
Investment Presentation



DUVAL
Asset Management

446 Milan Hill Road
Red Hook, New York 12571
845 / 758-6678
jodual@aol.com

Investment Presentation

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Duval Asset Management Overview

We offer a distinct alternative to traditional asset managers:

- ❖ Process begins with in-depth interview including spouses
- ❖ Fee-only We do not participate in any product fees or commissions
- ❖ Returns commensurate with risk tolerance and investment objective
- ❖ Equity exposure Exchange Traded Funds, no-load mutual funds, some individual securities
- ❖ Tax-efficiency emphasis but decisions are market-influenced
- ❖ Simple, concise monthly statements - very few pages
- ❖ Individual Tax-exempt municipal bonds



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The Duval Asset Management – Overview Continued

Duval Asset Management has a background that is unlike other asset managers we know of – we have worked in most aspects of the large firm private client and wealth-management brokerage world and we currently serve as experts in securities arbitration cases, primarily representing investors with claims against brokerage firms. In addition, both Jack and John are Arbitrators for the NASD and NYSE (now FINRA).

Our past experience in a large-firm consisted of positions in management, financial advisers, product specialists, as well as presiding over arbitration forums. These industry activities gives us unparalleled insight into how the investment world works – and where investors are being overcharged and, often times, put into unsuitable investments that result in unnecessary high risk.

Our individual approach is unique because of the emphasis placed on asset allocations and security-selections that are the result of an in-depth interview resulting in our knowing and understanding the client, where they are in life, their health, their wants and needs, their family situation, and a resulting strong relationship that lasts for years. We also offer guidance in areas such as estate planning and successor planning.



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Asset Management / Portfolio Management Annual Fee Schedule (billed quarterly)

- ❖ 1.00 percent for assets up to \$5,000,000
- ❖ 0.80 percent for assets from \$5,000,001 to \$10,000,000
- ❖ 0.70 percent for assets from \$10,000,001 to \$30,000,000
- ❖ 0.50 percent for assets from \$30,000,001 to \$100,000,000
- ❖ 0.20 percent for assets from \$100,000,001+

We will aggregate assets across family members and business partners in order to achieve break-points (reductions) in the fee .



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Investment Process

Our investment process is as follows:

- ❖ Thorough in-depth interview with clients to obtain a total understanding of their investment goals and risk parameters, their health, their family, all leading to a trusting relationship.
- ❖ Invest in equities, bonds, (tax-exempt or taxable) and cash
- ❖ Predict and react to the global economy and business cycle
- ❖ Use technical analysis to spot trends and reversals

Our first point of investment analysis is to determine where we are in the global business cycle. This analysis then helps us make our first investment decision, which is what percentage to allocate to stocks, bonds and cash, domestic and international.

For bonds, we then examine issuers, credit rating, call provisions, prevailing rates, the yield curve and monetary flows to determine how to “ladder” or “barbell” the portfolio. For equities, we examine existing trends, catalysts for change and historical data. Then we allocate across countries, equity styles, sectors, and industries using low-cost Exchange Traded Funds (ETF’s), non-load mutual funds, or, occasionally, individual securities.



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Financial Planning and Other Services

We offer almost all financial planning services. We do not include fees for non-portfolio services into our asset management fees. These services are billed separately either by flat rate or hourly.

Some of our services include:

- ❖ Retirement planning
- ❖ Monte Carlo analysis
- ❖ Dynamic withdrawal rate modeling
- ❖ Estate tax planning
- ❖ Life insurance consultation and strategies
- ❖ Gifting
- ❖ Trusts Charitable Remainder, Charitable Annuity, Family
- ❖ Family office services



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The Duval Asset Management Team

Jack Duval

- ❖ Principal and Managing Director, Duval Asset Management LLC current
- ❖ Principal and Managing Director, John Duval Associates LLC current
- ❖ Merrill Lynch & Co. New York, New York VP, FC, PIA 1994-2004
- ❖ New School for Social Research, MA Economics 2006
- ❖ Elon College, BA Economics, BA Philosophy 1989-1993

John Duval

- Principal and Managing Director, Duval Asset Management LLC current
- Principal and Managing Director, John Duval Associates LLC current
- Merrill Lynch & Co. Branch Manager 2001
- Merrill Lynch & Co. FC, Br Mgr, NYC District-Level Mgr 1984-1999
- Merrill Lynch & Co. AE 1965-1969
- Florida Southern, BS Journalism 1960-1964

Meghan Duval

- ❖ Office Manager, Duval Asset Management LLC current
- ❖ Princeton University, BA Visual Arts *cum laude* 1989-1993



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What To Expect

- ❖ Fee-only pricing We do not participate in any outside fees or product commissions
- ❖ Custody of assets at Fidelity Institutional (Goldman Sachs also available)
- ❖ Simple monthly statements
- ❖ Quarterly in-depth account analysis, including: profit and loss and asset allocation reports
- ❖ Quarterly account reviews with us upon request
- ❖ Online access to accounts
- ❖ Checking and Visa card privileges



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Fidelity Investments

Fidelity Registered Investment Advisor Group

Fidelity Registered Investment Advisor Group is the second largest provider of custody and brokerage services to the registered investment advisor marketplace, with over \$137 billion in assets on behalf of more than 2700 advisors (as of June 30, 2005).

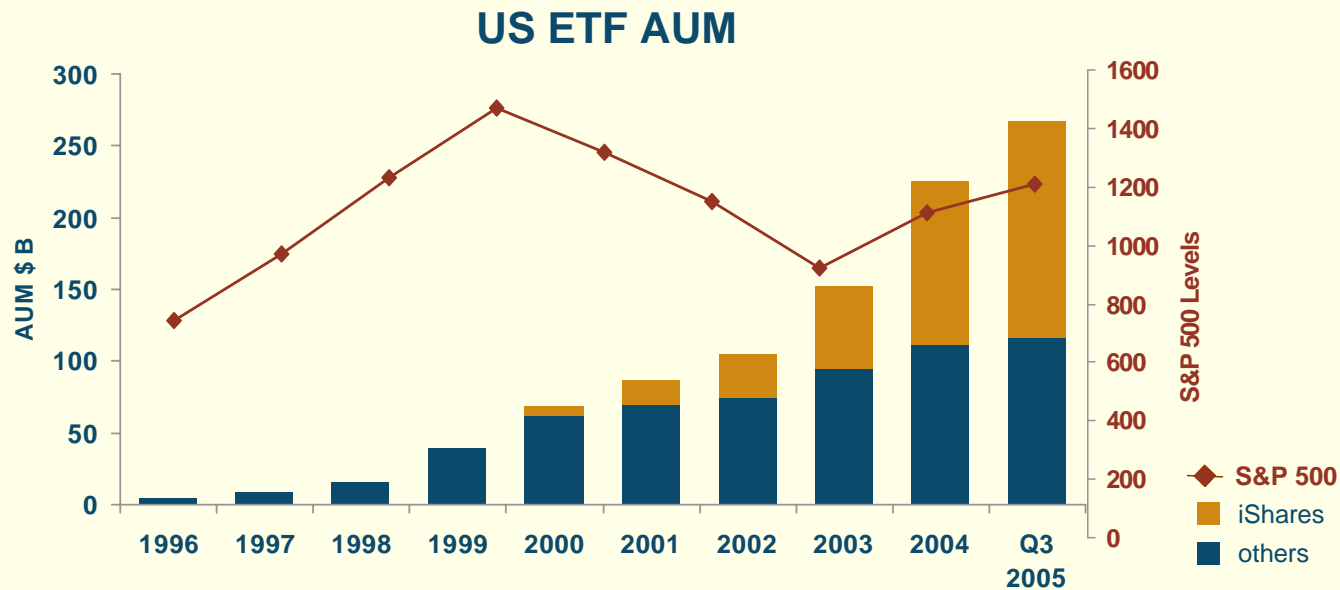
Fidelity Investments, one of the world's largest providers of financial services, has custodied assets of \$2.2 trillion, including managed assets of \$1.1 trillion as of June 30, 2005.

Asset protection

Securities in accounts carried by National Financial Services LLC ("NFS"), a Fidelity Investments company, are protected by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 (including cash claims limited to \$100,000). For details, please see www.sipc.org. NFS has arranged for additional insurance protection for cash and securities to supplement its SIPC coverage. This additional protection covers total account net equity in excess of the \$500,000/\$100,000 coverage provided by SIPC. Neither coverage protects against a decline in the market value of securities.



Consistent growth of Exchange Traded Funds (ETFs)



- ETFs experienced rapid growth during bear and bull markets
- Today, there are 336 ETFs globally – covering global equity and fixed income with AUM of over US \$310 billion.

Source: FRC, Yahoo Finance as of 10/31/2005
Yahoo Finance- for S&P 500 index level

ETF Basics_05

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iShares Funds low expense ratios

Fund Category	bps	iShares ETF
Large-Cap	9.45	iShares S&P 500
	15	iShares Russell 1000
Small-Cap	20	iShares S&P 600
	20	iShares Russell 2000
Fixed Income	15	iShares Lehman Treasury Series
	15	iShares GS \$ InvesTop™ Corporate
	20	iShares Lehman Aggregate & TIPS
International	59	iShares MSCI Int'l Series ¹
	35	iShares MSCI EAFE
	75	iShares MSCI Emerging Markets
Sector	60	iShares Dow Jones Sectors
	65	iShares S&P Global Sectors

1. Authority regional fund. Brazil, South America, South Korea, Taiwan 74bps.
iShares Fund transactions will result in brokerage commissions.



iShares Funds track

iShares Funds	3 Year average annual tracking as of 12/31/04	Expense ratio
S&P 500	-0.10%	0.09%
Russell 2000	-0.15%	0.20%
Dow Jones U.S. Total Market	-0.20%	0.20%
Dow Jones U.S. Technology	-0.59%	0.60%
MSCI Japan	-0.52%	0.59%
MSCI EAFE	-0.17%	0.35%

Source: BGI.

Past tracking performance does not guarantee future performance.

ETF Basics_05



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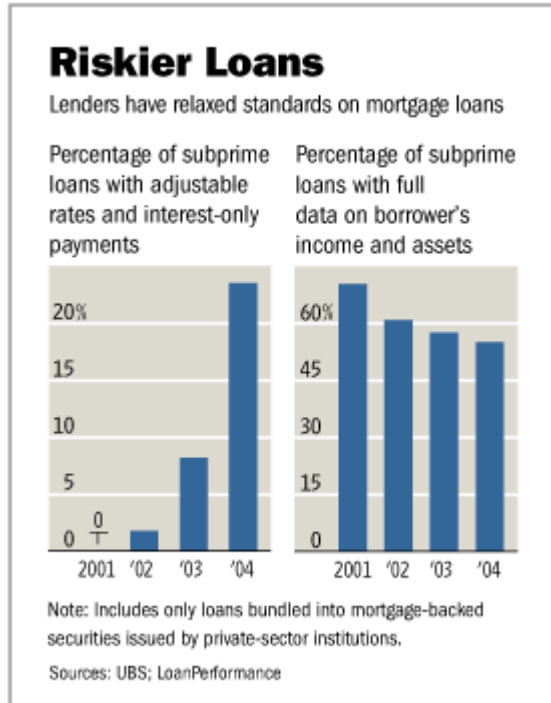
Market View

- ❖ Two themes dominate the global economy:
 - ❖ China, India and Russia “opening up” has doubled the global labor force
 - ❖ Demand-side pressures have increased the price of commodities
- ❖ A third domestic phenomena (that is also global) has been the leverage of the U.S. consumer, financed by the rise in real estate values. The real estate bubble has burst and consumer spending in the US has been greatly impacted.
- ❖ The U.S. budget and trade deficits, while currently being ignored by the bond market, are unsustainable. No nation has ever been the worlds biggest debtor without consequences.
- ❖ As always, diversification is the path to reduced risk while at the same time a patient stance is the best way to anticipate opportunities, evaluate them, and act upon them in a fast-changing world.

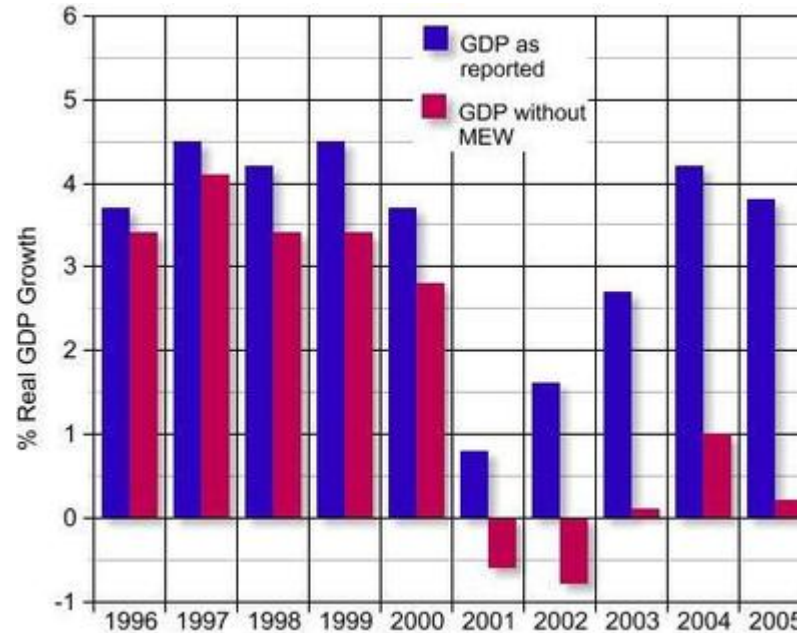


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Our 2006 Investment Presentation
predicted the coming sub-prime
crisis.



Standards have fallen: lenders have extended credit to people they don't know.



Mortgage Equity Withdrawals (MEW) have accounted for an estimated huge portion GDP since 2000.



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Anatomy of a Position: Large Capitalization Pharmaceutical Companies

- ❖ Large Cap pharmaceutical companies have been languishing since 2001
- ❖ Brand names trading at 9 year lows
- ❖ Earnings yields in the 6.5 percent range
- ❖ Free cash flow of \$1-2 per share
- ❖ 3 percent dividend yield (on the Pharmaceutical Holder)
- ❖ Sentiment at washout levels
- ❖ Charts show the group searching for a bottom



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Anatomy of a Position: Pharmaceutical Holder - PPH



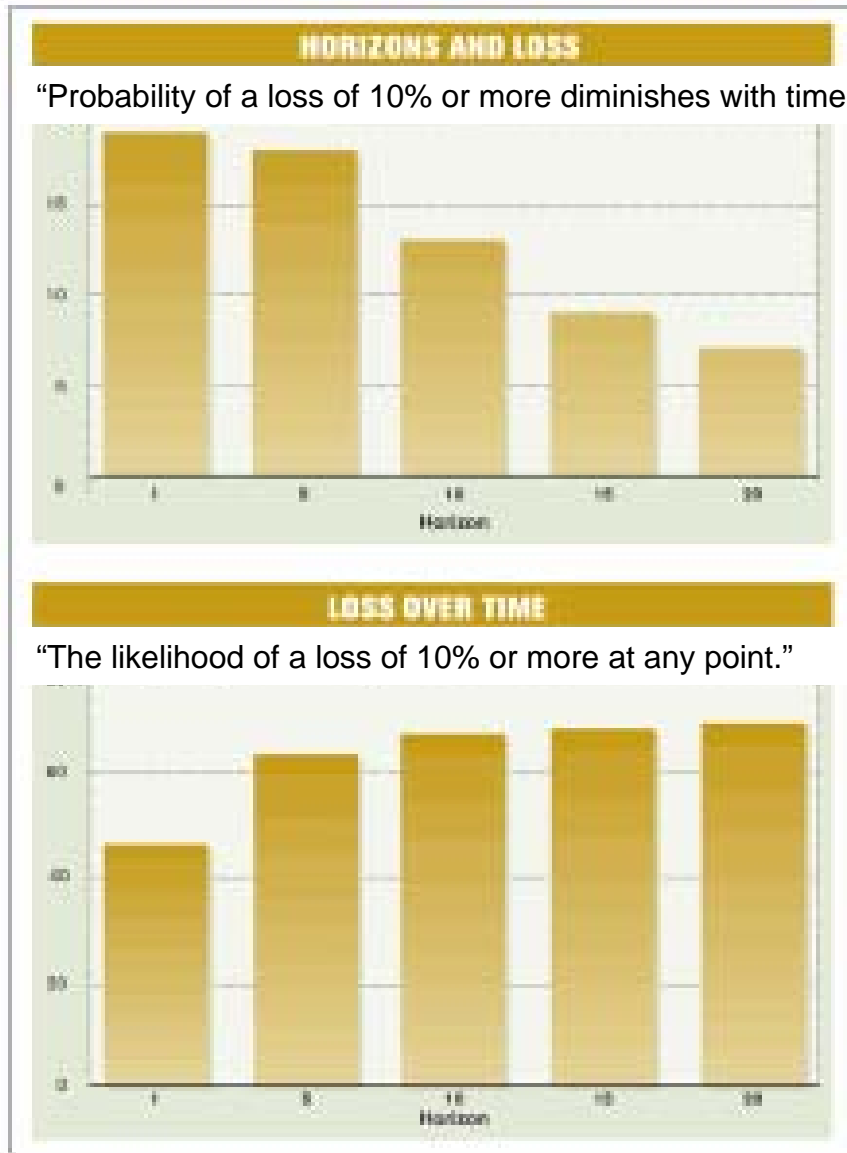
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Anatomy of a Position: Pharmaceutical Holders - PPH



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How We View Risk



Time diversification “works” if you only look at terminal values.

However, probability of experiencing a loss during your time horizon, *increases* with time.

The logical conclusion is that your asset allocation should be based on your ability to take risk in the current year – *not* on the basis of your investment horizon. This is especially true if the investment is a source of income.



Real Example of Fidelity Client Statement

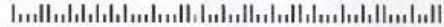


Investment Report

February 1, 2008 - February 28, 2008

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JOHN J DUVAL SR
446 MILAN HILL RD
MILAN NY 12571-4349



Your Advisor

DUVAL ASSET MANAGEMENT LLC
44 PONDFIELD ROAD
SUITE 1
BRONXVILLE NY 10708
Phone: (914)771-7774

Brokerage JOHN J DUVAL SR - TRADITIONAL IRA - FIDELITY MANAGEMENT TRUST CO - CUSTODIAN

Account Summary

Beginning value as of Feb 1 \$100,955.80
Change in investment value 244.07
Ending value as of Feb 28 \$101,199.87

Income Summary

	This Period	Year to Date
Tax-deferred	\$303.57	\$572.43

Holdings (Symbol) as of February 28, 2008

	Performance February 28, 2008	Quantity February 28, 2008	Price per Unit February 28, 2008	Cost	Total Value February 1, 2008	Total Value February 28, 2008
Stocks						
PHARMACEUTICAL HOLDERS TRUST (PPH)		100.000	\$71.600	\$6,707.95	\$7,144.00	\$7,160.00
Bonds						
UNITED STATES TREAS NTS 4.375% 12/31/2007 Aaa / AAA		10,000.000	99.445	10,024.64	9,971.10	9,944.50
UNITED STATES TREAS NTS 4.375% 12/15/2010 Aaa / AAA		10,000.000	98.941	10,051.68	9,943.00	9,894.10
Core Account						
FIDELITY CASH RESERVES (FDRXX)	7-day yield: 4.15%	74,201.270	1.000	not applicable	73,897.70	74,201.27

Total Market Value

All positions held in cash account unless indicated otherwise.

\$101,199.87

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