



# St. James Blue Chip Dividend with Income Portfolio

## Governing Principles

We will invest in companies with above-average dividend yields and an established history of paying dividends.

We will treat your investment with St. James as if it were our own.

We will remain significant investors with you in St. James portfolios.

Our independence as a firm allows us to focus on the interests of our clients in our decision making process.

Our decision making process takes full advantage of individual insights within a partnership oriented culture.

We are patient, long-term investors.

We will discourage short-term speculators and market times.

We will communicate with our investment partners as candidly as possible.

We think “benchmark risk” is part of investment life. Our firm’s goal is to earn good absolute investment returns over long periods of time without exposing our clients’ capital to undue risk. We do not think about any particular index when we make investment decisions.

## Objective

The St. James Blue Chip Dividend with Income Portfolio seeks to provide total return through a combination of equities and fixed income. The equity portion of the portfolio places an emphasis on selecting companies with above average dividends and those trading at reasonable discounts from our assessment of intrinsic value. The fixed income portion of the portfolio provides long-term growth of income and a moderate level of current income.

## Philosophy

**Absolute Return:** We are absolute return investors and each investment must meet our strict fundamental research and macroeconomic criteria, not just offer opportunity relative to other alternatives.

**Long-term focus:** We believe the best way to accomplish our goals is to accept short-term underperformance in exchange for long-term success. We expect to hold our investment positions unless fundamental valuation parameters change. We are not speculators and adhere to a strict value investment discipline. We are willing to hold cash.

### Why We Believe Dividends Are Important:

- Over the long term, the return from dividends has been a significant contributor to the total returns produced by equity securities. According to Standard & Poor’s, dividends comprised an average of 35% of the monthly total return of the S&P 500 from 1926 to 2009.
- Stocks with apparent high and sustainable dividend yields may be more resistant to a decline in price than lower yielding stocks because the stock is in effect “yield supported.”
- There is an abundance of empirical evidence which suggests that portfolios consisting of high dividend yielding securities may produce attractive total returns over long measurement periods.

**Focus as bottom-up managers:** Most of our energy goes to evaluating investment opportunities and trying to quantify potential downside scenarios. However, we do take some interest in the macro environment, as economic conditions profoundly affect the business models we are evaluating.

## Primary Portfolio

Equity portion will be invested in Dividend-paying equities and the fixed-income portion of the portfolio will utilize ETFs, CEFs or select fixed-income securities.

## St. James Investment Advisors

We are professional portfolio managers Committed to Value Investing. St. James is an independent, fee-only, United States Securities and Exchange Commission registered investment advisory firm, providing customized portfolio management services to individuals and their financial advisors.

## Partnership Investing

We invest our money alongside you as partners in our process. As managers we have significant amounts of our own capital invested in the strategy.