



**Reprint March 3, 2008**

**THE WALL STREET**

**TRANSCRIPT**

**Money Manager Interview:  
David M. Labiak, CFA  
Sr. Portfolio Manager  
Trent Capital Management, Inc.**

**LARGE CAP BLEND INVESTMENT**

**Trent Capital Management Inc.**

**3150 N. Elm Street—Ste 204  
Greensboro, NC 27408**

**200 West Vine Street—Ste. 805  
Lexington, KY 40507**

**TEL: (336) 282-9302  
FAX: (336) 282-8272**

**TEL: (859) 254-2141  
FAX: (859) 254-0109**

**[www.trentcapital.com](http://www.trentcapital.com)**

# Investing in Large Cap Quality Stocks

DAVID M. LABIAK, TRENT CAPITAL MANAGEMENT, INC.



**DAVID M. LABIAK** is Senior Portfolio Manager and Chief Compliance Officer of Trent Capital Management, Inc. Prior to joining Trent Capital, he was employed by Belk Stores Services. He obtained his Chartered Financial Analyst designation in 2000. Mr. Labiak received a BS in Accounting from the University of North Carolina at Charlotte and an MBA from Appalachian State University.

## SECTOR – GENERAL INVESTING

(ZFY503) **TWST:** Would you start by telling us about Trent Capital Management and your investment philosophy?

**Mr. Labiak:** Our investment philosophy hasn't changed since we spoke last year. We still are very much long-term holders of good quality, primarily large cap stocks. We try to think more like business owners than stock pickers. We concentrate on how a company is likely to perform three to five years down the road and beyond. We look for companies that we understand, that have high return on assets and generate strong cash flows. We also look at qualitative measures such as strong brand name, barriers to entry, and companies that are dominant in their market. That philosophy really has been our primary mode of operation since we've been in business the last 20 years.

**TWST:** Have you made any shift in emphasis over the last 12 months or so?

**Mr. Labiak:** Our normal turnover ratio is about 20%, but over the last six to eight months that number has been closer to 30%. We did make a few changes in the portfolio over the last 12 months. We're probably a little overweight in the healthcare arena where we have **Barr Pharmaceuticals (BRL)**, which is a new purchase, **Cardinal Health (CAH)** and **Johnson & Johnson (JNJ)**. We are also probably a little overweight in consumer products where we own **Estee Lauder (EL)**, **Pepsi (PEP)** and **Procter & Gamble (PG)** in the portfolios.

**TWST:** Tell us about your portfolio and how you blend and how much you decide to go with growth or value. Tell us how you compose the portfolio.

**Mr. Labiak:** We are growth-at-reasonable-prices (GARP) investors. We do focus on companies that are increasing their earnings growth at a rate that is higher than the S&P 500, which we use as our benchmark. We're doing so hopefully at value prices in looking for companies whose share price has

been beaten down due to short-term correctible problems. We try to take advantage of the market's shortsightedness. The market has a tendency to overreact on both good news and bad news, on the upside, as well as the downside. We try to focus on a good quality company like a **Barr** or a **Lowe's (LOW)** or **Moody's (MCO)** or **United Parcel Service (UPS)**, which are our four purchases over the last 12 months that have been beaten down by the market for reasons that we think are both short-term and correctible. Most investors cannot look past the next six months, a psychological phenomenon, which provides Trent Capital with a rich source of great buying opportunities.

**TWST:** What is the investment decision-making process? Do you start with a top-down look or are you strictly

bottom-up? Would you take us through the steps?

**Mr. Labiak:** We are strictly bottom-up, focusing primarily on the company fundamentals. We've really shifted

### Highlights

*David M. Labiak invests in large cap stocks of good quality for the long term. He looks for companies that he understands, that have high returns on assets and generate strong cash flows. He also looks at measures like strong brand names, barriers to entry and companies that are dominant in their market. He is a GARP investor who looks for value prices of companies whose share price has been beaten down due to short-term correctible problems. Most investors cannot look past the next six months, a psychological problem that he says will provide Trent Capital with a rich source of buying opportunities going forward. Since there are generally between 17 and 20 stocks in a typical equity portfolio, he needs to be very sure that the holdings all meet his investment criteria.*

*Companies include: Barr Pharmaceuticals (BRL); Johnson & Johnson (JNJ); PepsiCo (PEP); Lowe's (LOW); United Parcel Service (UPS); American Express (AXP); Nokia (NOK); Bed Bath & Beyond (BBBY).*

gears over the last 10 or 12 years from probably being 70% quantitative and 30% roughly qualitative to being 50/50, where we do the number crunching, first looking at p/e ratios versus historical averages. We look at relative p/e ratios versus historical averages, as well as operating cash flow multiple. If the quantitative measures show that a company is worthy of consideration in the portfolio, we will then look at some of the qualitative measures. Does the company fit our investment philosophy, is it dominant in its market, does it have high return on assets, does it generate strong cash flows, are they growing their average earnings at a higher rate than the general market? And if there is a problem, we try to figure out if that problem is a short-term and correctible problem.

Once we identify a good business, the investment team talks about its stock, sometimes over several months, before we finally make a decision. We do stay fully invested, usually not maintaining over 4% to 5% in cash, so even if we find a company that we like, many times if we decide to pull the trigger and buy that particular stock, we have to find something else in the portfolio to sell. That's one of the reasons we maintain a very concentrated portfolio. We are very disciplined on our sell side because we do only keep between 17 and 20 stocks in a typical equity portfolio. We want to be very, very sure when we do find something that it is going to outperform the stock that we decide to sell.

#### 1-Year Daily Chart of Barr Pharmaceuticals



Chart provided by [www.BigCharts.com](http://www.BigCharts.com)

**TWST: Would you look for sectors or is it strictly the companies that come up through your process?**

**Mr. Labiak:** We don't necessarily target particular sectors. We do try to keep as much diversification in the portfolio as possible with only 17 to 20 stocks. Certainly, we can't own every single sector and every single industry group out there. We try not to weight any one sector by more than about 12% to 15%. We do try to keep a diversified portfolio, in that we want to have some financial, we want to have some health care, we want to have a little industrial, we want to have a little consumer product. We don't go out and target particular sectors or industrial groups. In other words, we don't necessarily believe that we

have to have one precious metals company or one bank or one utility stock, as long as the overall portfolio doesn't become too concentrated and there is diversification within that portfolio. We don't want to feel pressure to go out and buy an energy stock or a railroad stock or a restaurant stock simply because there is not one in the portfolio; that is not necessarily the reason why we would buy a particular stock.

***“Barr Pharmaceuticals is the third largest generic drug maker. They are trading at 14 times earnings versus a historical range of 16 to 22 times earnings. They are growing their earnings at a little over 13% a year. They have an extremely strong presence in women's contraceptives in particular. They recently purchased a company named PLIVA, a Croatian drug maker, which should significantly increase their penetration overseas.”***

**TWST: How do you measure your performance? What is the benchmark that you would compare it to?**

**Mr. Labiak:** For our equity-based portfolios, as well as our growth and income portfolios, which include some REITs and some business development companies (BDCs) and some high-yield stocks, we use the S&P 500 as our benchmark. For our balanced portfolios, which are a mix of stocks and bonds, we use a blend of the S&P 500 and the Lehman Brothers Aggregate Bond Index.

#### 1-Year Daily Chart of United Parcel Service

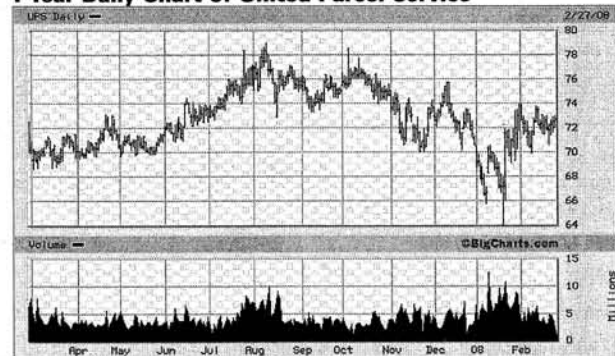


Chart provided by [www.BigCharts.com](http://www.BigCharts.com)

**TWST: What are some of the stocks that you find representative of your investment approach and the reasons why you found them attractive?**

**Mr. Labiak:** I'm going to focus on some of the ones that we have purchased since the last time we spoke in March 2007. One of our more recent purchases in July of last year was **Barr Pharmaceuticals**. **Barr Pharmaceuticals** is the third largest generic drug maker. They are trading at 14 times earnings

versus a historical range of 16 to 22 times earnings and that goes back to what I mentioned about looking to try to buy companies that have been beaten down below their historic averages. They are growing their earnings at a little over 13% a year. They have an extremely strong presence in women's contraceptives in particular. They recently purchased a company named PLIVA, a Croatian drug maker, which should significantly increase their penetration overseas. We also think that there is a big potential in biologics, assuming regulatory approval, which could be a very big growth area for **Barr Pharmaceuticals**.

#### 1-Year Daily Chart of Nokia



Chart provided by [www.BigCharts.com](http://www.BigCharts.com)

**UPS** is another stock that we bought recently that's indicative of our investment philosophy. We bought that at about \$70 a share, down from a high of \$83. It was trading at 16.5 times earnings. Its historical range has been 20 to 26 and its five-year average is 22. They're growing their earnings at just over 12% a year. They reached a new contract with Teamsters in December, a five-year contract which will run through 2013. Hopefully there won't be any labor issues there. International growth has been very strong, up 13% this year. Their international revenue only accounts for 21% of the total. We feel like that's an area where **UPS** really has a lot of potential for further growth. They deliver 4 billion packages annually. They are very representative of our investment style and they're very dominant in their industry. They do generate strong cash flow and they are growing their earnings at 12% a year, and we think that will be significantly higher than what the market does over the next few years.

I'll touch on one more company that we recently bought that's very indicative of our investment philosophy, especially trying to take advantage of stocks that have been beaten down probably more than the current valuation justifies, and that is **Lowe's**. We think the market has overreacted and that the bad news plus some has been reflected in that stock. Obviously, the housing market has taken a hit, but we think that **Lowe's** stock will be a fantastic long-term hold for us. It's trading at only 11 times earnings. We expect **Lowe's** to grow their earnings over the next five years at 13%. They have very little debt and

they've got a lot of room to open new stores, especially in the Western and Midwestern United States, where they really don't have much of a foothold. They only have 1,450 stores compared to over 2,000 for **Home Depot (HD)**. We think there is a lot of room for growth as far as new stores. They are increasing their same-store sales at a higher margin than **Home Depot**. While both stocks have certainly been depressed, we like **Lowe's** a little bit better. That's three of the four stocks that we've purchased over the last 12 months, and we think those are three that are pretty representative of our investment style.

**TWST: How long do you generally like to hold on to the stocks? Are you a long-term investor?**

**Mr. Labiak:** Yes, we are in a day and age where many people preach long term, but then when you look at the details, and you see that the turnover ratio is in excess of 100%, which means they are holding on to stocks for less than a year. Our turnover ratio is, and has been over the last three to five years, right at 20%, so on average, we're holding stocks five years. We don't necessarily set out to hold a particular stock a certain amount of time and we don't set price targets on stocks. It's a constant evaluation of the fundamentals. We've had **American Express (AXP)**, for example, in the portfolios for a little over 12 years. That has been one of the staples of our portfolio for a long time. We obviously have some stocks that haven't been in the portfolio four or five years, but on average, we're holding for about five years.

When we do our analysis of stocks, we are looking three to five years out and beyond as far as to whether it's going to be a good buy or not. We are not really worried about or concerned with the price fluctuation over the next three to six months. We know that there are many macroeconomic and external factors that are beyond the control of the company that can make the price fluctuate either up or down over the short term. We try to hold a company over the long haul, at least for an entire business cycle and that has been part of our investment philosophy for years.

***"We bought UPS at about \$70 a share, down from a high of \$83. It was trading at 16.5 times earnings. Its historical range has been 20 to 26 and its five-year average is 22. They're growing their earnings at just over 12% a year. International growth has been very strong, up 13% this year. Their international revenue only accounts for 21% of the total. We feel like that's an area where UPS really has a lot of potential for further growth."***

**TWST: Would you give us some examples of what you would consider long-term holdings in the portfolio?**

**Mr. Labiak:** **Nokia (NOK)**, which is our top holding, and has been one of our longer holdings. That is one that for quite some time didn't do very well. It traded in the mid-teens for about two years, probably in the range from \$14 to \$18 a share and we were very patient with that stock. The whole time that we owned it, and especially the two years where the stock price wasn't moving very

well, we thought that that stock had a lot of potential. They had about a 35% market share, which today is about a 40% market share. For whatever reason, the market just did not appreciate that stock until about the last 14 to 15 months when the stock shot up from \$17 or \$18 a share to a high of \$40 a share. I think it's trading at \$36 a share today. That's a great company that has outstanding growth, particularly internationally. It doesn't have as strong a foothold in the United States as it does in many of the overseas markets but, they have a 51% market share in the Middle East and Africa, 44% in Asia Pacific, and 40% in China.

Another example of a long-term holding that we have is **Pepsi**, which we initially purchased in August 2004. **Pepsi** is a company that we feel is probably the strongest of the consumer product companies out there. It has almost all of the characteristics that we look for and has raised its dividend every year for the last 30 years. It's trading at about 18 times earnings now, which is a bit of discount to what it has traded at historically. It's usually traded in the 21 to 22 range. They've got a real strong balance sheet and substantial international growth. That's a staple in our portfolios that we think will be in our accounts for quite some time.

#### 1-Year Daily Chart of Lowe's



Chart provided by [www.BigCharts.com](http://www.BigCharts.com)

Another company that we've had for quite some time and that we foresee ourselves holding on to is **Johnson & Johnson** which we initially purchased in March 2004. We think it is the premier healthcare company. They have about 44% in pharmaceuticals, about 38% in medical devices and 18% consumer products. It's the most diversified, probably the most well-run, and probably has the strongest financials of any of the healthcare stocks in our universe. I think these are three good examples of our investment philosophy in our long-term view.

**TWST:** Tell us about the sell process. Do you set specific targets for your stocks?

**Mr. Labiak:** We do not set price targets on any stock actually, and we never have. Basically, there are three situations where we would sell a stock. The first would be when we think it has become overvalued. As I mentioned before, it's a constant evaluation of the fundamentals, of the financials, the p/e ratios, the

relative p/e ratios and the operating cash flow multiples. If we see a stock that we think has gotten overvalued based on all those measures that's when we'd sell it.

*"Obviously, the housing market has taken a hit, but we think that Lowe's stock will be a fantastic long-term hold for us. It's trading at only 11 times earnings. We expect Lowe's to grow their earnings over the next five years at 13%. They have very little debt and they've got a lot of room to open new stores, especially in the Western and Midwestern United States, where they really don't have much of a foothold."*

In other words, if a stock has gone up 50% over the last two or three years, but the earnings have also gone up 45% to 50% over the last two to three years, it's probably still a good value. If a stock has gone up 50% over the last few years and their earnings have only gone up 20% to 25%, that would probably be a situation where we would sell a stock. Maybe it has gotten a bit ahead of itself and we would probably sell. The second situation where we would sell a stock is when we find something we like better. Since we do stay fully invested and we don't keep a lot of cash on hand, once we find a stock that we really like a lot, we typically need to try to find something in the portfolio to sell to make room for that stock. An example of one that we sold in the last 12 months was **Bed Bath & Beyond** (BBBY), which we sold to buy **Lowe's**. It's not that we didn't still think that **Bed Bath & Beyond** was a good company but its growth rate had slowed fairly significantly. Over the last five years it has grown earnings at 26%, but it was only expected to grow earnings at about 14.5% over the next five years. That was a substantial decrease in their earnings growth, and we liked **Lowe's** a little bit better. We put that stock into the portfolio and despite the recent trouble in the housing market, we think we'll do very well in that stock over the next three to five years.

*"Nokia is our top holding. That's a great company that has outstanding growth, particularly internationally. It doesn't have as strong a foothold in the United States as it does in many of the overseas markets but, they have a 51% market share in the Middle East and Africa, 44% in Asia Pacific and 40% in China."*

The third situation where we would sell a stock is when we realize that we have made a mistake. Despite all the analysis and the time and the research that we put into evaluating these companies, we do periodically make mistakes

as does probably anyone who has ever managed money. If we realize that we have made a mistake, we would get out of that stock. An example, several years ago was Oakwood Homes. It looked like a good value play. They had a lot of debt, but we thought they could overcome being as highly leveraged as they were. Unfortunately we were wrong. Fortunately, however, we realized our mistake in time to salvage some value for our clients before the company ultimately went bankrupt. That's really our sell process in a nutshell. That's the three situations where we would typically sell a stock.

**TWST: What about risk control, which is so important in a concentrated portfolio, particularly at the portfolio level and at the individual stock level? How do you attempt to control risk?**

**Mr. Labiak:** We try to measure risk within the stocks that we are buying. We don't ever want to put our clients in a situation where there would be a permanent loss of capital and that's why we are buying companies with low risk characteristics. These characteristics include measurable histories of high profitability, companies in control of their destiny, easily understood businesses, and in the case of stock prices, attractive price/earnings ratios or operating cash flow multiples. Companies like 3M (MMM), Procter & Gamble, Pepsi and Johnson & Johnson, we believe, just inherently carry less risk than many technology companies, commodity companies, cyclical companies and small cap issues.

We don't necessarily even subscribe to the notion that high risk and high reward go hand in hand when talking about individual stock selection. We think investing in companies with low risk characteristics will bring higher rewards over the long haul.

*“Johnson & Johnson is the premier healthcare company. They have about 44% in pharmaceuticals, about 38% in medical devices, and 18% consumer products. It's the most diversified, probably the most well-run, and probably has the strongest financials of any of the healthcare stocks in our universe.”*

Another way we attempt to control risk comes in the form of constant client communication. We don't use a lot of the common popular press methods to reduce risk like option strategies or hedge funds or selling short. We sit down with our clients face to face twice a year and we go over their portfolio, and we talk about risk tolerance with them. If a client is going on a psychological and emotional roller coaster every night when they see these market fluctuations like they have over the last four to five months, then that is a situation where we might make some adjustments to the portfolio. For example, a portfolio might currently be 80% equities and 20% fixed income and they want

to go to a more conservative 60/40 mix. It's a constant communication and risk tolerance evaluation process.

*“Pepsi is a company that we feel is probably the strongest of the consumer product companies out there. It has raised its dividend every year for the last 30 years. It's trading at about 18 times earnings now, which is a bit of discount to what it has traded at historically. It's usually traded in the 21 to 22 range. They've got a real strong balance sheet and substantial international growth.”*

1-Year Daily Chart of Genesis Lease



Chart provided by [www.BigCharts.com](http://www.BigCharts.com)

**TWST: What do you think is Trent Capital Management's edge? What are the defining features that make it distinctive compared with other firms?**

**Mr. Labiak:** I think there are a couple of things that make us distinctive. Most important, we virtually have no conflicts of interest whatsoever. We don't make any income off of transactions as far as commission revenue. We think that that puts a person's adviser or broker in direct conflict of interest with their needs and their goals. We always try to sit on the same side of the table as our clients. We don't make money from selling any stock bond or mutual fund. I often tell people there is only one way we make an additional dollar and that's if our clients make an additional \$100. Meaning, we always have our clients' best interests in mind and I think that is unique, especially in the large banks, brokerage firms and insurance companies where there exist numerous conflicts of interest.

Along those same lines, our Qualified Retirement Plan Service is vastly different, with its sole objective to maximize employee retirement assets. Rather than limiting 401(k) participant investment selections to proprietary products or a restricted platform of investment options, constructed for corporate gain and not the participant's benefit, Trent Capital utilizes an open architecture approach. This methodology supplies plan participants with investment elections from the total universe of mutual funds that have

been screened to identify those that have demonstrated superior investment performance over time. Our independence allows us to find the best fund manager in each investment category for use as plan participant investment options.

*“Genesis Lease is a stock that we have been buying recently. It’s an aircraft leasing company based out of Ireland. It’s 11% owned by GE and it pays a 9.3% yield. A very strong company. Their leases are serviced by General Electric’s Commercial Aviation unit and that’s just one example of one of those high-yield companies.”*

Second, as I mentioned earlier, client communication is very important. We try to meet with each of our investors twice a year; we go over their portfolio, we talk to them to help define their portfolio objectives and try to select an appropriate mix of equity and fixed income investments to fulfill each client’s individual risk profile and financial requirements. Educating clients to our investment philosophy is another unique pursuit for us.

1-Year Daily Chart of PepsiCo

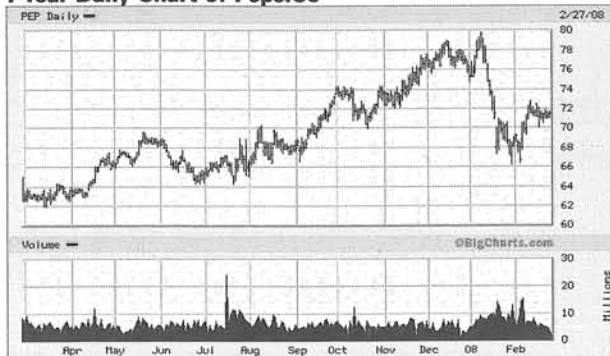


Chart provided by [www.BigCharts.com](http://www.BigCharts.com)

I think another thing that differentiates us is, as I mentioned before, our turnover ratio of about 20% versus about 90% for the Morningstar universe of mutual funds. We truly do look at companies as business owners rather than stock pickers, and we really focus on the long-term and the underlying company fundamentals, and I think that creates a comfort level with our client base. I would guess that a lot of firms, over the last two to three months with the declines and volatility in the market, have probably been getting a lot of phone calls from concerned investors, and we’ve gotten very, very few. I think part of that is because we try to meet with every client and we talk about the fact that there are going to be ups and downs in the market, but we are very confident in these companies long term. I think that has educated our client base to be confident as well in those companies, those **Johnson & Johnsons** and **Procter & Gambles** and **Pepsis**, that we feel are very safe, good long-term holdings for their portfolios. So client education and communication are two factors that I think are unique to our firm as well.

**TWST: Looking ahead in this turbulent time for the markets, what problem areas or challenges do you think investors should be wary of?**

**Mr. Labiak:** The main thing that I believe investors should be wary of in volatile tumultuous times like we’ve seen here recently is losing sight of their long-term goals because of short-term fluctuations. I think it is very easy for your average everyday investor to look at their monthly statement after two or three months of decline, and start to panic and start to lose a little bit of focus and start to worry a little bit about where is the market going. Statistic after statistic and study after study shows that few, if any, are very good at timing the market. I think that’s one of the main issues that we face; investors losing sight of those long-term objectives and

those long-term goals because of the short-term volatility, because every single day on TV, and in the newspaper they see these 200, 300 point fluctuations from high to low and they start to get a little nervous. Some of it is justified, but you certainly don’t want to lose sight of your long-term goals. I’d say that’s the number one challenge that we face.

1-Year Daily Chart of Johnson & Johnson



Chart provided by [www.BigCharts.com](http://www.BigCharts.com)

Another challenge I also think we face is chasing performance. I think individual investors have a tendency to chase what has been the hot sector, not what will be. In the late 1990s the large cap growth and tech stocks were the area to be in and then, for the next four or five years, they underperformed. In 1993 and 1994 the international stocks were the top performing categories. I think a lot of investors saw that they were doing well and decided to get in. Unfortunately, the next three years the international stocks were either the last or second last performing asset category. Unfortunately, investors typically want to jump on what has done well versus what will do well. That’s one thing that client education and communication really help with is trying to make individual investors feel comfortable with what has not done well. It is very easy for someone to pick what has done well, but not what will do well in the future, what’s going to do well over the next three to five years. Those are probably two of our biggest challenges as an investment advisor.

**TWST: Do you have anything to add,?**

**Mr. Labiak:** One area that's growing that we didn't mention is our growth and income portfolios. These are portfolios that have a mixture of the growth stocks that I have talked about before, but also have some high-yielding stocks like REITs and business development companies as well as some high-yield equities. Our particular client base over the last 20 years has kind of shifted from accumulating wealth to needing to draw upon that wealth. They've reached the age of retirement or close to retirement, and they need some income from what they spent years and years building. So we're seeing a little bit of shift in several of our portfolios from strictly growth to growth and income. We're building more income into those portfolios. **Genesis Lease (GLS)** is a stock that we have been buying recently. It's an aircraft leasing company based out of Ireland. It's 11% owned by GE

(GE) and it pays a 9.3% yield. A very strong company. Their leases are serviced by **General Electric's** Commercial Aviation unit and that's just one example of one of those high-yield companies.

**TWST: Thank you. (PS).**

*Note: Opinions and recommendations are as of 2/26/08.*

**DAVID M. LABIAK**  
**Trent Capital Management, Inc.**  
**3150 North Elm Street**  
**Suite 204**  
**Greensboro, NC 27408**  
**(336) 282-9302**

### **REQUIRED DISCLOSURES**

All information provided in this article is for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned. The securities discussed in this article are representative of Trent Capital Management, Inc.'s ("TCM") largest holdings, by market value, across its core strategy. The objective of the TCM's equity portfolio is capital preservation.

TCM's investment professionals closely monitor the companies held in clients' portfolios. If a company's underlying fundamentals or valuation measures change, TCM will reevaluate its position and may sell part or all of its holdings. TCM uses objective, non-performance based criteria to select the holdings profiled in interviews.

All of the discussions included in this article were based upon current market conditions as of the date of this article and are subject to change. Past performance is no guarantee of future results. All investments involve risk including the loss of principal

TCM defines "superior" mutual funds that, according to Morningstar, have demonstrated investment performance that placed them in the top quartile of their respective investment category for the last 1, 3, & 5 years. References to TCM's performance are relative to the following benchmarks: S&P 500 for equities, Lehman Brothers Intermediate Gov't Corp. Bond Index for fixed income instruments.

TCM will buy securities which it believes are trading at a discount to intrinsic value. Before selling one holding in order to raise cash to buy another, TCM investment professionals perform quantitative and qualitative analysis of securities to come to a decision which TCM believes will generate a higher return for our clients.

Since TCM manages its actual client portfolios according to each client's specific investment needs and circumstances, client results may differ significantly due in part to the timing of recommendations by TCM, market conditions, cash balances maintained by the client, and the timing of client deposits and withdrawals. The securities mentioned may not be held in all client portfolios and may not be recommended to you based on various factors.

This material is for information only and for the use of the recipient. It is not to be reproduced or copied or made available to others. Under no circumstances is it to be considered as an offer to sell, or a solicitation to buy any investment referred to in this document. Any such offer or solicitation may only be made by means of delivery of an approved confidential offering memorandum.

Upon request, TCM will provide a list of all recommendations over the last 12 months including (a) the name of each security recommended (b) the date and nature of each recommendation (c) the market price of the security recommended at the time (d) the price at which the recommendation was acted on and (e) the market price of each security as of the most recent date available.

The Wall Street Transcript is a monthly publication primarily serving professional Money Managers and Analysts within the investment management arena. Single issues are available for \$135.00...annual subscriptions for \$1,890.00