EQUITY STRATEGY FOCUS

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IN FOCUS:

We've prepared this update in an effort to provide our clients with a macro overview of our investment program, as well as offer a timely discussion on specific market sectors/industries and the implications relative to portfolio strategies.

- Energy
- Industrials
- Credit Markets

We hope that this will help you better understand our investment strategy. For further information and discussion, please don't hesitate to give us a call.

IN VIEW: The Economic Backdrop of Corporate Profits

- 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 on the global supply chains and commodity, bond, and stock prices. To help set the stage for our equity strategy, it is essential to understand the macro environment in which your investment holdings operate.

- While the economic expansion from 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, 24.0% in 2010 and an estimated 9.0% 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 either because (1) GDP is about to turn down or (2) net margins are peaking. 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 6.0%. 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: U.S. Equity Investment Strategy

- A month and a half into the 4th quarter, the S&P gained 7.78%. Energy, Material, Industrial, and Information Technology sectors have been the strongest performers reacting to higher year-over-year earning trends (2011 market eps up 15% from prior year) and positive economic data. Exhibit I

Exhibit I

Sector	Sector Wgt. as % of S&P as of 11/18/11	% Return QTD 9/30/11 – 11/18/11	Contribution QTD 9/30/11 – 11/18/11
Consumer Disc	10.66	8.55	.92
Consumer Staples	11.40	4.48	.52
Energy	12.38	14.75	1.71
Financials	13.36	5.95	.82
Healthcare	11.58	3.53	.42
Industrials	10.64	12.07	1.23
Information Tech	19.62	8.00	1.55
Materials	3.53	13.37	.45
Telecom	3.07	1.55	.05
Utilities	3.78	2.96	.11

- The AIM composite started the quarter adding 123 basis points of relative out performance over the S&P 500. Robust performance in HPQ, CSCO, and INTC carried technology to be the strongest relative sector contributor (adding 66 basis points) so far this quarter. HPQ benefited not only from the improving picture within the technology sector but also from renewed shareholder optimism with regard to the appointment of Meg Whitman as the new CEO.

- Our overweight position in the Industrials along with stock specific performance in EMR, DE, HON, and TYC contributed 53 basis points of relative out performance. In Consumer Cyclicals, Goodyear and Lowe's each had positive momentum gaining 26.5% and 16.2% respectively.
- The insurance companies offset poor relative performance in the banking industry with Financials adding 4 basis points of relative performance.
- Our portfolio currently favors higher beta sectors with cyclical characteristics and less so the lower beta sectors. As expected, the higher beta sectors (Energy, Materials, and Industrials) are leading the markets higher and should continue to do so in a rising market environment. The lower beta sectors (Staples, Telecom, and Utilities) although positive quarter-to-date, have lagged in performance. Exhibit II.

Exhibit II

	SPX	Energy	Materials	Industrials	Con. Desc.	Staples	Healthcare	Financials	Technology	Telecom	Utilities
# holdings		42	31	60	77	42	51	86	75	8	33
Beta	1.00	1.23	1.31	1.22	1.06	0.51	0.67	1.22	1.08	0.54	0.56
P/B	1.93	1.82	2.24	2.36	2.89	3.37	2.28	0.81	3.11	1.68	1.49
TTM P/E	12.27	10.54	11.30	13.20	14.83	14.87	11.45	9.45	13.20	14.52	13.47
P/E cur	11.92	9.86	11.50	12.88	14.27	14.46	10.96	10.63	11.70	14.37	13.46
P/E FY1	10.84	9.62	10.35	11.38	12.67	13.26	10.47	8.82	10.59	13.03	13.69
P/S TTM	1.11	0.94	1.04	1.08	0.97	0.89	1.11	0.93	2.16	1.12	1.20
Div yield	2.30%	2.05%	2.39%	2.60%	1.69%	3.16%	2.51%	2.07%	1.24%	5.64%	4.23%
P/CF	6.89	6.05	7.83	8.77	9.09	11.43	8.77	3.42	9.29	4.13	5.47

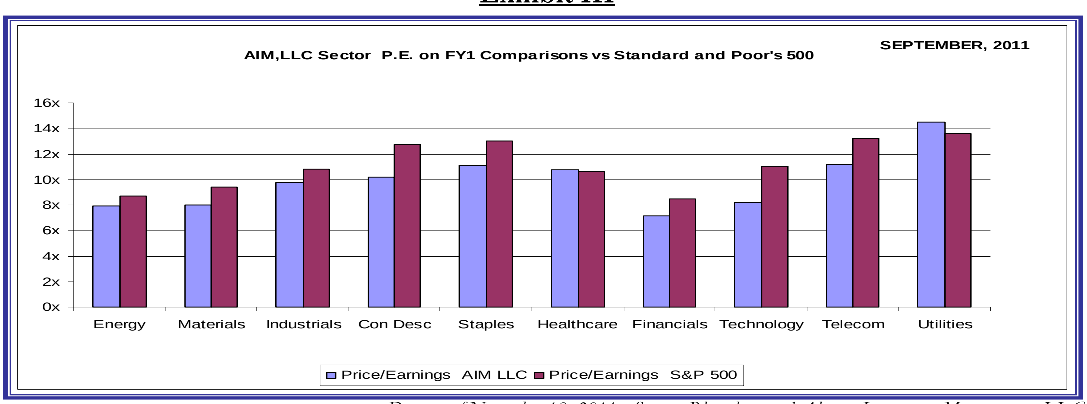
Data as of November 18, 2011. Source: Bloomberg and Altman Investment Management, LLC

- The rise in corporate earnings has been offset by a decline in the market multiple (price-to-earnings ratio). The overall market multiple of the S&P 500 is currently at 11.93x TTM earnings, down from a ratio of 14.5x at the beginning of the year. The Standard and Poor's 500 Index P/E compressed roughly 20% this year compared to an average of only 4% in the fourth year of previously measured stagnation periods according to Goldman Sach's Research.
- Due to the improving trends within the banking sector, along with opportunistic valuations, we maintain our overweight within the financial/banking sector as well. See Exhibit IV and the section on Banking that follows.

S&P 500 -SECTOR VALUATION CHARACTERISTICS

- 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 are forecasting a relatively flat P/E multiple for the S&P 500 in 2012.

Exhibit III

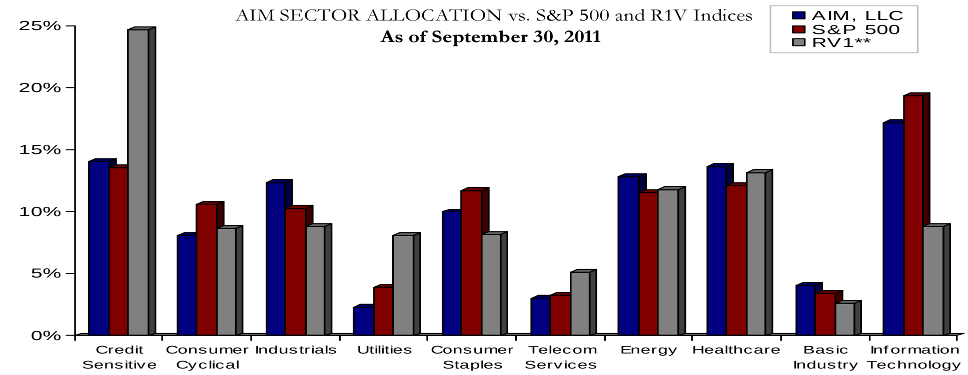


Data as of November 18, 2011 Source: Bloomberg and Altman Investment Management, LLC

Exhibit IV

ALTMAN INVESTMENT MANAGEMENT

CORE VALUE EQUITY PORTFOLIO



	Credit Sensitive	Consumer Cyclical	Industrials	Utilities	Consumer Staples	Telecom Services	Energy	Healthcare	Basic Industry	Information Technology
AIM,LLC	14.1%	8.1%	12.4%	2.3%	10.0%	3.0%	12.9%	13.7%	4.1%	17.2%
S&P 500	13.6%	10.6%	10.3%	3.9%	11.7%	3.3%	11.6%	12.1%	3.4%	19.4%
R1V **	24.7%	8.7%	8.8%	8.1%	8.2%	5.1%	11.8%	13.2%	2.6%	8.8%

Source: Bloomberg as of 9/30/11 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.
** Russell 1000 Value Index

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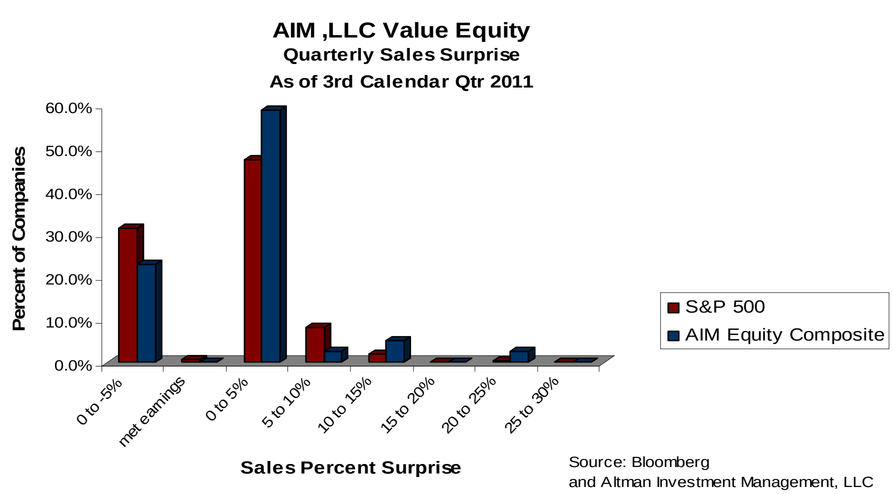
THE QUARTERLY COMPANY PERFORMANCE RECORD

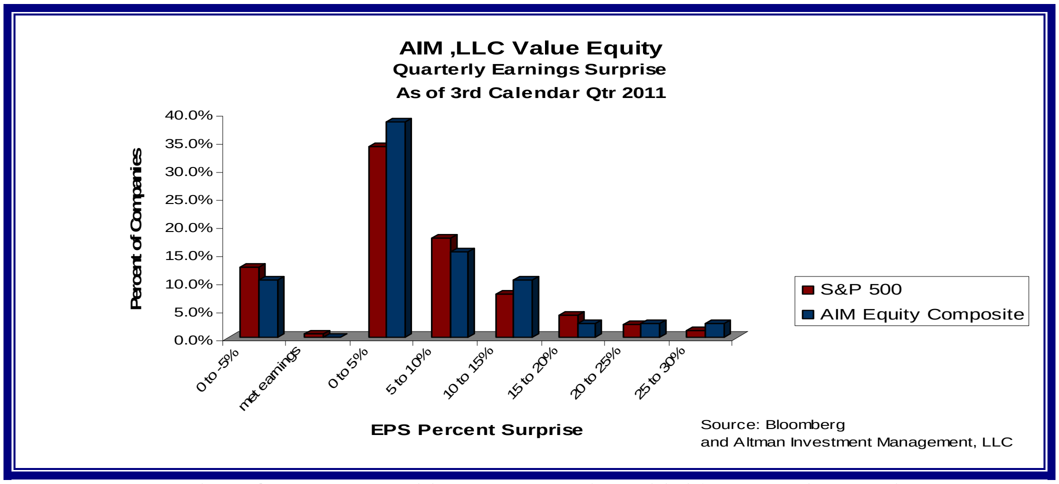
Exhibit V



As of Nov 16, 2011, 93% of the AIM composite and 94% of the S&P companies have reported.

- The chart above (Exhibit V) illustrates the percentage of investment holdings within our value portfolio that exceeded street sales estimates during the 3rd calendar quarter of 2011. Most notably, 74.4% of our investments exceeded street estimates as compared to 59.8% for the S&P. Turning to bottom line net income, the figures were 64.1% and 67.2% respectively.

Exhibit VI



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- The chart above (Exhibit VI) illustrates the percentage of investment holdings within our value portfolio that exceeded street eps estimates during the 3rd calendar quarter of 2011. Most notably, 76.9% of our investments exceeded street estimates and 73.4% of the companies in the S&P 500 exceeded street estimates. Year-over-year growth in earnings was 21.3% for our composite vs. 15.8% for the S&P on a share weighted basis.

CLOSE UP: Sectors and Industries

◈ ***ENERGY***

"Despite Declining Prices in Domestic Gas and Basic Commodities (CRB), Crude Oil Remains in a Secular Uptrend."

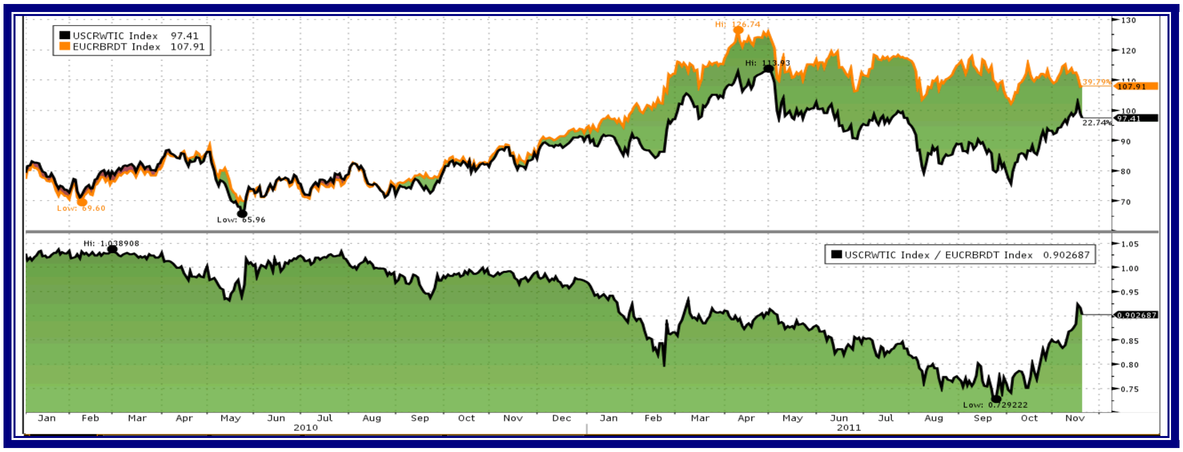
In the first three quarters of 2011, the gap between Brent crude and the West Texas Intermediate (WTI) prices widened, when generally these benchmark oils run closer in tandem. Brent crude prices reflect tight global supply/demand supported by rising demand in emerging markets and supply gaps from Libya. The WTI however, under pressure from stockpiling in Cushing, Oklahoma, did an about face during the first few weeks of the 4th quarter on Enbridge and Enterprise Products Partners LP plans to reverse the Seaway pipeline and thus providing some relief to the oil supply glut.

Consequently, the oil stocks which have been trading more in line with WTI rather than Brent crude rallied on the news. The gap between Brent crude and WTI prices has narrowed to $10.5.

Looking back to 2010, oil prices rose 38% off May lows in expectation of an economic recovery. Oil prices continued to rise through April of 2011 on geopolitical risks in the Middle East and Africa. During the 3rd quarter, global recession fears overshadowed expectations for higher oil demand and the impact from supply disruptions. After falling from April 2011 peak levels, Brent crude and West Texas Intermediate prices bottomed in early October. Into November, these benchmark oils have each rebounded 9.8% and 20.5% respectively off recent lows.

Exhibit VII

Brent Crude (EUCRBRDT Index) and WTI (USCRWTIC Index) spread



Source: Bloomberg

Year-to-date through mid-November, the Energy sector within the AIM composite added 17 basis points of relative performance against the S&P 500 Index. Integrated oil gained 7.17% against the S&P 500 oil sector which gained 1.67%. The integrated oil segment constitutes 54% of the energy exposure within our composite.

Given our outlook for continued economic growth, albeit slow, our strategy is to be overweight the Energy sector. Oil stocks with international exposure (particularly CVX, COP, and XOM) are the best positioned to benefit from the Brent spread over the WTI. We continue to view the oil stocks are trading at a cyclically attractive despite low economic activity. The attractive risk/reward characteristics as activity normalizes warrant an overweight position in portfolios.

◈ *INDUSTRIALS*

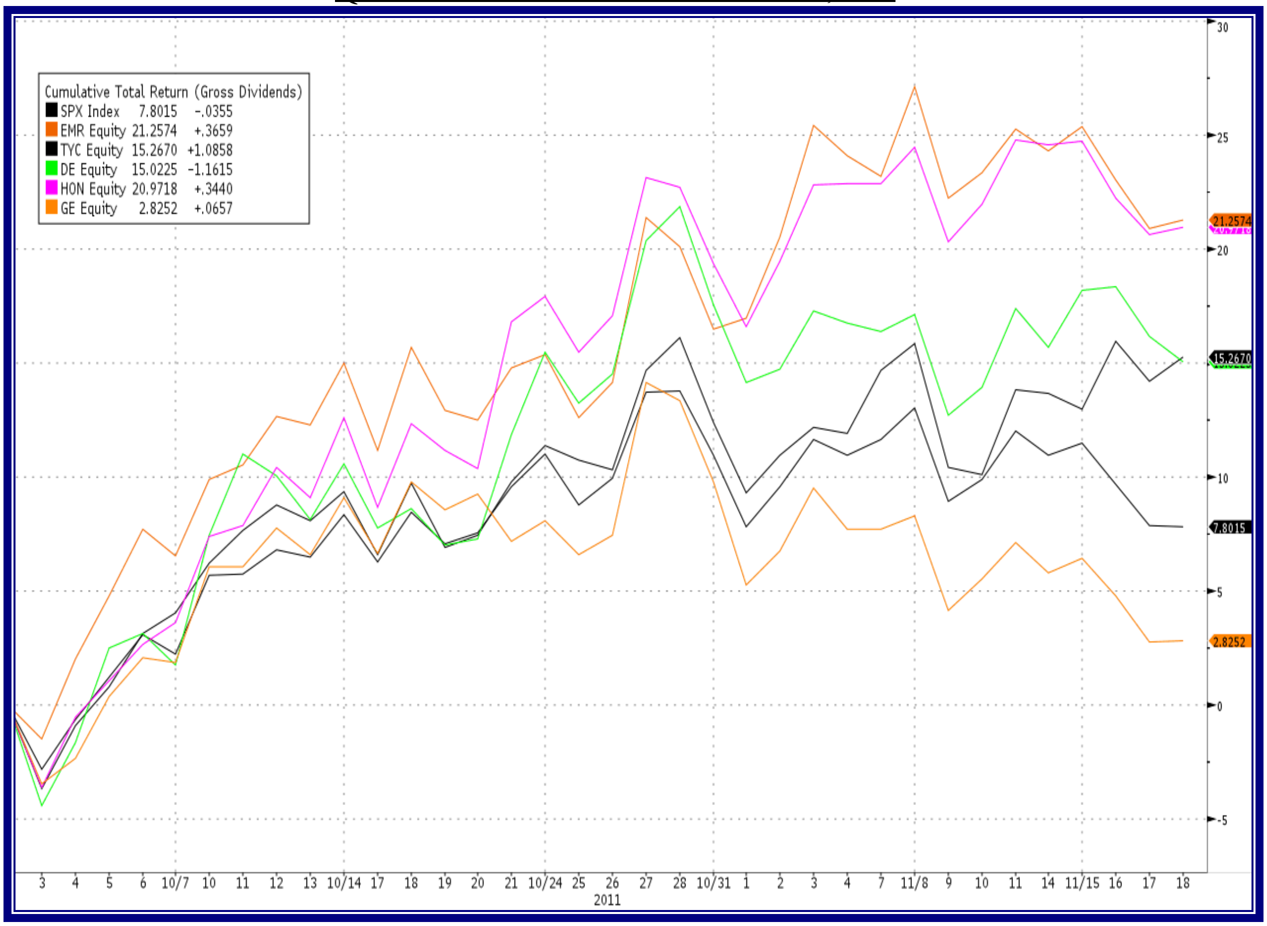
"Industrial Production and Manufacturing Validate a Rebounding Economy"

Recent Industrial Production and Manufacturing ISM reports are consistent with a rebound in production levels in Q4 relative to Q3. The U.S. is on track to grow GDP close to 2.8% in Q4, with consumer spending and business investment likely to make positive contributions. A solid rise in retail sales in October and a further gain in vehicle sales in November support our position. Core durable goods orders declined in October but are likely to bounce back later in the quarter, as has been the pattern over the past 27 months following the bottom of the recession.

The Industrial sector within our portfolio added 53 basis points of relative out performance versus the benchmark S&P 500 so far this quarter (qtd through mid-November). Positive attribution came not only from our overweight position in the sector but also from each one of our industrial holdings within our composite. 4 out of the 5 of our industrial holdings are beating the index in the current quarter by a wide margin.

Exhibit VIII

Quarter to Date Total Return as of Nov 18, 2011



Source: Bloomberg

The industrial sector as a whole is growing year-over-year earnings at a rate of 17.5% so far this quarter. Although this rate is down from 2010 growth rates, it is an improvement over the 16.8% rate reached in the second quarter of this year.

Year-over-year sales growth is running at a rate of 8.98% for industrials. This compares to a range of 7.5% to 8.5% over the prior four quarters. Earnings growth rates were 71.9%, 51.4%, 30.7%, 24.3%, and 6.9% for HON, DE, EMR, TYC, and GE respectively. Each company posted improving year-over-year earnings growth as compared to the prior quarter with the exception of GE, where the pace of year-over-year earnings growth decelerated.

Rating agencies were hoping for the Super Committee to come up with an additional $2 trillion necessary to stabilize the nation's debt to GDP ratio. With the ratio now likely on the rise, the U.S. is looking at another possible downgrade. A weaker dollar resulting from this possible downgrade would benefit export and commodity linked industries. The Super Committee's failure to reach a plan for deficit reduction could have meaningful implications for the defense sector. Enforcement of the sequestration will begin in 2013. Between now and then, Congress has the opportunity to delay or modify the sequestration. As it stands now, the defense budget will be cut by approximately 6-8% per year over a 10-year period, beginning in 2013. Defense names with greater international exposure and a broader product base should fare better.

Emerging market demand is helping to lift industrial stocks exposed to infrastructure builds and operational efficiencies. 3rd quarter GDP came in at a revised rate of 2%. Contribution from positive personal consumption expenditures, exports, and federal government spending helped lift the number from 1.3% in the second quarter. We are also pleased with improvement evident in jobless claims and retail sales numbers. These particular trends bode well for the Industrial sector.

CREDIT MARKETS

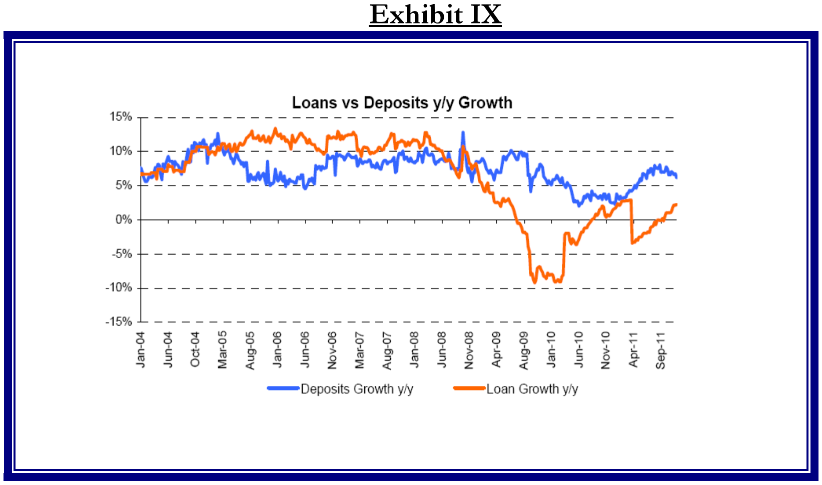
"Secular Demand for Housing and Improving Loan Demand Overshadow Cyclical Forces."

There are several signs that point to a more constructive picture in housing. Our view has been that the U.S. housing market would stabilize in 2011 with potential shortages developing given the extremely low level of starts. Although this has not played out as convincingly as we had expected, we did see the rental market tighten considerably this year, with vacancy rates at historic lows. We are currently seeing the rental market stabilizing which portends an improving homebuilder sentiment going forward. Our research indicates that as much as 80% of incremental jobs created in 2011 are housing related.

As building permits rise, excluding the surge associated with the homebuilder tax credit, we think this reflects the beginning of the secular demand forces eventually taking over the cyclical oversupply imbalance. This would mean that the population growth (2.6 million adults per year) and the current low starts will eventually absorb the excess housing supply. Historically, gains in housing starts/permits point to a positive performance of financials. Given the importance of mortgage finance to banking profits, we believe that a market overweight in the sector is warranted at this time.

Loan and deposit growth among large banks is helping to shore up balance sheets. Deposits are growing at a rate of 6.1% year-over-year. Although loan growth remains relatively weak, it has recovered off 2009/2010 lows and is growing at a rate of 2.3%.

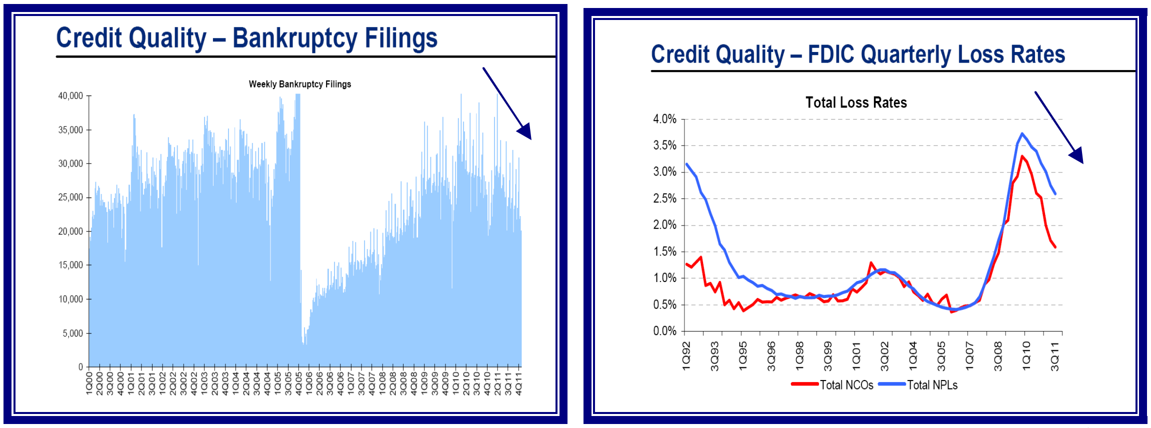
Exhibit IX



Source: Morgan Stanley

Growth in Commercial and Industrial (C&I) loans is outpacing more modest growth on the consumer side. Growth in the C&I segment is stronger among the large banks as compared to smaller banks. Real estate loan growth is still struggling in negative territory, down 2.3% year-over-year. Credit spreads of AAA rated corporate issues are 90bps above 10-year Treasuries down from peak levels of 180+ bps. Bankruptcy filings and FDIC loss rates are in downward trends, further improving the credit quality landscape.

Exhibit X



Source: Morgan Stanley

Weak global equity and high yield debt underwriting have been a strain on bank earnings this year. The top five equity underwriters by market share are Goldman Sachs, Morgan Stanley, JP Morgan, Bank of America, followed by Credit Suisse.

Investment grade underwriting is holding up better, coming in flat on a year-over-year basis so far this year. The top investment grade underwriters by market share are JP Morgan, Bank of America, Citi, Morgan Stanley, and Goldman Sachs.

We find the valuations of our bank holdings attractive on a price-to-sales, price-to-earnings (both TTM and forward), and price-to-book basis (with the exception of Wells Fargo on a price-to-sales basis).

A Comment on Currency

Exhibit XI

Source: Bloomberg

In order to undue the build up in leverage that has taken place over the last few decades, global economies are being forced to reduce their balance sheets. A decreasing U.S. appetite for risk has the potential to lessen foreign lending and thus reduce global liquidity. Lower levels of foreign lending are indicative of local economies being focused more domestically. This environment has the potential to temper the rate of global growth and will continue to hinder the expectation for stronger cyclical recoveries.

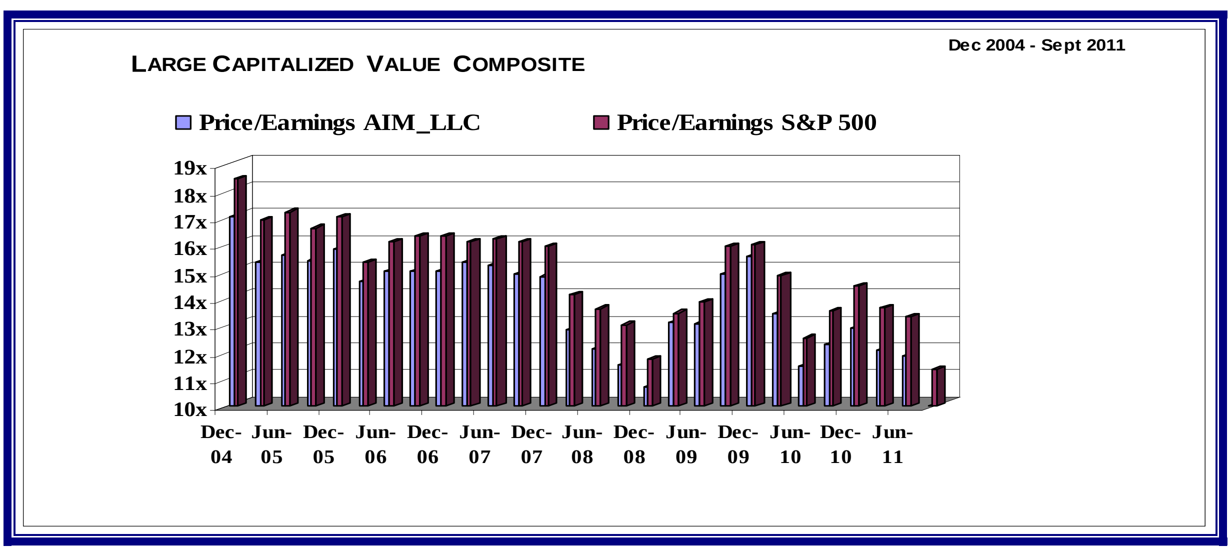
IN SUMMARY:

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 yearend, 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, a bond market that has done nothing over 30 years but gone up, stocks are under owned, earnings are at record earning levels and climbing despite a 8.9% unemployment rate - 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 sentiment at an all time low, with respect to the role of government during an election year. 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 XII



Source: Bloomberg and Altman Investment Management, LLC

Exhibit XIII

ALTMAN INVESTMENT MANAGEMENT

AIM PORTFOLIO CHARACTERISTICS

As of September 30, 2011

	Value Equity	S&P 500
# of Holdings	43 stocks	500 stocks
Portfolio Beta	.94	1.00
Wtd. Avg. Price to Book	1.46x	1.85x
Wtd. Avg. Price-Earnings (Current)	9.82x	11.36x
Wtd. Avg. Price-Earnings (FY1)	8.91x	10.21x
Wtd. Avg. Price/Sales Latest 4 Qtrs	.88x	1.06x
Wtd. Avg. Dividend Yield	3.2%	2.4%
Price to Cash Flow	6.2x	6.8x
Market Cap.	$73.6 Billion	$86.9 Billion
Ten Largest Holdings (% total)	19%	--
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 September 30, 2011 for weighted average book value, price/earnings, price/cash flow, and price/sales figures.

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