CAPITAL INVESTMENT
MANAGEMENT
OUR FAMILY SERVING YOURS

# WHAT YOU CAN EXPECT
## FROM INVESTING WITH US

### OUR BELIEFS DRIVE OUR INVESTING PHILOSOPHY

Finances are an intimate topic and one that should be taken very seriously. Financial decisions are not made in a vacuum. They are the means to an end goal or vision. Understanding the emotional and family issues of our clients is crucial in developing a plan that correlates strongly with their needs, wants, wishes, and overall goals. We work hard to ensure the plan we create is a true representation of who our clients are, what they value, and what they envision for themselves.

A team approach is fostered through our relationship with Dimensional Fund Advisors & our independent investment committee at Loring Ward. It is through this collaborative effort that we develop effective investment strategies for our clients. This structure not only supports our investing beliefs, but also allows for more time with clients. We plant seeds that stem from our strong belief system, use our life-goals process to cultivate healthy growth, and then pass along the harvest of the investment strategy along to our clients. Some of the key components of our belief system are:

### GAIN MORE STRUCTURE & DISCIPLINE

Asset Class Investing, is a disciplined and structured approach which attempts to capture the performance of specific market segments while maintaining a consistent risk exposure. This investing style focuses your investment portfolio on meeting your life goals, not on short-term market trends. It combines the latest discoveries in economics and investing with almost 90 years of market data and insights, as well as in-depth studies of investor psychology and behavior. Asset Class Investing provides for flexible trading, and is driven by Professor Kenneth French & Nobel-prize winner, Eugene Fama Sr.'s academic research on three primary Factors of Return: size, value, and profitability.

### REDUCE RISK TO GAIN PEACE OF MIND

The power of diversification. We use bonds to try to decrease volatility and manage risk in a portfolio. They also provide a steady income stream in certain market conditions. We use stocks as an opportunity to grow your money over the long term. The growth from stocks can battle inflation, and should provide a better return on investment than bonds.

*Asset allocation and diversification do not assure a profit or protect against loss.*

*Investment Advisory Services provided by Capital Investment Management, Inc.*
*Capital Investment Management, Inc., DFA, and Loring Ward are unaffiliated entities.*

### COLLABORATION IS CRUCIAL

The investment strategies we employ are borne from the collaborative efforts of academic leaders, including several Nobel-prize laureates, as well as many leading economists and scientists. Clients benefit when research and experience combine to solve investment challenges and create new opportunities for the investor.



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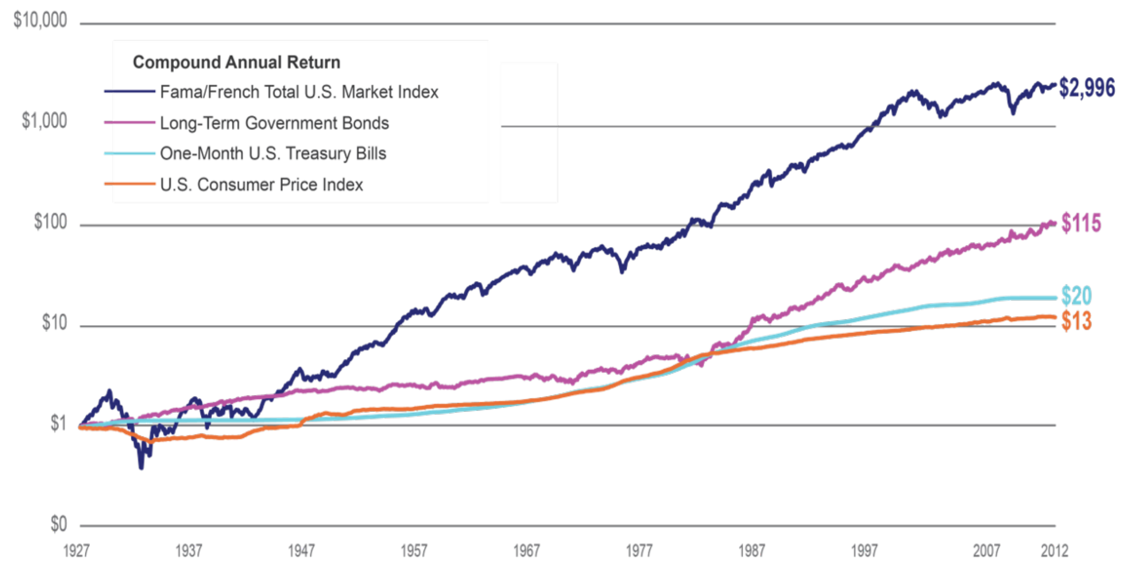
*Growth of $1 over the past almost 90 years.*



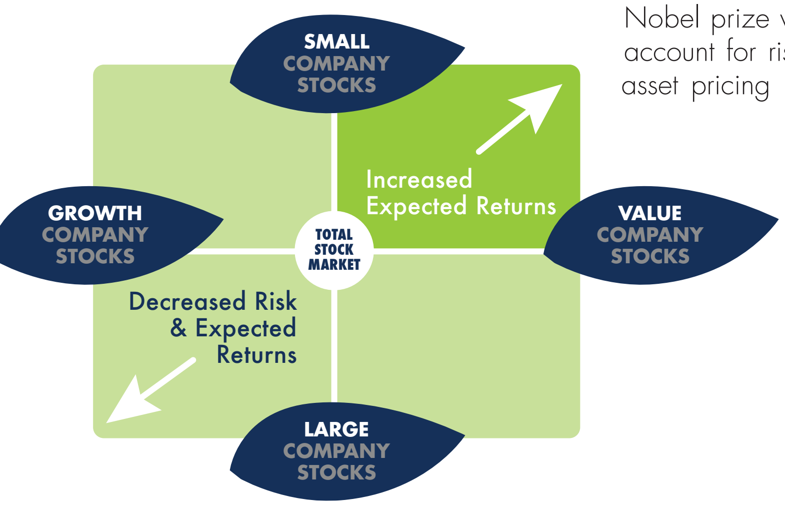

Diversification applies not just to stocks and bonds, but also to the global markets. More than 51% of the worldwide stock investment opportunities are outside of the U.S. markets. When the U.S. is underperforming, international may outperform. The potential for lower volatility and increased diversification strongly supports the decision to incorporate both international and domestic stocks in a portfolio.

## AVOID FAILED EXPECTATIONS, DON'T TIME THE MARKET

The theory of efficient markets tells us it is difficult to beat the market and impossible to do it consistently by stock picking. Therefore, we don't try to beat the market, but rather aim to capture the market's returns.

## IMPROVE YOUR EXPECTED, AFTER-TAX RETURNS

Keeping costs low through tax-efficiency. Careful trading can reduce or even reverse the costs created by traditional managers. We do not believe in forecasting or following indexes. Funds are sold when frenzied buying has sent the bid higher, and purchases are made when shares can be acquired at a lower cost.




Nobel prize winner Dr. Markowitz' Modern Portfolio Theory attempts to account for risk and return mathematically, and William Sharpe's capital asset pricing model demonstrates that low-priced value stocks and small company stocks have higher average returns. Academic research by Professors Ken French and Eugene Fama Sr. expanded on both of these models, and have provided further support for these theories using financial science, academic research, and time tested data.

*Source: http://loringward.com/everything-we-do/ (Under Client Advisory Process/Recent marketing materials)*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