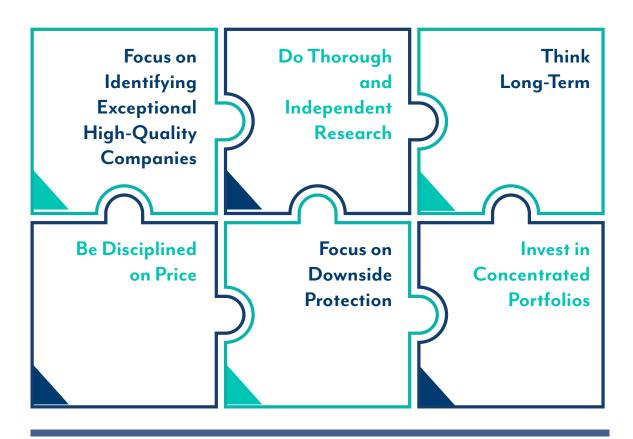


## INVESTING WITH CONVICTION

BFM's Philosophy: Above-average businesses, if purchased at reasonable valuations, will produce above-average stock returns over time.

# **KEY INVESTMENT TENETS**



## INVESTMENT PROCESS: DEFINING A HIGH QUALITY UNIVERSE

### ACTIVELY TRADED UNIVERSE (~4,000 COMPANIES)

HIGH QUALITY UNIVERSE (~400 COMPANIES)

BFM RESEARCH UNIVERSE (~50 COMPANIES)

> PORTFOLIO (20~30 COMPANIES)

### Quantitative Evidence of Historical Quality

- High and stable returns on capital
- Profitable growth
- Low financial leverage
- Consistent record of cash flow generation
- Use data to generate proprietary quality rank

#### **Qualitative Due Diligence**

- Competitive analysis
- Business model review
- Growth opportunities
- Identify fundamental drivers
- Quality of management team
- Is the advantage sustainable?

#### Waiting for the Right Opportunity

- Finding what others are missing
- Estimate intrinsic value and expected return
- Identify catalysts
- Manage risk drivers of portfolio
- Invest with path to mid-teens IRR

Disclaimer: This publication is for informational purposes only and should not be considered investment advice or a recommendation of any particular security, strategy or investment product. The information contained herein is the opinion of Boston Financial Management and is subject to change at any time based upon unforeseen events or market conditions.

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