

## **Introduction To The Firm...**

DVC is an emerging investment firm based in Columbus, Georgia servicing public and private pension funds, individuals and insurance companies. DVC was established to make our value oriented approach to investing available to individuals, institutions and insurance companies. We practice what has been a proven investment discipline and process. Solid answers are formulated in response to market changes based upon action rather than reaction to Wall Street's stampedes and trends. Our skills are in identifying the substance beneath market appearance, assessing movement and anticipating change. Using state-of-the-art equipment to monitor the market, DVC incorporates current data into active management of client portfolios. With current information in hand, the disciplined professionals at DVC stay focused, determining value by using our unique valuation process which enables us to meet our clients' long-term goals.

DVC investment managers have an average of 14 years investment experience. Years of experience managing assets have developed judgmental strengths that are put into practice daily. Beyond our concentration on asset management, DVC meets client expectations in the areas of client analysis, communication and service.

The DVC program is balanced, disciplined and controlled; the goal is to always meet client needs, the focus is always on solid long-term returns – delivered consistently.

### **DVC business objectives are to:**

- 1) maintain recognition as a knowledgeable and reliable investment manager based upon consistent performance,**
- 2) deliver service and value,**
- 3) consistently meet clients' long-term objectives,**
- 4) foster mutual respect, and**
- 5) operate with both professional and financial success.**



## The Investment Philosophy...

DVC believes an active investment approach for both equity and fixed-income portfolios is most likely to attain above-average, risk adjusted performance through selection, weighting and timing decisions. The approach involves a highly disciplined investment style that emphasizes value in stocks and quality and total return on bonds. The firm's sell-discipline is also objectively oriented.

We do our homework, exert disciplined methods of valuation, focus clearly on the factors involved, and anticipate change. Disciplined application of our analysis supports DVC's focus on long-term value in our clients' bond and stock portfolios. Market extremes or fads simply do not make sense for our clients.

The professionals at DVC are committed to the firm's value philosophy. We can, therefore, concentrate on the analytical functions which serve as the basis of our process.

The emphasis in building portfolios is not on reactive short-term trading subject to fluctuations and trends; rather on solid long-term performance and superior returns. Prudent decisions steady the course of DVC investment managers as they pursue intelligent applications of findings gathered from proprietary research.

The value approach identifies securities priced below their fair value. We simply buy those undervalued securities and sell when their fair value is recognized in the marketplace. While this is a simple concept, the analysis required to accomplish this goal can be rather complex.

Clients establish the risk parameters. We want clients to be comfortable knowing that we are maximizing their returns within acceptable risk levels.



**Salvador Diaz-Verson, Jr.** is President and Chief Executive Officer. He was born in Havana, Cuba and is a finance graduate of Florida State University. Prior to registering DVC as an independent investment advisor, Mr. Diaz-Verson served 8 years as President of American Family Corporation, and 14 years as Chief Investment Officer for AFLAC, its insurance subsidiary. During that time, he managed the investments of the firm's global fixed-income and equity portfolio, which exceeded \$7 billion. The highly disciplined investment process Mr. Diaz-Verson used while at AFLAC is the same used at DVC.

**Michael K. Majure, CFA**, is Executive Vice President. Prior to joining DVC, he served as Vice President at AFLAC. While at AFLAC, Mr. Majure's primary focus was on equities, with respect to portfolio management and individual stock selection and trading. Prior to AFLAC, Mr. Majure was an equity and fixed-income portfolio manager at Trusco Capital Management with full responsibility for \$400 million of the firm's pension and endowment clients. Mr. Majure has also served as Head of the Trust Investment Department at First National Bank of Tuscaloosa with more than \$500 million under management.



## Investment Process...

It is our belief that there are three ways to achieve superior returns:

- Security Selection - buying those stocks and bonds that are undervalued and mispriced by the marketplace
- Sell-Discipline - selling those stocks and bonds that have reached fair value or no longer have attractive characteristics
- Asset Allocation - adjusting the asset mix within client guidelines to emphasize the asset class with the best outlook

Quantitative and qualitative methodologies are used in combination to define appropriate portfolio parameters, determine structure and guide security selection.

Our equity selection process is bottom-up. We do, however, factor in the broad equity market outlook as it impacts each stock. For fixed-income, we look for available securities that are inexpensive relative to themselves and to a benchmark security. Securities are positioned to sell that have reached fair valuation or that, upon subsequent analysis, appear incapable of reaching fair value in a reasonable amount of time. Asset allocation is decided objectively. Each asset sector is valued relative to its own past. Those sectors that are poised for increasing prices are emphasized for purchase.

### **Sell-Discipline**

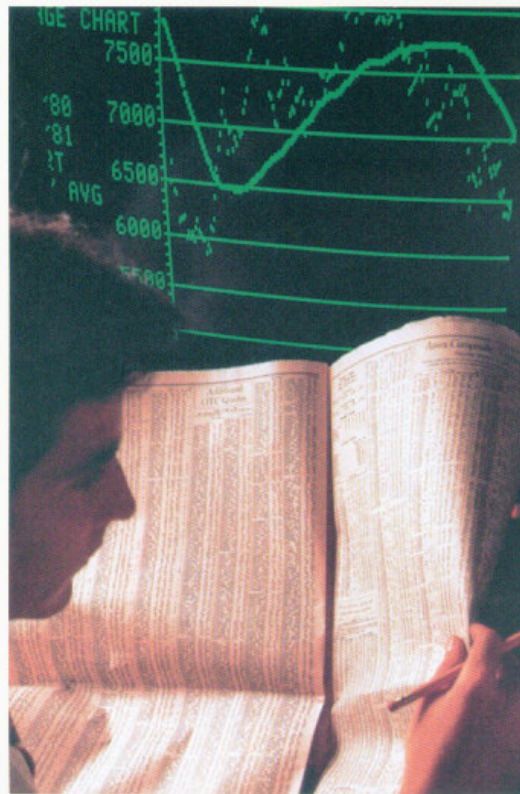
A sell-discipline is equally important to superior performance as the purchase decision. Each company is continuously analyzed to determine if it should be sold. We systematically sell when fair value is realized or when market attitudes appear to change such that fair value will probably not be recognized in a reasonable amount of time.

In client accounts which allow asset allocation, we will also sell when the general outlook for the market declines.

## Asset Allocation...

Where client objectives allow, we will move between the various asset classes. Since the market is forward looking, we believe that each asset purchase or sale involves a decision based on the outlook for stocks, bonds or money markets. We know, however, that each and every forecast will not necessarily be right. For these reasons, we make our asset allocation a gradual process, tilting our clients' portfolios in the indicated fashion.

DVC recognizes one of its responsibilities is to determine the risks and opportunities in each market. We will seek to minimize the risks and exploit the opportunities that present themselves.



## Equity Investing...

The financial markets continuously display a selection of mispricings. Investors evaluate, buy and sell according to individual standards. Therefore, determining a company's worth in today's and tomorrow's marketplace means understanding not only current demand but also the market's perception of the company's future.

As value investors, we first examine historical relationships. We let the market tell us what is "normal" for each stock. Because the attitudes and opinions of other investors impact future market values, we apply estimates of what the average investor believes each company will do. This analysis gives us an idea of what the fair value will be in the future.

We don't end our analysis here. Stocks can be undervalued, and stay that way, for a long time. Further analysis of each stock is required to determine if the stock's value is starting to be recognized.

Whether some believe technical analysis is akin to witchcraft or not, there are a lot of adherents to its practice and their position on each stock will likewise impact prices. For this reason, we also analyze each stock for technical merit.

If each test is positive, then the stock becomes a candidate for purchase.



## Fixed-Income Investing...

The fixed-income process emphasizes value. We purchase instruments that offer higher yield than is typical. We analyze each available bond against a benchmark U.S. Treasury issue. DVC does not believe in taking excessive risk without being rewarded.

This analysis is performed within each client's guidelines and according to the outlook for interest rates in general. Whether you buy, sell, or do nothing, you are consciously making a decision about the future course of interest rates. We gradually move our clients' portfolios in the direction dictated by our interest rate outlook. We will not make an all-or-none decision based on one outlook. A sampling of our universe of research and management capabilities include agencies, corporate bonds, tax-exempt bonds, and mortgage and asset-backed securities.



We seek to avoid principle risk in bonds, feeling that the exposure is more appropriately taken in the equity sector of the portfolio where the historically higher rewards compensate for the incremental risk.



*The Corporation*

**DIAZ-VERSON CAPITAL INVESTMENTS, INC.** is an emerging investment manager. It is registered with the SEC and the State of Georgia as an investment advisor. DVC is Hispanic-owned and organized as a Georgia corporation.