



# FAYEZ SAROFIM & CO.

*Investment Counsellors*

A Consistent Discipline for Fifty Years

2Q 2009  
FUNDFACT SHEET

## Firm History

Fayez Sarofim & Co. was founded in 1958 and is in its 50th year of successful investment management operations, with continuing founder leadership over that period. We are in only one business, having devoted our full energies to pure investment counseling since our founding, and are registered under the Investment Advisers Act of 1940. The firm is located in one office in Houston, Texas. Fayez Sarofim & Co. is a privately held corporation, with no important outside interests. There are 21 active investment principals in the firm, each of whom has an equity interest. The firm has a long-term record of expertise in equity management of employee benefit funds, endowment and foundation funds and taxable individual and corporate accounts and the firm's assets under management are approximately \$18 billion.

## Investment Philosophy

Our investment philosophy is based on the primary tenet that sustainable growth is predicated on industry dominance. We believe that stock price appreciation is based on earnings growth over the long term. Dominant businesses usually reside in large companies with global operations, which can produce above-average earnings and dividend growth and market leadership over sustained time periods.

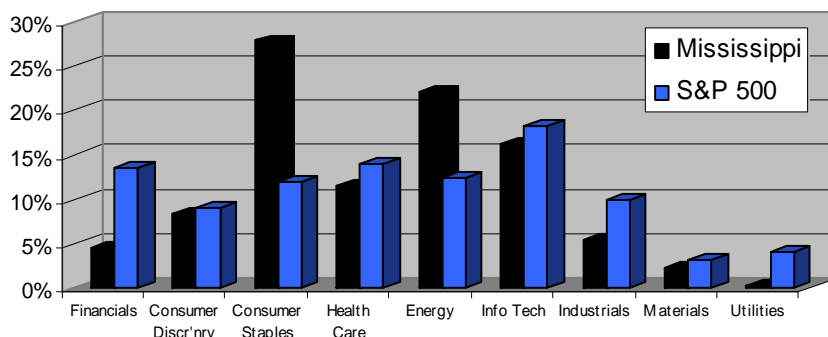
## Investment Strategy

Fayez Sarofim & Co. has maintained a consistent investment style over five decades of operation. Our success with this style is documented by a long-term record of market outperformance achieved with less-than-market risk. Our style is characterized by: (1) a focus on global, industry-dominant companies; (2) a focus on companies with strong balance sheets and financial strength; (3) an emphasis on sustainable, above-average earnings and dividend growth; and (4) a long-term perspective. We strive to create a portfolio of high quality industry leaders at reasonable prices, usually at or below the market multiple.

Through our internal research effort, Fayez Sarofim & Co. puts considerable emphasis on identifying companies that can sustain above-average earnings and dividend growth longer term. This effort has resulted in a portfolio comprised predominantly of large, U.S.-based multi-nationals, which are leaders in structurally attractive industries. These companies benefit from increasing global market share, ongoing product introductions and innovations to reinforce strong brands, and productivity enhancements – three drivers of long-term growth. In addition, their financial strength allows them to make profitable business investments at any point in the investment cycle. We believe these companies are most capable of generating superior growth in earnings, dividends, and cash flow over time, leading to greater capital appreciation.

## Portfolio Composition

### Sector Weightings



## Portfolio Characteristics

Number of Holdings:	48
Avg. Mkt. Cap:	\$115B
Median Mkt. Cap:	\$36B
5-Yr. EPS Growth:	18.7%
Dividend Yield:	2.9%
P/E (2009E):	15.0x
ROE:	29.9%
Debt to Total Cap:	27.1%

## Top Ten Holdings

Security	Weighting
Exxon Mobil Corp.	10.5%
Philip Morris Intl Inc.	5.9%
Coca-Cola	5.3%
Johnson & Johnson	4.6%
Procter & Gamble	4.4%
Chevron Corp.	4.2%
Microsoft Corp.	3.8%
Apple Inc.	3.8%
Intel Corporation	3.3%
PepsiCo Inc.	3.3%

# Performance

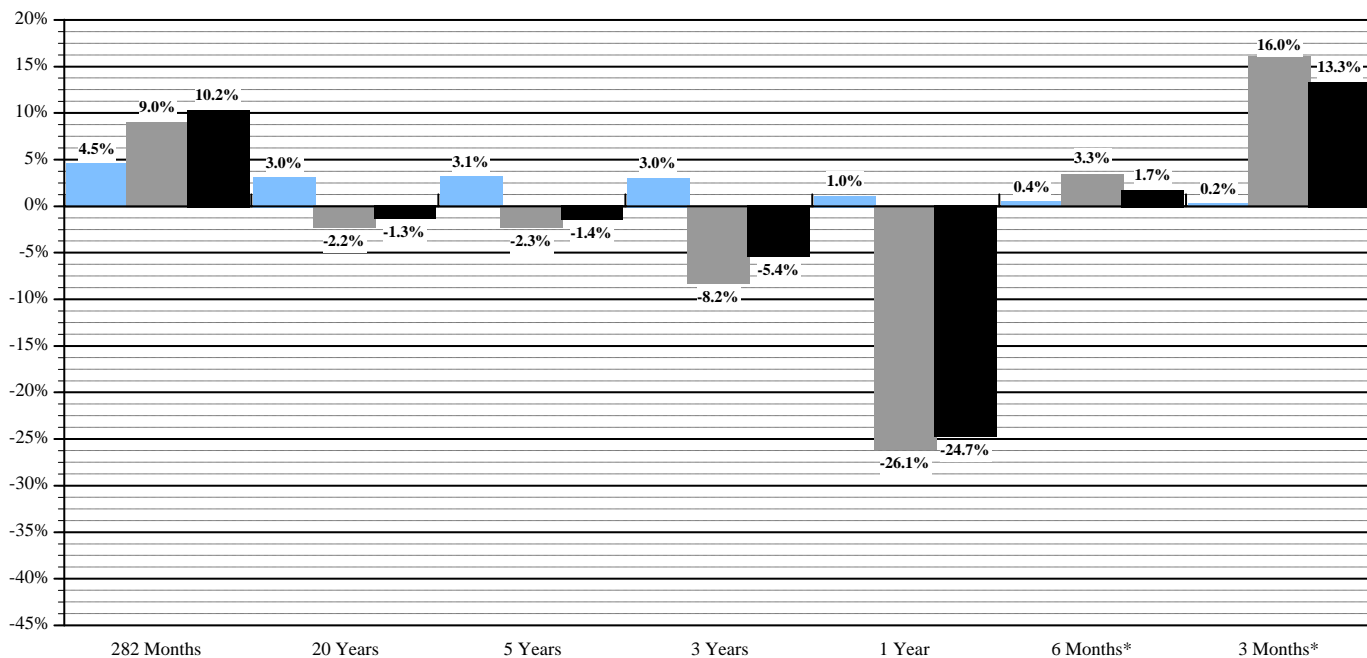
Mississippi GEDCP

## Compound Annual Rate of Returns (12/31/85 – 06/30/09)

- Total Portfolio (1)
- S&P 500
- 90-Day Treasury Bill

(1) The Firm calculates performance returns using the methodologies prescribed under the GIPS Standards. The returns presented below are calculated in a manner consistent with these standards. These returns are not presented in accordance with the standards due to the standards exclusion of provisions with regard to single account returns. Additional information regarding these calculations may be obtained from the Firm's GIPS compliant presentations. GIPS has not been involved in the preparation or review of this data.

\* Total Return



Past Performance does not guarantee future results. S&P 500 is an unmanaged index, which includes 500 widely traded common stocks and is commonly used to measure US stock market performance.

## Contact Information

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