

# Balopole Investment Management Corporation

*FUNDAMENTAL VALUE INVESTING*

## BIMC

### BROCHURE



INDIVIDUALLY MANAGED ACCOUNTS WITH PERSONAL SERVICE

## YOUR PERSONAL INVESTMENT COMPANY

August 2010

1650 Borel Pl., Suite 224 San Mateo, San Mateo, CA 94402  
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## Overview

### Overview

Balopole Investment Management Corporation (BIMC) is a fee only investment advisory firm. BIMC invests client funds in a diversified portfolio based upon a survey of individual client needs. BIMC charges a fee based upon the value of assets under management and receives no compensation for trades. We pride ourselves on doing our own equity research and investment selection. BIMC has a great track record for our clients. Check out our performance report to examine the details.

### STAFF

#### **Robert Balopole, CPA, CFA**

Bob Balopole, the founder of BIMC, serves as head economist and chief stock picker. Bob has been a financial advisor for over twenty years, first as a CPA and now as President of BIMC. Bob earned his Chartered Financial Analyst credential in 2003. Bob is a native of California, having an undergraduate degree from UC Berkeley in Accounting and a Master of Science in Taxation from Golden Gate University.



#### **James Manishin, MBA**

Jim Manishin joined BIMC in 2007 as Vice President of Client Services after many years in high technology sales and marketing. Jim has a B.S. in Electrical Engineering from Bucknell University and an M.B.A. from Cornell University, graduating “with distinction”. Jim’s history as a client and belief in BIMC’s investment approach, has led him to partner with Bob at BIMC.



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## Why Invest With BIMC?

### Professional Investment Management

- **Great track record** of returns for our clients in line with their risk tolerance.
- **Independent research** and **value based investing**.
- **Tax savvy** - check out Bob's background for handling employee stock options, trust and retirement plans.
- **Commitment** - the personal assets of the principals of BIMC are invested in the same equities as our clients. We grow together.
- **Cost Effective** - No front or back end loads. No double layer of fees, we invest mainly in stocks, not mutual funds.
- **Fee Only** - No conflict of interest as in traditional brokerage firms.

### Personalized Service

- **One professional dedicated to serving you, year in and year out.**
- **Customized portfolio to fit client needs.**
- **Access to investment decision makers**

### Communication

- **Semiannual Performance Reports**, judged against an independent benchmark.
- **Quarterly Investment Outlook Newsletter.**
- **Face to Face Meetings**, annually or more often, as required.

## We Grow With You!

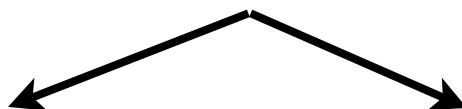
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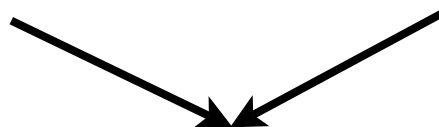
## Your Investment Objectives

Determine Financial Starting Point and Objectives



Consider Investment Parameters

Consider Investment Alternatives



Design Customized Investment Strategy



Implement Strategy



Examine Results and Review



Monitor Strategy

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## Your Investment Objectives

### A) Determine Financial Starting Point

What assets do you have currently? You need to include home equity, cash checking accounts, retirement assets, and the cash value of whole life insurance as a starting point.

### B) Time

Your age and when you would like to retire are key questions in determining your investment strategy. How long the investments stay invested will help drive your ultimate wealth. Deposits not made, or withdrawals made while you are young, will have a dramatic effect twenty years from today.

### C) Returns Required

Do you need aggressive growth in order to retire with comfort? Are you already there and want to protect the capital you have acquired?

### D) Financial Risk

The closest thing to "Risk Free" investing is buying T-Bills from the US Government and holding them to maturity. Risk free investing is not desirable for most inves-

tors due to low rates of return. Historically yields on T-Bills are slightly higher than inflation. Investments in bonds, stocks and real estate have historically much higher returns with an increased amount of risk.

BIMC strives to provide above market returns with less risk. This concept has been called an efficient portfolio.

Through diversification in markets, securities and by changing asset allocations, BIMC aims for high returns with safety.

### E) Cash Flow

One goal of investing is to replace your current income with investment dollars after you decide to retire. How much do you need? What can you afford to invest? Will the amount of investments fund your retirement and other financial goals?

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## F) Psychological Risk Tolerance

An investor's risk tolerance will determine whether he/she can ride the ups and downs of the market. BIMC is committed to creating a portfolio which accommodates differing tolerances for financial risk.

There is a reward for stock investing! Long term investors in the market are rewarded with higher returns, on average, over the long run, see appendix A. On a semi-annual basis, BIMC reports your returns versus a benchmark of similar risk. Our returns in both bull and bear markets are an indicator of our investment skill .

## G) Customized Investment Strategy

BIMC will tailor your individual portfolio to take into account your personal situation, your risk profile, any other factors you deem important ( example - other investments outside the firm may cause you to avoid certain investments at BIMC ).

## H) Socially Responsible Investing

BIMC stays away from stocks of tobacco and alcoholic beverage manufacturers. We

are always receptive to a client's sensibilities in the individual equities we select.

## I) Taxes

BIMC has extensive experience with tax issues. Trades for clients are "tax aware", meaning that a client's individual tax situation is factored into the decision. Investing in Mutual Funds or with non Tax savvy Investment Advisors will yield substantially different results.

The old saying "it's not what you make but what you keep" is true at BIMC.

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## Philosophy

### Fundamental Value Investing

Value investing harkens back to the school of Benjamin Graham of the 1930's and Warren Buffett in the 1980's to the present. Value Investing looks for stocks that are undervalued by the market. Determining the valuation of a firm is part math, part investigator and part timing. **The key differentiator between BIMC and other small Investment Advisors is that BIMC does its own fundamental equity analysis and stock picking.** We make limited use of stock mutual funds preferring to pick our own equities.

**BIMC focuses its research into small and mid cap stocks.** We follow those that are either uncovered or lightly covered by the analysts. We follow smaller stocks because of the greater possibility that they are under valued by the market. We believe also that smaller companies have greater potential for earnings growth or acquisition and therefore stock appreciation. We search for those firms which have **solid financial numbers** and have a **permanent competitive advantage**.

Your portfolio is reviewed often and rebalanced as required. Each trade is viewed in light of your risk tolerance, tax situation and the need balance the asset allocation.

## Diversification

Diversification within a portfolio works to limit the volatility of a portfolio. We use this principal when constructing a portfolio to try to reduce market risk. BIMC invests in a mix of stocks, bonds and REITs. BIMC further diversifies by varying the industry, region and size of firm. During this unsettled economic period, weak dollar, slowing domestic growth and record trade deficits, BIMC actively seeks investment vehicles that have a hard economic basis or have a lower correlation (beta) to the changes in the stock mar-

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ket. Some securities which exhibit these features: Foreign Bond Funds ( fixed income in a weakening dollar scenario ), oil stocks ( world supply continues to remain barely capable of keeping up with demand ), TIPS ( treasury inflation protected securities ) and gold stocks ( traditional haven during inflationary times, increased demand due to India and China economic growth ).

## Bonds

BIMC invests in Bonds and Bond funds as a safe haven, not a growth vehicle. BIMC uses TIPS ( treasury inflation protected securities ) and Bond funds both domestic and foreign. BIMC views Bonds as a risk avoidance vehicle and Bond funds offer more liquidity than individual bonds.

## REITs

Real Estate Investment Trusts have given exceptional returns since the inception of BIMC. REITs are an excellent diversification tool as their prices have low correlation with the stock market. REITs are considered a good hedge against inflation and enjoy favorable tax treatment. REITs also pay high dividends as they are legally required to pay out 90% of their taxable income.

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## Fees & Minimum Investment

Our fees are 1% per annum of assets under management, billed quarterly at 0.25%.

There are no sales load or early withdrawal fees.

The minimum account balance to become a client is \$250,000. Multiple accounts may be combined to satisfy our minimum.

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