

ELESSAR

INVESTMENT MANAGEMENT

SMALL CAP VALUE

Management Team

Richard A. Giesen, Jr.

Chief Investment Officer

Years Experience: 20

Ori Elan

Portfolio Manager

Years Experience: 5

Chris Staneluis

Analyst

Years Experience: 10

Mitchell W. Krahe

Chief Operating Officer

Years Experience: 10

Objective

The Small Cap Value strategy invests with the objective of above market risk adjusted returns. 40-60 equities are selected on a bottom-up basis from a universe of small cap stocks with market capitalizations of approximately \$150 million to \$2.5 billion.

Philosophy & Process

Buying quality for the least expensive price is the essence of value investing. We seek the most opportunistic intersection between quality and price by adhering to the following investment process:

- Refining the total small cap universe for liquidity considerations.
- Ranking each available company by the Quality at an Acceptable Price Model (QAPM) score. QAPM is a proprietary and trademarked front end stock screening tool.
- Applying additional timeliness factors to top quintile QAPM scores, including sentiment and momentum.
- Performing rigorous bottom-up fundamental research analysis.
- Dynamic Buy/Sell Discipline that includes price targets for each holding and relative price performance monitoring.

Performance Returns

Performance

Preliminary Performance as of 9/30/2009

		SEP	QTD	YTD	1Year	Annualized			Absolute
						2 Year	3 Year	ITD*	ITD*
EIM SCV	(Gross)	3.06	15.25	23.19	-4.28	-5.83	0.48	0.10	0.33
EIM SCV	(Net)	3.03	15.10	22.73	-4.85	-6.55	-0.29	-0.63	-2.19
Russell 2000 Value		5.02	22.70	16.36	-12.61	-12.43	-6.65	-5.78	-18.83
Elessar Lipper Percentile Rank			91.77	59.16	33.94	11.18	11.69	9.63	9.63

*Inception 04/01/2006

Sources: Internal (Advent Axyis), Russell, FactSet, Merrill Lynch

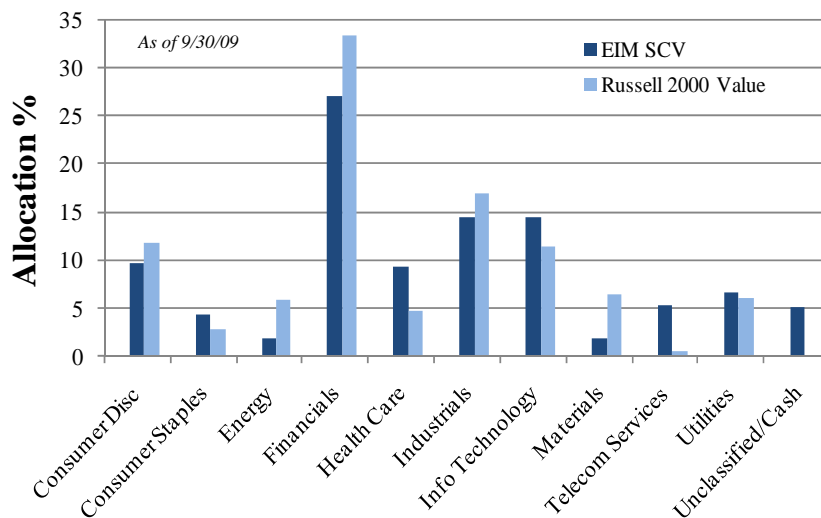
Portfolio Characteristics

As of 9/30/09

	EIM SCV	Russell 2000 Value
Avg. Market Cap (\$ MM)	\$1103	\$849
L12M P/E	15.0	12.4
N12M P/E	11.8	15.4
Price/Book	1.3	1.0
Price/Sales	0.6	0.6
Dividend Yield	0.8%	2.5%
Payout Ratio	10.8%	27.7%
ROE	8.5%	0.5%
Long Term Debt/Capital	28.2%	35.2%
L12M EPS Growth	-17.3%	-70.0%
Beta vs. S&P500	0.98	1.27

Source: Internal calculations, Reuters Database & FactSet

Sector Allocation



Source: FactSet

GICS Sector

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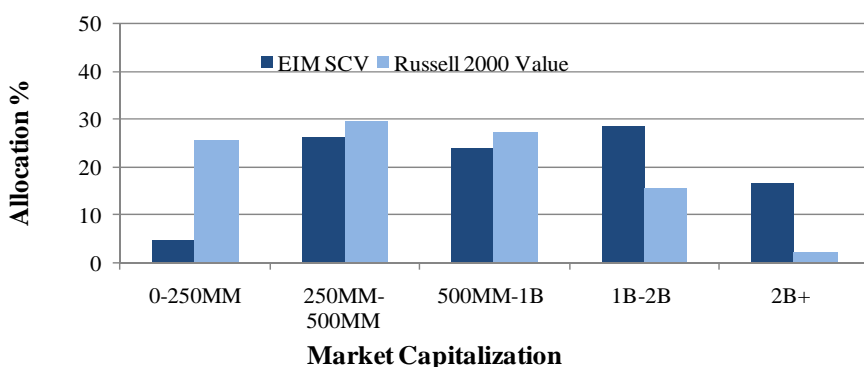
ELESSAR SMALL CAP VALUE

Risk Controls

The essential elements of our proactive risk management process are:

- Front-End Screen: QAPM Biased Against High Risk
- Extensive Bottom-up Fundamental Research Analysis
- Robust Buy/Sell Discipline
- Portfolio Construction Parameters
- Monitor Portfolio Style Designation

Relative Market Capitalizations



As of 9/30/09 Source: FactSet

Risk/Reward Analysis

Multi-Statistic Report

Period: 04/1/2006 to 09/30/2009

Benchmark: Russell 2000 Value - Total Return

Frequency: M

Currency: USD

Description	Annualized Return	Annualized StandDev	Beta	Annualized Alpha	Sharpe Ratio	R-Square	# Observ	Info Ratio	Tracking Error
Elessar Small Cap Value - Gross	0.10	21.78	0.88	5.45	-0.14	89.50	42.00	0.77	7.61
Elessar Small Cap Value - Net	-0.63	21.78	0.88	4.69	-0.17	89.41	42.00	0.67	7.65
Russell 2000 Value - Total Return	-5.79	23.46	1.00	0.00	-0.38	100.00	42.00	NA	0.00

Source: FactSet

Performance Attribution

EIM SCV vs. Russell 2000 Value
Period: 03/31/2006 to 09/30/2009
(U.S. Dollar)

	Elessar Small Cap Value			Russell 2000 Value			Variation			Attribution Analysis			
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection Effect	Interaction Effect	Total Effect
GICS Sector													
Consumer Discretionary	8.38	25.89	2.71	12.21	-38.50	-2.97	-3.83	64.39	5.68	0.70	8.79	-3.45	6.04
Consumer Staples	2.87	-11.62	3.40	3.90	10.18	-0.17	-1.03	-21.80	3.57	-1.45	-0.29	2.39	0.65
Energy	4.35	-83.52	-11.30	4.16	-21.08	0.33	0.19	-62.44	-11.63	-3.59	-2.72	-1.10	-7.40
Financials	31.38	-13.38	-4.72	34.00	-37.77	-14.33	-2.62	24.39	9.61	0.94	12.18	-1.47	11.65
Health Care	7.95	-7.16	-1.51	5.01	9.45	-0.46	2.93	-16.61	-1.05	0.83	-0.01	-1.30	-0.48
Industrials	14.85	7.30	1.51	14.11	-12.13	-2.21	0.74	19.43	3.71	0.19	5.32	-1.36	4.15
Information Technology	16.76	5.21	1.68	12.31	-15.70	-0.61	4.45	20.91	2.29	0.32	2.70	1.72	4.75
Materials	4.38	81.90	4.61	6.52	35.09	2.34	-2.14	46.81	2.27	-0.93	-0.08	0.33	-0.68
Telecommunication Services	0.61	91.26	1.82	1.32	-30.11	-0.56	-0.71	121.37	2.38	0.57	0.52	0.09	1.18
Utilities	3.91	65.20	2.27	5.93	5.88	-0.21	-2.02	59.32	2.48	-0.22	2.95	-1.24	1.49
[Cash]	4.57	10.01	0.41	--	--	--	4.57	10.01	0.41	-1.44	--	--	-1.44
Unassigned	--	--	--	0.54	5.11	-0.04	-0.54	-5.11	0.04	-0.14	--	--	-0.14
Total	100.00	0.88	0.88	100.00	-18.89	-18.89	--	19.77	19.77	-4.22	29.37	-5.39	19.77

Source: FactSet. Holdings data for Elessar Small Cap Value is 3/31/2006 through 9/29/2009; and for the Russell 2000 Value Index is 3/31/2006 through 9/30/2009. Attribution calculations are gross of management fees, do not include intraday trading, and thus, do not represent actual portfolio returns. The actual returns will be reduced by the management fees of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be \$10,416 in the first year, and cumulative effects of \$59,816 over five years and \$143,430 over ten years.

Important Disclosure Information

This publication is intended for general information only, and is not investment advice, a solicitation, offering or recommendation of any security or investment management/advisory service. Elessar does not represent that the securities, products or services discussed herein are suitable or appropriate for all investors. Elessar makes no representations about the accuracy of the information in the publication. This information has been obtained from sources believed to be reliable but it cannot be guaranteed including this period's returns which are unaudited. Portfolio results reflect reinvestment of income. Past performance is no guarantee of future results. Investments may lose value.

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