



Fidelity Independent Registered Investment Advisor



**committed**  
to your  
**financial**  
**independence**

## Traynor Capital Management

Traynor Capital Management is an SEC registered investment advisor. Traynor Capital Management was formed in 2005 with the goal of providing expert investment advice to high net worth individuals, business owners, family office advisers, and fiduciaries of endowments and foundations.

Founder and President, Keith T. Traynor, brings 15 years worth of investment experience to the company. As a graduate of Penn State University, Keith has worked for Merrill Lynch as well as Wachovia Securities. Keith has earned the highly respected CFP® certification, as well as completion of the Wharton School's "Financial Consultants Program."

Over the last fifteen years, he has developed and maintained the highest level of expertise in portfolio management, financial and retirement planning, and wealth preservation. While his clients primarily consist of high net worth individuals, he also has experience working with institutions, 401(k) and pension plans, non-profits, endowments and foundations.

The Company investment philosophy is to deliver long term growth while managing risk, with a primary approach of delivering the highest quality investment products and services. Your investment goals must be clearly defined. Our firm will assist you in formalizing your investment goals and to tailor your investment strategy to help you to achieve these objectives. Adherence to a strict investment discipline that is personally designed for each investor is the central focus of our commitment to meeting your financial needs. Our goal is to generate consistent and predictable performance, with low overall risk.

First and foremost, our loyalty is to our clients, setting our firm apart from many of the larger brokerage houses. Our overall experience with portfolio strategies and wealth management solutions, combined with superior trading and the technological support of our selected clearing firm, will give each and every client all of the resources that are currently available in the market to monitor their investments.

Our firm is committed to building long-term relationships with our clients through personalized service, reliable and continuous communication, and outstanding results based upon client expectations. We can provide the necessary resources to meet the extraordinary needs of our valued clients, and will continue to hold integrity and trust as our core principles.

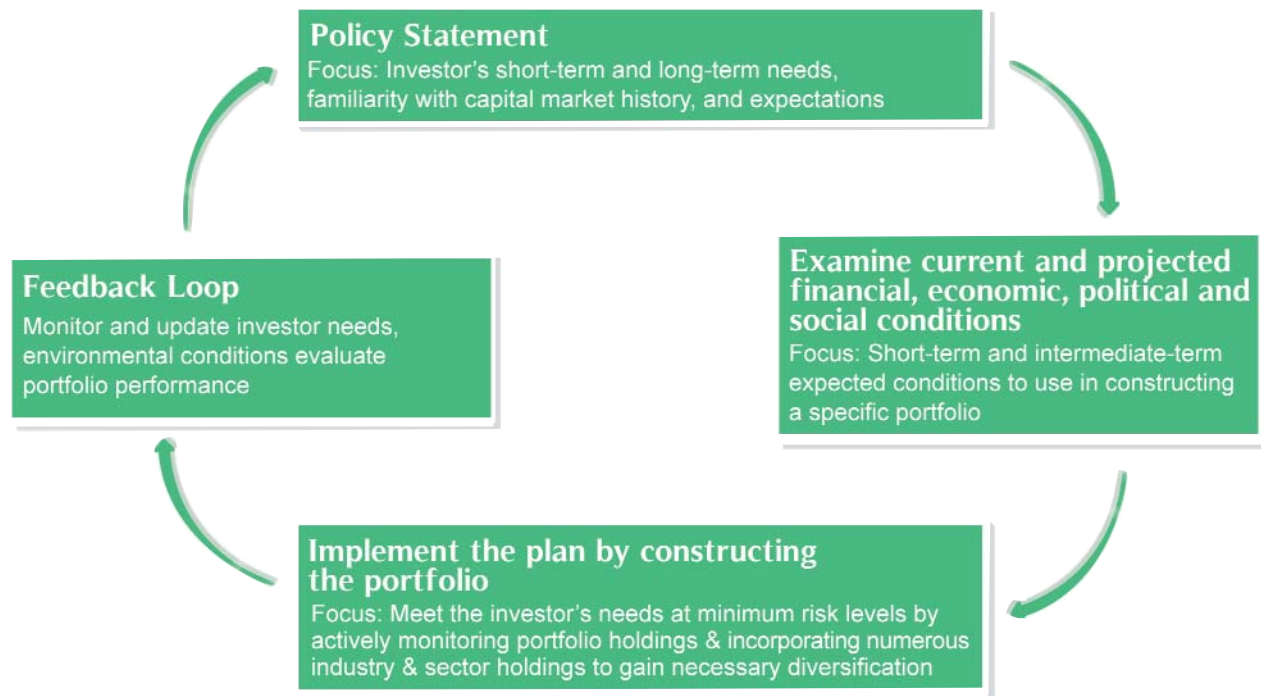
## Investment Process

Our investment process will primarily consist of two strategies; the first being directed by our principal, and the second involving privately managed portfolios with third-party asset managers. As a true unbiased investment advisory firm, we will bring in third-party asset management firms for their direct expertise, should we determine that this will add value to our client portfolios, and help our clients better attain their investment objectives.



## THE PORTFOLIO MANAGEMENT PROCESS

- Establish and define the client-planner relationship
- Gather client data, including goals
- Analyze and evaluate your financial status
- Develop and present financial planning recommendations and alternatives
- Implement financial planning recommendations
- Monitor the financial planning recommendations



## Investment Discipline

Equity Strategy - Our firm has a vested interest in helping to preserve and accumulate wealth. Therefore, a consistent equity strategy is essential for the portfolios managed directly by our firm.

- We will invest in high quality, well-managed companies that can be purchased at attractive levels, and exhibit long-term upside potential.
- We will focus upon companies with consistent earnings growth and strong expectations.
- Our equity strategy requires a precise valuation discipline, and we will constantly evaluate the valuations, earnings multiples, and financial expectations of every company that we may consider for your portfolio.
- Our core holdings will consist of companies with first-class management, strong financial support, strategic positioning within the industry, and shareholder returns.
- We will focus on long-term investment practices, and will always be cognizant of the underlying economic and business fundamentals of all companies and sectors.

*Our firm will continue to perform extensive market analysis and due diligence in researching the overall markets, individual stock research, and investment manager selection.*

Equity Research – through our broker dealer, our firm has direct access to third party equity research. With more than 15 different research providers, we maintain a unique distinction of providing completely unbiased equity research and are able to deliver objective analysis of companies without the typical conflicts associated with major full service brokerage firms.



## Sell Discipline

Our sell discipline is determined by factors such as deteriorating fundamentals, excessive valuation, inaccurate information, and poor management or business initiatives. Minimizing losses with individual securities is an essential part of our equity strategy. Losses are a part of every portfolio, but we strive to minimize losses with individual holdings, and our ability to recognize and minimize the impact of these situations is a primary factor in managing risk.

## Portfolio Strategies

**Large Cap** – a portfolio strategy consisting of high quality, large-capitalization companies with solid financial and capital structures and strong management. Based on intensive market and security research, our firm will identify companies that have proven track records, while providing significant growth potential in the future. Portfolio holdings are companies with market capitalizations exceeding \$10 billion, with strong growth potential within respective industry.

Number of portfolio holdings: 25-45 securities.  
Target percentage of equity portfolio: 40%-70%

**Mid Cap** – targets growth companies with market capitalizations between \$2 billion and \$10 billion. Primary focus is identifying companies with extraordinary growth potential, with earnings growth targets exceeding that of S&P 400 Index.

Number of portfolio holdings: 30-45 securities.  
Target percentage of equity portfolio: 10%-20%

**Small Cap** – a strategy for aggressive growth that will focus on companies whose market capitalization is below \$2 billion. A fundamental, disciplined approach to focus on emerging companies with strong financial structure and earnings growth that will help our goal of delivering portfolio returns above small company benchmark index.

Number of portfolio holdings: 40-80 holdings  
Target percentage of equity portfolio: 5%-15%

**International** – portfolio of large capitalization International companies, consisting of American Depositary Receipts (ADR's) and U.S. dollar denominated securities. This strategy will have similar discipline to Large Cap strategy, focusing on superior management, financial strength, and growth potential. Certain exchange-traded funds will be used in order to increase growth opportunities while reducing market and security risk.

Number of portfolio holdings: 30-65 holdings  
Target percentage of equity portfolio: 15%-35%

**Income Portfolio** – primary goal is capital preservation, with income a secondary objective. Portfolio holdings will include government backed instruments, corporate bonds, preferred securities, closed-end funds, and money markets. Dividends and interest can be paid out, or reinvested, depending on individual needs.

Number of portfolio holdings: 10-30 holdings  
Target income yield/return: 2%-3% above Lehman Aggregate Bond Index.

### Analysis of Alternative Economies & Security Markets

Objective: Decide how to allocate investment funds among countries & within countries to bonds, stocks & cash.



### Analysis of Alternative Industries

Objective: Based upon the economic & market analysis, determine which industries will prosper and which industries will suffer on a global basis & within countries.



### Analysis of Individual Companies and Stocks

Objective: Following the selection of the best industries, determine which companies within these industries will prosper & which stocks are undervalued.



## Market History

As market dynamics change each and every year, it is imperative that we are able to deliver superior asset management components outside of the traditional large cap equity companies that dominate investor portfolios. Our firm will continue to perform extensive market analysis and due diligence in researching the overall markets, individual stock research, and investment manager selection.

Inflation and taxes can have a negative impact on your investment returns, so we strive to achieve superior investment returns with a very cost-effective pricing arrangement. Our ability to deliver completely objective research and advice is essential for long-term success, and the resources that our firm has incorporated will ensure that you have a complete and thorough understanding on your long-term goals, and the continual progress towards achieving these objectives.

## Performance Reporting

Our firm utilizes the resources of our custodian, in addition to external performance analysis, to ensure that you will always maintain a clear understanding of the performance of your portfolios. The larger investment firms are known for their proprietary investment products and conflicting research processes, and they also rely upon their monthly statements for you to assess their ongoing returns. Traynor Capital Management utilizes numerous resources, along with monthly statements, to provide our clients with a detailed analysis of actual portfolio returns.

## Institutional Consulting

The extraordinary resources of our custodial firm, combined with unparalleled access to superior investment advisory firms, provides both a fiduciary and an investment committee with all of the necessary resources to manage a respective endowment, foundation, or corporate investment portfolio. The ability to provide consolidated trading, reporting, and investment management ensures that each organization can achieve stated objectives within their investment policy. We will review your goals, objectives (risk and return) and guidelines for the assets being managed. The development and review of the investment policy statement will be the driving force behind the investment program, and our money manager search process is free from any conflicts of interest. This process goes beyond the traditional quantitative screening and qualitative portfolio assessments. Applying the complementary investment manager combinations goes beyond the traditional growth/value allocation process, and our firm will provide our institutional clients all of the resources necessary to meet the objectives of their investment policy. Our reporting will include manager performance summary, asset allocation analysis, performance attribution, and compliance assessment.

Traynor Capital Management has the ability to provide this level of institutional consulting and advisory expertise for each and every individual. This practice, generally reserved for corporate and institutional clients is made available for all investors that would like to incorporate this investment process and strategy.

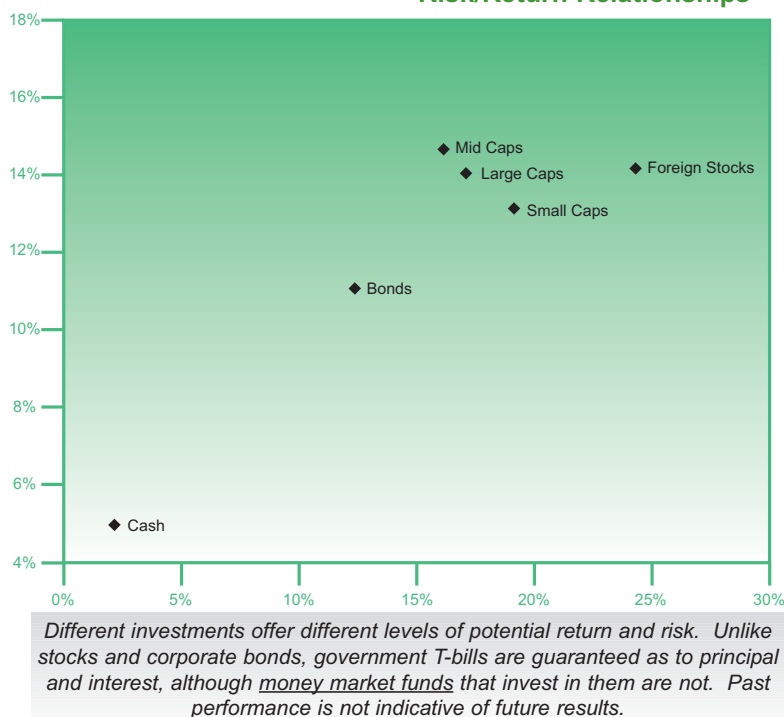
## Separately Managed Portfolios

Traynor Capital Management will provide unbiased advice that is tailored to meet the objectives of each client. This is a multi-step process involving investment policy, asset allocation, evaluation and selection of private managers, and ongoing advisory and reporting services.

Every investor should recognize that minimizing risk and maximizing investment performance in current financial markets requires a level of expertise and advice not always available through the traditional relationships of brokerage firms, mutual fund families, and insurance companies. The high net worth individual requires an investment adviser with complete objectivity and whose allegiance is directly aligned only with helping clients achieve their stated objectives.

Our firm, along with several third-party resources, will maintain an active database of over 4500 money managers across all asset classes. Extensive screening will allow our firm to focus on factors necessary for superior portfolio management, including style consistency, quantitative screening, and performance/risk attribution.

### Risk/Return Relationships\*\*



## Services

Financial and Retirement Planning  
Equity and Bond Management  
Mutual Funds  
Exchange Traded Funds  
Separately Managed Portfolios  
Structured Equity Products  
Retirement Plans  
Stock Option Management  
Margin/Collateral Accounts  
Tax-free Portfolios

Alternative Investments  
Tax Reporting/Preparation  
Performance Reporting & Analysis  
Personal Concierge Service  
Domestic/Foreign Equities  
Options  
Initial Public Offerings  
Foreign Equities  
Treasuries/CD's  
Restricted/Concentrated Stock

Strategies  
Institutional Consulting  
Directed Brokerage  
Private Foundation Services  
401(k)/Profit Sharing  
Personal/Business Cash Management  
Bill Payment  
Mortgage and Debt Financing  
Insurance/Estate Planning

## Custody and Safekeeping

Custody services are provided through Fidelity Institutional. Fidelity has been serving the needs of individual investors and investment professionals for nearly 60 years, and is one of the largest privately owned financial services companies in the world. Fidelity Capital Markets, the trading arm of Fidelity Investments, provides us with access to an experienced team of traders on all major stock exchanges, and is one of the most active traders on these exchanges. Through our relationship with Fidelity, you will receive a simplified, consolidated statement each month that reflects all of your investment positions and transactions. At the end of the year, you will receive a 1099 tax form and a summary statement, which can make tax preparation much easier.

As your financial advisor, you expect us to make thoughtful, carefully researched decisions, and to keep your best interests in mind. We use a similar approach when we make decisions about the service providers we employ to meet your financial objectives. As a result, we have selected Fidelity Institutional to be our custodian.



**Traynor Capital Management**  
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