



Bank and Thrift Investment Strategy

The purpose of this document is to provide a Key Facts Summary for the Bank and Thrift Investment Strategy

Purpose

To obtain above average rates of total return on quality common stock in the financial service sector, with minimum financial risk.

Approach

Work from established base of 500 eligible companies and select those institutions that appear to have the greatest potential for capital appreciation over the given time frame of 5 - 7 years. Target 50 specific companies that meet the investment criteria for superior rates of total return with minimal down side risk. This approach is defined as "value-investing". Most target companies are selling at a discount to tangible or liquidation "book value" while still experiencing rising earnings per share. In many cases, the price/earnings ratio is below the peer group.

Term

This approach requires patience, and a 5 -7 year time horizon is the minimum to obtain superior return. In some cases the term could be slightly longer.

Realization of Gain

From time to time, when the underlying security has reached its targeted objective, the asset will be sold and a gain will be realized. This will also occur when another financial service institution tenders for the shares of the owned security.

Dividends

Dividends are not an especially important part of the total return objective; however, expect dividends paid quarterly around 2% on the portfolio.

Performance

The primary objective is to achieve a record of long term portfolio appreciation that equals a 6-9% compounded annual rate of return. At times, the portfolio and individual securities will decline in market value. A normal stock market correction could result in a 20-25% decline in portfolio value. Short term results of less than five years are not an adequate measurement of investment performance.

Management

Evidence of management competency and fairness, as well as solid business plan and objectives are critical in stock selection.

Size

Companies with assets above \$500 million are the targeted objective. In many cases, the market capitalization of these companies ranges from \$25-\$100 million.

Investment Perception

Companies with well-defined purposes and goals tend to be somewhat favored.

Fundamental Analysis

All stock selection is based on employing fundamental security analysis. Intrinsic value, low liquidation costs, as well as personal visits with management are the primary methodology of stock selection.

Advisor

KAM South, LLC will be the exclusive advisor of this investment program.

Fee

A one percent annual advisory fee paid quarterly (for all clients) and a 20% share of the gain upon selling the security (for qualified investors) is the compensation stated in this agreement. No incentive compensation is realized unless the underlying security appreciates.

I am personally looking forward to the opportunity of working with you in establishing this exciting investment product.

Sincerely,
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