

INVESTMENTS

Our primary goal is to maximize the return of an investment portfolio given a certain level of risk.



Individualized Investment Approach.

Professional asset management is only one part of our individualized investment approach. We begin each relationship with a thorough discussion of your goals to develop a customized, individually designed investment strategy. A plan is then designed and reviewed with you before implementation.

Asset Allocation.

The most fundamental decision of investing is the “allocation of assets”. Asset allocation is the cornerstone of our investment process and provides an approach that distributes assets among different asset classes and puts the benefits of each – the growth potential of equities and alternative assets, the income producing ability of bonds, and the safety and liquidity of money market funds – to work for you.

Studies suggest as much as 90% of investment returns are attributed to the allocation of assets among equities, alternative assets, fixed income, and cash, rather than the actual performance of the individual securities. Strategic asset allocation models have been established by the Trust Investment Committee to reduce and control risk while attempting to meet or exceed expected returns. Tactical asset allocation may be used based on the short term outlook for the various asset classes in order to minimize risk and maximize return. Tactical changes to asset allocation are made based on the recommendations of the Northern Trust Investment Policy Committee.

You can get there from here.



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NO BANK GUARANTEE. NOT A DEPOSIT. NOT FDIC INSURED. NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY. MAY LOSE VALUE.

INDIVIDUAL EQUITY INVESTMENTS

Philosophy.

Our equity investment philosophy utilizes selections from both growth and value sectors of the market. We believe that this strategy provides the flexibility to identify attractive selections throughout the market cycle. Our individual stock selections primarily represent large-cap domestic corporations. Stability and predictability of earnings and dividend growth are central to the selection process.

We use a top-down approach in making equity selections. We look at the overall economy and the outlook for the ten sectors of the economy and overweight or underweight our investments in the sectors based on projected performance. Then we look at the companies within each sector and invest in those that have the best chance for outperformance compared to peers. Tactical changes to sector weightings are made based on the recommendations of Northern Trust's Equity Sector Strategy Committee.

Research.

Individual stocks are selected through a process that involves outside research, consultants and Trust Department staff. Independent investment research from Northern Trust Corporation is utilized along with the investment research of various brokerage houses including Citigroup, Goldman Sachs, and UBS.

Northern Trust, founded in 1889, is a leading provider of investment management, asset and fund administration, fiduciary and banking solutions for corporations, institutions and affluent individuals worldwide. Northern Trust manages over \$3.5 trillion, positioning it as the largest U.S. trust company and one of the largest in the world. Northern Trust's business does not include the underwriting of securities, therefore, recommendations are considered independent of the underlying stocks.

Northern Trust provides us with their expert investment analysts' research and how they are investing their clients' assets, and we have direct access to their investment analysts. Their goals are the same as ours – to provide high quality trust and investment services to the clients we serve.

FUND INVESTMENTS

Philosophy.

Exchange-traded funds (ETF) and mutual funds are included in the portfolio when selected by the client or otherwise deemed suitable. Accounts considered too small to diversify adequately, or when the asset allocation selected does not provide proper diversification among asset classes, may be invested in funds.

Equity Investment Strategy.

Our equity investment strategy derives selections from growth, value, and blended fund categories, including domestic and foreign opportunities. This provides flexibility to identify attractive funds with characteristics to complement a well-diversified portfolio. International, mid-cap, and small-cap exposure will generally be accomplished through ETFs and mutual funds.

Fixed Income Investment Strategy.

Our equity investment strategy derives selections from growth, value, and blended fund categories, including domestic and foreign opportunities. This provides flexibility to identify attractive funds with characteristics to complement a well-diversified portfolio. International, mid-cap, and small-cap exposure will generally be accomplished through ETFs and mutual funds.

FUND INVESTMENTS (continued)

Research.

With thousands of mutual funds in the marketplace, we have chosen to concentrate our mutual fund options to no load funds with low expenses and experienced portfolio managers. Frequent review of these funds keeps the quality of the selected funds high. We currently use Morningstar rating service to monitor comparative performance and quality of the individual funds.

FIXED INCOME INVESTMENTS

Philosophy.

Short to intermediate duration bond selections are key to our philosophy. We believe that the cornerstone to our bond investments is to try to limit the volatility of these types of investments for client portfolios.

Bond Selection.

Our predominant fixed income investments are U.S. Government obligations, U.S. Government Agency issues, and high-grade corporate bonds. Credit quality is central to our selection.

Investment Strategy.

- Fixed income investment objectives are established by our clients.
- Sector rotation is important to the fixed income selection process. Each time bonds are purchased consideration is given to the maturity and yield relative to risks that are associated with a changing economic environment.
- We use a buy and hold strategy for bonds, believing that market appreciation is best achieved through equity investments.

We work with our clients concerning their anticipated major withdrawal needs and structure the maturities appropriately.