

*“Timeless Keys to
Investment Success”*





Lowell Pratt, CFA
President



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Portfolio Manager

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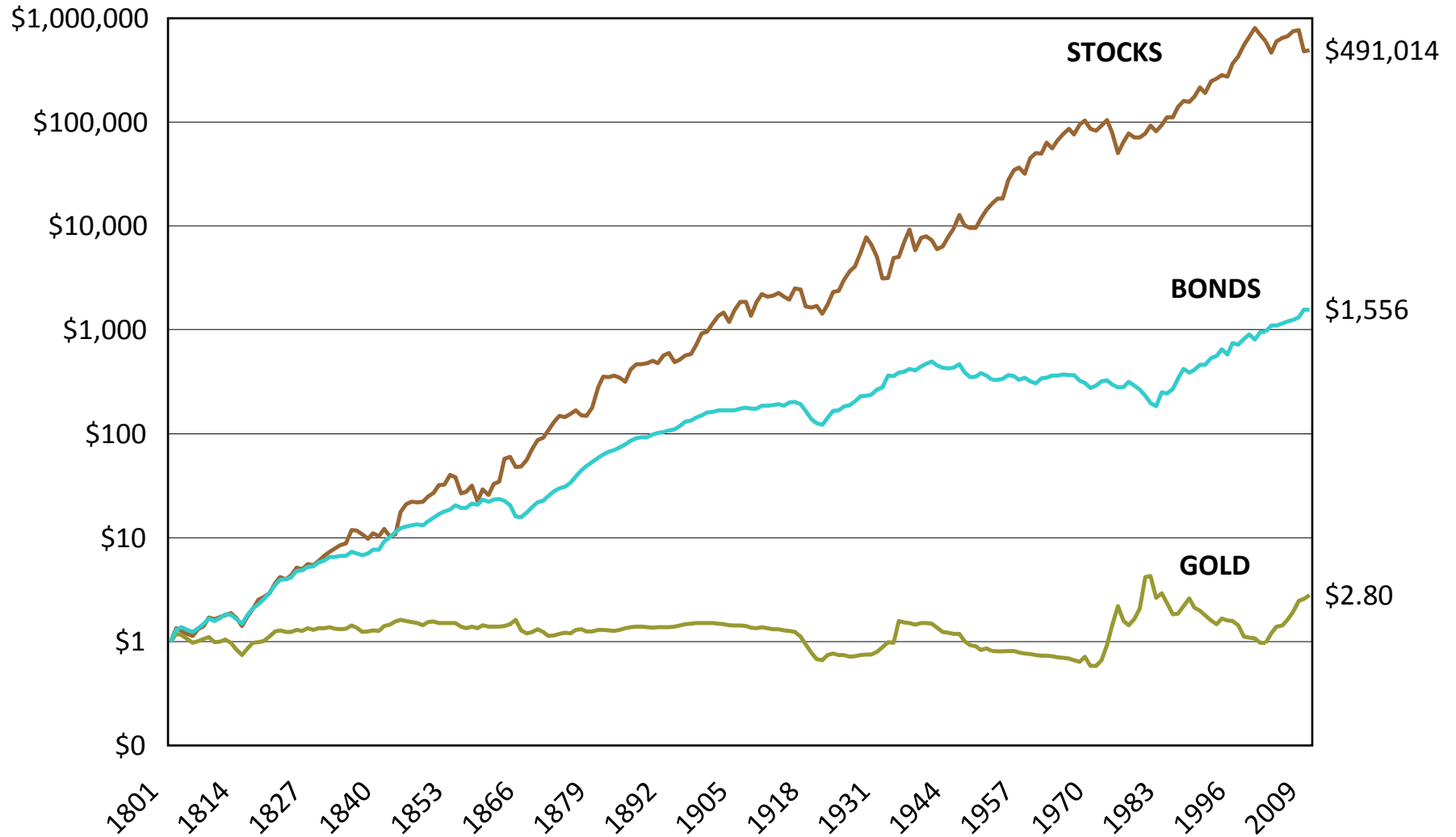
RUSS:



The past 18 months have been extremely volatile and confusing to investors. Are we truly living in unprecedented times?

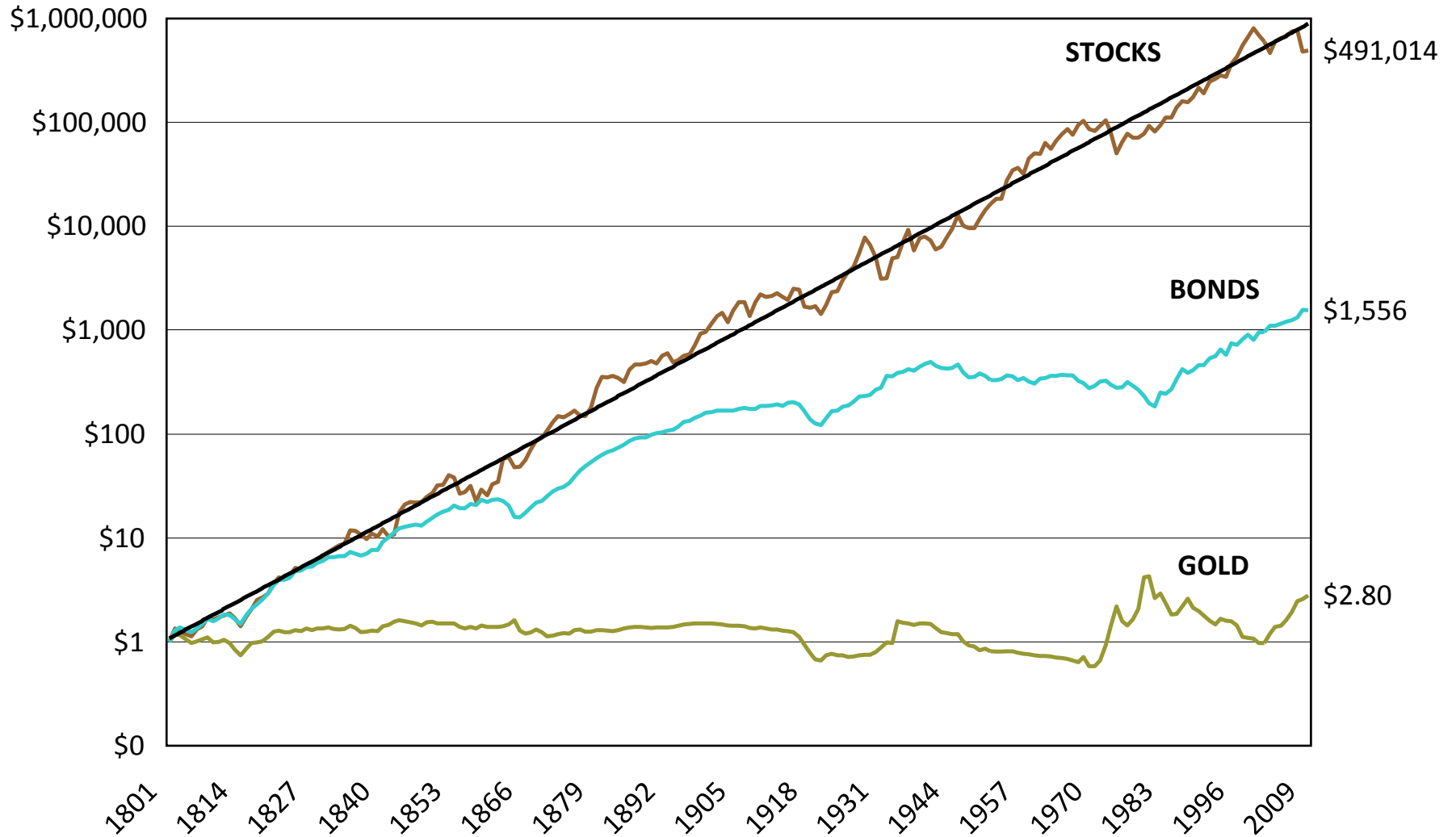
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Major Asset Class "Real" Returns



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Major Asset Class "Real" Returns

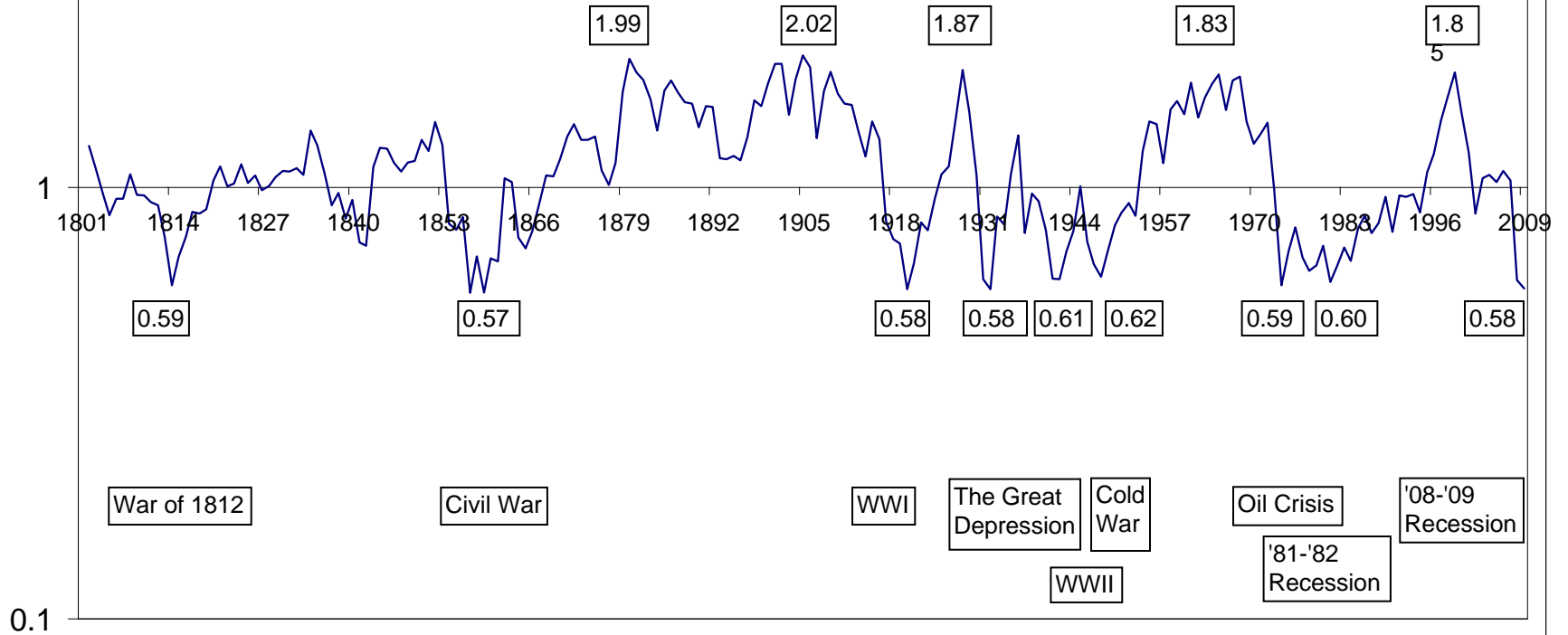


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Stock Price to Trend Line Ratio

10

Event	Year	P/TL	Next 3yr	Event	Year	P/TL	Next 3yr	Trend Line Value translated to S&P 500	
War of 1812	1814	0.59	80%	WWII	1941	0.62	57%	2009 1,500	2012 1,800
Civil War	1857	0.57	46%	WWII	1942	0.61	100%		
Civil War	1859	0.57	124%	Cold War	1948	0.62	72%		
WWI	1920	0.58	67%	Oil Crisis	1974	0.59	41%		
Great Depression	1931	0.61	63%	81-'81 Recession	1981	0.60	36%		
Great Depression	1932	0.58	125%	08-'09 Recession	2009	0.58	???		



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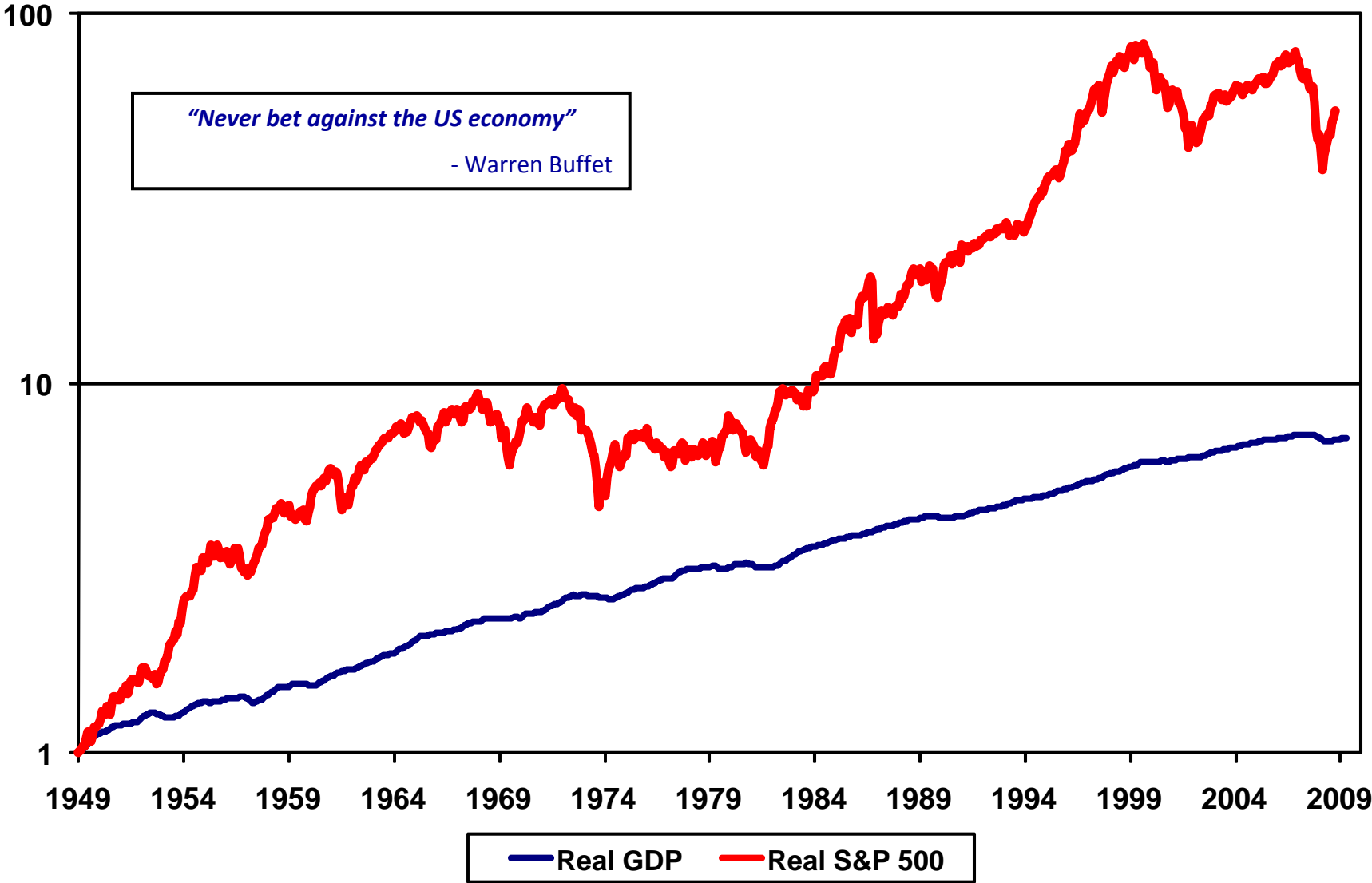
RUSS:



**Stepping away from the financial markets,
please comment on the broader underpinnings
of the US economy and what we should
expect ahead?**

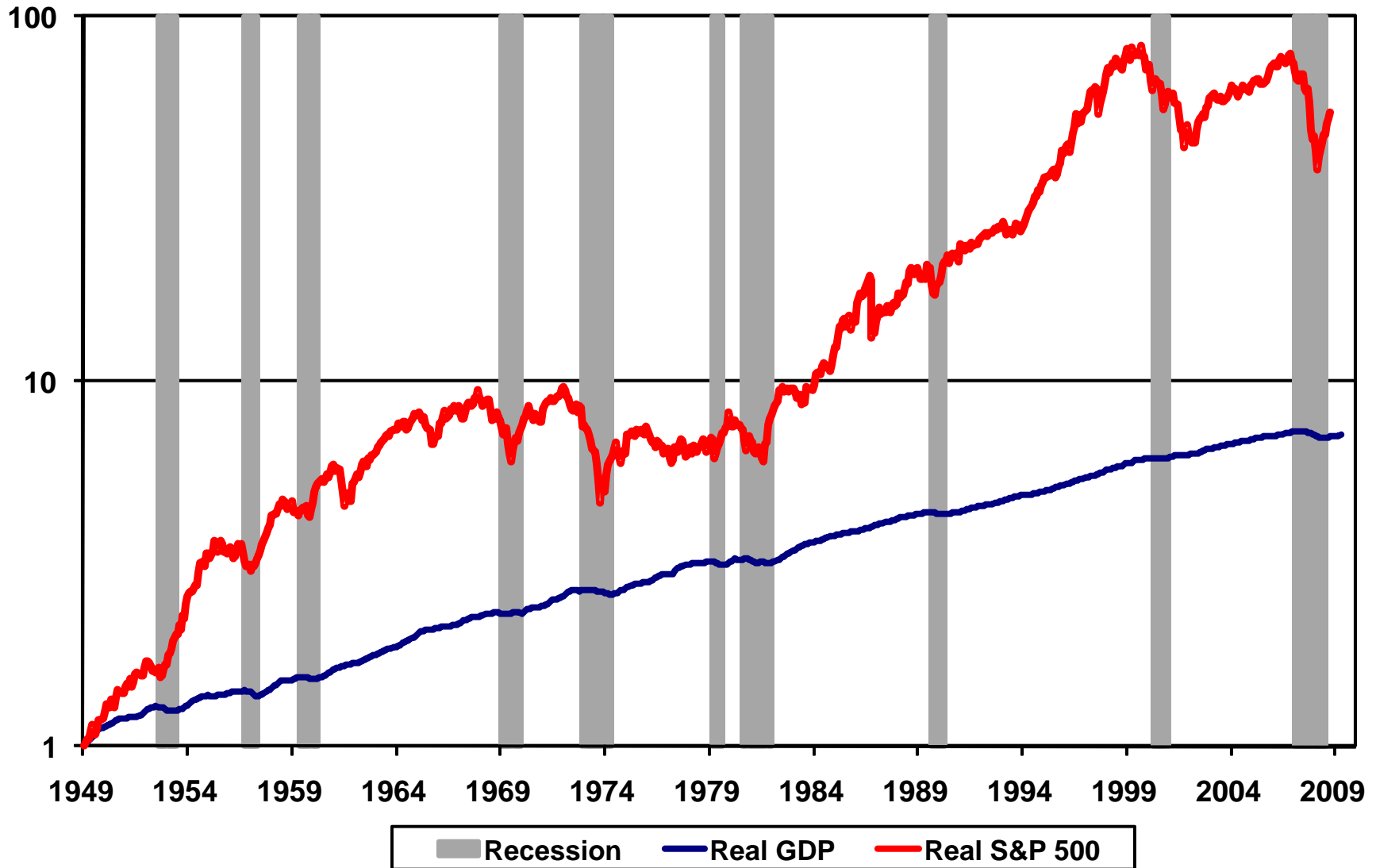
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Real S&P 500 vs. Real GDP



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Recessions from 1949 to Present



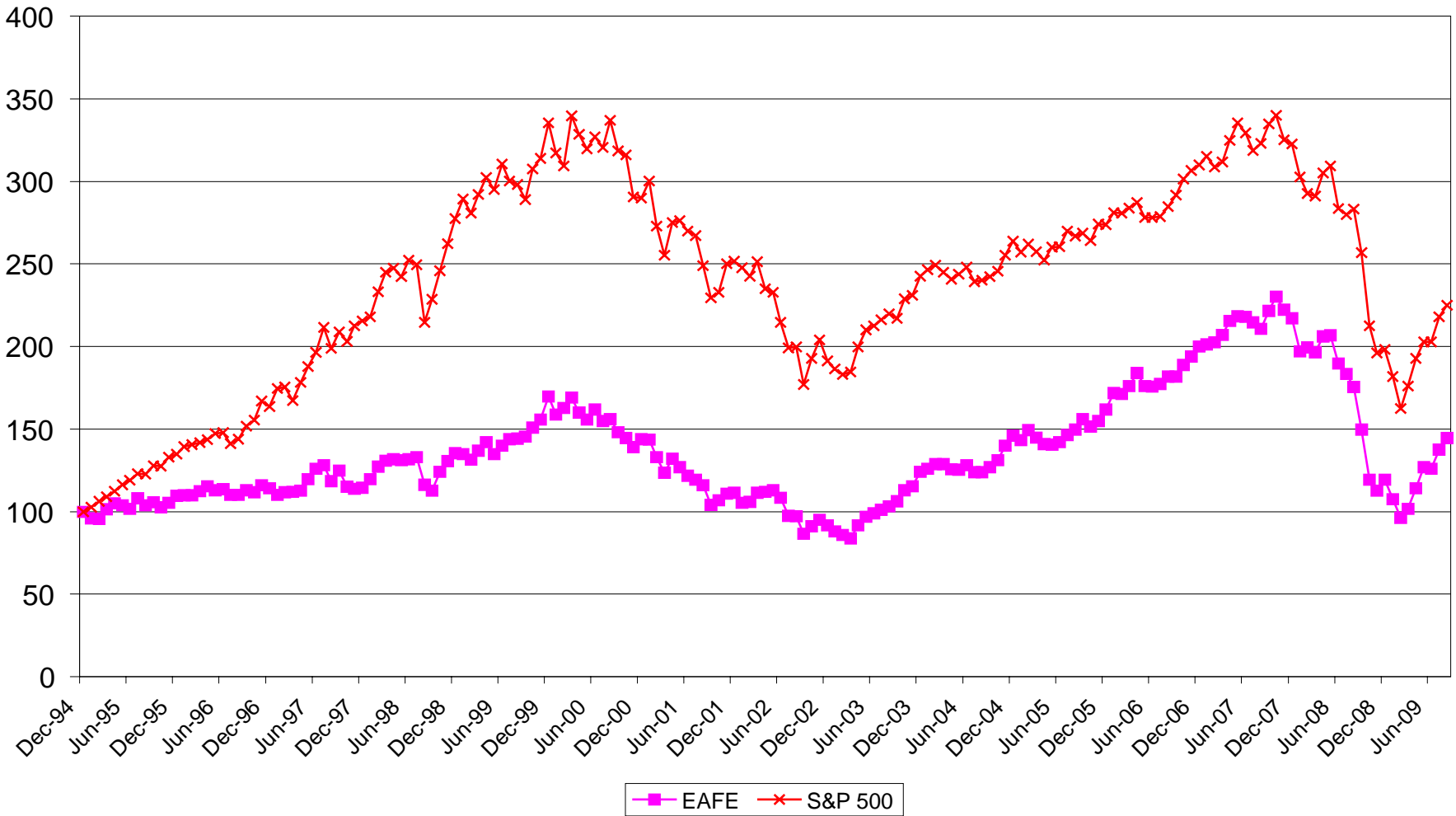
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RUSS:



As a follow-up to the last question, what is your perspective on the global economy and markets?

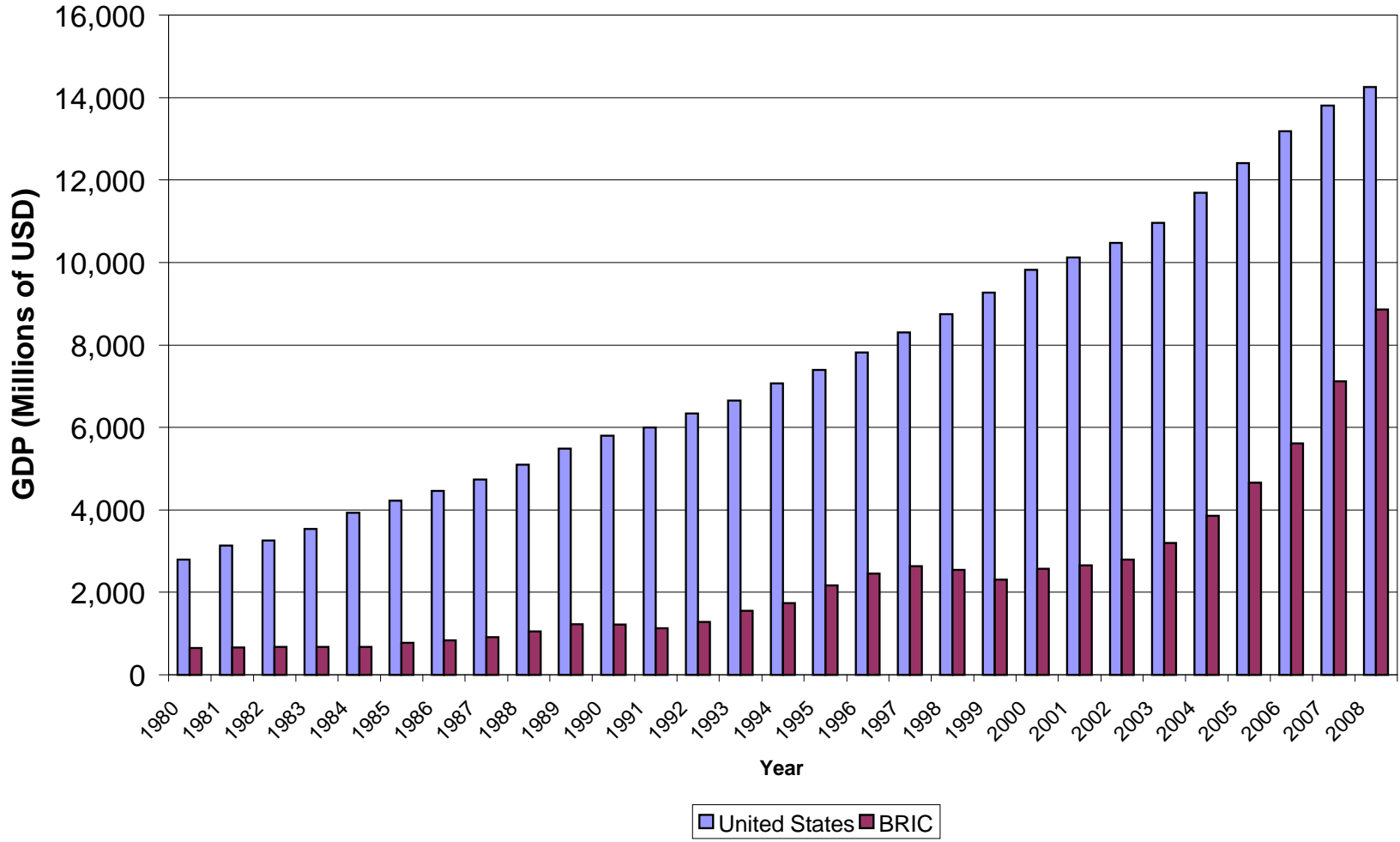
S&P 500 v. EAFE (Europe, Australasia and the Far East)



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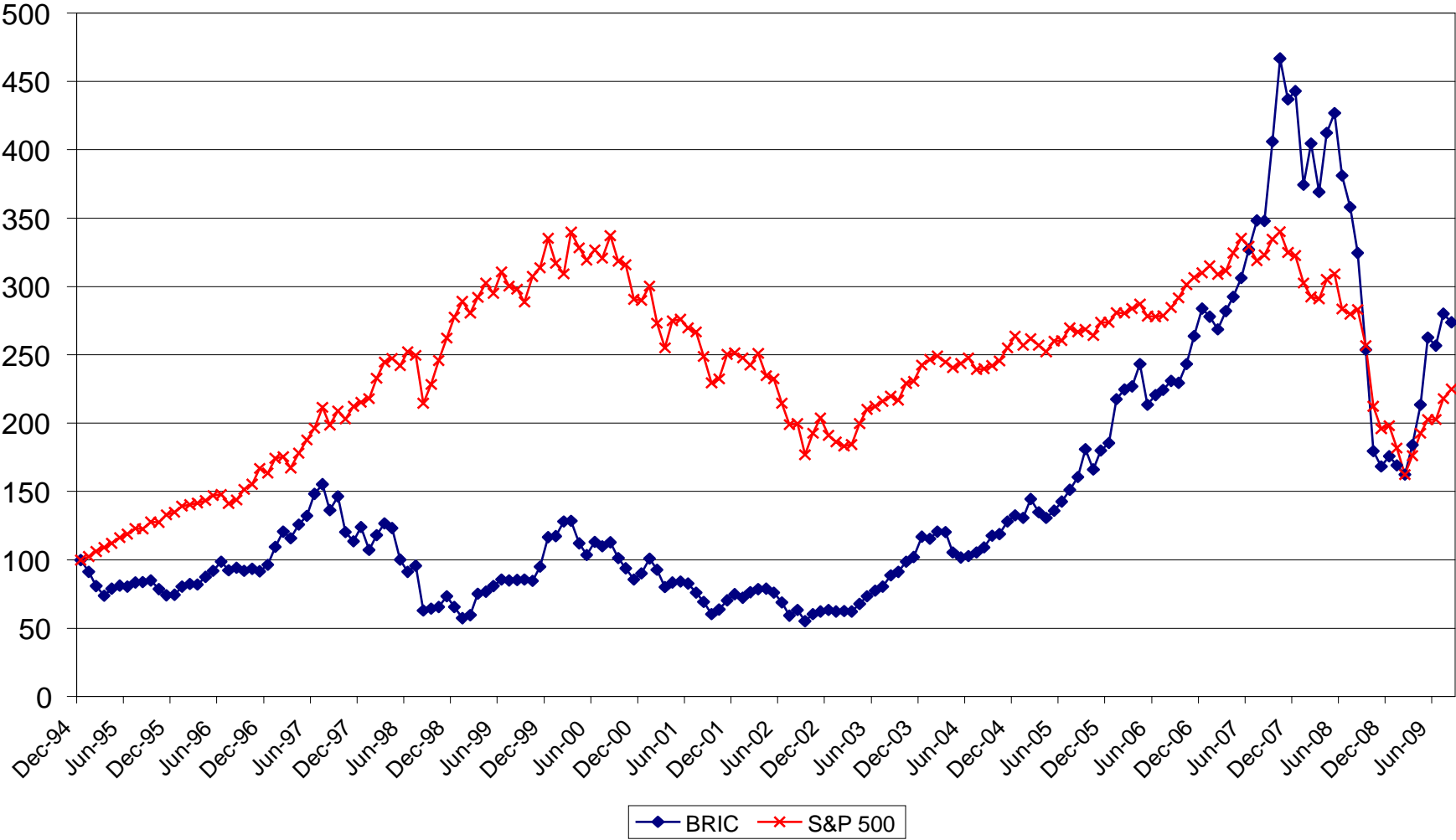
US vs. BRIC GDP

BRIC = Brazil, Russia, India, China



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S&P 500 v. BRIC (Brazil, Russia, India and China)



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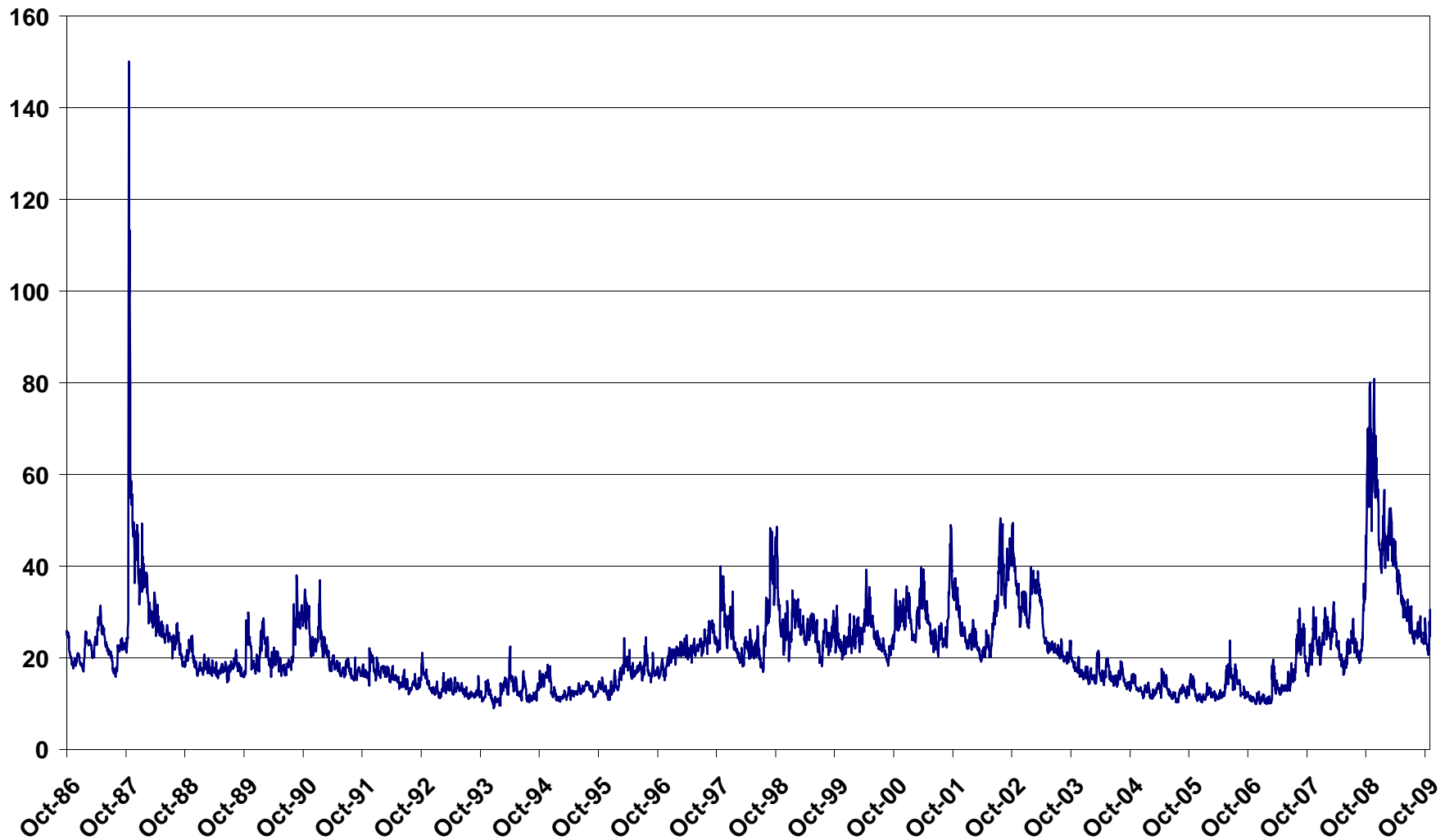
RUSS:



Many long-term investors remain concerned about the stability of the stock market. What is the merit of sitting on the sidelines until the dust settles?

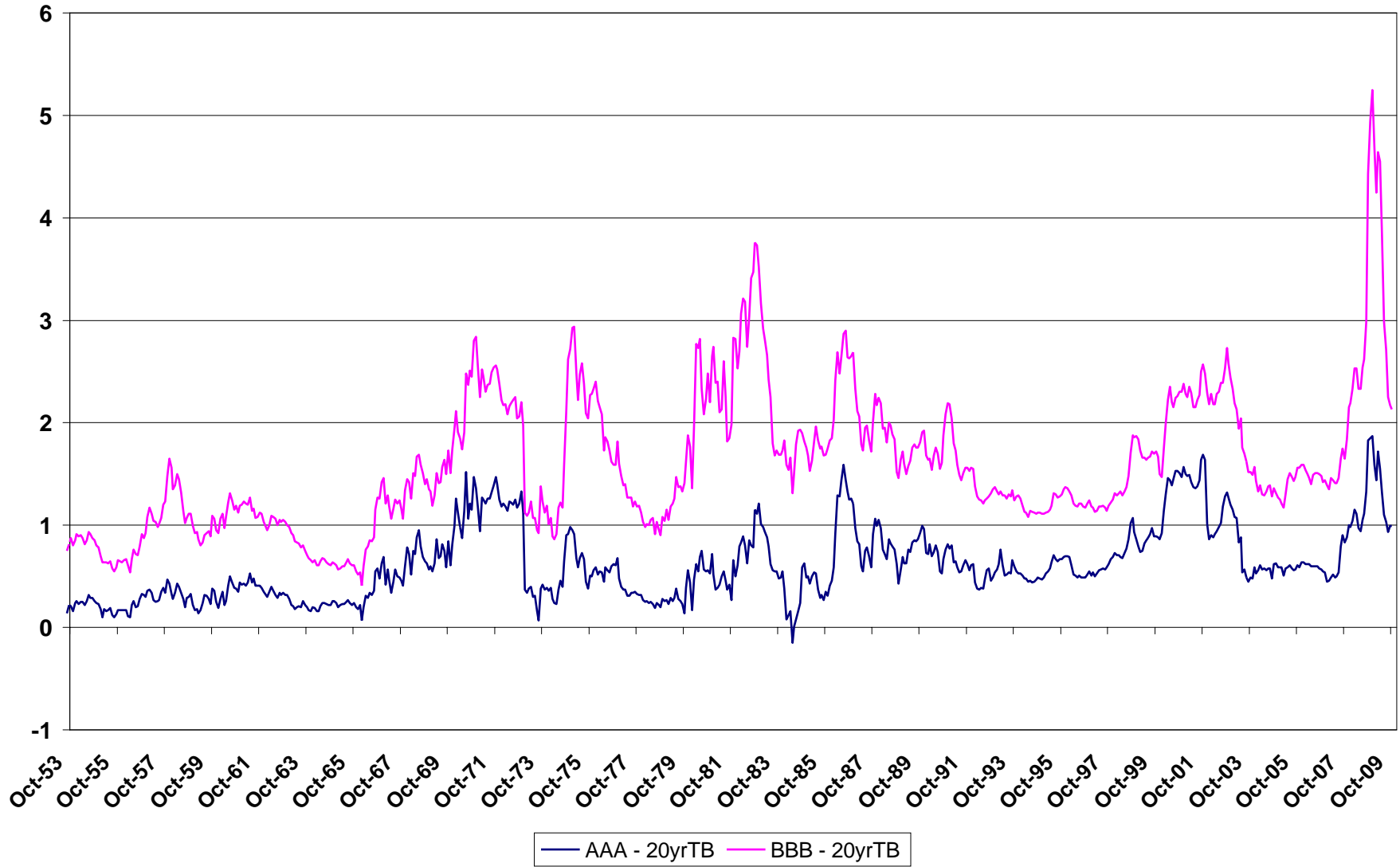
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VIX - The Investor Fear Gauge



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Credit Spread



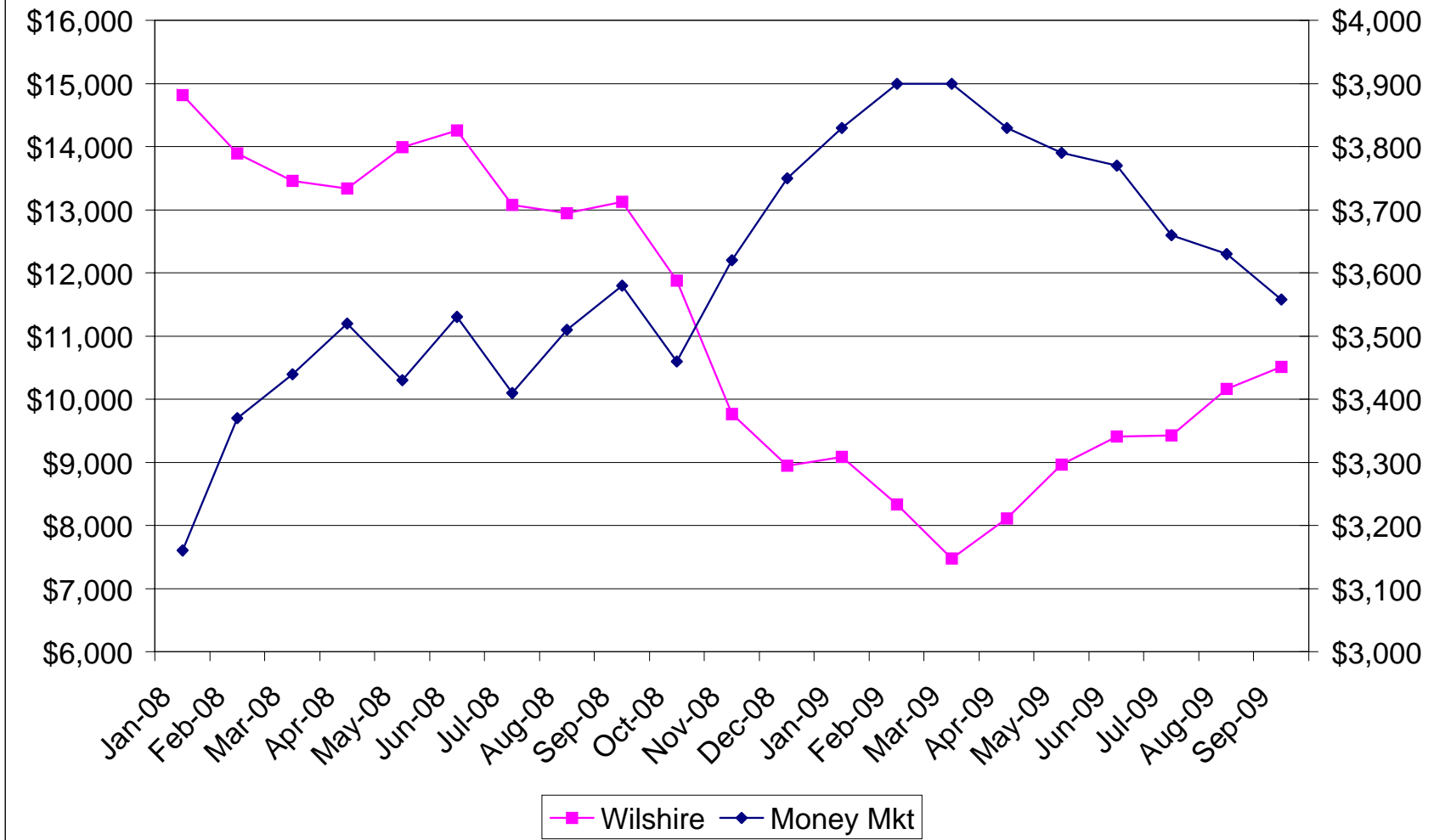
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RUSS:



Some more adventurous investors attempt to take advantage of the market's volatility by active market-timing strategies. What are the prospects of this type of approach?

Money Market v. Wilshire 5000 (Billions)



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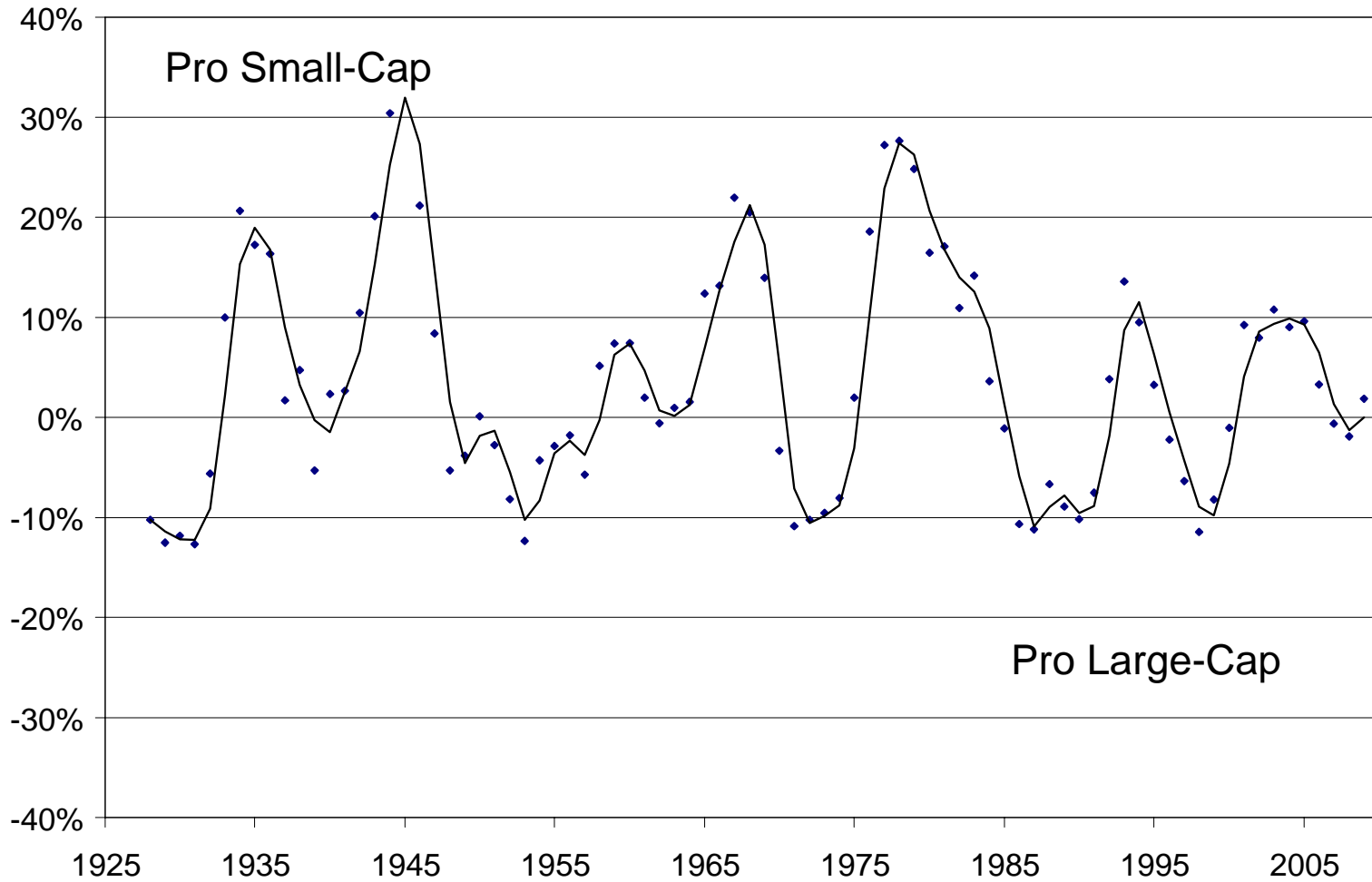
RUSS:



How does Burney manage money in this type of market?

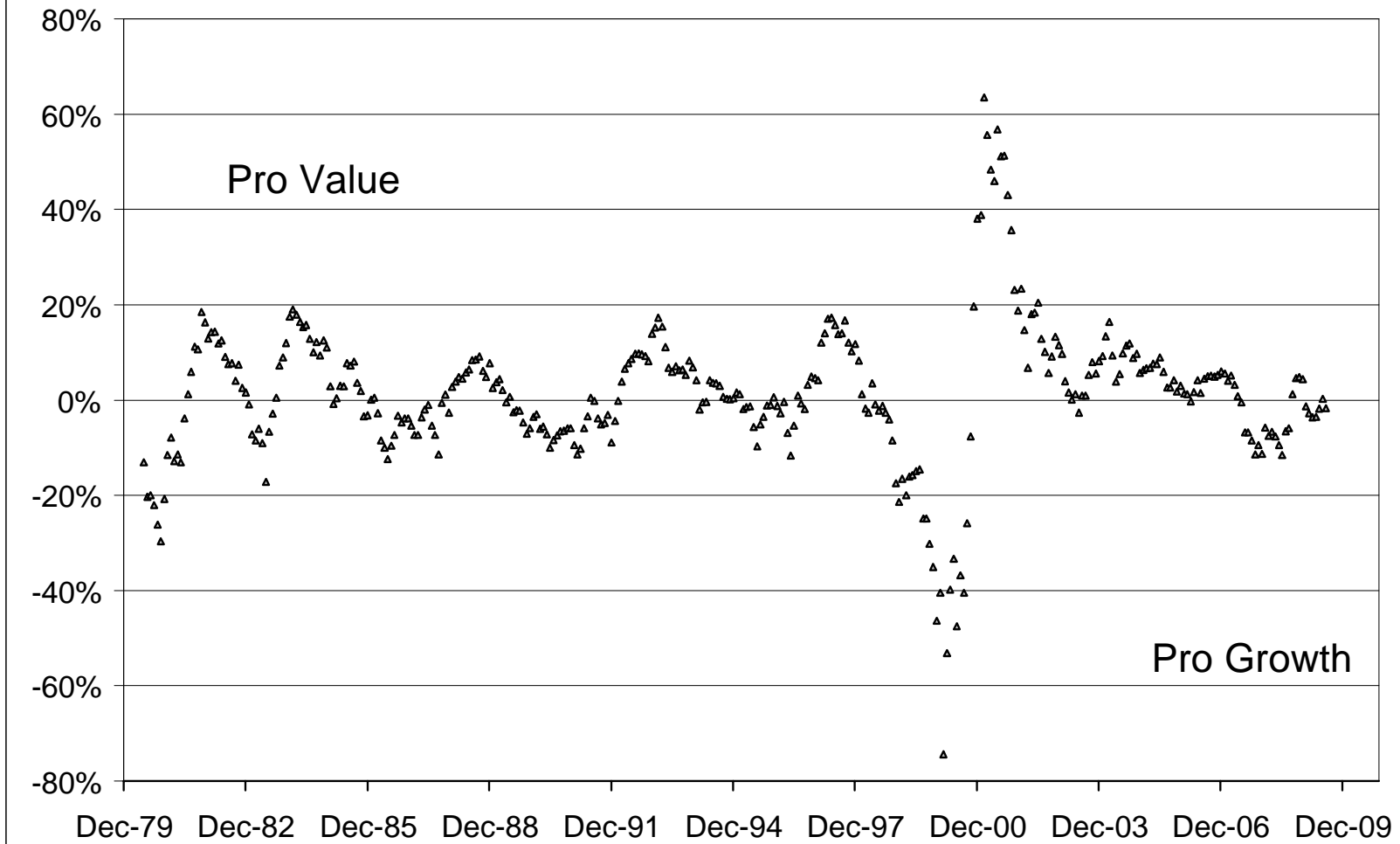
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Size Cycle - Rolling 3-yr Return Differentials



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Style Cycle - Rolling 12-mo Return Differentials



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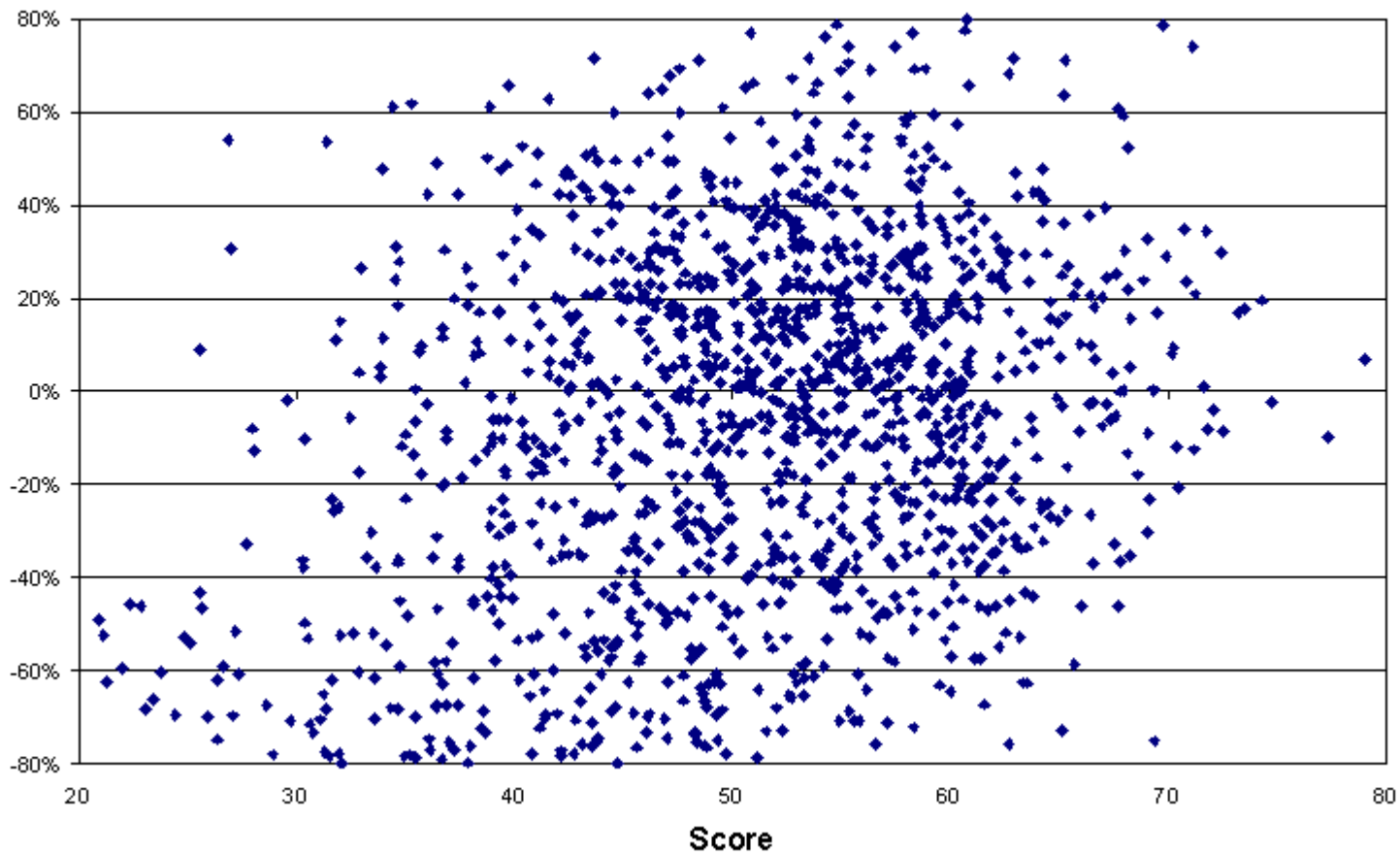
RUSS:



Most advisors no longer buy individual securities and instead use mutual funds. Why does Burney still buy stocks?

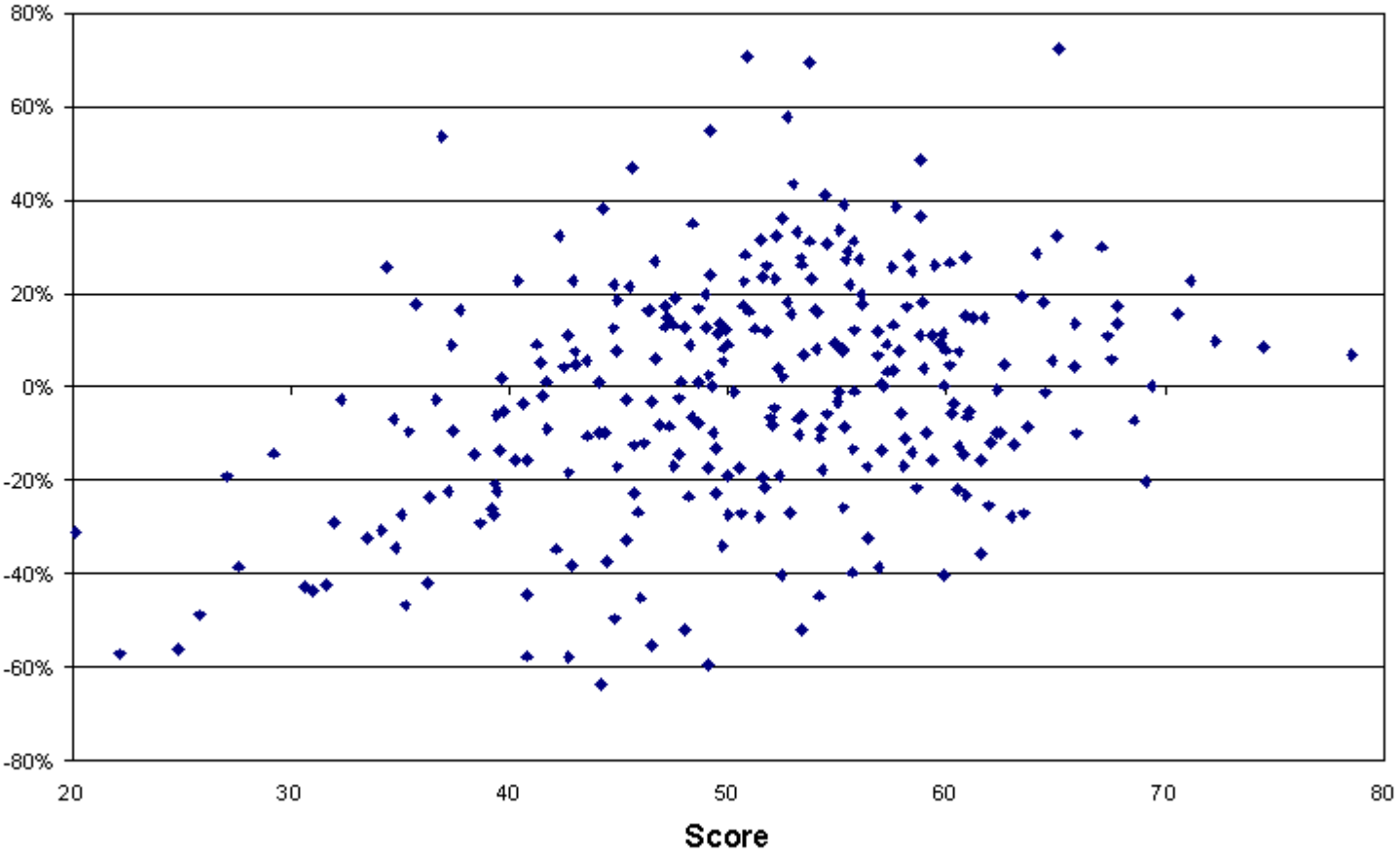
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Performance of Individual Stocks



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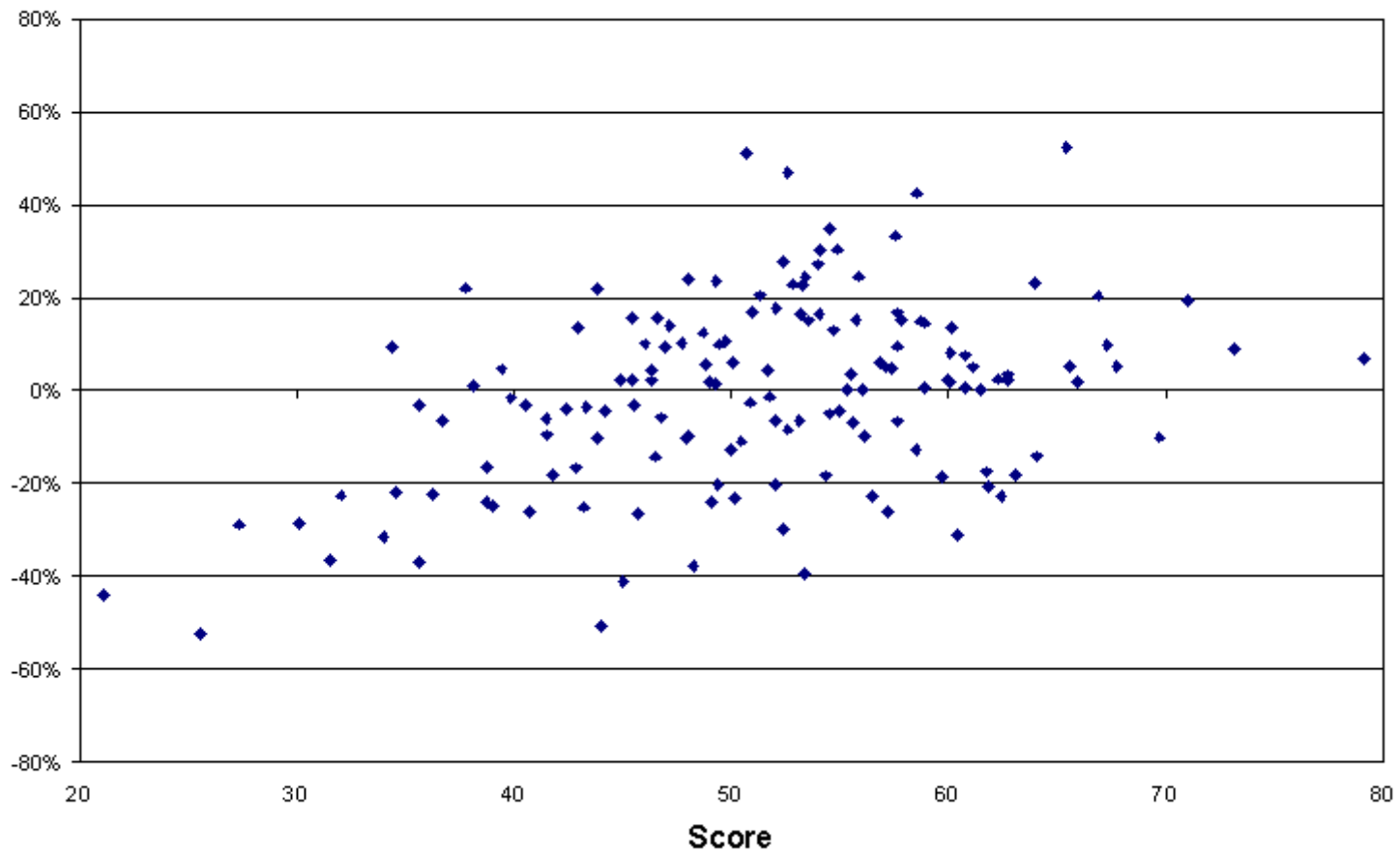
Performance of 5-Stock Portfolios



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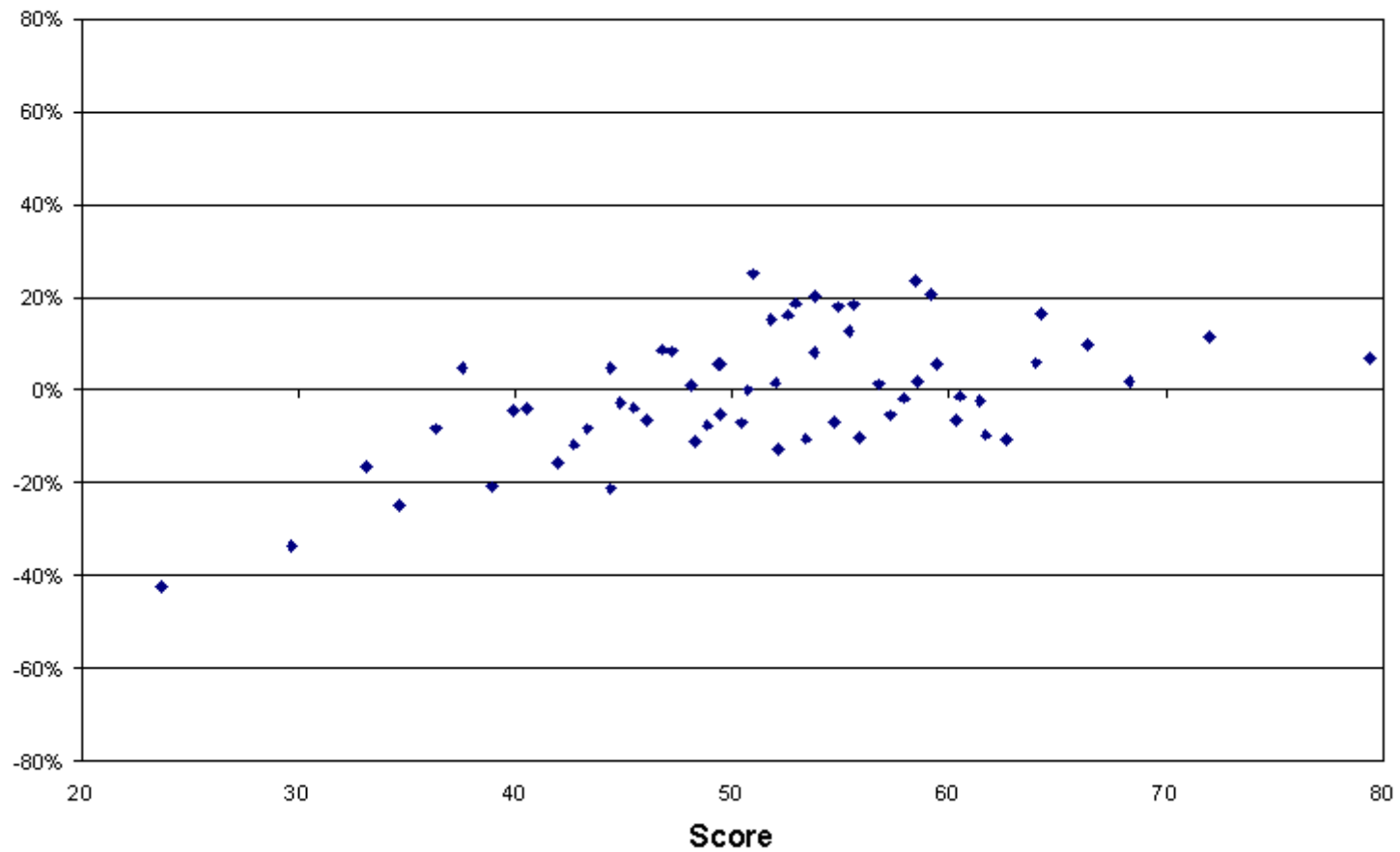


Performance of 10-Stock Portfolios



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Performance of 25-Stock Portfolios



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RUSS:



What does a portfolio with proper Size, Style and Sector exposures look like and how are portfolios with mature positions transitioned to Burney management?

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Reference 3-S Reports

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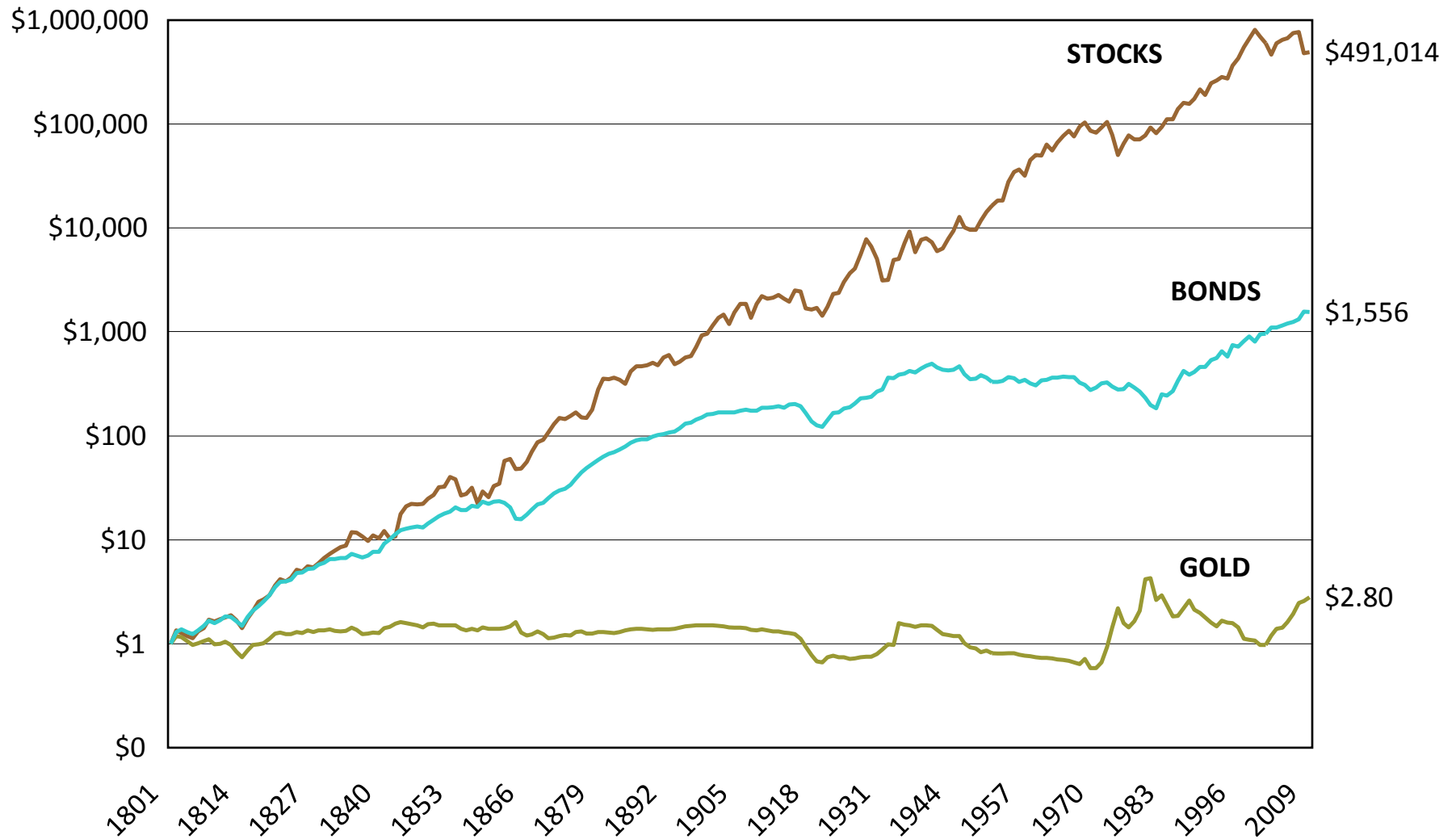
RUSS:



**What are the performance objectives of
Burney's management approach?**

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Major Asset Class "Real" Returns



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LOWELL:



How are client objectives and constraints incorporated in the investment process?

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Enduring Patterns Review

- Stocks have great consistency over time (6.5% plus inflation)
- Recessions/Panics create “V” mistakes
- Size and Style Cycling dominate equity relative return
- Stock-picking a productive component

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Important Questions

- Is your Asset Allocation appropriate?
- Are you comfortable with your Size and Style positioning?
- Do you have the conviction to execute your investment plan through the market's extreme emotional states?

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