

CRUNCHING THE NUMBERS WITH...



Jay R. Kemmerer

President & CEO of Berkshire Advisors Inc., Wyomissing, and President of The Penn Street Fund Inc.

For more than 20 years, Jay R. Kemmerer has developed expertise in investment advising. In 1992, he founded Kemmerer and Co. Financial Services, Wyomissing, which he renamed Berkshire Advisors, Inc., in 2002. In 2003, he was chosen to manage The Penn Street Fund, Inc., the only national mutual fund headquartered in Berks. He was named president of The Fund in 2007. The Fund, which has attracted national attention for its success, combines a global perspective and the energy of entrepreneurial investment advisors. Recently, Kemmerer shared some advice with *BCL* readers.

BCL: Where are you from?

JK: I grew up here in Berks, in the Oley Valley. I went to Oley Valley High School and Penn State Berks. I love this area, and it is nice to live close to my family.

BCL: Why did you choose to work in the field of finance?

JK: What interested me about the field of finance was that I never wanted to be poor (laughs). I remember, when I was about 25, a conversation I had that I never forgot.

Someone showed me the benefit of compounded interest. That made a very strong impression on me.

BCL: What is special about Berkshire Advisors, Inc.?

JK: We are unique here. We are the only financial managers in Berks who manage a national mutual fund.

BCL: What do investors in The Penn Street Fund actually invest in?

JK: We focus on buying large cap

value stocks known as “blue chip” companies – companies with market capitalizations of \$6 billion or more. These are companies that create products or offer services that people use every day of their lives, such as the Dow 30 industrials. We invest in companies that show consistent earnings or dividend histories.

BCL: How do you decide what stocks to buy and what stocks to sell?

JK: We use a quantitative strategy to manage our portfolio. We have a computer system which uses a mathematical formula and data about companies to select and rank the top 1,250 companies. We normally select from the top 10 percent of those 1,250 companies. The Fund invests in 30 to 60 companies at any given time.

BCL: Who invented the computer formula?

JK: Institutions have back tested quantitative models for years. My research team and I have utilized that institutional research into our Large Cap Value Model.

BCL: Is the formula a secret?

JK: Yes! This is our own proprietary institutional model.

BCL: Do you believe this quantitative method is key to the success of The Penn Street Fund?

JK: Yes, I believe our quantitative method is what really gave us our traction. It allows us to focus on the facts. It eliminates the emotional aspects of our decisions. It takes the spin out of everything you hear. Another benefit of a quantitative model is that it has the potential to identify successful companies that are still under the radar, ones that may have not yet been identified by the overall market.

BCL: The Wall Street Journal recognized The Fund’s successful performance six times in 2007. In October, The Wall Street Journal ranked The Fund in the top ten out of approximately

495 other large cap value funds for one-year performance. How do you feel when The Fund receives this kind of recognition?

JK: I am very pleased and excited about our Fund’s performance. I am grateful to be recognized by such a prestigious publication as *The Wall Street Journal*. I believe this recognition gives credibility to utilizing our quantitative strategy in our large cap value, blue chip portfolio.

BCL: Can anyone invest in The Penn Street Fund?

JK: Yes, that is one of the best parts. Our Fund has been recognized nationally, and it is available for everyone. The minimum investment is \$1,000, with \$100 thereafter.

BCL: What do you enjoy most about your job?

JK: In the past 23 years, no two days have ever been the same. Since becoming president of The Fund, my days are even more exciting.

BCL: What do you do for fun?

JK: I love to spend time relaxing with my wife Jennifer and our children, Rachel, 25, and Jay R. Jr., 9. I enjoy golfing, fishing, traveling and international hunting. I had wonderful experiences learning about other cultures while on several hunting trips in Russia and China.

BCL: Can you share some financial advice with our readers?

JK: When investing systematically, pay yourself first. Buy a home rather than rent. Find an advisor you trust to help you build equity in your retirement plan in a way that is affordable and comfortable for you, and don’t try to time the market. When you think you are at a market bottom, you probably aren’t, and by the time you know you were, it’s 20 percent too late! Think long term. ■BCL

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