

FIXED
Focusing on
INCOME
Capital Preservation
SPECIALISTS
and Income



Charting

a Safe

Financial

Course

OUR Firm

Richter Bober Asset Management, LLC specializes in managing fixed income portfolios for individuals and institutions. Established in July 2002, the firm is a SEC registered investment advisor with over \$340 million in fixed income assets under management as of March 31, 2016. All accounts are separately managed and client assets are held by independent custodial firms on a segregated basis. Our sole compensation is a management fee based on the value of our clients' portfolios; we do not charge commissions or mark up the price of bonds (a hidden cost in bond transactions). This fee structure ensures that our success is closely aligned with that of our clients.

Our clients' objectives begin with the preservation of capital, balanced with the desire to increase income. Concern over capital safety has intensified with the substantial increase in debt incurred by the US and the European Union after the 2008 financial crisis. Our vigilant research has helped us avoid some of the most significant credit problems in the past few years such as: subprime mortgage instruments, and Lehman and Bear Stearns corporate bonds, to name a few. We continue to try to identify sectors that could be stressed in the future, and avoid them in order to protect the value of our clients' investments.

We strive to produce attractive returns through our consistently applied relative value investment style that relies on purchasing reasonably priced high quality securities. Our experience and diligence in the fixed income arena helps us to access investment opportunities that our customers would find difficult to execute on their own.

We do not anticipate interest rate changes as a component of our investment strategy. In our experience, it is simply too easy to guess incorrectly, and the costs of being wrong are quite high. Instead, we add value through careful security selection while maintaining a duration that fits into the client's defined parameters.

Our ADV Part II is available on our web site at richterbober.com.



“Our vigilant research has helped us avoid some of the most significant credit problems in the past few years...”

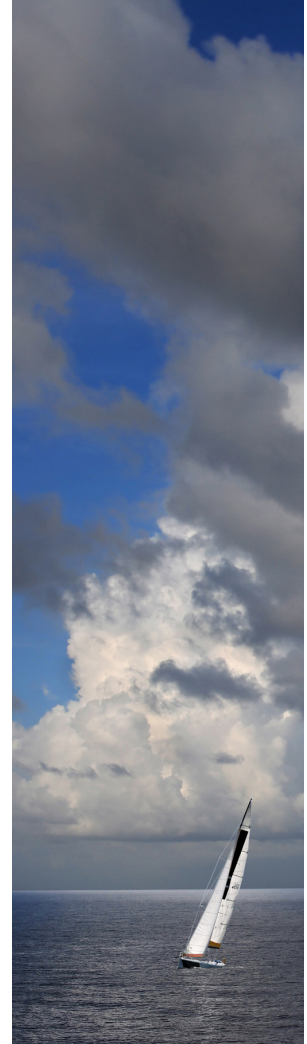
OUR Mission

Our main priority is to serve our clients' fixed income requirements and capital preservation needs. We seek to bolster client returns while understanding their income expectations and risk tolerance. To understand our clients' investment framework we:

- Provide effective and accessible communication with a fixed income professional
- Evaluate client income goals (interest income/income tax status)
- Establish client principal risk tolerance (maturity/duration)
- Enact investment risk criteria (credit criteria/bond ratings)
- Provide timely and comprehensive client reporting

We apply our extensive experience and insight in the complex over-the-counter fixed income markets to gain the following advantages:

- Realize substantial savings in client transactions by narrowing price differentials between the bid and offered sides of the market
- Our cost is our client's cost, no additional transaction fees reduce potential conflicts between client and manager
- Benefit from our well-honed research capabilities to evaluate credit-worthiness and relative value of bonds in a market that is often opaque
- Provide continuous oversight on client managed securities
- Create a risk-adjusted overview of client portfolios
- Meet diversification objectives through security selection and sector allocations



OUR Strategy

We emphasize relative value in managing our clients' fixed income portfolios. This approach tries to blunt the impact of interest rate risk by managing portfolios within a duration range. This "duration-neutral" strategy reduces the risks associated with interest rate predictions, thus lowering volatility over the interest rate cycle. Instead, we add value by purchasing attractively priced securities.

The relative value approach includes capitalizing on inefficiencies in the secondary bond market where yield distortions may exist, as well as taking advantage of possible supply and demand imbalances in newly issued bonds. It also involves the efficient buying and selling of bonds in the over-the-counter market, which is often difficult for outside investors to assess due to the limited price transparency. Capitalizing on research driven ideas plays a prominent role in the application of our investment strategy. We determine value by analyzing metrics such as option-adjusted yield spreads, credit spreads between bond sectors and issuers and yield curve attributes.

We employ a wide variety of bond structures to enhance our clients' returns, such as sinking fund provisions, premium calls, zero coupons, and mandatory put options. The presence of any one of these characteristics can add a yield premium over comparable bonds that lack them. We also acquire issues that are likely to be pre-refunded for possible appreciation opportunities. Finally, another method to improve returns is to invest in premium bonds to lessen the decline in bond prices (exacerbated by market discount tax rules) during a rising interest rate environment.

For investors subjected to high income tax rates, we focus primarily on municipal securities. However, we remain alert to capital market "cross-over" opportunities as they present themselves, which can result in buying taxable fixed income securities such as US Treasuries, Federal Agencies, Corporate Debt, Certificates of Deposit, and Taxable Build America Bonds. Through diligent tracking of the yield ratios between these taxable and tax-exempt markets, we can often exploit inefficiencies that develop when supply and demand forces push these relationships out of balance.

For investors not subject to income taxation or have low marginal income tax rates, we apply the same approach within the taxable universe. We utilize corporate bonds, US Agency securities and taxable municipal bonds. Bond couponing and structure play a large role in our security selection as well. Cross-over opportunities into the municipal tax exempt arena can also be a source to enhance client returns.



Products

Investors' risk/reward profiles and income objectives can vary widely. A key consideration in shaping any investor's portfolio regardless of their objectives is duration. For example, a bond with a 4 year duration will see its principal value increase when rates decline and decline when rates increase, by approximately four percent for every one percent change in the level of interest rate. Broadly speaking, we group portfolios into three categories, distinguished by a different approach to duration:

Short Duration – 1.5 to 2.5 Years

Conservative fixed income portfolio; little to low price volatility associated with changes in interest rates. Security maturity focus: 0-5 years. Benchmark: Merrill Lynch Municipal 1-3 Year Index.

Moderate Duration – 2.5 to 3.5 Years

Balanced fixed income portfolio; moderate price volatility associated with changes in interest rates. Security maturity focus: 0-10 years. Benchmark: Merrill Lynch Municipal 1-5 Year Index.

Moderate Plus Duration – 3.5 to 4.5 Years

Maximizes portfolio income; higher price volatility associated with changes in interest rates, potentially capturing a large portion of the interest income available on long-term bonds. Security maturity focus: 0-15 years. Benchmark: Merrill Lynch Municipal 1-10 Year Index.



“Whatever your investment objective, tax status, or risk tolerance may be, Richter Bober Asset Management, LLC, meticulously tailors your portfolio to meet your unique needs.”

OUR Team

R. Scott Richter Managing Director

Scott has over 35 years of experience working in the fixed income markets. Mr. Richter was head of the Municipal Division at Weiss, Peck, and Greer, LLC where he had investment management responsibilities for over \$7.5 billion of fixed income investments. In 1980 he served as an analyst and senior portfolio manager for Ehrlich Bober Advisors, a fixed income investment advisory firm, which was acquired by Weiss, Peck and Greer in 1988. Mr. Richter began his career as a tax exempt fixed income analyst with L.F. Rothschild & Co. in 1976.

Toby M. Tolino Vice President

Toby has over 12 years of experience working in the fixed income markets. Mr. Tolino joined Richter Bober Asset Management as a Portfolio Manager in January 2013 and is focusing on trading and portfolio management. Mr. Tolino previously worked at ING Investment Management where he had similar responsibilities as well as middle office management and operations experience. At ING, Mr. Tolino was a co-lead portfolio manager for the firm's Municipal Bond Strategies Group constructing customized portfolios based on client mandates. Prior to that, he managed a team of Senior Portfolio Management Assistants who supported the Portfolio Managers who invested in all asset classes; was responsible for ING's outsourcing relationship for the firm's SMA back office operations; led the NY Fixed Income PMA team; and also served in various operational roles. Toby has a B.A. in Economics from Hunter College.



OUR Team

Bernard R. Bober Advisor and Principal

Bernie has been associated with Richter Bober since its inception in 2002 as an advisor and principal of the firm. He was Chairman of the Board of Ehrlich Bober Financial Corporation (a municipal bond underwriting firm) from 1969 to 1988. He also served on the Citizens Budget Committee (New York City) as a Trustee, the Municipal Securities Rulemaking Board and was a member of the Board of Directors for the Sanus Corporation Health Systems. He is currently serving on the Board of Directors for the Jewish Home and Rehabilitation Center in Bergen County, New Jersey. Mr. Bober completed his BA degree from Yale University in 1955 and his MBA from the University of Pennsylvania (Wharton Graduate School of Business) in 1958.

Janet A. Fiorenza Investment Adviser Representative

Janet has over 35 years of experience working in the fixed income markets. Prior to joining Richter Bober Asset Management in 2012, Ms. Fiorenza was the Head of the Municipal Fixed Income Group at Neuberger Berman where she had investment management responsibilities for over \$10 billion of fixed income investments. Prior to this, Ms. Fiorenza was the Co-Head of Municipal Securities at Weiss, Peck & Greer where she worked from 1988-2005. In 1980, Ms. Fiorenza joined Ehrlich-Bober Advisors where she was responsible for overseeing the firm's short-term municipal assets. Ehrlich-Bober Advisors was acquired by Weiss, Peck & Greer in 1988. Previously, she was responsible for a key executive's personal trust and tax shelter investments at Culbro. Earlier, she worked in fixed income research for five years at Donaldson, Lufkin & Jenrette. Ms. Fiorenza currently serves on the Grace Institute Board of Directors. In addition, Ms. Fiorenza is a member of the Economic Club of New York.



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