



COVERED CALL STRATEGY



Griffin's Covered Call Strategy invests for long-term total return with enhanced income and reduced volatility. We seek to invest in conservatively financed, large-capitalization stocks at reasonable prices and write covered calls against each position. Additionally, the Strategy will write calls, during most market environments, on 50% to 100% of the shares in the stock portfolio.

Stock positions are managed with a strict selection process that is focused on quality and valuation and we only buy stocks which have liquid calls and pay a dividend. The selection process is of utmost importance for the Covered Call Strategy as we seek to own a concentrated list of stocks, each thoroughly vetted for downside risk.

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The Strategy was introduced in 2009 to address investors' need to enhance income & reduce volatility without sacrificing long-term real returns. This dual focus has led to an annualized Alpha of 4.20% since inception

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> P/E

Companies in the lowest quartile by P/E ratio have outperformed those in the highest quartile for P/E ratio for the past 39 years by a margin of 650 basis points a year and outperformed the S&P 500 by 350 basis points a year.

> DIVIDENDS

Despite the fact that dividends have accounted for 41% of total stock market returns since 1926, it is often statistically ignored. Numerous studies have shown that dividends not only matter for total return but also for assessing the quality of a company. Dividends rarely increase unless a company has complete confidence in its own future.

> INCOME

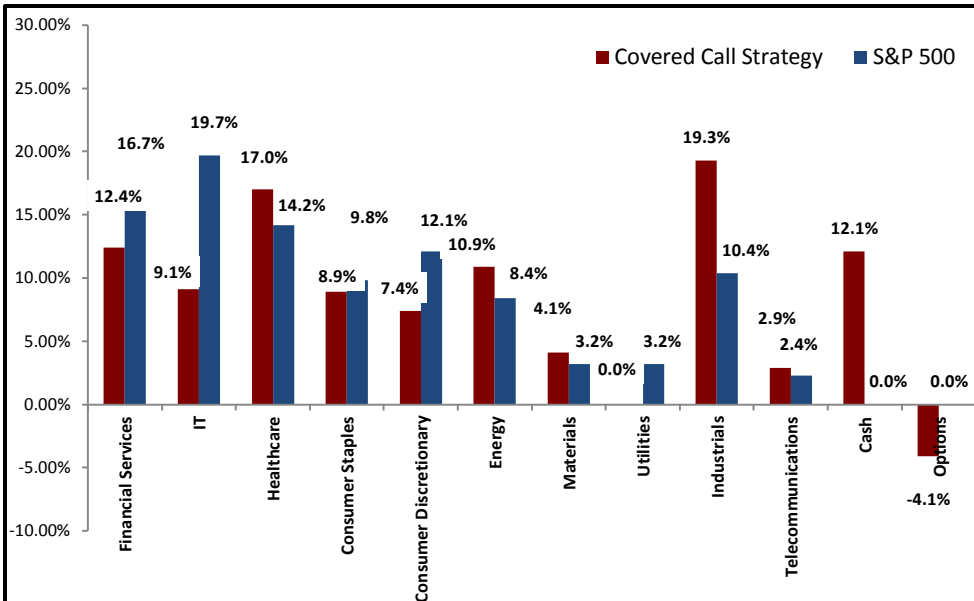
The average annual return of the S&P 500 since 1926 has been 10.6%. Dividends and re-invested dividends have accounted for 41% of this return. Additional income from writing covered calls allows this strategy to generate a greater percentage of return through income, a more consistent and stable source of returns.

CHARACTERISTICS	GAM C.C.	S&P
P/E 2015	14.9x	15.7x
Dividend Yield	2.6%	2.0%
Trailing DIV Growth 3 YRS	9.1%	10.0%
RISK METRICS (5 Years)	GAM C.C.	S&P
ALPHA	1.41	0.00
BETA	.57	1.0
SHARPE RATIO	1.30	1.19
UPSIDE CAPTURE	53.2	100
DOWNSIDE CAPTURE	50.1	100
STANDARD DEVIATION	7.84	12.89
As of 12-31-14		

A 2006 study by Callan Associates demonstrated the superior risk-adjusted returns generated by using a buy-write strategy, also known as Covered Call Strategy. After analyzing 18 years of data, the study concluded that owning stocks in the S&P 500 and selling calls would have produced a return 10 basis points a year better than the S&P 500 with 2/3 of the volatility. A buy-write strategy also generates a return pattern different from a traditional equity portfolio by offering a source of potential diversification.

PORTFOLIO CONSTRUCTION

Sector Weightings



Top Holdings

TOP HOLDINGS	WEIGHTING
Qualcomm (QCOM)	4.7%
Boeing (BA)	4.4%
IBM (IBM)	4.4%
Nucor (NUE)	4.1%
Walgreen Boots (WBA)	4.1%
BB&T Corp. (BBT)	4.0%
Royal Dutch (RDS)	3.9%
Baxter Int'l (BAX)	3.9%
General Electric (GE)	3.9%
Emerson Electric (EMR)	3.8%

Portfolio Construction

- **Number of stocks:** 30-33. Too few names can lead to excessive volatility and too many names lead to lackluster returns.
- **Dividend Growth Rate:** 3-5 year estimated dividend growth rate of 7.5%.
- **Call Writing:** Covered Calls written on 50%-100% of positions
- **Dividend Yield:** Higher dividend yield versus the S&P 500.
- **Sector Weightings:** No sector weighting limit.

Investment Team

- Douglas M. Famigletti, CFA**
President and Chief Investment Officer
Portfolio Manager of the Covered Call Strategy
- Heather Doherty**
Vice President
Member of the Investment Committee
- Thomas A. Famigletti**
Managing Director
Member of the Investment Committee
- Ian Gershgor**
Research Associate
Member of the Investment Committee
- Joe LoBue**
Head Trader
Member of the Investment Committee
- Lee Metzendorf**
Managing Director
Member of the Investment Committee
- Diana L. Salter**
Managing Director
Member of the Investment Committee

Stock Selection Process

▪Fundamental Analysis:

- Dividend Growth:** Consistent history and stated policy
- Free Cash Flow:** Free Cash Flow equal or great than Earnings
- Balance Sheet:** Low volatility YOY in key metrics

▪Quantitative Analysis:

- PE Ratio:** Below historical level
- Dividend Yield:** Above the market with a lower relative payout
- FCF Yield:** Above the Yield on the 10 Year US Treasury Note.
- EV/EBITDA:** Below historical level

Sell Discipline

Stocks will be sold and calls covered based on the following reason:

- **Fundamentals:** Deteriorating fundamentals exhibited by poor earnings, loss of market share or declining competitive advantage.

Part of a position or the entire position will be let go or called away for the following two reasons:

- **Percentage of Portfolio:** If a position becomes over 7.5% of the portfolio, part of the position will be allowed to be called away for risk management purposes.
- **Valuation:** We use a proprietary model to determine the normal distribution of multiples and will allow part of a position to be called based on valuation. We would let an entire position be called if the valuation was 3 standard deviations away from the mean.

This supplemental material complements the GIPS® compliant composite presentation which is provided at the end of this brochure.

ANNUAL RETURNS

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**SUPERIOR LONG TERM RETURNS,
ENHANCED INCOME AND LOWER RISK**
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Annual Returns (%)	2014	2013	2012	2011	2010	2009
CC Strategy (Gross)	+7.53%	+16.59%	+10.50%	+3.30%	+14.12%	+31.38%
CC Strategy (Net)	+7.06%	+16.07%	+10.04%	+2.89%	+13.13%	+31.06%
CBOE S&P 500 Buy-Write Index	+5.66%	+13.25%	+5.18%	+5.73%	+5.86%	+25.90%

“Unlike traditional passive covered call strategies, the Griffin Asset Management Covered Call Strategy will take advantage of the volatility in its stock holdings by trading calls and incorporate this with the firm’s exceptional history of finding high quality stocks.”

INVESTMENT RETURNS & RISK

Annualized Returns (%)	4Q14	1 Year	3 Year	5 Year	Since Inception
CC Strategy (Gross)	+1.46%	+7.53%	+11.48%	+10.31%	+13.56%
CC Strategy (Net)	+1.34%	+7.06%	+10.99%	+9.74%	+13.04%
CBOE S&P 500 Buy-Write Index	-0.81%	+5.66%	+7.96%	+7.09%	+10.02%

Covered Call Strategy

Risk and Growth of an Investment: December 31, 2008 through December 31, 2014



	ROR	Beta	Alpha	Sharpe Ratio Pop	Std Dev Pop	Upside Cap Ratio	Dnside Cap Ratio
— GAM Covered Call Strategy	13.56	0.56	3.69	1.52	8.85	57.70	47.97
— S&P CBOE Buy-Write Index	10.02	0.63	-0.61	0.95	10.44	53.39	62.16
— S&P 60/US Treasury 40	10.35	0.60	0.00	1.17	8.81	55.58	64.45

RISK BENCHMARK USED FOR THIS ANALYSIS IS THE STANDARD & POORS 500

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This supplemental material complements the GIPS® compliant composite presentation which is provided at the end of this brochure.

GIPS® COMPOSITE TABLE

Year as of 12-31-14	Gross of Fees	Net of Fees	Benchmark	Dispersion	Number of Portfolios	Total Strategy Assets (\$ millions)	Total Composite Assets (\$ millions)	Total Firm Assets (\$ millions)
2014	+7.53%	+7.06%	+5.66%	0.41	12	\$13.7	\$13.7	\$429.3
2013	+16.59%	+16.07%	+13.25%	0.68	11	\$12.8	\$5.9	\$394.9
2012	+10.50%	+10.04%	+5.18%	0.26	11	\$5.5	\$5.1	\$350.2
2011	+3.30%	+2.89%	+5.73%	1.15	10	\$4.8	\$4.7	\$266.5
2010	+14.12%	+13.13%	+5.86%	.54	5	\$2.2	\$2.2	\$271.9
2009	+31.38%	+31.06%	+25.90%	N/A	2	<\$1	<\$1	\$432.1

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.

> 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, Balanced & Fixed Income. A complete list and description of firm composites are 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 a Covered Call Strategy. The benchmark is the CBOE S&P 500 Buy-Write Index.

> Covered Call Strategy Definition

The Griffin Asset Management Covered Call Value Strategy invests in large and mid-capitalization stocks of high quality companies at a discount to their intrinsic value. The Strategy seeks to build a diversified portfolio of exceptional companies that are leaders in their respective businesses but trade at a discount to their intrinsic value due to short-term concerns. The Strategy seeks to increase current income and lower risk (volatility) through the writing of covered calls against at least 50% of the equity positions and up to 100% of the equity positions. The primary goal of the Strategy is to preserve capital in the short to intermediate term by taking less risk than the overall market with the long stock portfolio and the writing of covered calls. The secondary goal is to generate superior returns over the long-term with lower risk relative to the Strategy's benchmarks.

> 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. During calendar year 2009 fees were not paid on this composite until the 3rd quarter therefore the Net of Fees calculation is made using the maximum possible fee on this type of account which is equal to 1%. Starting in calendar year 2010 Net of Fees numbers will be calculated through AXYS. Gross and Net of Fees returns are calculated gross 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 not calculated for this composite because there are too few accounts to make it a relevant measure.

> Standard Deviation

As of 12-31-13, the Three-Year annualized Ex-Post Standard Deviation of the Composite was 7.43% and for the benchmark, 9.25%. As of 12-31-12, the Three-Year annualized Ex-Post Standard Deviation of the Composite was 9.43% and for the benchmark, 11.39%. As of 12-31-11, the Three-Year annualized Ex-Post Standard Deviation of the Composite was 11.44% and for the benchmark, 12.96%.

> 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 December of 2008. 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. *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.