

*This document is designed to provide an overview of the firm (Remick Capital, LLC) and the key principal information of Benjamin Hacker and services provided to clients.*

## About Remick Capital

Remick Capital, LLC is a Registered Investment Advisor that was established in 2006. Remick Capital currently has one Investment Advisor Representative, Benjamin Hacker, who performs the duties of portfolio management for all clients.

### **Remick Capital Mission:**

To grow clients' capital at the highest rate possible while maintaining a prudent level of risk.

### **Services I Provide:**

My core service is the management of separate investment accounts which are invested in the same way that I invest my own portfolio. The primary investment strategy is buying individual stocks and bonds, but I may also utilize, equity options, and mutual funds in certain circumstances. No shorting, margin, or futures are used for clients.

The separately managed account minimum is \$20,000. The minimum investment requirement can be waived for clients who sign up for automatic monthly contributions of \$300 or greater into their accounts.

In addition to separate account management, I also perform independent analysis for my clients' non-managed portfolios for a negotiated fee.

### **Services I Do Not Provide:**

In my drive to serve my clients' interests I seek to provide only services at which I am confident I will excel at. Due to this philosophy, I do not offer the following services at this time:

- 1) Estate planning
- 2) Insurance products
- 3) Accounting and Tax preparation

### **Advisory Fee Structure:**

For separately managed accounts, my standard fee structure is as follows:

- 1.25%\* annually on assets of less than \$100,000 under my management.
- 1.10%\* annually on assets between \$100,000 and \$250,000 under my management.
- 1.00%\* annually on assets over \$250,000 under my management.

Remick Capital, LLC will voluntarily cover all trading commission costs charged by the 3<sup>rd</sup> party custodian BrokersXpress™. Commission costs will be rebated via a backend quarterly advisory fee reduction. What this means is that the *only* fee you pay to invest is the fee you pay me at Remick Capital.

For a more detailed description of my fees, please see the advisory contract located [here](#). For clients who are 'qualified' per [SEC rule 205-3](#), I also offer performance based fee arrangements which are 25% of the annualized account profit above 6% subject to a high water mark.

For non-discretionary independent portfolio analysis, the Remick Capital fee rate is a negotiable fixed fee, and is based primarily on account complexity.

\* Standard separately managed account fees are quoted on an annual basis and are deducted from account balances quarterly (in arrears) based on average assets in the account during the quarter. Performance fees are billed yearly in arrears when applicable.

## Education of Benjamin Hacker

Year of Birth, 1980

### **Education:**

Oregon State University, 2004  
BS, Electrical & Computer Engineering, Cum Laude  
Minor, Business (Finance)

### **Business Background:**

Marketing/Engineering, Intel Corp, 2001-present  
Partner in an Investment Partnership, *Technically Related*, 2004-present  
Investment Adviser Law Examination (Series 65), 2006  
Registered Investment Adviser in the state of Oregon, 2006-present

Mr. Hacker is currently employed full-time at Intel Corporation in addition to his duties for Remick Capital, LLC.

## Investment Philosophy

When selecting a money manager, it is important to understand the manager's investment strategy. Below is an outline of the investment strategy that I use at Remick Capital as a guideline for the management of clients' money. If this strategy makes sense, and aligns with your own goals, then I may be the right manager for your investment capital.

### **Value-Based Investment Selection:**

I seek to invest in businesses only when they can be purchased in the stock market for substantially less than what I believe the businesses assets are worth. I do not focus on price trends or stock charts or macroeconomic forecasting. I only seek to buy business assets at a substantial discount to their true worth. Over time, I believe the market will recognize this value discrepancy.

### **Moderate Portfolio Turnover:**

I seek to invest primarily in quality companies with strong competitive advantages that can be held for many years. This reduces transaction, accounting, and tax costs for me and my clients. In general, my target is to maintain an annual turnover of less than 40%; this equates to an average holding period of 2.5 years on the investments that are purchased. While I strive for moderate turnover, I will not hesitate to exploit short term pricing movements in securities when I am confident that they will deliver attractive returns after transaction costs and taxes.

### **Focused Portfolio:**

I believe that the rule of diversification, while solid in principle, often leads to mediocre returns by forcing the addition of weaker investments into a portfolio of superior selections. I focus my clients' portfolios into only the most optimal investments. These portfolios will generally be concentrated into 10-15 individual investment positions.

### **Hold Cash When Necessary:**

During time periods in which suitable investment opportunities are unavailable, I will keep excess portfolio assets in cash or money market investments. While this is not ideal or exciting, it is far preferable to investing in businesses that do not meet my strict criteria.

### **Independent Analysis:**

When researching suitable investments, I look for value wherever it might be. I do not focus solely on 'blue chips,' 'growth stocks,' 'tech stocks,' or any other trendy group of investments. My portfolios often contain unpopular or unknown companies. While I do not seek to specifically invest in companies far off the beaten path, this has often been a result of my strategy, and I am confident that this will continue in the future.

## Investment Return Goals

I strive to attain three simultaneous goals with respect to returns in the portfolios I manage\*\*:

### **Don't Lose Money:**

At all times, my goal is to maintain the principal in client accounts. While stock markets are inherently volatile, I will attempt to only purchase investments with enough margin of safety to protect against any major short-term portfolio losses. In general I welcome volatility as it tends to create opportunity to buy great companies at great prices, but I understand the value of being able to sleep at night knowing your investment capital is secure.

### **Outperform the US Stock Market:**

Over the shorter term (two to five years), my goal is to outperform the US stock market as defined by the Wilshire 5000 index.

### **Provide Our Clients with a Real Return of 10%:**

My long term (five years and longer) investment goal is to double our clients' money in real (inflation adjusted) terms every 7 years. This corresponds to a return of approximately 10% above inflation (which compares to a historical return of approximately 6.5% after inflation for the total US stock market).

*These goals will not always be achieved, but they are the forces that guide all my investment selections.*

\*\* These goals apply to "growth" accounts with long time horizons. More conservative accounts will have correspondingly conservative performance targets.

## Portfolio Investments

To better understand how I will allocate your investment funds, it is helpful to understand how I classify investments:

To determine the fair value of a business, I take several factors into account including – but not limited – to: quality of management, competitive position, business risk, future revenue and profit growth rates, and corporate culture. Because distilling all of this information into a single *exact* value is not realistic, I estimate a value or range of values that are reasonable and fairly conservative. I then attempt to buy at a discount of at least 40% of this estimated value. When constructing portfolio weightings, I do not only look at which of our investments is the *most* under-valued, but also gauge the risk that some of our business value estimates may be overstating the true business value.

Below is the guideline\*\*\* of how I weight investment positions in your managed account:

### **2% Position:**

A portfolio investment that only warrants a 2% position size significantly lacks in one area of our analysis, but has good or great marks in many other categories. For example, a company that I believe is undervalued may have extremely high business risk which would prevent me from making a larger investment. Generally speaking, I define investments that I consider to have a very wide range of possible outcomes – including some that are negative – as speculative. While speculative investments do have a place in a portfolio, I will minimize their position to ensure that your principal will not be unreasonably affected if they do not work out as anticipated. For this reason, speculative investments will rarely become larger than a 2% position.

### **5% Position:**

A portfolio investment that warrants a 5% position will generally have passing grades in all of the primary factors of my business analysis, but may not excel in all them. For example, the company may have great competitive position in a very low risk business, but the corporate management may only be mediocre.

### **10% Position:**

In order for me to be able to commit to a 10% position in a single company, I must be 100% confident in the quality of management. The business must also grade very highly in all areas of my business analysis.

### **25% Position:**

In order for me to be able to commit to a 25% position in a single company, not only do I need to have full faith in management, but also must see the valuation and business environment as being so compelling that I see a positive return on investment as nearly guaranteed. With a 25% position, even if several unfortunate and unseen business events occur, I expect to still be able to walk away with the investment capital unharmed. An opportunity worthy of a 25% stake will rarely become available, but when it does I will be willing to swing for the fences to take maximum advantage.

I do not add to a position once it becomes more than 25% of the investment portfolio in general. While I am confident in my stock selection, I am not willing concentrate client portfolio beyond that level. If a single position ever reaches more than 40% of the portfolio through appreciation, I will generally begin to sell the position slowly as it rises to maintain balance in the portfolio.

\*\*\* For accounts with less than \$100,000 under management, a full portfolio of investments may not be able to be created while keeping transaction costs at a reasonable level. These accounts will generally be run in a much more concentrated fashion, holding only the larger positions, and for this reason will operate, perhaps quite far, outside of the guidelines listed above.

## Asset Allocation Philosophy

At Remick Capital, I do not use a standard asset allocation strategy to manage risk for clients who designate 'growth' or 'aggressive growth' as their objective. Categorizing investments into different 'classes' such as 'small-cap stock', 'real estate', or 'foreign bond' may make sense at times, but I believe that this strategy does not make sense for an actively managed portfolio. Instead of asset allocation driven investment decisions that would dictate that a certain percentage of a client's account be put into stocks or bonds, the investment choices I make for your account will be made using three criteria:

- 1) The individual return potential of the investment
- 2) The individual risk potential of the investment
- 3) The expected correlation of the risk/return of the investment with the other investments in the clients' account

I will look far and wide for assets that rate highly using the above 3 criteria. This may at times lead us to invest heavily in certain sectors of the economy or particular asset types. However, asset class distinctions do not inherently drive my investment strategy. My goal is simply to seek the highest risk-adjusted returns wherever they may lie. For clients who are more risk averse and interested in a moderate growth approach, an asset allocation approach may be used for a portion of their account to reduce volatility.

## Recommendations for my Clients

Investing in equities should be considered with a long time horizon. Investing with Remick Capital is no different. In this respect I would encourage clients to have at least a 5 year time horizon with the money they plan to have managed by me.

Also, to encourage discipline of investing, I would recommend that all clients to set up automatic monthly contributions for their accounts to allow dollar cost averaging into investments. This way, as investment opportunities arise, current holdings do not necessarily need to be liquidated to purchase new more attractive investments.