

# D.M.KELLY

& COMPANY



*Top Photo: (standing from left to right) Jennifer Rousseau, David Haas, Sue Knoll, Dan McPhail, Daniel M. Kelly, Arnie Ripperger, Bob Dorweiler, Kathy Halliwell, Pam Campbell (seated from left to right) Doug Peckumn, David Lorbiecki, Chris McPhail, Tom Kimball, Daniel G. Kelly, Mike Milligan.*

*Bottom photo: The D.M. Kelly & Company main office located at 3900 Ingersoll Avenue in Des Moines, Iowa.*

*\*Independently owned brokerage firms with headquarters in Des Moines or West Des Moines, IA whose assets under management are listed in the Security Dealers of North America Directory as published by Dunn and Bradstreet.*

**F**or more than 15 years, D.M. Kelly & Company has provided conservative investors with attractive products and advice while considering their specific financial goals. D.M. Kelly & Company has grown to become one of Central Iowa's largest brokerage firms specializing in fixed-income investments, offering clients an alternative to the prepackaged investment products that are commonly found at larger wirehouses and national firms.\*

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Our clients understand the concept of having a buy-and-hold strategy for at least a portion of their portfolio. This allows their wealth to experience the benefits of compounding returns over time. Fixed-income investments (such as bonds) are a critical tool toward achieving investment income, and they play an important role in our investment philosophy.

Bonds compliment stocks because of the steady interest payments they provide and their status as a "senior" security. They are an investment that represents the debt of a municipality, the Federal Government or U.S. corporation. Perhaps best of all, the interest earned from municipal and government bonds is often tax-free.

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D.M. Kelly & Company has been providing its clients with unparalleled advice, investment products, and customer service since 1995.



### ***What Is “Safe Money”?***

**Safe Money** is how we describe the conservative bedrock of your portfolio. It’s the money you want to preserve for significant, life-long goals – starting a new business, paying for college or funding retirement. As with all investments, there is no guarantee against loss, but this portion of your portfolio consists of bonds and other wealth-preserving securities that over the last 100 years have demonstrated a more consistent return than stocks. We believe there is no other firm in the Midwest that can better help you build the Safe Money portion of your portfolio than D.M. Kelly & Company.

D.M. Kelly & Company focuses on tax-advantaged bonds issued by sound, well-managed towns, cities, community-owned utilities and other public authorities. These municipal bonds help communities finance construction and renovation of roads, schools and hospitals. Fixed-income investments are the cornerstone of our investment philosophy. D.M. Kelly & Company specializes in obtaining investment-grade (bank-grade) bonds that meet the investment needs of our clients.

### ***Fixed-Income Investing***

Investments recommended by D.M. Kelly & Company offer specific advantages to our clients. Depending on your current tax status and investment goals, your D.M. Kelly & Company advisor will discuss which types of investments are right for you. The following are some types of investments that help make up a typical D.M. Kelly & Company portfolio.

**Government Bonds.** Government-issued debt is the safest form of debt you can own because it’s backed by the full faith and credit of the U.S. Government. T-Bonds and T-Notes are exempt from state and local taxes and are a stable source of fixed-income for your portfolio.

**Municipal Bonds.** Free from federal taxes, municipal bonds pay interest while supporting the infrastructure of

local communities. In addition, certain municipal bonds may also be exempt from state and local taxes. These characteristics make municipal bonds ideal for investors in higher tax brackets who would benefit from tax-exemption.

**Corporate Bonds.** Corporate bonds generally have higher yields than government bonds because they are not backed by the full faith and credit of the U.S. Government and are issued by individual corporations. D.M. Kelly & Company specializes in bonds with investment grade ratings and our investment advisors are constantly researching and purchasing bonds which will provide our customers with the right balance of security and return.

**CDs.** Issued by banks and FDIC insured, certificates of deposit provide D.M. Kelly & Company accounts with added diversity and security. CDs are available in a variety of interest configurations including fixed, stepped, variable or zero coupon. Your D.M. Kelly & Company investment advisor will help you determine which type of CD would best compliment your portfolio.

### ***The Bond — A Pure Investment***

When you purchase a municipal, government or corporate bond, you are acquiring an original, unadulterated investment product that you own outright. There are no ongoing management fees or fund costs to pay – and when held to maturity, no redemption costs. If you maintain your investment in the bond to its maturity date, you will receive all of the interest paid on the bond throughout its life, plus the full amount of your principal. If you liquidate your investment prior to its maturity date, you receive the current market price for your bond. You would only pay a selling commission, comparable to selling a position in a stock.



Aerial view of  
Des Moines, Iowa.

### **Did you know?**

A federal and state tax-exempt bond with an interest rate of 4% has an after-tax yield of 6.54% for an Iowa resident in the 35% tax bracket.\*

*\*Double tax-exempt calculation uses the highest marginal State of Iowa tax rate as of 12/31/08. Individuals should consult their tax advisor to establish exact equivalent yields for their specific tax and income circumstances.*

### **The Advantages of Working with D.M. Kelly & Company**

**Inventory.** D.M. Kelly & Company is one of the few brokerage firms in Central Iowa that has its own full-time Municipal Bond Trader. We carry our own inventory and purchase many of the bonds directly from the issuer. This often eliminates many of the markups that are commonly applied to bonds offered at other firms that do not specialize in fixed-income investments.

**Independence.** D.M. Kelly & Company is an independent, Iowa-based company. We are not an affiliate or subsidiary of any other firm. That means we have no “house” products. We are free to select and market the most attractive bonds available, regardless of their source.

**Size.** There are more than 2500 clients who trust D.M. Kelly & Company to help them invest more than \$1 billion\* in assets. We are large enough to have the attention of those organizations issuing bonds, yet small enough to provide individualized service to our clients. Many larger firms send their clients to impersonal websites and automated phone systems. D.M. Kelly & Company investment executives sit down and talk with you about your goals in order to provide you with investment strategies that best match your needs.

**Opportunities.** D.M. Kelly & Company is keenly focused on high-grade Midwestern municipal bond issues. While larger institutions often overlook smaller bond issues, we see this as a tremendous opportunity for our clients. These bonds often offer a higher interest rate because of the lack of competitive bidding from larger investment firms. As a D.M. Kelly & Company client, that can mean a better return on your investment.

**Security.** While bonds are some of the safest investments investors can find, it is reassuring to know that your D.M. Kelly & Company account is protected by the Securities Investor Protection Corporation (SIPC) and has an additional policy purchased for full net asset value protection.\*\* Our fundamental mission is clear: to help conservative investors acquire attractive, prudent investment vehicles that meet their specific investment goals.

*\*Figure as of November 30, 2009.*

*\*\*Neither SIPC protection, nor protection in excess of that provided by SIPC, covers a decline in the value of a customer's assets due to market loss.*

Whether you know a little or a lot about fixed-income investing, we would like to explain the advantages of our investment philosophy.

**Contact a D.M. Kelly & Company investment advisor at (800) 998-9773. He or she will be anxious to answer any questions you may have about investing.**

**D.M. KELLY**  
& COMPANY

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# DMKC

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## ADVISORY SERVICES

**DMKC Advisory Services** is a fee-based SEC registered investment advisor providing investment management services to a broad range of clients. DMKC Advisory Services is owned by its parent company D.M. Kelly & Company, an independent Iowa-based brokerage firm. The company operates offices in Billings, Montana and Des Moines, Iowa.

We started our advisory business in order to expand our clients' investment options. DMKC Advisory Services follows a fee structure based upon the value of the portfolio. Clients pay a reoccurring percentage, determined by the total assets under management. The type of accounts opened under our Advisory business are accounts with greater trade activity compared to our fixed-income, transaction-based portfolios and accounts that acquire mutual funds at net asset value. Our advisors have a fiduciary responsibility to act in the best interest of our clients and there is no incentive to increase the trade activity in these accounts.

Gary Lucas is the President and CIO of DMKC Advisory Services. He brings more than 20 years of financial industry experience to his clients. The firm focuses its research and due diligence efforts on finding moderate risk investment products that preserve principal, provide income and offer growth potential over time.

D.M. Kelly & Company, along with its subsidiary DMKC Advisory Services, upholds a conservative investment philosophy. Both share a common goal of helping clients with their long-term investment objectives via unparalleled advice, products and customer service.

### Billings

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