

LYON

CAPITAL MANAGEMENT

*Where knowledge
and integrity
are your
best investments*



*We are professional money managers
with a passion for preserving
and increasing wealth.*

We are optimistic about the global economy.

*We view the unstoppable rise of technology and
explosive growth of free markets around
the world as positive long-term developments
that generate limitless opportunities.*

*Our role is to help you take advantage
of investment opportunities and
manage the inherent risk.*

We do this with knowledge and integrity.



Knowledge

We are observers of companies, markets, world events, cultures and changes in the global marketplace. Every day we study, evaluate and analyze. We volunteer, travel and explore. We are qualified, educated professionals who have earned and maintain professional designations within our areas of expertise.

Our business has grown through strong and weak market cycles because of our value-contrarian investing discipline, our patient long-term view, and outstanding customer service. We encourage you to examine our performance track record and judge for yourself.

Integrity

Simply put, hiring an investment manager requires trust and confidence. Without fail, the manager must put client interests ahead of all else. To that end our account relationships are structured so we have the same incentive as our clients: to preserve and increase their wealth. Our compensation is a small percentage of the assets we manage and is not based on commissions from a product sale. We own, with few exceptions, the same securities our clients own. And, we adhere to the codes of ethics endorsed by our professional organizations. *Our interests are directly aligned with yours.*

The first question we ask ourselves each day is “What can we do for our clients?”

DOUG LYON, CFA



TYPES OF ACCOUNTS

For Individuals

- Taxable Portfolios
- Retirement Accounts
- Trusts

For Businesses

- Corporate Accounts
- Retirement Plans

Accounts for Not-For-Profits

- Investment Accounts
- Endowment Funds
- Pooled Retirement Assets

An account can be structured as:

All equity (stocks)

All fixed income (bonds) or

A balance between equity and fixed income securities

MANAGEMENT FEES

1% on the first \$1 million

$\frac{3}{4}$ of 1% on the next \$4 million

$\frac{1}{2}$ of 1% on any portion over \$5 million

A minimum fee may apply. Please contact us for the prevailing minimum account size. Commissions on trades are paid by the client to an independent broker not affiliated with, but selected by, Lyon Capital Management for quality of trade execution and competitiveness of fees.

Our Philosophy

EQUITIES The goal of the stock portion of a portfolio is capital appreciation and income generation. We invest in companies that are out of favor and undervalued. They are substantial businesses with a proprietary product or competitive advantage. These companies typically have a well diversified customer base, are leaders in their industry, generate strong returns and have robust cash flow. They have healthy or improving balance sheets. We like to buy stock in companies that pay a dividend. We invest in a stock only when we are able to buy it at a relatively low price.

International exposure is obtained by buying U.S.-based companies with a large portion of their businesses outside the country. This reduces risks due to fluctuations in currency markets, political uncertainty and less stringent foreign securities regulations.

FIXED INCOME The goal of the bond portion of a portfolio is capital preservation, income production and diversification. We believe it is a losing game to try to predict interest rates so we structure the fixed income portfolio with a variety of instruments of staggered maturities. We take a buy and hold approach. This provides stability, steady income and flexibility. We use money market funds, CDs, U.S. Treasuries, U.S. Agencies, corporate bonds and municipal bonds where appropriate.

“Our management style is best described as value-contrarian. Like some of history’s greatest value investors (Graham, Buffet, Neff and Templeton), we are patient, long-term oriented managers.” DOUG LYON, CFA

“We view real estate and inflation hedges as separate asset classes that have the potential to increase portfolio value and at the same time lower portfolio volatility.”

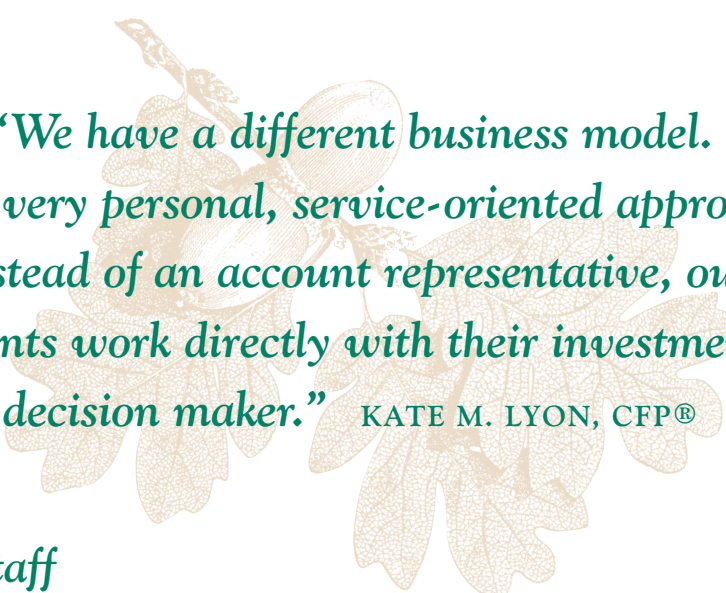


KATE M. LYON, CFP®

Add Value and Reduce Risk

REAL ESTATE In equity portfolios we add an array of Real Estate Investment Trusts (R.E.I.T.s) purchased in the form of stocks traded on the major U.S. exchanges. The goal of the R.E.I.T. allocation is to add diversification, produce income, provide capital appreciation, and reduce portfolio risk. These securities are selected using our value-contrarian style. R.E.I.T.s behave differently from the typical equity security; therefore they bring balance to a portfolio.

INFLATION HEDGES Inflation is the silent wealth reducer. So, we add hedges. Inflation-protected securities typically have their interest payment or principal value indexed to inflation. The goal of these securities is to provide a hedge against inflation, to add diversification, and to generate income. Treasury Inflation Protected Securities (T.I.P.S.) are one such vehicle. They are used in tax-advantaged accounts as an inflation hedge.



*“We have a different business model.
It’s a very personal, service-oriented approach.
Instead of an account representative, our
clients work directly with their investment
decision maker.”* KATE M. LYON, CFP®

Our Staff

Douglass C. Lyon, CFA
President and Chief Investment Officer

A native of Rochester, NY, Doug has provided financial management services to individuals and corporations for over 20 years. He earned a bachelor’s degree in history from Wake Forest University and an MBA (master of business administration) from Wake Forest’s Babcock Graduate School of Management. He holds the Chartered Financial Analyst designation.

After graduation Doug purchased a medical services firm from a local hospital. He managed it, upgraded it and sold it at a profit. He then moved into the investment management business as an equity analyst and portfolio manager for a local bank. He left the bank and, after a brief stint in the business consulting arena, founded Lyon Capital Management in 1994. Doug is the chief investment officer and portfolio manager for the firm.

Outside work Doug is an active community volunteer and board member offering his financial expertise to his church and other not-for-profit organizations. He enjoys golf and competes in local amateur tournaments. He also likes to hike, especially in the White Mountains of New Hampshire.

Kathleen M. Lyon, CFP®
*Chief Compliance Officer,
Service and Operations Manager*

Kate earned a bachelor's degree in Biology from Wake Forest University. After graduation Kate worked in the health-science and computer technology fields and eventually established and operated her own technical writing business. She co-founded Lyon Capital Management in 1994. She is a CERTIFIED FINANCIAL PLANNER™ professional.

Kate provides client account service and responds to planning questions. Kate is also the firm's Chief Compliance Officer overseeing regulatory matters.

Outside work, Kate is a community volunteer and board member. Her focus is at-risk and disabled children. She enjoys swimming and needle-work of all kinds.

Doug and Kate are married and have one son, John. They live in Penfield, NY— a suburb of Rochester.

“While performance is a key goal, clients cite trust as the main reason they choose to work with our firm.” DOUG LYON, CFA



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A Registered Investment Advisor

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