



COMMENTARY

Number 42 • March 2004 • Originally published as Number 25, September 1996

Periodically, McRae Capital Management publishes updated Commentaries based on past issues whose message is as meaningful to investors today as the day it first appeared. Given our consistent, disciplined approach to investment management, every issue of Commentary is a potential Commentary Classic. Certain issues, however, have proven especially memorable and it is these issues that we are pleased to bring to you.

Footprints and Fingerprints



Footprints symbolize the search for reliable investment counsel—and there are many investors on this arduous path. Fingerprints serve as a sign of your individuality—and of the expertise, service and attention that investors find when the search leads them to McRae Capital Management.

Part I: Footprints

“Welcome to our automated messaging system. If you want more information, press 1 now. If you want a summary of recent account activity, enter your nine-digit account number now. If you want to talk with a representative, please hold and your call will be answered in turn. Thank you for holding.”

For many investors, a mutual fund’s automated voice mail system is a painful experience in de-personalized personalized investing. Yet, today this is one alternative confronting investors—even those with substantial portfolios—in the

perplexing search for expert long-term investment counsel.

It is a journey of too many alternatives. There are brokers who tout the hot stock *du jour*. There are thousands of mutual funds headlining best-of-class returns, while relegating their stiff fees and sales loads to the small type. There are financial planners, but many are driven by commissions on the products they sell more than by your long-term investment objective. There are glittering private dining rooms of bankers where genuine interest in investors’ individuality is about as rare as the steak tartare.

And, there’s do-it-yourself, which is a nice thought, except that it will leave you no-time-for-yourself (without even getting into questions of expertise, information, experience, etc.).

Part II: Fingerprints

Another alternative is an investment adviser, such as McRae Capital Management. What are investment advisers? They are individuals or firms that provide investment advice for a fee. If they advise 15 or more clients and manage more than \$25 million, they are required to register with the Securities and Exchange Commission (SEC) and abide by the regulations of the Investment Advisers Act.

McRae is a registered investment adviser. We make regular filings with the SEC and we are subject to



COMMENTARY

McRae Capital Management, Inc.
Investment Counsel

audit at any time. Client assets, both cash and investments, are kept on deposit with a bank or broker in an insured custodial account in the name of the client. We are not a broker—we do not sell any products nor do we receive any commissions. We are compensated through an annual fee that ranges from one-half percent to one percent of a client's assets under management. We manage investment portfolios for affluent individuals as well as small and moderate-sized institutions.

Why does that make us the right choice for your investment portfolio? By itself it doesn't. Over the years, we have dedicated many issues of *Commentary* to the distinctions that make McRae unique. Just two of many ways to answer that question are to understand that we are specialists and that our focus is on our clients' individual characteristics.

Our specialization begins by not being all things to all people. We are small enough to focus on individual needs and provide personalized service that is truly personal. We carefully and individually construct portfolios based on the objectives and desires of each client. Your portfolio is separate from those of other clients—there are no commingled funds at McRae Capital Management.

Being specialized does not mean we aren't a full-service investment adviser. Quite the contrary: We help clients articulate their investment objectives, offer asset allocation guidance, communicate regularly and report promptly, monitor and maintain portfolios, perform research, and are available to talk with clients and answer their questions personally. Of major value to our clients is the in-depth investment expertise we provide: Rod

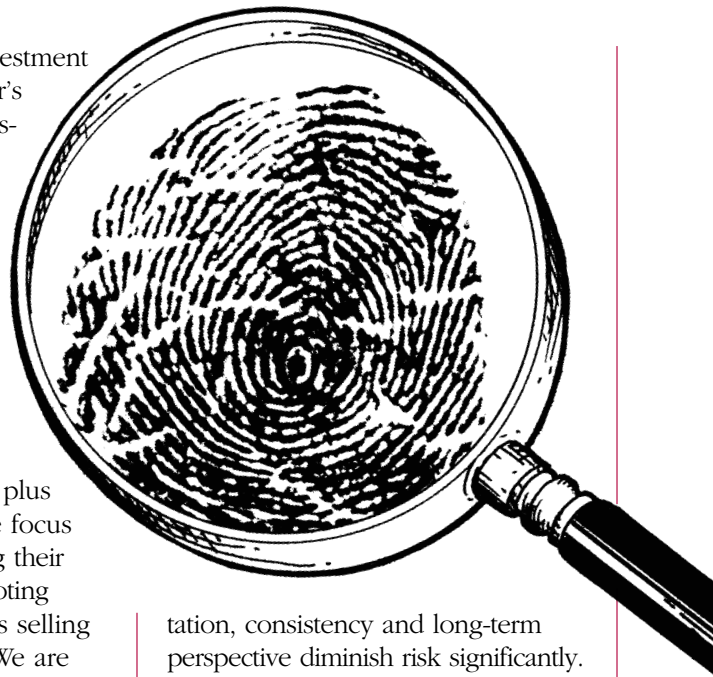
McRae has 40 years of investment experience, holds a master's degree in business administration and is a Certified Financial Analyst. Roddy McRae, also a CFA, is a graduate of Brown and a Duke University MBA. He joined the firm in 1996, bringing experience at the Bank of New York and Morgan Stanley with him.

At the same time, being smaller works out to be a plus for our clients because we focus on them and on managing their investments instead of devoting time, energy and resources selling and marketing to others. We are fortunate that all of our new clients come to us through referrals.

We are told by many clients that the single characteristic they value most about McRae is trust. The fact that we enjoy (and value!) long-term relationships with just about all our clients testifies to that feeling. In fact, we counsel consistently in favor of a patient, long-term perspective. This leads to our investment philosophy.

At McRae, we invest in quality growth stocks with a focus on consistent, long-term performance for our clients. We also invest in short- and intermediate-term bonds, and vary the stock/bond mix in client portfolios depending on individual circumstances and conditions in the economy and financial markets.

In our experience, we have known "high wire" portfolio managers who have an unbelievably good year or two and then give back more than they made. That's not for us. Obviously, the investment returns we achieve for clients in any given year may be higher or lower than our average over many years, but our quality/growth orien-



tation, consistency and long-term perspective diminish risk significantly.

Less Visible, but More Viable

In an era when investment alternatives are heavily promoted, independent investment advisers such as McRae Capital Management remain among the less visible sectors of the industry. Less visible is fine with us. That does not mean less viable, however. In fact, for many individuals and institutions, investment advisers are the better long-term alternative.

Some investors' footprints will lead to the door at 100 Campus Drive in Florham Park, New Jersey. Frequently, their journey will end there—because we at McRae Capital Management believe in service and investment counsel that are as individual as a fingerprint.



For additional copies of this issue of Commentary, please write: McRae Capital Management, Inc., 100 Campus Drive, Florham Park, NJ 07932 or telephone 973-966-2700. Past issues of Commentary are available upon request.