



Exclusive Analysis for the Discerning Investor

Brian Nelson, CFA

brian@valuentum.com

13 October 2012

I am very pleased to welcome you on our journey of spreading the word about Valuentum investing. I hope the presentation shows how passionate our team is about the Valuentum style of investing and why we truly believe it will help you reduce risk and gain confidence to become the best investor you can be.

My personal journey in finance started in the aggressive-growth money-management industry, where I learned to "live" the markets. From my 5am morning coffee and crisp Wall Street Journal to anticipating firms "breaking out" in the early afternoon, little did I know that my buy-side experience at Driehaus Capital Management was preparing me for this Valuentum journey. After earning an MBA and the Chartered Financial Analyst designation, I then pursued the great satisfaction of helping others achieve their dreams. In my role as Director of Global Equity and Credit Research at Morningstar, I dedicated my time to training and mentoring equity and credit analysts on the intricacies of discounted cash-flow and competitive-advantage analysis. These colleagues are now the heads of department at the company. At Morningstar, I truly learned to "live" valuation and competitive analysis in ways others may never come to know.

In early 2011, I finally realized what my experience at Driehaus and Morningstar was all about, my life's calling: Valuentum Securities. It dawned on me that very few investors have ever had the opportunity to use technical and momentum indicators in a money-management setting and also build an extensive discounted cash-flow valuation infrastructure and methodology for one of the largest independent research firms in the world. And on that fateful day in January 2011, I finally knew what I had to do: share with others the tremendous benefits of Valuentum investing – the combination of two investment frameworks seemingly in complete opposition: value and momentum.

Introducing the Valuentum Style of Investing

Valuentum may be our corporate name, but it is much more than that. It is a new style of investing - not value, not growth, not GARP, not momentum, but Valuentum. We combine an extensive three-stage discounted cash flow process (creating complete pro-forma financial statements) with a relative value assessment (price-to-earnings, PEG) and then add on a technical and momentum overlay to identify the best entry and exit points on the most attractive stocks on the market today.

We think earnings and free cash flow drive the valuations of stocks, and we use a tried-and-true margin of safety concept to determine which firms are undervalued. We embrace Warren Buffett and Benjamin Graham. Our technical and momentum process is also very simple and straightforward--we're not reading the stars in our technical/momentum process for our next great alpha-generator.

When value and momentum investors like the same stock, it explodes - think Apple (AAPL) as the most recent example. If value investors don't combine the two, they could be left holding the bag - think Radio Shack (RSH) or Hewlett Packard (HPQ). And if momentum investors don't respect valuation, they can find themselves holding Netflix (NFLX) at \$200 per share. We love to find stocks that are undervalued and that are just starting to exhibit strong technical/momentum indicators - these tend to be home runs!

Thank you again for your time, and I hope you enjoy the presentation.

With best regards,

A handwritten signature in black ink that reads 'Brian Nelson'.

Brian Nelson, CFA

President, Equity Research & ETF Analysis

Valuentum Securities, Inc.