Gries Logix

Product Description

Since its inception in March, 2002, the Logix Industry Relative Yield portfolio has consistently adhered to a unique and disciplined investment philosophy that looks at historical dividend yield data as a means of valuation. Logix is focused on a pre-screened universe with primarily large capitalization U.S. equities. Buys and sells are by industry groupings and utilize absolute and relative dividend yield thresholds (using a proprietary model based on historical data).

Equities eligible to be in the industry groupings of the Logix universe must first pass through fundamental screens. Actually buying or selling a pre-screened industry is based on hitting the (buy or sell) thresholds referenced above.

As opposed to other dividend yield equity strategies, Logix sees the yield as an objective means to evaluate the potential for capital appreciation rather than as an end unto itself, although portfolio yield is typically above the Russell 1000 Value benchmark.

Using the Logix Industry Relative Yield strategy and starting with a broad-based index, a security is eligible for inclusion in the portfolio if the following conditions exist:

1. There has been no cut in dividend in the past ten (10) years or a minimum of five (5) years for companies with a less than 10 year dividend paying track record (special distributions not considered as part of the analysis);

2. An in-depth analysis of balance sheet, cash flow, and other fundamentals indicate a sound company in a sound industry;

3. Both the industry group's absolute yield and relative (to the Logix universe) yield must fall within

Performance: Growth of $100   **Product (Gross)** **Benchmark** **Product (Net)**

$ Value
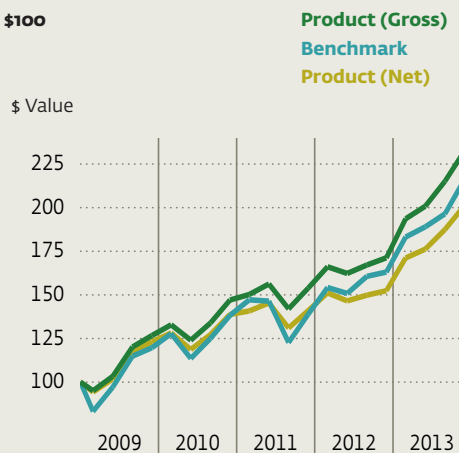
	2009	2010	2011	2012	2013
Product (Gross)	26.70	16.06	4.59	11.36	35.74
Benchmark	19.69	15.51	0.39	17.51	32.53
Relative Returns	7.01	0.55	4.19	-6.14	3.21
Product (Net)	23.15	12.73	1.51	8.15	32.00

Performance Highlights (%)   **Product (Gross)** **Benchmark** **Relative Returns** **Product (Net)**
Total Annualized Return for Periods Ending 12/31/13
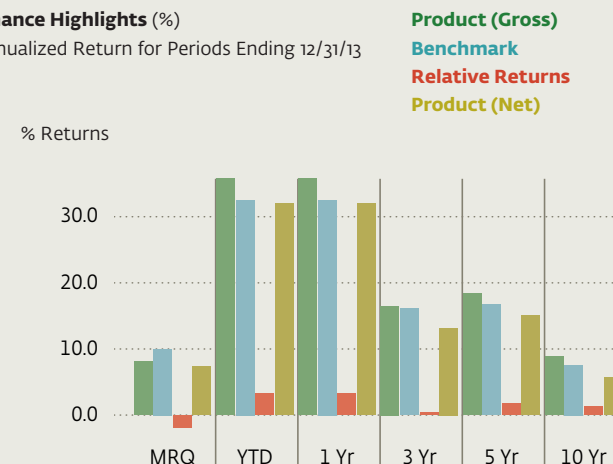
% Returns

	MRQ	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Product (Gross)	8.05	35.74	35.74	16.49	18.38	8.91
Benchmark	10.01	32.53	32.53	16.06	16.67	7.58
Relative Returns	-1.96	3.21	3.21	0.43	1.71	1.32
Product (Net)	7.30	32.00	32.00	13.16	15.00	5.74

Risk-Return Statistics [1]

		Product	Bench
	3 Yr	5 Yr	5 Yr
Std. Deviation (%)	11.46	12.76	19.65
Sharpe Ratio	1.14	1.17	0.84
Alpha (%)	2.58	4.42	--
Information Ratio	-0.39	-0.18	--
Up Capture (%)	69.85	70.00	--
Down Capture (%)	53.74	52.09	--

Total Return (%)		Product	Bench
Best Qtr (07/09-09/09)		15.50	18.24
Worst Qtr (10/08-12/08)		-12.49	-22.18
Best Year (2013)		32.00	32.53
Worst Year (2008)		-19.46	-36.85

Risk Statistics [1]

	3 Yr	5 Yr
Active Return (%)	-0.03	-0.02
Batting Average (%)	33.33	35.00
Beta	0.65	0.60
Tracking Error	7.38	9.05
R Squared	83.66	86.74
Q-Score	2.64	2.07
Q-Risk	0%	0%
Q-Return	0%	0%
Q-Rank	0%	0%

Quick Facts (as of Dec 31, 2013) [2]

Style Classification:	Large-Cap Value
Benchmark:	Russell 1000 Value
Product AUM(MM):	$40
Inception Date:	Apr 1, 2002
Current # Holdings:	34
Avg. Annual Turnover:	40%

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predetermined levels (within a 'buy' threshold range) and

4.The purchase does not violate the following Portfolio Transactional Restrictions:

-No more than 20% of the portfolio, at purchase price, may be invested in one industry group; and
-No more than 5% of the portfolio, at purchase price, may be invested in one equity.

A security or industry will be sold if any of the following conditions exist:

1. A dividend cut, balance sheet deterioration or fundamental issues with the company

2. Any macro issues of significance facing the company or industry, such as litigation or other majc negative news events; and/or

3. The industry group's absolute yield and relative yield fall outside of predetermined levels (within a 'sell' threshold range).

For flexibility within the above defined investment discipline, an industry or an individual security MAY t

sold if there is an industry/security of a similar or higher quality as indicated by threshold ranges and/c higher yield available for purchase in the Logix universe.

Logix research is proprietary and in-house although i compiles data through the Thomson Baseline application.

Firm Overview
Gries Financial LLC is the parent company of the Log Industry Relative Yield Strategy described in the product section. Gries Financial LLC is an

independent, fee based Registered Investment Advisor (RIA) serving a high net worth and institutional clientele since 1978. The firm is 100% employee owned inclusive of the founder of the firm.

Portfolio Characteristics [5]

(Actual Investor Holdings Will Vary)	
Average Market Cap (MM)	$20,481
Median Market Cap (MM)	$22,124
Adjusted Price/Earnings Ratio	17.68
Price/Book Ratio	2.97
Return On Equity (1yr)	20.11
EPS Growth-Past 5 yrs	17.00%
Debt to Total Capital	32.27
Current Yield (%)	1.85 [6]

Equity Sector Distribution

Sector	0.0 % – 25.0	Value
Energy		10.7
Industrials		12.3
Technology		9.9
Cons. Cyclical		16.3
Healthcare		26.5
Cons. Defense		24.2

World Regions

	Portfolio %
Greater Asia	**0.00**
Japan	0.00
Australasia	0.00
Asia-Developed	0.00
Asia-Emerging	0.00
Greater Europe	**0.00**
United Kingdom	0.00
Europe-Developed	0.00
Europe-Emerging	0.00
Africa/Middle East	0.00
Greater Americas	**100.00**
United States	100.00
Canada	0.00
Latin America	0.00

Top Ten Holdings [5]

Security	%
AmerisourceBergen Corp	3.91
Cardinal Health Inc	3.62
Owens & Minor, Inc.	3.35
Walgreen Company	3.19
Expeditors International of Washington, Inc.	3.08
CH Robinson Worldwide, Inc.	3.02
Cracker Barrel Old Country Store, Inc.	2.95
McDonald's Corporation	2.91
Darden Restaurants Inc	2.83
CVS Caremark Corp	2.80

The data presented is as of Dec 31, 2013 and may change at any time. Holdings information should not be considered a recommendation to buy or sell a particular security.
Certain charts illustrate areas in which the portfolio may invest and may not be representative of current or future holdings. Diversification does not ensure a profit or protect against losses.

[1] *Alpha - A measure of a stock's risk-adjusted performance, considering the risk due to the specific stock, rather than the overall market. Alpha can be thought of as how the stock performed if the market has had no gain or loss. A large alpha indicates that the stock or mutual fund has performed better than would be predicted given its beta (volatility). **Beta** - A measure of a manager's performance relative to the market (benchmark index). A manager with a beta coefficient of 1.00 has experienced up and down movements of roughly the same magnitude as the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels. **Capture Ratio** - Up(Down) Capture Ratio is a measure of managers' performance in up(down) markets relative to the market itself. An up market is one in which the market's quarterly return is greater than or equal to zero. The higher the manager's up-market capture ratio, the better the manager capitalized on a rising market. For example, a value of 1.10 suggests that the manager captured 110% of the market gain (performed ten percent better than the market) when the market was up. A down-market capture ratio of 0.90 suggests that the manager captured only 90% of the market loss when the market was down. **R-squared** - A measure of how much of a portfolio's performance can be explained by the returns from the overall market (or a benchmark index). If a portfolio's total return precisely matched that of the overall market or benchmark, its R-squared would be 100.00. If a portfolio's return bore no relationship to the market's returns, its R-squared would be 0. **Sharpe Ratio** - A measure of risk-adjusted return. To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) is divided by the asset's standard deviation. **Standard Deviation** - A gauge used to measure risk, or volatility. It is a number indicating the variability of a set of numerical values about their arithmetic average. For example, a $1 million portfolio with a quarterly standard deviation of 5% will fluctuate $50,000 (5% of $1 million) or less per quarter two-thirds of the time. The lower the manager's standard deviation, the more stable the portfolio's performance. High standard deviation suggests a portfolio with more fluctuation and volatility.*

[2] *Note: Performance returns & statistics are calculated using quarterly returns data as of date noted and is the most recent data made available by the asset manager. Portfolio performance returns are provided by a third-party data provider or the asset manager directly.*

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[3] *If client utilizes a custodian or advisor that separately charges client's account, these fees will not be reflected in the Net performance data. Depending on the exact fees agreed upon between client and advisor, the actual fees charged may be less than the assumed fee. Actual fees will vary depending on, among other things, the applicable fee schedule, the time period, investment performance and account size. For example, if $100,000 were invested and experienced a 10% annual return compounded monthly for 10 years, its ending value, without giving effect to the deduction of advisory fees, would be $270,704 with annualized compounded return of 10.47%. If an advisory fee of 0.95% of the average market value of the account were deducted monthly for the 10-year period, the annualized compounded return would be 9.43% and the ending dollar value would be $246,355. For a description of all fees, costs and expenses, please refer to your financial advisor's Disclosure Brochure. Past performance is not indicative of future results.*

[4] *Reported benchmarks are not intended as direct comparisons to the performance of the portfolio. Instead, they are intended to represent the performance of certain sectors of the overall securities market (e.g. equities, bonds, etc.). Respectively, the volatility and performance of the reported benchmark may be greater than or less than the volatility and performance of the investment portfolio.*

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[6] *Yield is an indication of the current estimated dividends and interest vs. the current market value of the holdings. The yield represents the current amount of income that is being generated from the portfolio without liquidating the principal or capital gains on the portfolio. However, the yield will fluctuate daily and current or past performance is not a guarantee of future results*

For Use in a One-On-One Presentation to Advisory Client Only