

# WINDWARD CAPITAL MANAGEMENT CO. CAPITAL APPRECIATION

Address: 11111 Santa Monica Boulevard 12th Fl  
Los Angeles, CA, 90025

Firm Type: Independent Reg. Inv. Advisor

Legal Structure: Subchapter S

Year Founded: 1995

Firm GIPS Compliant: Yes

Firm/Product Assets: \$ 230.10 Million / \$ 9.20 Million

Firm/Product Accounts: 171 / 24

Parent Company: Windward Capital Group

Investment Style: Growth

Market Capitalization: Large Capitalization (>7 \$Billion)

Decision Making: Bottom-Up Stock Selection

Portfolio Manager: Mr. R Nichols / D Bessler

Manager Tenure: 1/2002

Mgr. Experience: 1971

Product Contact: Mr. Robert Nichols

Phone: 310-893-3002

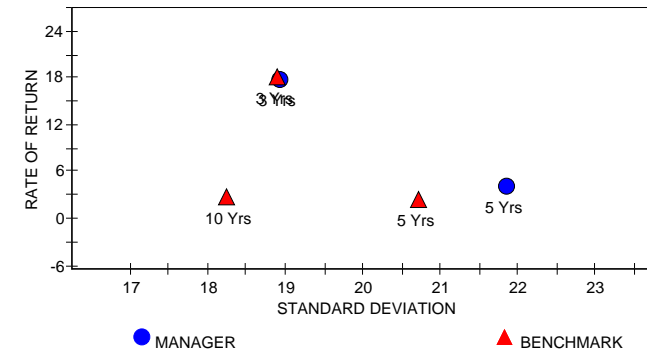
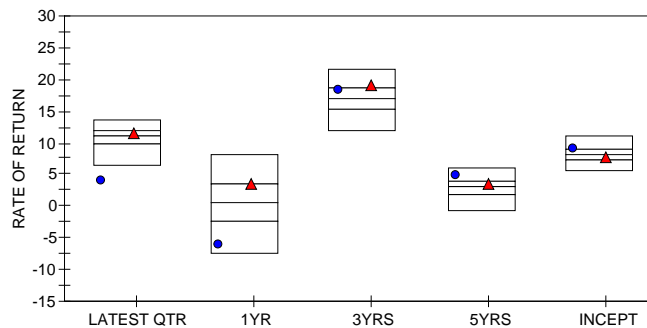
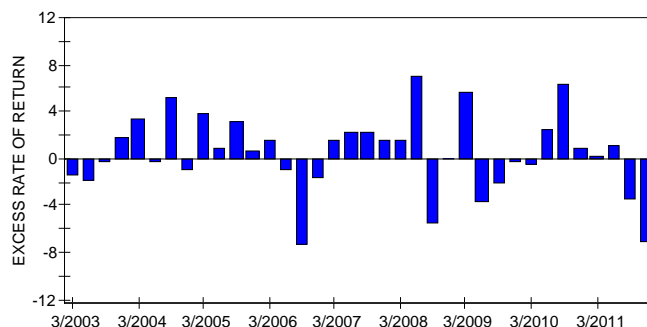
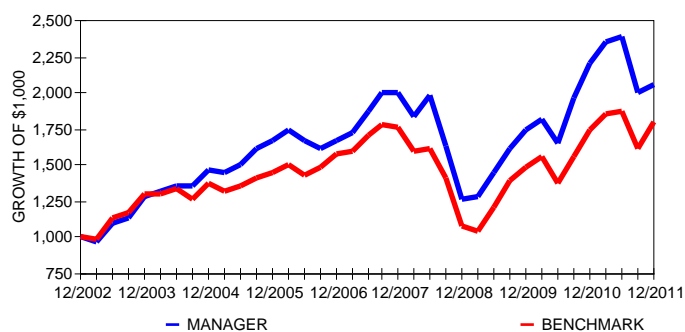
		Account Size	Annual Fees
Performance Incentive Fee:	No	US\$ 1 Mill	--
Individual Min Annual Fee:	\$3,130	US\$ 5 Mill	--
Individual Min Account Size:	\$250,000	US\$ 10 Mill	--
Offered As Mutual Funds:	--	US\$ 25 Mill	--
Offered As Commingled Funds:	--	US\$ 50 Mill	--
Commingled Min Annual Fee:	--	US\$ 100 Mill	--
Commingled Min Account Size:	--	US\$ 200 Mill	--

	MRQ	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Incept
Manager	3.47	-6.59	26.92	38.04	-37.24	19.90	0.38	14.41	14.54	27.53	--	8.40
Bnchmrk	10.61	2.64	16.71	37.21	-38.44	11.81	9.07	5.26	6.30	29.75	-27.88	6.69
Excess	-7.13	-9.23	10.20	0.83	1.20	8.09	-8.69	9.14	8.24	-2.22	--	1.70
90 TBill	0.00	0.06	0.14	0.15	1.27	4.42	4.88	3.30	1.44	1.01	1.59	1.84

PERIOD	ROR	STDEV	ALPHA	BETA	RSQR	TRCKERR	SHARPE	INFORATIO
3 Yrs	17.84	18.95	1.21	0.93	0.86	7.30	0.94	-0.02
4 Yrs	0.67	23.98	0.69	0.99	0.90	7.76	0.01	0.05
5 Yrs	4.25	21.85	2.02	0.99	0.89	7.08	0.14	0.25
6 Yrs	3.60	20.28	0.31	0.99	0.87	7.24	0.09	0.00
7 Yrs	5.08	18.93	1.51	0.98	0.87	6.93	0.16	0.18
8 Yrs	6.21	17.89	2.32	0.97	0.86	6.80	0.24	0.31
9 Yrs	8.40	17.59	1.99	0.96	0.87	6.50	0.37	0.26
10 Yrs	--	--	--	--	--	--	--	--
Inception	8.40	17.59	1.99	0.96	0.87	6.50	0.37	0.26

GICS Sector Breakdown: 9/2011	%	Equity Characteristics: N/A	%
Materials	8.80	Beta(5 Year)	--
Energy	3.30	Dividend Yield	--
Consumer Staples	9.10	5 Year EPS Growth	--
Consumer Discretionary	18.40	Price/Book	--
Industrials	10.30	P/E (Proj next 12 mths)	--
Utilities	--	Return on Equity	--
Health Care	10.30	Market Capitalization:	--
Information Technology	27.70	Wght Avg (\$ MM)	--
Telecommunications Services	--	Median (\$ MM)	--
Financials	--	Debt/Equity	--
Cash	8.20	Ann Fiscal YTD Turnover	--
Other	3.90	SEC-30-Day Yield	--

Ten Largest Holdings:9/2011	%	Firm Representative Client List
APPLE INC.	8.00	Small Business Owner
AMAZON COM INC.	6.80	Individual
STATE STREET INS. LIQUID	6.00	Non-Profit
CHIPOTLE MEXICAN GRILL CL A	3.90	--
COSTCO	3.60	--
SALESFORCE COM INC	3.50	--
VMWARE INC CL A COM	3.50	--
WATSON PHARMITEUTICALS	3.00	--
STERICYCLE INC	3.00	--
BAIDU INC SPON ADR REP A	2.90	--



PERIOD	RATE OF RETURN			GROWTH OF \$1,000		
	MANAGER	BENCHMARK	EXCESS	MANAGER	BENCHMARK	PREMIUM
1 Yr	-6.59	2.64	-9.23	\$934	\$1,026	-\$92
2 Yrs	8.88	9.45	-0.57	\$1,185	\$1,198	-\$12
3 Yrs	17.84	18.02	-0.17	\$1,636	\$1,644	-\$7
4 Yrs	0.67	0.30	0.37	\$1,027	\$1,012	\$15
5 Yrs	4.25	2.50	1.75	\$1,231	\$1,131	\$100
6 Yrs	3.60	3.57	0.03	\$1,236	\$1,234	\$2
7 Yrs	5.08	3.81	1.27	\$1,414	\$1,299	\$115
8 Yrs	6.21	4.12	2.10	\$1,620	\$1,381	\$239
9 Yrs	8.40	6.69	1.70	\$2,066	\$1,792	\$274
10 Yrs	--	2.60	--	--	\$1,292	--
Inception	8.40	6.69	1.70	\$2,066	\$1,792	\$274

## WINDWARD CAPITAL MANAGEMENT CO. CAPITAL APPRECIATION

Equity Personnel	Total	Firm Personnel	Total
Portfolio Managers	2	Portfolio Managers	2
Research Analysts	0	Research Analysts	--
Traders	2	Traders	--
Marketing	4	Marketing	3
Total Equity	8	Client Service	3

**EQUITY INVESTMENT PHILOSOPHY** - Our investment process begins with a "top-down" evaluation and discussion of the economic statistics that are provided to us by a number of independent and Wall Street research and reporting services. While the general condition of the U.S. economy is certainly important to us, we feel that our review of the economy leads us to a far more important issue in our portfolio construction process: economic sector weighting. Throughout every economic cycle, we look for opportunities to both increase performance and minimize risk by altering portfolio economic sector participation. Our economic sector bets are almost never the same as the S&P 500.

**INVESTMENT DECISION-MAKING PROCESS** - Once we have determined the economic sectors that we plan to use for our portfolios, we assign our desired portfolio weighting to the sectors to form a model. Due to individual client requests, financial needs, and investment objectives, all of our portfolios cannot be structured according to the model. Nevertheless, we do compare our model weightings against the sector weightings of the S&P 500 as a final test of our conviction magnitude. In some cases, we may omit some economic sectors altogether if we feel that equities in those sectors will underperform the market. While we always want to know how large a deviation from the S&P 500 we are taking, given the volatility of the stock market and the dangers of event risk that exist in our economy, we feel we must stay flexible. Stock selection is accomplished using a "bottom-up" process. Generally, Windward looks for companies displaying: (1) A strong multi-thematic business presence in industries with demonstrated competitive barriers to entry; (2) Leadership that is likely to position them as number 1 or 2 in their industry; (3) An above-average growth in sales, earnings, innovation and dividends (if a dividend is paid); (4) A corporate management ability to generate a higher return on equity than the average company in their economic sector; (5) Reasonable projections that growth can continue into the future; (5) Lower debt-to-equity ratios than their competitors. Companies demonstrating these characteristics, in addition to a possible special situation, are favored over all others. **SELL DISCIPLINE:** Over time, stocks advance and decline for a number of reasons. News is often inaccurate, and analysts often differ on the earnings or the effect an event may have on the long-term prospects of a company. We are more interested in our analysis of the facts than the "noise" created by the media. If the fundamentals of a company begin to erode, or if the holding becomes too large a percentage of the client's portfolio, the stock or a portion of the stock position is a candidate for sale. Stocks in our portfolios and their prices are monitored daily through the use

of real-time spread sheets and the additional monitoring from outside monitoring services.

**ORGANIZATION AND OWNERSHIP** - Windward Capital Management Co. (Windward) was registered as an Investment Advisor in 1996 by Robert W. Nichols Ph.D as it's Chairman and CEO. Previously, Mr. Nichols had for 21 years served as President/CEO of RNC Capital Management, a \$1.25 billion asset management company he founded. In addition, Mr. Nichols was the Chairman of the 8 mutual funds of the RNC Mutual Fund Group and was a member of both the investment and research committees. He sold the firm in 1990. Windward is a boutique money management firm specializing in the management of small institutional and high net worth individual accounts. Windward through it's affiliate also provides institutional and retail brokerage along with retirement plan administration.

Offered WRAP/TAMP Program:

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