Investing with LTBC Capital Advisors LLC

LTBC Capital Advisors LLC (LTBC) is an independent Registered Investment Advisor (RIA). LTBC is registered with the Security Division of the Commonwealth of Massachusetts as a Registered Investment Advisor and is subject to Investment Advisers Act of 1940. As an independent registered investment advisor the advisor has a fiduciary duty to do what is best for the client. This means the investment manager must attempt to get the best execution prices for client transactions and not charge excessive fees above those disclosed to the client. Some investment advisors also act as broker dealers and therefore may benefit from the prices a client pays for security transactions. At LTBC we act as an investment advisor only and never as a broker dealer and do not take any monetary benefit other than our asset based fees. To understand some differences between independent and non independent investment advisors you may like to read an article from Newsweek http://ltbccapital.com/pdf/article.pdf (attached) or go to the Securities and Exchange Commission's web site to see their advice about choosing an investment advisor which is also attached. www.sec.gov/investor/pubs/invadvisers.htm

Custody of Client Assets

All of LTBC Capital Advisors' client's investments are held in separate accounts that are owned by the client. The accounts are established in the Client's name and held at a major bank, brokerage or other institutional custodian. LTBC, as the investment advisor, can direct investments and direct funds to buy and sell investments but all cash and investments will be held by the institutional custodian of the clients choosing. Unlike a mutual fund or hedge fund, client's funds are never co-mingled but held in separate accounts owned by the individual client. All transactions done in the account are executed (settled) by the institutional custodian upon written instructions from the Client or the Client's Investment Advisor (LTBC). The only approved withdrawals from the account will be regular expenses of the account such as Investment Advisor fees and Bank Custodial fees. All other withdrawals from the account must be client approved.

LTBC Preferred Custodian
State Street Bank & Trust

LTBC does have a preferred custodian, State Street Bank & Trust (SSB&T). LTBC's Principal Pierre Poulin has had a custodial relationship with SSB&T and its predecessor Investors Bank and Trust since 1991. Pierre also worked at SSB&T in the mid 1980's as a Mutual Fund Accountant. SSB&T is one of the largest institutional custodians in the World with over $19 trillion in assets under custody and administration. SSB&T is the largest custodian in the world of Mutual Funds and #1 or #2 in most other categories of custodial or administrative asset servicing. SSB&T is publicly traded on the NYSE under the symbol STT and has a market capitalization of over $20 billion. More facts about SSB&T can be found at their web site. http://www.statestreet.com/

Investment Strategies of LTBC Capital Advisors

LTBC specializes in high net worth clients and tailoring specific investment strategies to meet the particular needs and preferences of each individual client. Our client's particular preferences range from the very conservative and income oriented to those who prefer to be aggressively invested completely in stocks and have a very long-term investment perspective. Income oriented clients may want to be in very high quality fixed income instruments or achieve higher yields by holding a more diverse set of income oriented instruments. Likewise, various clients holding either all stocks or those with a combination of stocks and income-oriented holdings may have differing risk tolerances. Different clients may prefer to be invested along a wide spectrum of stock holdings. At one end, the client may prefer large cap stocks that pay significant dividends and at the other end the client may wish to aggressively maximize their potential returns over a long time horizon and hold a much higher percentage of aggressive holdings that may include a large percentage of small and mid sized companies that have superior growth opportunities..

Money management styles to match your financial goals

LTBC Capital Advisors LLC is dedicated to managing individual portfolios using a disciplined bottoms-up research-intensive approach. We design portfolios to achieve competitive risk adjusted returns. Our investment strategies are founded on a philosophy of detailed fundamental analysis, capital preservation, portfolio theory and focused diversification. We manage a wide range of accounts that have varied investment objectives, income needs and risk tolerances. Before we begin to manage any account, we review the client's overall financial picture: their age, plans as it relates to their finances, income level, tax circumstances, other assets or other sources of income and their expectations related to the assets being managed. We combine our investment expertise with your specific goals to develop an optimal strategy to achieve those objectives. Results are closely monitored and reviewed to adapt to changing market conditions. Your input is vital to the strategic process, both initially and with regard to changes in financial objectives or risk tolerance over time. At LTBC, we are focused on understanding the client's personal circumstances, developing an investment strategy to achieve their financial goals while always placing the client's financial interests as our most important priority.

We pride ourselves on establishing:

- Long-term personalized relationships built on trust and integrity
- Customized strategies that are tailored to the client's specific objectives
- A flexible approach based on market conditions and changing client needs

Superior discretionary portfolio management

Below are six basic types of accounts that range from the most conservative (all bonds) to the most aggressive (primarily small and mid cap stocks). Within each of these basic types of accounts, there can be many different implementations that tailor specific types of securities to the needs and preferences of specific clients. For instance, a balanced account could range from 10% to 90% in income securities and the remainder in equities. Each account, whether balanced or all equity, could have prescribed amounts or percentage ranges of various types of holdings such as high quality vs. aggressive or percentages of small, mid or large caps.

- All Bonds and Money Markets
- All Income Securities
- Mixture of Income Securities and Equities (Balanced Account)
- All or mostly High Quality or Large Cap Stocks
- Mixture of types of companies including Large, Mid & Small Caps
- Primarily Small and Mid Caps

Highest Quality Bonds

These days there are only a handful of AAA corporate issuers and heavy demand for the safest bonds have depressed their yield spreads versus treasuries, near historic lows. Similarly, long-term treasuries are near historic low yields and offer very little value. Over the last few years, we have found the most value in AAA rated callable Agency bonds. Here we can get significant premium yields above treasuries without taking on undue risk of lower credit quality instruments. The call provision reduces the duration to a relatively short time frame.

Income Accounts

Income accounts combine the above with other securities that are a little lower on the credit quality scale but have a reasonable ability to hold their value while providing either a higher current yield, the possibility of capital appreciation or in some cases both. More often than not we purchase investment grade bonds but occasionally will purchase below investment grade or unrated bonds only when we believes we know and understand the issuer well enough to believe the bonds are safer than their rating may indicate or are an extremely good value relative to the perceived risk. Convertible bonds and convertible preferred stocks are a great way to generate income and provide some upside potential. Preferred stocks and convertibles can be especially good investments when they are bought at a discount to their redemption value. These are sometimes called busted converts, which might have a 4% or 5% coupon, but when bought in the 80's or 90's (% of par) can have a stock like (sometimes double-digits) total return or yield to maturity. We might also hold a small percentage of common stocks (usually under 10%) that either have high yielding dividends or were received in an exchange from a convertible where we believe the common has a high likelihood of appreciating in the future.

Balanced Accounts

Balanced accounts typically are appropriate for investors that either need some income from their account or prefer to give up some potential return for the stability of holding some income-oriented assets but also want to see the value of the portfolio appreciate over time. Typically, an average balanced account is 60% equities and 40% fixed income or income securities. The actual allocation between equity and income is determined by the client's particular parameters (risk tolerance; income and liquidity requirements; and tax considerations). Together, we reach consensus before implementing a customized strategy.

After deciding the major asset allocation, we then must decide the types of equities to hold. Examples: A more conservative account might prefer mostly large caps that also pay dividends but a client with a longer term time horizon and a preference for appreciation might choose a much larger percentages of more aggressive holding including a larger percentage of small and mid caps to supplement their large cap holdings.

All Equity Accounts

As previously discussed in balanced accounts all equity accounts can be structured to incorporate any and all types of combinations as to the amount of conservative vs. aggressive holdings and the amounts of large, mid and small caps an account should hold. Sometimes it is better to not have a rigidly defined amount of the various types of holdings but to think more in terms of ranges. Having too specific a guideline might force certain decisions that might not be in the best interest of the account. An example might be selling off a portion of a small cap holding that still has good growth potential and paying high short-term capital gains taxes just because we were over the amount allocated to an industry or type of holding such as small caps.

For more information on LTBC's philosophy on diversifying a portfolio please see the following link: http://ltbccapital.com/pdf/Spring-Summer-2006-newsletter.pdf

For additional information about LTBC Capital Advisors, please see our web site at: http://ltbccapital.com. Under the Advisor Search Button, you can find links to our ADV Part I and ADV Part II as filed with our Regulator the Commonwealth of Massachusetts Securities Division. The ADV Part II (considered the Brochure) speaks to how LTBC Capital Advisors does business.

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