CAPITAL ADVISORS

MANAGED EQUITY GROWTH

Objective:	Long-Term Growth	**Process:**	Fundamental/Intrinsic Value
Asset Class:	Domestic Equity	**Implementation:**	Individual Stocks
Holdings:	30-35	**Style Box:**	Large Growth
Inception:	June 1978	**Structure:**	SMA / Mutual Fund

Description

Rigorous fundamental analysis and quantitative disciplines are combined to manage risk within a strategy that emphasizes *long-term* commitments to great companies. The portfolio typically holds 30-35 positions, many of which are expected to be retained for many years, if not decades. The strategy strives for lower volatility and drawdown risk relative to peer group benchmarks by complementing its long-term commitments with tactical positions in stocks with a shorter time horizon driven by a more event-driven investment thesis.

Process

We segment the stocks in the strategy into three risk management categories as follows:

Core Holdings pursue large market opportunities with the benefit of a material competitive advantage that is expected to persist for many years into the future. We anticipate holding these stocks for several years, if not decades, because the sell discipline for these stocks is driven by the durability of their competitive advantage more than any other factor. While we might reduce the position in a Core Holding from time to time, the decision to sell a Core Holding outright would likely require a material deterioration in its competitive advantage.

Tactical Opportunities seek to exploit shorter-term mismatches between a company's stock price and our estimate of its intrinsic value. The framework for these stocks is more event-driven, where we believe the stock price may have over-reacted to a recent negative event, or under-appreciate a potential favorable development. These stocks require deep due diligence and an intermediate time horizon to exploit mismatches between price and value ahead of consensus opinion. In contrast to Core Holdings, the sell discipline for these stocks is driven primarily by the stock price. When a Tactical Opportunity achieves its price objective, we expect to sell it.

Emerging Franchises pursue ground-breaking opportunities. These are frequently smaller companies in an earlier stage of development. Uncertainty can be very high because important drivers of the company's future value may be unknowable at the time of investment. We seek extraordinary returns over time from these stocks to compensate for the uncertainty we accept by investing at an early stage. These are likely to be the most volatile positions in the portfolio, requiring a patient sell discipline that tolerates wide swings in the stock price.

We manage risk in this strategy by tilting the relative weightings among stocks based upon the market climate. Cash may be used as a complementary risk management tool over shorter time periods.

Role in Portfolio

The Managed Equity Growth strategy serves as a core allocation to the domestic equity asset class to achieve long-term capital appreciation and prudent diversification.

Please see disclosures on final page.

Disclosures

Introduction
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MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

S&P North American Natural Resource Index is an equity index that represents U.S. traded securities across a broadly defined North American Natural Resource sector. S&P Indices uses GICS® to determine a company's classification. The index is modified-capitalization weighted, where a stock's weight is capped at a level determined on a sector basis.

FTSE NAREIT U.S. Real Estate Index**:** An equity index that represents traded securities in the U.S. market structured as real estate investment trusts (REITs).

Bank of America/Merrill Lynch Government/Corporate 1-5 Year Bond Index is an index consisting of Treasury or government agency securities and investment grade corporate debt securities with maturities of one to five years.

Barclays Capital Aggregate Bond Index is a broad index of domestic investment grade fixed income securities designed to reflect the domestic investment grade bond market. The index includes U.S. government bonds, agency securities, and corporate bonds across the entire spectrum of the maturity yield curve.

Capital Advisors changed the name for three of its investment strategies on August 7, 2015. C Tactical Dynamic Allocation was changed to Capital Advisors Tactical Dynamic Allocation. C Tactical Global Growth was changed to Capital Advisors Tactical Global Growth, and C Tactical Equity Income was changed to Capital Advisors Tactical Global Income. The investment process did not change for any of the strategies.

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