

Geier Asset Management
Glossary of Terms Used in Investment Reports

<u>Investment Terms/Column Headings</u>	<u>Definition</u>
Active Fund Management	An investment approach that purposely shifts funds either between asset classes (asset allocation) or between individual securities (security selection).
Active Portfolio Strategy	A strategy that uses available information and forecasting techniques to seek better performance than a buy and hold portfolio. Related: Passive portfolio strategy.
Actual Gross IRR	The single rate of return at which the beginning market value (plus deposits) grows to equal the ending market value (minus any capital withdrawals but before any fees or expenses are deducted), regardless of the length of the holding period.
Actual Net IRR	The single rate of return at which the beginning market value (plus deposits) grows to equal the ending market value (minus any capital withdrawals and after any fees or expenses are deducted), regardless of the length of the holding period.
Acquisition Date	The start date of when we began tracking your investment in our new portfolio management program. All accumulated interest and dividends from your portfolio's acquisition date forward are represented on your <i>portfolio statement report</i> . All past purchases, dividends and interest prior to the acquisition date are reflected within your investments <i>cost basis</i> .
Aggressive Growth	A method of portfolio allocation and management aimed at achieving a maximum return on investment. This portion of the portfolio assumes the highest risk/return potential.
Assets Under Management (AUM)	Total value of assets held at Fidelity Institutional Brokerage
Balanced/Domestic Hybrid Sector/Funds	A Mutual Fund whose stated investment policy is to have a portion of assets in stocks, bonds and cash.
Biotechnology Stocks	Stocks focusing on companies (usually aggressive growth companies) which develop and research cutting edge medical drugs and products.
Bond Fund	A mutual fund that emphasizes income—consistent with risk, rather than growth—by investing in corporate, municipal, or US government debt obligations, or some combination of them.
Capital Preservation	A method of portfolio allocation and management aimed at preserving the principal value of an investment while earning a fixed interest rate, usually applying a conservative approach to investing.
Contributions	Cash deposits plus the market value of securities deposited into the portfolio.
Corporate Sector/Bonds	A debt security issued by a corporation.
Cost Basis	Cost of purchases including all fees + dollar amount of reinvested shares - cost of any shares sold.
Cumulative Return	Cumulative Return since the beginning date (acquisition date) of the report.
Defense Sector/Stocks	Stocks of companies involved in the defense industry. Ex. Lockheed Martin, Boeing.
Dividend Paying Sector/Stocks	Stocks that distribute income to shareholders in the form of cash, stock or property
Dow Jones Industrial Average	The most widely used market indicator, composed of 30 large, actively traded issues of industrial stocks.
Energy Sector/Stocks	Stocks of companies involved in the energy industry. Ex. Oil & Gas companies
Equity Hedge	Sector within the portfolio designed to achieve absolute returns using long/short equity investments.
Financial Sector/Stocks	Stocks and Mutual Funds focused on companies which offer financial products and services. Ex. American Express, Prudential, Merrill Lynch.
Global Sector/Stocks	Mutual Funds which focus on companies which offer goods and services throughout the world. Unlike International/Foreign Stocks Global Stocks include companies located in the U.S.
Government Agency Sector/Bonds	Bonds issued by U.S. government-related agencies, such as Government National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. In most cases, they are exempt from state and local taxes.
Growth	A method of portfolio allocation and management focusing on companies growing faster than the economy.
Growth Style Investing	A style of investing which attempts to find shares of companies that are growing and will continue to grow rapidly. Growth Managers usually focus on strong earnings which correlate to higher stock prices. Growth Managers will often pay high prices for stocks they believe have strong growth potential.
Hard Assets	Assets having a physical existence. Ex. Gold
Healthcare Stocks	Stocks and Mutual Funds focused on companies which offer Health/Health Care Related products and services. Also includes Pharmaceutical companies not involved in Biotechnology.
High Yield Corporate Bonds	Very low-grade corporate bonds often referred to as junk bonds. Usually offer a much greater yield with a higher degree of risk than other corporate bonds.

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Internal Rate of Return (IRR)	Provides the measure of the growth of a portfolio in absolute terms, so it is useful to see if a portfolio is growing fast enough to meet a future need or goal. Basically, the IRR is the single rate of return that makes everything you put into the investment equal to everything you took out.
International Balanced	A Mutual Fund whose stated investment policy is to have a portion of assets in International stocks, bonds and cash.
International Bonds	A Mutual Fund that invests in non-U.S. debt securities.
International/Foreign Stocks	Mutual Funds that invest primarily in equity securities of issuers located outside the U.S.
ISHARES Lehman 7-10 Yr. Treasury Index (IEF)	Exchange Traded Fund used to track the Lehman Brothers Intermediate Term Treasury Index. GAM uses this as a benchmark for comparing bond returns in portfolio analysis.
ISHARES Lehman Aggregate Bond Index (AGG)	Exchange Traded Fund used to track the Lehman Brothers Aggregate Bond Index. GAM uses this as a benchmark for comparing bond returns in portfolio analysis. This is one of the most widely used comparisons for Bond Funds in the investment industry.
ISHARES Goldman Sachs Corporate Bond Index (LQD)	Exchange Traded Fund used to track the Goldman Sachs Corporate Bond Index. GAM uses this as a benchmark for comparing bond returns in portfolio analysis.
Limited Partnerships	A partnership that has one or more partners who have limited liability.
Momentum Sector/Investing	Use of momentum indicators in market analysis to quantify the momentum of upward and downward price movements.
Money Market/Cash Sector	Highly Liquid Mutual Funds that invest in short-term debt securities.
Multi-Sector Bond Sector	Bond mutual funds that invest in several different sectors of the bond market and have a more active approach to bond management.
Municipal Bonds	State or local governments offer muni bonds or municipals, as they are called, to pay for special projects such as highways or sewers. The interest that investors receive is exempt from some income taxes.
Municipal Bond Sector/Funds	A mutual fund that invests in tax-exempt bonds issued by state, city, and/or local governments. The interest obtained from these bonds is passed through to shareholders and is generally free of federal (and sometimes state and local) income taxes.
Nasdaq Composite Index	An index of the 100 largest non-financial companies on the Nasdaq, based on market capitalization
Natural Resources Sector/Stocks	Stocks focused on companies specializing in Oil and Natural Resource refining and production as well as investments in commodities.
Passive Portfolio Strategy	A strategy that involves a market driven investment philosophy. Investments are usually held for longer time periods and are implemented in a buy & hold strategy.
Precious Metals Stocks	Stocks focusing on companies involved in metals mining and production.
Realized Gains (Performance Reporting)	Capital Gains Realized on the sale of securities. The gain is computed from the market value of the security at the beginning of the reporting period, not from the purchase price , unless the security was purchased after the beginning of the reporting period.
Sector Rotation	An active asset management strategy that tactically overweight and underweight certain sectors depending on expected performance. Sometimes called rotation.
Separate Account Managers	Managers who are hired to manage specific areas of a portfolio to help balance out the total portfolios asset allocation.
Settlement Fund/Cash	Clearing account used during transition of money market funds when securities are bought and sold.
Short Sale	Selling a security that the seller does not own but is committed to repurchasing eventually. It is used to capitalize on an expected decline in the security's price.
Short Sector/Funds	A strategy utilizing investment vehicles that short sale stocks with the hope that stock will decline. The investment strategy makes money based upon the falling stock prices.
S & P 500 Index	Index that provides broad coverage of the performance of the securities market
Tax Free Money Market	Mutual Funds that invests in short-term municipal debt securities
Technology Sector/Stocks	A broad classification for stocks that invest in all aspects of Technology. Ex. Intel, Dell Computer, Cisco Systems.
Time Weighted Return (TWR)	Provides the measure of the growth of a portfolio in terms that removes the impact of capital flows into or out of the cash flow. Useful for comparing to market indexes. Best measurement of a money managers performance because it ignores capital flows within the portfolio which can impact investment performance.
Treasuries	Mutual Funds that invest in U.S. Government debt securities. Highest degree of safety.

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Treasury Money Market	Highly Liquid Mutual Funds that invest in short-term U.S. Government treasury bills. Highest degree of safety.
Unit Cost	Cost of an individual unit/share of a security. Total cost (Including Fees) divided by the Total Number of Units/Shares.
Unrealized Gains (Performance Reporting)	Change in the value of the securities in the portfolio from the beginning of the reporting period, <i>not from the purchase price</i> .
Utility Sector/Stocks	Stocks included in electronic, gas, and water utilities.
Value Style Investing	An investment strategy which attempts to find shares of companies that represent good value. In other words, their stock prices are lower than comparable companies, which may be out of favor with Wall Street. Value managers often follow fundamentals and believe once the market recognizes the true value of a stock the price of the stock will run up.
Variable Annuity	Investment contracts whose issuer pays a periodic amount linked to the investment performance of an underlying portfolio.
Wash Sale	An investment which is purchased within 30 days before or after the sale of an identical or nearly identical investment. The IRS has a wash sale rule prohibiting a taxpayer from claiming a loss in such a situation.
Withdrawals/Sales (Internal)	The sum of all outflows within a reporting period. Takes into account sells, debits, transfers of securities, dividends not reinvested and internal movements of cash.
Weight	Current Security Value <u>Divided by</u> Current Total Portfolio Value
Zero Coupon Sector/Bonds	A bond in which no periodic coupon is paid over the life of the contract. Instead, both the principal and the interest are paid at the maturity date.
30 Year Treasury Yield Index	Index that measures the performance of the 30 Year Treasury Benchmark