
City of Marietta Employees Pension Plan

*Pension Fund
Performance Evaluation
3rd Quarter 2009*



This Page Intentionally Left Blank

City of Marietta Employees Pension Plan

Table of Contents

Total Fund Analysis

Page 1	Year To Date Breakdown of Change-in-Value
Page 2	Executive Summary
Page 3	Investment Manager Review

Investment Manager Analysis

Page 4	Eagle Capital Management, LLC
Page 6	Advisory Research, Inc.
Page 8	Westfield Capital Management Company, LP
Page 10	Thornburg Investment Management Inc.
Page 12	Marco Investment Management, LLC
Page 14	Victory Capital Management, Inc.

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, 2009. 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, 2009 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.

Certain of the information contained herein: (1) is proprietary to Morningstar Inc. and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

This Page Intentionally Left Blank

Total Fund Analysis

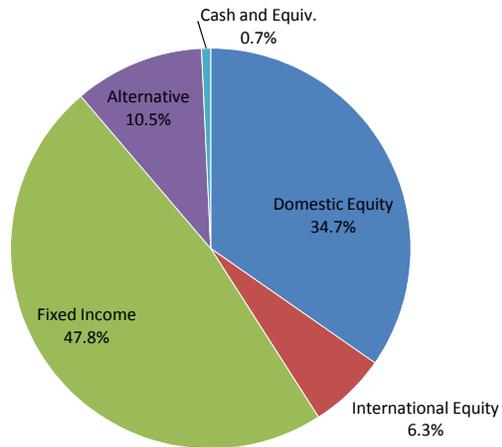
This Page Intentionally Left Blank

City of Marietta Employees Pension Plan

Fiscal Year To Date Breakdown of Change-in-Value
September 30, 2009

	June 30, 2009 Market Value	Cash In-Flow	Cash Out-Flow	Interest/ Dividends	Management Fees	Change In Market Value	September 30, 2009 Ending Value
Total Fund	\$60,030,752	\$0	-\$12,327	\$108,782	-\$78,700	\$5,070,930	\$65,119,436
Total Equity	\$23,130,143	\$0	-\$3,414	\$89,167	-\$44,872	\$3,495,619	\$26,666,642
Total Domestic Equity	\$19,590,979	\$0	-\$2,901	\$78,307	-\$44,872	\$2,960,756	\$22,582,270
Eagle Capital	\$6,316,990	\$0	-\$947	\$22,153	-\$14,982	\$980,105	\$7,303,319
Advisory Small Mid Cap Value	\$6,952,009	\$0	-\$998	\$40,635	-\$18,034	\$938,332	\$7,911,944
Westfield All Cap Growth Equity	\$6,321,980	\$0	-\$956	\$15,519	-\$11,856	\$1,042,320	\$7,367,006
Total International Equity	\$3,539,164	\$0	-\$513	\$10,860	\$0	\$534,862	\$4,084,373
Thornburg	\$3,539,164	\$0	-\$513	\$10,860	\$0	\$534,862	\$4,084,373
Total Fixed Income and Cash	\$30,178,697	\$0	-\$2,627	\$523	-\$25,590	\$971,135	\$31,122,138
Marco Investment Management	\$30,178,697	\$0	-\$2,627	\$523	-\$25,590	\$971,135	\$31,122,138
Total Alternative Assets	\$6,240,653	\$0	-\$943	\$18,921	-\$8,238	\$604,176	\$6,854,569
Victory Investment Grade Convertible Securities	\$6,240,653	\$0	-\$943	\$18,921	-\$8,238	\$604,176	\$6,854,569
Total Cash and Equivalents	\$481,258	\$0	-\$5,343	\$172	\$0	\$0	\$476,087
Cash - Receipts and Disbursements	\$481,258	\$0	-\$5,343	\$172	\$0	\$0	\$476,087

Current Allocation



City of Marietta Employees Pension Plan

Executive Summary

September 30, 2009

	Market Value	% of Total	Month	Trailing 3 Months	Calendar YTD	Fiscal YTD	Trailing 1 YR	Trailing 3 YR	Trailing 5 YR	Since Inception	Inception Date
Total Fund	\$65,119,436	100.0%	2.6%	8.5%	13.2%	8.5%	5.6%	2.2%	3.7%	8.2%	12/30/1990
Broad Mkt Index: 45% S&P 500 / 45% Barclays Agg. / 10% ML Conv ⁽⁵⁾			2.5%	10.0%	12.2%	10.0%	1.2%	-0.1%	2.9%	8.2%	
Total Equity	\$26,666,642	41.0%	4.5%	15.3%	24.5%	15.3%	4.4%	N/A	N/A	-4.1%	8/31/2008
S&P 500 Index			3.7%	15.6%	19.3%	15.6%	-6.9%	-5.4%	1.0%	-14.1%	
Total Domestic Equity	\$22,582,270	34.7%	4.6%	15.3%	23.0%	15.3%	3.1%	N/A	N/A	-5.2%	8/31/2008
Eagle Capital	\$7,303,319	11.2%	5.0%	15.6%	20.2%	15.6%	-6.8%	-2.4%	3.2%	29.3%	3/30/2009
S&P 500 Index			3.7%	15.6%	19.3%	15.6%	-6.9%	-5.4%	1.0%	31.4%	
Advisory Small Mid Cap Value	\$7,911,944	12.1%	2.9%	13.8%	12.9%	13.8%	-7.0%	-4.0%	6.2%	40.1%	3/30/2009
Russell 2500 Value Index			5.2%	22.8%	22.0%	22.8%	-8.3%	-5.7%	2.5%	48.9%	
Westfield All Cap Growth Equity	\$7,367,006	11.3%	6.0%	16.6%	26.9%	16.6%	-3.5%	0.2%	5.9%	30.4%	3/30/2009
Russell 3000 Growth Index			4.4%	14.1%	27.3%	14.1%	-2.2%	-2.5%	2.0%	34.8%	
Total International Equity	\$4,084,373	6.3%	4.5%	15.4%	N/A	15.4%	N/A	N/A	N/A	44.6%	3/25/2009
Thornburg	\$4,084,373	6.3%	4.5%	15.4%	26.9%	15.4%	2.4%	1.6%	9.8%	44.6%	3/25/2009
MSCI AC World ex US Index			5.2%	19.8%	37.0%	19.8%	6.4%	-0.8%	8.6%	48.7%	
Total Fixed Income	\$31,122,138	47.8%	0.9%	3.1%	6.0%	3.1%	11.6%	N/A	N/A	9.4%	8/31/2008
Marco Investment Management	\$31,122,138	47.8%	0.9%	3.1%	6.0%	3.1%	11.6%	7.1%	5.6%	6.7%	12/30/1990
Barclays Government / Credit Index			1.1%	4.2%	4.7%	4.2%	11.5%	6.3%	4.9%	7.0%	
Total Alternative Assets	\$6,854,569	10.5%	3.1%	9.9%	N/A	9.9%	N/A	N/A	N/A	21.3%	3/25/2009
Victory Investment Grade Convertible Securities	\$6,854,569	10.5%	3.1%	9.9%	18.2%	9.9%	6.9%	-0.7%	2.6%	21.3%	3/25/2009
Merrill Lynch Investment Grade Convertibles Index			2.8%	11.6%	20.7%	11.6%	10.5%	-3.2%	0.2%	24.2%	
Total Cash and Equivalents	\$476,087	0.7%	0.0%	0.0%	N/A	0.0%	N/A	N/A	N/A	1.1%	3/26/2009
Cash - Receipts and Disbursements	\$476,087	0.7%	0.0%	0.0%	N/A	0.0%	N/A	N/A	N/A	1.1%	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.

City of Marietta Employees Pension Plan

Investment Manager Review (net of fees)

September 30, 2009

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	\$7,303,319	11.2%	15.0%	-6.8% vs. -6.9%	Top 7%	None	95.57% / 81.56%
Advisory Small Mid Cap Value	Small/Mid Cap Value	\$7,911,944	12.1%	15.0%	-7.0% vs. -8.3%	Top 42%	None	98.76% / 78.17%
Westfield All Cap Growth Equity	All Cap Growth	\$7,367,006	11.3%	15.0%	-3.5% vs. -2.2%	Top 14%	None	123.37% / 95.29%
Thornburg	International Equity	\$4,084,373	6.3%	10.0%	2.4% vs. 6.4%	Top 3%	None	96.45% / 89.68%
Marco Investment Management	Fixed Income	\$31,122,138	47.8%	35.0%	11.6% vs. 11.5%	Top 13%	None	89.00% / 14.65%
Victory Inv. Grade Convert.	Convertibles	\$6,854,569	10.5%	5.0%	6.9% vs. 10.5%	Bottom 35%	None	103.49% / 80.99%
	Real Estate	\$0	0.0%	5.0%				
Total (excluding cash)		\$64,643,349	99.3%					
Cash		\$476,087	0.7%					
Total (including cash)		\$65,119,436	100.0%					

This Page Intentionally Left Blank

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.

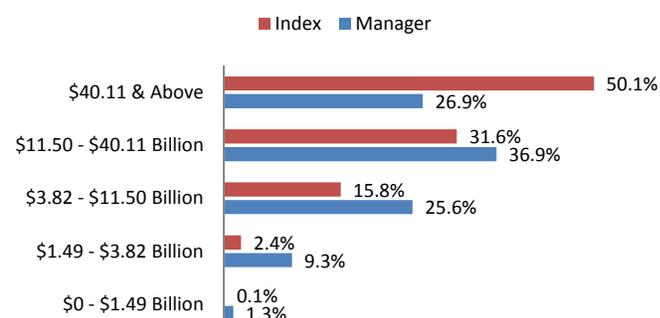
Top 10 Holdings

Liberty Global Inc	7.2%	Praxair Inc	4.7%
Microsoft Corp	5.8%	Wal Mart Stores Inc	4.6%
Comcast Corp	5.3%	Waste Mgmt Inc Del	4.5%
Coca Cola Co	5.2%	Unitedhealth Group Inc	4.3%
Ecolab Inc	5.2%	Altera Corp	4.2%

Sector Allocation

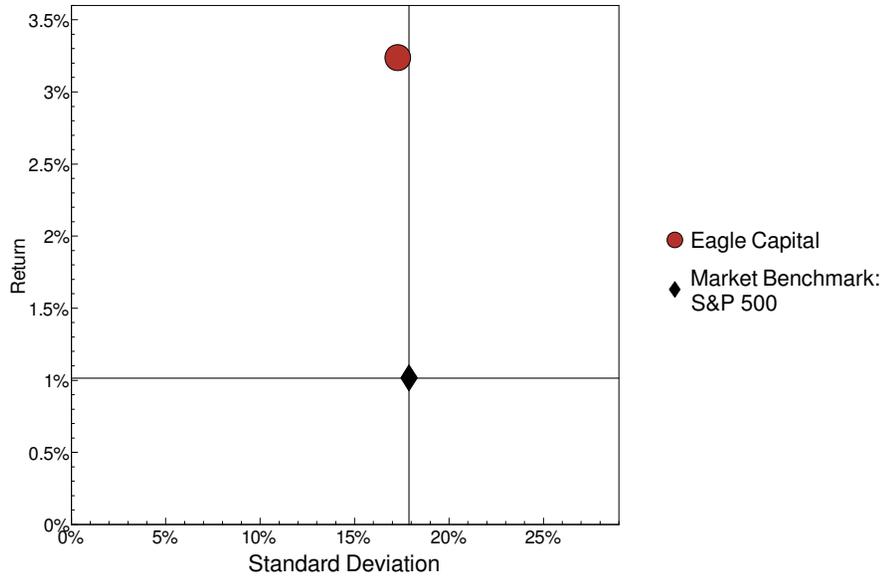
	<u>Manager</u>	<u>Index</u>
Technology	13.8%	17.5%
Health Care	8.8%	13.0%
Consumer Discretionary	26.2%	11.2%
Consumer Staples	7.4%	9.9%
Energy	10.2%	11.8%
Materials and Processing	9.9%	3.8%
Producer Durables	9.3%	10.4%
Financial Services	8.7%	15.7%
Utilities	0.0%	6.7%
Cash and Cash Equivalents	5.7%	0.0%

Market Cap Allocation

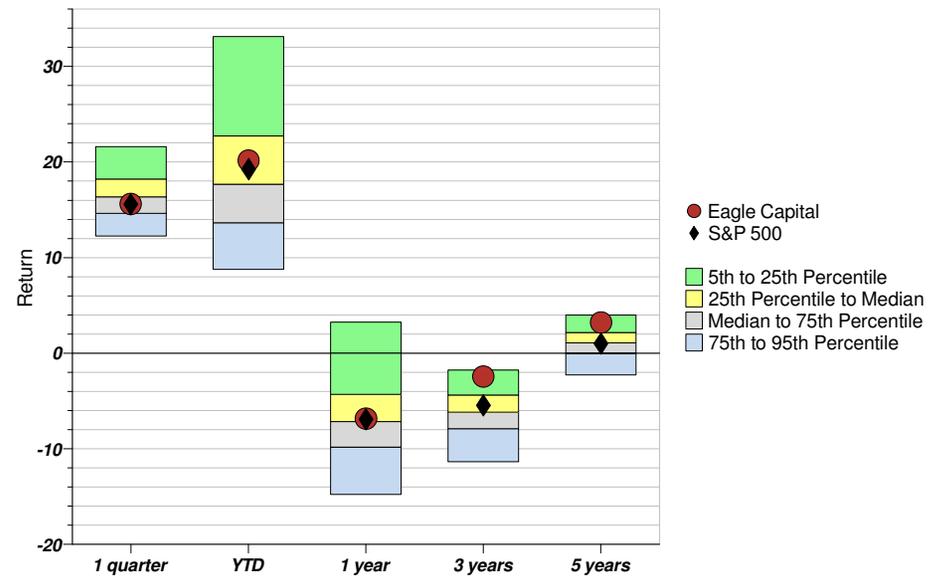


	QTR	YTD	1 Year	3 Year	5 Year	P/E	Mkt Cap
Eagle Capital	15.6%	20.2%	-6.8%	-2.4%	3.2%	13.4x	\$47.7 billion
S&P 500 Index	15.6%	19.3%	-6.9%	-5.4%	1.0%	17.2x	\$76.7 billion
+/- Benchmark	0.0%	0.9%	0.1%	3.0%	2.2%		

Manager Risk/Return Single Computation October 2004 - September 2009



Manager vs Universe: Return through September 2009 (not annualized if less than 1 year) Zephyr Large Value Universe (Morningstar)

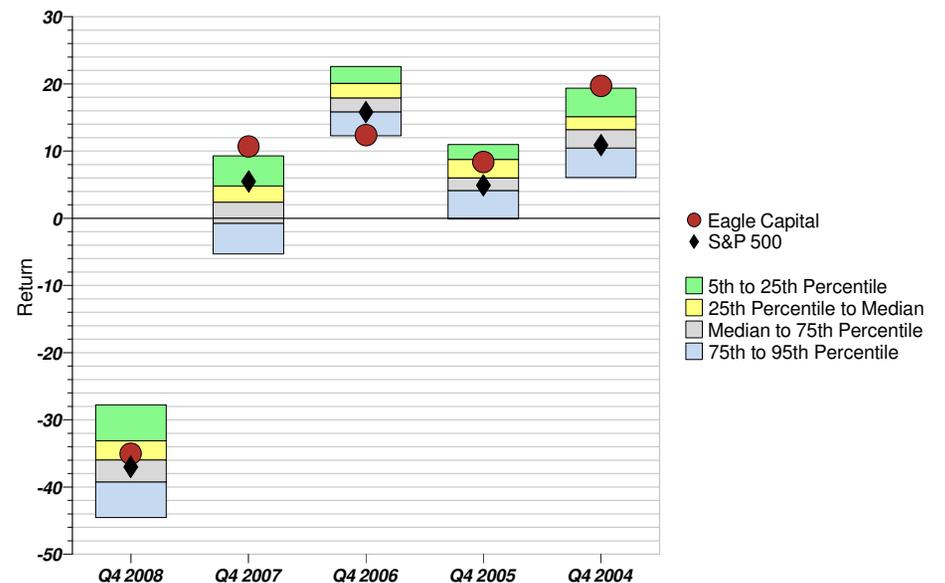


Custom Table

October 2004 - September 2009: 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	3.24%	17.29%	0.02	13	7	-40.04%	60.00%	95.57%	81.56%	91.59%
S&P 500	1.02%	17.88%	-0.11	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, in our opinion, 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 our 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.

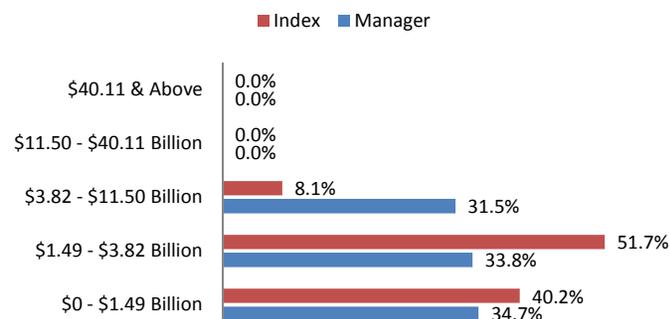
Top 10 Holdings

Oneok Inc New	4.0%	Plum Creek Timber Co	3.1%
White Mtns Ins Group	3.8%	UMB Finl Corp	3.1%
Jefferies Group Inc	3.6%	Vail Resorts Inc	3.1%
Centurytel Inc	3.5%	Avnet Inc	3.0%
Leucadia Natl Corp	3.5%	Hudson City Bancorp	2.7%

Sector Allocation

	Manager	Index
Technology	6.8%	8.3%
Health Care	1.8%	5.4%
Consumer Discretionary	10.5%	13.5%
Consumer Staples	4.4%	2.7%
Energy	9.3%	5.9%
Materials and Processing	12.2%	10.1%
Producer Durables	9.9%	11.7%
Financial Services	35.6%	30.6%
Utilities	7.7%	11.8%
Cash and Cash Equivalents	1.8%	0.0%

Market Cap Allocation

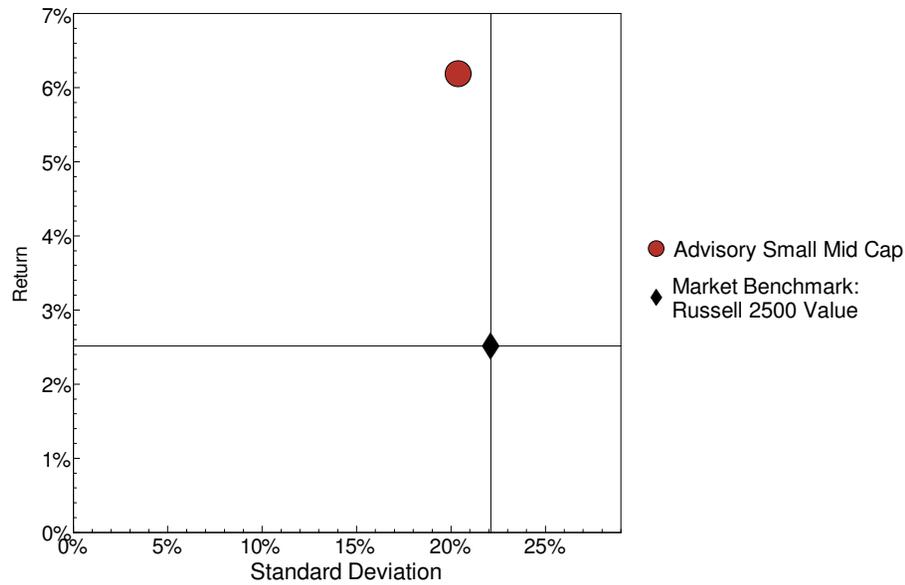


	QTR	YTD	1 Year	3 Year	5 Year	P/E	Mkt Cap
Advisory Small Mid Cap	13.8%	12.9%	-7.0%	-4.0%	6.2%	11.5x	\$3.0 billion
Russell 2500 Value Index	22.8%	22.0%	-8.3%	-5.7%	2.5%	15.9x	\$2.0 billion
+/- Benchmark	-9.0%	-9.1%	1.3%	1.7%	3.7%		

Manager Risk/Return

Single Computation

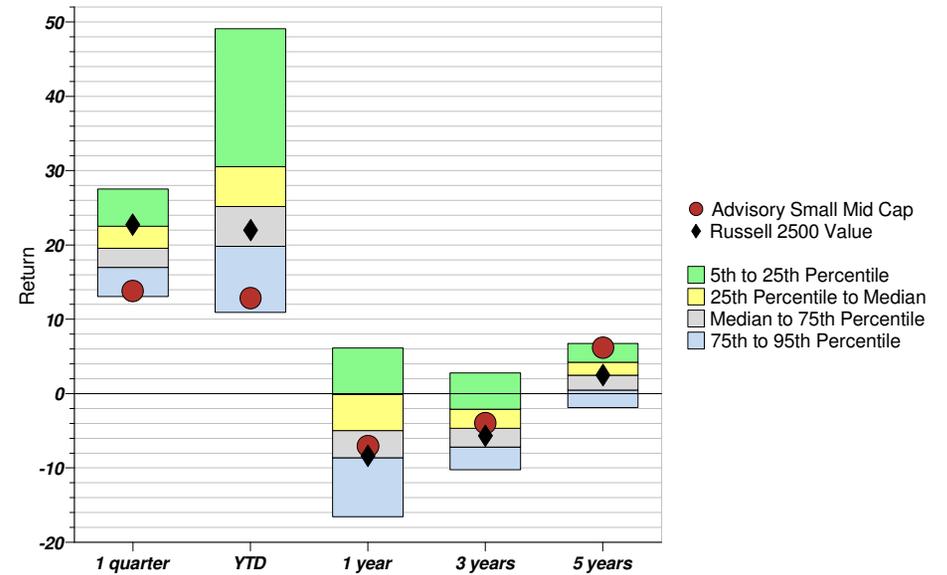
October 2004 - September 2009



Manager vs Universe: Return through September 2009

(not annualized if less than 1 year)

Small/Mid Cap Value Universe (Morningstar)



Custom Table

October 2004 - September 2009: Summary Statistics

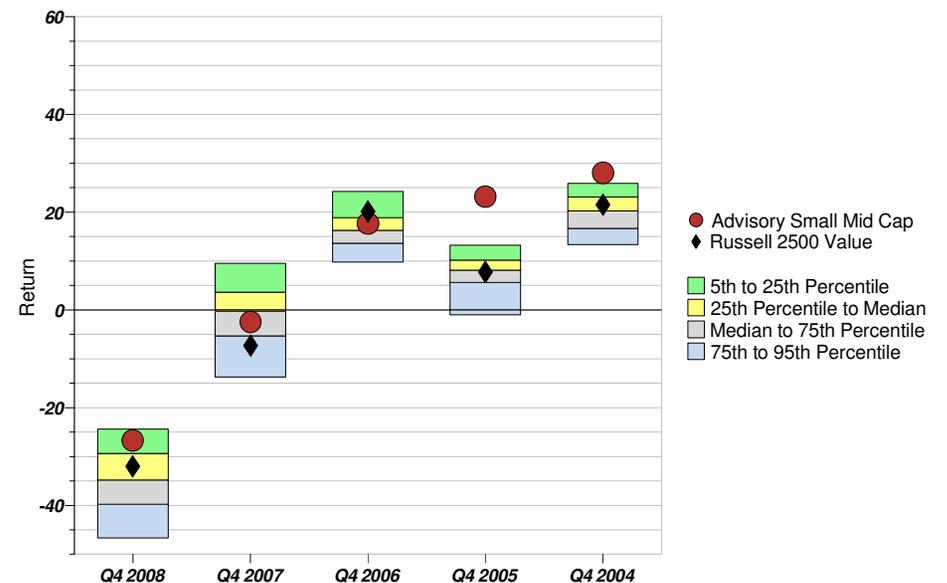
	Return	Standard Deviation	Sharpe Ratio	# of Up Periods	# of Down Periods	Maximum Drawdown	Batting Average vs. Market	Up Capture vs. Market	Down Capture vs. Market	R-Squared vs. Market
Advisory Small Mid Cap	6.18%	20.37%	0.16	13	7	-46.52%	60.00%	98.76%	78.17%	85.45%
Russell 2500 Value	2.51%	22.10%	-0.02	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.

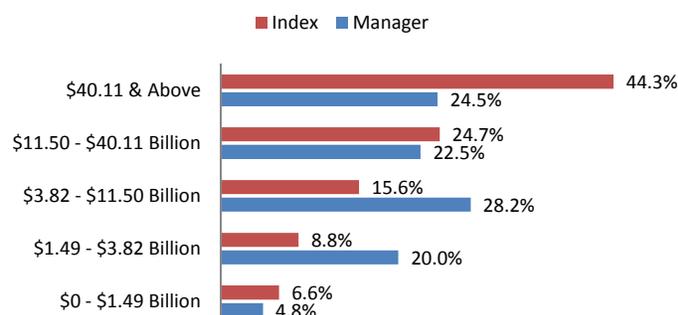
Top 10 Holdings

Celgene Corp	3.4%	Oracle Corp	2.6%
Microsoft Corp	3.1%	Hewlett Packard Co	2.5%
CVS Caremark Corp	2.9%	Pfizer Inc	2.4%
Check Point Software Tech	2.8%	Waddell & Reed Finl	2.4%
National Oilwell Varco	2.8%	Shire Pharma	2.3%

Sector Allocation

	<u>Manager</u>	<u>Index</u>
Technology	33.7%	29.0%
Health Care	19.5%	17.1%
Consumer Discretionary	7.6%	14.1%
Consumer Staples	9.5%	12.4%
Energy	11.4%	4.5%
Materials and Processing	5.8%	4.3%
Producer Durables	6.4%	10.6%
Financial Services	4.4%	6.9%
Utilities	0.0%	1.1%
Cash and Cash Equivalents	1.5%	0.0%

Market Cap Allocation

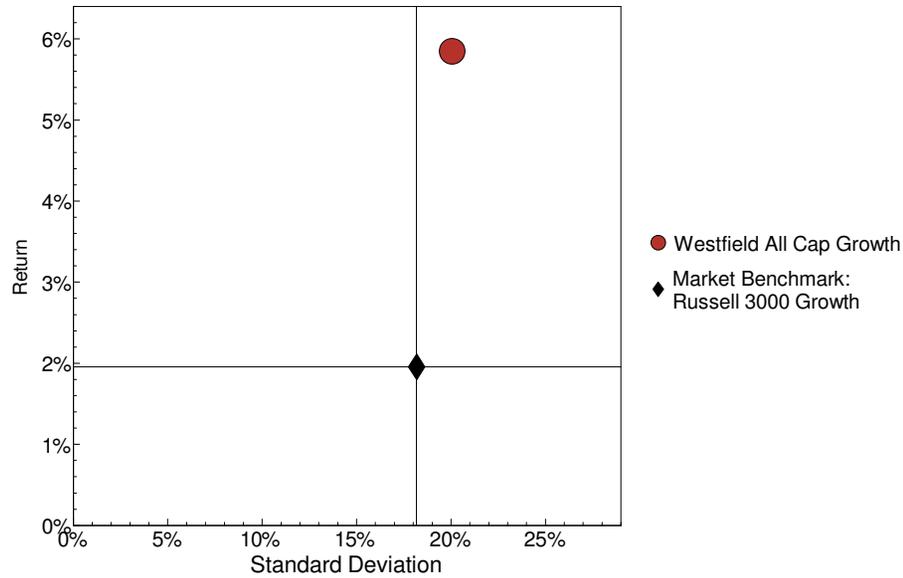


	<u>QTR</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>P/E</u>	<u>Mkt Cap</u>
Westfield All Cap Growth	16.6%	26.9%	-3.5%	0.2%	5.9%	20.7x	\$36.2 billion
Russell 3000 Growth Index	14.1%	27.3%	-2.2%	-2.5%	2.0%	18.3x	\$65.0 billion
+/- Benchmark	2.4%	-0.4%	-1.3%	2.7%	3.9%		

Manager Risk/Return

Single Computation

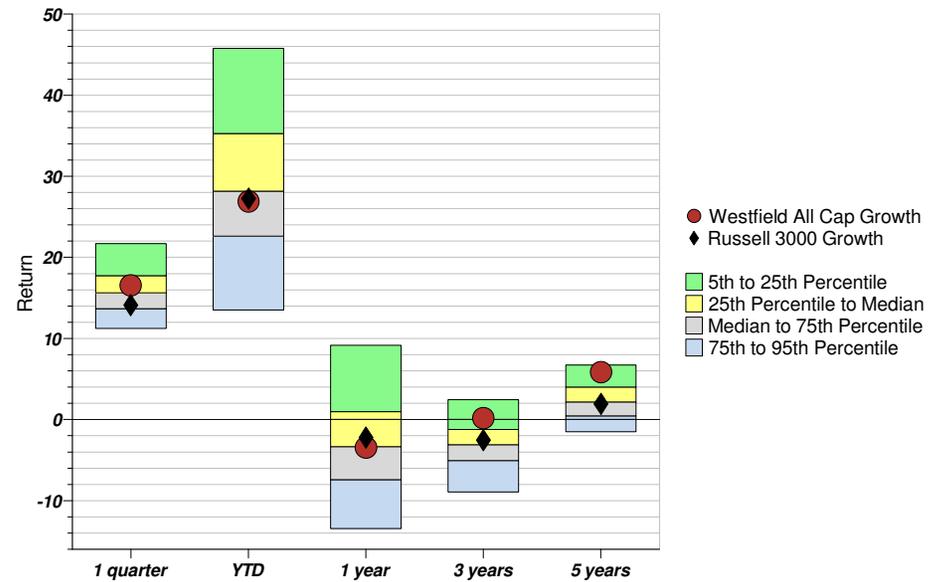
October 2004 - September 2009



Manager vs Universe: Return through September 2009

(not annualized if less than 1 year)

All Cap Growth Universe



Custom Table

October 2004 - September 2009: Summary Statistics

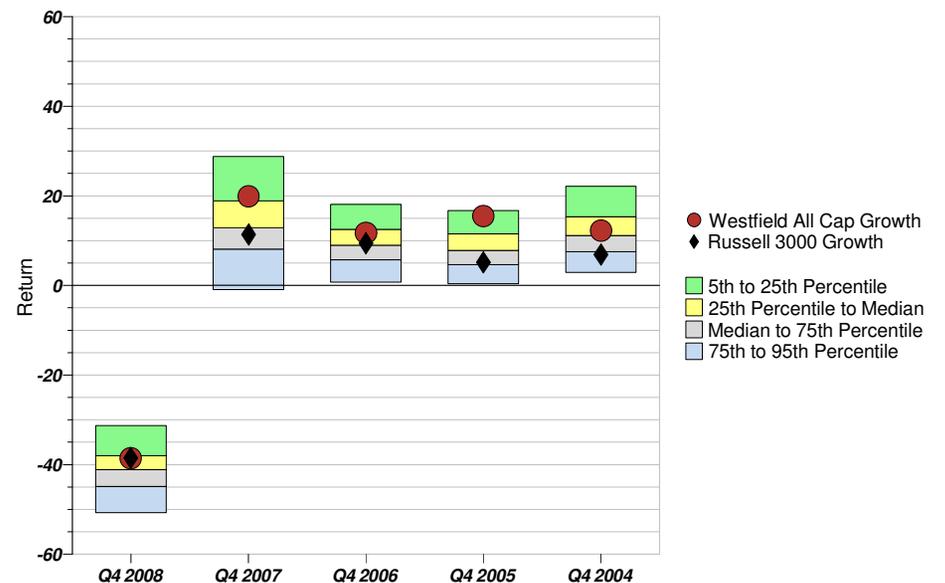
	Return	Standard Deviation	Sharpe Ratio	# of Up Periods	# of Down Periods	Maximum Drawdown	Batting Average vs. Market	Up Capture vs. Market	Down Capture vs. Market	R-Squared vs. Market
Westfield All Cap Growth	5.85%	20.06%	0.14	13	7	-39.23%	75.00%	123.37%	95.29%	85.42%
Russell 3000 Growth	1.96%	18.17%	-0.06	13	7	-41.75%	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

All Cap Growth Universe



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

Teva Pharmaceutical	3.2%	Komatsu Ltd.	2.4%
National Bank of Greece	2.7%	AXA	2.4%
Ind. & Comm. Bank of China Ltd.	2.5%	Hong Kong Exchanges & Clearing L	2.4%
Novo Nordisk A/S	2.5%	Petroleo Brasileiro S.A. ADR	2.3%
Moet Hennessy Louis Vuitton	2.5%	Standard Chartered plc	2.3%

Sector Allocation

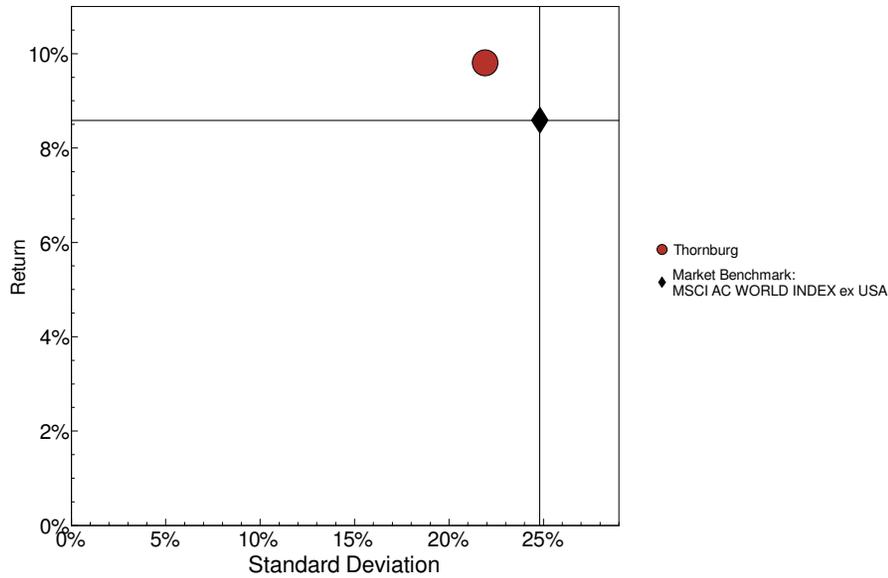
Financials	19.0%	Telecommunication Services	7.2%
Health Care	14.0%	Energy	6.4%
Information Technology	13.8%	Materials	4.3%
Consumer Discretionary	13.0%	Utilities	1.1%
Industrials	9.3%	Cash & Equivalents	3.3%
Consumer Staples	8.7%		

Top 10 Country Allocation

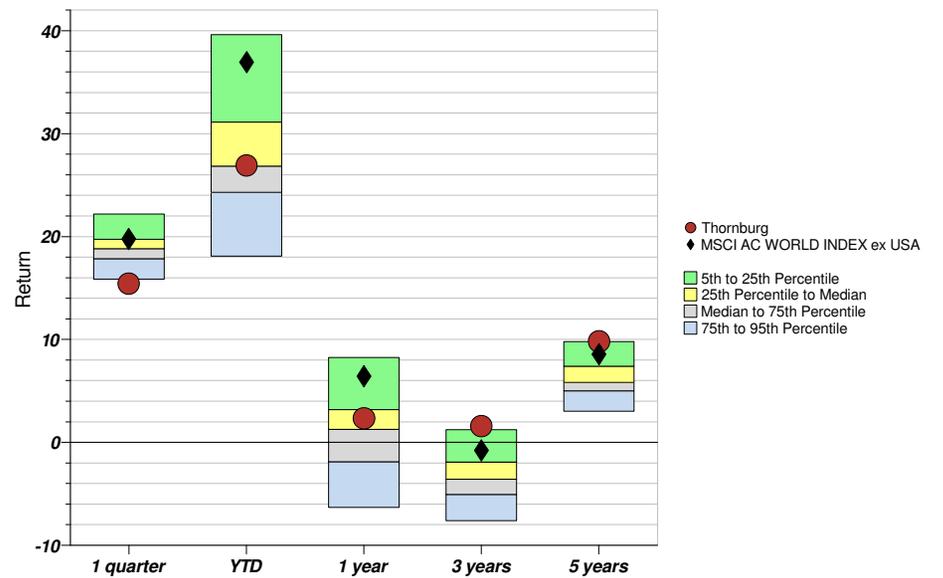
	<u>Manager</u>	<u>Index</u>
United Kingdom	17.4%	14.9%
France	10.3%	7.8%
Switzerland	8.2%	5.5%
Japan	8.2%	15.4%
Germany	7.7%	5.8%
Canada	7.1%	0.0%
China	6.6%	0.0%
Brazil	5.8%	0.0%
Denmark	4.0%	0.7%
Mexico	3.9%	0.0%

	QTR	YTD	1 Year	3 Year	5 Year	P/E	Mkt Cap
Thornburg	15.4%	26.9%	2.4%	1.6%	9.8%	17.3x	\$49.5 billion
MSCI AC World ex US	19.8%	37.0%	6.4%	-0.8%	8.6%	22.9x	\$44.4 billion
+/- Benchmark	-4.4%	-10.0%	-4.1%	2.4%	1.2%		

Manager Risk/Return Single Computation October 2004 - September 2009



Manager vs Universe: Return through September 2009 (not annualized if less than 1 year) Morningstar International Universe



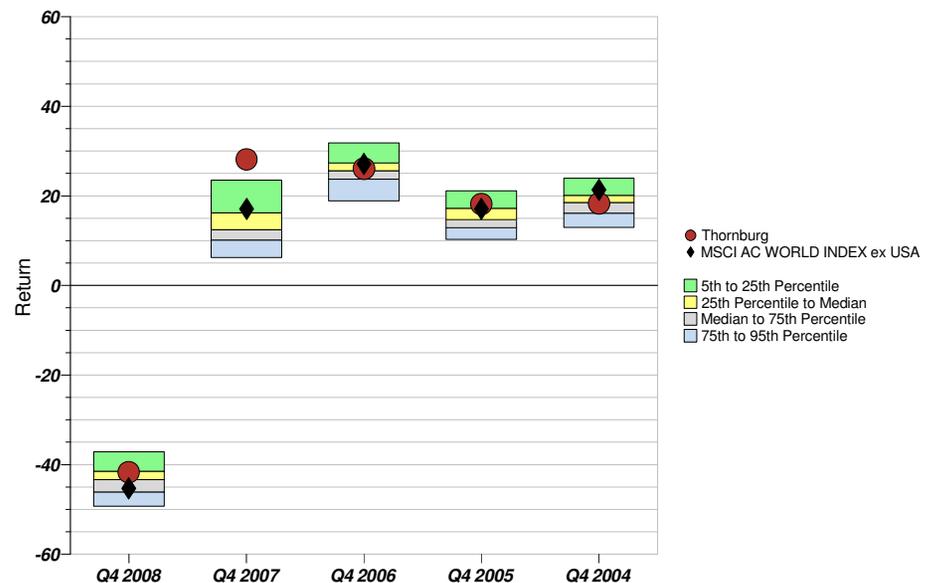
Custom Table

October 2004 - September 2009: 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	9.80%	21.91%	0.31	15	5	-47.80%	45.00%	96.45%	89.68%	96.11%
MSCI AC WORLD INDEX ex USA	8.59%	24.81%	0.23	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

FHLB 04/20/22	3.5%	Cisco Systems Inc. 02/22/16	1.8%
Freddie Mac 01/15/31	2.0%	FHLB 10/20/16	1.8%
Exxon Mobil 08/15/21	1.8%	Hewlett Packard 03/01/17	1.8%
FHLB 11/17/17	1.8%	FHLB 10/20/16	1.8%
Campbell Soup 12/03/12	1.8%	Fannie Mae 04/15/14	1.8%

Quality Allocation

	<u>Manager</u>	<u>Index</u>
AAA	51.0%	64.4%
AA	8.0%	6.1%
A	37.0%	16.4%
BBB	4.0%	13.1%
BB	0.0%	0.0%
B	0.0%	0.0%
Below B	0.0%	0.0%
Not Rated	0.0%	0.0%

Sector Allocation

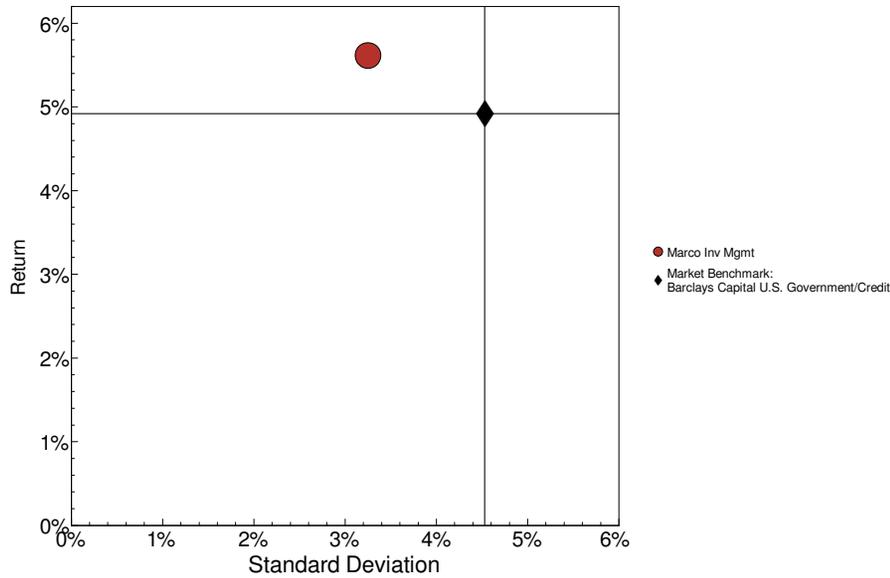
	<u>Manager</u>	<u>Index</u>
ABS	0.0%	0.0%
CMBS	0.0%	0.0%
Corp	56.3%	39.3%
Foreign Bonds	0.0%	0.0%
Treasury & Agency	41.0%	60.7%
MBS	0.0%	0.0%
Convertible	0.0%	0.0%
Cash	2.7%	0.0%

	<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	3.1%	6.0%	11.6%	7.1%	5.6%	3.4%	4.0 yrs
Barclays Government/Credit	4.2%	4.7%	11.5%	6.3%	4.9%	3.6%	5.2 yrs
+/- Benchmark	-1.0%	1.2%	0.1%	0.8%	0.7%		

Manager Risk/Return

Single Computation

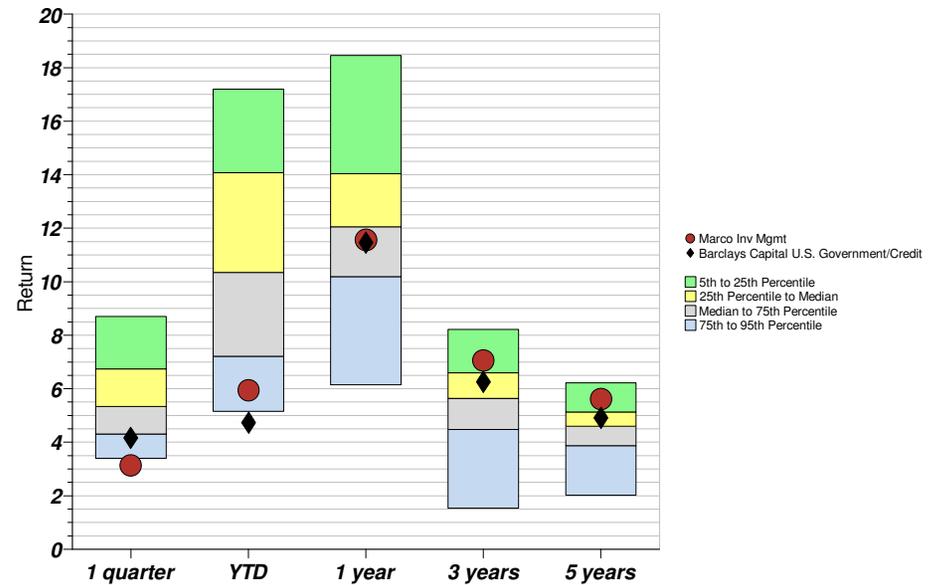
October 2004 - September 2009



Manager vs Universe: Return through September 2009

(not annualized if less than 1 year)

Zephyr Medium Duration High Credit Universe (Morningstar)



Custom Table

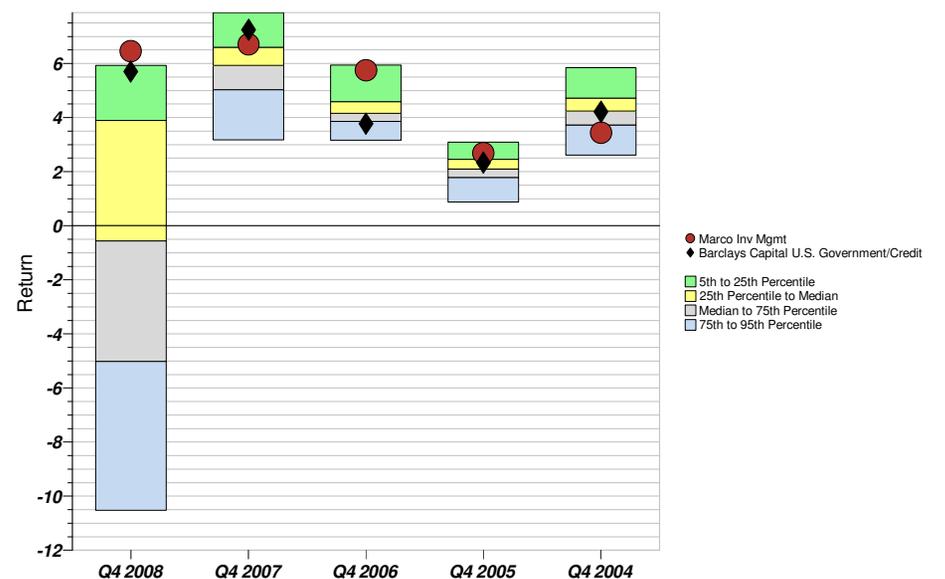
October 2004 - September 2009: Summary Statistics

	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	5.62%	3.25%	0.82	15	5	-1.30%	55.00%	89.00%	14.65%	93.51%
Barclays Capital U.S. Government/Credit	4.92%	4.53%	0.43	12	8	-3.12%	0.00%	100.00%	100.00%	100.00%

Manager vs Universe: Return

4-Quarter Moving Windows, Computed Quarterly

Zephyr Medium Duration High Credit Universe (Morningstar)

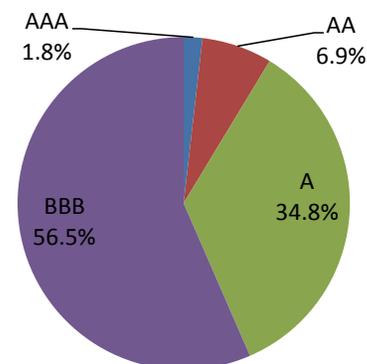


The Victory process focuses on the intrinsic value of the underlying common stock as well as on the convertible security itself. The underlying equity analysis looks for the best combination of intrinsic value, statistical cheapness and earnings revision. The underlying fixed income analysis encompasses 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.

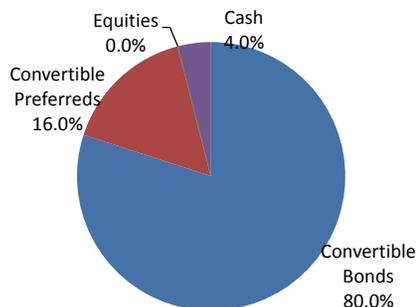
Top 10 Holdings

Well Fargo Cvt Pfd 7.5%	4.6%	Intel Corp 2.95%	3.2%
EMC Corporation 1.75%	4.4%	Newmont Mining 1.625%	3.1%
Medtronic Inc 1.625%	4.3%	US Bancorp FI Rt	2.9%
Amgen Inc. 0.375%	3.9%	Carnival Corp. 2%	2.7%
Schering Plough Cvt Pfd 6%	3.5%	Teva Pharmaceutical 0.25%	2.6%

Quality Allocation

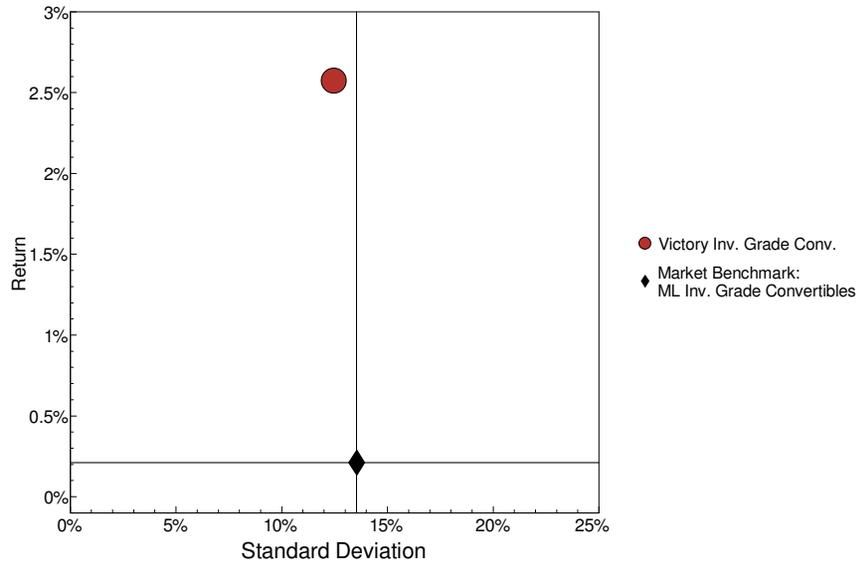


Asset Allocation

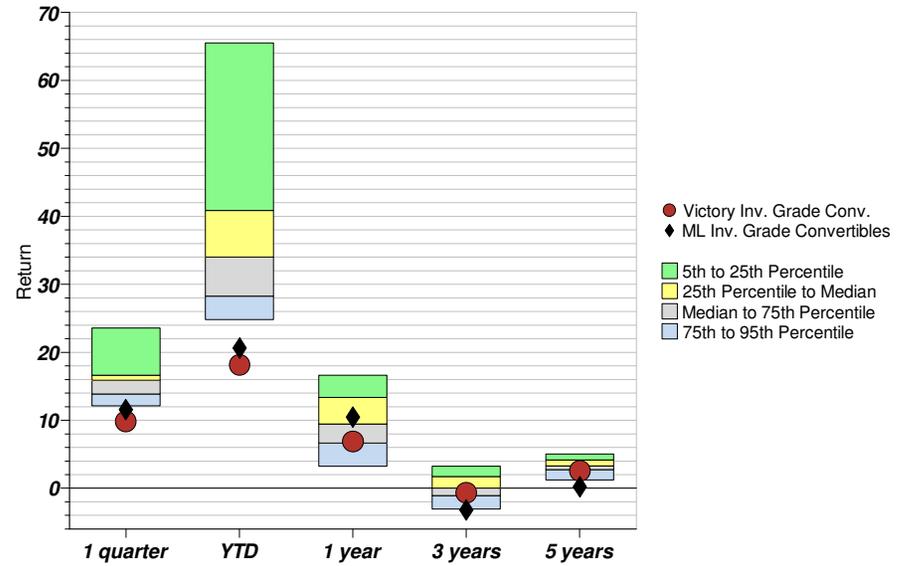


	QTR	YTD	1 Year	3 Year	5 Year	Yield	Avg. Credit
Victory Inv. Grade Convertible	9.9%	18.2%	6.9%	-0.7%	2.6%	2.8%	BBB+
ML Inv. Grade Convertible Index	11.6%	20.7%	10.5%	-3.2%	0.2%	2.7%	A-
+/- Benchmark	-1.7%	-2.5%	-3.6%	2.5%	2.4%		

Manager Risk/Return Single Computation October 2004 - September 2009



Manager vs Universe: Return through September 2009 (not annualized if less than 1 year) Morningstar Convertible Mutual Funds



Custom Table

October 2004 - September 2009: 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.	2.57%	12.46%	-0.03	14	6	-29.92%	75.00%	103.49%	80.99%	95.61%
ML Inv. Grade Convertibles	0.21%	13.54%	-0.20	12	8	-35.39%	0.00%	100.00%	100.00%	100.00%

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

