



**Minimum Initial Investment:** \$100,000

**October 31, 2013**

**Risk Category:** Moderate to Aggressive

### Advisor Background

YCG Investments (YCG) was founded in November of 2007 and is an SEC Registered Investment Advisor located in Austin, Texas. YCG's principals are **Brian Yacktman**, who serves as President and Chief Investment Officer, **Will Kruger**, its CEO and Chief Compliance Officer and **Elliott Savage**, Portfolio Manager.

Brian began his money management education while still in college. After graduating, he worked for over three years in a major mutual fund firm. He soon learned the fine art of researching stocks and finding those that were trading at a price well below their intrinsic values, defined as what a company is really worth. It is that fundamental analysis that guides the **Concentrated Composite Strategy**. While Brian's official track record is relatively short, he has over a decade of experience in honing his money management skills in personal and family accounts.

YCG employs a disciplined investment strategy seeking primarily stocks of any market capitalization that Brian and his team believe will produce high, risk-adjusted rates of return. In making investment decisions, YCG uses a "bottom-up" approach focused on individual companies, rather than focusing on macroeconomic factors. They use fundamental research to analyze each company to find above average businesses trading at below average prices.

It is rare to be able to take advantage of an emerging money manager early in his career. It is even more rare to have an emerging manager with over a decade of hands-on money management experience. We have all of these things in Brian Yacktman and his staff.

### The Concentrated Composite Strategy

YCG seeks to make money for its clients by **buying low and selling high**, a basic rule of investing that many money managers seem to have forgotten in their rush to post performance that is favorable only in relation to major market indexes.

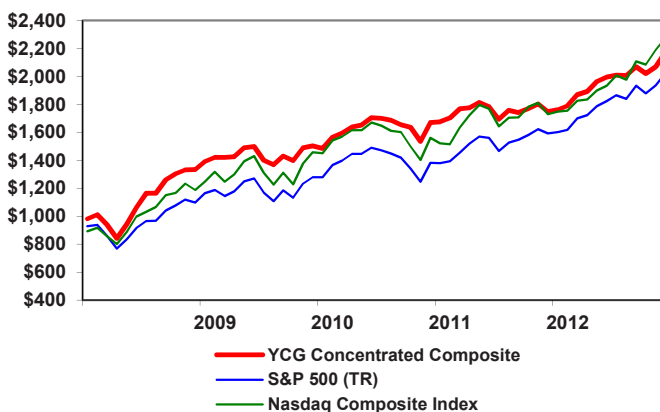
Instead of relative performance, YCG seeks to produce **absolute returns** through its selection of stocks that are priced below their intrinsic value. YCG defines risk as the permanent loss of capital, not short-term paper losses. Accordingly, the strategy does not move to cash in down markets. In fact, it may buy more of one or more stocks if the downtrend makes them more attractive.

While the details of YCG methodology are proprietary, we can make some general observations about its management style. We noted above how Brian seeks out stocks that are trading at a discount to their intrinsic values, but that's not the entire story. YCG performs further analysis on the type of industry represented and even the company's management. YCG calls this their "**Price, Product and People**" approach:

**Price:** The YCG investment process strives to purchase stocks (the future cash flows of the business) at a reasonable or discounted price. Even a great business is a poor investment if purchased at a high price. A low purchase price of the right stocks can help create a margin of safety.

**Product:** YCG also avoids certain types of businesses in their selection process. They have found that the odds are stacked in their favor when they invest in businesses that are less cyclical, less capital intensive and are growing their intrinsic value. Types of businesses that might be avoided include airlines, capital goods, autos and drilling operations, among others.

**Growth of \$1000 Investment**



\* Past performance does not guarantee future results. See important performance disclosures on Page 4 of this Profile.

**People:** The final and most critical piece of the puzzle is the management team of the business. YCG looks for management teams that they feel allocate cash wisely and efficiently. YCG says they want companies that “GARDD” cash assets effectively by:

- **G**rowing the existing business;
- **A**cquiring synergistic businesses without overpaying;
- **R**epurchasing their own stock at value prices;
- **D**ividends; and
- **D**ebt paydown or build up cash.

One of the factors that most impressed us about Brian’s approach to the market is that it doesn’t use the same old value-style formulas to determine price. Many market analysts like to put price targets on stocks using discounted cash flow (DCF) models and the Gordon Growth Formula.

The YCG strategy essentially turns this methodology on its head by asking the question, “What forward rate of return can the investor expect if the stock is purchased at today’s prices?” YCG focuses on estimating normalized future cash flows, which are not the same as standard earnings per share (EPS) numbers.

### Why Individual Stocks?

The use of individual stocks allows YCG to have greater transparency and flexibility in managing individual accounts. For example, you can elect to have money managed for greater tax efficiency, avoid certain industries or be more socially conscious.

In addition many investors like to include strategies that hold individual securities rather than mutual funds. Mutual funds simply do not allow the bottom-up fundamental analysis which is the basis of security selection for YCG.

The final benefit of managing individual stocks is that it allows YCG to invest in any publicly traded company regardless of market capitalization. Brian is not “pigeon holed” into any particular size of business, freeing him to select only the best opportunities across a wide spectrum of market caps.

### Performance Evaluation

From its inception, the Concentrated Strategy has produced an impressive annualized gain, when compared to the S&P 500 Index, with dividends. YCG's drawdown is also far lower than the S&P 500 Index’s drop over the same period of time.

Of course, future drawdowns could potentially be higher if we have another blowout like the 2007 – 2009 bear market, when the S&P 500 Index lost over 50% of its value. However, since YCG's goal is to outperform the market over a peak-to-peak cycle, they believe that any short-term drop in value would be made up in a subsequent rally, much as was the case in 2009. There are no guarantees, of course.

Summary	YCG Concentrated Composite	S&P 500 (TR)	Nasdaq Composite Index
Beginning Month	Nov-08	Nov-08	Nov-08
Total Return	117.6%	102.6%	127.8%
<b>Annualized Return</b>	<b>16.8%</b>	<b>15.2%</b>	<b>17.9%</b>
Three Year Avg Return	13.1%	16.6%	16.1%
Five Year Avg Return	16.8%	15.2%	17.9%
Worst Drawdown	(16.7)%	(23.2)%	(19.9)%
Current Losing Streak	0.0%	0.0%	0.0%
Standard Deviation	14.5%	16.3%	18.3%
R-Squared		0.84	0.70
Sharpe (3.00%)	0.94	0.77	0.83

### Administration

Client accounts are held at TD Ameritrade, in its institutional brokerage division. There are no lock-up periods or restrictions on additions or withdrawals to the account. When fully invested, your account will typically hold anywhere from 15 to 30 stocks.

Upon establishment, YCG will immediately seek to put your money to work by purchasing undervalued stocks. In the right market environment, your account could theoretically be fully invested in as little as one day, but most take longer. If there are not enough stocks that meet YCG selection criteria, portions of your account may remain in cash until suitable opportunities are available.

As noted above, the minimum investment for the Concentrated Composite Strategy is \$100,000 per account. Fees are billed quarterly in arrears based on the following fee schedule:

\$100,000 to \$999,999. ....	2.0% of Assets
\$1,000,000 to \$4,999,999 .....	1.5% of Assets
Over \$5,000,000.....	1.0% of Assets

The above fee is in addition to trading costs charged by TD Ameritrade. **All performance is shown net of both management and trading costs.**

One of the critical factors in our due diligence review is the extent to which principals of a money manager “eat their own cooking”. We are pleased to report that Brian invests most of his investable assets alongside his clients in the programs managed by YCG.

### Suitability

The YCG Concentrated Composite Strategy may be suitable for you if you want a value-style manager with the flexibility to participate in a wide variety of individual stocks. Through the use of individual securities, YCG is able to diversify among stocks in a broad spectrum of market caps and industries.

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The Concentrated Composite Strategy may also be suitable if you are seeking to access an emerging money manager early in his career. We think that YCG presents an especially compelling story for an emerging manager since his official track record belies his more than a decade of hands-on money management expertise.

YCG may also be a good replacement for index-based equity allocations that could expose you to huge market risks in the event of a bear market or major correction. It may also be appropriate for investors who are in cash on the sidelines and looking for a value-style strategy to ease back into the market.

We recommend that you consider YCG for a period of three to five years or more, since the value of stock selection usually comes over a complete market cycle. While cash positions may occasionally exceed 30% to 50% of assets, the goal of the strategy is to be fully invested at all times. As such, there will be losing periods from time to time when the stock markets decline.

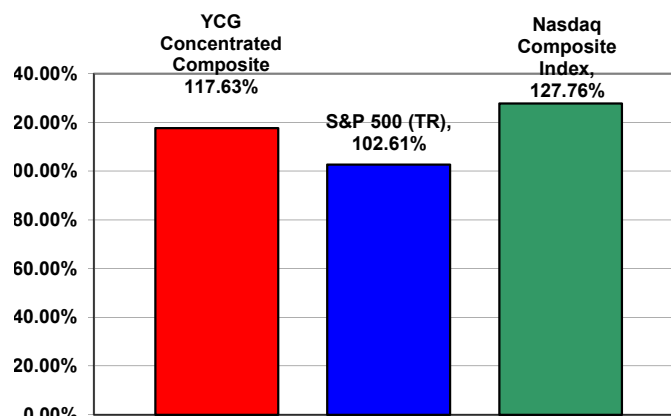
## Conclusion

We all know that procrastination can be an enemy of investing. Yet millions of investors are doing just that – waiting on the sidelines until they get an “all clear” from the market. Needless to say, that’s not going to happen. If you wait until all is clear, you may never get back into the market.

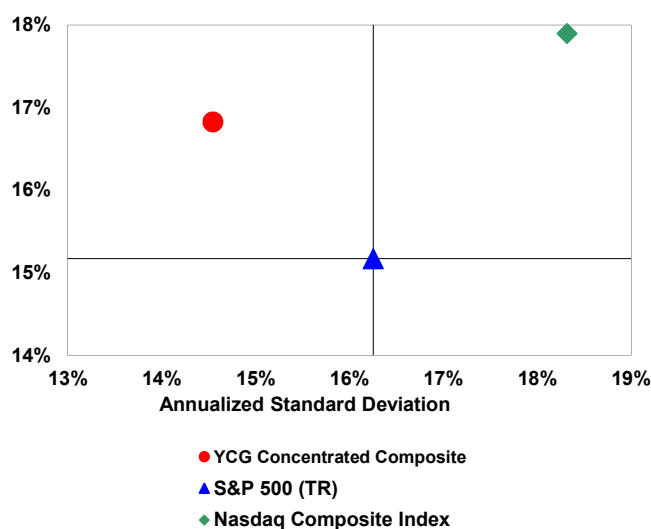
At HWM, we seek out investment professionals who have the potential to add value to your investments no matter what the current market environment. The YCG Concentrated Composite Strategy is one such program, offering individual stock investments based on bottom-up fundamental analysis, the way Warren Buffett approaches the market. But YCG can’t put your money to work if you don’t invest.

So give one of our Investment Consultants a call today at 800-348-3601 or send an e-mail to [info@halbertwealth.com](mailto:info@halbertwealth.com). Either Phil Denney or Spencer Wright will be glad to answer your questions and help you determine if this investment program is suitable for you. Please see Important Notes on Page 4.

## Total Returns Since Inception



## Risk vs. Return Scatterplot Since Inception



## Annual Performance Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2013	4.46%	1.31%	3.75%	1.58%	0.71%	(0.18)%	3.13%	(2.35)%	2.44%	5.14%			21.61%
2012	3.88%	0.44%	2.23%	(1.71)%	(5.03)%	3.78%	(0.91)%	1.57%	1.86%	(3.06)%	0.85%	1.53%	5.15%
2011	1.93%	2.64%	0.82%	3.19%	(0.20)%	(0.90)%	(1.86)%	(1.08)%	(6.13)%	8.79%	0.18%	1.66%	8.69%
2010	0.07%	0.27%	4.45%	0.75%	(6.57)%	(2.37)%	4.58%	(2.25)%	6.46%	0.94%	(1.16)%	5.42%	10.25%
2009	(6.99)%	(10.49)%	11.91%	12.55%	9.74%	0.02%	8.36%	3.45%	1.98%	0.25%	4.19%	2.17%	40.42%
2008											(1.94)%	3.15%	1.15%

**PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.**  
Please see Important Notes on Page 4

## Important Notes

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The returns shown are based on a composite of accounts, and YCG claims compliance with Global Investment Performance Standards (GIPS). YCG has provided HWM performance numbers calculated in compliance with GIPS that have been independently verified from November 1, 2008 – June 30, 2012. Verification assesses whether 1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and 2) the firm's policies and procedures are designed to calculate and present performance in compliance with GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The verification report is available upon request. Performance reflects all income, gains and losses and the reinvestment of interest, dividends and other income. Returns are net of fees, calculated using actual investment advisory fees that have been incurred by all fee paying accounts according to their respective investment advisory contracts (some of which may be lower or higher than fees paid by HWM accounts).

These performance numbers have not been verified by HWM, and therefore HWM is not responsible for their accuracy. Since all accounts in the program are managed similarly, the results shown are representative of the majority of participants in the YCG Concentrated Composite Strategy. Statistics for "Worst Drawdown" are calculated as of month-end. Drawdowns within a month may have been greater. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

When reviewing past performance records, it is important to note that different accounts, even though they are traded pursuant to the same strategy, can have varying results. The reasons for this include: i) the period of time in which the accounts are active; ii) the timing of contributions and withdrawals; iii) the account size; iv) the minimum investment requirements and/or withdrawal restrictions; v) accounts may hold different securities depending on when the client invested and any restrictions placed on the account; and vi) the rate of brokerage commissions, transaction fees and management fees charged to an account may vary. There can be no assurance that an account opened by any person will achieve performance returns similar to those provided herein for accounts traded pursuant to the YCG Concentrated Composite Strategy.

In addition, you should be aware that (i) in the YCG Concentrated Composite Strategy, your principal is not guaranteed and there are risks involved; (ii) the YCG Concentrated Composite Strategy's performance may be volatile; (iii) an investor could lose all or a substantial amount of his or her investment in the program; (iv) YCG will have trading authority over an investor's account and the use of a single advisor could mean lack of diversification and consequently higher risk; and (v) the YCG Concentrated Composite Strategy's fees and expenses (if any) will reduce an investor's trading profits, or increase any trading losses.

As benchmarks for comparison, the Standard & Poor's 500 Stock Index (which includes dividends), and the NASDAQ Composite Index represent unmanaged, passive buy-and-hold approaches. The volatility and investment characteristics of these benchmarks may differ materially (more or less) from that of the YCG Concentrated Composite Strategy, since they are unmanaged Indexes which cannot be invested in directly. The performance of the S & P 500 Stock Index and the NASDAQ Composite Index is not meant to imply that investors should consider an investment in the YCG Concentrated trading program as comparable to an investment in the "blue chip" stocks that comprise the S&P 500 Stock Index or the stocks listed on The NASDAQ Stock Market that comprise the NASDAQ Composite Index.

Management fees are deducted quarterly, and are not accrued on a month-by-month basis. Returns do not include the effect of annual IRA fees, if applicable. No adjustment has been made for income tax liability. Consult your tax advisor. "Annualized" returns take into account compounding of earnings over the course of an investment's actual track record. Money market funds and other low risk asset classes are not bank accounts, do not carry deposit insurance, and do involve risk of loss. The results shown are for a limited time period and may not be representative of the results that would be achieved over a full market cycle or in different economic and market environments.

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**HALBERT WEALTH MANAGEMENT, INC.**  
**11719 FM 2244, Suite 200, Austin, Texas 78738**  
**(512) 263-3800 (512) 263-3459 Fax**  
**Toll Free (800) 348-3601**  
**[www.halbertwealth.com](http://www.halbertwealth.com)**