

## PORTFOLIO MANAGERS

**Matthew J. Smith**  
MA, Case Western Reserve University  
Joined the firm in 1994  
14 years of industry experience

**Judson Ames**  
BA, Syracuse University  
Joined the firm in 2007  
3 years of industry experience

## ABOUT SMITH AFFILIATED CAPITAL

- Founded in 1982
- 100% management-owned
- Registered and insured investment advisor
- \$2.0 billion AUM
- Primary focus on separate account management
- No mutual funds or commingling of funds
- Six investment professionals
- Product focus: fixed income domestic total return, short-term/intermediate and global total return, structured portfolios, municipals, total return balanced, taxable/tax-sensitive
- Servicing 192 separately managed clients in: corporate accounts, public and Taft-Hartley pension plans, insurance companies, endowments and foundations, healthcare institutions, non-US companies and high net worth individuals and family trusts



## OBJECTIVES

- Seeks to maximize a client's total return through above-average growth and moderate dividend appreciation
- Allows investors to diversify their portfolios in a 'fund of funds' strategy that invests solely in exchange-traded funds (ETFs)
- By opening up the equity universe of ETFs globally, clients may diversify their portfolios by gaining exposure to global equities, fixed income, forex, and commodities not represented in the US markets
- Provides a moderate degree of liquidity with an asset allocation heavily weighted with large, capitalized, exchange-traded funds

## INVESTMENT PHILOSOPHY

- Utilizes a disciplined Investment Selection Committee comprised of senior portfolio managers and research analysts
- Asset allocation is driven by a two-tier approach: a 'top-down' view of global markets followed by SAC's qualitative and quantitative 'bottom-up' approach
- Top-down macroeconomic and quantitative analysis is applied along with a client's objectives in 'globally' pinpointing those sectors and indices that provide the best investment opportunities
- Bottom-up individual security selection is utilized by senior portfolio managers based on relative value, credit-worthiness, and potential price and income appreciation of a particular sector and index in the context of our top-down view
- Portfolios are then adjusted accordingly within the constraints of individual client's requirements

## INVESTMENT PROCESS

- The strategy will employ active management that is designed chiefly to manage growth and income according to a client's liabilities and commitments
- We diversify across sector, style, country, commodity, fixed income, and forex to systematically identify and provide market segments that exhibit positive strength, and to underweight ETFs that represent negative strength in the market place
- We seek to provide our clients with a moderate degree of liquidity while producing an income stream
- We customize and separately manage each portfolio so we can meet a client's individual goals, risk tolerance, and liquidity and tax requirements
- Bottom-up individual ETF selection is utilized by portfolio managers based on relative value, credit-worthiness, and the potential price and income appreciation of a particular fund

## INVESTMENT STRATEGIES

STRATEGY	GOAL	HOLDINGS TARGET	MIN.	MAX.
<b>Sector</b>	Provide exposure to Global Equity Sectors	Typically hold 2-4 sector ETFs	5%	40%
<b>Country</b>	Provide exposure to leading global growth countries	Typically hold 2-4 country index ETFs	5%	60%
<b>Fixed Income</b>	Seeks to provide a tactical liquidity allocation in U.S. domestic quality fixed income	Typically hold 1-3 sector ETFs	5%	20%
<b>Commodities</b>	Seeks to provide exposure in the global commodities markets	Typically hold 1-3 sector ETFs	5%	20%
<b>FOREX</b>	Seeks to provide an attractive yield over U.S. money markets	Typically hold 1-4 sector ETFS	5%	10%