

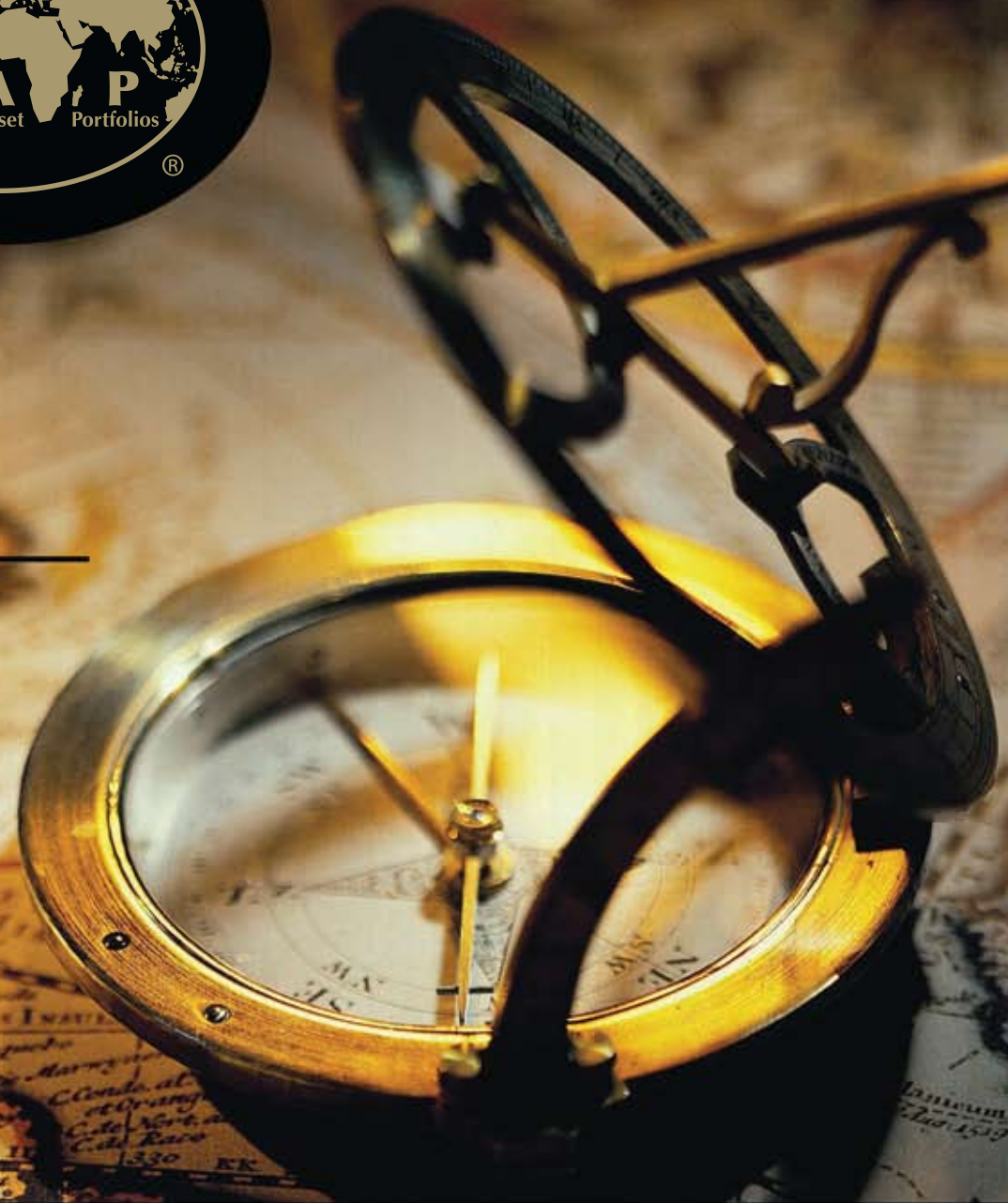
# MANAGED ASSET PORTFOLIOS



## INVESTMENT PHILOSOPHY

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RELENTLESSLY  
SEARCHING FOR VALUE



# MANAGED ASSET PORTFOLIOS

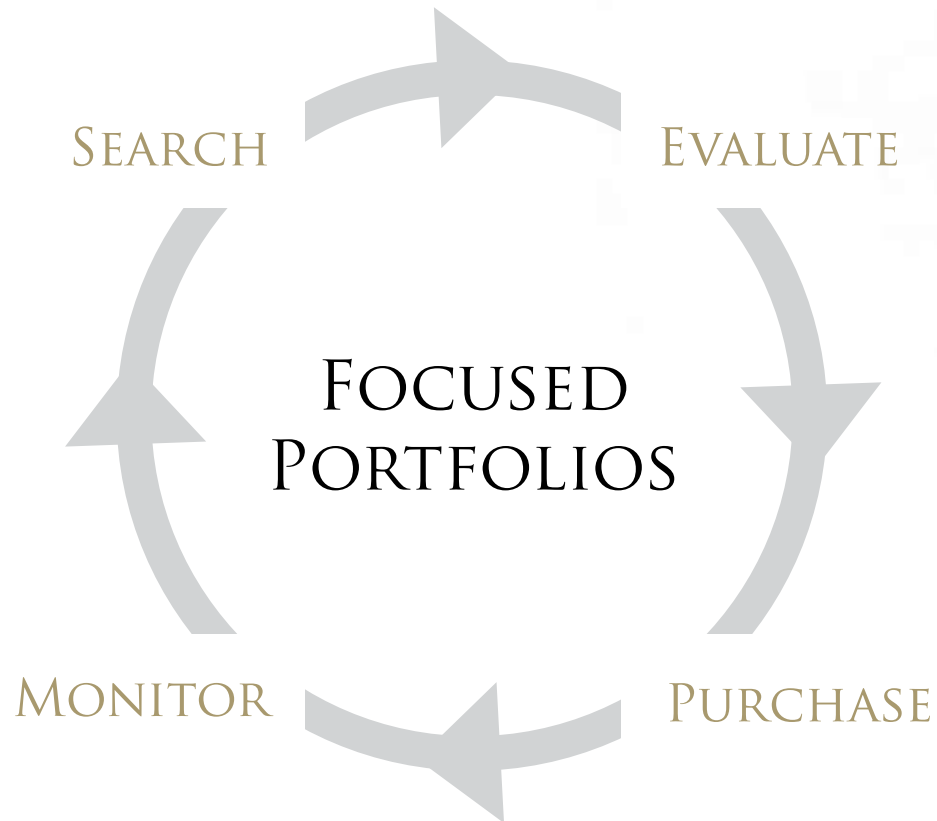
## ∴ ABOUT MAP



Managed Asset Portfolios (MAP), LLC is a Rochester, Michigan based Investment Advisor that was founded in 2000 and is registered with the U.S. Securities and Exchange Commission. We manage investments for high net worth individuals, corporations and trusts using an all cap, bottom-up value strategy. We are dedicated to helping each of our clients reach their investment goals by managing investment portfolios designed specifically for their investment objectives.

MAP is a money management firm that embraces a value approach to investing. We relentlessly search the globe for companies that may not be popular with investors for a variety of reasons. We will only invest in a company's securities if our independent research team has concluded that the long term health of the company is intact and the short-term challenges the firm is facing will be resolved.

## ⌘ INVESTMENT PROCESS



“OUR MISSION  
IS TO LEVERAGE  
OUR INTERNAL RESEARCH  
TO DELIVER MARKET BEATING  
RETURNS OVER TIME”

# MANAGED ASSET PORTFOLIOS

## ⋮ INVESTMENT PROCESS DETAIL

### SEARCH

We believe expectations drive stock prices over the short term as valuations change in direct relation to expectations. But in the long term, profitability drives prices. We seek to exploit these emotionally-driven fluctuations by investing in attractively priced domestic and foreign companies where our independent research reveals the business potential is greater than the one perceived by the investment community.

### EVALUATE

#### 1. Valuation.

What is the market charging for the business? What is the business worth? In our valuation analysis we conduct a thorough analysis of the business, as well as its profitability, sales and net assets as they relate to the price of the company.

#### 2. Catalyst.

We look for and evaluate an event that could cause the market price to rise to the estimated intrinsic value.

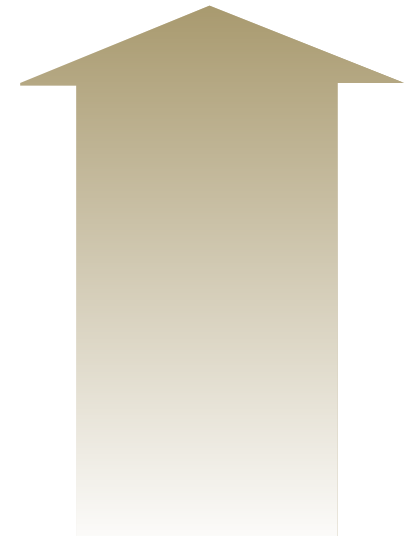
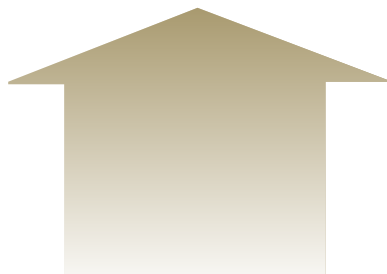
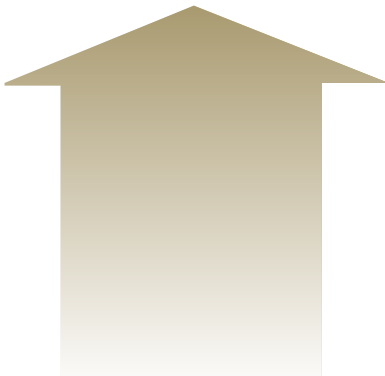
### PURCHASE

We perform careful analysis of recent market sentiment and trends in addition to company specific technical analysis before buying a security. We expect price appreciation from two factors:

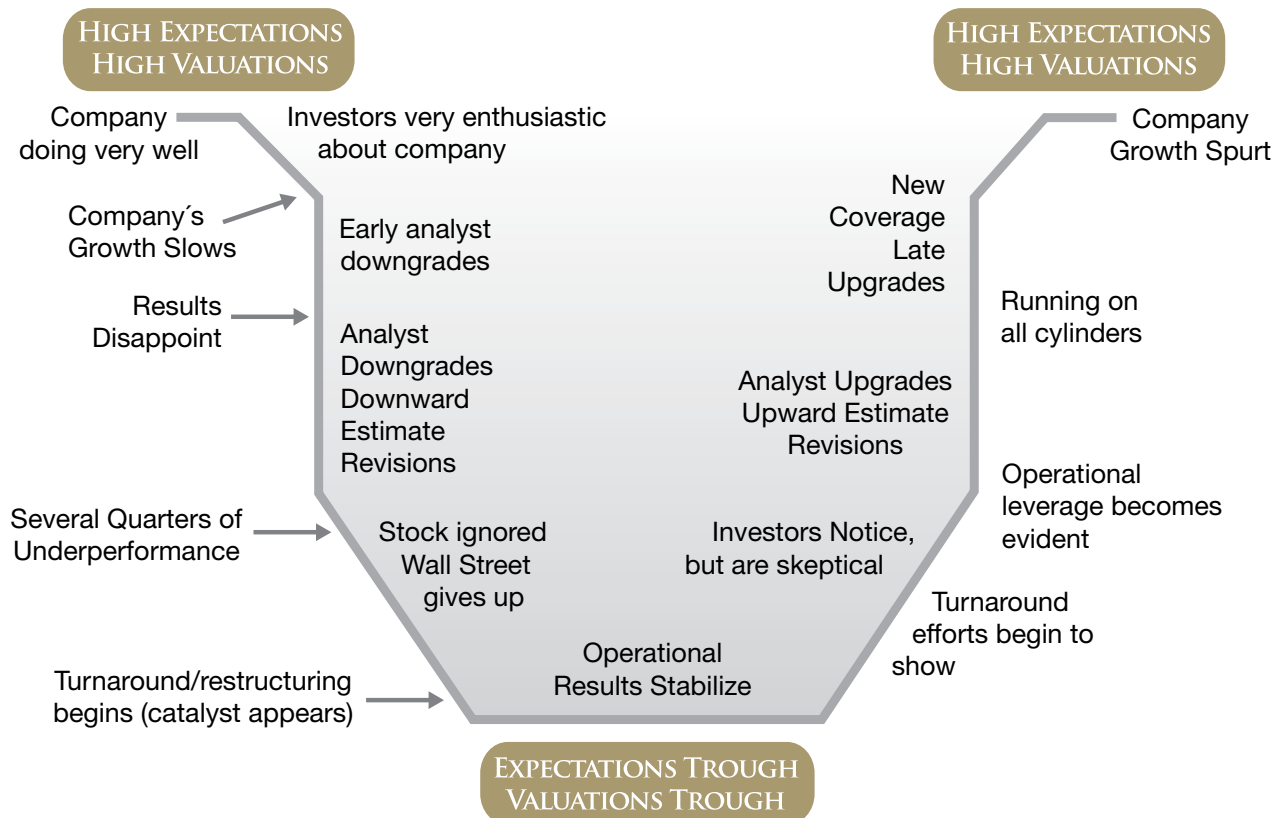
- A. Higher profitability and
- B. Valuation expansion due to more optimistic expectations.

### MONITOR / SELL DISCIPLINE

We monitor each client's portfolio to optimize the portfolio's risk/reward profile and to ensure it follows the client's objectives. Securities are sold as they reach their price objectives or if the story changes.



# VALUATION CYCLE



# MANAGED ASSET PORTFOLIOS

## ⋮ SEARCH PRINCIPLES

### PHILOSOPHY

- All-cap, bottom up value approach
- Invest in temporarily out-of-favor companies which possess a catalyst to unlock the company's value
- Build focused portfolios to concentrate on our best ideas

### RESEARCH PROCESS

- Focus on companies with favorable industry dynamics to avoid value traps
- Apply a private enterprise approach that emphasizes ratio analysis, balance sheet strength, and the earnings power of the business

### RISK CONTROL

- Attempt to limit capital loss by determining a margin of safety based on underlying asset values and past trading patterns for each security and then prudently diversify across sectors



## ❖❖ EVALUATION PRINCIPLES

**CONTRARIAN/VALUE APPROACH:** We seek to invest where capital is scarce which generally allows us to buy companies for prices less than we believe they are fundamentally worth. We aim to capitalize on attractive trends while paying a fraction of a company's calculated intrinsic value. We believe this valuation discipline helps us control downside risk and positions our clients well for future appreciation.

**COMMON SENSE:** We believe investors often act irrationally, becoming overly optimistic or pessimistic. When investors feel overly optimistic, they may be willing to take on too much risk and overlook the weaknesses of an investment option in the search of returns. Irrational pessimism, on the other hand, may create opportunities if investors become excessively pessimistic and ignore the merits of an investment based on the most recent news thus pricing the stock on emotion rather than fundamentals.

**PATIENCE:** We believe that businesses, like investments, take time to grow. An irrational focus on the next quarter over all other considerations may be detrimental to building wealth. Operational improvement and multiple expansion take time to develop which leads to low turnover in our portfolios. We believe our patience allows us to invest in longer-term trends that are easier to identify and profit from than short-term market fluctuations with the upshot of potentially lowering transaction costs and taxes.

**OUTSIDERS:** We are too far away from Wall Street to drink its "Kool-Aid". We have an eclectic array of information sources, including Wall Street research, that aid the fact finding used as the basis for the investment conclusions we reach. We believe being independent outsiders helps us make better investment decisions.

# MANAGED ASSET PORTFOLIOS

## ⌘ PURCHASE DECISION

### INTERSECTION OF RESEARCH METHODOLOGIES

- **Macro analysis as backdrop**
  - Global economy & links
  - Sector
  - Industry
- **Fundamental research**
  - Financial Analysis: SEC filings, models, news
  - Investor conferences and trade shows
  - Communicate with management via phone and/or visit with companies
  - Research: Internal, Wall Street, third party
- **Technical analysis**
  - When to buy

### BUILD FOCUSED PORTFOLIOS

- **Focus on our best ideas**

### DECISION TO WRITE COVERED CALLS

- **Exploit attractive premiums on securities in our buy list**
- **Enhance yield**
- **Reduce risk**

# ●● MONITOR: SELL DISCIPLINE

## VALUATION/FUNDAMENTALS

- Target Price (within a range)
- Valuations get “rich”
- Changes in story
  - Deteriorating results or stretching to make the numbers
  - Competition
  - Management issues
  - Suppliers and/or customers point to an upcoming problem
  - Sector related concerns
  - Qualitative issues

## SENTIMENT/TECHNICAL ANALYSIS

- Market might be too optimistic: trim position, lock in some gains
- Attractive option premiums for in-the-money calls of a company near its price target

## OPPORTUNITY COST

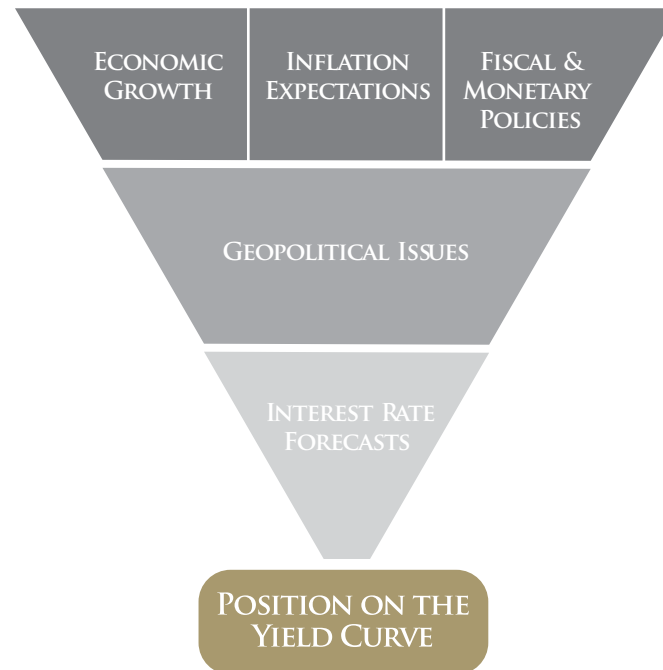
- Other investments present more attractive risk/reward ratios



# MANAGED ASSET PORTFOLIOS

## FIXED-INCOME COMMENTARY

- Our search for appropriate fixed-income investments begins with an analysis of the yield curve. We review and project how economic growth, inflation and fiscal and monetary policies may affect interest rates. With that foundation, we perform a careful analysis of geopolitical and business trends to ensure that we are investing in economically and politically sound countries and in financially stable companies.
- At the security level, we tailor our purchases to fit each client's objectives, whether it's an emphasis on safety, tax-free or taxable income, or short-term liquidity needs.





## ●● FIXED-INCOME CONTINUED

- We use several pricing sources to compare and negotiate pricing. This data allows us to analyze the historical interest rate spreads and yields on a security and to compare them versus alternative investments.
- We believe this comprehensive approach to fixed-income investing lends itself to confident investment decisions and is essential in monitoring current holdings. Consequently, each client can be assured their fixed-income investments offer an attractive combination of value and safety.

## ●● FOCUSED PORTFOLIOS

### FOCUS ON OUR BEST IDEAS

- Don't own the market, beat it
- Own securities across different economic sectors and geographies to achieve proper diversification

### FOCUSED PORTFOLIOS ARE MORE COST EFFECTIVE

- Potentially lower tax burden
- Potentially lower trading costs



*Helping you reach your financial goals.*



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