

# **City of Marietta Employees Pension Plan**

*Pension Fund  
Performance Evaluation  
3rd Quarter 2010*

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# City of Marietta Employees Pension Plan

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We have compiled the accompanying summary of the market value, performance statistics and performance results of the City of Marietta Employees Pension Plan as of September 30, 2010. Our responsibility is to evaluate the performance results of the investment advisors through comparisons with market indices and other universe performance data deemed appropriate and to make observations and recommendations thereon.

We performed time-weighted rates of return calculations in accordance with standards recommended by the CFA Institute. The calculations performed are based on information provided to us by the custodians. Our approach is to analyze transactions reflected in the custodian statements as well as review the audited market values of the portfolio. This provides us with a reasonable basis, not absolute, that the investment information presented is free from a significant misstatement. We believe that our method of evaluating and measuring performance results of the Fund provides us a reasonable basis for our observations and recommendations.

Therefore, the investment information referred to above presents the market value as of September 30, 2010 and the performance results of the investment advisors for the calendar quarter then ended and nothing came to our attention that would cause us to believe the information is significantly misstated. Consulting Services Group, LLC does not provide tax advice to clients. All investors with tax considerations, including the effect of UBTI resulting from alternative investment strategies, are strongly urged to consult their tax advisors regarding tax issues.

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# **Total Fund Analysis**

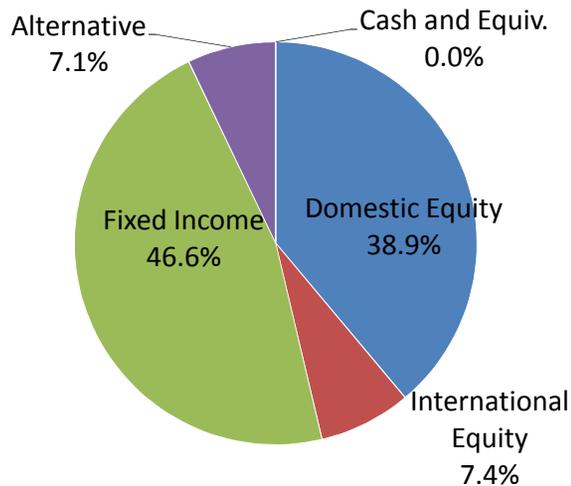
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## City of Marietta Employees Pension Plan

Fiscal Year To Date Breakdown of Change-in-Value  
September 30, 2010

	June 30, 2010 Market Value	Cash In-Flow	Cash Out-Flow	Interest/ Dividends	Management Fees	Change In Market Value	September 30, 2010 Ending Value
<b>Total Fund</b>	<b>\$65,132,185</b>	<b>\$0</b>	<b>-\$18,742</b>	<b>\$235,492</b>	<b>-\$92,306</b>	<b>\$4,635,188</b>	<b>\$69,891,817</b>
<b>Total Equity</b>	<b>\$28,640,534</b>	<b>\$0</b>	<b>-\$3,847</b>	<b>\$171,385</b>	<b>-\$54,277</b>	<b>\$3,604,587</b>	<b>\$32,358,382</b>
<b>Total Domestic Equity</b>	<b>\$24,114,371</b>	<b>\$0</b>	<b>-\$3,847</b>	<b>\$154,487</b>	<b>-\$54,277</b>	<b>\$2,973,803</b>	<b>\$27,184,537</b>
Eagle Capital	\$7,609,000	\$0	-\$1,083	\$37,638	-\$17,424	\$913,935	\$8,542,066
Advisory Small Mid Cap Value	\$8,031,322	\$0	-\$1,114	\$30,597	-\$20,094	\$677,845	\$8,718,557
Westfield All Cap Growth Equity	\$7,073,087	\$0	-\$1,052	\$83,042	-\$13,262	\$1,112,771	\$8,254,586
Energy Opportunities Capital	\$1,400,962	\$0	-\$598	\$3,210	-\$3,497	\$269,252	\$1,669,329
<b>Total International Equity</b>	<b>\$4,526,164</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,898</b>	<b>\$0</b>	<b>\$630,783</b>	<b>\$5,173,845</b>
Thornburg	\$4,526,164	\$0	\$0	\$16,898	\$0	\$630,783	\$5,173,845
<b>Total Fixed Income and Cash</b>	<b>\$31,859,566</b>	<b>\$0</b>	<b>-\$3,136</b>	<b>\$886</b>	<b>-\$31,495</b>	<b>\$733,918</b>	<b>\$32,559,739</b>
Marco Investment Management	\$16,899,855	\$0	-\$1,769	\$40	-\$17,133	\$337,361	\$17,218,354
Sage Advisory	\$14,959,711	\$0	-\$1,367	\$846	-\$14,362	\$396,557	\$15,341,385
<b>Total Alternative Assets</b>	<b>\$4,612,277</b>	<b>\$0</b>	<b>-\$856</b>	<b>\$63,218</b>	<b>-\$6,534</b>	<b>\$296,683</b>	<b>\$4,964,789</b>
Victory Investment Grade Convertible Securities	\$4,612,277	\$0	-\$856	\$63,218	-\$6,534	\$296,683	\$4,964,789
<b>Total Cash and Equivalents</b>	<b>\$19,808</b>	<b>\$0</b>	<b>-\$10,903</b>	<b>\$3</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,908</b>
Cash - Receipts and Disbursements	\$19,808	\$0	-\$10,903	\$3	\$0	\$0	\$8,908

### Current Allocation



# City of Marietta Employees Pension Plan

## Executive Summary

September 30, 2010

	Market Value	% of Total	Trailing 3 Months	Calendar YTD	Fiscal YTD	Trailing 1 YR	Trailing 3 YR	Trailing 5 YR	Since Inception	Inception Date
<b>Total Fund</b>	<b>\$69,891,817</b>	<b>100.0%</b>	<b>7.3%</b>	<b>6.2%</b>	<b>7.3%</b>	<b>9.2%</b>	<b>1.2%</b>	<b>3.8%</b>	<b>8.2%</b>	12/30/1990
Broad Mkt Index: 45% S&P 500 / 45% Barclays Agg. / 10% ML Conv <sup>(5)</sup>			7.3%	6.5%	7.3%	9.8%	-0.6%	3.3%	8.3%	
<b>Total Equity</b>	<b>\$32,358,382</b>	<b>46.3%</b>	<b>13.0%</b>	<b>6.1%</b>	<b>13.0%</b>	<b>12.3%</b>	<b>N/A</b>	<b>N/A</b>	<b>3.4%</b>	8/31/2008
S&P 500 Index			11.3%	3.9%	11.3%	10.2%	-7.2%	0.6%	-3.2%	
<b>Total Domestic Equity</b>	<b>\$27,184,537</b>	<b>38.9%</b>	<b>12.8%</b>	<b>6.2%</b>	<b>12.8%</b>	<b>12.7%</b>	<b>N/A</b>	<b>N/A</b>	<b>3.0%</b>	8/31/2008
<b>Eagle Capital</b>	<b>\$8,542,066</b>	<b>12.2%</b>	<b>12.3%</b>	<b>9.1%</b>	<b>12.3%</b>	<b>17.1%</b>	<b>-3.5%</b>	<b>2.6%</b>	<b>31.4%</b>	3/30/2009
S&P 500 Index			11.3%	3.9%	11.3%	10.2%	-7.2%	0.6%	27.6%	
<b>Advisory Small Mid Cap Value</b>	<b>\$8,718,557</b>	<b>12.5%</b>	<b>8.6%</b>	<b>5.5%</b>	<b>8.6%</b>	<b>10.2%</b>	<b>-5.5%</b>	<b>0.9%</b>	<b>33.4%</b>	3/30/2009
Russell 2500 Value Index			11.4%	9.6%	11.4%	14.7%	-4.0%	1.4%	42.7%	
<b>Westfield All Cap Growth Equity</b>	<b>\$8,254,586</b>	<b>11.8%</b>	<b>16.7%</b>	<b>4.9%</b>	<b>16.7%</b>	<b>12.1%</b>	<b>-3.9%</b>	<b>4.0%</b>	<b>28.7%</b>	3/30/2009
Russell 3000 Growth Index			13.0%	4.8%	13.0%	12.8%	-4.3%	2.1%	32.1%	
<b>Energy Opportunities Capital</b>	<b>\$1,669,329</b>	<b>2.4%</b>	<b>19.2%</b>	<b>-2.7%</b>	<b>19.2%</b>	<b>3.8%</b>	<b>-6.3%</b>	<b>4.3%</b>	<b>-4.6%</b>	3/31/2010
OIH/XLE Energy Index Blend <sup>(6)</sup>			16.7%	1.2%	16.7%	5.2%	-9.2%	3.2%	-2.3%	
<b>Total International Equity</b>	<b>\$5,173,845</b>	<b>7.4%</b>	<b>14.3%</b>	<b>5.8%</b>	<b>14.3%</b>	<b>9.9%</b>	<b>N/A</b>	<b>N/A</b>	<b>35.6%</b>	3/25/2009
<b>Thornburg</b>	<b>\$5,173,845</b>	<b>7.4%</b>	<b>14.3%</b>	<b>5.8%</b>	<b>14.3%</b>	<b>9.9%</b>	<b>-6.6%</b>	<b>6.6%</b>	<b>35.6%</b>	3/25/2009
MSCI AC World ex US Index			16.7%	4.1%	16.7%	8.0%	-7.0%	4.7%	36.6%	
<b>Total Fixed Income</b>	<b>\$32,559,739</b>	<b>46.6%</b>	<b>2.2%</b>	<b>6.8%</b>	<b>2.2%</b>	<b>6.7%</b>	<b>N/A</b>	<b>N/A</b>	<b>8.1%</b>	8/31/2008
<b>Marco Investment Management</b>	<b>\$17,218,354</b>	<b>24.6%</b>	<b>1.9%</b>	<b>6.7%</b>	<b>1.9%</b>	<b>6.6%</b>	<b>7.1%</b>	<b>6.4%</b>	<b>6.7%</b>	12/30/1990
Barclays Government / Credit Index			3.3%	9.0%	3.3%	8.7%	7.5%	6.2%	7.1%	
<b>Sage Advisory</b>	<b>\$15,341,385</b>	<b>22.0%</b>	<b>2.6%</b>	<b>7.2%</b>	<b>2.6%</b>	<b>7.9%</b>	<b>8.0%</b>	<b>6.5%</b>	<b>5.8%</b>	1/15/2010
Barclays Aggregate Index			2.5%	7.9%	2.5%	8.2%	7.4%	6.2%	6.4%	
<b>Total Alternative Assets</b>	<b>\$4,964,789</b>	<b>7.1%</b>	<b>7.7%</b>	<b>4.8%</b>	<b>7.7%</b>	<b>9.3%</b>	<b>N/A</b>	<b>N/A</b>	<b>20.6%</b>	3/25/2009
<b>Victory Investment Grade Convertible Securities</b>	<b>\$4,964,789</b>	<b>7.1%</b>	<b>7.7%</b>	<b>4.8%</b>	<b>7.7%</b>	<b>9.3%</b>	<b>-2.4%</b>	<b>2.8%</b>	<b>20.6%</b>	3/25/2009
Merrill Lynch Investment Grade Convertibles Index			6.4%	3.6%	6.4%	7.8%	-4.6%	0.8%	21.4%	
<b>Total Cash and Equivalents</b>	<b>\$8,908</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.0%</b>	3/26/2009
<b>Cash - Receipts and Disbursements</b>	<b>\$8,908</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.0%</b>	3/26/2009

NOTES:

(1) Fiscal Year end is June 30.

(2) Performance figures prior to October 1, 2008 were provided by the prior consultant.

(3) Consulting Services Group, LLC does not provide tax advice to clients.

All investors with tax considerations, including the effect of UBTI resulting from alternative investment strategies, are strongly urged to consult their tax advisors regarding tax issues.

(4) Italicized performance represents live and composite returns.

(5) The Broad Market Index was comprised of 55% S&P 500 and 45% Barclays Aggregate from 12/30/1990 to 03/31/2009.

The Index was changed on 03/31/2009 to include convertibles in the benchmark.

(6) Prior to June 2010, the index was comprised of 50% IXE and 50% OSX.

## City of Marietta Employees Pension Plan

Investment Manager Review (net of fees)

September 30, 2010

Investment Manager	Investment Strategy	Dollar Allocation	Percent of Total	Target Allocation	Trailing 4 Qtr. (Mgr.v. Index)	Trailing 12 Qtr. (Peer Ranking)	Strategy/Prof. Changes	5 Year Up/Down Capture
Eagle Capital	Large Cap Value	\$8,542,066	12.2%	15.0%	17.1% vs. 10.2%	Top 7%	None	93% / 83%
Advisory Small Mid Cap Value	Small/Mid Cap Value	\$8,718,557	12.5%	12.5%	10.2% vs. 14.7%	Bottom 36%	None	86% / 91%
Westfield All Cap Growth Equity	All Cap Growth	\$8,254,586	11.8%	12.5%	12.1% vs. 12.8%	Top 30%	None	115% / 102%
Energy Opportunities Capital	Energy	\$1,669,329	2.4%	2.5%	3.8% vs. 5.2%	Bottom 25%	None	120% / 109%
Thornburg	International Equity	\$5,173,845	7.4%	10.0%	9.9% vs. 8.0%	Top 18%	None	98% / 90%
Marco Investment Management	Fixed Income	\$17,218,354	24.6%	20.0%	6.6% vs. 8.7%	Bottom 42%	None	87% / 9%
Sage Advisory	Fixed Income	\$15,341,385	22.0%	20.0%	7.9% vs. 8.2%	Top 31%	None	106% / 113%
Victory Inv. Grade Convert.	Convertibles	\$4,964,789	7.1%	7.5%	9.3% vs. 7.8%	Bottom 22%	None	102% / 84%
Total (excluding cash)		\$69,882,910	100.0%					
Cash		\$8,908	0.0%					
<b>Total (including cash)</b>		<b>\$69,891,817</b>	<b>100.0%</b>					

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# **Investment Manager Analysis**

Eagle's goal is to beat the performance of the S&P 500 Index over various time periods. They generally own the stock of large, seasoned firms that exhibit relatively low volatility or less price fluctuation, a good deal of liquidity, long track records, and solid managements. Eagle seeks to own shares in these companies for several years, ideally three or more. When choosing companies for their Large Cap Stocks portfolios Eagle refuses singling out specific industries and instead look for leaders within industries which are likely to have been around for some time, operate in profitable sectors, and maintain a strong competitive advantage. While the characteristics of these portfolios may be described as growth-oriented, Eagle will also include a number of "value" stocks and those that have a track record of paying respectable dividends. There will generally be 35-40 names held, yet economic and market conditions will influence the actual number. Eagle remains fairly fully invested during the market cycle, but have in place good sell disciplines that reduce exposure before any descent into a bear market.

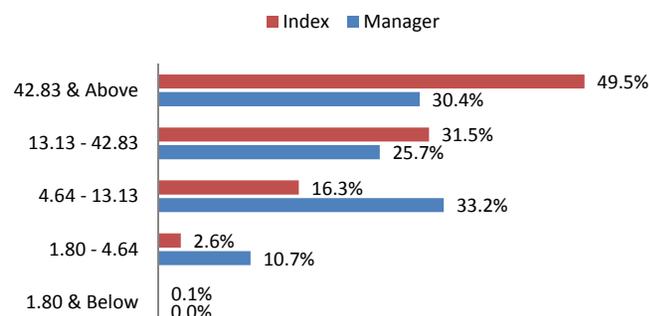
## Top 10 Holdings

Liberty Global Inc	7.2%	Ecolab Inc	4.8%
Comcast Corp New	5.8%	Microsoft Corp	4.7%
Altera Corp	5.3%	Praxair Inc	4.4%
Aon Corp	5.0%	Wal Mart Stores Inc	4.3%
Coca Cola Co	4.9%	Newfield Expl Co	4.2%

## Sector Allocation

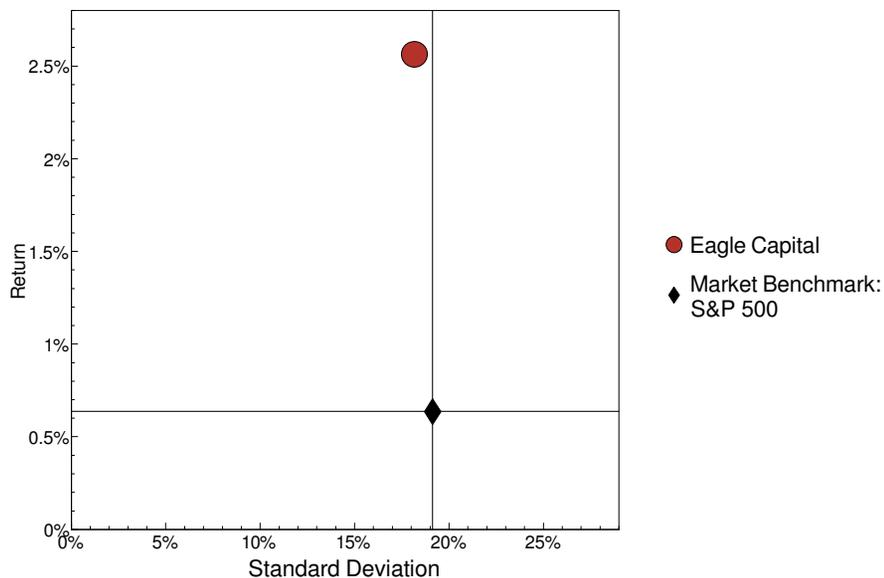
	<u>Manager</u>	<u>Index</u>
Technology	11.7%	17.1%
Health Care	8.1%	11.5%
Consumer Discretionary	22.5%	12.2%
Consumer Staples	10.2%	9.8%
Energy	9.0%	11.1%
Materials and Processing	9.3%	3.9%
Producer Durables	8.3%	11.1%
Financial Services	14.4%	16.6%
Utilities	2.7%	6.7%
Cash and Cash Equivalents	3.9%	0.0%

## Market Cap Allocation

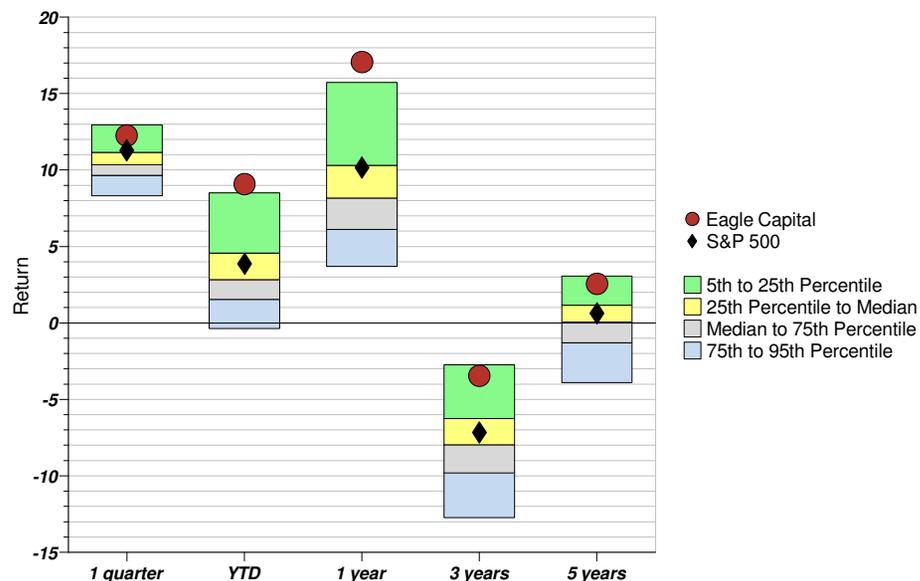


	<b>QTR</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>P/E</b>	<b>Mkt Cap</b>
<b>Eagle Capital</b>	<b>12.3%</b>	<b>9.1%</b>	<b>17.1%</b>	<b>-3.5%</b>	<b>2.6%</b>	<b>14.9x</b>	<b>\$50.4 billion</b>
<b>S&amp;P 500 Index</b>	<b>11.3%</b>	<b>3.9%</b>	<b>10.2%</b>	<b>-7.2%</b>	<b>0.6%</b>	<b>16.7x</b>	<b>\$78.3 billion</b>
<b>+/- Benchmark</b>	<b>1.0%</b>	<b>5.2%</b>	<b>6.9%</b>	<b>3.7%</b>	<b>1.9%</b>		

### Manager Risk/Return Single Computation October 2005 - September 2010



### Manager vs Universe: Return through September 2010 (not annualized if less than 1 year) Zephyr Large Value Universe (Morningstar)

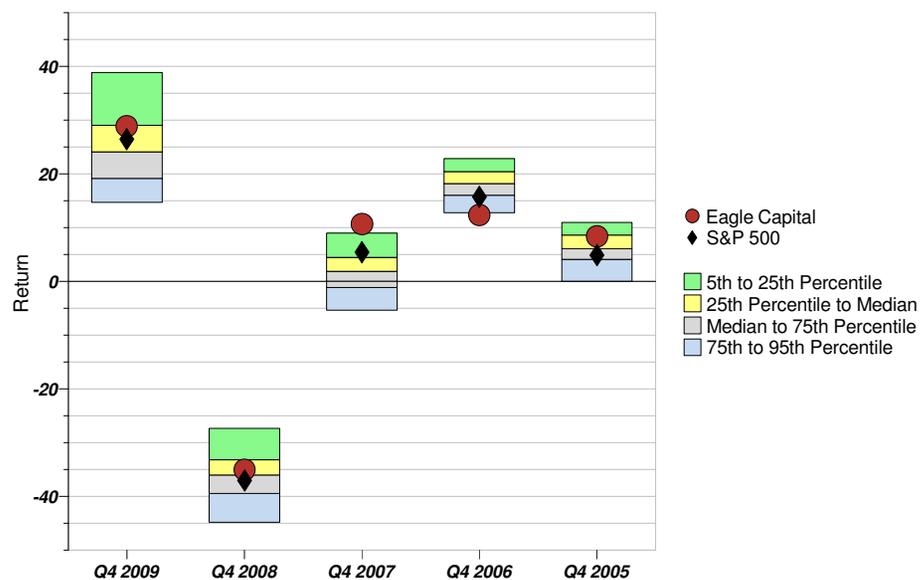


### Custom Table

October 2005 - September 2010: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Up Periods	# of Down Periods	Maximum Drawdown	Batting Average vs. Market	Up Capture vs. Market	Down Capture vs. Market	R-Squared vs. Market
Eagle Capital	2.56%	18.15%	0.00	12	8	-40.04%	55.00%	92.65%	83.35%	92.83%
S&P 500	0.64%	19.13%	-0.10	12	8	-45.80%	0.00%	100.00%	100.00%	100.00%

### Manager vs Universe: Return 4-Quarter Moving Windows, Computed Quarterly Zephyr Large Value Universe (Morningstar)



The firm invests in stocks that it believes are undervalued on a price-to-book basis that have minimal downside risk. The companies that provide the firm with the best opportunities are those with undervalued assets that are typically off the radar screens of most firms or have been abandoned by the investment community. Once these companies have been pinpointed, the firm attempts to identify a catalyst that will cause the valuation of the company to be realized in the market place. The firm's investment philosophy has not changed. The ARI Small/Mid Cap Value team begins the idea generation process by screening standard industry databases to identify companies possessing characteristics consistent with their investment discipline. Using Multex, S&P Insight and Bloomberg the team screens for characteristics such as low price-to-tangible book, high return-on-equity, low long-term debt levels, adequate trading volume and market capitalization. Ideas are also generated through the review of specialized financial publications that focus in the small/mid cap value asset class as well as through publications that provide more generalized market commentary and analysis. Candidates for purchase have market capitalizations within the range of the Russell 2500 Value at time of purchase. ARI's portfolios are concentrated in approximately 30-40 positions. Portfolio weightings range from 2 to 4% at cost and up to 6 to 7% at market. They will buy stocks with market capitalizations within the range of the Russell 2500 Value at time of purchase. It is their policy to maintain a fully invested stance, meaning less than 5% in cash and equivalents.

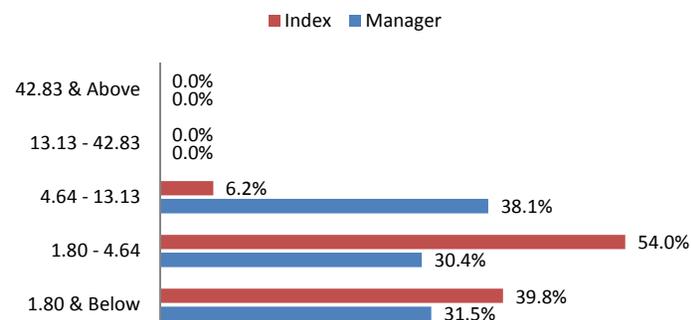
## Top 10 Holdings

White Mtns Ins Group L	3.4%	Family Dlr Stores Inc	3.1%
SI Green Rlty Corp	3.3%	Vail Resorts Inc	3.1%
Foot Locker Inc	3.3%	Cit Group Inc	3.0%
Leucadia Natl Corp	3.3%	Tech Data Corp	3.0%
Plum Creek Timber Co I	3.3%	Denbury Res Inc	2.9%

## Sector Allocation

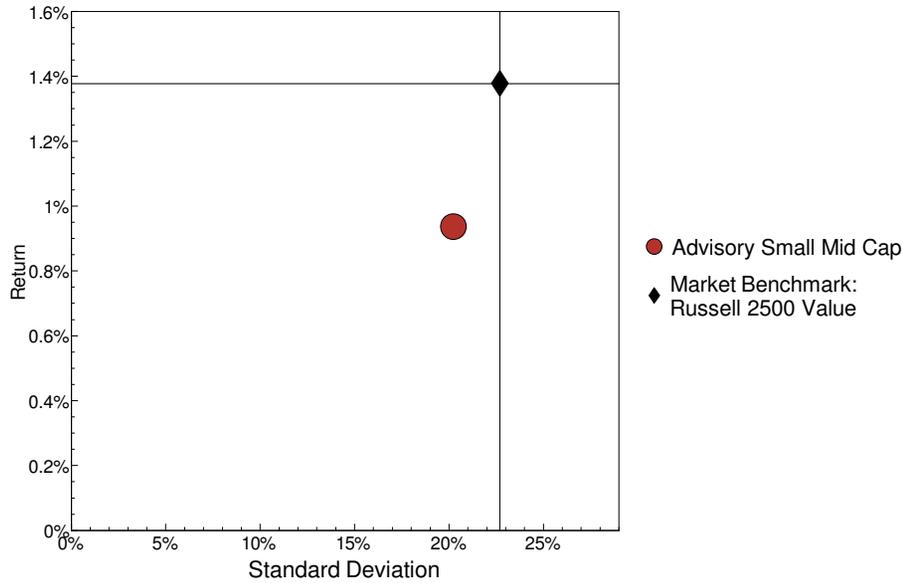
	Manager	Index
Technology	8.2%	7.2%
Health Care	1.8%	6.0%
Consumer Discretionary	15.0%	10.7%
Consumer Staples	3.1%	3.8%
Energy	12.1%	6.9%
Materials and Processing	10.1%	8.1%
Producer Durables	6.1%	11.2%
Financial Services	36.8%	33.6%
Utilities	2.9%	12.5%
Cash and Cash Equivalents	4.0%	0.0%

## Market Cap Allocation

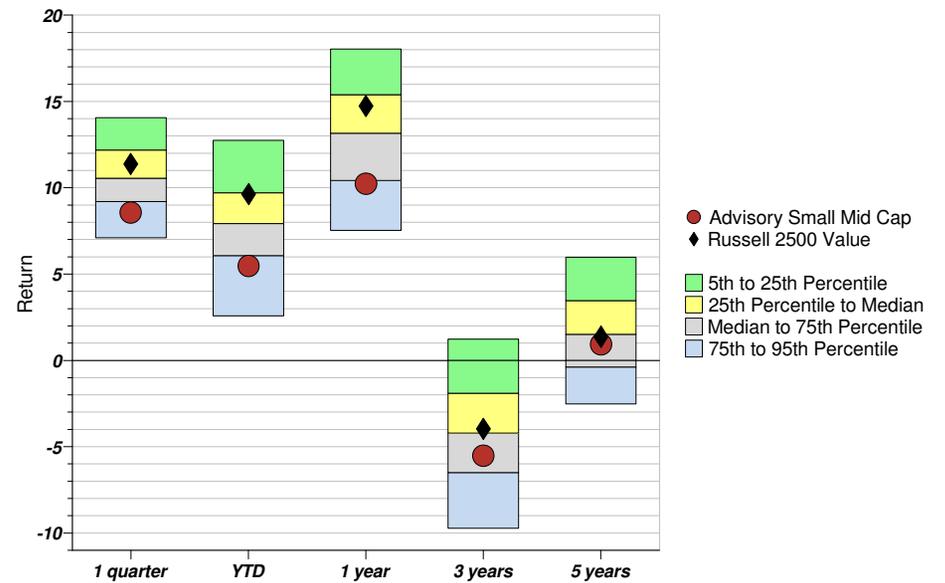


	QTR	YTD	1 Year	3 Year	5 Year	P/E	Mkt Cap
Advisory Small Mid Cap	8.6%	5.5%	10.2%	-5.5%	0.9%	18.8x	\$3.7 billion
Russell 2500 Value Index	11.4%	9.6%	14.7%	-4.0%	1.4%	16.0x	\$2.3 billion
+/- Benchmark	-2.8%	-4.2%	-4.5%	-1.6%	-0.4%		

### Manager Risk/Return Single Computation October 2005 - September 2010



### Manager vs Universe: Return through September 2010 (not annualized if less than 1 year) Small/Mid Cap Value Universe (Morningstar)



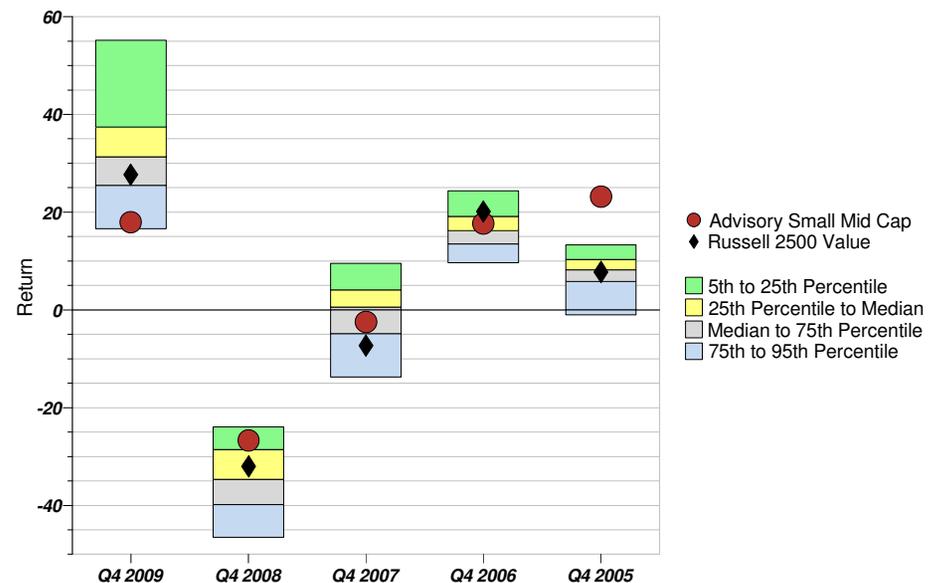
### Custom Table

October 2005 - September 2010: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Up Periods	# of Down Periods	Maximum Drawdown	Batting Average vs. Market	Up Capture vs. Market	Down Capture vs. Market	R-Squared vs. Market
Advisory Small Mid Cap	0.94%	20.24%	-0.08	12	8	-46.52%	40.00%	86.23%	91.29%	90.02%
Russell 2500 Value	1.38%	22.69%	-0.05	11	9	-50.25%	0.00%	100.00%	100.00%	100.00%

Created with Zephyr StyleADVISOR. Manager returns supplied by: Morningstar, Inc.

### Manager vs Universe: Return 4-Quarter Moving Windows, Computed Quarterly Small/Mid Cap Value Universe (Morningstar)



Westfield's Investment Committee believes that reasonably priced stocks of companies with high foreseen earnings potential are best identified through in-depth, fundamental research. Research is covered vertically by industry. Each of Westfield's investment professionals follows several industries using a broad information network that includes company managements, suppliers, users, competitors and Wall Street sources to identify and evaluate companies capable of providing consistently high or accelerating earnings growth. By covering companies that span the capitalization spectrum, Westfield gains perspective on all levels of the supply chain, grasping valuable insights into industry trends. Westfield is a fundamental, bottom-up manager investing in earnings growth stocks due to our conviction that stock prices follow earnings progress and that they offer the best opportunity for investment return. Stock screens are used; however, those screens are performed at the analyst level as each industry has metrics that are important to investors evaluating that space. The analysts' network and industry knowledge are the most critical components of the idea generation stage.

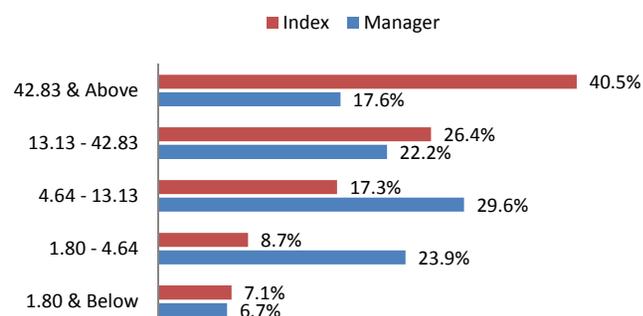
### Top 10 Holdings

Apple Inc	4.2%	Qualcomm Inc	2.7%
Celgene Corp	3.1%	National Oilwell Varco	2.5%
Google Inc	3.0%	Gilead Sciences Inc	2.5%
Oracle Corp	3.0%	Pepsico Inc	2.4%
Fedex Corp	2.9%	Dover Corp	2.4%

### Sector Allocation

	<u>Manager</u>	<u>Index</u>
Technology	33.0%	28.4%
Health Care	19.1%	10.8%
Consumer Discretionary	9.2%	17.1%
Consumer Staples	4.4%	7.7%
Energy	6.5%	9.6%
Materials and Processing	6.3%	5.6%
Producer Durables	15.2%	14.1%
Financial Services	3.5%	6.3%
Utilities	0.0%	0.4%
Cash and Cash Equivalents	2.8%	0.0%

### Market Cap Allocation

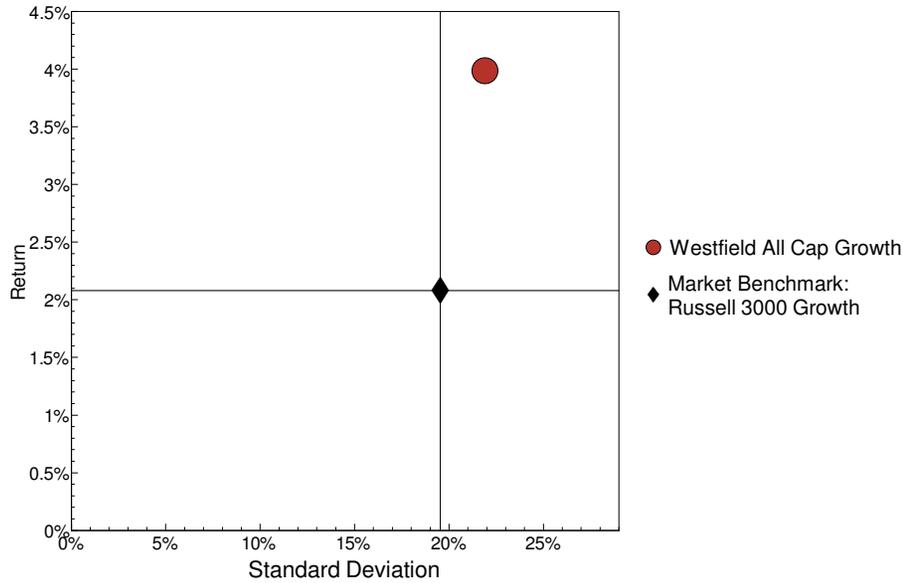


	QTR	YTD	1 Year	3 Year	5 Year	P/E	Mkt Cap
Westfield All Cap Growth	16.7%	4.9%	12.1%	-3.9%	4.0%	20.6x	\$35.2 billion
Russell 3000 Growth Index	13.0%	4.8%	12.8%	-4.3%	2.1%	17.5x	\$70.3 billion
+/- Benchmark	3.7%	0.1%	-0.7%	0.4%	1.9%		

### Manager Risk/Return

Single Computation

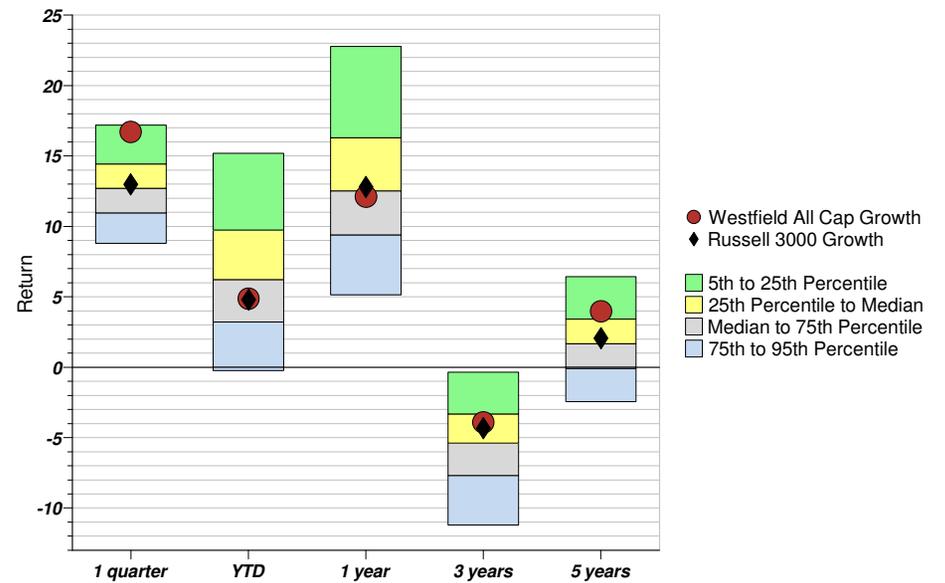
October 2005 - September 2010



### Manager vs Universe: Return through September 2010

(not annualized if less than 1 year)

All Cap Growth Universe



### Custom Table

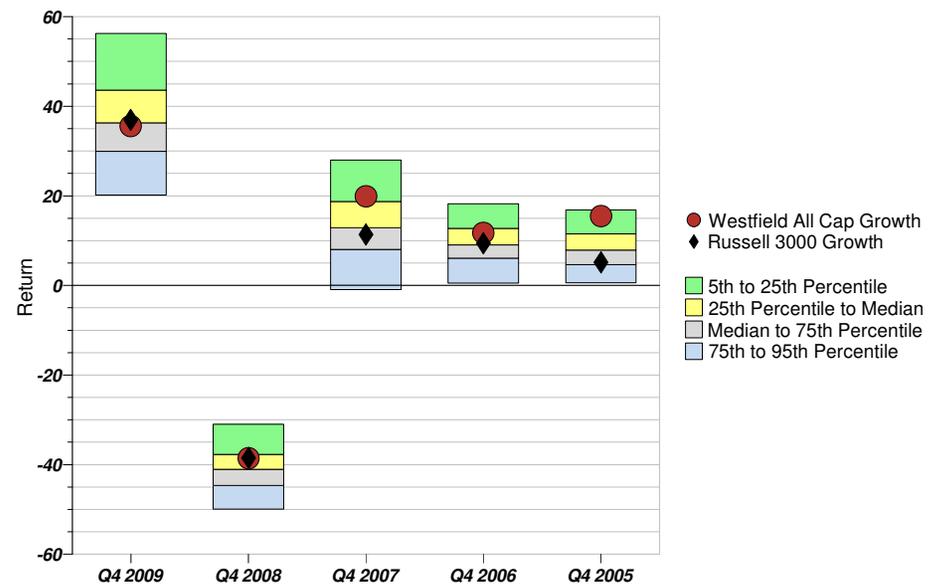
October 2005 - September 2010: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Up Periods	# of Down Periods	Maximum Drawdown	Batting Average vs. Market	Up Capture vs. Market	Down Capture vs. Market	R-Squared vs. Market
Westfield All Cap Growth	3.99%	21.90%	0.07	13	7	-39.23%	65.00%	114.97%	101.65%	88.03%
Russell 3000 Growth	2.08%	19.54%	-0.02	13	7	-41.75%	0.00%	100.00%	100.00%	100.00%

### Manager vs Universe: Return

4-Quarter Moving Windows, Computed Quarterly

All Cap Growth Universe



*Energy Opportunities Capital is a long-only energy focused equity fund based on fundamental research and analysis. Energy Opps. utilizes many years of Orleans Capital energy/risk expertise coupled with the world renowned energy research of Simmons International which was ranked #1 in Greenwich Associates 2005 Survey of Institutional Research for Energy Service sub sector and Institutional Investor's "Best Boutique" in 2005 for Oilfield Services and Equipment, E&P and Integrated Oil research.*

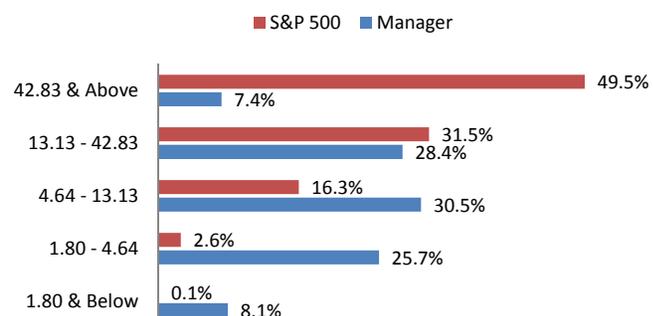
## Top 10 Holdings

National Oilwell Varco	7.2%	Weatherford Internatio	5.6%
Halliburton Co	6.6%	Core Laboratories N V	5.3%
Schlumberger Ltd	6.3%	Dril-Quip Inc	4.1%
Cameron International	5.8%	Transocean Ltd	3.8%
Fmc Technologies Inc	5.7%	Oil Sts Intl Inc	3.2%

## Sector Allocation

	<u>Manager</u>	<u>S&amp;P 500</u>
Technology	0.0%	17.1%
Health Care	0.0%	11.5%
Consumer Discretionary	0.0%	12.2%
Consumer Staples	0.0%	9.8%
Energy	89.7%	11.1%
Materials and Processing	5.2%	3.9%
Producer Durables	0.0%	11.1%
Financial Services	0.0%	16.6%
Utilities	0.0%	6.7%
Cash and Cash Equivalents	5.1%	0.0%

## Market Cap Allocation

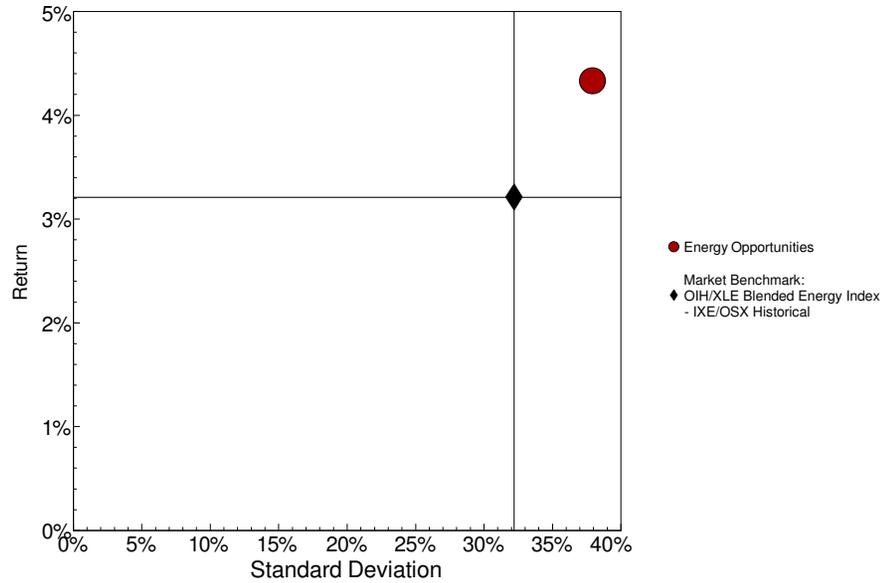


	QTR	YTD	1 Year	3 Year	5 Year	P/E	Mkt Cap
Energy Opportunities Capital	19.2%	-2.7%	3.8%	-6.3%	4.3%	20.4x	\$17.0 billion
OIH/XLE Energy Index Blend	16.7%	1.2%	5.2%	-9.2%	3.2%	N/A	N/A
+/- Benchmark	2.5%	-4.0%	-1.4%	2.9%	1.1%		

## Manager Risk/Return

Single Computation

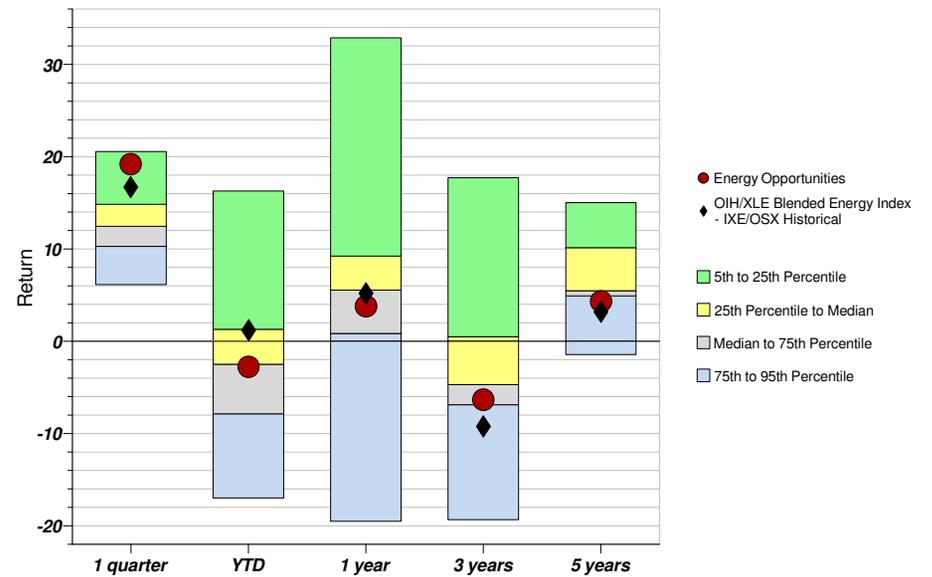
October 2005 - September 2010



## Manager vs Universe: Return through September 2010

(not annualized if less than 1 year)

Energy Universe (eVestment Alliance)



## Custom Table

October 2005 - September 2010: Summary Statistics

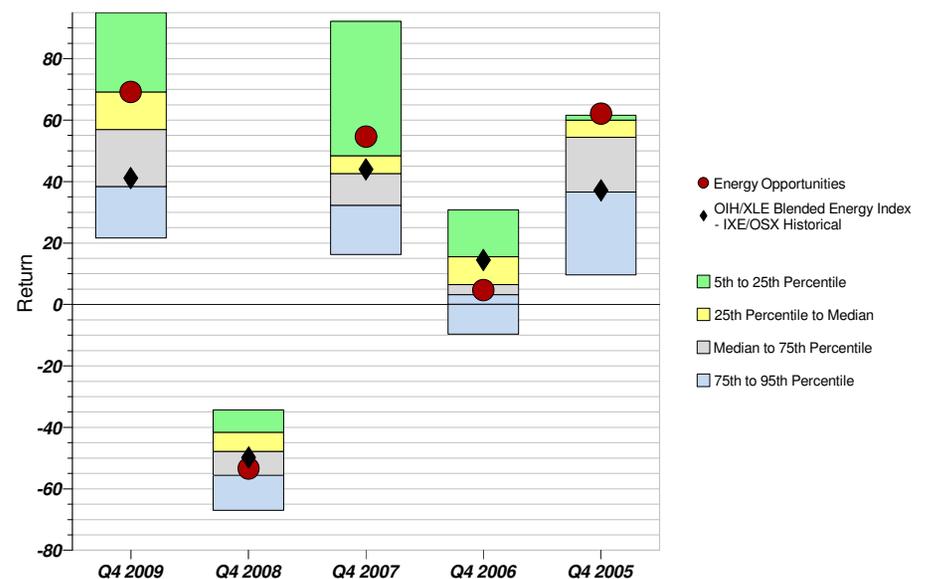
	Return	Standard Deviation	Sharpe Ratio	# of Up Periods	# of Down Periods	Maximum Drawdown	Batting Average vs. Market	Up Capture vs. Market	Down Capture vs. Market	R-Squared vs. Market
Energy Opportunities	4.33%	37.93%	0.05	14	6	-63.10%	60.00%	120.01%	108.86%	97.03%
OIH/XLE Blended Energy Index - IXE/OSX Historical	3.21%	32.19%	0.02	13	7	-58.13%	0.00%	100.00%	100.00%	100.00%

Created with Zephyr StyleADVISOR. Manager returns supplied by: eVestment Alliance

## Manager vs Universe: Return

4-Quarter Moving Windows, Computed Quarterly

Energy Universe (eVestment Alliance)



Thornburg equity investment research process is focused on understanding the business fundamentals and prospects of individual companies and making judgments about the appropriateness of a security's valuation. Often, investments will be contrary to the consensus of the moment. Thornburg attempts to take advantage of market sentiment when they perceive an overreaction to temporary conditions or an inaccurate appraisal of a firm's fundamentals. Investment success depends upon having access to a broad array of investment ideas, and having the experience and judgment to make wise choices. The International Equity Strategy follows a fundamentally sound, research-driven, bottom up process to construct a portfolio that is a focused blend of unique and premier international companies that exhibit potential for future capital appreciation. The International Equity Strategy seeks long-term capital appreciation by investing in all types of equity securities, normally with at least 80% of assets outside the United States. The secondary goal of the Strategy is to seek some current income.

#### Top 10 Holdings

Novartis AG	2.5%	Volkswagen AG Pfd	2.3%
Teva Pharmaceutical Ind.	2.5%	SAP AG	2.3%
Novo Nordisk A/S	2.5%	Cnooc Ltd.	2.3%
Hong Kong Exchanges	2.4%	Tesco plc	2.2%
Moet Hennessy Louis Vuitton	2.4%	Standard Chartered PLC	2.2%

#### Sector Allocation

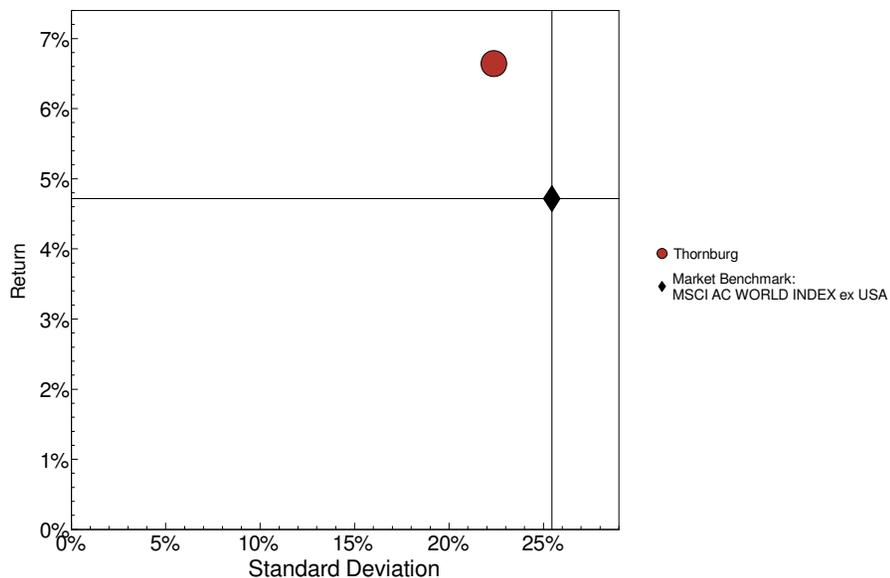
Financials	19.9%	Information Technology	7.9%
Consumer Discretionary	16.8%	Industrials	6.2%
Health Care	12.3%	Telecommunication Svcs	4.7%
Consumer Staples	12.0%	Cash	3.4%
Materials	8.5%		
Energy	8.3%		

#### Top 10 Country Allocation

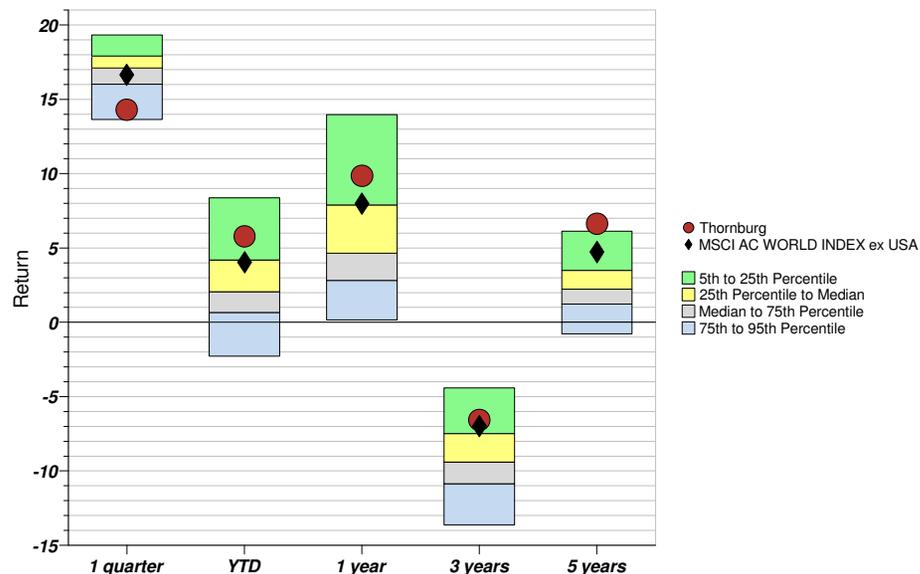
	<u>Manager</u>	<u>Index</u>
United Kingdom	19.9%	14.8%
Japan	9.5%	14.5%
China	8.2%	4.3%
France	8.1%	7.0%
Germany	7.7%	5.5%
Canada	6.6%	7.6%
Switzerland	6.0%	5.4%
Brazil	4.9%	3.9%
Netherlands	4.7%	1.8%
Mexico	3.8%	1.0%
Emg. Market Exposure	20.5%	23.6%

	<b>QTR</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>P/E</b>	<b>Mkt Cap</b>
<b>Thornburg</b>	<b>14.3%</b>	<b>5.8%</b>	<b>9.9%</b>	<b>-6.6%</b>	<b>6.6%</b>	<b>16.5x</b>	<b>\$51.3 billion</b>
<b>MSCI AC World ex US</b>	16.7%	4.1%	8.0%	-7.0%	4.7%	15.7x	\$35.7 billion
<b>+/- Benchmark</b>	-2.4%	1.7%	1.9%	0.4%	1.9%		

### Manager Risk/Return Single Computation October 2005 - September 2010



### Manager vs Universe: Return through September 2010 (not annualized if less than 1 year) Morningstar International Universe



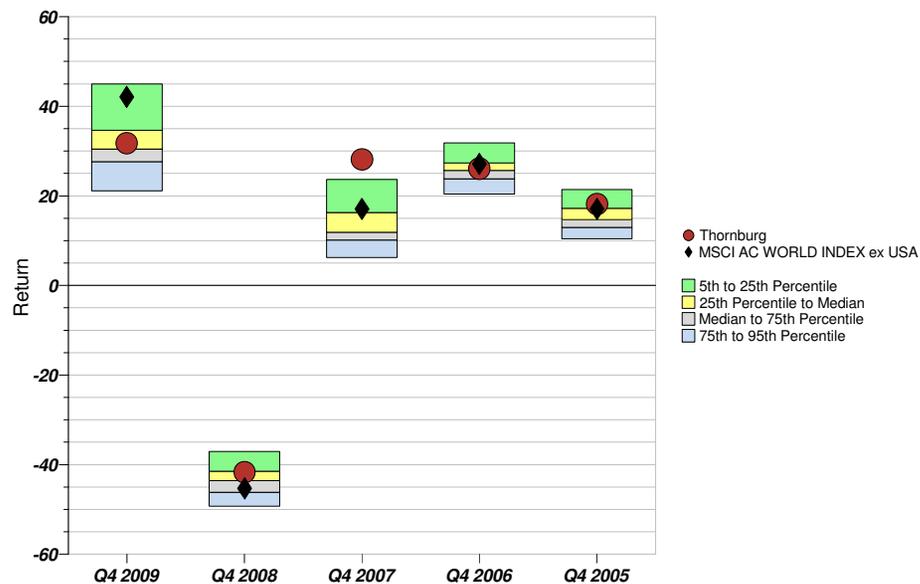
### Custom Table

October 2005 - September 2010: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Up Periods	# of Down Periods	Maximum Drawdown	Batting Average vs. Market	Up Capture vs. Market	Down Capture vs. Market	R-Squared vs. Market
Thornburg	6.64%	22.38%	0.19	14	6	-47.80%	55.00%	98.18%	89.87%	96.35%
MSCI AC WORLD INDEX ex USA	4.72%	25.44%	0.09	13	7	-51.36%	0.00%	100.00%	100.00%	100.00%

Created with Zephyr StyleADVISOR. Manager returns supplied by: Morningstar, Inc.

### Manager vs Universe: Return 4-Quarter Moving Windows, Computed Quarterly Morningstar International Universe



Marco Investment Management believes that fixed income assets should be viewed in the traditional sense. Generally bonds and notes have been used to produce income, preserve capital, and reduce the volatility of investment returns. Thus their approach to fixed income management encompasses these features. They further believe that the consistent compounding of positive returns will, over time, generate competitive returns, in a total return portfolio. It is, therefore, MIM's objective to consistently produce positive rates of return in a managed fixed income portfolio of assets and to exceed the returns earned by the Barclays Intermediate Government/Credit index over an interest rate cycle. They achieve these goals primarily through the management of portfolio risk, defined as the duration or more simply the average maturity of the portfolio. Thus MIM subscribes to the principle that risk can be identified as a measure of price volatility. Risk can therefore be managed by adjusting the level of risk in the portfolio to the current or anticipated market environment.

### Top 10 Holdings

Freddie Mac 5.500%	3.6%	Fed Home Loan Bank 5.650%	3.2%
Federal Farm Cr. Bank 5.630%	3.3%	Fed Home Loan Bank 5.500%	3.1%
Fed Home Loan Bank 5.200%	3.2%	Fed Farm Credit Bank 5.590%	3.1%
Fed Home Loan Bank 5.500%	3.2%	Fed Home Loan Bank 5.500%	3.0%
Fed Home Loan Bank 5.900%	3.2%	Freddie Mac 3179 PE 5.750%	2.8%

### Quality Allocation

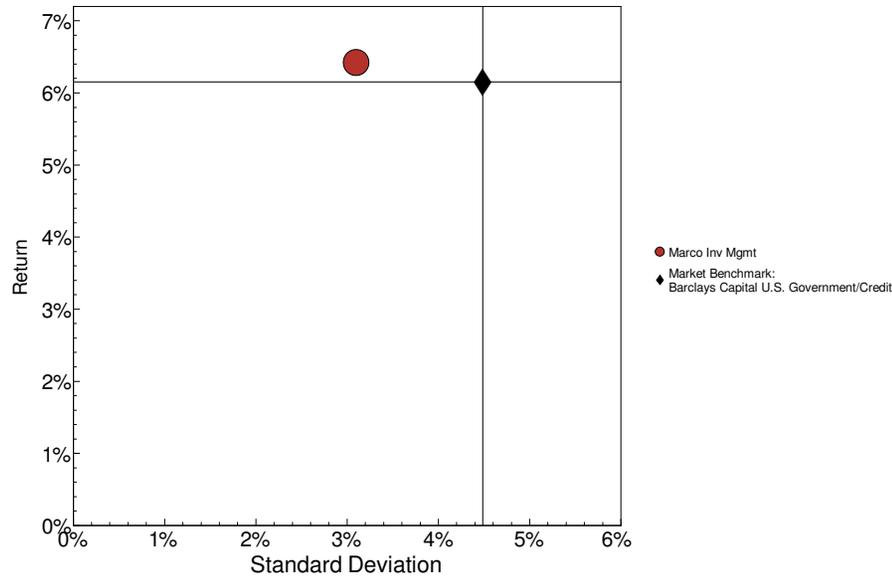
	<u>Manager</u>	<u>Index</u>
AAA	43.0%	67.0%
AA	15.0%	6.3%
A	37.0%	14.4%
BBB	5.0%	12.4%
BB	0.0%	0.0%
B	0.0%	0.0%
Below B	0.0%	0.0%
Not Rated	0.0%	0.0%

### Sector Allocation

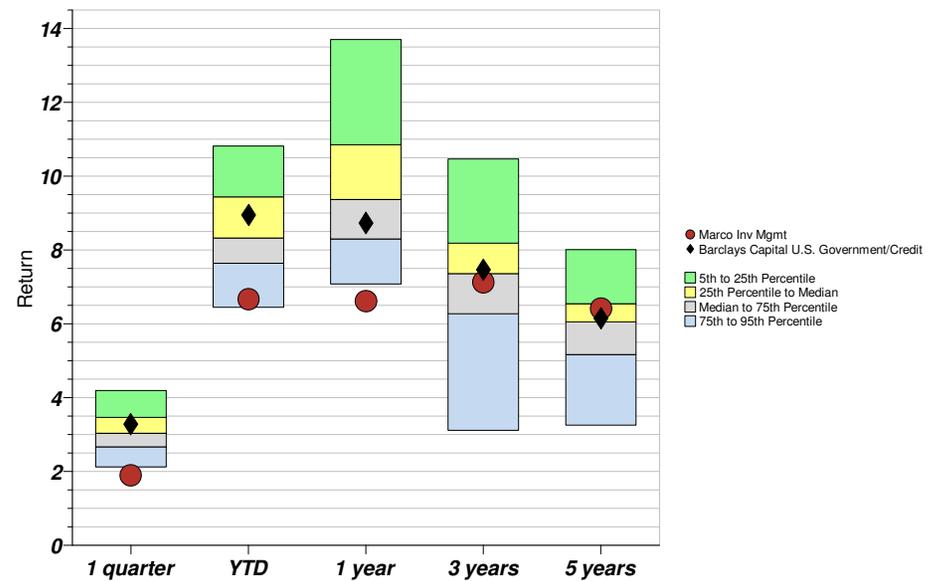
	<u>Manager</u>	<u>Index</u>
ABS	0.0%	0.0%
CMBS	0.0%	0.0%
Corp	66.6%	29.2%
Foreign Bonds	0.0%	7.4%
Treasury & Agency	25.2%	63.4%
MBS	6.5%	0.0%
Convertible	0.0%	0.0%
Cash	1.7%	0.0%

	<u>QTR</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Yield to Mat.</u>	<u>Duration</u>
Marco Inv. Management	1.9%	6.7%	6.6%	7.1%	6.4%	2.6%	4.4 yrs
Barclays Government/Credit	3.3%	9.0%	8.7%	7.5%	6.2%	1.6%	5.6 yrs
+/- Benchmark	-1.4%	-2.3%	-2.1%	-0.3%	0.3%		

### Manager Risk/Return Single Computation October 2005 - September 2010



### Manager vs Universe: Return through September 2010 (not annualized if less than 1 year) Zephyr Medium Duration High Credit Universe (Morningstar)



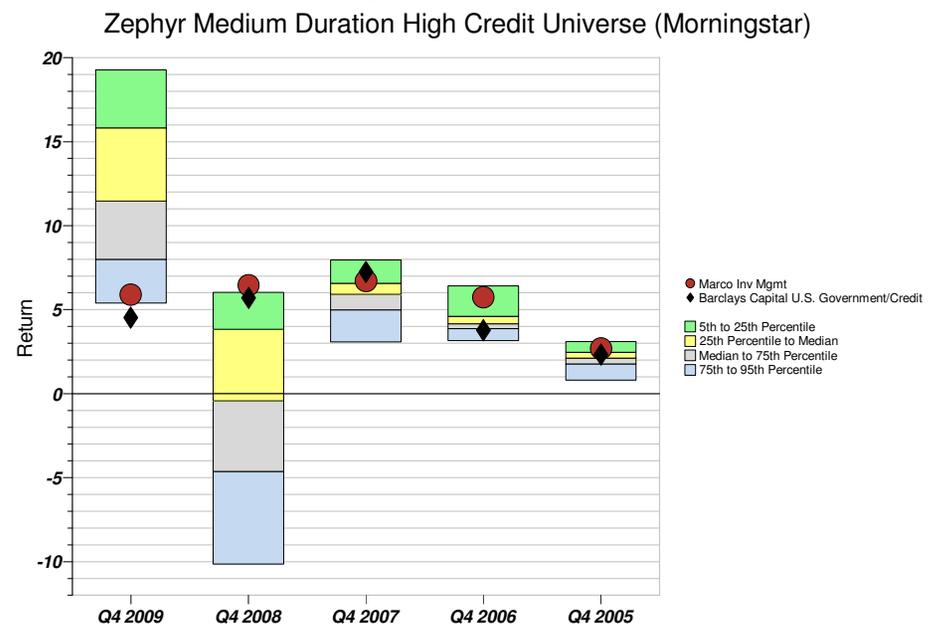
### Custom Table

October 2005 - September 2010: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Up Periods	# of Down Periods	Maximum Drawdown	Batting Average vs. Market	Up Capture vs. Market	Down Capture vs. Market	R-Squared vs. Market
Marco Inv Mgmt	6.42%	3.10%	1.27	16	4	-1.30%	55.00%	87.02%	9.29%	91.49%
Barclays Capital U.S. Government/Credit	6.15%	4.48%	0.82	13	7	-3.12%	0.00%	100.00%	100.00%	100.00%

Created with Zephyr StyleADVISOR. Manager returns supplied by: Morningstar, Inc.

### Manager vs Universe: Return 4-Quarter Moving Windows, Computed Quarterly Zephyr Medium Duration High Credit Universe (Morningstar)



The firm employs a multi-factor review process for the portfolio's security selections. They combine fundamental economic and quantitative security analysis to identify those sectors of the broad fixed income markets that offer optimal gross, risk adjusted and after tax returns over a rolling six month horizon within client's risk constraints. Once the preferred sectors of the bond market universe are identified the firm then selects those securities within each sector that offer the best value in satisfying client's ongoing investment objectives. Through rigorous term structure and credit analysis, the firm also identifies specific securities that were priced less than the current market estimate of their potential. Their investable universe, depending upon client constraints, includes: U.S. Treasury and government agency securities; mortgage and asset backed securities; investment grade corporate and municipal securities and high grade international government securities. To reduce portfolio risk further and enhance potential return, the firm limits a portfolio's exposure to any single market sector (with the exception of the U.S. governments and agencies) to a maximum of 25% of the total portfolio. The firm does not use futures or options to enhance returns and avoids the use of exotic derivative securities within all portfolios.

**Top 10 Holdings**

Fannie Mae 1.500%	6.8%	US Treasury N/B 3.500%	3.9%
US Treasury Note 2.750%	6.1%	Fannie Mae 2.380%	3.1%
Fannie Mae 1.000%	5.8%	Verizon Comm 6.100%	1.1%
Fed Home Loan Bank 5.000%	4.3%	Vodafone Group 5.000%	1.0%
US Treasury N/B 3.000%	4.0%	Bear Stearns Co Inc 6.400%	1.0%

**Quality Allocation**

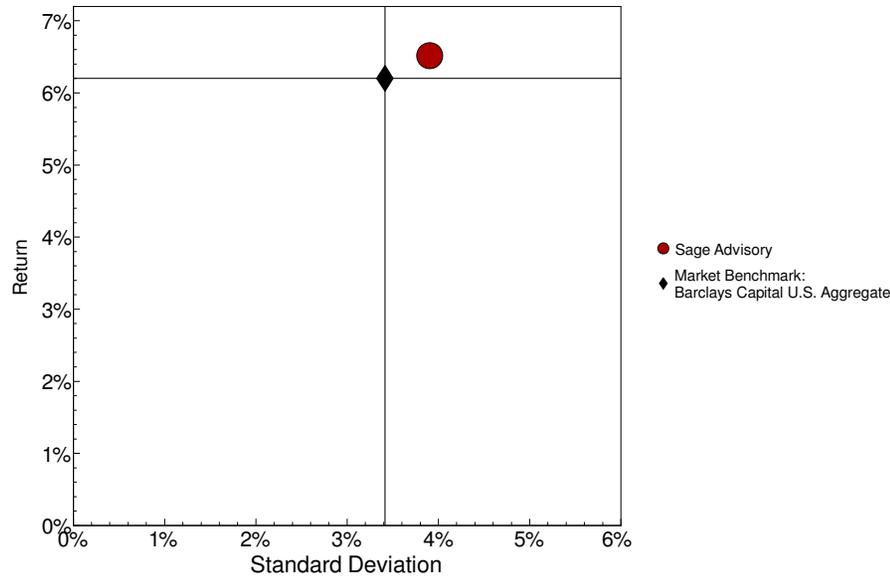
	<u>Manager</u>	<u>Index</u>
AAA	74.2%	77.7%
AA	3.5%	4.4%
A	11.1%	9.7%
BBB	11.2%	8.2%
BB	0.0%	0.0%
B	0.0%	0.0%
Below B	0.0%	0.0%
Not Rated	0.0%	0.0%

**Sector Allocation**

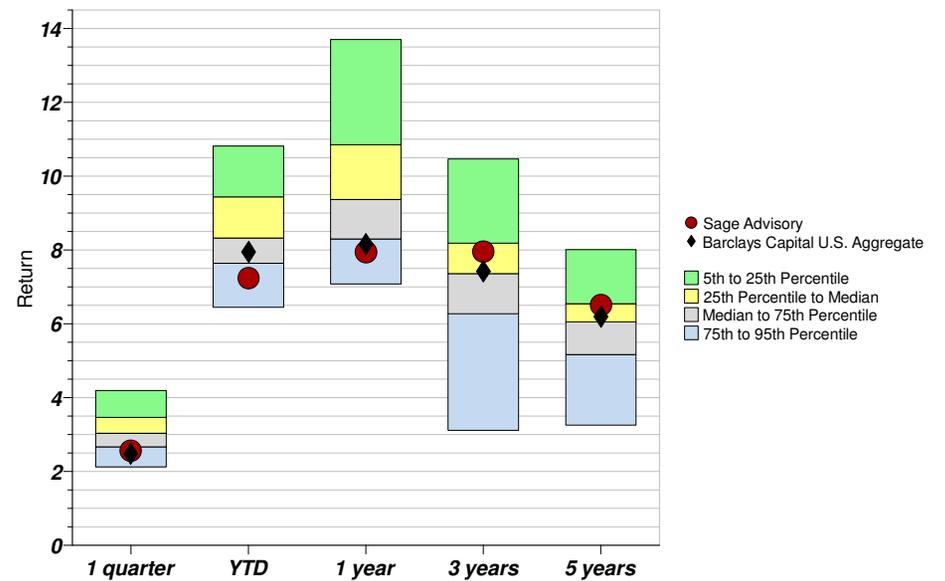
	<u>Manager</u>	<u>Index</u>
ABS	3.4%	0.3%
CMBS	2.1%	3.0%
Corp	26.0%	18.7%
Foreign Bonds	0.0%	0.0%
Treasury & Agency	34.3%	45.5%
MBS	29.3%	32.5%
Convertible	0.0%	0.0%
Cash	4.9%	0.0%

	<u>QTR</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Yield to Mat.</u>	<u>Duration</u>
Sage Advisory	2.6%	7.2%	7.9%	8.0%	6.5%	2.2%	5.6 yrs
Barclays Aggregate Index	2.5%	7.9%	8.2%	7.4%	6.2%	2.6%	4.7 yrs
+/- Benchmark	0.1%	-0.7%	-0.2%	0.5%	0.3%		

### Manager Risk/Return Single Computation October 2005 - September 2010



### Manager vs Universe: Return through September 2010 (not annualized if less than 1 year) Zephyr Medium Duration High Credit Universe (Morningstar)



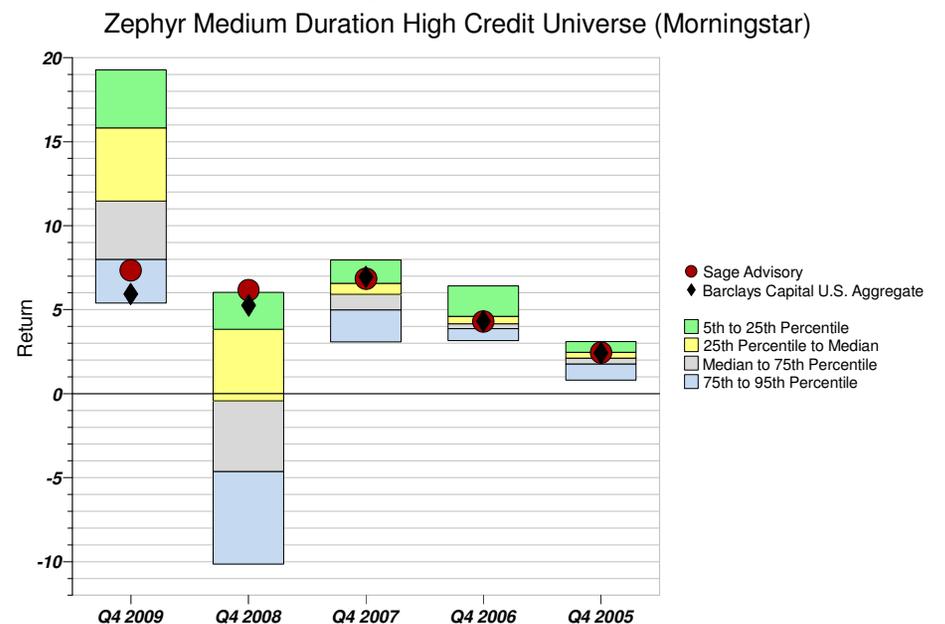
### Custom Table

October 2005 - September 2010: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Up Periods	# of Down Periods	Maximum Drawdown	Batting Average vs. Market	Up Capture vs. Market	Down Capture vs. Market	R-Squared vs. Market
Sage Advisory	6.51%	3.91%	1.03	15	5	-2.37%	55.00%	105.83%	113.26%	90.56%
Barclays Capital U.S. Aggregate	6.20%	3.41%	1.09	15	5	-1.50%	0.00%	100.00%	100.00%	100.00%

Created with Zephyr StyleADVISOR. Manager returns supplied by: Morningstar, Inc.

### Manager vs Universe: Return 4-Quarter Moving Windows, Computed Quarterly Zephyr Medium Duration High Credit Universe (Morningstar)

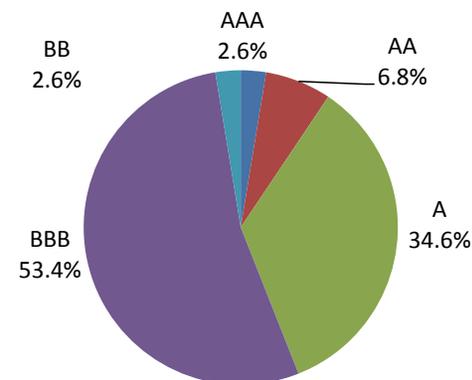


The Victory process focuses on the intrinsic value of the underlying common stock as well as on the convertible security itself. The underlying equity analysis looks for the best combination of intrinsic value, statistical cheapness and earnings revision. The underlying fixed income analysis encompasses financial statement factors in addition to trends of pertinent financial ratios such as pre-tax interest coverage, current ratio, return on equity and profit margins. Convertible characteristics they analyze include quality, intrinsic value, conversion premium, break-even, investment value, yield advantage, call and put features, liquidity, and sensitivity/horizon analysis. They purchase when the underlying equity exhibits superior valuation characteristics, coupled with the most compelling combination of statistical cheapness and earnings revision; underlying bond exhibits solid cash flow or improving fundamentals; and convertible particulars are attractive.

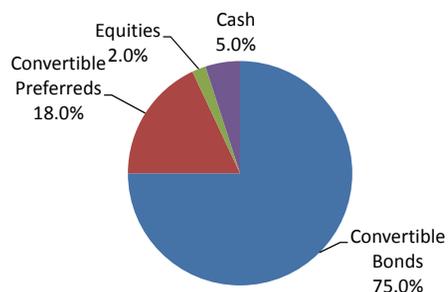
### Top 10 Holdings

Well Fargo Cvt Pfd 7.5%	5.0%	3M Co 0%	3.7%
Amgen Inc. .375%	4.8%	Carnival Corp 2%	3.7%
EMC Corp 1.75%	4.8%	Teva Pharmaceutical .25%	3.5%
Intel Corp 2.95%	4.3%	New York Comm Pfd 6%	3.4%
Newmont Mining 1.625%	4.1%	Archer Daniel Cvt Pfd 6.25%	3.3%

### Quality Allocation

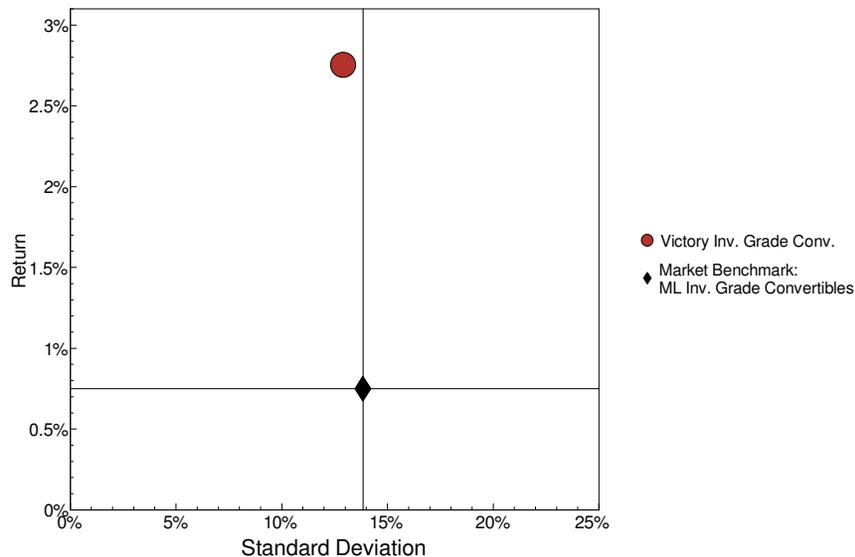


### Asset Allocation

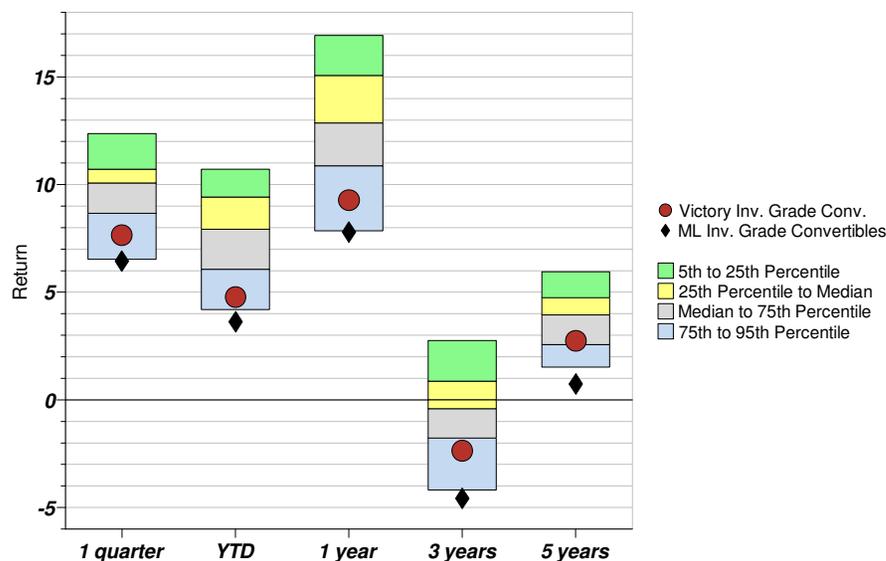


	QTR	YTD	1 Year	3 Year	5 Year	Yield	Avg. Credit
Victory Inv. Grade Convertible	7.7%	4.8%	9.3%	-2.4%	2.8%	2.6%	BBB+
ML Inv. Grade Convertible Index	6.4%	3.6%	7.8%	-4.6%	0.8%	2.4%	BBB+
+/- Benchmark	1.2%	1.1%	1.5%	2.2%	2.0%		

### Manager Risk/Return Single Computation October 2005 - September 2010



### Manager vs Universe: Return through September 2010 (not annualized if less than 1 year) Morningstar Convertible Mutual Funds



### Custom Table October 2005 - September 2010: Summary Statistics

	Return	Standard Deviation	Sharpe Ratio	# of Up Periods	# of Down Periods	Maximum Drawdown	Batting Average vs. Market	Up Capture vs. Market	Down Capture vs. Market	R-Squared vs. Market
Victory Inv. Grade Conv.	2.75%	12.89%	0.02	14	6	-29.92%	70.00%	102.04%	83.83%	95.69%
ML Inv. Grade Convertibles	0.75%	13.84%	-0.12	12	8	-35.39%	0.00%	100.00%	100.00%	100.00%

Created with Zephyr StyleADVISOR. Manager returns supplied by: Morningstar, Inc.

### Manager vs Universe: Return 4-Quarter Moving Windows, Computed Quarterly Morningstar Convertible Mutual Funds

