

Smith Affiliated Capital is an experienced financial advisor dedicated to making a better tomorrow for its clients. Our goals are clear:

- Fully understand the needs of each client
- Construct a strategy that best addresses each client's unique financial situation
- Execute and deliver a high quality, separately managed portfolio
- Provide tailored financial solutions

Take a look at our services and find out what we can do for you:

ASSET-LIABILITY MANAGEMENT

Will underfunded liabilities bankrupt the government, or worse, corporate America? The 2006 New York City Transit strike was a harsh wake-up call about the growing problems of underfunded public pensions in America. Scroll through the financials of some of the largest companies in America and you will find ExxonMobil, for example, with the biggest funding deficit: close to \$11 billion in its employee pension fund. In November 2007, the Financial Accounting Standards Board voted in favor of implementing FAS 157 and its companion, FAS 159, which allow organizations to choose to measure many financial instruments and certain other items at fair value. An incomplete understanding of the two will ultimately lead to bad investment decision-making for your plan. Unfortunately, nothing has changed since the NYC transit strike and in 2007, ExxonMobil had the best earnings year in its history. Town, county, state, and even federal officials and corporate plan trustees across the US today are either dumb or dumbfounded about the massive problem at hand.

Headline risk, inflation risk, interest rate risk, economic risk, and legislation risk can all wreak havoc on a portfolio at any given time. As a CFO or Trustee to a pension plan or health and welfare fund, there is no saying 'no' to those in need of their retirement savings or welfare benefits. Don't get caught with your pants down: be proactive and not *reactive* to the future liabilities that exist in your plan.

As a fund's financial advisor, SAC can tailor an asset-liability study to meet the various funding needs that are projected for the fund. We ensure that the currency, interest rate, inflation, and maturity risk of the fund's assets and liabilities are within the correct risk parameters. We apply a prudent holistic approach to balance sheet management with the aim of controlling undue financial risks.

ASSET ALLOCATION REVIEWS

Having the right diversification of assets in your portfolio is mission-critical when markets turn ugly. We also know that 'throwing the baby out with the bath water' and starting over with all cash can do more harm than good. We will review your current asset allocation and determine if it meets your objectives, risk tolerance, liquidity requirements, and tax considerations. We prepare and use advanced portfolio diagnostics to compare your current portfolio holdings to an asset allocation we feel suitable to your goals. Essentially, we construct an asset allocation that will help you make the right investment decisions.

Key features and benefits include:

- Real-time monitoring of a client's portfolio
- Complete portfolio review showing a portfolio's current structure
- Ability to store client portfolio accounting and show updates for future reviews
- Portfolio performance in both contribution and attribution analysis
- Full reconciliation on dividends and interest paid and unrealized and realized gains/losses listed for you

NON-DISCRETIONARY ADVISORY SERVICES

We understand that some clients appreciate the benefit of taking advice from a registered investment advisor but wish to retain decision-making authority over their final investment selection. SAC is able to deliver a full range of non-discretionary services that is similar in nature to our that of our discretionary clients, which includes all of the same key benefits and features of our asset allocation services as well as expert investment advice.

SAC FINANCIAL SERVICES

INSURANCE RISK MANAGEMENT

Management services required by insurance companies can go from the simple to complex depending on the funding needs. SAC's insurance management can provide a full range of services that include:

CAPTIVE INSURANCE SERVICES:

Financial advisory services for the company that has been established to insure the risks of either its parent or subsidiaries. We are able to manage:

- A single-parent captive, owned by the parent company
- A group captive, jointly owned by a number of companies
- An association captive, owned by either a trade or industry association
- An agency captive, owned by an agency or brokerage firm to reinsure client risk
- Special purpose vehicles (SPVs), used for various financing arrangements

CAPTIVE DOMICILE REVIEWS:

We have the experience and the ability to research and review the domicile that has the right captive needs for your company.

RISK MANAGEMENT SERVICES:

We employ proprietary analysis and have the experience that can optimize your investment strategy within the heavily regulated insurance industry:

- Strategies for cross-over investing
- Strategies for asset-liability management
- Compliance monitoring and testing
- Schedule D insurance-specific accounting and reporting

WEALTH MANAGEMENT

Whether you are a high net-worth individual protecting the transfer of wealth or an endowment looking to financially maximize your cause, our tailored wealth management solutions can help achieve your goals.

PRIVATE-CLIENT MANAGED SERVICES:

SAC takes a holistic approach to your total financial health and can help you better understand the big picture. We offer tailored financial solutions to fit your overall goals and help you achieve your financial vision you have for you and your loved ones. We offer:

- Strategies for wealth maximization opportunities.
- Strategies for wealth protection
- Strategies for transfer of wealth to family members
- Strategies for capital gains tax management
- Strategies for tax-efficient investing
- Strategies for retirement planning

HEALTHCARE MANAGEMENT

We believe there are six primary problems that the healthcare services industry faces over the next decade:

- Continued reduction of federal spending for Medicare
- Complex and unpredictable changes to Medicare reimbursement, making it difficult for the industry to forecast revenues
- Lowered return expectations on all invested hospital funds: impact on operating margins
- Demographic pressures from aging population profile: explode demand for more services
- Pace of technology replacement rising: playing catch-up
- Increase in merger and acquisition activity and service delivery alliances: consolidation in economies of scale

These are just six of many reasons why you need an experienced healthcare financial advisor to help manage your expectations and future goals. SAC has been building financial solutions for the healthcare industry for over 25 years. We can manage:

- Strategies for daily operational funding needs
- Strategies for funding short & long term construction projects
- Strategies for continuing care facilities
- Strategies for maximizing the causes of hospital endowments
- Strategies for tax-efficient investing
- Strategies for retirement planning

PHILANTHROPIC MANAGED SERVICES:

American philanthropy dates as far back as the seventeenth century. It was first developed in early colonial America in response to the many hardships that English settlers endured and the lack of governmental assistance that was in place. Today, Americans have given more than \$100 billion in donations to causes they believe in. SAC has more than 25 years of proven success in managing charitable money. Our tailored financial solutions give you the assurance and security of knowing that your philanthropic objectives are managed properly to maximize your desired goals. We offer:

- Strategies for principal protection and income generation
- Strategies for building stable long-term income and growth potential
- Strategies for managing operational funds
- Strategies for managing construction financing