



GROWTH STRATEGY



The investment objective of Griffin’s Growth Strategy is long-term appreciation. During times of uncertainty, the Strategy stresses short-term preservation of capital. The Strategy invests in large, mid and small-capitalization stocks of companies with above-average growth prospects and strong balance sheets.

The keys to the Strategy’s success over time have been the identification of companies developing innovative products, or new approaches to old problems, that afford the opportunity for above-average sales growth, earnings growth and high returns on capital. Such opportunities can occur in growth industries like health care and technology as well as new approaches in more mature industries.

“The Strategy’s focus on innovative companies with new products and proprietary technology has allowed the Growth Strategy to generate dynamic returns during bull markets and protect assets during bear markets.”

> SALES

Growth opportunities most often arise when companies develop new products that fuel accelerating sales growth. Industries growing by virtue of rising demographics provide particular opportunities since new products can be sold into an expanding marketplace.

> PROFITABILITY

Accelerating profit growth is a key focus of our analysis since new products often have above-average profit potential. Management can also foretell significant profit improvement as operations become more focused on the largest and most lucrative business opportunities. Companies that invest for the future, even as they control current operating costs, typically provide the best opportunities.

> RETURN ON EQUITY

Long-term earnings growth can only be achieved if a company can reinvest excess cash at returns similar to, or higher than, their existing business. True growth companies offer both high and rising returns on equity. Companies with competitive advantages based on R&D, intellectual property, business methods and the like can maintain growth at a high level for a number of years.

> P/E/G RATIO

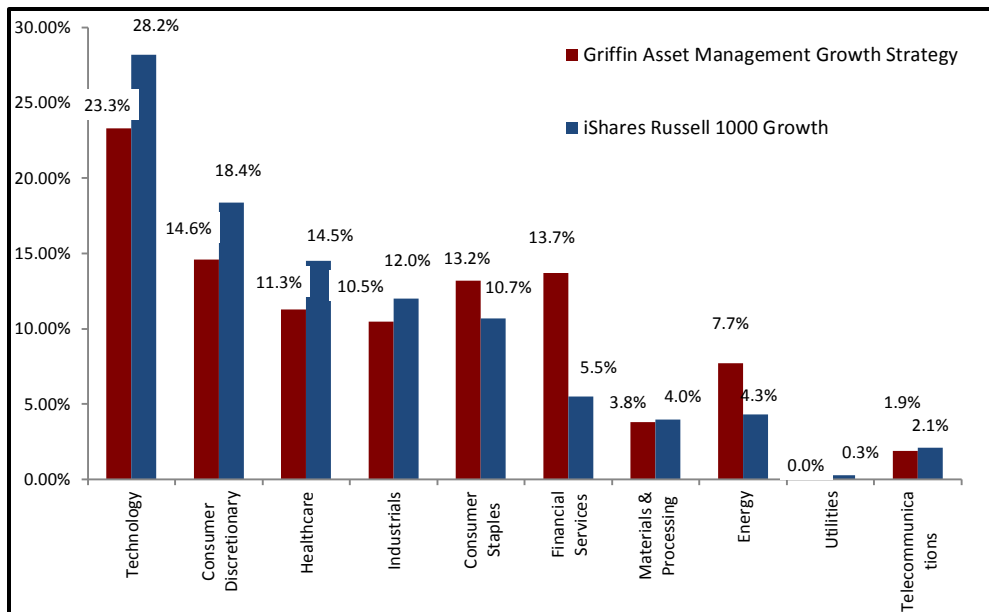
Our Growth Strategy is disciplined in terms of the P/E we will pay for growth. We measure growth potential against P/E ratios to point us towards a proper valuation for purchase. In periods of uncertainty, growth stocks can become very cheap as investors become less confident in the future than industry or company dynamics might warrant. At times, mature growth becomes undervalued versus dynamic growth, and we seek to balance portfolios accordingly.

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

PORTFOLIO CONSTRUCTION

Sector Weightings



Top Holdings

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%

Portfolio Construction

- **Number of stocks:** 25-30 . Too few names can lead to excessive volatility while too many names can lead to lackluster returns.
- **Benchmarks:** Primary is the Russell 1000 Growth Index and the secondary is the S&P 500.
- **Sector Weightings:** There are no limits on sector weightings.
- **Earnings Growth Rate:** Higher Estimated Earnings Growth versus the Russell 1000 Growth and the S&P 500 over the forward 5 years.

Investment Team

1. **Diana L. Salter**
Managing Director
Member of the Investment Committee
2. **Douglas M. Famigletti, CFA**
President and Chief Investment Officer
Member of the Investment Committee
3. **Heather Doherty**
Vice President
Member of the Investment Committee
4. **Thomas A. Famigletti**
Managing Director
Member of the Investment Committee
5. **Ian Gershgor**
Research Associate
Member of the Investment Committee
6. **Joe LoBue**
Head Trader
Member of the Investment Committee
7. **Lee Metzendorf**
Managing Director
Member of the Investment Committee

Stock Selection Process

▪ Fundamental Analysis:

Change Brings Opportunity: Management and Strategy changes present opportunities for extraordinary growth.

Sales Growth: Sales growth is a sign of higher quality earnings.

Earnings Growth: Accelerating and high quality earnings are keys.

▪ Quantitative Analysis:

PE Ratio: Used on realistic earnings estimates versus street estimates.

PEG Ratio: Buy high levels of growth at a reasonable price.

Technical Analysis: Technical analysis complements our quantitative metrics and helps for entry and exit points.

Sell Discipline

Stocks will be sold for the following three reasons and are listed in order of importance

- **Fundamentals:** Deteriorating fundamentals exhibited by poor earnings, loss of market share or declining competitive advantage.
- **Percentage of Portfolio:** If a position becomes over 10% of the portfolio, part of the position will be sold.
- **Technical Analysis:** A combination of deteriorating fundamentals and weak Technical's will result in the entire position being sold.

INVESTMENT RETURNS

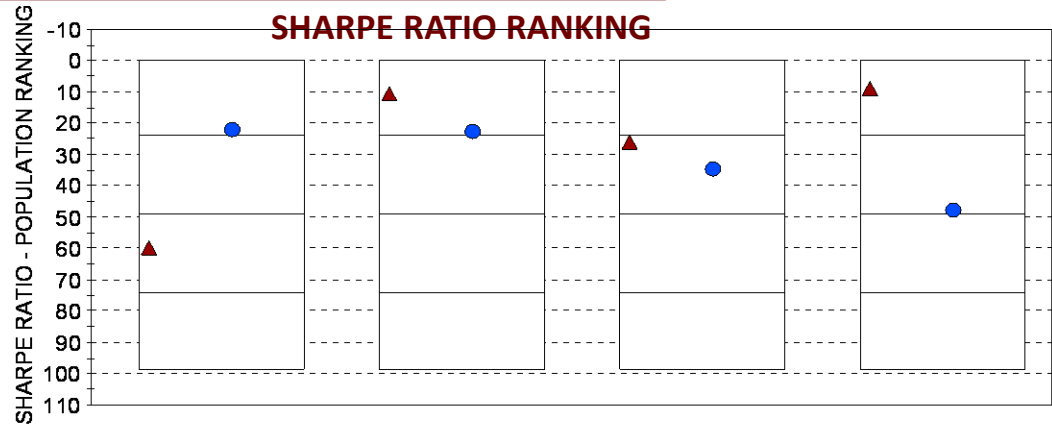
Annualized Returns (%) as of 12-31-14	4Q 2014	1 Year	3 Year	5 Year	7 Year	Since Inception 12-31-04
Growth Strategy (Gross)	+3.88%	+6.57%	+17.07%	+14.67%	+7.72%	+8.76%
Growth Strategy (Net)	+3.69%	+5.71%	+16.12%	+13.74%	+6.84%	+7.90%
Russell 1000 Growth	+4.79%	+12.54%	+20.06%	+15.71%	+8.29%	+8.45%
S&P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

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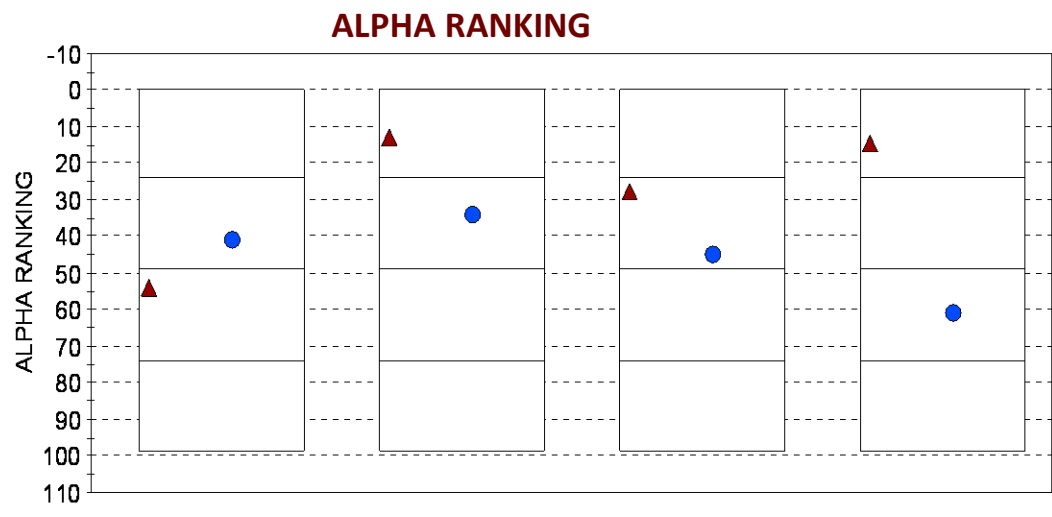
This supplemental material complements the GIPS® compliant composite presentation which is provided at the end of this brochure.. This supplemental information shows the equity returns carved out of the composite. The supplemental information is presented to show a fair comparison of just the equity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

INVESTMENT RETURNS



	<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



	<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

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%	1.91	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.

> 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, Fixed Income, and Tactical. 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% of the Russell S&P 500 and 25% of the United States Treasury Bill. This mix has been in place since inception.

> 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 or 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.

> 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%.

> Supplemental Information

The information in this presentation on pages 1-4 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.

> 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.