Since the needs of our clients vary according to personal circumstances, Stack Financial Management offers two different portfolio options: **Capital Appreciation** and **Value & Dividend.** Portfolio selection should be based upon one's investment objectives, tolerance for volatility or risk, and desire or need for regular income distributions from your portfolio. While the individual stocks held in Capital Appreciation and Value & Dividend portfolios differ, both strategies follow the same safety-first investment philosophy focused on risk management.

Capital Appreciation Portfolios

Designed for clients whose primary objective is conservative growth. Income is not a primary consideration. These portfolios are particularly well suited for value-conscious investors seeking to maximize their retirement or long-term savings, and who have over 10 years until retirement or anticipated capital withdrawals. This strategy selects companies with strong internal growth characteristics, which are typically market leaders or innovators in their core business. While valuation is important, the emphasis is on growth at a reasonable price. Investments in this objective tend to have a slightly higher risk profile than those in the Value & Dividend objective.

Value & Dividend Portfolios

Designed for clients who want a consistent and relatively high level of dividend income, as well as capital gain appreciation potential. This option is most suitable for conservative clients who want more stable returns and a lower level of price volatility, or retired investors seeking current income from their portfolio. This strategy identifies quality companies that are undervalued but offer solid earnings and attractive dividend yields. Stocks purchased for this objective typically have a higher-than-average dividend yield and/or exhibit strong historical dividend growth. Investments in this objective tend to have a larger market capitalization than those purchased for Capital Appreciation portfolios.

Investments in both Capital Appreciation and Value & Dividend portfolios may include:

- Predominantly large-cap and mid-cap stocks with potential for small-cap stocks
- Exchange-traded funds (ETFs) or mutual funds
- International stocks (ADRs) or funds
- Defensive positions in an inverse index fund if conditions warrant
- U.S. Treasury securities, as well as cash and cash equivalents including money market funds
- Positions in bonds or bond funds under certain circumstances