



QUALITY IS OUR COMMITMENT

Atlanta Capital believes that you can't deliver consistent quality without practicing it. Every day and in every way. That's why we maintain an uncompromising approach to picking high quality investments that we trust will deliver long-term results for our clients.

We seek to invest in companies with a demonstrated history of consistent growth and stable earnings. In fixed income, we emphasize securities with stable and predictable cash flows, and low credit and event risk. We strive to provide this consistency as an asset to our clients for their investment needs. It's part of our commitment to lasting relationships and long-term growth.

Going Beyond Market Cap

Equity portfolios are commonly diversified by collecting large cap or small cap stocks with different characteristics (value, core, or growth). This process is also associated with the typical "nine-square box" shown to investors. The theory behind this approach claims stock size and style characteristics strongly determine equity returns, and may reduce risk when combined within a portfolio.

Our research finds that ignoring quality and investing solely by capitalization and style is unwise. In fact, the quality of an individual stock tends to have a significant influence on an investor's risk and return characteristics, and has historically been a stronger factor than stock size or style alone.



Finding and Measuring Quality

High quality stocks are seen as possessing consistent earnings growth and modest debt, and above average returns on invested capital. Companies with these financial characteristics typically have seasoned management teams and strong competitive positions in their key markets. Low quality stocks, on the other hand, are typically those with erratic or highly cyclical earnings, heavy debt burdens, and poor returns on capital. These companies tend to be smaller, have less effective managers, weaker market positions, and have shorter track records than higher quality companies.

CORE EQUITY INVESTMENT APPROACH

The core equity team is focused on producing an above-average compound rate of return while also protecting capital in down markets. We seek to own high quality businesses that dominate a niche, maintain high barriers to entry, and have consistent demand across an economic cycle. With this dedication to quality, we look at stocks as if we were a potential acquirer of the entire business.

Our Method:

- Construct a focused, diversified portfolio with a focus on companies with a demonstrated history of consistent growth and stability in earnings, strong free cash flow, and high returns on invested capital.
- Emphasize companies with management teams that have proven records of effective capital allocation and incentive structures that are aligned with shareholders.
- Calculate fair value by evaluating a company's historical valuation ranges and private market value.
- Sell a company if a more compelling investment opportunity materializes, there is a change in the investment thesis, or valuation becomes excessive.

NEWS & UPDATES

The New York Stock Exchange welcomes executives and guests of Atlanta Capital celebrating their 50th year in the investment management business.

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