



Your Capital's Preservation  
and Its Appreciation is Our Only Focus

*Asset Management and Investment Counsel*



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## **Asset Management & Investment Counsel**

- Westover Capital Advisors, LLC (WCA) is a private, SEC-registered investment advisor firm located in Wilmington, Delaware with clients throughout the U.S. What we do is manage wealth.
- We apply independent, objective, value-based research and analysis to every investment decision we make on our clients' behalf.
- Assets are titled in our client's name, never in Westover's. Assets are custodied at our client's chosen brokerage firm, never at Westover.
- We're not brokers, bankers or insurance underwriters. We make no commissions on trading activity. Westover has no hidden agendas. We invest our wealth right alongside our clients', using the same tools and techniques for both of us. Our clients' interests and our own are one and the same.

## **Firm Philosophy**

- At Westover we pride ourselves on our individualized client attention and service in a advisor-client relationship characterized by mutual trust and respect.
- We have elected to remain a small boutique investment advisor in order to understand and execute each client's financial goals and objectives on a personal, confidential one-on-one basis.
- We recognize that each of our client's interests, objectives and personalities are unique. We manage their accounts with that in mind.
- We make a consistent effort to communicate with our clients. We welcome and respond to questions and comments.

## Investment Philosophy

- At Westover we acknowledge that a significant, yet underappreciated driver of portfolio performance is each client's asset allocation.
- We also appreciate that each distinct market environment has a different market leader, both across and within asset classes.
- The nature of markets requires that an investment advisor think both strategically (long-term) and tactically (short-term).
- A successful advisor walks that line between humility and confidence, showing appropriate deference to the whims of the market while maintaining conviction in its independent equity and bond research and analysis.
- Our philosophy differentiates us from the typical manager, who sticks to a narrowly-defined investment style which will inevitably be both in and out of favor during the market's various business cycles.

## Strategic Investing

At Westover, we take a strategic approach when constructing a portfolio. This long-term thinking includes:

- **Asset Allocation:** Although we provide counsel and guidance, this decision is ultimately the client's, based on each client's risk tolerance, financial goals, and investment horizon.
- **Diversification:** All of our client's portfolios are diversified both within and across asset classes.
- **Core holdings:** When we find an investment to be both undervalued and a worthy long-term holding for all clients, it is purchased across all portfolios.
- **Tax strategy:** When making investment decisions, we consider both our client's current tax situation as well as the likely future tax environment our client will face.

## Tactical Investing

At Westover we also make tactical, short-term adjustments to portfolios when opportunities in the market present themselves.

- **Time Horizon:** We expect our tactical holdings to produce positive capital appreciation in a shorter period of time than our longer term core holdings. The use of two time horizons helps to provide temporal diversification to our portfolios.
- **Sector/Size/Style Rotation:** As the business cycle turns, different sectors and companies perform better or worse. We follow changes to the world economies, macro events and trends as they affect our “bottom-up” equity selections. We try to position our equity selections in sectors, sizes and styles where the market tells us will best preserve and protect our client’s assets.
- **Rebalance:** The timing of a portfolio’s rebalancing determines which investments are most attractive at that time as well as which current holdings are least attractive.

## Asset Allocation

- This is one of the most important choices that a client makes. Westover's clients enjoy the comfort of knowing we actively monitor and manage their risk. This knowledge was never more comforting than in 2008, when we reduced our clients' equity exposure and thereby significantly preserved their capital relative to the equity market's debacle.
- We believe our client's should be free to choose different models for different accounts depending on the varying objectives of those accounts. We provide guidance, reminding our clients that their tolerance for risk, financial goals and investment horizon are the key elements they should consider.
- Clients are welcome to modify their asset allocation models at their discretion, but we advise taking a long term view. When required, we will make short term changes to their allocation, managing clients' risk in the face of fluctuating markets.

## **Westover's Asset Allocation Models**

**Capital Preservation:** 20% Stocks, 65% Bonds, 15% Cash  
Safety of principal is paramount; risk is kept to a minimum.  
Minimal risk is acceptable.

**Income:** 35% Stocks, 55% Bonds, 10% Cash  
Safety of principal is of first importance; growth of capital is secondary.  
Some risk is acceptable.

**Growth & Income:** 50% Stocks, 45% Bonds, 5% Cash  
Safety of principal and growth of capital are equally important.  
Moderate risk is acceptable.

**Long Term Growth:** 65% Stocks, 32.5% Bonds, 2.5% Cash  
Growth of capital is the primary goal; safety of principal is secondary.  
A fair amount of risk is acceptable.

**Equity Markets Growth:** 80% Stocks, 20% Bonds, 0% Cash  
Growth of capital is the dominant concern.  
Stock market risk is acceptable.

## Equity Investing

- Westover is an “All Cap” equity manager.
- Because we do not subscribe to one size, style or philosophy of equity investing, we are free to tilt portfolios in the direction of different sizes, styles, and sectors, when and as the market and its cycles dictate.
- Appropriate diversification can be achieved without holding the entire market. A typical portfolio holds between 25 and 35 stocks.

Common characteristics of our equity investments include companies with:

- Trustworthy and experienced management,
- Market-leading products or services with wide economic and competitive moats, and
- Reasonable valuations, especially as related to cash flows.

## Fixed Income Investing

Factors that Westover considers when analyzing fixed income investments include:

- Credit quality; never below investment grade,
- Spreads versus both US Treasuries and comparable credits,
- Shape of the yield curve, both current and expected,
- Duration as it relates to both investment horizon, and
- Inflation expectations.

In the current environment, we prefer shorter term investment-grade corporate bonds, high-quality intermediate-term municipal bonds, and inflation-protected US Treasuries. We typically build a laddered portfolio and hold bonds to maturity.

## WCA Sample Portfolio

Holdings of an actual client's portfolio in WCA's Growth & Income model.

<b>Equities</b>	<b>51%</b>		<b>Cash</b>	<b>5%</b>
AmerisourceBergen	Bank of America	Bank of NY Mellon	<b>Fixed Income</b>	<b>44%</b>
Cisco Systems	Coca Cola Co	Cognizant Tech Soln	<b>Government Bonds</b>	UST Infl. Note, 2014
Colgate-Palmolive	Compass Minerals	ConocoPhillips	UST Infl. Note, 2015	UST Infl. Note, 2025
DirecTV Group	Ebix, Inc	Energy Transfer Ptnrs	<b>Municipal Bonds</b>	Delaware GO, 2019
Exelon Corp	Fiserv, Inc	FTI Consulting Inc	Delaware GO, 2020	Delaware GO, 2021
General Dynamics	General Electric Co	Google Inc	Delaware GO, 2021	Delaware GO, 2022
Goldman Sachs	Hewitt Associates	Johnson & Johnson	Delaware GO, 2023	Delaware Rev, 2024
Life Partners Hldgs	Medtronic, Inc	Microsoft Corp	<b>Corporate Bonds</b>	Wells Fargo, 2011
Novartis ADR	Oracle Corporation	Sanofi-Aventis ADR	JP Morgan, 2012	GE Company, 2013
Telefonica ADR	Tractor Supply Co	Unitil Corporation	Goldman Sachs, 2016	GE Capital, 2017
Vanguard Emg Mkts	Zimmer Holdings		Wal-Mart, 2018	

Portfolio holdings as of June 2010. Callable bond maturities listed by call date.

While Westover portfolios will contain many of the same holdings, each portfolio is unique.

## WCA Sample Portfolio Statistics

Equity Statistics (Weighted Average)	WCA Sample	S&P 500
Market Cap	\$58.7b	\$77.9b
Indicated Dividend Yield	2.3%	2.0%
Forward P/E	14.1x	15.8x

WCA Sample Portfolio Sector Weights			
Technology	23.9%	Energy	7.5%
Health Care	18.0%	Utilities	6.1%
Consumer Discr.	10.5%	Consumer Staples	5.7%
Industrials	10.5%	Telecom.	4.0%
Financials	9.9%	Materials	3.8%

Fixed Income Statistics			
Credit Quality		Average Duration	6.0 yrs
AAA/Aaa	60%	Maturity	
AA/Aa	17%	< 5 years	24%
A/A	23%	5 – 15 years	76%
BBB/Baa	0%	> 15 years	0%
Below Inv. Grade	0%	Average Maturity	7.9 yrs

Fixed Income Yields*	
Aggregate Coupon Yield	5.1%
Aggregate Yield to Maturity	3.6%

\* Municipal bond yields converted to taxable-equivalent yields at a 35% tax rate.

A bond's credit rating is classified as the higher of S&P and Moody's. Maturities of callable bonds are classified as the call date.

While Westover portfolios will contain many of the same holdings, each portfolio is unique.

## Preservation of Capital

- Every investment carries inherent risk. Some risk must be accepted in order for an investment portfolio to outpace inflation and enjoy compound growth over the long term. At Westover, we err on the side of caution.
- We assume only that amount of risk that is appropriate to achieve our clients' objectives within the framework of their asset allocation model.
- To reduce volatility and maximize risk-adjusted returns, we consider and employ low-correlated assets for investment within all asset classes: stocks, fixed income, and real assets.
- Westover is committed to preserving our clients' capital. Our four year track record, including the year with the worst equity market in 70 years, is evidence of that commitment.

## Performance

- The cyclical nature of markets and the economy guarantees that different asset classes and styles of investments will outperform in any given year, which is why Westover doesn't subscribe to just one investment style.
- Westover's goal is to create value for our clients over the long-term, through both successful stock and bond selection and strategic asset allocation decisions. Our performance over the past four calendar years, both in comparing overall returns as well as equity-only returns, clearly demonstrates our ability to add value for our clients.
- For example, out of 10,393 domestic stock funds tracked by Morningstar, only 3,531 (34%) outperformed the S&P 500 in 2008. Westover's aggregate U.S. equity return in 2008 placed us *in the top 8%* of all domestic stock funds. Our 2008 aggregate international equity return placed *in the top 6%* of all international stock funds.

## “Conservative Balanced” Portfolio Comparison

Morningstar’s “Conservative Allocation” category includes balanced funds that invest 20% - 50% of assets in stocks, with the balance in bonds and cash. Over the past four years (2006 – 2009), this fund category has returned 11.2% cumulatively. All three of WCA’s comparable models, which invest anywhere from 20% to 50% in stocks, have outperformed that category average.

<b>Model</b>	<b>4-Year Cumulative Return* (2006 – 2009)</b>
WCA Capital Preservation	16.6%
WCA Income	12.3%
WCA Growth & Income	12.6%
Morningstar Conservative Allocation	11.2%

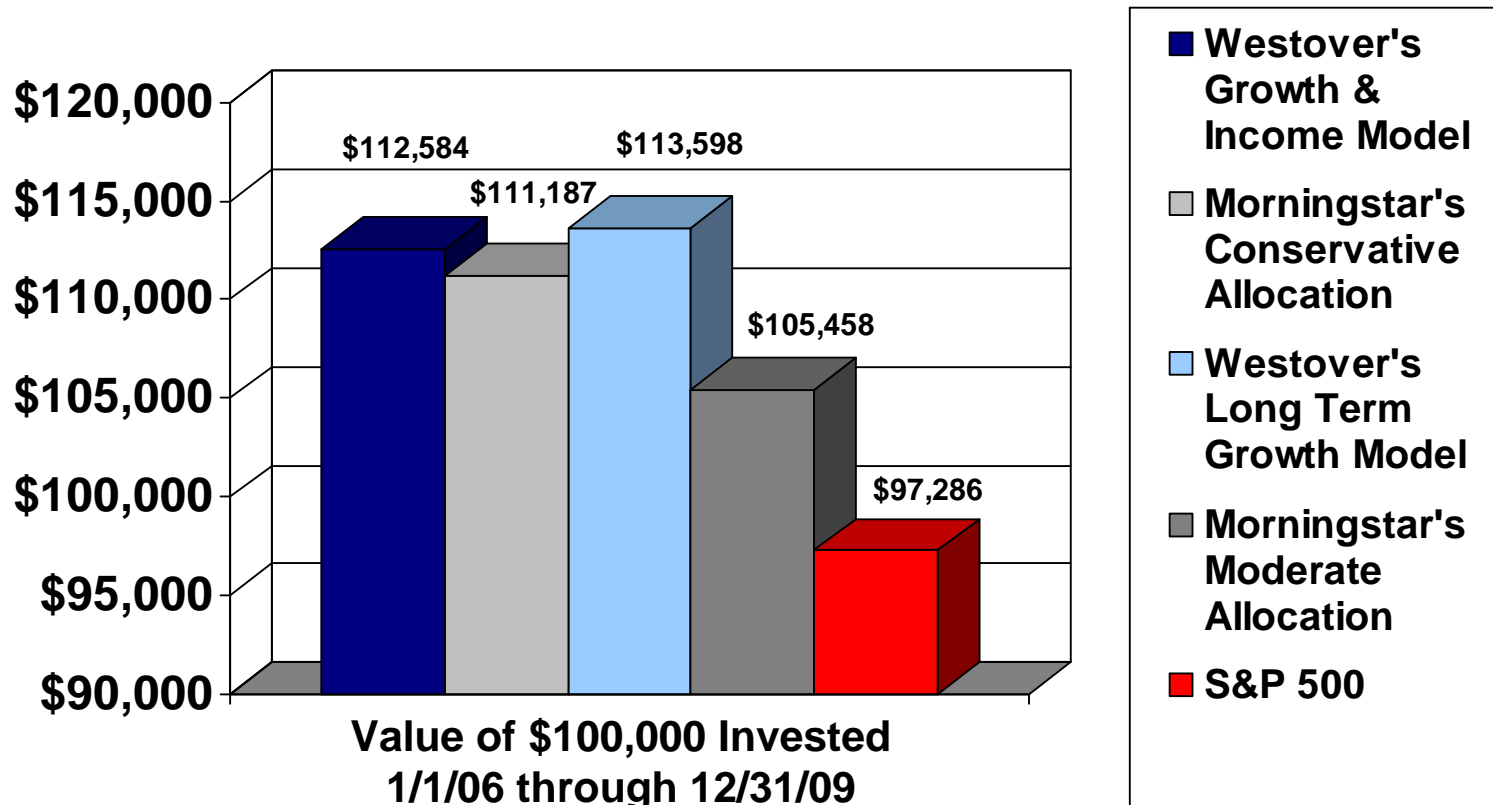
## “Moderate Balanced” Portfolio Comparison

Morningstar’s “Moderate Allocation” category includes balanced funds that invest 50% - 70% of their assets in stocks, with the balance in bonds and cash. Over the past four years (2006 – 2009), this fund category has returned 5.5% cumulatively. WCA’s Long Term Growth model, which typically invests 65% in stocks, has outperformed that category average by 8.1% cumulatively.

<b>Model</b>	<b>4-Year Cumulative Return* (2006 – 2009)</b>
WCA Growth & Income	12.6%
WCA Long Term Growth	13.6%
WCA Equity Markets Growth	5.0%
Morningstar’s Moderate Allocation	5.5%

## Four-Year Cumulative Return\*

### 2006 - 2009



Past performance does not guarantee future results

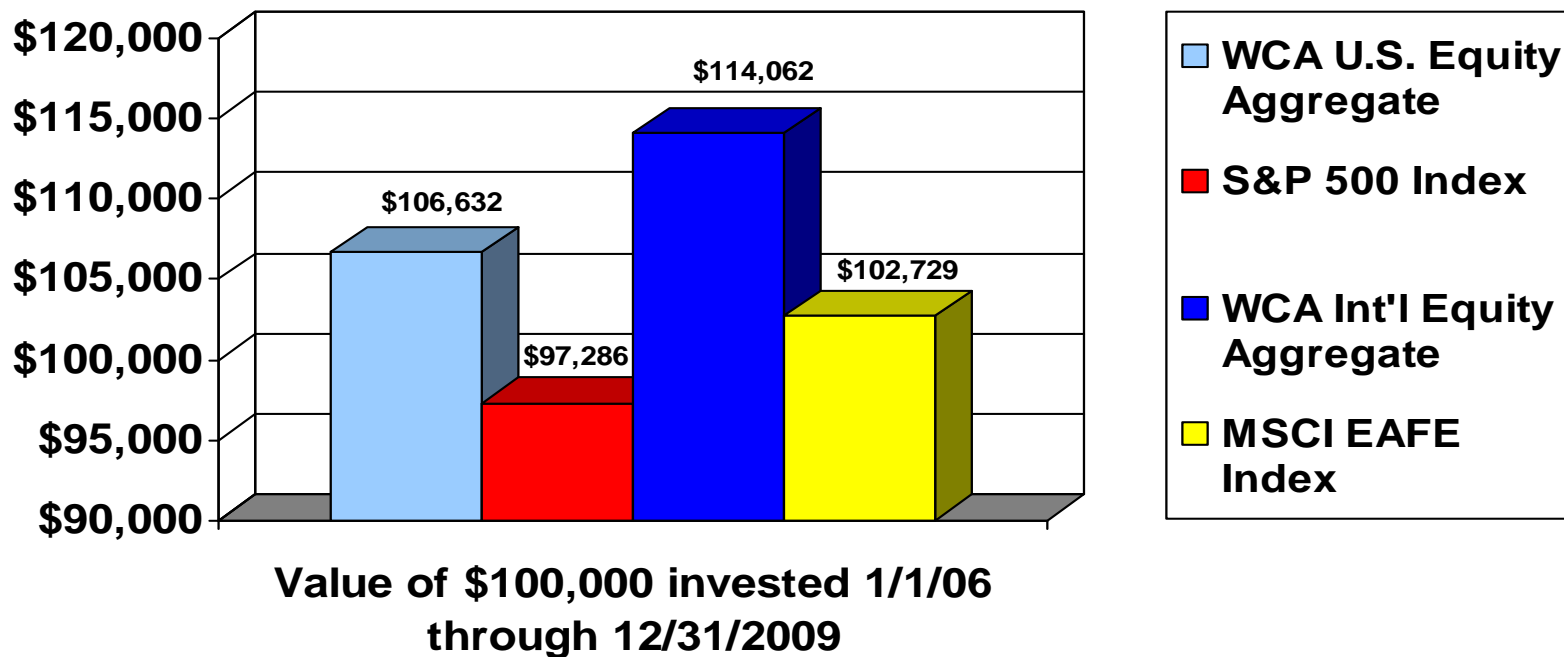
\*Returns are calculated gross of fees

## Stock Selection

- Westover has a long term track record of proven success with regard to stock selection. We believe this validates our objective, independent stock analysis and our belief that no one specific investment style trumps all others. We listen to the market, and then have the conviction to invest (or not invest) in any stocks of any size, style or sector. Our decision to avoid financial stocks for most of 2008 is a prime, and very prescient example of this philosophy.
- Over the past four calendar years (2006 – 2009), both our domestic and international equities have outperformed their comparable indices. Our aggregate U.S. equity return has *exceeded* that of the *S&P 500* by 9.3% (2.3% annually). And our aggregate *international* equity return has exceeded that of the *EAFE index* by 11.3% (2.7% annually).\*

## WCA Aggregate Equity Only Four-Year Cumulative Return\*

2006 - 2009



\*Returns are gross of fees. Past performance does not guarantee future results.

## **H. Murray Sawyer, Jr.**

- Serves as President and Chief Investment Officer of Westover Capital Advisors, LLC;
- Recognized by *Worth* magazine as one of the nation's Top 250 Wealth Advisors and by Five Star Wealth Managers in *Delaware Today* as one of Delaware's best and most trusted investment advisors;
- Managed his own law firm's profit-sharing plan for over 15 years before founding Westover Capital Advisors in 1999;
- Practicing attorney for nearly 40 years, for the last twenty specializing in estate planning;
- Recognized as an "AV-rated" attorney, the highest lawyer peer-review rating possible, which judges both his legal competence and ethics.



- B.A., University of N. Carolina at Chapel Hill
- J.D., Vanderbilt University

## **H. M. (Chip) Sawyer, III, CFA**

- Serves as Vice-President and Chief Compliance Officer of Westover Capital Advisors, LLC, 2008 to present;
- Employed as a research analyst for four years at Tucker Capital Management, a hedge fund in Durham, North Carolina;
- Employed as an equity trader for five years at Jurika & Voyles, a multi-billion dollar investment management firm in Oakland, California;
- Awarded the CFA (Chartered Financial Analyst) charter, a designation demonstrating competence and ethics in financial management;
- Graduated with honors from UNC Kenan-Flagler Business School.



- B.S., University of N. Carolina at Chapel Hill
- M.B.A., UNC Kenan-Flagler Business School

## Disclosures

- Past performance does not guarantee future results.
- Morningstar category returns, category definitions and the results of Morningstar fund screens were obtained from Morningstar's website.
- All Westover performance returns were calculated by a third party, Merrill Lynch.
- Westover performance returns include only those accounts and assets held by the Maconi/McGuire group at Merrill Lynch. In 2006, 95% of Westover assets were custodized with that group. In 2007, 92% of Westover assets were custodized with that group. In 2008 and 2009, 96% of Westover assets were custodized with that group.
- Westover equity aggregate returns include all Merrill Maconi/McGuire clients irrespective of any client's change in asset allocation models. Westover model performance composites returns include only the accounts that were managed for the entire twelve month measured time period, and that did not elect to make a change in their respective asset allocation model during that relevant time period.

## Disclosures, continued

- WCA model performance composites with no change in their respective asset allocation for the each of the twelve month periods in question include the following number of accounts and value of assets in those accounts as of the close of the respective calendar years:

	2006		2007		2008		2009	
Model	# Accts	\$ Assets	# Accts	\$ Assets	# Accts	\$ Assets	# Accts	\$ Assets
CP	1	\$2,652,158	2	\$3,051,199	1	\$2,492,166	2	\$2,511,123
Inc	1	\$2,242,931	2	\$3,354,546	2	\$2,457,739	4	\$4,827,682
G&I	22	\$23,684,604	20	\$14,758,881	23	\$17,498,363	23	\$17,566,260
LTG	21	\$14,215,120	25	\$21,867,417	30	\$22,850,221	31	\$32,587,220
EMG	8	\$1,937,172	10	\$2,761,910	18	\$7,114,137	17	\$16,244,333

- Additional information is available upon request.