

Asset Managers

## Father-Son Team Fund Outpaces the S&P

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Like father, like son -- and love that Intuitive Surgical (ISRG). The highflying surgical robotics company is a favorite of Joseph Biondo Jr. and his father, Joseph Sr., the co-portfolio managers of the \$54 million Biondo Growth fund. The duo were in complete agreement about Intuitive's prospects when they first started buying shares for clients back in 2004, when the stock was less than \$20 a share. "We generally need to agree when it comes to buying a stock," says Joseph Jr. "If one of us has a slight trepidation about a company, then maybe we'll take a smaller position to start." The fund, which originated in mid-2006, is up an impressive 8% year to date compared with a 3% return on the S&P 500. That's due in no small part to Intuitive -- the Biondos have added shares to the fund's portfolio and continue to like the company, even now that it has pierced the \$200 mark. "This company answers the three questions we ask before buying any company," says Joseph Jr. "Is this a business we want to be in? Do we like this company's position in the industry? Do we like management? As for Intuitive, it was clearly 'yes' across the board." Joe Sr. adds, "Nobody on the horizon has a competitive product, and if they came out with one tomorrow it would take them over two years to get it approved and into the market." Neither father nor son is ready to take profits yet, despite Intuitive's rise of 112% year to date or its growing prominence in the fund's portfolio -- it now represents a hefty 6% of overall assets under management. Biondo is a concentrated fund with 43% of assets in its top 10 holdings and annual turnover of just 8%.

One stock the Biondos wished they had not agreed to hang onto is Amgen (AMGN). The biotech giant represents an outsized portion of their portfolio -- 4% of assets -- but with very different results. The stock is down 28% year to date after being struck with what Joseph Jr. calls "the perfect storm" -- striking both on the competitive and governmental fronts. The Center for Medicare and Medicaid Services is coming down hard on Amgen's anemia treatments, while the company is seeing pressure from drugs offered by Roche. That said, the Biondos say the stock has been punished so much that it's now "too cheap to sell." "It's a show-me stock and we feel it will eventually impress investors again because it still has a great name and pipeline," says Joseph Jr. "It's just going to take a few quarters."

While the fund has nearly 30% of its assets in health care, the Biondos say it is not by design. "We are bottoms-up investors," says Joe Sr. "We are just finding solid opportunities there. Even in pet health care!" By "pets," he is referring to the fund's stake in veterinary diagnostic provider Idexx Laboratories (IDXX). "The vet business is fantastic," exclaims Joe Sr. "There are very few price controls, people generally pay their bills in cash, and insurance is not a big factor. And nowadays pets are more important than family members." Pets? More important than family members? "Well, maybe I wouldn't go that far," says Joseph Jr. "Let's say, in many homes pets are like family." When it comes to family business, they should know.

*The fund is advised by Biondo Investment Advisors, LLC and is distributed by Aquarius Fund Distributors, LLC, member FINRA/SIPC. Investors should consider the investment objectives, risks, charges and expenses of The Biondo Growth Fund carefully before investing. The prospectus contains this and other important information about the fund and should be read carefully before investing. Call 877 – BIONDOS (246-6367) to receive a full prospectus.*

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