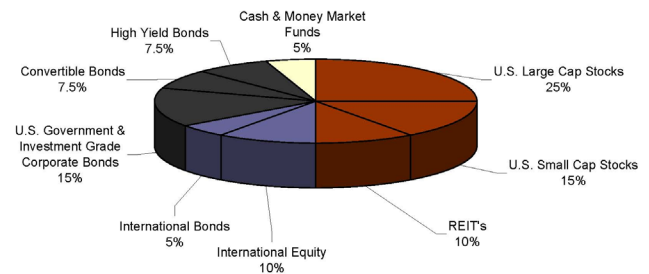
Security Selection. Expenses and investment management process are key factors we consider in fund selection. We work with low-cost index funds to gain broad exposure to investment markets. We carefully screen no-load funds to take strategic positions in unique asset classes and particular market sectors. For investors who use individual stocks in their portfolios, we maintain a Model Stock Portfolio. We select and monitor stocks through in-depth “bottom-up” research, including financial statement analysis, company contacts, industry analysis and critical discussion.

PORTFOLIO MANAGEMENT

Portfolio management brings together *Investment Research* and *Client Considerations* to construct unique portfolios that are designed to provide the highest expected returns, while staying within careful risk limits set forth in the investment policy. Once underway, we rigorously review both our investment process and client considerations to achieve optimal investment results for our clients.

CLIENT CONSIDERATIONS

We tailor each client’s portfolio to their unique situation. We start with a detailed client profile, then draft a written *Investment Policy*. In this policy, we clarify the client’s investment goals, the appropriate level of risk to meet those goals, and set forth the investment strategy. We specify additional information, such as the client’s time horizon and needs for liquidity. We also note the kinds of securities in which we may invest. As an important part of the policy, we establish a long-term asset allocation to suit the needs of the individual client.



Customized Service. We stay in close contact with our clients. We send comprehensive quarterly reports, frequently talk on the telephone, communicate via e-mail, and meet in person to keep them apprised of significant factors impacting the markets or their portfolios. Frequent contact also enables us to keep abreast of any changes in their situations that might impact their investments.