

As Seen In... Forbes, October 13, 2008

Avoiding the Herd Mentality

WealthTrust Advisors Looks Beyond the Wall Street Consensus

From the African savanna to the Arctic Circle, following the herd is considered a good idea. But the survival strategy of wildebeest and caribou doesn't always work for investors.

An estimated 70 percent of money managers regularly underperform the S&P 500. And the financial industry's "herd mentality" is largely to blame, according to Managing Directors H.K. Hallett and Alex Miles of WealthTrust Advisors LLC, an SEC registered investment advisor in Charlotte, North Carolina. Combining a far-sighted perspective with thorough research and a keen eye for value opportunities, Hallett and Miles have outperformed the S&P 500 over the past three years.

"We don't subscribe to the usual benchmarking and indexing approaches of many money managers or asset allocators who farm out money for others to manage," Miles says. "Our philosophy is driven by a combination of thematic,

top-down perspectives and fundamental, bottom-up analysis. Just because the S&P 500 is weighted 25 percent financial-sector stocks and 3 percent utilities doesn't mean that is how we are going to see the market," says the portfolio manager.

Adds Hallett, "Our value-opportunity strategy targets stocks and other catalyst-driven investments that we believe are positioned to appreciate faster than the market overall without taking excess risk. We build our strategies based on where we see opportunities from an absolute return point of view."

The firm works primarily with wealthy families and foundations and has seen its

referrals from regional banks and brokerages looking to tap into their expertise increase over the past year. Marketing Director William Grasty says, "We seek to add incremental value for our clients by providing a thoughtful investment approach while offering a high level of service and transparency."



Alex Miles, Portfolio Manager



L to R: William Grasty, Brian Smyth, Alex Miles, and H.K. Hallett, Managing Director

WEALTHTRUST WT
ADVISORS

CHARLOTTE

215 Queens Road | Charlotte, NC 28204 | 704-333-1710
www.charlotteinvestmentmanagement.com

Top-Down and Bottom-Up

Favoring global, long-term investment strategies, Miles and Hallett also focus on worldwide trends and how they are likely to affect particular sectors in the future. Important macro-economic factors such as the leveraging of water and other sustainability themes such as climate change, renewable energy and clean technology are included in their approach.

"We believe water is going to be increasingly important in the coming years," Miles says. "It is a fundamental, irreplaceable resource, and demand is rising globally. The current water infrastructure, including both purification and transportation, is not sufficient to meet demand and is going to require upwards of \$1 trillion in capital investments, according to the EPA. Other regions of the world will require major investment as well. Thus, we have fashioned what we consider a unique water-focused

strategy, leveraging the resource's interconnectivity with the industrial, agricultural and energy sectors to complement our broader, value-oriented investment approach." Analyst Brian Smyth notes, "Anything that enhances efficiencies and helps manage costs for the industrial and energy sectors will be in high demand over the coming years in the face of tighter oil supply."

In addition to pursuing what Miles describes as "gravitational themes," Hallett says, "We look for undervalued companies and interesting perspectives that sometimes go against the Wall Street consensus."

Whether opportunities arise from the ashes of the current housing market, an aging population in need of healthcare or emerging consumers pursuing western-style consumerism, the key is finding what others are overlooking.