

Our firm's equity strategy identifies high quality businesses across the growth and value spectrum with the intent of holding periods of a decade or longer.

EQUITY INVESTMENT PHILOSOPHY

We implement our equity strategy through a diversified portfolio of large and mid-cap companies that we believe offer the potential for outperformance over a multi-year holding period. While traditional economic sector allocations are important, we prefer to categorize companies thematically, thereby capitalizing on secular trends, economic cycles, and profitability metrics that transcend sectors and industries. The growth and value segments of the portfolios are clearly delineated, and weightings vary as thematic opportunity sets evolve.

Our long investment horizon recognizes that sustainable shareholder value is built over extended periods of time. This approach results in portfolios that have historically been very tax efficient, with significant unrealized appreciation and minimal realized gains.

FOCUSED ON UNDER-APPRECIATED COMPANIES

Excess return opportunities are present because a company's prospects are under-appreciated. Understanding a company's ability to sustain and grow its economic earnings over the long term is key to capturing such

GROWTH

- ◇ Companies possess high and sustainable profitability and/or a prolonged runway of high revenue growth potential.
- ◇ Often characterized by persistent positive earnings revisions and surprises as expectations try to catch up with value creation.
- ◇ Stock prices are often rising and may look expensive by traditional measures.

VALUE

- ◇ Companies possess durable businesses that have been called into question by recent disappointing performance.
- ◇ Often characterized by persistent earnings disappointments and may lack a clear catalyst toward improvement.
- ◇ Stock prices have often declined substantially and are cheap relative to history.

Growth and value should be thought of as varying perspectives on a single objective: finding under-appreciated companies. Our investment process is heavily dependent on our accumulated knowledge, professional expertise, and networking. We utilize quantitative scoring and screening processes to identify opportunities, as well as various analytical tools to assess company profitability and intrinsic value. These scoring processes narrow our idea flow to allow fundamental company-specific due diligence.