

# Profit Investment Management

MANDATE: U.S. LARGE CAP GROWTH EQUITY MANAGER

## OBJECTIVE

The investment objective is to have an excess return of 3% annually over the Russell 1000 Growth Index.

## BACKGROUND

Profit Investment Management (PIM) is a Maryland limited liability company that registered with the SEC as an investment advisory firm on July 29, 1996. Eugene A. Profit, who founded the firm in April of 1996, is the controlling shareholder and is responsible for the overall operations of the firm. The firm has been in business under its present name for 10 years and is a certified minority business enterprise. In January of 2006, Profit Investment Management acquired the Kenwood Group, based in Chicago, Illinois. Kenwood is an investment advisor that specializes in the management of mid-capitalization U.S. equity securities.

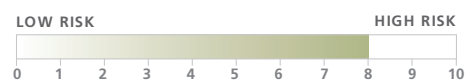
## INVESTMENT PHILOSOPHY AND PROCESS

- Profit Investment Management's investment philosophy is that active fundamental stock selection can provide out-performance to an index of securities over time because business values differ from stock prices over the course of a market cycle. The Profit Large Cap Equity product is an active large capitalization approach to investing that is a valuation sensitive growth investing style. They are disciplined in application of their investment philosophy. As can be attested to by their large-cap portfolio results, they do not stray away or waiver from their investment philosophy. They only invest in companies when they believe a positive short-term catalyst is present that will propel shares higher. Active portfolio management helps them curb their losses. By not tolerating significant losses in their positions, they protect client portfolios by admitting they are wrong when they are wrong and gracefully exit the position.
- For the Profit Large Cap Equity product, the universe of available investments is all securities with market capitalizations of \$1 billion or higher. The methodology for screening was developed by Eugene Profit in 1997. The screening of securities occurs twice a month—or more often—by Eugene Profit.

Below is a list of the major components of their screen:

- Trailing P/Es lower than the benchmark
- Return On Equity greater than the benchmark
- P/E to Earnings Growth Rate (PEG) ratios below the industry average
- Five-year projected earnings growth at a minimum in the low double digits
- Debt to total capital below 50 percent

## RISK CATEGORY



## BIOGRAPHIES OF KEY PERSONNEL

**Eugene Profit**, CEO & Portfolio Manager: He founded Profit Investment Management in 1996 and the Profit Investment Management Style used in the Profit Large Cap Equity in 1997. He has overall management responsibility for the firm and client portfolios.

## SUMMARY

Location: Maryland  
 Founded: 1996  
 Ownership: 51% by Employees  
 Staff: 14  
 Managers/  
 Analysts: 1/5

**Assets:**  
 Institutional: \$902.2 million  
 Mutual Funds: \$28.4 million  
 Individual: \$2.8 million  
 TOTAL: \$933.4 million

**Turnover:**  
 Less than 50% per annum

**Portfolio Characteristics:**  
 Style: Large Cap Growth  
 Earnings Growth: Higher than Market  
 ROE: Higher than Market  
 P/E: Higher than Market  
 P/B: Similar/Higher than  
 Market Yield: Similar than Market  
 Debt/Equity: Lower than Market

## STYLE

	Value	Blend	Growth
Large			●
Medium			
Small			

## The Summit Program

The material presented herein is prepared by Northern Trust Global Advisors and is gathered from sources we believe to be reliable. It is current as of issue date (December, 2008). These profiles are intended for use by ScotiaMcLeod Summit Program clients who are selecting an investment manager for their account. All performance data represents past performance and is not indicative of future performance. Please note that representative composite returns were used for managers that have been in ScotiaMcLeod Summit Program less than five years to the date of this report.



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