



**GRIFFIN ASSET
MANAGEMENT**

GROWTH STRATEGY

4Q 2014

**One Grand Central Place
60 East 42nd Street, Suite 205
New York, NY 10165
www.griffinasset.com**



- Founded in 1976
- An employee-owned firm that focuses exclusively on investment management and investment advice
- \$430 million in assets under management, \$240 million for families and family offices, and the balance for Endowments and Foundations
- Investment committee with 7 investment professionals and an average of 25 years of experience
- A diverse investment team trained at some of the most highly esteemed institutions including Goldman Sachs, Dreman Value Management & JP Morgan
- Some of our relationships date back to 1978
- Headquarters in New York, NY

“Compound interest is the most powerful force in the universe” (Albert Einstein)

- **Create and generate long-term wealth by partnering with clients to meet their diverse goals for the present and the future**
- **We invest in large and mid-capitalization dividend paying stocks that are conservatively financed and trading at a discount to our assessment of intrinsic value**
- **A disciplined approach to stock selection and portfolio construction with a focus on growing dividends, low P/E multiples, and strong cash flows**
- **Stock analysis focused on non-traditional valuation and quality metrics like free cash flow yield and return on invested capital**
- **Individual security selection with an objective decision-making process**
- **A transparent investment process that is dynamic in bear markets and always mindful of risk**

Leadership

President & CIO



Doug Famigletti, CFA

Doug Famigletti is the President and Chief Investment Officer of Griffin Asset Management. Doug is the Chief Investment Officer of the investment committee, the co-portfolio manager of the Dividend Growth Strategy and portfolio manager of the Covered Call. Prior to joining Griffin Asset Management, Mr. Famigletti worked at Goldman Sachs and Massachusetts Financial Services.

Mr. Famigletti is a Chartered Financial Analyst (CFA), a member of the CFA Institute and the New York Society of Security Analysts. He earned a B.A. in Economics from Hamilton College where he captained the Men's Ice Hockey Team and played Men's Lacrosse.

Portfolio Manager & COO



Diana L Salter

Ms. Salter is the Chief Operating Officer and Portfolio Manager of Griffin Asset Management. She is the portfolio manager of the Growth Strategy. With 35 years of investment experience, Ms. Salter joined Griffin in 2003 bringing her expertise in asset management of equity and debt portfolios. Prior to joining Griffin, Ms. Salter was a senior portfolio manager with JPMorgan Chase and Bank of New York.

Ms. Salter's career has included analytical work and previous experience with an independent investment advisory firm. She was the first woman to become a Registered Commodity Trading Advisor in the U.S.

Portfolio Manager & CCO



Thomas Famigletti

Mr. Famigletti is the Chief Compliance Officer and Portfolio Manager of Griffin Asset Management. He is the co-portfolio manager of the Dividend Growth Strategy. With 45 years of investment experience, Mr. Famigletti has been with Griffin Asset Management since 1995. Prior to Griffin, Mr. Famigletti spent 12 years with Dreman Value Management where he helped grow assets under management from under \$50 million to over \$4 Billion.

Mr. Famigletti has a B.A. in Economics from Hofstra University. He is a member of the New York Society of Security Analysts.



GRIFFIN ASSET
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Growth Strategy

Team

President & CIO

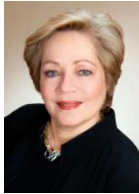


Doug Famigletti, CFA

Doug Famigletti is the President and Chief Investment Officer of Griffin Asset Management. He is the co-portfolio manager of the Dividend Growth Strategy and portfolio manager of the Covered Call and Global Long-Short Strategy. Prior to joining Griffin Asset Management, Mr. Famigletti worked at Goldman Sachs and Massachusetts Financial Services.

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Research Associate



Ian Gershgor

Mr. Gershgor is a research associate and member of the investment committee at Griffin Asset Management. Prior to joining Griffin Asset Management, Mr. Gershgor worked as an analyst for MF Global, where he led their financial institutions credit team. He also has experience covering the industrial and energy sectors.

Mr. Gershgor holds an MPA from Columbia University, where he studied International Economics.

Head Trader



Joe LoBue

Mr. LoBue is the head trader at Griffin Asset Management. He has day to day responsibility of supervising all trades place in the Griffin Asset Management Risk Balanced Strategy.

Mr. LoBue graduated Summa Cum Laude from Farleigh Dickinson University with a B.A. in Entrepreneurial Studies.

Portfolio construction

1. EARNINGS GROWTH

3-5 year estimated earnings growth rate greater than the benchmark (Russell 1000 Growth)

2. SALES GROWTH

3-5 year estimated sales growth rate greater than the benchmark (Russell 1000 Growth)

3. STOCK HOLDINGS

A concentrated list of 25-35 names

4. SECTOR WEIGHTINGS

No official limits, but generally adhere to a rule of a maximum of 25% or 150% of the benchmark

5. PEG RATIO

A PEG ratio that is less than the benchmarks

CHARACTERISTICS	GAM GROWTH	iShares Russell 1000 Growth
FWD P/E	18.3	19.8
5 YEAR EST EPS GROWTH	12.2	13.0
5 YEAR PEG RATIO	1.50	1.52
RISK METRICS	GAM GROWTH	Russell 1000 Growth
BETA (5YR)	.88	1.00
ALPHA (5YR)	1.03	0.00
SHARPE RATIO (5 YR)	1.23	1.18
STANDARD DV (5 YR)	12.13	13.38
UPSIDE CAPTURE	87.6	100
DOWNSIDE CAPTURE	85.6	100

as of 12-31-14

This supplemental material complements the GIPS® compliant composite presentation which is provided at the end of this brochure.. This supplemental information shows the equity returns carved out of the composite. The supplemental information is presented to show a fair comparison of just the equity returns versus the appropriate benchmark.

Thematic analysis



Thematic Analysis

1. TOP DOWN ANALYSIS:

- Develop broad macro themes that identify where the money is flowing
- Seek out the sectors and industries that will benefit from the theme
- Innovative companies within the best sectors will produce the best long-term growth

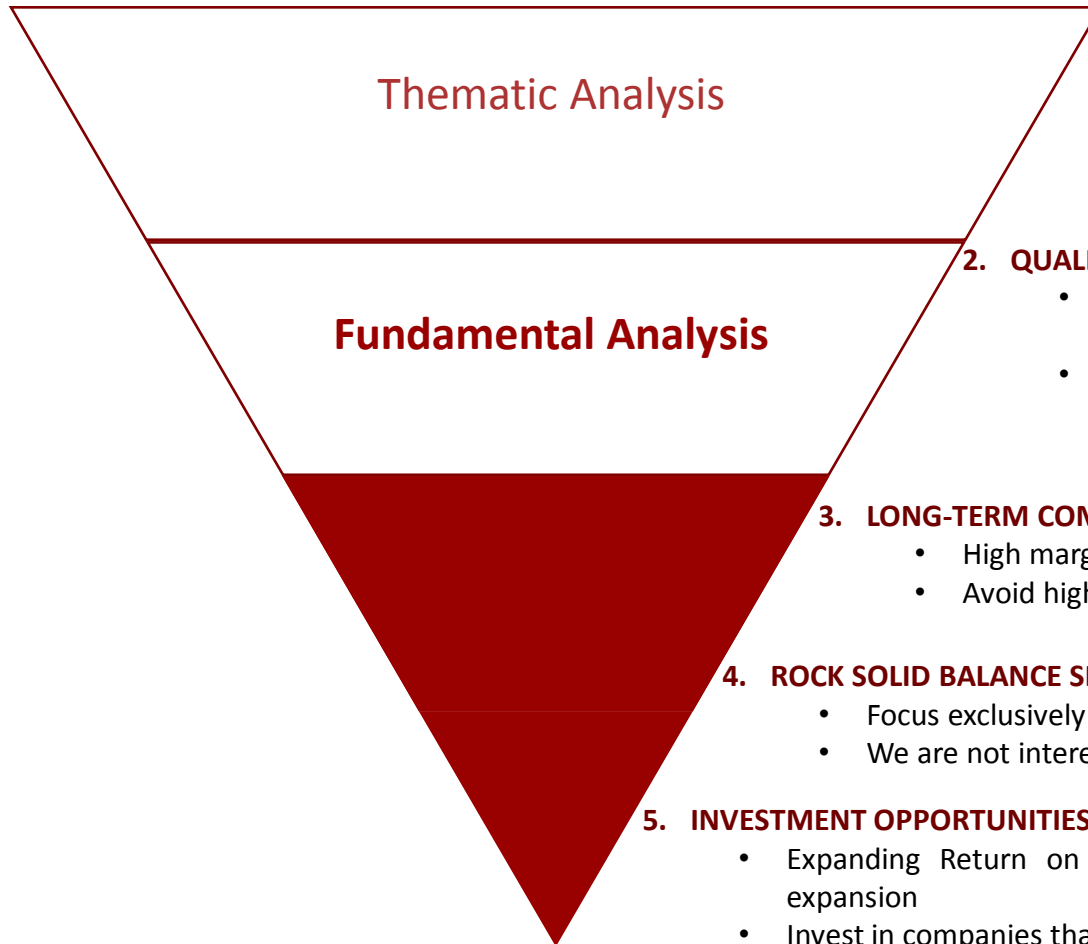
2. CURRENT THEMES:

- Healthier U.S. consumer: Sold McDonalds (MCD)
- Improving growth and rising interest rates: Bought Stratasys Ltd. (SSYS), Sold Con Edison (ED)

3. PAST THEMES:

- Weak dollar commodity boom: Were dramatically over-weight E&P energy including Anadarko Petroleum (APC) and Treador Resources (TSR)

Fundamental analysis



1. SALES GROWTH:

- Organic sales growth is key to sustainable growth
- Avoid companies that are exclusively growing through acquisition

2. QUALITY OF EARNINGS:

- Focus on profitable companies with sustainable earnings growth
- We look for companies that can convert a large percent of earnings into cash and require low levels of maintenance capital expenditure

3. LONG-TERM COMPETITIVE ADVANTAGE:

- High margins and pricing power – “wide-moat”
- Avoid highly competitive industries or commodity like producers

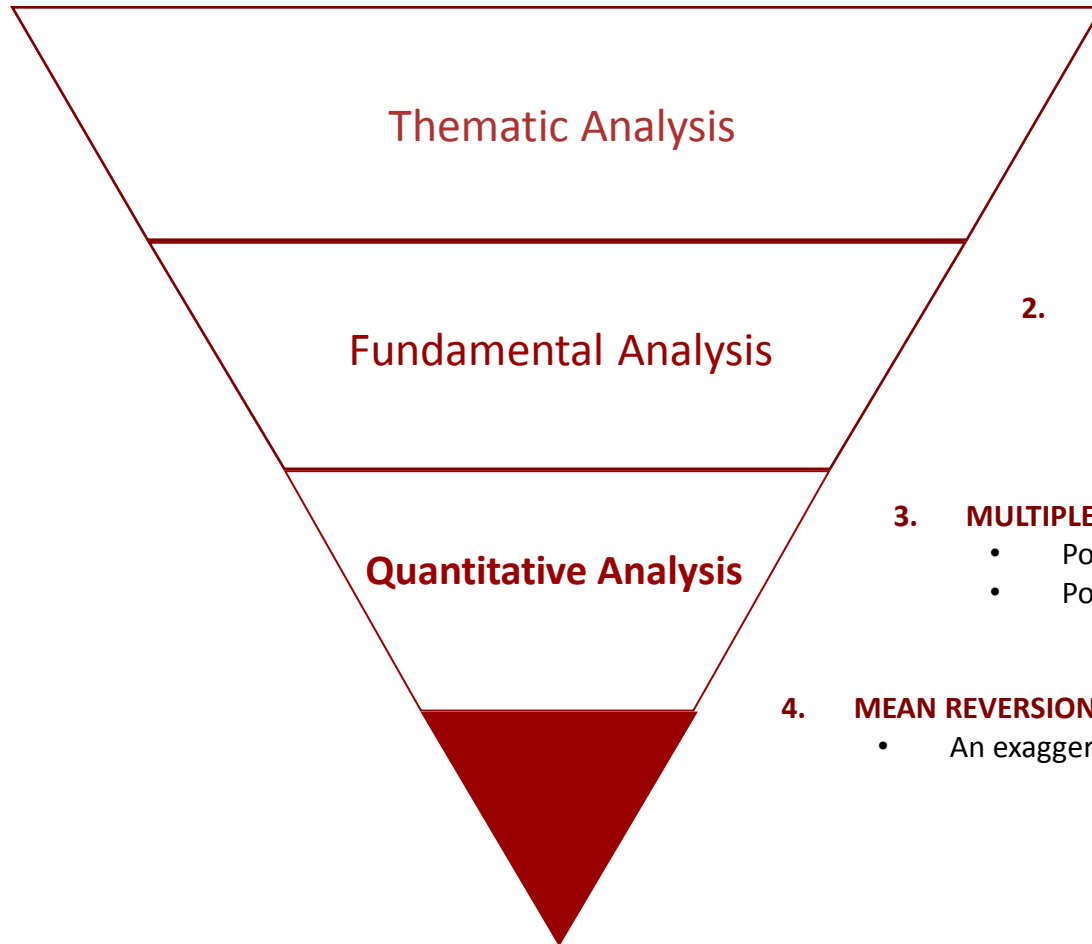
4. ROCK SOLID BALANCE SHEETS:

- Focus exclusively on companies with an excellent financial base
- We are not interested in reclamation projects

5. INVESTMENT OPPORTUNITIES:

- Expanding Return on Incremental Invested Capital (ROIIC) produces multiple expansion
- Invest in companies that can reinvest its earnings at a rate above its cost of capital

Quantitative analysis



1. TECHNICAL ANALYSIS:

- Used for entry points
- Focused on the 50 & 200 day moving averages
- Other ratios are used, including RSI

2. PEER GROUP COMPARISON:

- Lower PEG relative to competitors
- Growth relative to competitors
- Strong Free Cash Flow relative to peers

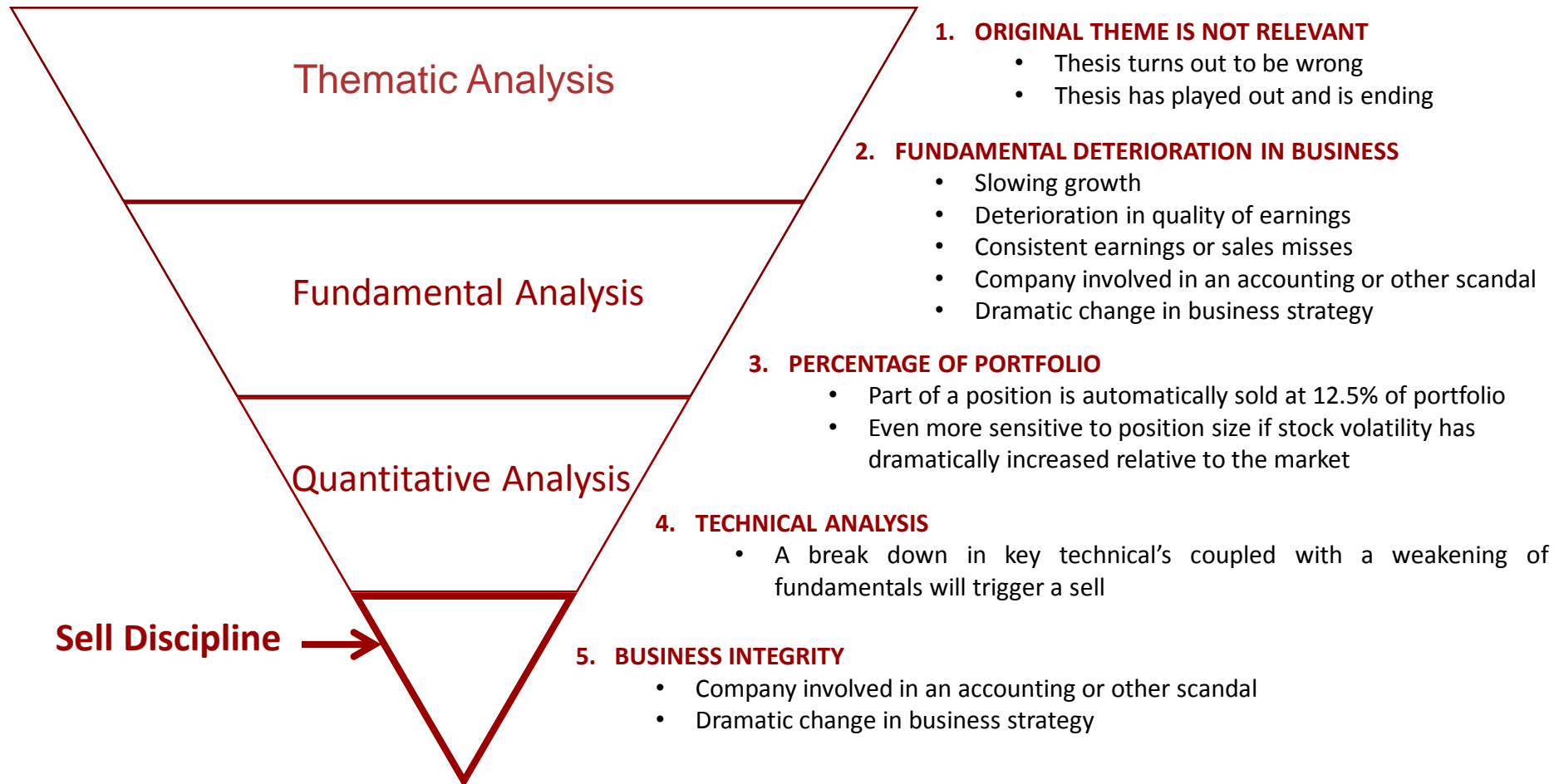
3. MULTIPLE EXPANSION:

- Potential for price to earnings ratio to expand
- Potential for price to sales ratio to expand

4. MEAN REVERSION:

- An exaggerated move down that presents a buying opportunity

Sell discipline



Risk management

Consistency

- Management with a long tenure and a record of success
- Steady business strategy. Invest in companies that share our commitment to long-term goals

Diversification

- Limit sector concentration
- Limit specific security concentration

Avoid uncertainty

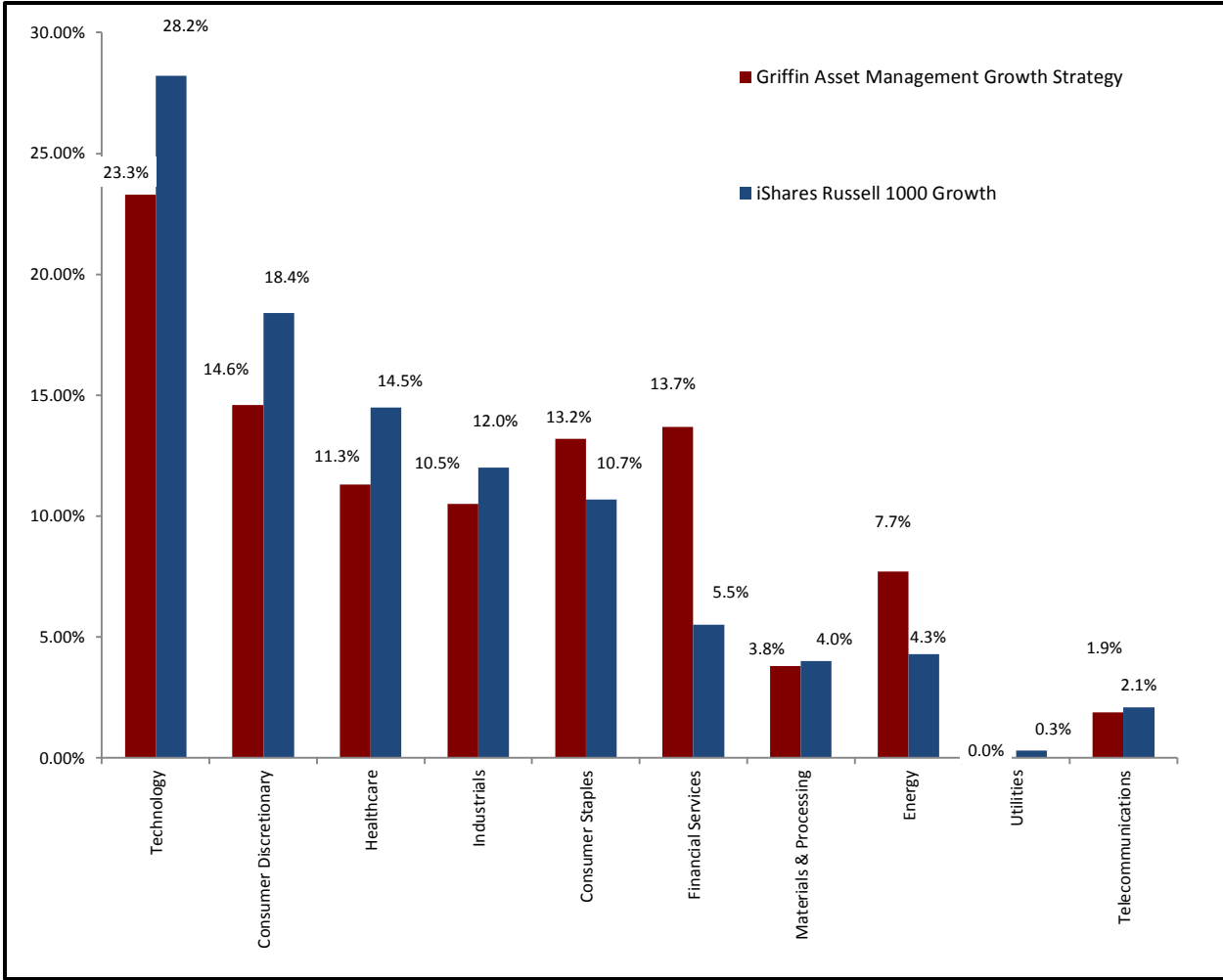
- Limit exposure to EM, especially EM countries with uncertain rule of law
- Avoid turn around stories or speculation
- Focus on companies with predictable business models

Quality companies

- Best of breed
- Consistent and high margins
- Sustainable growth

Sector weightings & holdings

As of 12-31-14



TOP HOLDINGS	WEIGHTING
Apple (AAPL)	7.7%
Visa (V)	7.3%
CVS Caremark (CVS)	7.2%
COSTCO (COST)	6.0%
Google (GOOG)	6.0%
United Technologies (UTX)	4.7%
Nike (NKE)	4.4%
American Express (AXP)	4.4%
Praxair (PX)	3.8%
Anheuser Busch (BUD)	3.5%

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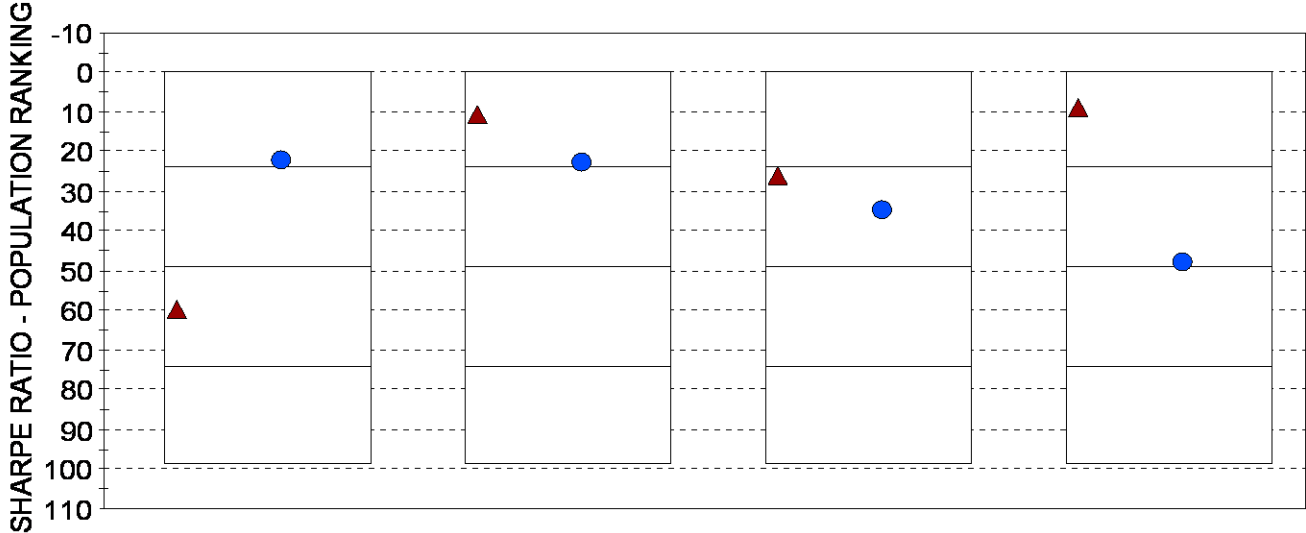


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Performance

Sharpe ratio

PSN LARGE CAP GROWTH UNIVERSE: 12-31-14

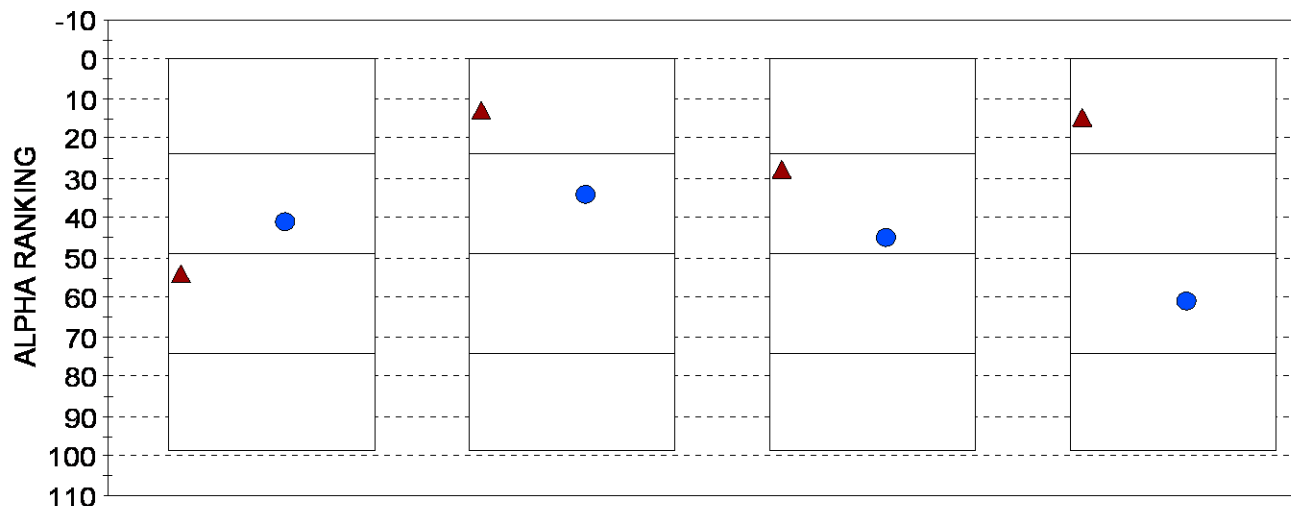


	<u>3 Years</u>	<u>5 Years</u>	<u>7 Years</u>	<u>Since Inception</u>
HIGH (0.05)	2.35	1.41	0.63	0.61
FIRST QUARTILE	2.10	1.18	0.52	0.52
MEDIAN	1.94	1.07	0.45	0.47
THIRD QUARTILE	1.75	0.97	0.39	0.42
LOW (0.95)	1.50	0.84	0.30	0.35
MEAN	1.93	1.07	0.45	0.47
VALID COUNT	221	211	202	167

	<u>3 Years</u>		<u>5 Years</u>		<u>7 Years</u>		<u>Since Inception</u>	
	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ GAM Growth Strategy	1.86	61	1.23	12	0.51	27	0.56	10
● Russell 1000 Growth	2.11	23	1.18	24	0.48	36	0.47	49

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PSN LARGE CAP UNIVERSE AS OF 12-31-14



	<u>3 Years</u>	<u>5 Years</u>	<u>7 Years</u>	<u>Since Inception</u>
HIGH (0.05)	3.33	2.87	2.92	2.32
FIRST QUARTILE	1.19	0.49	0.81	1.00
MEDIAN	-0.37	-0.76	-0.13	0.29
THIRD QUARTILE	-2.17	-2.07	-1.20	-0.32
LOW (0.95)	-4.30	-4.04	-2.69	-1.30
MEAN	-0.53	-0.73	-0.18	0.36
VALID COUNT	221	211	202	167

	<u>3 Years</u>		<u>5 Years</u>		<u>7 Years</u>		<u>Since Inception</u>	
	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ GAM Growth Strategy	-0.73	55	1.03	14	0.59	29	1.33	16
● Russell 1000 Growth	0.00	42	0.00	35	0.00	46	0.00	62

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Annual returns

Annual Returns as of 12-31-14	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Growth Strategy (Gross)	+6.57%	+30.46%	+15.61%	+7.77%	+14.65%	+25.03%	-32.12%	+14.95%	+10.14%	+8.73%
Growth Strategy (Net)	+5.71%	+29.44%	+14.62%	+6.90%	+13.73%	+24.02%	-32.69%	+14.07%	+9.33%	+7.91%
Russell 1000 Growth	+12.54%	+33.49%	+15.26%	+2.63%	+16.72%	+37.21%	-38.43%	+11.82%	+9.08%	+5.27%
S&P 500	+13.69%	+32.28%	+16.00%	+2.11%	+15.05%	+26.45%	-37.01%	+5.47%	+15.73%	+4.89%

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Annualized returns

Annualized Returns (%) as of 12-31-14	4Q 2014	1 Year	3 Year	5 Year	7 Year	Since Inception 12-31-04
Growth Strategy (Gross)	+3.88%	+6.57%	+17.07%	+14.67%	+7.72%	+8.76%
Growth Strategy (Net)	+3.69%	+5.71%	+16.12%	+13.74%	+6.84%	+7.90%
Russell 1000 Growth	+4.79%	+12.54%	+20.06%	+15.71%	+8.29%	+8.45%
S&P 500	+4.93%	+13.69%	+20.4%	+15.34%	+7.09%	+7.61%

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Appendix

GIPS® composite table

Year as of 12-31-14	Gross of Fees	Net of Fees	Primary Benchmark	Secondary Benchmark	Dispersion	Number of Portfolios	*Total Strategy Assets (\$ millions)	Total Composite Assets (\$ millions)	Total Firm Assets (\$ millions)
2014	+6.15%	+5.30%	+9.45%	+10.28%	1.35	18	\$82.7	\$31.4	\$429.3
2013	+19.69%	+18.72%	+24.42%	+23.67%	4.12	20	\$85.1	\$33.8	\$394.9
2012	+10.79%	+9.84%	+11.46%	+11.85%	1.96	19	\$81.2	\$31.9	\$350.2
2011	+5.85%	+4.98%	+2.22%	+1.83%	1.42	22	\$73.2	\$26.1	\$266.5
2010	+9.62%	+8.72%	+12.70%	+11.18%	2.02	22	\$69.2	\$25.6	\$271.9
2009	+14.89%	+13.95%	+27.30%	+19.89%	4.05	23	N/A	\$27.0	\$432.7
2008	-19.01%	-19.67%	-29.53%	-28.41%	6.38	18	N/A	\$20.6	\$390.1
2007	+11.27%	+10.41%	+10.20%	+5.47%	1.79	19	N/A	\$27.7	\$530.4
2006	+7.53%	+6.72%	+8.00%	+12.90%	1.25	18	N/A	\$25.7	\$549.8
2005	+6.13%	+5.33%	+4.80%	+4.49%	2.26	14	N/A	\$21.8	\$548.3

Griffin Asset Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Griffin Asset Management has been independently verified for the periods January 1, 1998 through December 31, 2013. The verification report(s) is/are available upon request. 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 the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

GIPS® composite disclosures

> Firm Information

Griffin Asset Management is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Griffin Asset Management is an independent investment management firm that is not affiliated with any parent organization. Griffin Asset Management was formed on January 1st, 2006 as a result of the merger between its two predecessor firms Hovey, Youngman Associates, Inc. and Griffin Asset Management, LLC. Griffin Asset Management manages traditional and alternative investment strategies for individuals and institutions including, Dividend Growth, Growth, Value, Covered Call, Income, and Fixed Income. A complete list and description of firm composites is available upon request. Please call us at 212-661-3636 or email at info@griffinasset.com.

> Composite Characteristics

The Composite includes all discretionary, fee-paying portfolios with the equity investments following the Growth Strategy model. The composite excludes all portfolios with a market value of less than \$500,000. The primary benchmark is 75% of the Russell 1000 Growth and 25% of the United States Treasury Bill. This mix has been in place since inception. The secondary benchmark is 75% S&P 500 and 25% of the United States Treasury Bill. This mix has been in place since incept

> Growth Strategy Definition

The Griffin Asset Management Growth Strategy invests in large, mid & small capitalization stocks of high quality companies that have above average growth potential over the intermediate to longer term. The strategy seeks to build a diversified portfolio with a focus on companies and industries that have a catalyst to generate above average earnings and revenue growth. In addition, the strategy manages short term risk by investing in only high quality companies and raising cash when markets get over bought are look vulnerable do to Macro Economic factors.

> Composite Methodology

Valuations and returns are computed and stated in U.S. Dollars. Returns are displayed Gross and Net of Investment Management Fees. Gross of Fees performance calculations are presented Gross of Investment Management Fees and Net of Trading Fees. Net of Fees returns are presented Net of Trading Fees and Net of Investment Management Fees. Our software system, Advent, is able to calculate Net of Fees returns for all accounts. Therefore, for the entire reporting period the Net of Fees returns are calculated in Advent. Gross and Net of Fees returns are calculated net of withholding taxes on foreign dividends. There are no performance fees in this composite and therefore net of fees returns include all deducted fees. Internal dispersion is calculated using the dollar-weighted standard deviation of all portfolios that were included in the composite for the entire year.

> Supplemental Information

The information in this presentation on pages 1-22 that is referred to as supplemental information shows just the equity returns carved out of this composite. The supplemental information is presented to show a fair comparison of just the equity returns versus the appropriate benchmark.

> Standard Deviation

As of 12-31-13, the Three-Year annualized Ex-Post Standard Deviation of the Composite was 6.87% and for the primary benchmark, 9.13%, and for the secondary benchmark, 8.95%. As of 12-31-12, the Three-Year annualized Ex-Post Standard Deviation of the Composite was 8.0% and for the primary benchmark, 14.36%, and for the secondary benchmark, 14.15%. As of 12-31-11, the Three-Year annualized Ex-Post Standard Deviation of the Composite was 9.0% and for the primary benchmark, 13.3%, and for the secondary benchmark, 14.0%.

> Other Disclosures

Upon request, we will personally meet with you and provide you with information regarding performance results, investment strategies and our advisory fees. The following fee schedule is negotiable, 1.25% on first \$2Mil, 1.00% on the next \$3Mil and .75% on balance. This composite was created in September of 2010. A complete list and description of firm composites is available upon request. Additional Information regarding policies for calculating and reporting returns is available upon request. Effective 6/30/13, an error was discovered in the calculation of gross and net composite returns for the period of 12/31-12 thru 03-31-13. Composite performance and this presentation have since been updated to reflect the corrected returns. More detail information is available upon request.

*Total Strategy Assets since inception include all assets within the strategy but are not included in this composite for one or all of the following reasons: account size, time in the strategy, unable to fully implement strategy, strategy assets are commingled with other strategy type assets. This information is supplemental and included for the purpose of showing our commitment to this strategy.



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