The Periodic Table of Quality Rankings

Annual Returns for S&P Quality Rankings (1990-2009)

Ranked in Order of Performance (Best to Worst)

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Risk-Adjusted Return	
A+ 4.5%	A+ 49.6%	B+ 14.9%	B 23.4%	A 5.7%	A+ 42.0%	B 27.4%	A 43.3%	A+ 33.6%	C & D 103.2%	A 4.0%	A- 2.0%	A- -6.8%	C & D 52.9%	B 17.1%	B- 11.6%	A- 22.0%	B 12.1%	A+ -22.1%	C & D 56.2%	A+ *(Highest)* Return 8.8% Risk 14.6%	0.60
A 2.5%	C & D 42.3%	B- 13.6%	B- 22.6%	A+ 2.4%	B- 39.0%	B+ 23.5%	A+ 39.3%	B+ 29.8%	B+ 27.9%	A+ 3.2%	A -2.2%	A -19.8%	B- 37.6%	A- 16.3%	B 9.1%	B+ 18.3%	B+ 8.5%	A- -33.9%	B- 45.3%	A *(High)* Return 7.5% Risk 15.3%	0.49
A- -3.2%	A 35.7%	A- 13.5%	C & D 18.7%	B 0.3%	A 38.9%	A+ 23.2%	A- 38.4%	B 24.5%	B- 27.5%	A- 0.8%	B- -6.4%	B+ -20.1%	B 37.0%	B- 12.8%	A- 6.8%	B- 17.1%	B- 4.7%	B+ -36.8%	B 43.6%	A- *(Above Average)* Return 10.1% Risk 14.3%	0.71
B -8.2%	B+ 33.3%	C & D 11.2%	A- 13.5%	C & D 0.1%	B 37.2%	A 22.5%	B+ 30.0%	A 21.7%	B 26.5%	B+ -4.6%	B -8.8%	A+ -20.4%	A 34.0%	B+ 11.1%	B+ 6.3%	C & D 15.7%	A- 2.1%	B -37.9%	B+ 29.1%	B+ *(Average)* Return 8.6% Risk 16.0%	0.54
B+ -14.1%	B- 25.2%	B 10.7%	B+ 12.8%	A- -0.5%	A- 36.4%	A- 21.8%	B 25.4%	A- 19.2%	A+ 17.9%	B -14.9%	A+ -9.8%	B- -23.6%	B+ 28.3%	A+ 8.7%	A 2.6%	B 13.9%	A 1.9%	A -38.9%	A- 17.0%	B *(Below Average)* Return 9.3% Risk 16.9%	0.55
B- -17.8%	A- 23.7%	A 6.9%	A+ -0.3%	B+ -1.2%	B+ 33.2%	B- 15.7%	B- 24.0%	B- 17.0%	A- 12.8%	B- -19.7%	B+ -17.1%	B -26.0%	A- 25.2%	C & D 3.4%	A+ 1.8%	A 13.2%	A+ -3.7%	B- -40.5%	A 15.8%	B- *(Low)* Return 7.7% Risk 19.7%	0.39
C & D -27.5%	B 20.4%	A+ 2.7%	A -4.6%	B- -1.8%	C & D 21.9%	C & D -2.1%	C & D 0.9%	C & D 7.0%	A 1.1%	C & D -22.2%	C & D -30.9%	C & D -45.2%	A+ 19.6%	A 2.3%	C & D 0.3%	A+ 9.5%	C & D -4.6%	C & D -52.2%	A+ 6.1%	C & D *(Lowest)* Return 1.6% Risk 27.9%	0.06

High Quality -2.6%	*High Quality* 35.7%	*Low Quality* 12.0%	*Low Quality* 22.6%	*High Quality* 1.1%	*High Quality* 37.2%	*High Quality* 22.9%	*High Quality* 36.6%	*High Quality* 27.0%	*Low Quality* 30.2%	*High Quality* 0.1%	*High Quality* -8.3%	*High Quality* -17.6%	*Low Quality* 39.7%	*Low Quality* 13.6%	*Low Quality* 8.3%	*High Quality* 15.8%	*Low Quality* 8.6%	*High Quality* -32.9%	*Low Quality* 45.1%	*B+ or Better (High Quality)* Return 8.8% Risk 14.0%	0.63
Low Quality -12.3%	*Low Quality* 22.8%	*High Quality* 9.1%	*High Quality* 5.7%	*Low Quality* -0.4%	*Low Quality* 36.5%	*Low Quality* 22.4%	*Low Quality* 23.9%	*Low Quality* 21.8%	*High Quality* 15.6%	*Low Quality* -17.4%	*Low Quality* -10.2%	*Low Quality* -27.8%	*High Quality* 25.7%	*High Quality* 9.9%	*High Quality* 4.5%	*Low Quality* 15.2%	*High Quality* 2.8%	*Low Quality* -39.7%	*High Quality* 18.8%	*B or Below (Low Quality)* Return 8.2% Risk 18.1%	0.45

*Time period: January 1, 1990 – December 31, 2009. Included in the Table, seven model portfolios range alphabetically from the Highest Quality companies ("A+") to the Lowest Quality companies ("C&D"), each capturing the long-term growth and stability of a company's earnings and dividends in a single measure. The High and Low Quality portfolios are provided to compare the aggregate of all companies with High Quality Rankings (B+ or Better) to those with Low Quality Rankings (B or Below). Each model portfolio is ranked in order of best to worst calendar-year performance. The cumulative annualized rate of return, standard deviation, and risk-adjusted returns are calculated over the 20-year period to test the benefits of investing in high quality companies over full market cycles. The universe includes all Russell 3000 Index constituents with S&P Quality Rankings and prices greater than $1. Portfolios are formed and rebalanced monthly, and rates of return are calculated using a market capitalization-weighted methodology.

FOR FURTHER INFORMATION, CONTACT JIM SKESAVAGE (404) 682.2512 OR BRIAN SMITH, CFA (404) 682.2514.
TWO MIDTOWN PLAZA, SUITE 1600, 1349 WEST PEACHTREE STREET, ATLANTA, GA 30309

The Advantage of Quality Investing

ATLANTA CAPITAL'S INVESTMENT PHILOSOPHY:

We believe companies with a demonstrated history of consistent growth & stability in earnings provide attractive returns with moderate risk over the long-term. While adhering to our high quality philosophy, our objective is to generate superior risk-adjusted rates of return through a combination of active portfolio management and bottom-up, fundamental security selection.

HIGH QUALITY – CONSISTENT GROWTH & STABILITY IN EARNINGS:

Standard & Poor's Earnings and Dividend Rankings are utilized to capture the long-term growth & stability of a company's earnings and dividends record in a single measure. Atlanta Capital does not rely solely on the S&P ranking system in determining a company's eligibility for investment, but believes that the growth and stability of earnings and dividends are key elements in scoring the financial quality of a common stock.

Included in the Periodic Table, seven model portfolios range alphabetically from the Highest Quality companies ("A+") to the Lowest Quality companies ("C&D"). The High and Low Quality portfolios are provided to compare the aggregate of all companies with High Quality Rankings (B+ or Better) to those with Low Quality Rankings (B or Below). Each model portfolio is ranked in order of best to worst calendar-year performance. The cumulative annualized rate of return, standard deviation, and risk-adjusted returns are calculated over the 20-year period to test the benefits of investing in high quality companies over full market cycles. The universe includes all Russell 3000 Index constituents with S&P Quality Rankings and prices greater than $1. The Russell 3000 Index is a widely-accepted measure of the broad U.S. stock market performance that includes approximately 98% of the U.S. market. Portfolios are formed and rebalanced monthly, and rates of return are calculated using a market capitalization-weighted methodology.

HIGH VS. LOW QUALITY OBSERVATIONS:

Reduced Risk. As indicated by the risk-adjusted return column, there appears to be a positive correlation between a portfolio's quality orientation and a portfolio's risk characteristics. The higher the quality – the lower the risk as measured by volatility of returns.

Superior Rates of Return. The High Quality portfolio's 20-year cumulative annualized return of 8.8% exceeds the Low Quality portfolio's 20-year cumulative annualized return of 8.2%.

Attractive Risk-Adjusted Results. When comparing the ratio of return to risk, the High Quality portfolio has generated approximately a 40% higher risk-adjusted, annualized rate of return compared to the Low Quality portfolio (0.63 vs. 0.45, respectively).

Preservation of Capital. The performance of the broad market was negative in five of the 20-year calendar year periods (1990, 2000, 2001, 2002 & 2008). In each period, the High Quality portfolio preserved more capital in comparison to the Low Quality portfolio.

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