

# HAND BENEFITS & TRUST COMPANY

## BALANCED FUND

Equities Managed by  
BROWN ADVISORY

Fixed Income Managed by  
HAND BENEFITS & TRUST COMPANY

5700 Northwest Central Drive, Suite 400, Houston, Texas 77092

### HISTORY AND OWNERSHIP

Brown Advisory was created in 1993 as a separate investment group within Alex Brown & Sons, America's oldest investment banking firm. By 1998, Brown Advisory separated from Alex Brown & Sons to free itself of external pressures to sell proprietary products and services and to focus its attention solely on the interests of their clients. The firm currently manages over \$8 Billion in assets and has provided its clients with consistent competitive returns during both rewarding and challenging market conditions. Their team-driven disciplined approach to value equity management has helped them become one of the top investment firms in the industry.

### INVESTMENT PHILOSOPHY

Using a combination of economic and fundamental research, the firm identifies high quality companies with attractive, absolute and relative valuations. Proprietary investment tools and disciplines are integral to the assessment of risk and the search for value. The Fixed Income team adds value by actively adjusting portfolios to anticipate and respond to market conditions. The Balanced Fund's target allocation will be 65% R1000 Growth and 35% Lehman Brothers Govt. Credit.

### EQUITY PROCESS

Brown's equity process employs a disciplined approach to investing. They assess the market environment in a "top-down" evaluation to determine market risk, interest rate trends and economic climate. From this process, they define the elements that will most likely outperform the market for that given environment. Having defined those elements, Brown will begin a "bottom-up" stock picking effort. Equities selected must represent value in a combination of relative and absolute measures. On-site company visits and internally generated research are major strengths of their process. Extensive proprietary databases, screens and valuation tools are important elements of the process.

### FIXED INCOME PROCESS

Hand Benefits & Trust Company employs a conservative approach to managing bonds, adding value primarily through interest rate anticipation and sector selection. The primary goal is to preserve principal, maintain liquidity and provide high current return.

#### Annualized Return for Periods Ended 12/31/08

(Net of Expenses)

<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
-27.13%	-4.18%	-1.09%	2.34%

Average Expense Ratio 0.80%

### Ten Largest Holdings

- Millipore Corporation
- Comcast Corp
- Cisco Systems Inc
- Genentech Inc
- PepsiCo Inc
- Trimble Navigation Ltd
- Danaher Corp
- Davita Inc
- Netapp Inc
- Citrix Systems Inc

### Industry Diversification

Communications	9.13%
Consumer Cyclical	18.08%
Technology	17.14%
Consumer, Non-Cyclical	31.76%
Energy	7.66%
Financial	9.31%
Industrial	<u>6.92%</u>
	100%

### ANNUALIZED RETURNS FOR PERIODS ENDING 12/31/2008



NOTE: Balanced Index is 65% R1000Gro, 35% LB Gov/C.