

D | A | D A V I D S O N

**CROWELL WEEDON ASSET MANAGEMENT**

***Montecito Investment Portfolios***



The Strength of Advice®

## Portfolio Construction Process

Our portfolios are constructed utilizing our core investment beliefs:

- Diversification – rather than focusing on traditional stock / bond allocations, our portfolios will consist of ***three*** major asset classes – stocks, bonds, & ***real estate / asset based securities***. This provides the foundation to achieve reduced volatility while providing a total return of capital growth & increasing income.
- Cash Flow – a consistent income stream can allow greater flexibility to weather market volatility.
- Quality – requiring our investments to meet stringent fundamental disciplines allows us to filter through the vast investment universe & focus on securities we consider to be of the highest quality.



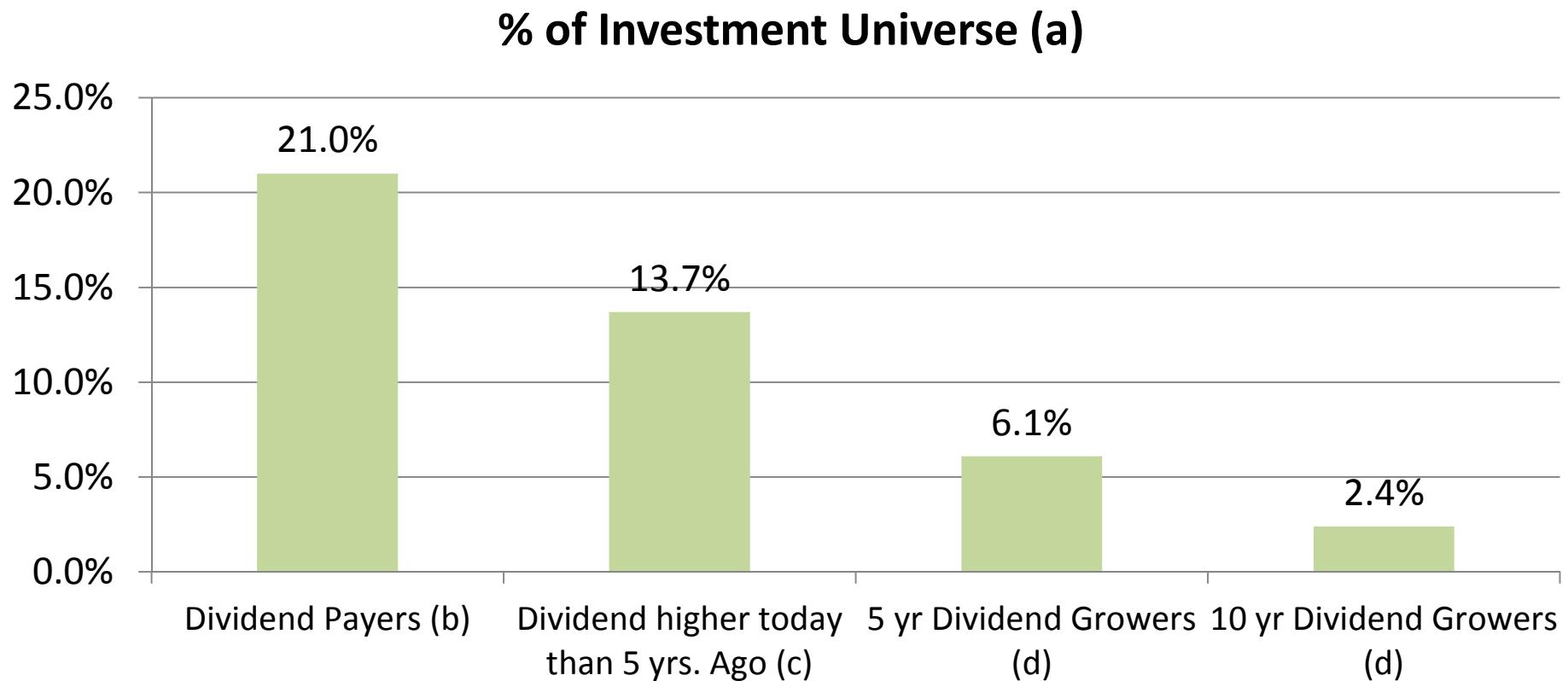
## **Three** major asset classes has helped protect in down markets

Year	S&P 500 TR	Value of \$100k at year-end	Traditional 60/40 allocation	Value of \$100k at year-end	* Blended Portfolio	Value of \$100k at year-end
1977	-7.2%	\$92,800	-3.1%	\$96,900	5.0%	\$105,000
1981	-4.9%	\$95,100	-.5%	\$99,500	3.3%	\$103,300
1990	-3.1%	\$96,900	1.8%	\$101,800	-3.8%	\$96,200
2000	-9.1%	\$90,900	-1.0%	\$99,000	9.5%	\$109,500
2001	-11.9%	\$88,100	-3.7%	\$96,300	4.0%	\$104,000
2002	-22.1%	\$77,900	-9.8%	\$90,200	-2.2%	\$97,800
2008	-37.0%	\$63,000	-22.1%	\$77,900	-23.0%	\$77,000

- Blended Portfolio represents an equally weighted portfolio in the S&P 500 Total Return Index, Bloomberg Barclays US Aggregate Total Return Bond Index, & FTSE NAREIT All REIT Total Return Index.
- Data from FactSet 9/30/2017



**Cash Flow** – we demand the companies we invest in generate a consistent, *growing* income stream for our investors



- (a) Investment Universe consists of **10,995** securities in the FactSet database trading on U.S. exchanges excluding inactive securities, secondary listings, & non-equity securities.
- (b) As of 9/30/2017 **2,302** of the companies pay a dividend
- (c) As of 9/30/2017 **1,502** of the companies pay a larger dividend than they did 5 years ago
- (d) As of 9/30/2017 **671** companies have increased their dividend for the previous 5 years
- (e) As of 9/30/2017 **267** companies have increased their dividend for the previous 10 years



## Seeking Quality – our disciplined screening process

### ***Requisites to be considered for investment in our portfolios:***

- Sales today are greater than they were 5 years ago
- Net Income today is greater than it was 5 years ago
- Cash Flow from Operations today is greater than it was 5 years ago
- Dividend per share today is greater than it was 5 years ago
- Return on Equity is at least twice the risk-free rate or 10%, whichever is greater
- Long-term debt levels are at or below industry average

### ***The goal of our screening process is to find growing businesses that are:***

- Making more money for their shareholders over time by exploiting their competitive advantages
- Rewarding their shareholders with a growing income stream
- Managing the business in a financially prudent manner by not taking excessive risk with shareholder capital

As of 9/1/2017 – 457 companies met our investment criteria which represents approximately 4.2% of FactSet's eligible universe.



## ***Portfolio Characteristics***

As of 9/30/2017

	* MIP Currently Owned	S&P 500
Dividend Yield	3.2%	2.1%
P/E or P/FFO (TTM)	23.2	22.0
P/E or P/FFO on 2018 estimates	19.6	17.3
Estimated EPS Growth year-over-year	14.8%	11.1%
Estimated PEG Ratio	1.3	1.6
Return on Equity	24.5%	16.1%
% Long-Term Debt	33.6%	42.9%

\* Not all portfolios will own every security. Portfolios are customized to individual client's needs & risk tolerance.



## ***Blake Todd***

Portfolio Manager

Senior Vice President

Branch Manager



With over 35 years in the financial services industry, Blake brings knowledge and experience to his practice. Since joining D.A. Davidson in 2006, Blake has applied his skill and knowledge to his position as Portfolio Manager for Crowell Weedon Asset Management—Montecito Investment Portfolios; additionally, he serves as Branch Manager of D.A. Davidson's Fresno office. A graduate of UC Santa Cruz and a third-generation native of California, Blake continued his love of California-living after graduation and never looked back. Away from the office, he enjoys golf, skiing, travel, and spending time with daughter Vanessa and son Mason.



## **Jarrett Perez, CFA**

### Portfolio Manager



Including his time with D.A. Davidson, Jarrett has over 12 years of experience in the financial services industry. After graduating from Fresno State University, Jarrett developed a comprehensive skill set from experience through various positions at UBS, Seidler, and as Operations Manager for the Fresno branch of D.A. Davidson. Now he serves as Portfolio Manager at Crowell Weedon Asset Management—Montecito Investment Portfolios. Recognizing the importance of education in his field, Jarrett also received his Chartered Financial Analyst® (CFA®) designation in 2011. Outside of the office, life centers around sports and family for the father of four; Jarrett enjoys tennis, basketball, and golf in addition to spending time with his wife, Sarah, daughters Lily, Chloe, Anna and son Aidan.



## ***Michael van Putten***

Supervisory Branch Operations Manager  
Registered Client Associate



With a wealth of knowledge from a variety of positions in government finance, food supply-chain logistics, and personal training, Michael leads our operational efforts here in the D.A. Davidson & Co. branch office in Fresno. He holds a B.S. in Applied Health Science from Wheaton College in Wheaton, IL and an MBA from La Sierra University in Riverside, CA. Michael completed his FINRA series 7, 66, 9 & 10 licenses in 2016 and is a Level II Chartered Financial Analyst candidate. Outside of the office, Michael enjoys training, track and field, ice hockey, and skiing in addition to spending time with his wife, Crisol, and their son, David.



# **Disclosures**

The information contained in this presentation has been taken from trade and statistical services and other source, which we believe to be reliable. We do not guarantee that this information is accurate or complete and it should not be relied upon as such.

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Real estate investments may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including but not limited to declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

The Standard & Poor's 500 Index is a capitalization weighted index comprised of 500 widely-held stocks on US stock exchanges. Companies included in the index are selected by the S&P Index Committee, a team of analysts & economists at Standard & Poor's.

S&P 500 Total Return Index is a measure of the price movement of The Standard & Poor's 500 index and including the dividends paid by the companies in the index.

The Bloomberg Barclay's Aggregate Bond Index – includes government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market. The maturities of the bonds in the index are more than one year.

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