ALTMAN INVESTMENT MANAGEMENT

EQUITY STRATEGY FOCUS

MAY, 2012

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IN VIEW: The Economic Backdrop of Corporate Profits

After a few months of stronger numbers, the U.S. economy has slowed back to the dreary pace that has characterized most of the recovery so far. Economic activity in the U.S. by our estimation averaged about 2% in 2011, picked up to 3% in January/February, but then settled at only 1.8% as the second quarter unfolded against soggy employment growth. The main factors accounting for the deterioration have been the slowdown in payroll employment and the reversal in household employment (down 169k in April vs. an average increase of 530k), and the drop in the ISM (Institute for Supply Management) Non-Manufacturing Index. There have been some offsets, including a net increase in the ISM Manufacturing Index, but they have generally been small. The Q1 GDP gain of 2.2% tells a similar story of sluggish growth.

What lies behind the slowdown? Much of it is probably payback for strength earlier in the year that was "borrowed" from future quarters. First, the turn in the inventory cycle is likely weighing on manufacturing, although the pop in the ISM is admittedly a bit of a puzzle in that regard. Second, there may be some seasonal adjustment distortions we have reviewed in previous commentaries and is available upon request. And third, the weather is probably responsible for part of the weakness in the employment numbers.

Beyond these short-term factors, the economy looks sluggish but basically stable. The housing adjustment is making good progress, with another decline in the homeowner vacancy rate in Q1 to 2.2%, the lowest since early 2006. Residential investment is unlikely to repeat the nearly 20% growth pace of Q1 (which probably benefited from weather) but should continue to recover. While consumer spending looks set to slow from the 2.9% pace seen in the first quarter, we expect growth to remain around 2% in the coming quarters. The recent decline in seasonally adjusted energy prices should boost real income growth a bit from the current year-on-year pace of just ½%. And we expect business investment to rebound from its 2% dip in Q1 to a moderate positive growth pace.

The message from the markets is also consistent with tepid growth, currently sending an incrementally more negative message than Q1, marked by the out performance of credit over equity markets.

There remains a lingering question: "what is the reason for the continued decline in labor force participation?" In principle, there are three possible explanations, each with different implications for monetary policy. First, the decline might be due to structural factors such as the aging of the population and the increase in school enrollment rates. If so, we should take the unemployment rate at face value as a measure of slack. However, this explanation does not look right; even among 35-54 year olds—where these factors should matter much less—participation is down 0.6 percentage points over the past 12 months, which is actually slightly *more* than in the population at large.

Second, more people might have temporarily given up their job search due to a lack of opportunities. This would mean that they are really "discouraged workers" who will come back into the job market once labor demand improves. In this case, the unemployment rate would understate the overall amount of slack. However, this is only part of the story, as the number of people who say they want a job but aren't actively looking has not risen by nearly enough to explain the drop in the participation rate. And third, people might be losing their skills and attachment to the labor force on a more permanent basis, which would mean that they will not be available to work even after labor demand comes back. In this case, the unemployment rate would still be an accurate measure of slack at each point in time, but there would be an incentive to run a more accommodative monetary policy to prevent a future decline in potential output (see Chairman Bernanke's speech at the 2011 Jackson Hole symposium). We suspect that this last explanation is an increasingly important part of the story.

Partly for this reason, we were somewhat disappointed that the Fed did not announce additional monetary easing at the June 19-20 FOMC meeting, despite the less-than-encouraging noises from Fed officials in the prior months. However, it is a close call, and we worry about a re-run of the 2010 and 2011 experience—the last two times Fed officials decided to let a purchase program lapse without having put a successor program in place. In both cases, the economy slowed and financial conditions tightened to a degree that pulled them back into the market before long. It is easy to see how this could happen again, given the renewed turmoil in Europe and the possibility that U.S. markets will ratchet up their concerns about the impending fiscal cliff in the run-up to the election. In such an uncertain environment, taking out a bit more insurance still looks like the sensible choice for U.S. monetary policymakers.

As the first quarter closed, manager performance was off to a good start and ranked as one of the best quarters since 1990. But the tumult of the past six weeks has completely reversed this record. Globalization has never been more evident than in 2011. Developments in any region – whether it was the natural disaster in Japan, Arab Spring uprisings, or fiscal missteps in Europe - had instant ramifications around the globe in terms of supply chains and commodity, bond, and stock prices. To help set the stage for our equity strategy, it is essential for us to understand the macro environment in which our clients' investment holdings operate.

While the economic expansion following the Great Recession levels of 2008-09 has been the weakest in the post war period, corporate profit growth has been one of the brighter spots. One of the best measures of profitability, corporate profits after taxes adjusted for inventory valuations and capital consumption, has been growing at a rapid clip according to The Bureau of Economic Analysis. Their reported profits show an advance of 16% in 2009, 24% in 2010 and an estimated 9% through the first nine months of 2011, versus a year ago levels.* However, the rate of improvement is certainly slowing from 2010 levels due primarily to slower growth of the overall economy and the possibility that cost efficiencies may be approaching a plateau. While the unemployment rate of growth has dropped only slightly from the 9.0% level, initial unemployment claims have been falling against a backdrop of gradual employment gains.

While the economy recently expanded at a faster than expected rate, the recent growth has been overshadowed by higher consumption at the expense of a falling savings rate (3.8%) accompanied by after tax incomes falling at a 2.1% annual rate. We remain cautiously optimistic recognizing that growth attained by a falling savings rate is potentially unsustainable, whereas growth through an expanding employment and falling inflation is the preferred outcome.

On a positive note, most of the U.S. economic data has been encouraging. In fact, there have been significant markers pointing to an improving fourth quarter GDP forecast, including the index of leading indicators, retail sales, industrial production, manufacturing output, auto production, capacity utilization, and U.S. housing showing signs of bottoming. This is consistent with our view of rising economic momentum.

* Calculation method: adjusted using the CPI deflator

We remain comfortable with our 2012 EPS forecast of $101 for the Standard and Poor's 500. We recognize that many investors believe that earnings are peaking because GDP and/or net margins have the potential to turn down. Given the recent ISM data, we believe that U.S. GDP visibility has greatly improved, and with the potential for the payroll tax holiday extension in 2012, this could point to a higher GDP growth than anticipated.

As for net income margins for corporations in the U.S., Thomas Lee at JP Morgan Research recently pointed out that that EBIT (Earnings Before Interest and Taxes) margins at 15% remain below the prior peak of 18%, despite aggregate net income margins already above prior peaks. With lower interest rates and diminished tax burdens, we believe EBIT margins can continue to expand. His research shows that only 78% of the S&P 500 companies have regained their prior peak margins and those that surpassed those levels did so by no more than an average of 6%. Our current forecast of $101 is only 13% above the 2007 peak. In retrospect since 1929, the typical S&P 500 earnings results 22 months following the bottom of the recession have exceeded their prior peaks by 23% according to Ned Davis Research. Therefore our current estimate for S&P earnings is still significantly below the historic average.

Lastly, we would argue that the S&P 500 profits are of higher quality today. For instance, inventory profits are only about 3.0% of earnings according to our sources, well below the 17% seen during the 70's and 80's, and a function of lower inflation. We would therefore conclude that a higher multiple on today's earnings is also warranted at this juncture.

IN BRIEF: Equity Investment Strategy

PERFORMANCE HIGHLIGHTS FOR THE FIRST QUARTER

- For the first quarter our composite trailed the benchmark by -135 basis points.
- As investor sentiment improved, the stock market delivered a strong first quarter with positive absolute returns in 9 of the 10 market sectors. The S&P total return of 12.5% in the first quarter was led by Information Technology, Financials, and Consumer Discretionary sectors. While these cyclical sectors continued their momentum from the 4th quarter of 2011, defensive sectors such as Utilities and Telecommunications lagged in performance during the quarter.

Exhibit I

Sector	Sector Wgt. As % of S&P as of 03/31/12	% Return QTD 12/31/11 – 03/31/12	Contribution QTD 12/31/11 – 03/31/12
Consumer Discretionary	10.83	15.96	1.7
Consumer Staples	10.88	5.54	.61
Energy	11.97	3.88	.51
Financials	14.32	22.05	3.01
Healthcare	11.51	9.05	1.06
Industrials	10.81	11.31	1.23
Information Tech	19.81	21.47	4.07
Materials	3.59	11.18	.41
Telecom	2.78	2.08	.06
Utilities	3.46	-1.51	0

Source: Bloomberg

- Value stocks, aided by the rebound in Financials, outperformed relative to growth stocks by 70 basis points. Although the strong market was evident in both the large and small caps, the spread of large caps over small caps narrowed substantially from 2011 (as measured by the S&P 500 vs. the Russell 2000 index).
- Our overweight in the Financial sector was a significant positive contributor to performance on an absolute basis, adding 3.6% to our total return. Leaders in the group were Bank of America, JP Morgan Chase, and Morgan Stanley, up 72.3%, 39.3% and 30.2% respectively.
- On a relative basis, Energy (led by Transocean) and Financials were the largest positive contributors to our overall portfolio performance. We maintain overweight positions in each of these market sectors due to their cyclicality and position as beneficiaries of an economic recovery.
- Information Technology and Consumer Discretionary sectors both detracted from relative performance, due to weak performance in Goodyear Tire & Rubber and Hewlett Packard.
- On the fixed income side, U.S. Treasuries traded down -2.2% as U.S. corporate bonds returned 2.4% for the quarter. In this low interest rate environment, investors are looking to capitalize on corporate spreads over treasuries in order to enhance yields.

S&P 500 –SECTOR VALUATION CHARACTERISTICS

Exhibit II

	SPX	Energy	Materials	Industrials	Con Desc	Staples	Healthcare	Fincl	Tech	Telecom	Utilities
# holdings	500	43	30	61	80	42	52	86	71	8	32
Beta	1.00	1.23	1.27	1.21	1.05	0.50	0.70	1.27	1.08	0.58	0.53
P/B	2.29	1.98	2.74	2.93	3.49	3.80	2.75	1.06	3.74	2.05	1.56
TTM P/E	14.45	11.27	13.78	14.93	18.01	16.48	13.25	13.19	15.68	16.68	13.69
P/E cur	13.40	10.88	13.43	13.73	16.35	15.57	12.58	12.27	13.67	14.74	14.35
P/E FY1	11.94	9.65	11.41	12.04	13.96	14.16	11.74	10.78	12.15	13.47	14.06
P/S TTM	1.34	1.00	1.20	1.25	1.14	0.97	1.28	1.50	2.60	1.31	1.28
Div yield	2.12%	1.91%	2.23%	2.33%	1.56%	2.93%	2.26%	1.71%	1.42%	5.31%	4.13%
P/CF	8.07	6.69	9.30	9.73	10.59	12.29	10.79	4.49	11.08	4.80	5.69

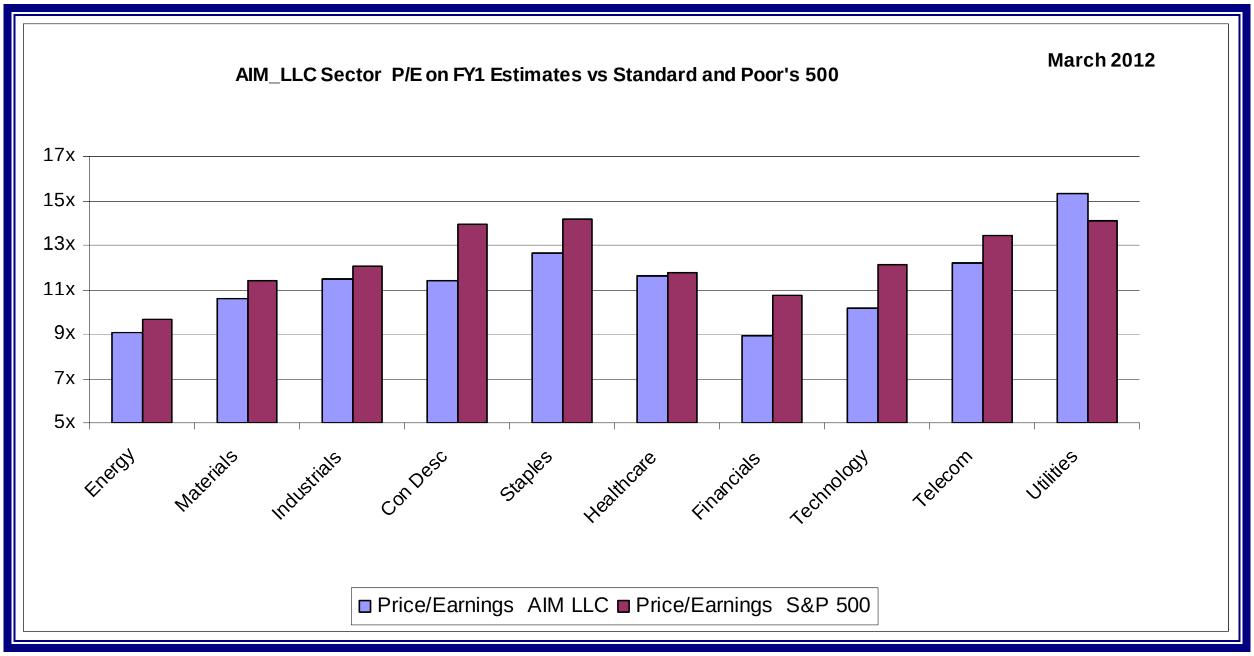
Data as of March 30, 2012. Source: Bloomberg and Altman Investment Management, LLC

- On a trailing 12 month basis the P/E multiple for the S&P 500 expanded by approximately 10% during the first quarter. Aggregate earnings grew at a rate of 6.7% during the first quarter accompanied by a 12.5% total return for the benchmark index.

- Multiples expanded in all sectors with the exception of slight declines in the Utilities and Energy sectors.

- The following Exhibit III shows that we continue to emphasize a relatively low price-to-earnings discipline at the sector level throughout the investment portfolio. We remain overweight in the Financial and Industrial sectors with an equal weight in Energy. We are positioned with a relative underweight in Consumer Staples and Consumer Discretionary sectors.

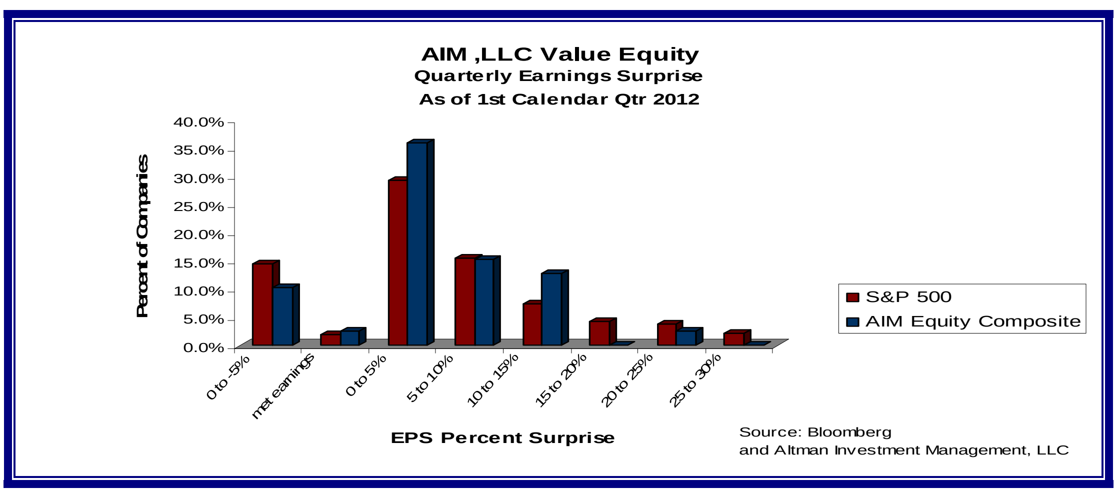
Exhibit III



Source: Bloomberg and Altman Investment Management, LLC

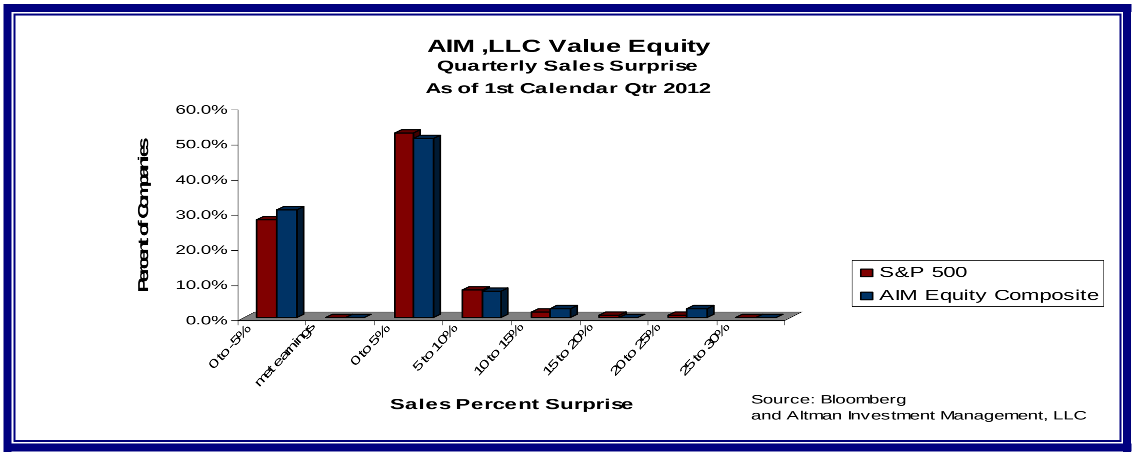
THE QUARTERLY COMPANY PERFORMANCE RECORD

Exhibit IV



- The chart above illustrates the percentage of investment holdings within our value portfolio that exceeded street Earnings estimates during the 1st calendar quarter of 2012. Most notably, 79% of our investments exceeded street estimates and 70% of the companies in the S&P 500 exceeded street estimates. Year-over-year growth in earnings was 5.3% for our composite vs. 6.7% for S&P on a share weighted basis. Looking at top line sales, 64% of our investments exceeded street estimates as compared to 65% for the S&P. As of May 23, 2012, 98% of the AIM composite and 98% of the S&P companies have reported.

Exhibit V



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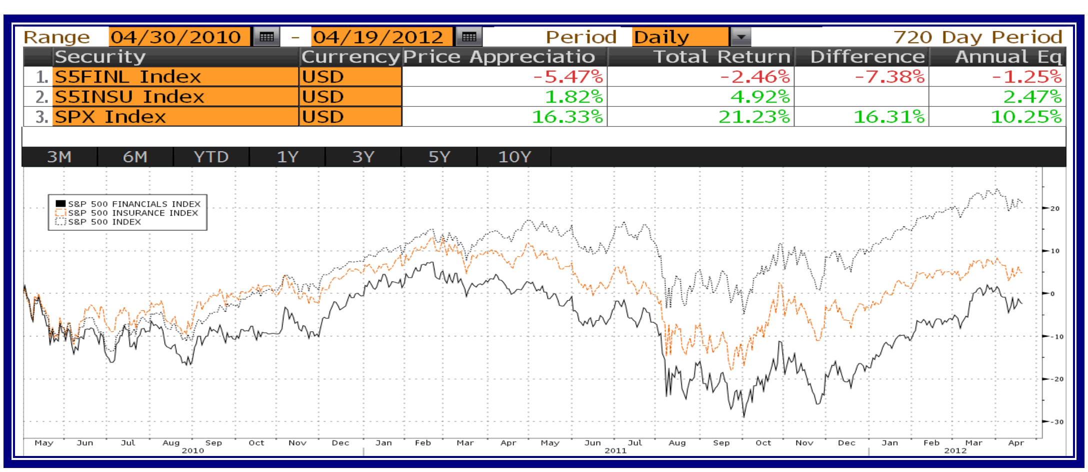
CLOSE UP: Sectors and Industries

◈ ***CREDIT MARKETS***

"Secular Demand for Housing and Improving Loan Demand Overshadow Cyclical Forces."

In the financial sector we recently replaced AON Corp on the insurance brokerage side with ACE Limited, a global insurance and reinsurance provider. The ACE investment represents a Large Cap participation in the financial sector benefiting from rising premiums and excess cash reserves. From a portfolio perspective, the result of the trade was a minor increase in our insurance exposure to 8.1% of the total portfolio, up from 7.6%. Relative to the financial sector, the trade was more significant. Our insurance position increased by 3%, now representing 45% of our total financial exposure and increasing the credit exposure slightly by 4.0% to 18.3% We believe the prospects for the second half of the year are better for insurance over the banking industry, and that insurance companies will continue to outperform.

Exhibit VI



Source: Bloomberg

The P&C insurance business has delivered weak operating results since 2006, as a result of poor economic growth and a low interest rate environment. We believe the future presents a more positive path for insurers as premiums begin to rise and balance sheets improve.

We Believe Industry Trends are Positive:

- Insurers are shifting portfolios away from U.S. Treasury and Agency issues towards corporate debt in an effort to pick up yield in this low interest rate environment, thus improving balance sheets.
- On the commercial side of the business, premiums rose 3% year over year in March, up from a 2% rise in February.
- The inflation outlook of 3% near its 5 year average is a positive for insurers. An inflation level consistent with the 5 year average bodes well for future margins on the basis of reserve stability (since claim costs rise with inflation).
- Leverage ratios remain below 10 year averages for the industry. In conjunction with rising premiums, companies should have plenty of room to expand their businesses with limited impact on balance sheet strength.
- Commercial property insurance rates are trending upwards.

Exhibit VII

Source: Bloomberg

- Market data suggests premiums in personal line P&C businesses may grow in 1Q 2012. In March, auto sales grew at a rate of 8.3% over Q4 2011 and 11.5% over Q1 2011. Year over year annualized home sales have increased 6.6% as of February's reports.
- Higher home insurance rates with a backdrop of constant construction material rates should improve margins in Personal Line businesses.
- The faster relative growth in auto premiums as compared to auto claim costs support our expectations of rising returns on equity across the personal line industry.
- Tornado activity in the first quarter in the Midwestern and Southern United States has been relatively tame compared to previous quarters and we expect minimal impact on the reinsurance market. Both ACE and MET have relatively small market share in the homeowners and commercial multi peril markets amongst these regions, giving us some indication of their limited exposure to these kinds of potential catastrophic losses.

Some Comments on our Large Cap U.S. Bank Exposure:

- **JPMorgan** - We are expecting JPMorgan's second quarter results to show significant progress in reducing the risk of the CIO's synthetic derivative position that surfaced after the first quarter. The company's core earnings should demonstrate resilience during a tough environment and encourage investors to maintain bullish earnings forecasts for 2013. In the near-term, the shares may mark time trading around book value as JPM absorbs the macroeconomic uncertainties. Skeptical investors are still on the sidelines waiting for the company to demonstrate that CIO risks are minimized and the return to the share buyback program is still on the horizon. However, over the intermediate to longer term, our investment in JPMorgan shares trading at ~7x current estimates with meaningful expense leverage gives us confidence that the capital return potential in '13 and beyond remains intact.

- **Wells Fargo** - We continue to like the Wells Fargo story as well going into Q2 with expense coming back in line and credit quality improving. Despite tepid lending and pressure from a low rate environment, we still expect solid revenue prospects in mortgage originations buoyed by fee income and franchise growth. Stock ownership should support the benefits of credit leverage and expense leverage in the near-term and organic growth, merger synergies and capital management over the longer-term. We would expect a multiple of ~11x our 2013 EPS estimate of $3.60 as the year progresses.

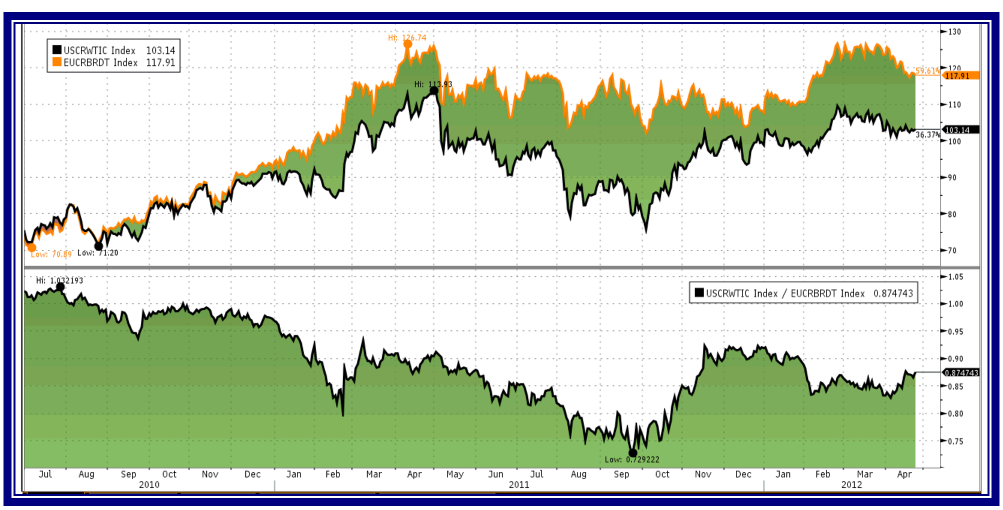
- **Banking Sector** - Our large-cap targets in the banking sector are based on an absolute and relative P/E multiple on forward earnings estimates, as well as forward price to tangible book multiples. We maintain our current exposures due to the belief that there remains stronger-than-expected earnings growth, which should be driven by several factors: better-than-expected credit performance, a steeper yield curve, and/or stronger capital markets and global economic performance leading into year-end.

❖ ***ENERGY***

"Despite Declining Prices in Domestic Gas and Basic Commodities (CRB), Crude Oil Remains relative high especially against a backdrop of slowing global economic growth trend."

Relative to the uncertainty surrounding global economic growth we are reticent to build on our commodity cyclical exposure at this time and remain neutral on energy stocks. However, the oil price differential between WTI and Brent Crude remains wide and still favors international oil producers over domestic plays.

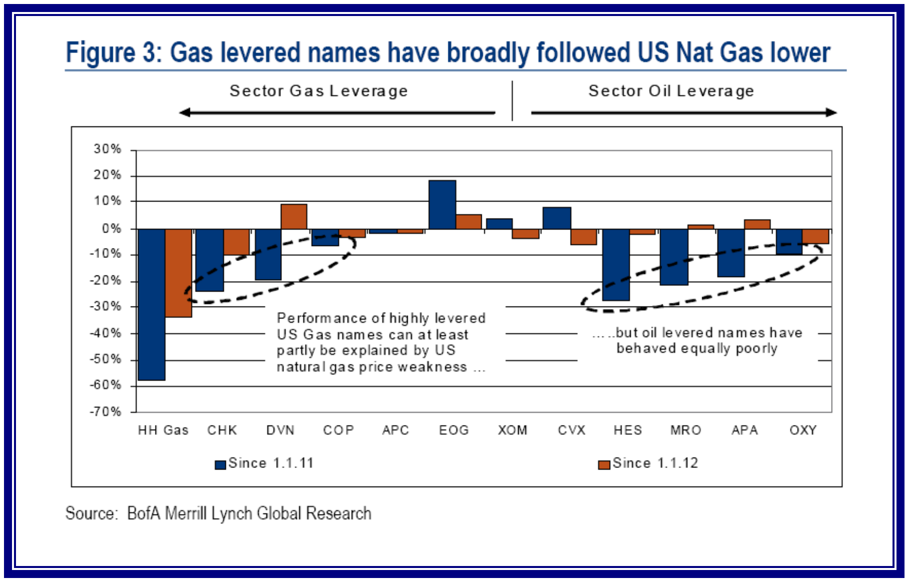
Exhibit VIII



Source: Bloomberg

However, oil levered names have neglected to follow crude prices higher, dislocating from oil price trends on a short and mid term basis. In contrast, over the same duration, gas levered names have trended lower with declining natural gas prices.

<u>Exhibit IX</u>



Source: BofA Merrill Lynch Research

Higher levels of growth, improving cash levels, and share buybacks among oil levered names are evident in both trailing and forecasted earnings. These facts in conjunction with the dislocation of stock performance from commodity performance give us reason to believe there is value among several oil levered names. Marathon Oil (MRO), for example, has several opportunities to increase production over the next year. In addition to several key production sites in Angola and Libya, management has been cognizant in addressing execution concerns over its Eagle Ford Shale play.

In mid April, natural gas prices dropped below $2.00 MMBtu for the first time in over 10 years. This is due in part to domestic storage congestion, weakening demand, competitive coal pricing, and increasing levels of production growth. Additionally, global economic concerns continue to pressure energy prices, with China recently cutting its 2012 forecast to 7.5%.

In our view the recent extreme price spreads between natural gas and oil are likely to be temporary. But even with some firming over the next couple of years, we believe natural gas is likely to remain moderately priced and should be a benefit for certain industrial sectors, job creation and overall growth. In the short term, coming off an unseasonably warm winter, we may see additional gas production shut-ins as cash flows associated with production are limited. Although critics say a more severe price correction in natural gas is necessary to avert a total storage and pipeline catastrophe. The 4th quarter seasonal re-set in natural gas prices should help provide clarity on the timeliness of what we believe will be a reversion to the mean in gas prices.

While we remain cautious on crude prices in the near term, the increase in global upstream costs continues to be supportive of higher long term oil prices. Assuming another double digit increase this year, marginal costs could reach close to $100/bbl.

◈ *INDUSTRIALS*

"Industrial Production and Manufacturing Validate a Rebounding Economy

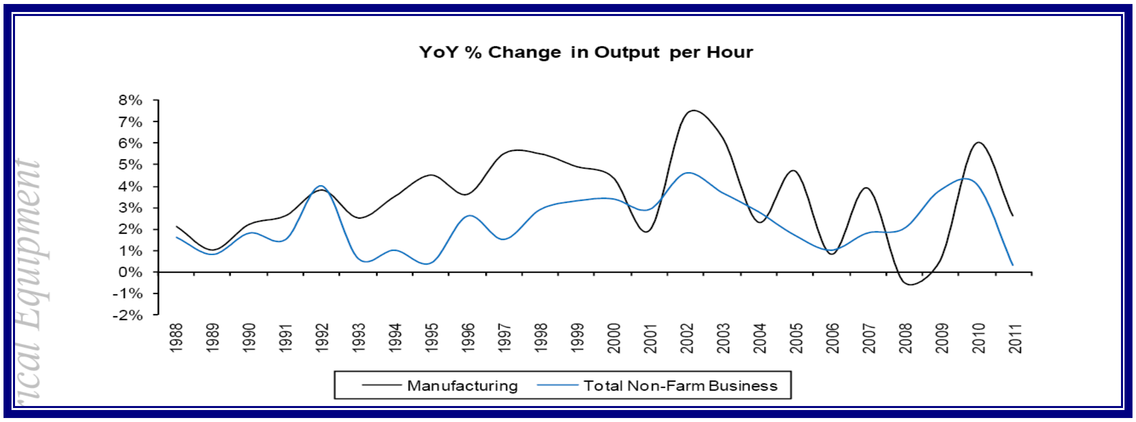
Consistent with our mid-cycle theme our composite has a significant relative overweight in the industrial sector. Macro signals for the industrial sector have been plausibly mixed; these indicators tend to be volatile. Durable good orders in March came in weak (down -4.2%) after rebounding in February. Ex transportation the figure was down -1.1%, indicating businesses are cautious on future investments. A more favorable consumer sentiment report was released at the end of April. It is important to note that within the sentiment component, consumer expectations are improving despite weakening current conditions. The current inverse relationship between current conditions and expectations is indicative of forward looking optimism. Although the rate of growth of the Chicago PMI slowed in April, coming in at 56.2, (down 6 points from the prior month) it remains well above the significant level of 50 indicating growth. ISM manufacturing data rose 1.4 point to 54.8 in April beating expectations. Export orders accelerated while production, payrolls, and new orders all came in strong.

The competitiveness of the U.S. manufacturing segment is improving. U.S. exports are benefiting from a weaker dollar (making our goods cheaper to the rest of the world). Furthermore, while emerging market labor costs (i.e. China) are on the rise, wage growth in developing markets (i.e. United States) is slowing thus narrowing the wage gap. This observation is evident in Emerson's (EMR) decision to automate their Chinese factories to offset rising labor costs. One possibility given the relative strength of U.S. manufacturing is a migration of previously outsourced production back into to the United States.

Exhibit X

Productivity is a key driver of margins, and therefore earnings, causing a high correlation between productivity and stock prices. We consider the current U.S. manufacturing productivity growth rate of 2.6% year over year (although slowing) attractive relative to total non-farm productivity. Additionally, global expectations of productivity growth are rising in the U.S. and Asia while declining in Europe. Both findings are support our overweight in the sector.

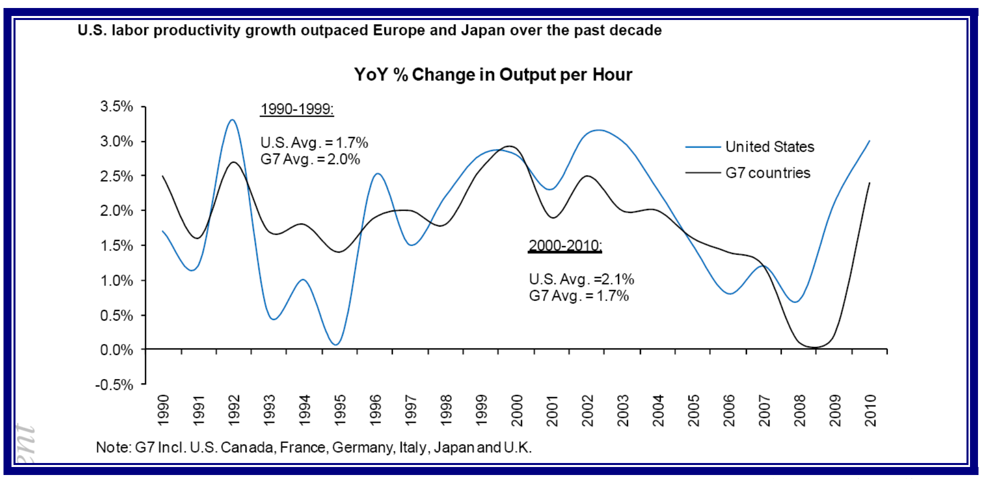
Exhibit XI



Source: Bernstein Research April 2012

The deceleration in productivity since 2011 is due in part to post recessionary hires and/or capacity adds. Taking it a step further, relative to our global counterparts, productivity in the United States has become more efficient in the past decade as compared to the 1990s.

Exhibit XII



Source: Bernstein Research April 2012

The early cycle small cap theme seems to have played out, opening the way for mid and large cap centric portfolios to outperform. The average market cap in our industrial space is $58 billion on an equally weighted basis. This compares to a $22 billion equally weighted market cap for the entire industrial segment of the S&P 500 index.

Stock Specific Highlights – Industrials

Tyco International (TYC) – TYC is our best performing industrial name YTD through April, up 21.3% against the S&P up 11.9%. Tyco beat consensus estimates in April and raised its guidance. The solid earnings report included 21% organic revenue growth along with Q/Q order growth acceleration. TYC continues to generate cash to fund acquisitions and value creating investments. The TYC Flow Control and Pentair merger presents long term cost synergies by way of regional business integration and IT standardization. We expect to use the recent relative stock strength to shave our industrial sector exposure moderately as we enter a second half global slow down.

Emerson Electric (EMR) - EMR was another top contributor to our relative performance in the industrial sector in the first quarter. Despite missing estimates due to sourcing quality issues in process components, we continue to like EMR as a long term holding due to its strong relative ROIC, FCF, and relative valuation. We also see potential for growth stemming from EMR's initiatives to increase emerging market exposure (current 35% of revenues) and recent high quality strategic mergers. We expect to increase our investment in the company to a full portfolio weight.

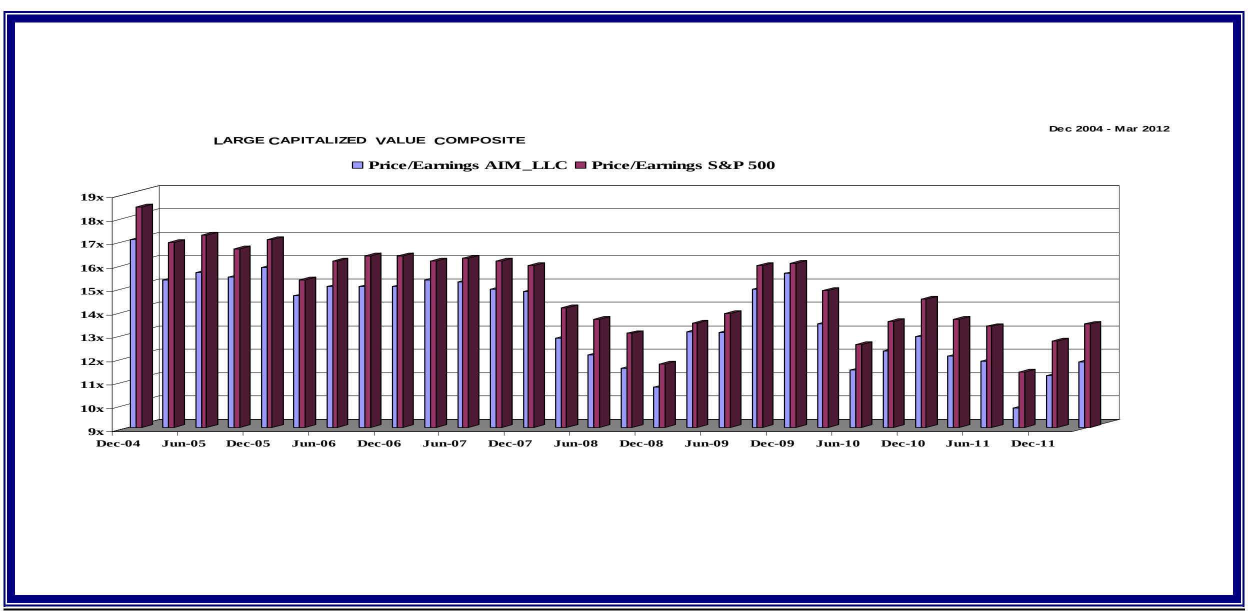
IN SUMMARY:

Over the past several months, it appears that institutional investors fall into one of two camps: (i) *indifferent* with the view that equities are going nowhere until year end, based on Europe, or (ii) *anxious* given underperformance. In fact, this was very evident when we recently participated in an investment board meeting for an endowment. Although most of our institutional colleagues fell into one of the two camps above, we were in the minority believing that we're moving into a constructive and positive market cycle. Since most investors expect markets to do little by year end, given conflicting headwinds, our experience suggests that this is probably the least likely outcome.

Given the historic inflows/tailwinds into equities, better economic data, enormous liquidity, and investor underperformance, we are compelled to view the financial markets attractive valuations more positively. Seasonality, investor skepticism/indifference, underrepresentation in stocks, long term bond market strength, record earning levels despite high unemployment - all bode well for a positive upward bias in stock prices. Another compelling argument is that price-to-earnings are lower than 1991 when Treasuries yielded 8.0% and pushed equity risk premiums to all time highs.

Lastly don't forget that it's not just the FED but the ECB (European Central Bank) that has cut interest rates, creating a new global easing cycle coupled with investor sentiment at an all time low. Since we have concluded that the economy can maintain a growth rate of approximately 2.0% until the necessary fiscal reforms take place, equities appear to offer the most attractive longer term opportunity in comparison to other investment alternatives.

Exhibit XIII



Source: Bloomberg and Altman Investment Management, LLC

Exhibit IXV

ALTMAN INVESTMENT MANAGEMENT

AIM PORTFOLIO CHARACTERISTICS

As of March 31, 2012

	Value Equity	S&P 500
# of Holdings	39 stocks	500 stocks
Portfolio Beta	.99	1.00
Wtd. Avg. Price to Book	1.78x	2.29x
Wtd. Avg. Price-Earnings (Current)	11.78x	13.40x
Wtd. Avg. Price-Earnings (FY1)	10.53x	11.94x
Wtd. Avg. Price/Sales Latest 4 Qtrs	1.05x	1.34x
Wtd. Avg. Dividend Yield	2.59%	2.12%
Price to Cash Flow	7.2x	8.1x
Market Cap.	$88.5 Billion	$111.3 Billion
Ten Largest Holdings (% total)	33%	20%
Approx. Portfolio Turnover	30%-40% per annum	--
Maximum Cash Position	10%	--

Sources: AIM, LLC and S&P 500 characteristics are utilizing a Bloomberg as of March 31, 2012 for weighted average book value, price/earnings, price/cash flow, and price/sales figures.

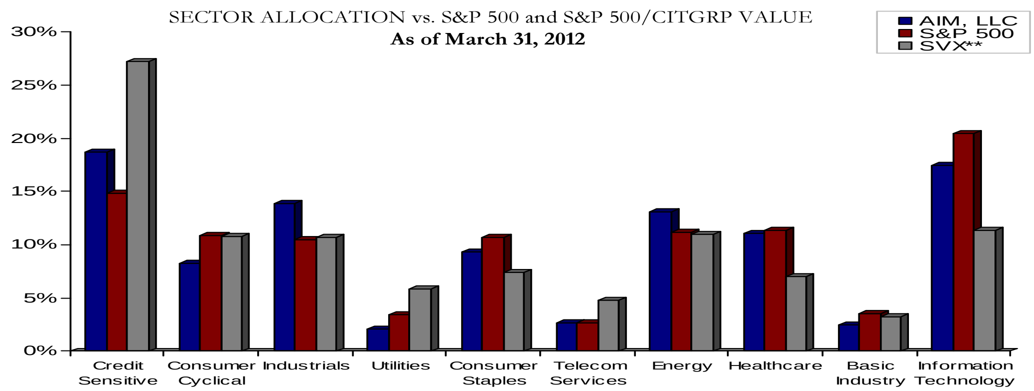
1

Exhibit XV

ALTMAN INVESTMENT MANAGEMENT

CORE VALUE EQUITY PORTFOLIO

SECTOR ALLOCATION vs. S&P 500 and S&P 500/CITGRP VALUE
As of March 31, 2012



	Credit Sensitive	Consumer Cyclical	Industrials	Utilities	Consumer Staples	Telecom Services	Energy	Healthcare	Basic Industry	Information Technology
AIM,LLC	18.7%	8.3%	13.9%	2.1%	9.3%	2.7%	13.1%	11.1%	2.5%	17.5%
S&P 500	14.9%	10.9%	10.5%	3.4%	10.7%	2.7%	11.2%	11.4%	3.5%	20.5%
SVX **	27.2%	10.8%	10.7%	5.9%	7.4%	4.8%	11.0%	7.0%	3.2%	11.4%

Source: Bloomberg as of 3/31/12 consolidated into the GICS sectors. Numbers rounded to the nearest hundredth.
Note: Numbers reflect portfolio allocation, not returns.
* Percentages do not total 100% due to rounding, and equity sector weights take into consideration the composite's cash allocation.
** S&P Citigroup Value Index

1