Investment Philosophy Statement
Individual Security Portfolios

As investment managers we employ a GARP (Growth At a Reasonable Price) oriented, quantitative selection process with a subjective overlay. Our process begins by adding high quality companies to our universe of potential selections. We then rank each of these companies according to 16 metrics, including price/earnings to growth (PEG) ratio, Price/Cash Flow ratio, dividend yield, relative strength, return on equity, etc. These rankings are then compiled via a custom weighting formula to produce an overall score for each candidate. Next, our investment policy team meets to eliminate any candidates that we believe to be unfit for selection to our portfolios.

At this point we utilize this ranked universe to develop three distinct strategies. The first strategy (Growth Opportunities) is our style pure asset allocation, and is simply our top ranked companies after taking into account diversification issues. We attempt to carefully diversify our portfolio by choosing companies from a variety of industries and sectors, and we maintain an exposure to international equities based on their standing in our ranked universe. We also have exposure parameters for market capitalization. Our highest ranked companies will be weighted more heavily than our lowest ranked included selections. Typically we will hold a nominal exposure to fixed income as a volatility reduction measure and our cash or cash alternatives weighting will vary from 0-15% depending on our macro views of the economy and stock markets.

Our second strategy (Select Dividend Growth or SDG) is built from a universe of companies emphasizing solid balance sheets with what we feel is manageable or no debt, strong, reliable cash flows, a strong dividend history with attractive current yields and reasonable payout ratios and dividend growth potential. We take this list and screen it with our custom formula producing a ranked universe of approximately 100 companies. We select the top 35 companies (after taking into account proper diversification) and assign an equal weighting to each.

The third strategy (Diversified Retirement Income Portfolio) uses the top 10 ranked companies from SDG (subject to diversification guidelines) combined with a wide variety of investments, all pursuing investment income. Among the additional asset classes are Senior Floating Rate Securities, Preferred Stocks, Traditional Fixed Income, Dividend Paying International Equities, International Fixed Income, Hi Yield Fixed Income, Emerging Market Debt and Equity, Real Estate Investment Trusts, Master Limited Partnerships, and Convertible Fixed Income. We calculate correlation coefficients on the portfolio to seek to reduce projected volatility with the objective being 50% of the volatility of the S&P 500.

Depending on our view of current economic conditions, in all of our portfolios we may make a modest allocation to gold, emerging market debt, Treasury Inflation Protected securities (TIPs), or other investments to diversify the portfolio with a goal of reducing the overall volatility. The first two of these equity strategies are offered as described or with a moderate or more significant exposure to fixed income through individual bonds. This fixed income allocation can significantly alter the risk profile of the strategy, giving us ten distinct allocations to tailor to our clients risk tolerance and objectives.

ETF Portfolios

We manage three Exchange Traded Funds (ETF) Portfolios: Conservative Growth, Moderate Growth, and Long-Term Growth. These portfolios are constructed to maximize diversification with a goal of reducing volatility and serve as a complement to the above individual security portfolios. We research ETFs to identify solid performance and discipline in investing according to the prescribed style box or asset allocation category.

Wells Fargo Advisors provides you with written progress evaluations on a quarterly basis. These evaluations will include a comparison of your portfolio to an index as well as a review of your asset allocation and historical performance. In addition, you will receive a monthly statement and a 1099 statement at the end of the year. You will have direct access to me should you have any questions or concerns. By maintaining open communication, we believe we may be able to help avoid reflexive or reactive decisions during downward market cycles.

Exchange Traded Funds are subject to risks similar to those of stocks. Investment returns may fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost.

Stocks offer long-term growth potential, but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations.

All investing involves risk, including the possible loss of principal.

Diversification cannot guarantee a profit or protect against losses in a declining market.

Investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation, political and economic instability, and different accounting standards. This may result in greater shares price volatility.

Investing in fixed income securities involves certain risks such as market risk if sold prior to maturity and credit risk especially if investing in high yield bonds, which have lower ratings and are subject to greater volatility. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in a decline of the value of your investment. All fixed income investments may be worth less than original cost upon redemption or maturity.

Dividends are not guaranteed and are subject to change or elimination.

Buying gold, silver, platinum or palladium allows for a source of diversification for those sophisticated persons who wish to add precious metals to their portfolios and who are prepared to assume the risks inherent in the bullion market. Any bullion or coin purchase represents a transaction in a non0incoming producing commodity and is in highly speculative, therefore, precious metals should not represent a signification portion of an individual’s portfolio.

TIPS have special tax consequences, generating phantom income on the “inflation compensation” component of the principal. A holder of TIPS may be required to report this income annually although no income related to “inflation compensation” is received until maturity.

The PIM program is not designed for excessively traded or inactive accounts, and may not be suitable for all investors. Please carefully review the Wells Fargo Advisors advisory disclosure document for a full description of our services. The minimum account size for this program is $50,000.

The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Additional information is available upon request.

1640 Penfield Rd. Suite 100, Rochester, NY 14625

Marc Johnson, President
Gene Richardson, MBA, Managing Partner
Carol Ramsdell, Executive Vice President

CAR #0521-00928

Investment and insurance products:

NOT FDIC-Insured	**NO Bank Guarantee**	**MAY Lose Value**