



Investing in Financials

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Executive Summary

- KAM South: Active Money Manager.
- Investment Offering: Privately managed and Separately managed accounts. The investor owns 100% of the securities in the account.
- Specialized Niche: Sector strategy focused on financial services.
- Individual stock selection in large liquid publicly traded Bank & Thrift Institutions.
- Provides diversification with low correlation to the overall stock market.

Strategy

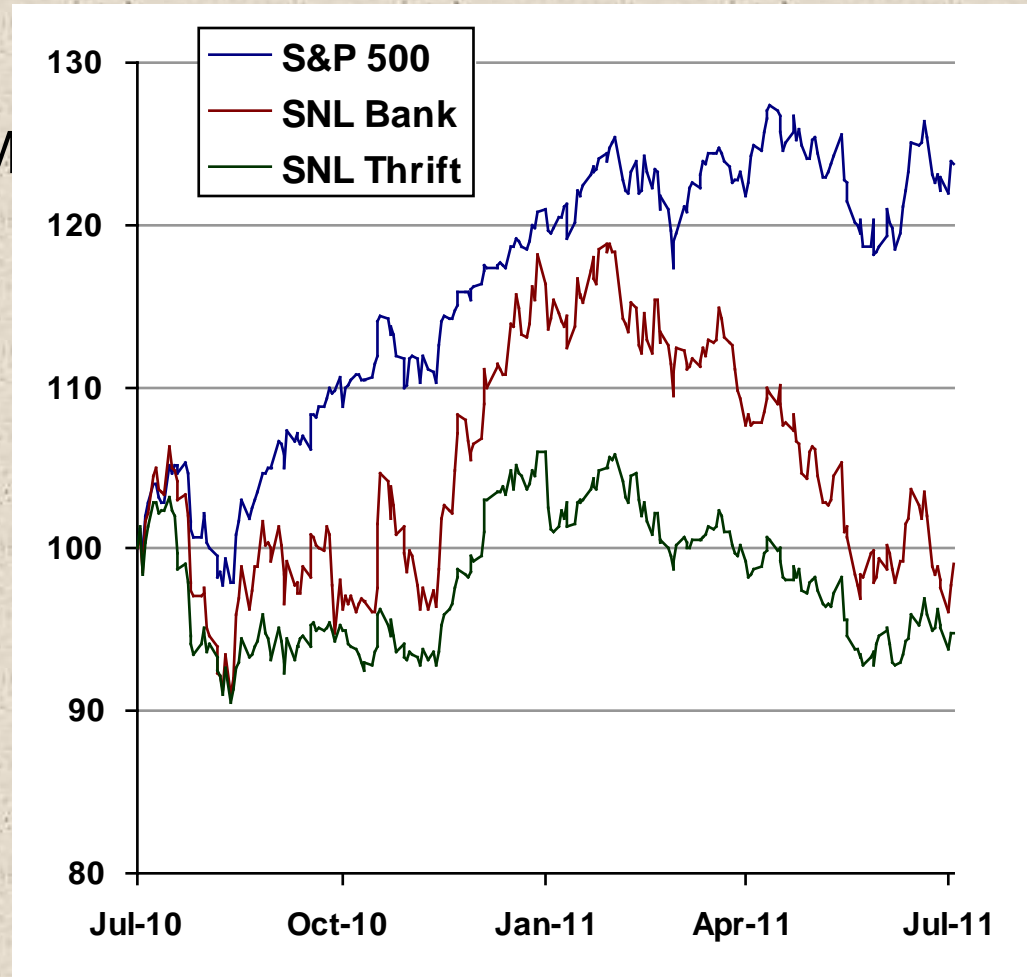
- Value-investing philosophy.
- Value investing by its very nature is contrarian.
- Out-of-favor industries and sectors.
- Our strategy is investing in Bank stocks trading at a substantial discount to underlying value.
- Individual stock selection driven by “bottoms up” fundamental primary research.

Who We Are

- Entire professional work experience has been in the field of investment management and research.
- Started investing in thrift conversions in 1990.
- Graduate of Harvard Business School from their Advanced Management Program.
- Certified Financial Planner™ Professional and is a member of the New York Society of Securities Analysts.

Why Now?

- Take advantage of the dislocated PRICE to FIRM VALUE opportunities created by recent turmoil in the financial services sector.
- Financials are out-of-favor.
- BANK = Four letter word.
- Waiting for the right pitch: It appears that pitch is NOW!



Insider Buying: Forward Looking Indicator

Top 20 banks & thrifts by open market insider purchases

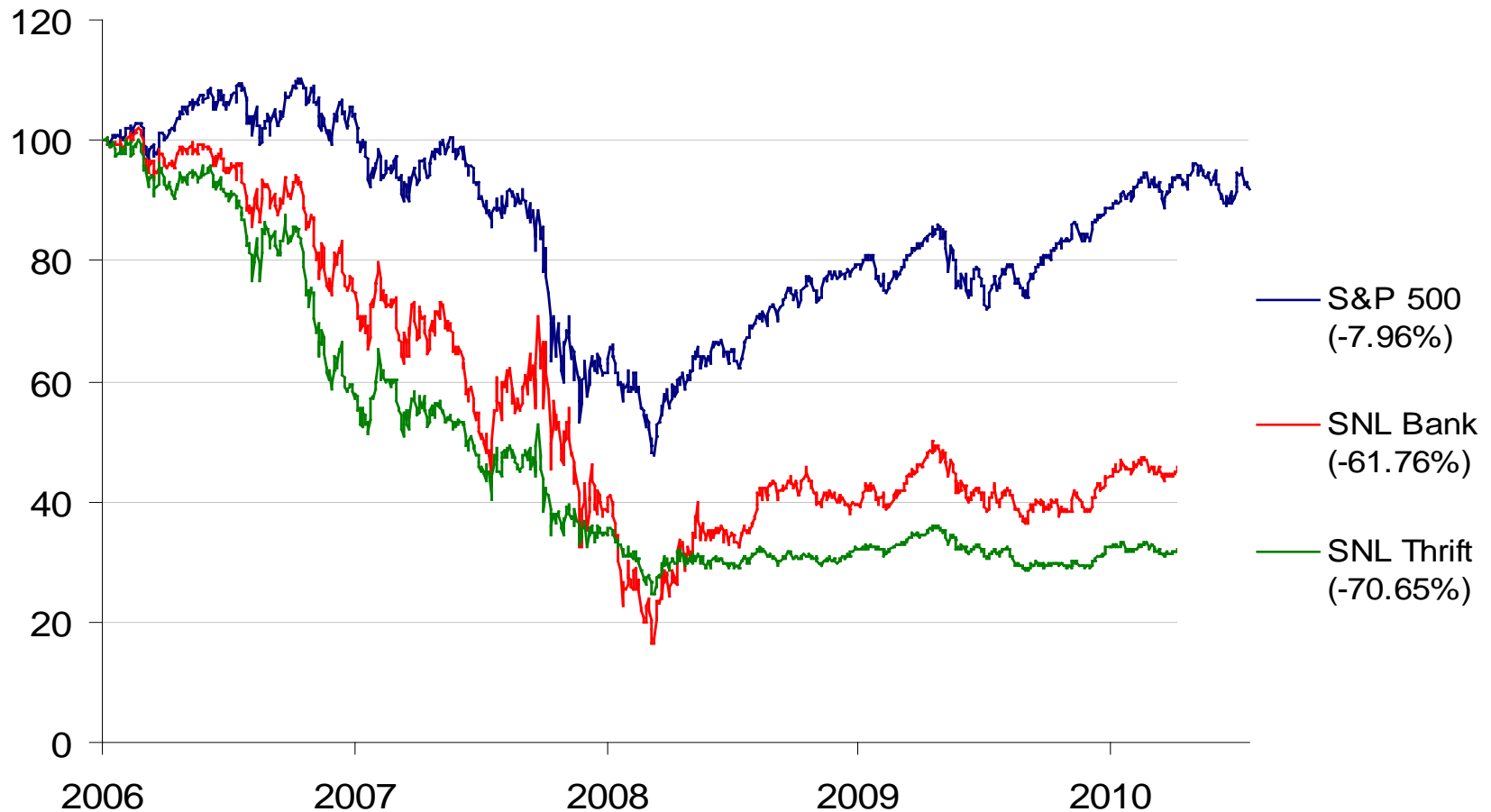
Company (ticker)	Shares purchased
Synovus Financial Corp. (SNV)	305,800
Huntington Bancshares Inc. (HBAN)	65,216
Western Alliance Bancorp. (WAL)	55,000
Regions Financial Corp. (RF)	50,000
Brookline Bancorp Inc. (BRKL)	46,615
Glacier Bancorp Inc. (GBCI)	43,200
F.N.B. Corp. (FNB)	40,304
PrivateBancorp Inc. (PVTB)	38,922
City Holding Co. (CHCO)	34,516
Bank Mutual Corp. (BKMU)	30,000
SunTrust Banks Inc. (STI)	29,200
Premier Financial Bancorp Inc. (PFBI)	28,500
National Penn Bancshares Inc. (NPBC)	27,000
Eagle Bancorp Inc. (EGBN)	21,872
Bank of Commerce Holdings (BOCH)	21,300
Central Pacific Financial Corp. (CPF)	20,550
First Commonwealth Financial Corp. (FCF)	20,000
First National Corp. (FXNC)	18,054
Boston Private Financial Holdings Inc. (BPFH)	16,000
Peoples Federal Bancshares Inc. (PEOP)	15,362

Purchases made between Aug. 1, 2011, and Aug. 12, 2011.
Based on insider trading Form 4s as of Aug. 15, 2011.
Source: SNL Financial

Signs of Stabilization

- Our fundamental industry work suggests rates of change in the trend in non-performing assets to total assets are improving.
- Some industry executives are starting to play “offence” again.
- We believe the slowing down of the rate of credit deterioration should be a major positive catalyst for stocks.

Current Environment Provides Entry Point like NO other in 30 years



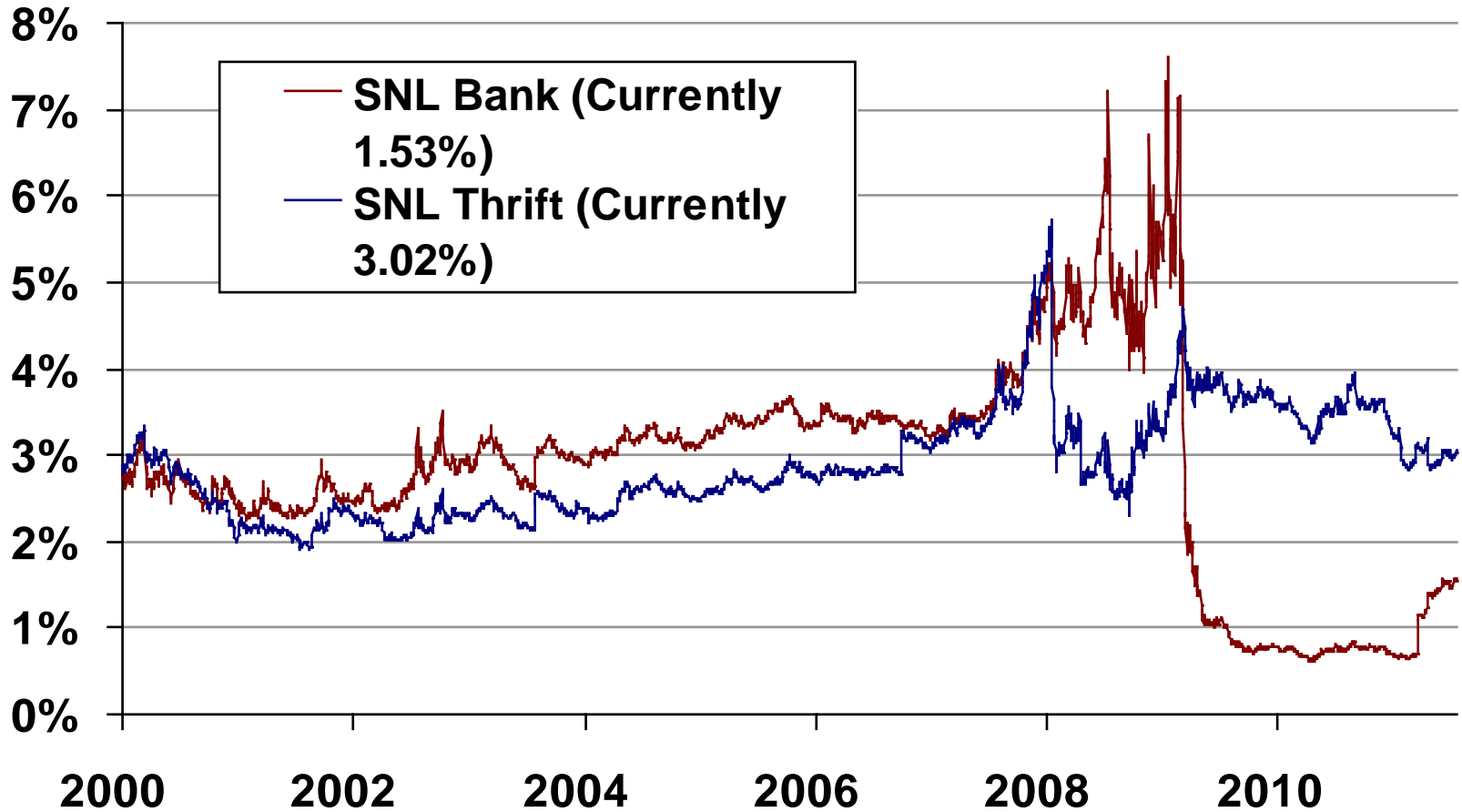
Investor Sentiment

- Many investors find it difficult to “fight the crowd.”
Conclusion: Investors are sometimes their own worst enemies.
- When prices are generally falling, fear of loss causes investors to focus only on the possibility of continued price declines to the exclusion of investment fundamentals.
- Unsuccessful investors are dominated by emotion and fear of loss.

Darkest Before the Dawn

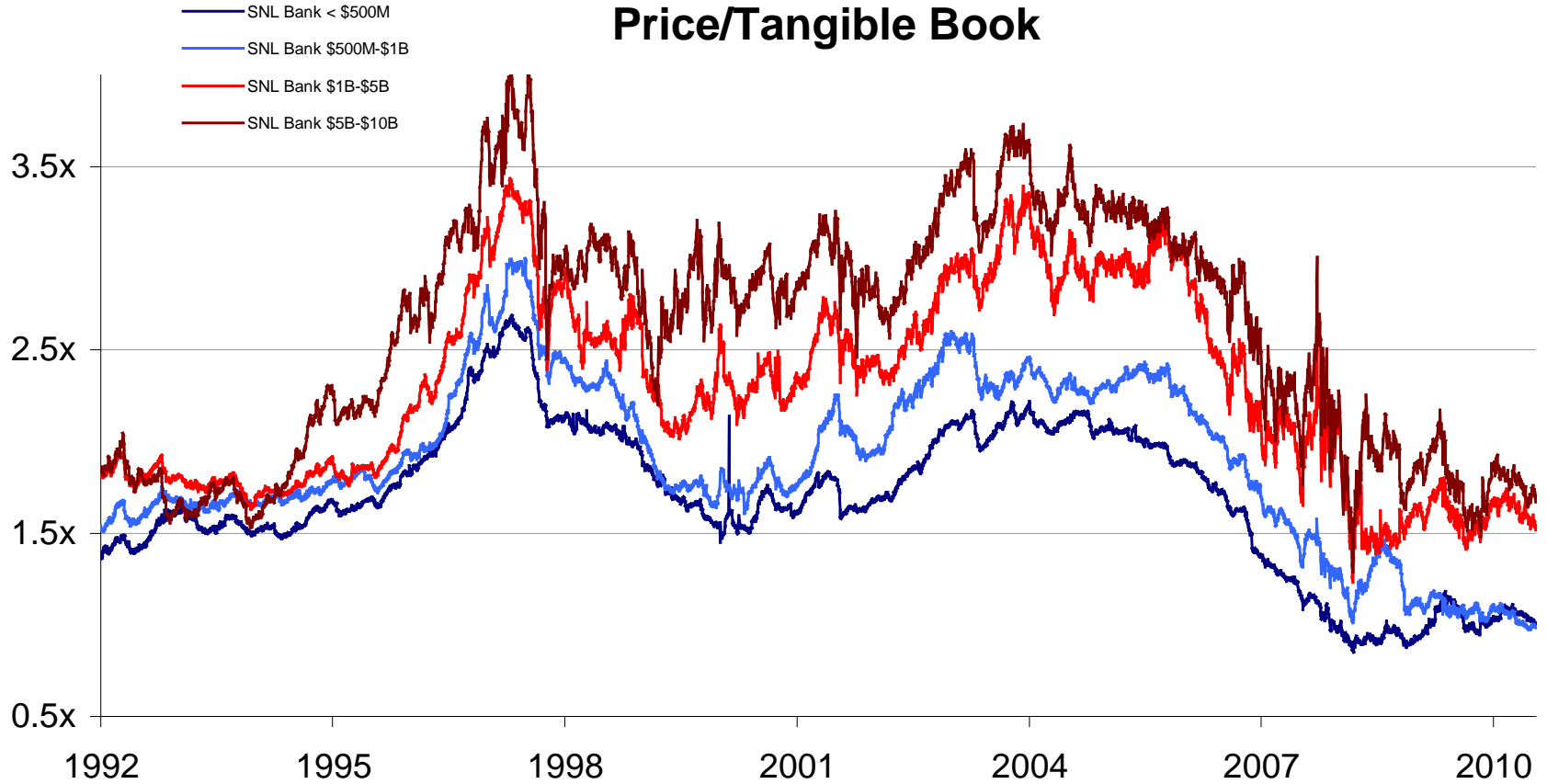
	<u>YTD</u>	<u>Y/Y</u>		<u>YTD</u>	<u>Y/Y</u>
SNL Bank < \$500M	-6.35%	-9.00%	SNL Bank \$500M-\$1B	-5.90%	3.95%
SNL Thrift	-8.26%	-6.44%	SNL All Financial Institutions	-6.63%	4.73%
SNL Bank \$250-\$500M	-2.23%	-3.77%	S&P Financials	-5.95%	5.12%
SNL Bank	-10.50%	-1.50%	S&P Bank	-7.77%	5.66%
SNL Bank \$5B-\$10B	-4.24%	-1.24%	SNL Thrift \$1B-\$5B	-0.56%	7.55%
KBW Bank	-10.13%	-0.09%	SNL Thrift \$500M-\$1B	2.86%	11.12%
SNL Bank \$1B-\$5B	-6.57%	1.02%	SNL Thrift < \$500M	6.24%	15.91%
SNL Thrift \$5B-\$10B	1.75%	3.31%	SNL Thrift \$250M-\$500M	6.53%	17.09%
NASDAQ Bank	-5.04%	3.67%	S&P 500	5.42%	22.37%

Dividend Yield

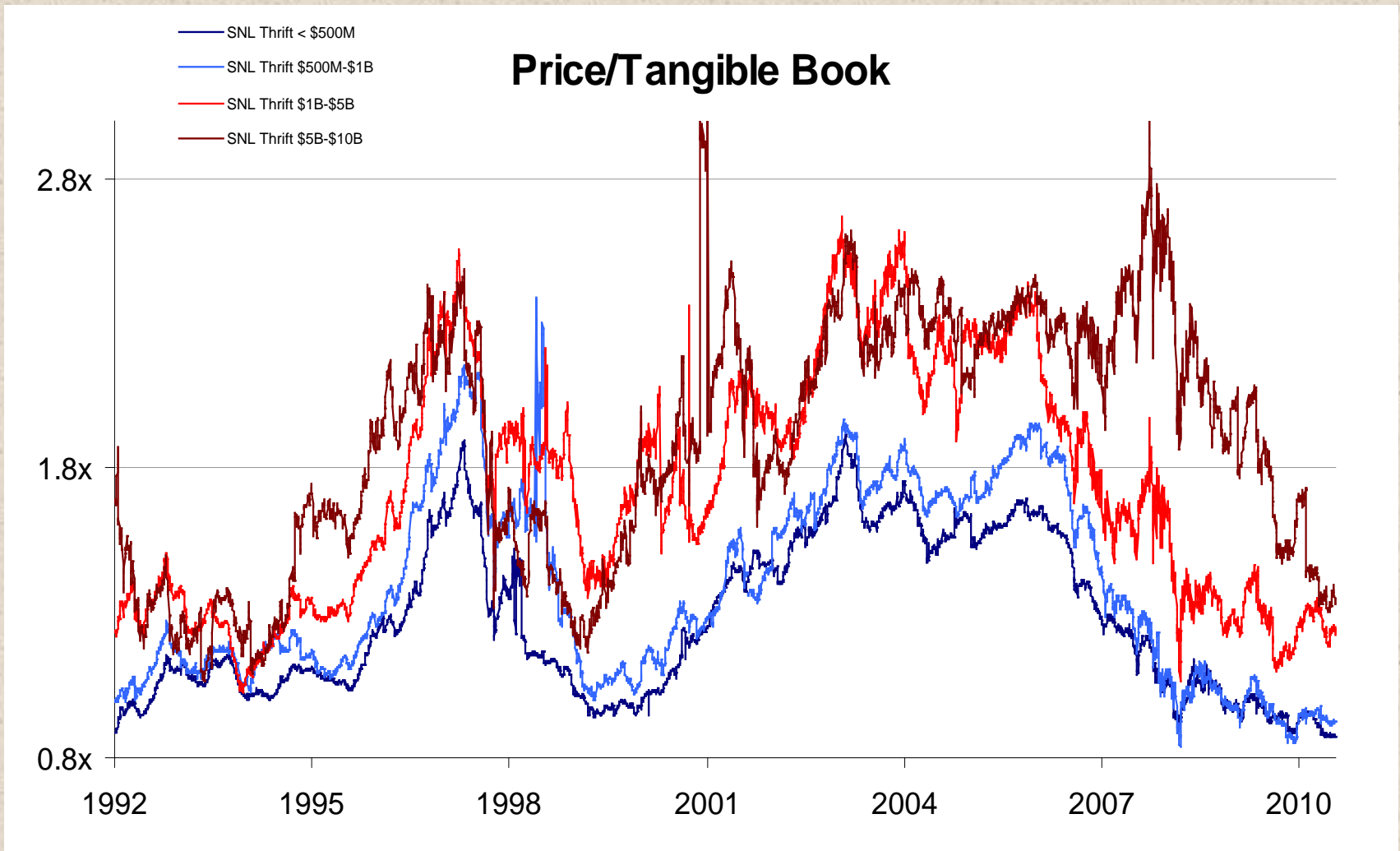


Low Bank Valuations

Price/Tangible Book



Thrift Valuations

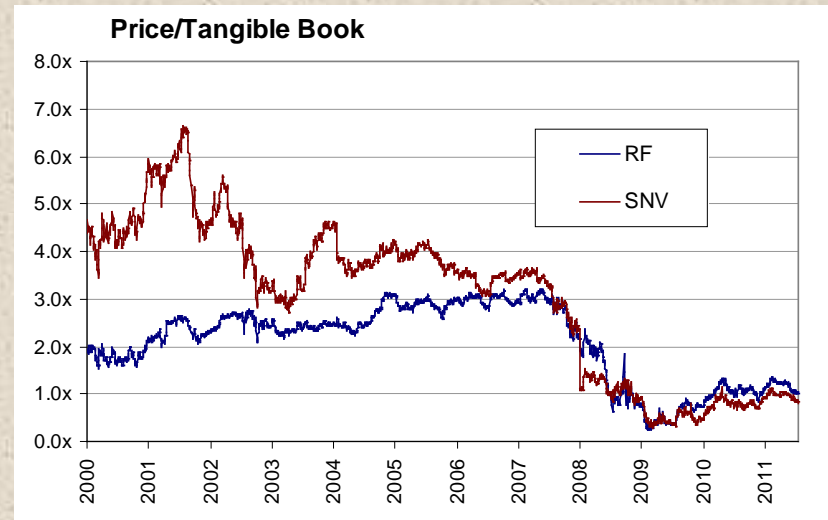
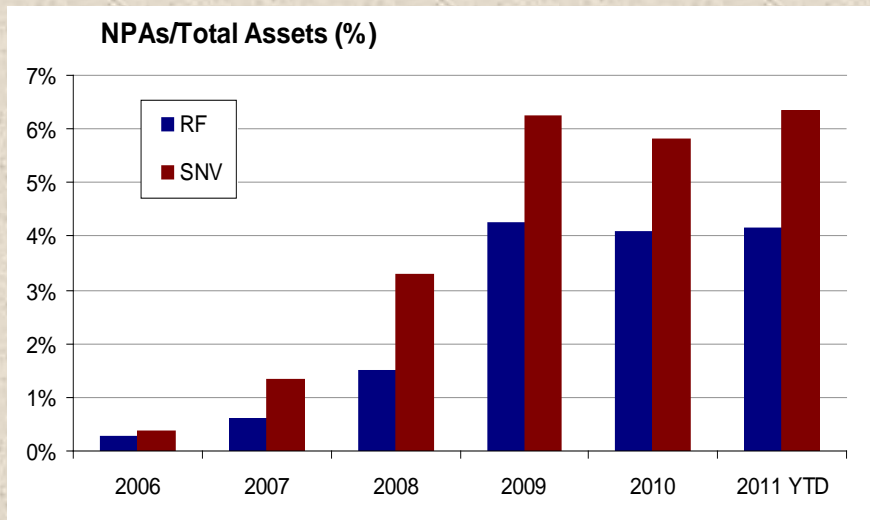
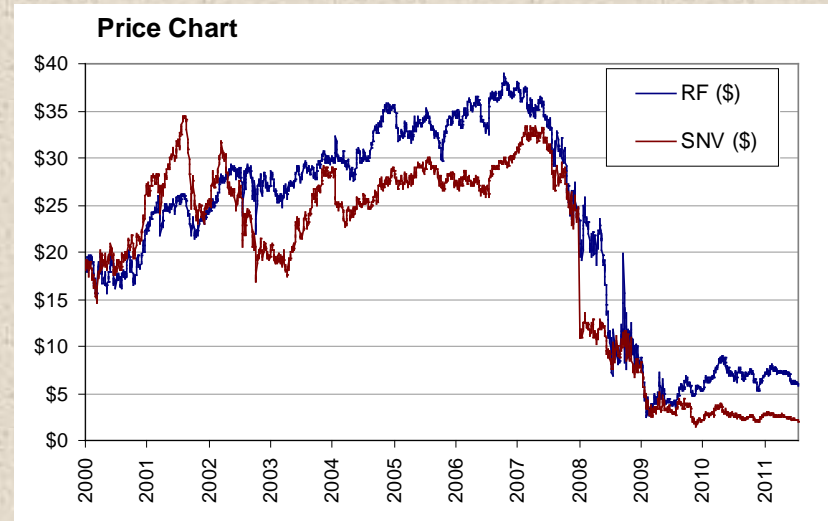


Key Investment Criteria

- Valuation
- Credit Quality and Trends
- Competitive Position
- Franchise Value
- A Path to Profitability
- Capital
- Management

Examples of Investments We Hold

- Regions Financial (RF)
- Synovus (SNV)



Investment Philosophy

- The element of a bargain is key to our process (buying a dollar of assets for fifty cents.)
- The price you pay determines your rate of return.
- Distinguish a good pitch from a wild one.
- Preference given to financial institutions in states with NO income tax and southeastern region where net immigration patterns are projected to be above long-term trends.
- Preference given to companies who have good management with a personal financial stake in the business.

Investment Process

- Investment Ideas
- Perform Due Diligence Analysis
- Set Fair Value Target Price
- Deploy Capital into Investment
- Portfolio Construction & Positioning
- Monitor Portfolio
- Active Tax Management

Terms

- Minimum Investment: \$250,000
- Management Fee: 1%
- Investor Communications: Monthly statement Reporting from Broker Dealer with all trade confirms.
- Separately Managed Accounts: The investor owns 100% of the securities in the account, and the investment decisions are made by KAM South.