

the value of quality

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TWO POINT



CAPITAL MANAGEMENT



Two investment strategies that have stood the test of time

At the intersection:
One powerful approach to

Value + Quality
investment management

The Two Point Investment Approach is based on the synergy created when the concepts of value and quality are both applied in a stock-specific investment process.

Companies that qualify for a Two Point Portfolio are those with qualities most relevant to long-term growth and whose current stock price is undervalued.

We're redefining value investing.

Robust and Flexible : what changing markets demand

Leveraging the Two Point standard of quality (based on a sophisticated appraisal of a company's potential for long-term success) and value creates a robust investment style designed to be effective in changing economic and stock market conditions.

In evaluating each investment, we consider a myriad of factors, including a company's strategic position in the marketplace, balance sheet, cash flow, income growth, margin structure, quality of management, corporate governance and management ownership. These details are integrated into an analysis of the company's performance going back many years as well as its current performance. Our conclusions form the basis for a conservative estimate of the company's long-term future success in its market.

This assessment is combined with the relevant valuation analysis to determine the divergence between the company's estimated future success in its market, its corresponding long-term value and the current stock price.

The Two Point Approach has, over its history, returned solid performance throughout changing market conditions.

Two Point Capital Management

Contact us for an initial consultation
585.586.5529 | TwoPointCapital.com



Aggressive Execution : focus on continuous improvement

A Two Point Portfolio will always include stocks which, based on their quality, could remain in the portfolio for many years. But under the Two Point Approach, investment portfolios are continuously optimized by the replacement of existing stocks with new opportunities offering lower valuations relative to their quality. It's how we further strengthen a robust, innovative process.

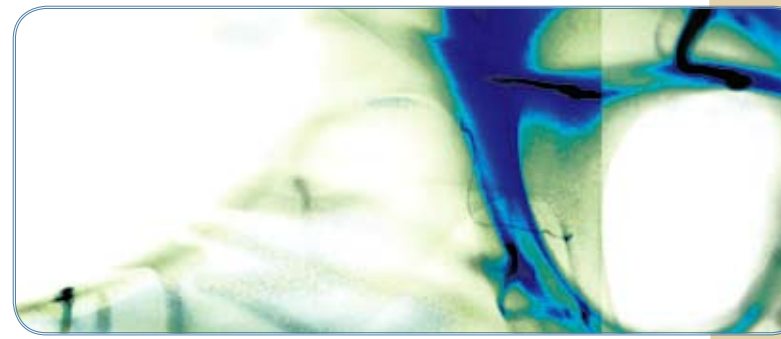
Refined Methodology : thinking smarter all the time

The Two Point Approach is an investment style developed and refined over many years by Jack McGowan, a 20-year portfolio manager, Chartered Financial Analyst, and founder of Two Point Capital Management.

Three Investment Strategies : tailored to your objectives

Strategy 1 : All Equity

This is our cornerstone strategy. All Equity portfolios are comprised of 15 to 35 equities and frictional cash (see definition below). The objective of this strategy is to outperform the broad stock market as measured by a full market cycle of the Russell 3000 Index. We manage each portfolio to maintain balance among stocks of different size, industry and quality levels. The purchase and sale of investments are executed aggressively and may generate significant trading activity, which may occur in intense bursts as dictated by market conditions and portfolio composition. It is expected that annual portfolio turnover will be between 50 and 200 percent.



Strategy 2 : Equity + Fixed Income

Equity + Fixed Income portfolios contain equities and bonds. The equity portion is managed under our All Equity strategy (see above). To reduce the portfolio's stock market risk, the balance of the portfolio is comprised of U.S. government bonds that are held until maturity.

Strategy 3 : Concentrated Aggressive Equity

Concentrated Aggressive Equity portfolios are comprised of a very small number of equity positions and frictional cash (defined below). The objective of this strategy is to significantly outperform the broad stock market as measured by a full market cycle of the Russell 3000 index. By limiting investments to a small number of large positions, this strategy contains substantial security-specific risk. Strong or weak performance by a single investment will have a considerable impact on investment returns.

Frictional Cash under the Two Point Approach

As a result of the simultaneous focus on valuation, quality and portfolio composition, cash positions are "frictional." Money market holdings are not targeted to be a certain percentage of assets managed, but are the result of a management process focused on other aspects of the portfolio. As a result, money market holdings, like equity holdings, may change rapidly and with significant swings.



One inventive and inspired portfolio manager with a passion for performance



Jack McGowan has 20 years experience as a portfolio manager and equity analyst and is a Chartered Financial Analyst® (CFA®) who has worked for a number of investment management firms. He has also worked as a consultant to public companies, gaining invaluable knowledge about the considerations companies weigh as they present themselves to investors.

Jack served two years as President of the Rochester Society of Security Analysts (now CFA Society of Rochester), and an additional eight years as a board member. He is a member of CFA Institute (formerly Association for Investment Management Research or AIMR).

Jack has managed funds solely under the Two Point Capital Approach since 1999.

“You can’t outperform the market by doing what everyone else does. You have to think—and act—differently.” — Jack McGowan

Two Point Capital Performance

Two Point Capital Management, Inc. is an independent, registered investment advisor. Our most recent performance report is available upon request. Our performance is audited by an independent, certified public accounting firm.

Contact Us

We look forward to an initial consultation. We invite your inquiry by phone or email.

For more information, visit our web site at www.TwoPointCapital.com.

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