



ValuEngine

Dividends with Growth

STRATEGY FEATURES

- Actively managed equity portfolio.
- U.S. large and midcap equity market.
- This portfolio has a current yield in excess of 3% declared dividends, with expectations of potential capital appreciation.
- This portfolio holds companies with a history of regular dividend increases with strong balance sheets with ample dividend coverage.
- The investment team has managed hedged equity strategies, managed accounts and mutual funds since 1998.

STRATEGY & RESULTS

- US. Equity market large and mid-capitalization.
- This portfolio will contain approximately 40-50 companies that pay dividends, with relatively equally weighted positions.
- Sector exposure limited to 30% to limit risk.
- This strategy has been live for three years.

INVESTMENT TEAM

Jordan L. Kimmel

Jordan Kimmel is the Chief Equity Strategist and portfolio manager at ValuEngine. Jordan's strategies have previously been licensed to prominent institutions. He is the author of two books, including "The Magnet Method of Investing" (Wiley 2009). Media includes CNBC, Fox News, ABC News, Forbes and U.S. News & World Report. Jordan holds a MS in Urban Policy Sciences and a BA in Economics at Stony Brook University.

Ed Matluck, Ph.D.

Ed Matluck, Risk Manager is President of HedgeMetrics, Inc. an independent consulting firm which specializes in portfolio analysis and risk control. Previously, Ed served as Director of Marketing at Advanced Portfolio Technologies, Inc. where he worked with portfolio managers and research directors on the development of structured products, risk control systems, portfolio optimization, and statistical arbitrage models. Ed holds a Ph.D. in Economics from New York University.

Robert Ciasulli

Robert holds a CFA designation and has worked within this portfolio team for over 10 years. Robert is a data scientist focused on forensic financial reporting. Working closely with both the Magnet and FACTS processes, Robert maintains the focus on quality of earnings. Robert has a B.S. in Chemical Engineering from Villanova University.



INVESTMENT OBJECTIVE/STRATEGY

This strategy seeks an above average current and increasing income stream, with a potential for growth of principal.

PHILOSOPHY

Income is important to many investors. The long-term equity returns that are widely recognized and quoted are actually a combination of increasing share prices as well as dividends. The contribution of the income should not be understated. Companies that have a history of dividend increases also tend to be more profitable and stable.

PROCESS

We limit the portfolio holding in this strategy to only US companies currently providing a current yield of 1%. Our portfolio team then attempts to identify those companies with the strongest balance sheets and highest dividend coverage ratios. Emphasis is placed on identifying those companies that have an expectation of dividend increases.

PORTFOLIO CONSTRUCTION AND RISK MANAGEMENT

- Portfolio will hold approximately 25-40 companies.
- Single entry positions are limited to 4% on the long side.
- The portfolio is continuously monitored, reviewed, and adjusted to minimize risk.
- A stop loss rule of 20% from entry on any one position is accepted but is rarely experienced.
- Emphasis is placed on replacing weak holdings with newly identified top ranked companies.
- Since we do not 'closet index' at certain times some sectors are avoided.
- Sector exposure limited to 30%.
- Operational risks have been addressed with a significant investment in front- and back-office operations. The team uses state-of-the-art technology to review the risk profile of the portfolio.

ValuEngine Capital Management

ValuEngine (VE) is a stock valuation and forecasting service founded by Ivy League finance academics and Wall Street professionals in 1996.

ValuEngine utilizes the most advanced quantitative techniques and analysis available. Our research team continues to develop, test, and improve the ValuEngine stock valuation and econometric models for forecasting stock price movement.

ValuEngine Capital Management is a registered investment adviser.

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