

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

Philosophy & Process

From a universe of small cap stocks with market capitalizations of approximately \$150 million to \$2.5 billion, we purchase the highest quality companies for the least expensive price in tandem with the pursuit of finding the most opportunistic intersection between quality and price. The construction of a portfolio consisting of 40-60 equities is accomplished through rigorous and disciplined bottom-up fundamental research analysis.

Elessar's Unique Characteristics

- Substantial Experience in Small Cap Value Investing
- Proprietary Front-End Screen Allows Investment Team to Focus on Investment Candidates of the Highest Potential
- Collaborative Sector Coverage Achieves Robust Research Vetting Process
- Multi-Faceted Sell Discipline Eliminates Emotional Decision-Making and Limits Investment Losses
- Non-Investment Personnel Brings Significant Compliance, Legal and Operations Experience

Performance Returns

Performance

Preliminary Performance as of 12/31/2010

		QTD	YTD	Annualized				Absolute	
				1 Year	2 Year	3 Year	4 Year	ITD	ITD*
Elessar SCV	(Gross)	19.07	34.10	34.10	29.33	9.30	5.19	6.72	36.22
Elessar SCV	(Net)	18.92	33.30	33.30	28.59	8.56	4.45	5.98	31.79
Russell 2000 Value		15.36	24.50	24.50	22.52	2.19	-0.95	0.98	4.73
Lipper Percentile Ranking		13	11	11	58	8	13	9	9

*Inception 04/01/2006

Sources: Internal (Advent Axyis), Russell, FactSet, Lipper

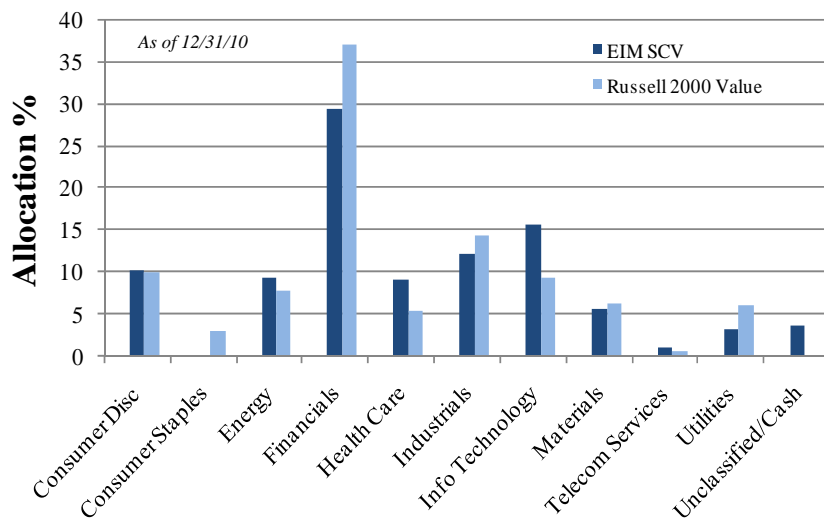
Portfolio Characteristics

As of 12/31/10

	EIM SCV	Russell 2000 Value
Avg. Market Cap (\$ MM)	\$1320	\$1117
L12M P/E	14.2	14.3
N12M P/E	13.1	14.9
Price/Book	1.5	1.3
Price/Sales	1.2	0.8
Dividend Yield	0.8%	1.9%
ROE	7.3%	3.0%
Long Term Debt/Capital	26.2%	31.9%
L12M EPS Growth	75.5%	57.4%
Beta vs. S&P500	1.21	1.32

Source: Internal calculations, Reuters Database & FactSet

Sector Allocation



Source: FactSet

GICS Sector

Risk/Reward Analysis

Multi-Statistic Report

Period: 04/1/2006 to 12/31/2010

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	6.72	21.39	0.86	5.75	0.20	90.00	57.00	0.76	7.53
Elessar Small Cap Value - Net	5.98	21.39	0.86	5.02	0.17	89.92	57.00	0.66	7.56
Russell 2000 Value - Total Return	0.98	23.59	1.00	0.00	-0.06	100.00	57.00	NA	0.00

Source: FactSet

Performance Attribution

EIM SCV vs. Russell 2000 Value Period: 03/31/2006 to 12/31/2010 (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	9.06	69.01	7.87	11.74	-19.61	-0.44	-2.68	88.62	8.31	0.89	12.57	-4.21	9.25
Consumer Staples	2.42	6.07	4.89	3.63	32.67	0.39	-1.21	-26.60	4.50	-1.66	-0.13	2.99	1.20
Energy	4.78	-78.42	-12.27	4.45	5.25	2.34	0.33	-83.67	-14.62	-4.60	-3.67	-1.02	-9.29
Financials	30.51	12.69	2.33	34.37	-22.96	-9.97	-3.86	35.64	12.30	1.65	18.08	-2.50	17.24
Health Care	8.12	38.34	2.03	4.90	39.44	0.75	3.23	-1.10	1.28	1.16	1.06	-1.30	0.93
Industrials	14.80	31.56	4.40	14.65	17.91	2.17	0.16	13.65	2.23	0.04	5.20	-2.49	2.74
Information Technology	15.83	64.98	9.79	11.74	7.97	1.90	4.10	57.01	7.89	-0.50	6.83	3.79	10.12
Materials	4.05	211.30	8.58	6.64	104.93	6.31	-2.58	106.37	2.27	-1.79	2.19	-1.61	-1.21
Telecommunication Services	2.02	162.92	4.45	1.16	-13.91	-0.58	0.86	176.83	5.02	0.77	0.69	0.44	1.90
Utilities	4.07	131.84	4.89	6.00	33.72	1.51	-1.93	98.12	3.38	-0.08	4.85	-1.87	2.90
[Cash]	4.33	10.17	0.57	--	--	--	4.33	10.17	0.57	-2.72	--	--	-2.72
Unassigned	--	--	--	0.73	32.31	0.28	-0.73	-32.31	-0.28	-0.19	--	--	-0.19
Total	100.00	37.52	37.52	100.00	4.68	4.68	--	32.85	32.85	-7.04	47.67	-7.78	32.85

Source: FactSet. Holdings data for Elessar Small Cap Value is 3/31/2006 through 12/30/2010; and for the Russell 2000 Value Index is 3/31/2006 through 12/31/2010. 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.

Quarterly Commentary

The fourth quarter of 2010 saw a continuation of the small cap market rally with the Russell 2000 Value index returning 15.36% during the quarter and after posting a 9.72% gain in the third quarter. The Elessar Small Cap Value portfolio was up 19.07% (gross of fees) and, thus, outperformed our benchmark by 371 basis points in the fourth quarter. Strong relative performance was registered across most sector holdings in the portfolio because of positive secular growth trends that benefit many of our companies. Additionally, our portfolio outperformed our benchmark by 960 basis points during the full year 2010 due to strong stock selection.

Economic data reported in the fourth quarter was somewhat encouraging; however, continued weakness in housing and employment trends, the precarious fiscal condition of state and municipal governments, and sovereign debt problems in Europe will pose serious risks to the fragile recovery here in the U.S. During these tumultuous times, we rely more than ever on our bottom-up fundamental research process coupled with a thoughtful top-down context to present us with quality companies that perform well throughout an economic cycle and have minimal exposure to troubled geographies and end-markets. We do not deviate from our investment process disciplines, we are extremely diligent in our bottom-up research process, and we identify competitive advantages and tangible catalysts. Our past experiences, performance, and commitment to our process that enabled us to outperform our benchmark in various economic cycles, gives us confidence that we can provide superior performance for clients in the years ahead.

Important Disclosure Information

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