



## *Portfolio Note – A “Defensive” Sequestration Play*

February 19, 2013

Ferndale Capital Management, LLC (“Ferndale”) began building an investment position in Lockheed Martin (NYSE: LMT) as a conservative investment approach focused on a high current dividend, with a blue chip that has arguably been overly devalued due to budgetary concerns and the approaching March 1 deadline for final fiscal DoD budget agreement.

- LMT trades at an estimated 9.8x and 9.6x current and next year PE ratio, respectively.
- LMT offers a potential 25-30% annualized total return opportunity in an S&P 100 stock

Ferndale believes that this strategy is optimal in today’s market where a correction is expected but the initial timing and duration are both less certain.

### **About Ferndale Capital Management, LLC**

Ferndale manages a \$1 million private equity fund focused on serving the needs of U.S. small business so that owner-operators have the opportunity to diversify their management team and maximize value before final exit. Ferndale will also consider minority equity investments (share buy-in’s) to support a refinancing, pay a dividend and/or provide growth capital. The target size of investee companies is revenue of \$1 to \$5 million with at least \$250,000 of cash flow. To provide an efficient level of current income, Ferndale also manages a proprietary pool of high yielding blue chip equities and non-investment grade bonds.

#### **Contact:**

Sam Slater

Founder & Managing Member

212.220.4025

[www.ferndalecapital.com](http://www.ferndalecapital.com)