



Prospectus

Who we are

Sharp Investments is an independent, non-custodial, Registered Investment Advisor. We use long term investing in common stock for creating wealth, and fixed income investing for preserving wealth. We invest directly in publicly traded, nationally listed, corporate and government securities. We are compensated by you for choosing and managing your investment portfolio according to your specific goals and risk tolerances. Your investment funds are held by an SIPC-insured deep discount broker.

Who we are not

We represent no particular investment product such as mutual funds or insurance products. We represent no particular broker/dealer. We receive no commissions or fees on investments. We do not invest in mutual funds, IPO's, partnerships, commodities, real estate, uncovered derivatives, or emerging markets.

Our relationship with clients

Clients of Sharp Investments usually have an IRA, 401k, 403b, or other long term investment portfolio that requires management. Rather than pay a mutual fund company or pick the stocks themselves, clients sign a limited power of attorney that allows Sharp Investments to choose and manage the investments. Unlike a mutual fund company, Sharp Investments meets with each client to determine the management style that best fits the client based on their investment goals and risk tolerances. For example, a client getting ready to retire will be concerned with dividends and income and maintaining a stable but growing portfolio. A client with twenty years until retirement will be more concerned with creating wealth and willing to take on more risk in order to meet their long term retirement goals.

Once the management style is determined, clients sign a contract that allows Sharp Investments to act in the client's behalf in choosing individual stocks. The appropriate accounts are then opened at a reliable deep discount broker. Sharp Investments does not have the ability to access client funds, write checks, or otherwise control client funds. Buying and selling stocks, and debiting the account once per quarter for the management fee are the extent of the limited power of attorney. Sharp Investments management fee is based on the amount of the assets under management on the last day of the quarter. The assets are multiplied by 1/4th of the annual fee listed below, the same way a mutual fund is compensated. However, except at the lower levels, Sharp Investments is less expensive than mutual funds.

first \$50,000	2.00 %
next \$100,000	1.75 %
next \$100,000	1.50 %
next \$250,000	1.25 %
next \$500,000	1.00 %
over 1 Million	negotiable

Clients receive monthly statements from the discount broker, and quarterly statements from Sharp Investments. Quarterly statements include performance information, explanation of account activity, market and portfolio analysis, and a client newsletter. Clients are also encouraged to call or email questions or concerns and can meet with Sharp Investments portfolio managers upon request.

Our goal

Our goal at Sharp Investments is to treat your money as if it were our own. This means striving to minimize expenses whenever possible, being cautious when warranted and being aggressive when warranted, in spite of conventional (often wrong) wisdom. We also "eat our own cooking" at Sharp Investments, the principals of the firm have all of their long term investing assets in the exact same securities owned by clients. There is no conflict of interest, we make money when we make you money.

Sharp Investments is unique

Sharp Investments does not have plush offices and large corporate structure. Being small (and intending to stay that way) allows Sharp Investments to take advantage of market opportunities that cannot be accessed by the vast majority of financial professionals. Running lean means being able to offer fees considerably under industry averages and avoid enforcing minimum portfolio sizes. At Sharp Investments we buy long term holdings that may go against short term conventional wisdom in order to produce returns. We also keep investing decisions under tight control and do not farm out decisions to subordinates. Managing all client accounts according to their individual wishes and following an investment plan developed specifically for each client brings a personalized approach to each portfolio. Most of our clients are small businesses and individuals which means that your account receives much more attention than it does with the large investment companies.

How we invest

Sharp Investments utilizes long term historically successful strategies to provide returns. Value investing criteria are used to select securities, value stocks are those that are offered at less than their apparent economic value, and are often temporarily out of favor. Sharp Investments concentrates on two types of value: Aggressive Value and Low Risk Value. Aggressive Value criteria have historically produced higher return with higher risk. These stocks are generally smaller, unknown, volatile companies. Low Risk Value criteria have historically produced market returns with much lower risk. These stocks are generally large, well known, stable, dividend paying companies. Aggressive Value is geared towards higher capital gains, while Low Risk Value provides a stable source of dividends plus above average capital gains. Portfolio management techniques such as dollar cost averaging, use of limit orders and optimal diversification are also used to create portfolio returns.

Expected Risk and Return

At Sharp Investments, investors must take long term views of their portfolios, which is not for everyone. **Providing strong returns in the long run occasionally means providing poor returns in the short run.** Investors are encouraged to view their investments as businesses, not as stocks that fluctuate daily in price. Most stocks will be held across an entire economic cycle (3 to 5 years).