

Special Advertising Section

Cambridge Financial Group's Disciplined Strategy Protects Investments in Volatile Markets

Effective investment strategies that take the sting out of market swings have placed Columbus, Ohio-based Cambridge Financial Group, Inc. among some of the best money managers in the nation. Led by investment management veterans Gregory J. Bauer, CFA and Earl "Buck" Newsome, Jr., CFG is one of the industry's best-kept secrets, quietly growing from less than \$300 million in assets in 2003 to nearly \$1 billion in 2006.

The firm was built on the success of Bauer's proprietary investment strategy developed in the 1970s. Bauer founded CFG in 1986 as a consulting firm. CFG began offering investment services exclusively on a discretionary asset management basis in late 1991 when Newsome purchased half of the firm.

CFG's consistent implementation of an effective and dual-discipline investment strategy has provided investors with superior results across a broad spectrum of market environments. "We are paid to beat our benchmark, and we do so handily over a variety of time frames," says Newsome. "CFG's one-, three-, five-, seven- and 10-year annualized rates of return have significantly outpaced the benchmark, while our rolling three-year performance has beaten the S&P 500 in every period since 1999." *

Bull, Bear or Transition Market – CFG's Portfolio Rarely Out of Favor

CFG's quantitative, large-cap Core Equity style of investing partially insulates investors from market volatility. In a single portfolio, CFG blends growth stocks and value stocks, all selected from the S&P 500. The portfolio includes 30 stocks, 20 of which are selected on the basis of price momentum and 10 selected on the basis of value composite scores.

The 10 *S&P Momentum* stocks are those that demonstrate the greatest degree of price acceleration over the previous 12 months within the S&P 500. The 10 *CFG Momentum* stocks have the greatest 12-month price acceleration within the CFGI universe, a 100-stock sub-set of the S&P 500.

Adding 10 *CFG Value* stocks to the portfolio further dilutes risk. These S&P stocks are chosen from the other end of the investment spectrum. They are carefully selected based on factors such as dividend yield, PE ratio, price to sales, price to revenue and direction of earnings. Attractively priced, they should appreciate over time.

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Buck Newsome
Managing Director
Cambridge Financial Group, Inc.

Flexibility further shields investors. CFG analyzes the S&P continuously. "Greg Bauer's sophisticated proprietary approach to selection and rebalancing our client portfolios is quantitative, non-subjective, unemotional and technical in nature," says Newsome. "This approach minimizes the guesswork while revealing opportunities to buy during periods of out-performance and opportunities for profit taking or eliminating stocks all together when over-weighted or under-performing. It's a strenuous process that we are committed to employing on a continuous basis. Barring a technical breakdown, however, we will typically wait until the end of the quarter to eliminate a position."

Another key to flexibility is CFG's use of cash as an asset tool. The firm is usually fully invested, but from time to time CFG may raise cash levels anywhere from 10-30 percent should the market environment warrant.

Discipline and diversification – CFG's proven formula for a more palatable risk profile for investors.

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* Investing in securities is speculative and entails risk. There can be no guarantee that any investment strategy will be successful. Past performance does not guarantee future results.