

FAIRFIELD, BUSH & CO.  
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# FAIRFIELD, BUSH & CO.

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## INVESTMENT COUNSELING

Fairfield, Bush & Co. has provided investment counseling and portfolio management services to both domestic and foreign clients for forty years. The firm is registered under the Investment Advisors Act of 1940 with the Securities and Exchange Commission and the State of Connecticut Banking Department. It is a member of the Investment Counsel Association of America, Inc.

The firm's experienced management team has built a professional organization dedicated to serving a wide range of client needs and account emphasis, both taxable and tax-exempt. Clients include individuals, pension funds, profit-sharing plans, endowments, foundations, insurance companies, family groups, and trusts. Each portfolio is tailored to specific client objectives and requirements with separate account management. Fairfield, Bush & Co. does not run pooled accounts or mutual funds.

## INVESTMENT PHILOSOPHY

Capital Preservation: Client portfolios are managed to preserve and enhance the purchasing power of capital over stock market cycles. Our goal is to protect capital during negative markets and to increase capital in real terms and after taxes during favorable markets. Attempting to outperform the markets during periods of overvaluation can lead to excessive investment risks and is contrary to our basic philosophy. While Fairfield, Bush & Co. does not employ market-timing strategies, we do use dollar-cost-averaging when initiating new stock positions. We also utilize a sell discipline based on excess market valuation in relation to a company's sales, to reduce the price risk in stocks having gains. Our advice is strictly independent and objective, with no conflict of interest with our clients. We do not function as a broker, dealer or underwriter of securities. Advisory fees are our sole compensation.

Stock Selection: Fairfield, Bush & Co. concentrates on identifying significant companies that are creating and developing long-term growth markets for their products and services. Most of the companies held in our client portfolios are generating repeat sales to an existing and stable customer base while actively attracting new customers. They are also investing in research and developing new products in order to improve productivity and better serve their customers. As is characteristic of our portfolio companies, management and insider ownership, are important factors in identifying companies committed to building shareholder value. Our stock selection is based on projections for total returns, emphasizing potential growth in earnings, dividends, and return on equity. Fairfield Bush & Co. is in direct communication with many of our portfolio companies and meets with managements and Wall Street analysts to stay abreast of corporate developments. We attempt to build value through investing in growing companies where we can hold our stock position for many years and minimize capital gains taxes for taxable accounts.

Asset Allocation: Fairfield, Bush & Co. considers economic, political and international trends as the basic input for judging the general climate for various types of investments. We review government and central bank data as well as independent economic reports when making our decisions on the relative attractiveness of equities, bonds and cash reserves. Asset allocation is also employed to manage portfolio risk and volatility. After discussion with each client, a percentage guideline for cash, equities and bonds is assigned to each portfolio. A composite index measures portfolio returns for each asset class.

## COMMUNICATION AND REPORTING

Client communication is an integral part of a good, long-term client relationship. Therefore, we encourage an active dialogue with our clients in an effort to facilitate a better understanding of our investment strategy and to assist in periodically reassessing the appropriateness of a client's investment objectives. In addition, each client is provided with a quarterly investment summary which includes comprehensive and historical information on valuation and performance data together with a written summary of our investment outlook. We try to minimize communication issues often encountered at large firms by making ourselves easily available to our clients, either by telephone, email or in person.

## INVESTMENT PROGRAMS

Fairfield, Bush & Co.'s client portfolios are composed principally of common stock in U.S. companies, though we do occasionally maintain positions in attractive foreign stocks.

Fairfield, Bush & Co. is proud of its long-term investment record and overall performance in building portfolio values. Our investment track record for all managed accounts over \$250,000 is presented in the Investment Performance section of this brochure.

Given the firm's capabilities within both the equity and fixed income markets, customers who prefer to structure their portfolios in a "balanced" manner are easily accommodated. Allocation can be a constant percentage or discretionary depending on client preferences.

## CLIENT SERVICE

We pride ourselves on being responsive and helpful to all our clients. We endeavor to pay prompt and careful attention to inquiries from clients, their accountants, attorneys and custodians alike. We assist with cash transfers, account set-up and documentation, and all the day-to-day processing that assures quality communication with our clients.

# MANAGEMENT

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## **Charles A. Krause**

### **Fairfield, Bush & Co.**

President and Managing Director  
Chairman, Investment Policy Committee

MBA, Columbia University  
B.A., Economics, Yale University  
FINRA Licenses 3,7,24,63,65  
Investment Experience: 34 years

- Fairfield Bush & Co. 2013
- Fairfield Research Corp. 1991 - 2013
- Manager, Brown Brothers Harriman, New York 1979-1991

#### Outside Activities:

- Director, H.J. Baker & Bro., Inc.  
Lead Director – Finance Committee  
Audit Committee
- Director, Stearns Investment Company
- Director, Stamford Hospital 2007-2014  
Member-Investment Committee
- Director, Foundation for Wildlife Conservation

## **Jonathan J. Bush**

### **Fairfield Bush & Co.**

Senior Managing Director

MBA, New York University  
B.A., Yale University  
FINRA Licenses 1, 40, 41, 63  
Investment Experience: over 50 years

- Fairfield Bush & Co, 2013
- J. Bush & Co. 1970-2013

#### Outside Activities:

- Director, RSR Partners Inc.

**Christopher Getman****Senior Managing Director**

BA from Yale University '64

MA from Reed College '65

Investment Experience: 40 Years

- Fairfield Bush & Co. 2016
- Soundview Capital Management 2002-2016
- VP Merrill Lynch 1978-2001

**Outside Activities:**

Serves on the Board of Center for Humans and Nature

Serves on the Board of the Urban Resource Initiative

Caretaker for Yale Mascot "Handsome Dan" 1983-2016

**Alexander R. Cooke****Director of Portfolio Management**

B.S., Finance &amp; Accounting, Fairfield University

FINRA Licenses 7, 24, 63, 65

Investment Experience: 20 years

- Fairfield Bush & Co. 2013
- Fairfield Research, 2005
- Head Fixed Income Trader, Main Street Management/Phoenix Cos., 2002-2004
- Retirement Plan Administrator, Mutual Inc., 1998-2002

**Outside Activities:**

- Venice Lacrosse Director of Finance

**Mary T. Milman****Director and Vice President**

B.S., Accounting, New York University

FINRA Licenses 63

Investment Experience: 40 years

- Fairfield Bush & Co. 2013
- J. Bush & Co. 1982-2013
- Janney, Montgomery, Scott 1979-1982
- Morgan Stanley 1977-1979

**Erik Pearson****Vice President of Research**

B.S. from Lewis &amp; Clark '92

JD from University of Wisconsin Law School '03

FINRA License 65

Investment Experience: 9 years

- Fairfield Bush & Co. 2016
- Soundview Corp 2008-2016

**Outside Activities**

Board of the Urban Resources Initiative

- Huntington S. Kelley** Director and Head of Equity Trading, since 1998  
 B.S., Finance, Miami University, Ohio  
 FINRA Licenses 7, 24, 66  
 Investment Experience: 30 years
- Fairfield Bush & Co. 2013
  - Fairfield Research, 1998
  - Portfolio Manager, Security Capital Management, 1996-1998
  - Standard Chartered Bank, 1993-1996
  - BP America, Cleveland, 1991-1992
  - Security Pacific Bank, Los Angeles, 1984-1991
- Outside Activities
- Horace Kelley Art Foundation Chairman, Investment Committee
- Lynn M. Gamerdinger** Portfolio Administrator  
 A.S., Becker College  
 Investment Experience: 14 years
- Fairfield Bush & Co. 2013
  - J. Bush & Co. 2000-2013
- Carol D'Ambrosia** Office Manager  
 Investment Experience: 10 years
- Certificate in Wealth Management  
 New York Institute of Finance
  - Fairfield Bush & Co. 2013
  - J. Bush & Co. 2011-2013
  - Webster Bank 1998-2011
- Penney M. Detchon** Portfolio Administrator  
 Investment Experience: 14 years
- Fairfield Bush & Co. 2013
  - J. Bush & Co. 2000-2013



## COMMON STOCK PORTFOLIOS

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Common stock portfolios are generally diversified in 35-45 different companies, with no industry sector accounting for more than 20% of invested capital. After reviewing a new client's security holdings, Fairfield, Bush & Co. will make initial sell and purchase recommendations and develop investment guidelines for each account. A composite benchmark index is also established for the portfolio, based on a composite of market indices for stocks, bonds and cash reserves.

Low-cost stock is also reviewed separately with each the client, and an investment strategy agreed to in advance in order to better monitor investment performance and manage the risk. Investment strategies for reducing risk and minimizing capital gains taxes are discussed and agreed to ahead of any action.

Fairfield, Bush & Co. will use dollar-cost averaging to reduce risk in initiating new positions for clients. This approach attempts to take advantage of the significant stock price volatility characteristic of growth stocks. Generally, we will invest up to 1-3% of original capital in any individual stock over a twelve month period.

Tax considerations are always an important factor in our investment strategies. We attempt to minimize taxes by focusing our investments on strong, long-term, growing and stable companies. When evaluating a new investment, we look for companies that operate in robust markets and have significant opportunities to dominate their industries through standards, patents and technological leads. These factors permit us to take a long-term perspective on a stock and to invest early enough to achieve significant long-term appreciation.

## FIXED INCOME & BALANCED ACCOUNTS

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Fairfield, Bush & Co. also provides discretionary, active management for fixed income portfolios. Investment guidelines are carefully structured for each individual client to incorporate income and liquidity requirements, tolerances for market risk and credit quality preferences. Published market indices are combined with a comprehensive inflation measure to provide a performance benchmark consistent with the investment objectives of each portfolio. The majority of portfolios utilize only investment-grade securities. All major debt market sectors are used including U.S. Government and agencies, tax exempt municipal bonds, corporate and foreign and sovereign debt securities. Total return is the key measure which guides the security selection process and the measurement of performance. This discipline allows the portfolio manager to consistently focus on maximizing the liquidation value of a portfolio, perhaps the most important single result for any client. Consequently, no differentiation is made between realized or unrealized gains and losses, or income, whether received or accrued.

Incorporating our equity research into our fixed income security strategies adds a level of discipline and valuation capability not often found at investment counseling organizations the size of Fairfield Bush & Co.. Where appropriate, futures and options applications can also be tailored to meet specific client objectives or enhance long-term returns.

## CUSTODY ARRANGEMENTS

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Fairfield Bush & Co. clients maintain custody arrangements for their portfolios at a variety of financial institutions, including full-service brokerages, investment banks and commercial banks. We are in a position to recommend to clients custodians that provide competitive commission rates and quality reporting services at negotiated discounts. Fairfield, Bush & Co. has no vested interest in any of these arrangements and receives no additional services or soft-dollar credits other than access to a firm's investor research.

Our primary brokerage relationships are with Charles Schwab—New York/San Francisco, Pershing Advisor Solutions, a division of BNY Mellon, Goldman Sachs – New York, Morgan Stanley Smith Barney, Greenwich, CT, UBS Richmond, VA and Merrill Lynch New York. Commercial bank custodians include JP Morgan Chase & Co., New York and Milwaukee, Wisconsin. We are also often able to establish negotiated rates with a new client's existing brokerage firm or custodian, thereby reducing administrative documentation and maintaining existing reports and relationships.

Clients provide Fairfield, Bush & Co. with a Limited Power of Attorney to purchase and sell securities on a discretionary basis. In addition, clients authorize us to present our quarterly invoices for investment advisory fees to the custodian for payment from their portfolio accounts.

## FEE SCHEDULE

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Fairfield Bush & Co. offers investment advisory services for a percentage of assets under management. Fees payable to the firm for its services are calculated at the annual rate of 1.0% of the market value of the first \$5,000,000, 0.75% of the market value of the next \$5,000,000, and 0.5% of the market value above \$10,000,000. Fees are payable quarterly, in advance. The minimum annual fee for managed accounts is \$5,000.

Where there are large holdings of low-cost stock or fixed income investments in an individual's account, a lower fee may be negotiated.

Clients are permitted to cancel their relationship with us at any time by written notice and, upon such cancellation, are entitled to a pro-rata refund of the fee.

### Fee Schedule

First \$5,000,000.....	1.00%/annum
Next \$5,000,000 to \$9,999,999.....	0.75%/annum
\$10,000,000 and above.....	0.50%/annum

Fees are billed quarterly, in advance.

**Growth Composite**

(Net of Fees)

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year Results
<b>2013</b>	FBC Growth Composite	8.6%	1.7%	2.4%	8.8%	23.6%
	S&P 500 Index (dividends reinvested)	10.6%	2.9%	5.2%	10.5%	32.4%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	7.4%	1.7%	3.8%	7.3%	21.7%
<b>2014</b>	FBC Growth Composite	2.2%	3.5%	0.3%	2.8%	11.0%
	S&P 500 Index (dividends reinvested)	1.8%	5.2%	1.1%	4.9%	13.7%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	1.5%	3.9%	0.8%	3.7%	10.3%
<b>2015</b>	FBC Growth Composite	(0.6%)	(1.7%)	(6.5%)	4.0%	(3.6%)
	S&P 500 Index (dividends reinvested)	0.9%	0.3%	(6.4%)	7.0%	1.4%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	1.0%	0.1%	(4.2%)	4.8%	1.5%
<b>2016</b>	FBC Growth Composite	0.1%	3.2%	3.5%	0.7%	8.0%
	S&P 500 Index (dividends reinvested)	1.3%	2.5%	3.9%	3.8%	11.9%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	1.6%	2.1%	2.7%	2.2%	8.9%

The Composite Index benchmark is weighted average of 70% S&P 500 Index (dividends reinvested), 20% Barclays Government/Corporate Bond Index, and 10% 3-Month U.S. Treasury bills.

Past Performance is not indicative of Future Results

FBC Composite Performance is Net of Fees

**Growth and Income Composite**

(Net of Fees)

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year Results
<b>2013</b>	FBC Growth & Income Composite	8.4%	1.8%	1.2%	8.51%	22.4%
	S&P 500 Index (dividends reinvested)	10.6%	2.9%	5.2%	10.5%	32.4%
	Composite: 60% Equities, 0% Fixed Income, 40% Cash	7.4%	1.7%	3.1%	6.2%	18.5%
<b>2014</b>	FBC Growth & Income Composite	2.0%	3.8%	1.7%	5.1%	13.0%
	S&P 500 Index (dividends reinvested)	1.8%	5.2%	1.1%	4.9%	13.7%
	Composite: 60% Equities, 0% Fixed Income, 40% Cash	1.1%	3.1%	0.7%	3.0%	8.2%
<b>2015</b>	FBC Growth & Income Composite	(0.8%)	(1.8%)	(5.6%)	6.6%	(2.3%)
	S&P 500 Index (dividends reinvested)	0.9%	0.3%	(6.4%)	7.0%	1.4%
	Composite: 60% Equities, 0% Fixed Income, 40% Cash	0.6%	0.2%	(3.8%)	4.2%	1.1%
<b>2016</b>	FBC Growth & Income Composite	1.6%	3.8%	1.0%	2.8%	9.2%
	S&P 500 Index (dividends reinvested)	1.3%	2.5%	3.9%	3.8%	11.9%
	Composite: 60% Equities, 0% Fixed Income, 40% Cash	0.9%	1.5%	2.4%	2.3%	7.4%

The Composite Index benchmark is weighted average of 60% S&P 500 Index (dividends reinvested), 0% Barclays Government/Corporate Bond Index, and 40% 3-Month U.S. Treasury bills.

Past Performance is not indicative of Future Results

FBC Composite Performance is Net of Fees

**HISTORICAL PERFORMANCE Before Composites**

(Gross of Fees)

Previous Years on Following Page

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		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year Results
<b>2002</b>	FRC Median Returns	(4.5%)	(12.9%)	(6.9%)	7.6%	(16.7%)
	S&P 500 Index (dividends reinvested)	0.3%	(13.4%)	(17.2%)	8.4%	(22.1%)
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	0.3%	(8.8%)	(11.2%)	6.5%	(13.5%)
<b>2003</b>	FRC Median Returns	(0.4%)	10.2%	3.9%	10.6%	26.1%
	S&P 500 Index (dividends reinvested)	(3.1%)	15.4%	2.6%	12.1%	28.6%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	(1.7%)	11.3%	1.9%	8.4%	20.8%
<b>2004</b>	FRC Median Returns	4.2%	1.9%	(0.8%)	8.6%	14.4%
	S&P 500 Index (dividends reinvested)	1.7%	1.7%	(1.9%)	9.2%	10.8%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	1.9%	0.7%	(0.7%)	6.6%	8.6%
<b>2005</b>	FRC Median Returns	(4.2%)	1.4%	6.5%	0.9%	4.4%
	S&P 500 Index (dividends reinvested)	(2.2%)	1.4%	3.6%	2.1%	4.9%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	(1.6%)	1.6%	2.5%	1.7%	4.2%
<b>2006</b>	FRC Median Returns	7.8%	(4.3%)	1.9%	3.1%	8.4%
	S&P 500 Index (dividends reinvested)	4.3%	(1.5%)	5.7%	6.7%	15.9%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	3.0%	(0.8%)	4.7%	5.0%	12.3%
<b>2007</b>	FRC Median Returns	1.5%	3.8%	2.4%	(1.8%)	5.6%
	S&P 500 Index (dividends reinvested)	0.7%	6.3%	2.0%	(3.5%)	5.2%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	1.0%	4.5%	2.3%	(1.6%)	5.9%
<b>2008</b>	FRC Median Returns	(4.9%)	(3.3%)	(4.3%)	(11.9%)	(22.5%)
	S&P 500 Index (dividends reinvested)	(9.5%)	(2.7%)	(8.4%)	(21.9%)	(37.1%)
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	(5.9%)	(2.1%)	(5.8%)	(14.0%)	(25.4%)
<b>2009</b>	FRC Median Returns	(4.6%)	8.1%	9.4%	3.6%	16.9%
	S&P 500 Index (dividends reinvested)	(10.9%)	15.9%	15.6%	6.0%	26.5%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	(7.4%)	11.5%	11.5%	4.3%	20.2%
<b>2010</b>	FRC Median Returns	2.2%	(7.2%)	10.1%	7.6%	12.4%
	S&P 500 Index (dividends reinvested)	4.3%	(11.5%)	11.3%	10.5%	13.6%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	4.2%	(7.4%)	8.5%	6.9%	11.9%
<b>2011</b>	FRC Median Returns	4.8%	(0.1%)	(11.5%)	8.9%	0.9%
	S&P 500 Index (dividends reinvested)	5.8%	0.1%	(13.9%)	11.8%	2.1%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	4.2%	0.6%	(9.1%)	8.5%	3.4%
<b>2012</b>	FRC Median Returns	9.1%	(2.9%)	3.9%	0.6%	10.7%
	S&P 500 Index (dividends reinvested)	12.6%	(2.8%)	6.4%	(0.3%)	16.1%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	8.8%	(1.6%)	4.8%	(0.2%)	11.9%

The Composite Index benchmark is weighted average of 70% S&P 500 Index (dividends reinvested), 20% Barclays Government/Corporate Bond Index, and 10% 3-Month U.S. Treasury bills.

Past Performance is not indicative of Future Results

Median results include all Equity Portfolios exceeding \$250,000

Historical Performance Prior to composites are gross of fees

Fairfield, Bush Co.

## HISTORICAL PERFORMANCE Before Composites

(Gross of Fees)

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		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year Results
1995	FRC Median Returns	5.1%	7.1%	7.0%	2.0%	28.5%
	S&P 500 Index (dividends reinvested)	9.8%	9.4%	8.0%	6.0%	37.5%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	8.0%	8.0%	6.1%	5.2%	30.0%
1996	FRC Median Returns	5.3%	4.8%	4.1%	5.2%	20.9%
	S&P 500 Index (dividends reinvested)	5.4%	4.5%	3.1%	8.3%	22.7%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	3.7%	3.4%	2.8%	6.5%	17.4%
1997	FRC Median Returns	(2.5%)	15.8%	9.3%	(2.2%)	20.7%
	S&P 500 Index (dividends reinvested)	2.7%	17.4%	7.5%	2.9%	33.2%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	1.8%	13.0%	6.1%	2.7%	25.4%
1998	FRC Median Returns	13.4%	2.6%	(4.7%)	23.3%	36.7%
	S&P 500 Index (dividends reinvested)	13.9%	3.3%	(9.9%)	21.3%	28.4%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	10.1%	2.9%	(5.8%)	15.0%	22.7%
1999	FRC Median Returns	4.2%	15.0%	0.8%	73.6%	109.7%
	S&P 500 Index (dividends reinvested)	5.0%	7.0%	(6.2%)	14.9%	21.0%
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	3.4%	4.8%	(4.0%)	10.7%	15.2%
2000	FRC Median Returns	8.1%	(11.0%)	(0.1%)	(16.4%)	(19.6%)
	S&P 500 Index (dividends reinvested)	2.3%	(2.7%)	(1.0%)	(7.8%)	(9.1%)
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	2.2%	(1.2%)	0.2%	(4.5%)	(3.4%)
2001	FRC Median Returns	(21.4%)	5.4%	(15.6%)	10.0%	(23.0%)
	S&P 500 Index (dividends reinvested)	(11.9%)	5.8%	(14.7%)	10.7%	(11.9%)
	Composite: 70% Equities, 20% Fixed Income, 10% Cash	(7.5%)	4.4%	(9.5%)	7.6%	(5.9%)

The Composite Index benchmark is weighted average of 70% S&P 500 Index (dividends reinvested), 20% Barclays Government/Corporate Bond Index, and 10% 3-Month U.S. Treasury bills.

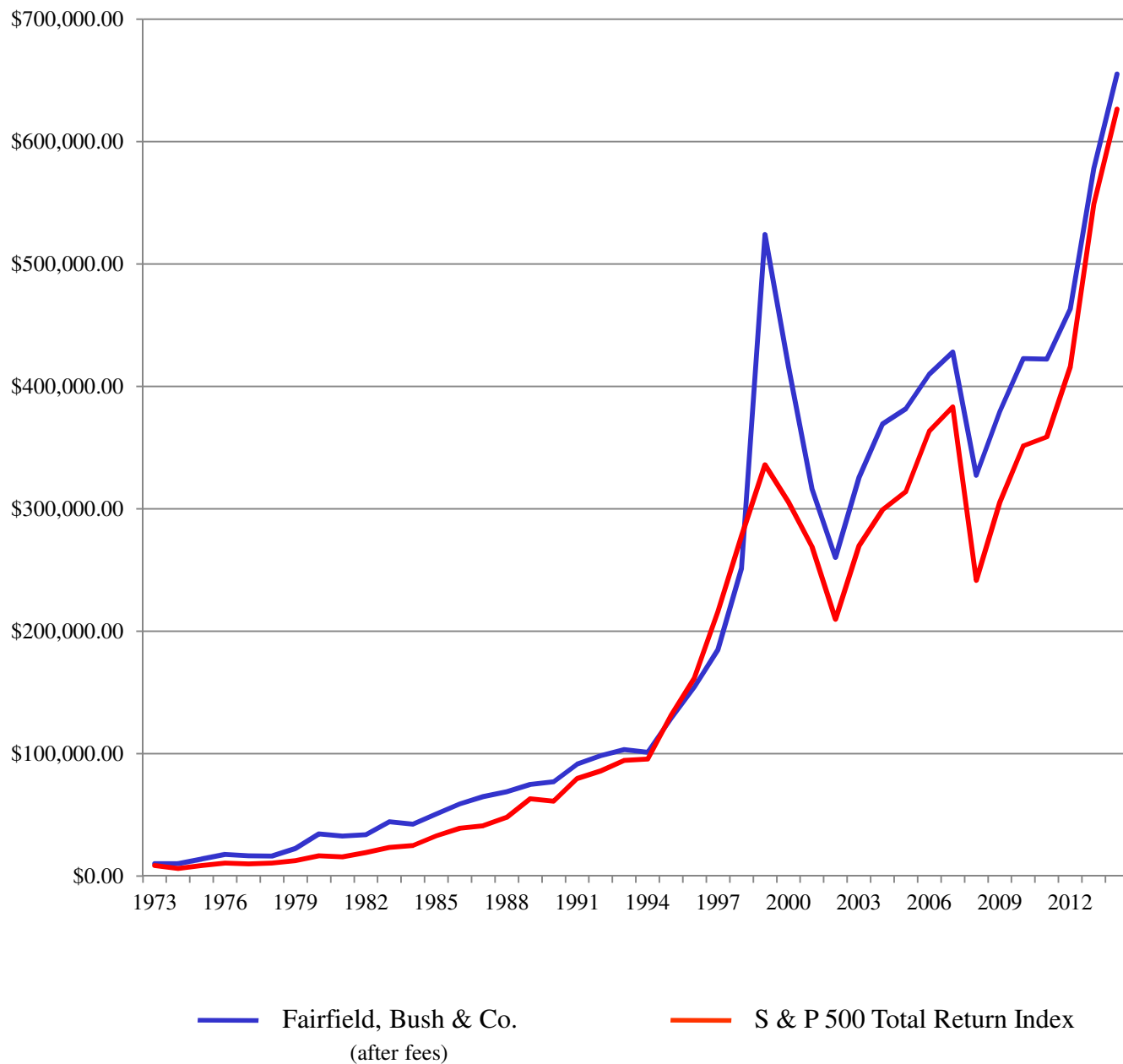
Past Performance is not indicative of Future Results

Median results include all Equity Portfolios exceeding \$250,000

Historical Performance Prior to composites are gross of fees



## Fairfield, Bush & Co. Long Term Investment Returns (after fees)



\$10,000 invested on 1/01/73, compounded in a tax-exempt account with all interest and dividends reinvested after advisory fees.

## Important Performance Disclosures

Since 1999, Fairfield, Bush & Co. (FBC) has prepared and presented this report in compliance with the Performance Presentation Standards of Advent Axys 3.8 Portfolio Management Software. Advent has not been involved in the preparation or review of this report. Prior to 1999 FBC used internally developed software, which generated substantially similar results to Advent's software results and measured time weighted total returns on all portfolios.

- Past performance is not indicative of future results. The actual return and value of an account will fluctuate and at any point could be worth more or less of the amount invested. Individual account performance will vary according to individual client investment objectives.
- FBC is defined as an independent investment management firm founded in 1973 that manages fixed and balanced portfolios for primarily U. S. high-net worth individuals and mid-market institutional clients.
- Performance noted above are for Fairfield Research Corporation, the pre-merger firm, post-merger performance for Fairfield, Bush & Co. began on 1/1/2014 and is produced quarterly thereafter.
- Personnel changes have occurred over observed time periods. Mr. Krause has been the primary portfolio manager since 1991 and has been the head of the investment committee since 1998. Mr. Krause is also the sole owner of Fairfield, Bush & Co.
- FBC classifies its client portfolios into three types of accounts in order to present the firm's performance numbers. Those classifications are Growth, Growth and Income and Balanced accounts. FBC's Growth performance results are compared to a model index comprised of 100% of the S&P 500 (dividends and reinvested) index. FBC's Growth and Income performance results are compared to a blended model index comprised of total returns from the following benchmark indices: 70% S&P 500, 20% Barclays Government Corp Bond Index, and 10% Treasury Bills Index. FBC's Balanced Account performance results are compared to a blended model index comprised of total returns from the following benchmark indices: 50% S&P 500, 35% Barclay's Government/Corporate Bond Index and 15% 3 month US Treasury Bills Index. In addition, FBC's Fixed Income performance results are compared to the Barclays Government Corporate Bond Index ("BGCB"), which is a benchmark index made up of the Barclays Government & Corporate Bond indexes, including U.S. Government Treasury and Agency securities as well as corporate and Yankee bonds. The BGCB is generally representative of intermediate and long-term government and investment grade corporate debt securities. The S&P 500, which is a market-capitalization weighted index, contains the 500 most widely held

companies chosen with respect to market size, liquidity and industry.

- The volatility of the comparative indices may be materially different from that of FBC's client accounts. In addition, client holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent appropriate benchmarks to compare clients' performances, but rather are disclosed to allow for comparison of client performances to that of well-known and widely recognized indices.
- Performance results for the full historical period are total return, time-weighted rates of return expressed in U.S. dollars. Portfolios are valued quarterly and returns are weighted by using beginning-of-quarter market values plus weighted cash flows. Annual returns are calculated by geometrically linking the quarterly returns.
- Computations assume the reinvestment of all dividends and capital gains.
- All composite accounts are discretionary, except in limited cases where client imposed restrictions may exist. All composite accounts have been managed by FBC for at least one full calendar quarter. All accounts included in the median returns must be over \$250,000 in market value at the beginning of the quarter.
- Use of leverage and/or levered products does not exceed 5% of composite accounts and may only be implemented during brief periods.
- Trade date accounting is used for all periods.
- Performance results are presented after all custodial fees, commissions, and other trading expenses.
- A complete list of firm composites and performance results is available upon request.