



FORT PITT[®]
CAPITAL GROUP

Your Future Is Our Focus.

fortpittcapital.com

Fort Pitt Capital Group

17th Annual Client Appreciation Event

January 21, 2014



firm overview

- Established in 1995
- Three founding members have worked together for 20+ years
- 100% employee owned
- 23 total employees
- \$1.5 billion assets under management
- #5 Fee Only Registered Investment Advisor (RIA) in PA*
- Fort Pitt Capital Group claims compliance with the Global Investment Performance Standard (GIPS®) and has been independently verified by a nationally recognized firm



Be the trusted advisor for long-term relationships by providing the highest standards in client service and sound, time-tested portfolio management



**core
values**

Ethics

Trust

Client Service

**Investment
Process**

**Work
Environment**

**Clear
Communication**



**our
clients**

Individuals

Taxable Accounts

IRAs

Trust Accounts

**Endowments &
Foundations**

Non-Profit Organizations

Church Endowments

Fire Departments

Libraries

Corporate Accounts

Captive Insurance
Companies

401(k) Plans

Defined Benefit Plans

Municipal Pensions



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RAMPARTS

Wealth Management
and Market Notes

ram·part /'ram-pärt/ Noun 1. A defensive wall of a fort or castle. 2. A means of protection or defense.

- **Media videos**
- **Charlie's reading list – twice a month**
- **Topical pieces on investing and financial planning**



Charlie Smith
Chief Investment Officer



bios

Charlie Smith

Principal and Chief Investment Officer
Portfolio Management
csmith@fortpittcapital.com



FOCUS: Provides the economic overview for the firm while also managing client portfolios of individual securities.

LEADERSHIP: Chief Investment Officer, Executive Vice President

CAREER HIGHLIGHTS: Charlie's views on the economy and the markets are respected and regularly sought out by CNBC, The Wall Street Journal and other financial media. He has written and lectured on markets and the economy over the course of his career, which began in 1983 and has included leadership roles with several regional investment firms. He is also a founding partner of Fort Pitt Capital Group.

EDUCATION: BA, Pennsylvania State University

PERSONAL: Lives in Marshall Township, Pennsylvania with his wife, Barbara.



Last Year We Said:

- Growth again averages less than 3%; consumer deleveraging eases and government deleveraging starts.
- Long-term U.S. interest rates end 30 years of decline.
- Corporate earnings (as measured by the S&P 500) rise 4% for the year, reaching \$105.
- Home prices plateau; bank lending rises 5%. Yield still a key part of return. S&P 500 fair value is 1500.



2013 Report Card:

- Missed on housing; average U.S. home price increased 13%. Fed's biggest "success".
- Corporate earnings came in slightly better, with S&P 500 profits rising into the neighborhood of \$109, depending on upcoming fourth quarter results.
- Thanks to "taper" talk, neutral to bearish outlook on interest rates played out.
- Also missed on stocks; U.S. stocks jumped 30% for the year, well ahead of our 7% estimate.



2014 Estimates:

- GDP growth accelerates moderately in 2014, surpassing 3% for the year as capital spending revives.
- Corporate earnings rise modestly as well. Instead of doing “more with less”, managers find a way to do “more with more”, benefitting labor and pushing S&P 500 profits over \$114 per share.
- A 17X price/earnings multiple (quite reasonable given 2% annual inflation) yields a target of 1938, or 5% above the 2013 close.
- Wild cards: a slowdown in China, any slip back in housing and, as always, the FED.



From Defense to . . .

January 2013

60% Steady Eddy

Telecom / Cable

15% Cash / Bonds Mix

Policy Driven

Technology



Offense

January 2014(?)

60% Cyclical / Growth

Industrial / Energy / Health Care

Normal Cash (5%)

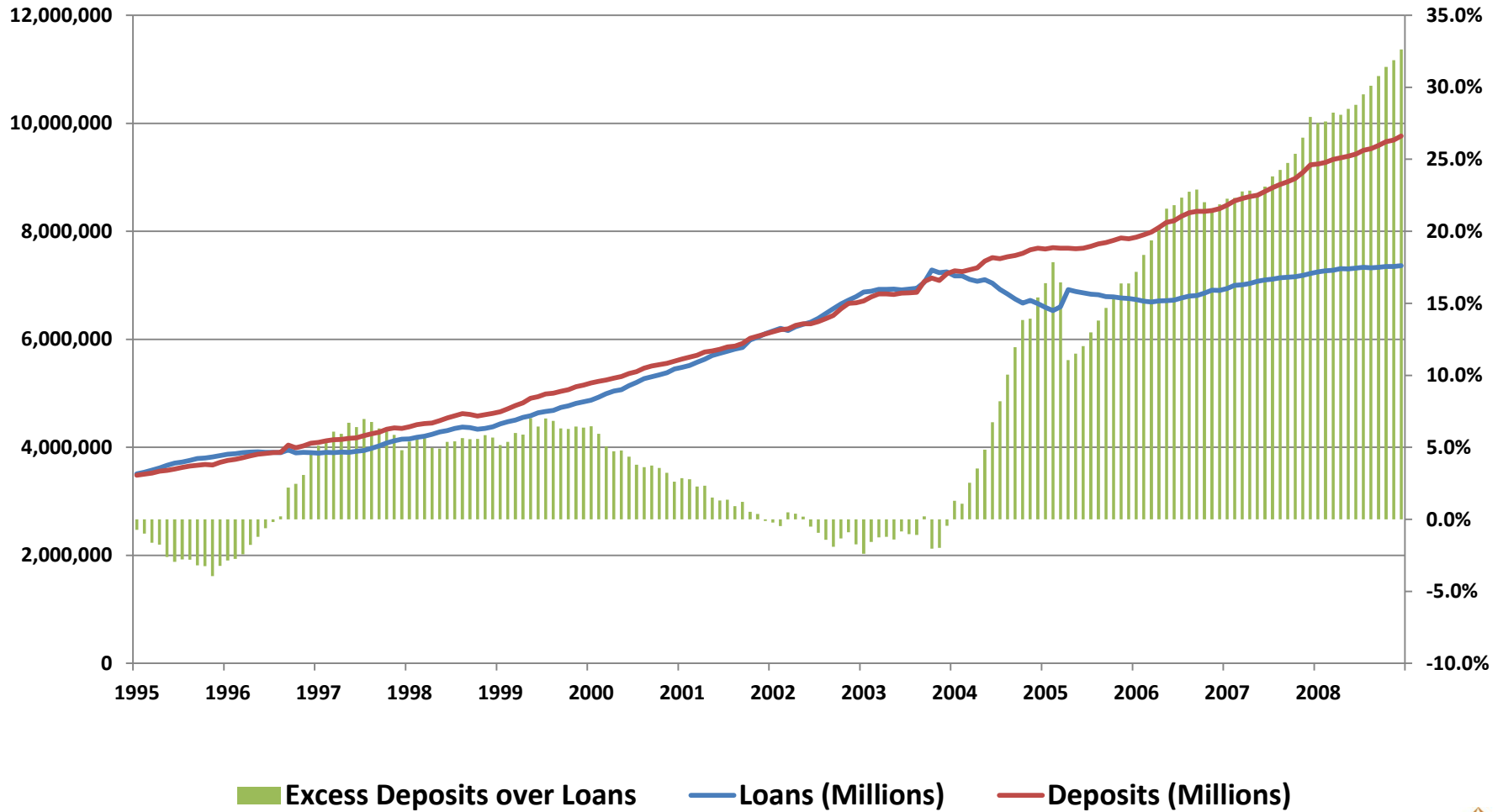
Fundamentally Driven

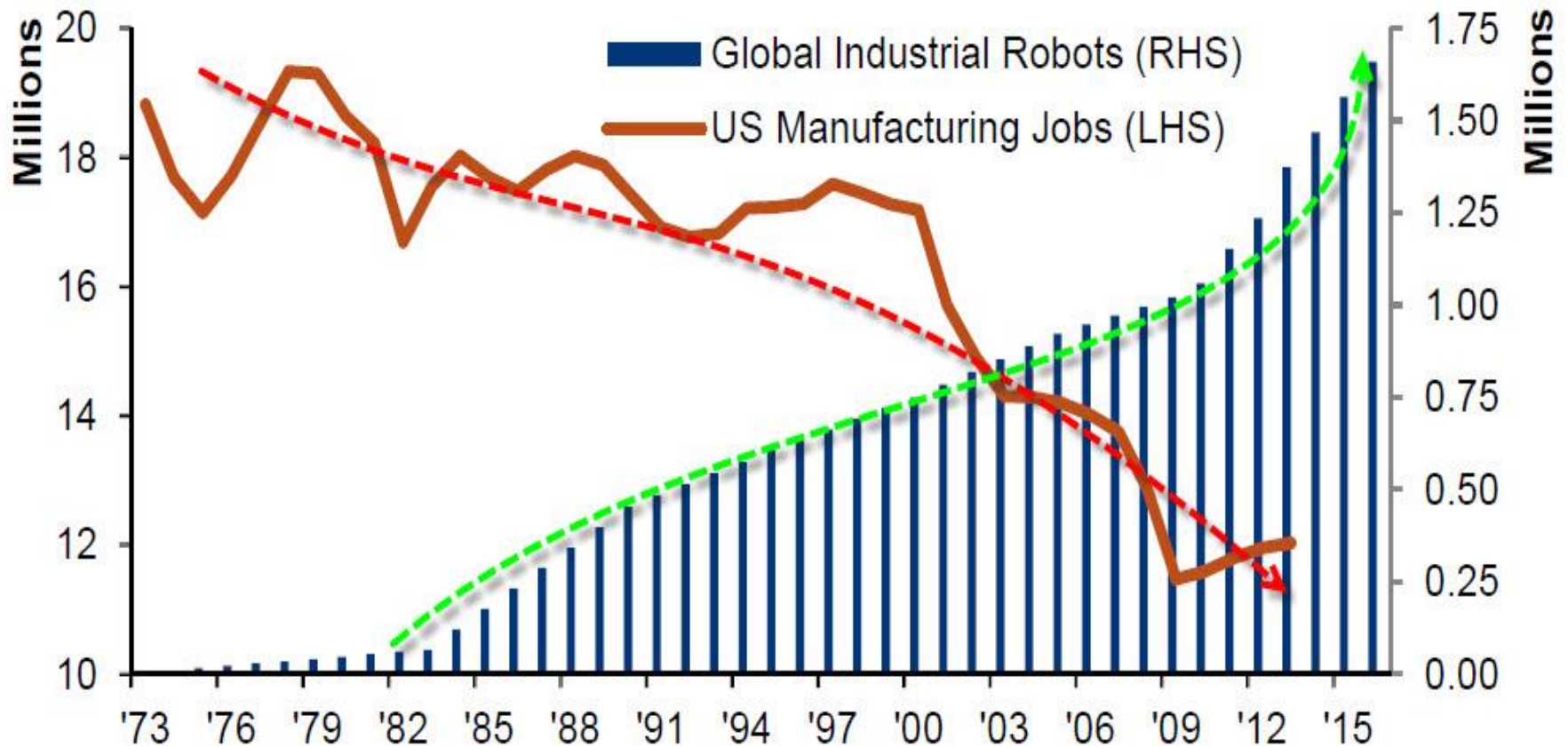
Technology



inflation

Why we don't have it





Source: BofA Merrill Lynch Global Investment Strategy, IFR, Bloomberg. Note: growth interpolated 1974-1982, 1984-1990, 1991-1994, 1996-1999



Panel Discussion



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Jay Sommariva

Senior Portfolio Manager

Fixed Income

jsommariva@fortpittcapital.com



FOCUS: Focuses on portfolio management of individual security fixed income accounts. Assists the asset allocation team in investments and asset class research.

LEADERSHIP: He is a member of the Investment Policy Committee

CAREER HIGHLIGHTS: 20 years of experience in asset management, and is well versed in an array of fixed income products. He was employed by BNY Mellon as a Senior Portfolio Manager responsible for investing the banks collective funds. Prior to that, he worked for Northern Trust in Chicago as a portfolio manager responsible for retail and institutional money funds, as well as securities lending portfolios.

EDUCATION:

BS, Indiana University of Pennsylvania

MBA, Duquesne University

PERSONAL: Resides Butler, Pennsylvania with his wife and their daughter.



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Kim Caughey Forrest

Vice President and Senior Analyst
Portfolio Management
kcaughey@fortpittcapital.com



FOCUS: Focuses on portfolio management of the Fort Pitt Capital Total Return strategy.

LEADERSHIP: Member of the Investment Policy Committee

CAREER HIGHLIGHTS: Kim draws from a diverse career history in computer science, finance and investment analysis. Her prowess has been recognized nationally. In 2002, she was named the number two software analyst by The Wall Street Journal, and the following year Starmine.com named her the nation's number three software analyst. She is a frequent guest on CNBC, Bloomberg and Fox Business News.

EDUCATION:

BS, University of Pittsburgh
MBA, University of Pittsburgh

PERSONAL: Lives in Pittsburgh, Pennsylvania with her husband.



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Todd Douds, CFA

Senior Vice President, Research and Operations

Portfolio Management

tdouds@fortpittcapital.com



FOCUS: Specializes in investment research, manages research, asset allocation, and alternative investments. Guides the firm's asset allocation approach and oversees operations.

LEADERSHIP: Director of Operations

CAREER HIGHLIGHTS: Before joining Fort Pitt Capital Group in 2012, Todd was a senior associate at Wilshire Associates. Prior to that, he was an investment analyst for Arbor Capital Management.

EDUCATION:

BA, University of California at Berkeley

MA, State University of New York at Buffalo

CERTIFICATION: Earned the right to use the Chartered Financial Analyst® designation from the CFA Institute.

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COMMUNITY INVOLVEMENT: Program Chair on the CFA Society of Pittsburgh's Board of Directors. Also a former member of the U.S. Freestyle Ski Team.

PERSONAL: Resides in Sewickley, Pennsylvania with his wife and their two sons.



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Theodore Bovard

Managing Director and Principal
Financial Advisor
tbovard@fortpittcapital.com

FOCUS: Advises clients on portfolio design and financial planning. Also the Chief Compliance Officer for the firm.

LEADERSHIP: Chief Compliance Officer, Managing Director and Secretary of the Board of Directors, and member of the Investment Policy Committee.

CAREER HIGHLIGHTS: Ted began his career in financial advising with another regional investment firm in 1987. He joined Fort Pitt Capital Group in 1995.

EDUCATION: BA, University of Pittsburgh

COMMUNITY INVOLVEMENT: Member of the Financial Planning Association.

PERSONAL: Lives in Presto, PA

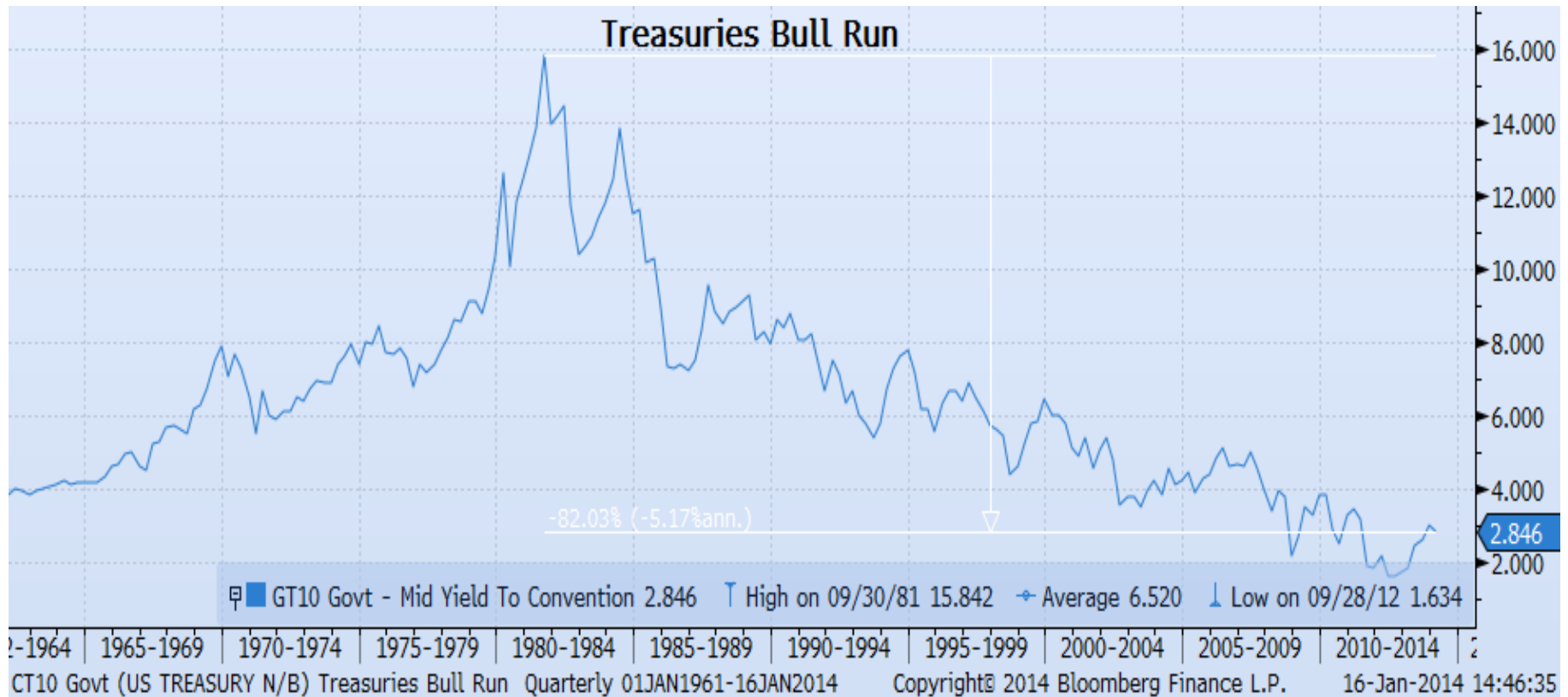




Should we still be in bonds?



interest rates





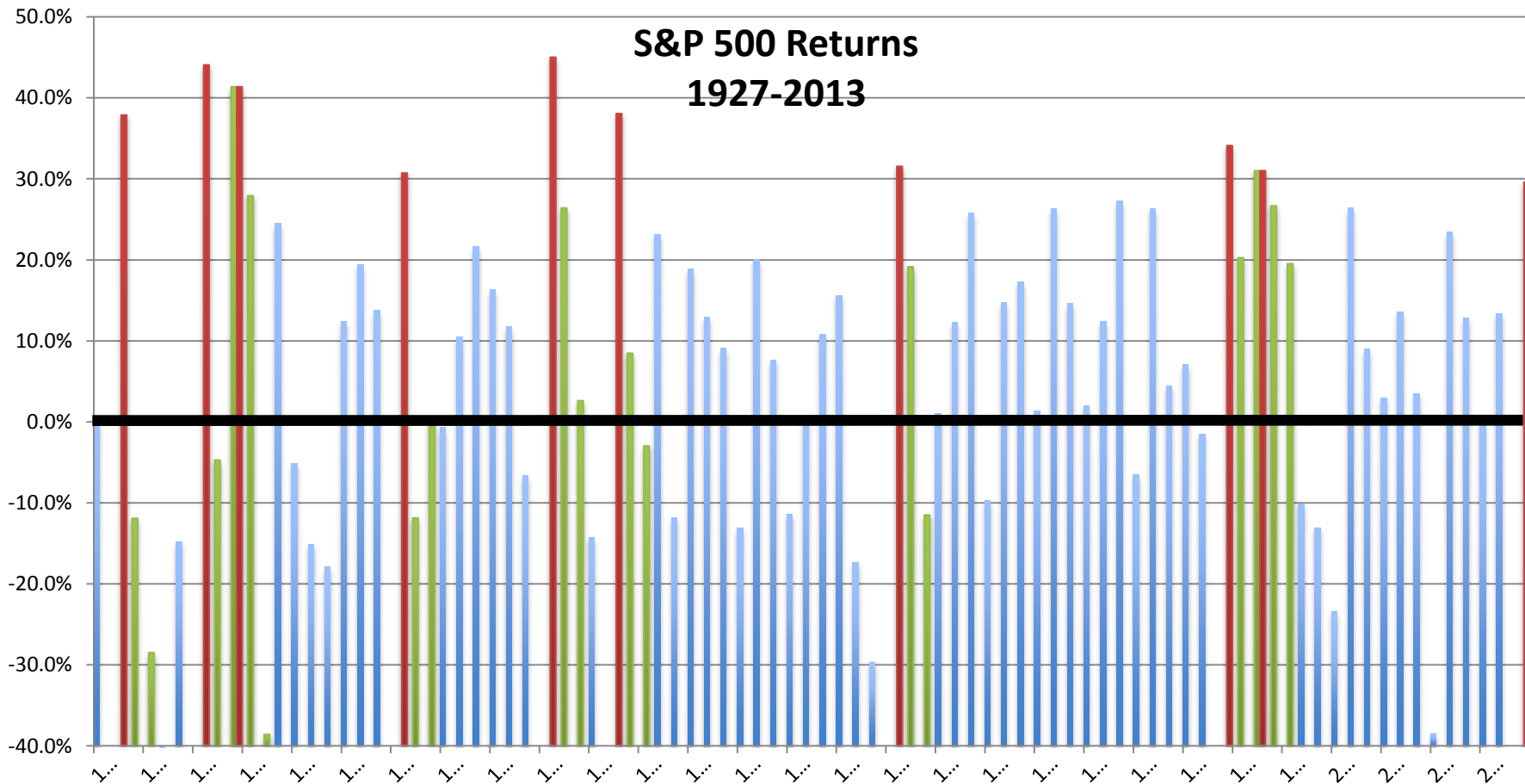
The market went up 30% last year.

Are we due for a market correction?



market returns

Annual market returns with a +30% year and the year after

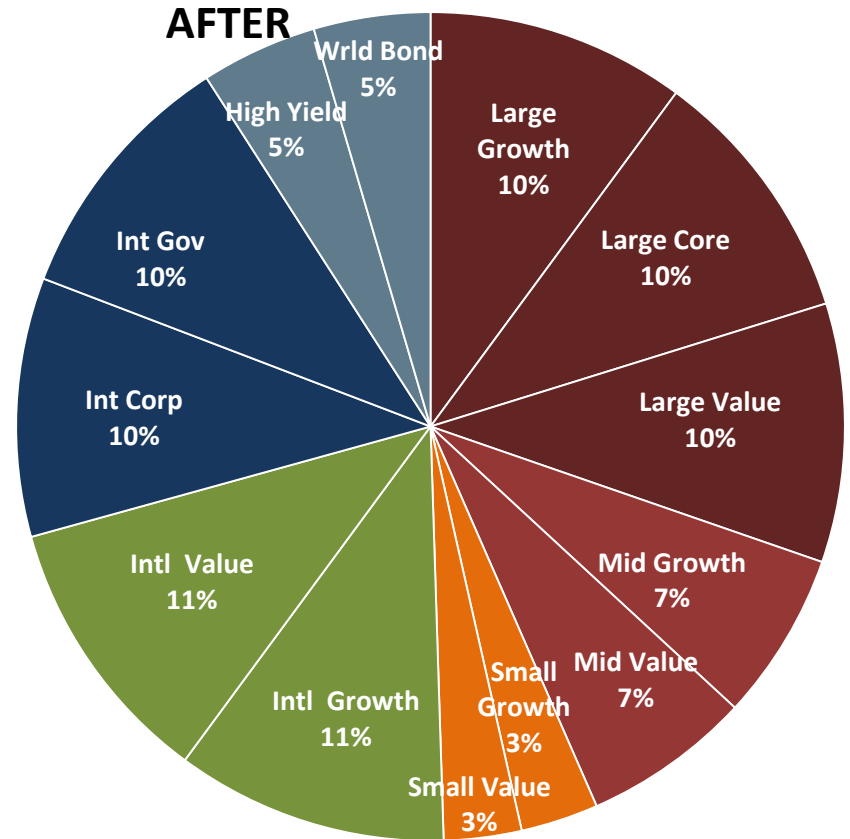
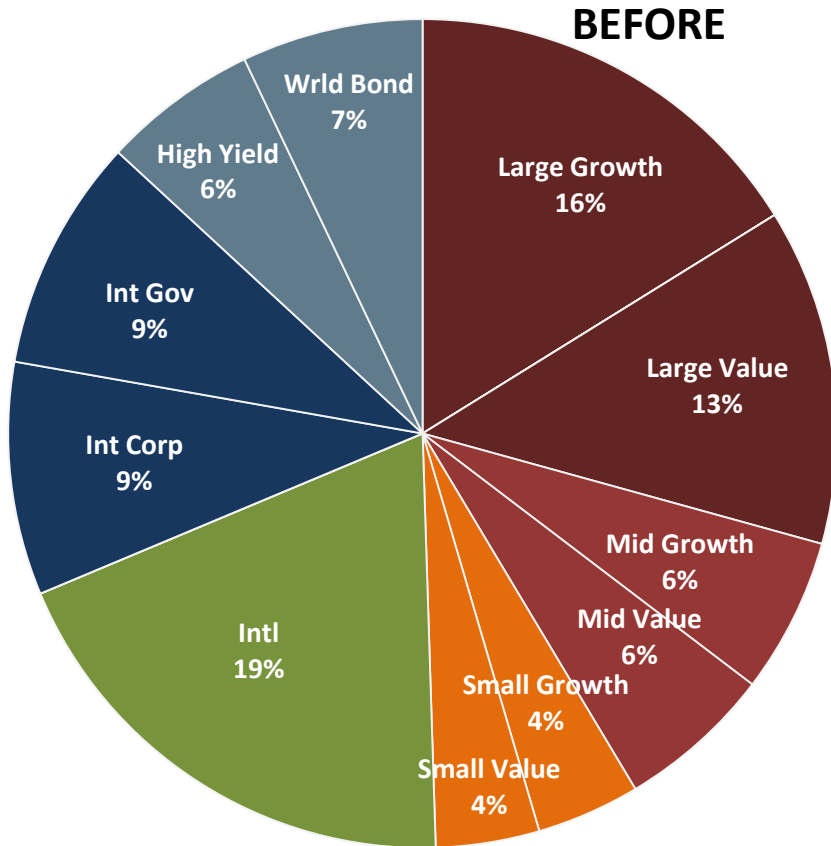




I saw a lot of transactions in my asset allocation account over the summer.

What was that about?







Should my bond allocation be based on my age?





**There is a lot of bad news recently about
municipal bonds.**

What is going on with ‘munis’?



Questions & Answers



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