

Consistency, Experience, and a Proven Philosophy

In an industry all too often driven by a herd mentality, Great Lakes Advisors stands as proof that sound strategies, executed consistently, are the key to long-term investment success.

We opened our doors as Great Lakes Advisors in 1990, although our founding partners had previously managed portfolios together for many years. During that time, we developed a common philosophy designed to achieve superior risk-adjusted performance, along with a successful strategy for implementing that philosophy. Just as important, we realized the synergy that results from a cooperative working relationship of experienced professionals. By operating an independent, employee-owned firm, we provide objective investment counsel to our clients while making their needs our highest priority. We are particularly proud of the long-term stability of our client base and their success.

Competitive Performance, Lower Risk

Since the beginning, we've managed equity, fixed income, and balanced portfolios for a wide variety of tax-exempt institutional clients and, more recently, wealthy individuals. Our philosophy is to approach our clients' investments in a manner intended to provide competitive returns while limiting volatility. We've done that through a consistently applied investment approach that is built upon a well-defined decision-making process. This practice has performed effectively through a wide variety of market climates.

We've also worked well in partnership with clients who desire socially responsible investing. Our approach is customized to the needs and preferences of each client, allowing them to specify the types of corporations and/or industries that would be appropriate for their investments.

A Proven Value Equity Investment Process

The heart of our investment approach has centered around a company's ability to sustain or improve its earning power, as defined by return on capital or return on equity. We select investments from a universe of established companies with large to medium capitalization by focusing on those firms we believe have the potential to generate strong earning power and whose valuation suggests that they are underpriced. Central to our philosophy and process is a unique way of diversifying the portfolio across industries to manage risk.

We use a rigorous process to identify companies capable of generating greater earning power, or value, which sell in the market at low valuations.

- *Generate investment ideas* from carefully chosen research sources.
- *Build a case for a particular holding* by identifying reasons the company may achieve or sustain above-average return on capital and/or equity. Measure the attractiveness of current valuation of earning power.
- *Assess the strength of the investment case.*
- *Determine the enhancement to the portfolio.* The selection is expected to have a positive impact on the overall portfolio direction and diversification.

A Long-Term Approach to Fixed Income

Just as our equity philosophy is built upon value, we approach fixed income investing with an emphasis on relative value and the goal of producing a better return over the long term. As price fluctuations can be volatile, income is a more predictable component of total return and a primary aspect of our strategy. Accordingly, we build portfolios through a bottom-up approach that emphasizes value and income while de-emphasizing potential risk by:

- *Actively managing* issues, sector, quality and yield curve positions,
- *Focusing on maximizing* the overall portfolio income level,
- *Seeking quality* by using only investment-grade issues (BBB and above),
- *Managing interest rate* risk by constraining duration around a target benchmark (we can manage portfolios around a wide variety of benchmarks).

Balanced Investments from a Common Philosophy

We combine our equity and fixed income styles for clients who desire a balanced investment approach. Since both of our styles are built upon a common philosophy, our clients benefit from a consistent firmwide thought process resulting in a lower risk approach to balanced fund management. Rather than try to time the equity market or forecast interest rate movement, we take a long-term view to asset allocation intending to provide competitive risk-adjusted returns. We measure the market's current risk and return parameters through a structured methodology that studies:

- *Relative value* of stocks and bonds,
- *Valuation* relative to history,
- *Liquidity* trends and their relation to financial asset prices.

Consistent Success & Service

Our approach to business is simple: Make our clients' performance our highest priority. This singular aim has helped us shape our investment strategies and processes, resulting in competitive returns with volatility that's relatively low when compared to other managers and the market as a whole. The skill and experience of our portfolio managers, coupled with a business approach, keeps our clients involved and informed.



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