



Investment Grade Portfolios
U.S. Treasuries / Corporates / Mortgages

Investment Philosophy/Objective

EmStone believes Fixed Income portfolios should act as an “anchor” for the overall asset allocation strategy. Utilizing a conservative, high-quality, disciplined approach focused on avoiding unnecessary risks (duration and credit) and exploiting market inefficiencies (sector rotation) assists in generating excess returns over the benchmark with limited volatility. The primary objective is to capitalize on market inefficiencies related to maturity, sector, and credit worthiness while portfolio restructuring results from a dynamic process based on changing market conditions.

Investment Process/Portfolio Construction

Proprietary quantitative models analyze price momentum and sector relative performance while our fundamental analysis monitors the economy, inflation and monetary policy. Portfolio positions are concentrated, high grade and liquid. Portfolio durations are actively managed. Sector rotation and changes in portfolio duration are the major contributors to competitive returns. Portfolio risk is controlled through continual monitoring of portfolio duration, maturity structure, sector weightings and security selection holdings as compared to each specific benchmark. We adhere to a conservative philosophy that incorporates investing in high grade securities rated ‘A’ or better without the use of derivatives, structured products or leverage in standard products.

Management Team

Richard A. Zackroff

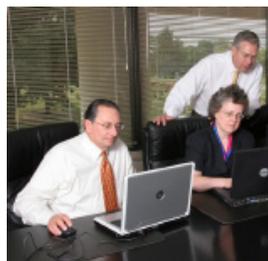
Research

Gail M. Habecker

Analysis

Anthony J. Basile

Portfolio Strategy



- **Interest Rate Risk** - portfolio duration is normally within 25% of the benchmark
- **Sector Weightings** - sector weightings are based upon relative performance models
- **Security Selection** - internal credit reviews are performed in selecting specific issuers and security structures
- **Yield Curve Positioning** - utilize “bullet”, “barbell”, and “laddered” maturity structures

The portfolio management team has been together as a team for over 25 years while averaging over 43 years industry experience. While managing fixed income portfolios exclusively for institutional clients over their careers, they have experienced a wide-range of difficult investment environments. Their attained expertise has and continues to provide, successful results to those clients seeking fixed income asset allocations as well as those wanting a mix of bond and equity securities exposure offered in balanced accounts. The employees comprising the investment team at StoneRidge PMG Advisors (SRPMG) are the same investment professionals managing fixed income assets at EmStone Advisers. Assets under management at EmStone Advisers and SRPMG Advisors are managed concurrently and are representative of the same strategy composites and corresponding benchmarks.

EmStone Advisers will present the track record of SRPMG Advisors since the investment process and staff is identical to that at StoneRidge PMG Advisors.

Note: This information is available for use in a “One-on-One” presentation only.