

4 T H A N N U A L

Innovative **ALTERNATIVE** **INVESTMENT STRATEGIES**

Diverse Strategies to Generate Income

MODERATOR

Christian Magoon

CEO

YieldShares

PANELISTS

John Blaney, CFA

Co-Portfolio Manager

RS Floating Rate Fund

Michael Seton

President & CIO

Carter/Validus Advisors, LLC

Hugh Lamle

President

M.D. Sass



Basic Features of Leveraged Loans

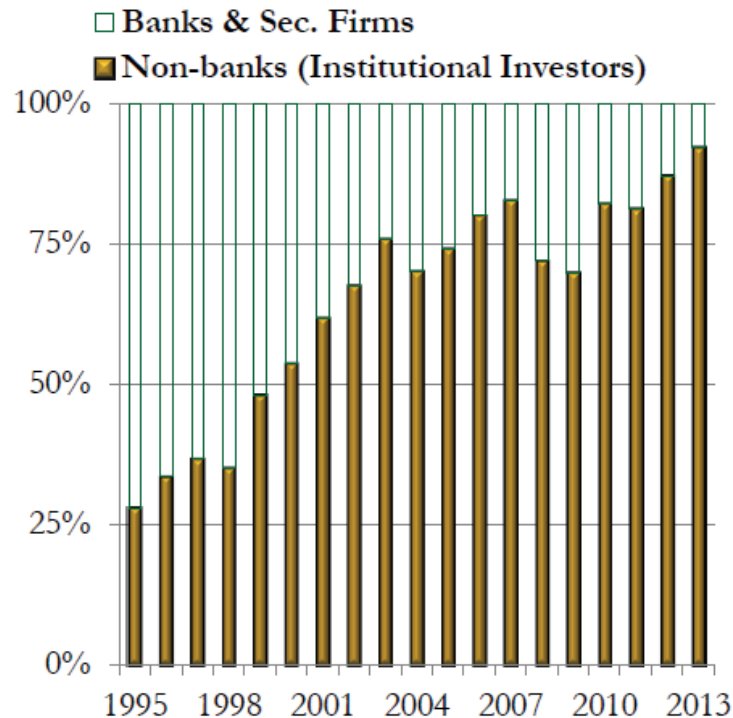
- \$1.2 trillion market split roughly 50/50 between commercial banks and institutional investors.
- This market is a little over 20 years old, it's generally very liquid with good price transparency and generally accepted trading conventions as established by the LSTA (Loan Syndications & Trading Association) .
- Rated below investment grade, i.e. below Baa3 by Moodys and BBB- by S&P .
- Have variable interest rates which are usually tied to three month LIBOR*
- Generally secured by a first lien on assets and therefore senior to unsecured claims.
- Prepayable at any time, i.e. no “call protection”.
- Governed by credit agreements which contain both affirmative covenants (“you shall do this”) and negative covenants (“you can’t do this”).
- Generally have a low correlation with other asset classes
- Market not directly accessible by retail investors.

* (LIBOR is the London Interbank Offering Rate , i.e. the rate banks charge each other for funding. The typical leveraged loan will be priced at a spread of of LIBOR. For example, Company XYZ will issue a Ba2/BB rated \$500mm term loan maturing 06/30/18 at par yielding three month LIBOR + 350 basis points.



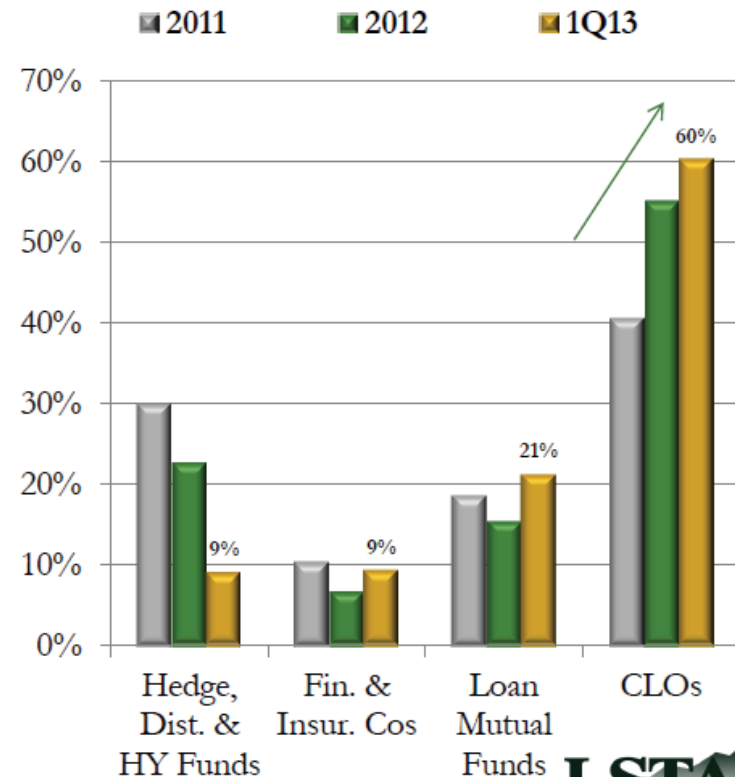
Participation in the Loan market from Institutions continues with CLOs and Mutual Funds regaining a larger share of the market in recent years .

Institutional Lending Market Share



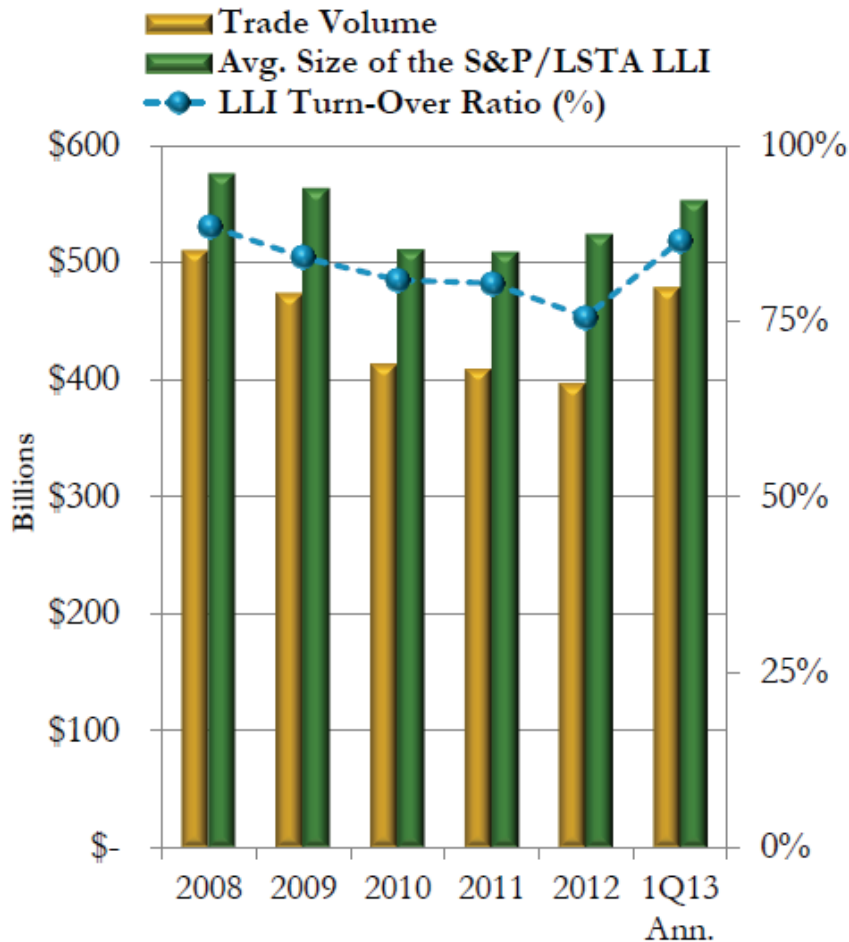
Source: S&P Capital IQ

Non-Bank Institutional Lending Market Share

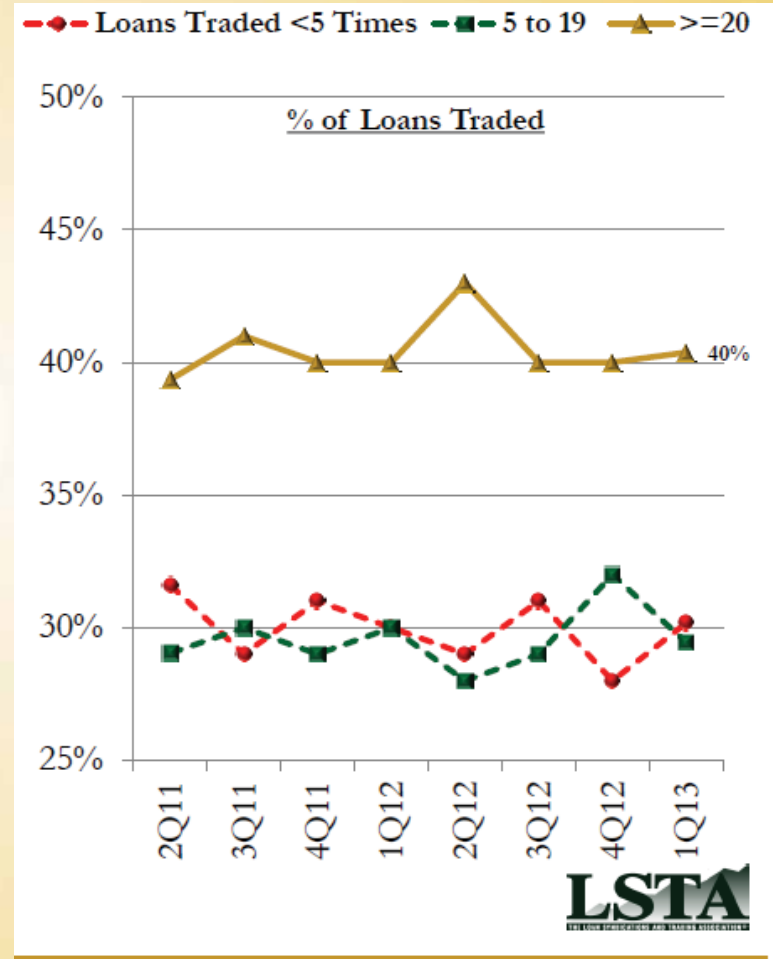


LSTA
 LENDING SECURITY ASSOCIATION

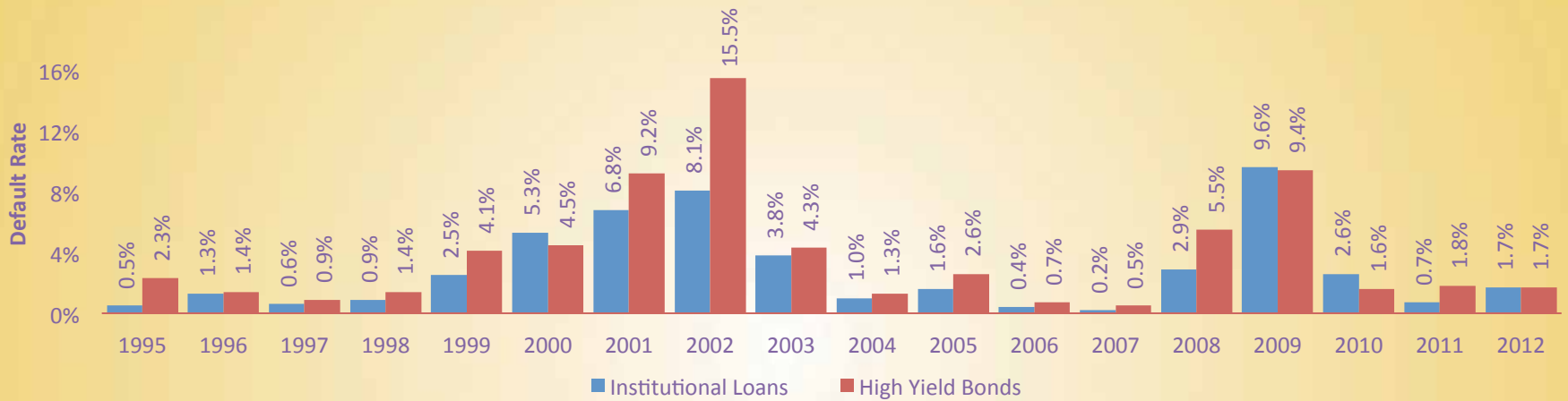
Liquidity in the Loan market has remained robust with several third party vendors providing daily pricing for institutional investors.



Source: LSTA Trade Data Study and S&P/LSTA Leverage Loan Index



The default rate in the Leveraged Loan market has tracked the default rate of High Yield Bonds. However, the Default Loss Experience has been superior historically due to the secured nature of the market.



Source: Credit Suisse. 2013 Leveraged Finance Outlook and 2011 Annual Review



Leveraged Loans lack of interest sensitivity and low correlation to equity provide enhanced portfolio diversification. Historically low coupons have caused High Yield Bonds to exhibit an uncommonly high interest rate sensitivity recently. Leveraged Loan indices are now outperforming High Yield Bond indices year to date.

Correlations December 1991–December 2012

| | BarCap 10 Year Bellwether Tsy Index | Barcap US Aggregate | Barcap High Yield Index | S&P 500 Index | Credit Suisse Leveraged Loan Index |
|--|--|------------------------|----------------------------|---------------|---------------------------------------|
| BarCap 10 Year Bellwether Tsy Index | 1.00 | | | | |
| Barcap US Aggregate | 0.91 | 1.00 | | | |
| Barcap High Yield Index | -0.12 | 0.21 | 1.00 | | |
| S&P 500 Index | -0.16 | 0.06 | 0.61 | 1.00 | |
| Credit Suisse Leverage Loan Index | -0.33 | -0.03 | 0.74 | 0.42 | 1.00 |

Past performance is no guarantee of future results.

Source: Morningstar – Ibbotson Associates Encorr Software Application, Barclays Capital, Credit Suisse



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CARTERVALIDUS

MISSION CRITICAL REIT

Investing In **Tomorrow**

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CARTERVALIDUS

MISSION CRITICAL REAL ESTATE

Investing In Tomorrow

Advantages of Net Lease Investing

- Provides greater certainty of income
- Helps mitigate risk by avoiding reset of leases
- Leases generally have annual contractual rental rate increases
- Helps mitigate risk by eliminating significant ongoing expenses

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CARTERVALIDUS

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Investing In Tomorrow

A Net Lease Strategy

With **HIGH GROWTH INDUSTRIES**



Richardson Data Center

Technology



Baylor Medical Center

Healthcare

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High Growth Property Sectors

Data Center Real Estate

What's Driving Demand?

- Generally recognized as the backbone of cloud computing & smart phone technology
- Cloud computing is expected to grow at an average rate of 28% per year through 2020
- Demand for data center space is outpacing supply by three times

Healthcare Real Estate

What's Driving Demand?

- Over 78 million Baby Boomers are approaching retirement and are facing increased spending on healthcare services
- By 2020, one in every five dollars spent, will be on healthcare
- Legislation is expected to add approximately 46 million additional people to the healthcare system



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Case Studies



Philadelphia Data Center

Data Center



Akron Medical Center

Healthcare

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CARTERVALIDUS

MISSION CRITICAL REAL ESTATE

Investing In Tomorrow

Carter Validus Mission Critical REIT

IMPLEMENTING THE STRATEGY

- Direct Investment in Real Estate via Non-Listed REIT
- Non-correlated to publicly listed equity securities
- Diversification amongst multiple properties for individual investor
- Professional Management
- 7% Annual Distribution
- Targeted Exit: 4-6 Years

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Portfolio Summary

Total Acquisition Price: **\$554,000,000**

Data Center \$293.4 million
Healthcare \$260.6 million

Weighted Avg. Lease Yield: **9.41%**

Leverage Ratio: **39.6%**

No. of Investments: **25**

Data Center 10
Healthcare 15

Weighted Avg. Occupancy: **100%**

Weighted Avg. Remaining Lease Term: **11.7 years**

Avg. Annual Rent Escalators: **2.2%**

Annualized Distribution Rate: **7.0%**



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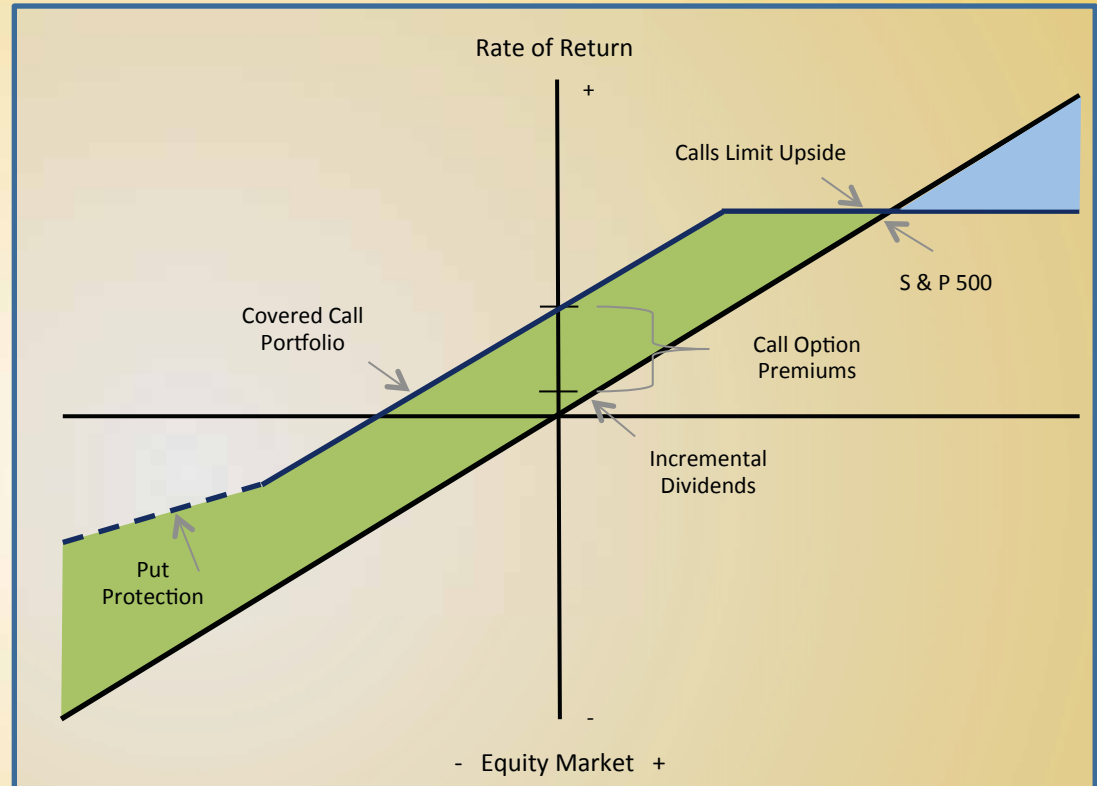


High Cash Flow Hedged Equity Strategy

- Long Stocks
- Sell Calls
- Buy Index Puts

Current Annualized Cash Flow Generation

| | As of 6/30/13 ¹ |
|-------------------------|----------------------------|
| Dividend Yield | 2.8% |
| Annualized Call Premium | 5.4% |
| Total | 8.2% |



¹As of June 30, 2013, portfolio characteristics do not represent performance of the investment strategy and are based on a representative account. No representation is made that the M.D. Sass Equity Income Plus Strategy will, or is likely to, achieve the dividend yield, annualized call premium, total income generation or portfolio characteristics, which may change over time.

Past performance is not indicative of future returns. M.D. Sass does not guarantee any minimum level of investment performance or the success of the M.D. Sass Equity Income Plus strategy, and investors may incur losses. M.D. Sass does not provide tax or legal advice, or determine an investor's investment objectives, risk tolerance, or suitability.

The current annualized cash flow generation is presented as supplemental information to the GIPS® presentation for the composite.



Covered Call Writing

Call writing decisions depend on timing and magnitude of upside for underlying equities as well as implied volatility of the options

| | Minimal Upside to Stock | Material Upside to Stock |
|-------------------------|--|--|
| Near Term Catalyst | Action: Write close to the money, short maturity calls Goal: Maximize annualized income yield | Action: Write further out of the money, short maturity calls Goal: Maximize potential capital appreciation |
| Longer Term Catalyst | Action: Write close to the money, long maturity calls Goal: Maximize total income | Action: Write further out of the money, long maturity calls Goal: Generate income while preserving upside potential |
| Implied Volatility | | |
| Low Implied Volatility | Write short maturity calls when volatility is priced relatively low | |
| High Implied Volatility | Write long maturity calls when volatility is priced relatively high | |



Investment Example – SWK (Stanley Black & Decker)

Yield + Call Premium + Capital Appreciation Potential

- n In late 2012, SWK’s implied volatility was well above historical realized volatility due to weakness in the underlying stock and concerns about company guidance.
- n Attracted to relatively low downside risk, 2.8% dividend yield, attractive call option premiums and capital appreciation potential from a housing recovery.
- n On October 22, 2012, we purchased SWK at \$69.84 and sold April \$75 calls.

| | Yield (at 10/22/12) |
|--|---------------------|
| Dividend Yield | 2.81% |
| Annualized Call Premium | 8.94% |
| SWK Standstill Annualized Yield | 11.75% |
| Total Return if Exercised | 13.54% |

The investment example was chosen to illustrate how we may write options based on various perceived risk/reward characteristics of the underlying equities at the time such investments were made. No representation is made that all of the investments in the investment strategy have similar yield characteristics, that any of the yield characteristics for these examples will occur, or that the yield characteristics will represent any actual performance of such investment examples.

“Annualized Call Premium” is calculated by dividing the call premium over the stock price and annualizing it.

The “Standstill Annualized Yield” reflects the dividend yield plus the annualized call premium and assumes the stock does not get called away.

“Total Return if Exercised” reflects the potential upside in the position should the stock get called away at the strike price upon expiration of the option.

The investment example is presented as supplemental information to the GIPS® presentation for the composite.



Investment Example – SY Y (Sysco)

Focus on Yield

- In November, 2012, SY Y was underperforming the market due to concerns about restaurant sales trends and SY Y's restructuring initiatives.
- We believed SY Y's downside was limited due to its 3.7% dividend yield, attractive free cash flow growth and leverage to the U.S economic recovery.
- Recognizing the stock had minimal upside in the near term, On November 20, 2012 we purchased SY Y at \$30.36 and wrote near the money May \$32 calls.

| | Yield (at 11/20/12) |
|---|---------------------|
| Dividend Yield | 3.69% |
| Annualized Call Premium | 4.60% |
| SY Y Standstill Annualized Yield | 8.29% |
| Total Return if Exercised | 9.54% |

The investment example was chosen to illustrate how we may write options based on various perceived risk/reward characteristics of the underlying equities at the time such investments were made. No representation is made that all of the investments in the investment strategy have similar yield characteristics, that any of the yield characteristics for these examples will occur, or that the yield characteristics will represent any actual performance of such investment examples.

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Protective Puts

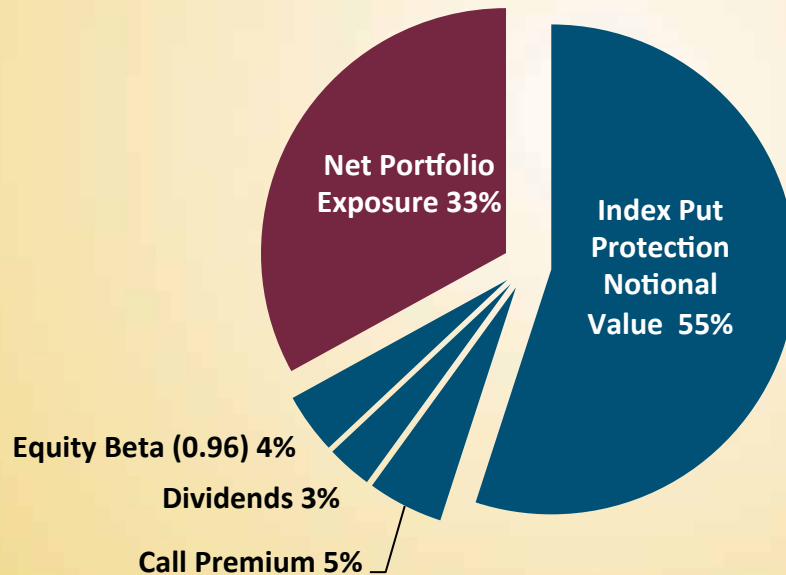
- Dividends and call premiums provide modest downside protection, but do not protect against steep market declines.
- We purchase out of the money index puts to hedge against significant market decline.
- Typically, we seek to protect 30-80% of the portfolio from large declines.
- We determine the maturity and percentage of out of the money index put options based on the cost of implied volatility, the timing of catalysts, and the protection of calls sold.
- We estimate the net cost of put protection to approximately 100-200 bps per year assuming they expire worthless.



EIP Net Portfolio Risk Analysis

as of 6/30/13

| Index put protection notional value ¹ | |
|--|----------|
| Index put protection notional value (%) | 55% |
| Weighted average time to maturity | 169 days |
| Weighted average % out of the money | 8% |



¹ Notional value is the percentage of the equity portfolio protected by index put options, which were 8% out of the money.

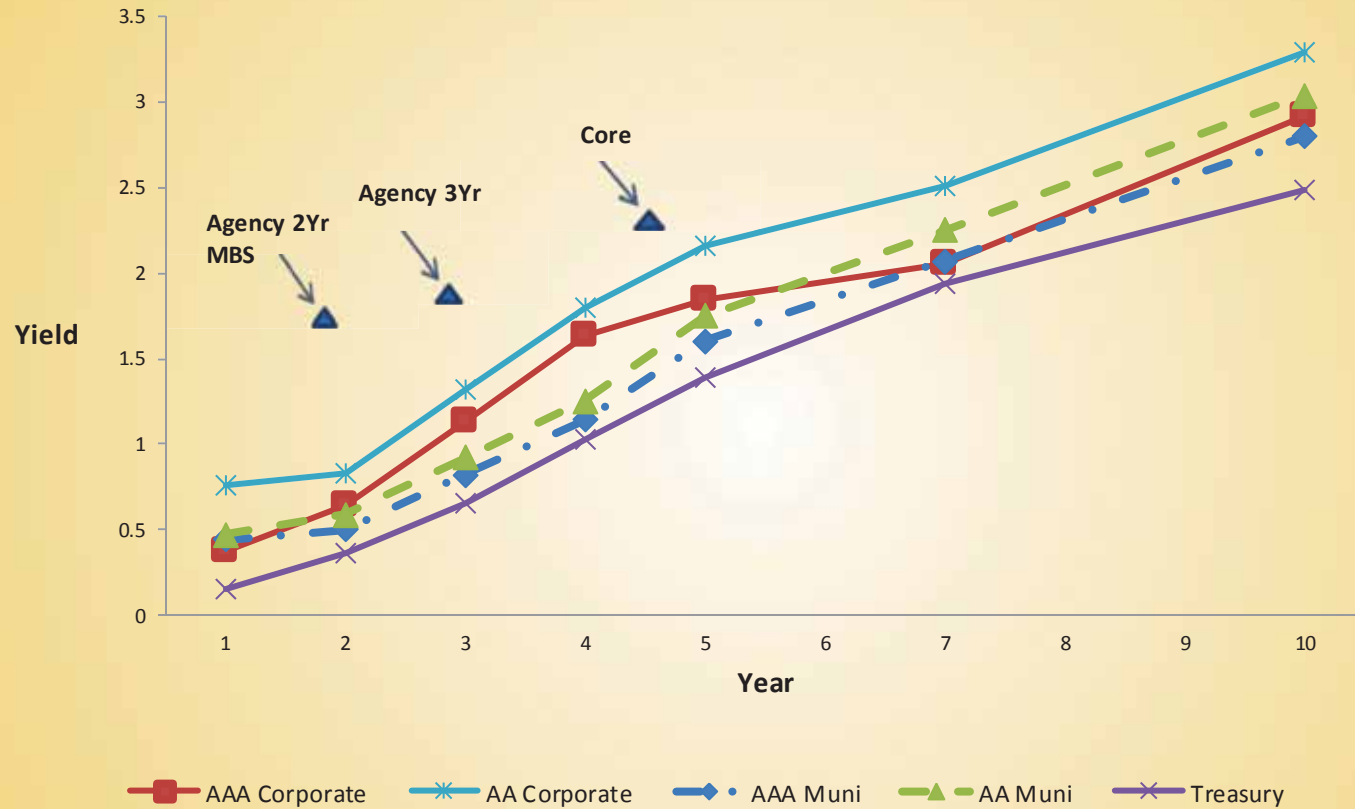
Note: The portfolio characteristics above do not guarantee the performance of the investment strategy. No representation is made that the M.D. Sass Equity Income Plus Strategy will, or is likely to achieve the index put protection notional value or other characteristics set forth above, which may change over time.



Ultra High Grade Short Duration Fixed Income



The Current Market Menu



Source: M.D. Sass, Bloomberg; as of 6/30/13



U.S. Treasury Interest Rate Sensitivity

Asymmetric Payoff Return Profile – 1 Year Holding Period



Above scenarios are based on the static portfolio with a yield of 170 basis points and different scenarios if the interest rate remained the same or are increased by various basis points over the specified investment horizon.

All monthly principal and interest payments are assumed to be reinvested back into the strategy at gradually rising interest rates.

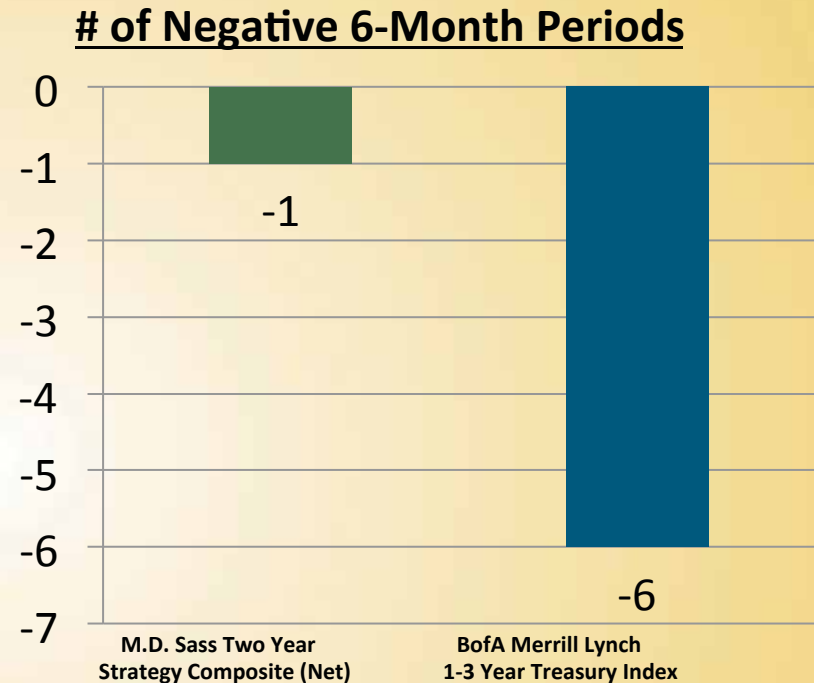
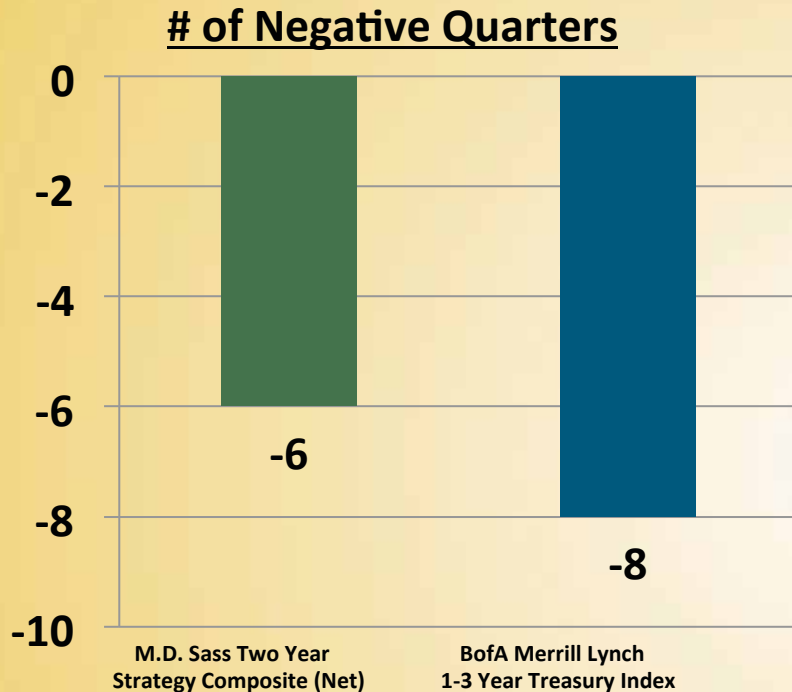
Yield curve shifts occur monthly, in pro-rata fashion over horizon.

These are illustrative mathematical extrapolations showing how changes in interest rates could impact a portfolio's return and are not intended to be a projection of future performance. M.D. Sass makes no representation that these calculated returns under different interest rate scenarios will occur.

Source: M.D. Sass data, The Yield Book; as of 6/30/13



M.D. Sass Two-Year Fixed Income Composite 1/1/1993 – 6/30/2013



Past performance is not indicative of future returns. M.D. Sass (the "Manager") does not guarantee any minimum level of investment performance or the success of the Two Year Fixed Income strategy, and investors may incur losses. The Manager does not provide tax or legal advice, or determine an investor's investment objectives, risk tolerance, or suitability.

The Two-Year Fixed Income composite gross returns are presented as supplemental information to the GIPS® presentation for the composite. Gross-of-fees returns are calculated gross of investment management and custodial fees and net of transaction costs. A client's return will be reduced by the amount of the advisory fee, which is described in Part II of the Form ADV for M.D. Sass Investors Services, Inc. For example, assuming a 5% annual return on an initial portfolio of \$25,000,000 and advisory fees equal to a minimum of \$50,000 for each account, 0.40% on the first \$25 million, 0.35% on the next \$25 million, 0.25% on the next \$50 million, and negotiable thereafter; a client's portfolio would be worth: \$26,150,000 after one year; \$28,613,056 after three years and \$31,310,694 after five years, after fees; as compared to \$26,250,000 after one year, \$28,940,625 after three years and \$31,907,039 after five years, excluding fees. As of 1/1/2010, the investment management fee is based on the actual investment management fee incurred by each portfolio in the composite. Prior to of January 1, 2010, the investment management fee was based on the highest investment management fee incurred by portfolios within the composite.

The BofA Merrill Lynch 1-3 Year Treasury Index is a market capitalization-weighted index including all U.S. Treasury notes and bonds with maturities greater than or equal to one year and less than three years. The Index is unmanaged and may not be invested in directly.

The composite performance record from 1993 through 1998 is not in compliance with GIPS® because of inconsistent account inclusion/exclusion methodology; accounts within the composite may have assets below the composite minimum; treatment of single asset class carve-outs and methodology applied to allocating cash to carve-outs; some accounts within the firm may not have been assigned to a composite; lack of supporting documentation for account level and composite level return calculations.

Please refer to disclosure notes for additional important information.



M.D. Sass Two-Year Fixed Income Composite at 6/30/2013

Two Year Cash *(Net-of-Fees)*

| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------|-------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|-------|-------|-------|-------|-------|-------|--------|--------|
| 1 st Quarter | 2.46% | -0.78% | 2.95% | 0.03% | 0.97% | 1.41% | 1.04% | 1.24% | 2.79% | 0.81% | 0.88% | 1.31% | -0.28% | 0.44% | 1.39% | 1.96% | 1.52% | 1.38% | 0.60% | 0.71% | 0.23% |
| 2 nd Quarter | 1.60% | -0.17% | 2.96% | 0.91% | 2.23% | 1.45% | 0.26% | 1.73% | 1.25% | 2.70% | 0.69% | -0.92% | 1.31% | 0.71% | 0.81% | 0.17% | 1.38% | 1.16% | 0.89% | 0.24% | -0.58% |
| 3 rd Quarter | 1.49% | 0.86% | 1.81% | 1.72% | 2.01% | 1.84% | 1.21% | 2.33% | 3.66% | 2.77% | 0.08% | 1.38% | 0.14% | 2.05% | 1.88% | 0.96% | 1.64% | 0.41% | 0.57% | 0.69% | |
| 4 th Quarter | 0.60% | 0.42% | 2.47% | 2.07% | 1.85% | 1.14% | 0.83% | 2.43% | 0.37% | 1.00% | 0.53% | 0.30% | 0.66% | 1.23% | 1.91% | 2.05% | 0.67% | 0.48% | 0.41% | -0.15% | |
| YTD | 6.28% | 0.33% | 10.58% | 4.81% | 7.25% | 5.98% | 3.39% | 7.96% | 8.28% | 7.46% | 2.19% | 2.05% | 1.84% | 4.49% | 6.13% | 5.24% | 5.31% | 3.48% | 2.50% | 1.50% | -0.35% |

BofA Merrill Lynch 1-3 Year Treasury Index

| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------|-------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|-------|-------|--------|--------|--------|-------|--------|--------|
| 1 st Quarter | 2.21% | -0.50% | 3.36% | 0.33% | 0.66% | 1.47% | 0.60% | 1.25% | 2.76% | 0.01% | 0.59% | 1.00% | -0.26% | 0.38% | 1.40% | 2.98% | 0.09% | 0.70% | 0.03% | -0.08% | 0.12% |
| 2 nd Quarter | 1.08% | 0.08% | 3.21% | 1.01% | 2.21% | 1.52% | 0.57% | 1.72% | 1.18% | 2.38% | 0.72% | -1.06% | 1.14% | 0.65% | 0.70% | -0.86% | -0.11% | 1.16% | 0.83% | 0.19% | -0.11% |
| 3 rd Quarter | 1.43% | 0.99% | 1.50% | 1.65% | 1.96% | 3.08% | 1.26% | 2.10% | 3.38% | 2.41% | 0.43% | 0.97% | 0.09% | 1.97% | 2.67% | 1.68% | 0.78% | 0.62% | 0.49% | 0.26% | |
| 4 th Quarter | 0.59% | 0.00% | 2.52% | 1.90% | 1.67% | 0.76% | 0.60% | 2.70% | 0.76% | 0.87% | 0.15% | 0.02% | 0.69% | 0.91% | 2.36% | 2.69% | 0.03% | -0.15% | 0.20% | 0.07% | |
| YTD | 5.41% | 0.57% | 11.00% | 4.98% | 6.65% | 6.99% | 3.06% | 8.00% | 8.30% | 5.75% | 1.90% | 0.91% | 1.67% | 3.96% | 7.32% | 6.61% | 0.78% | 2.35% | 1.55% | 0.43% | 0.00% |

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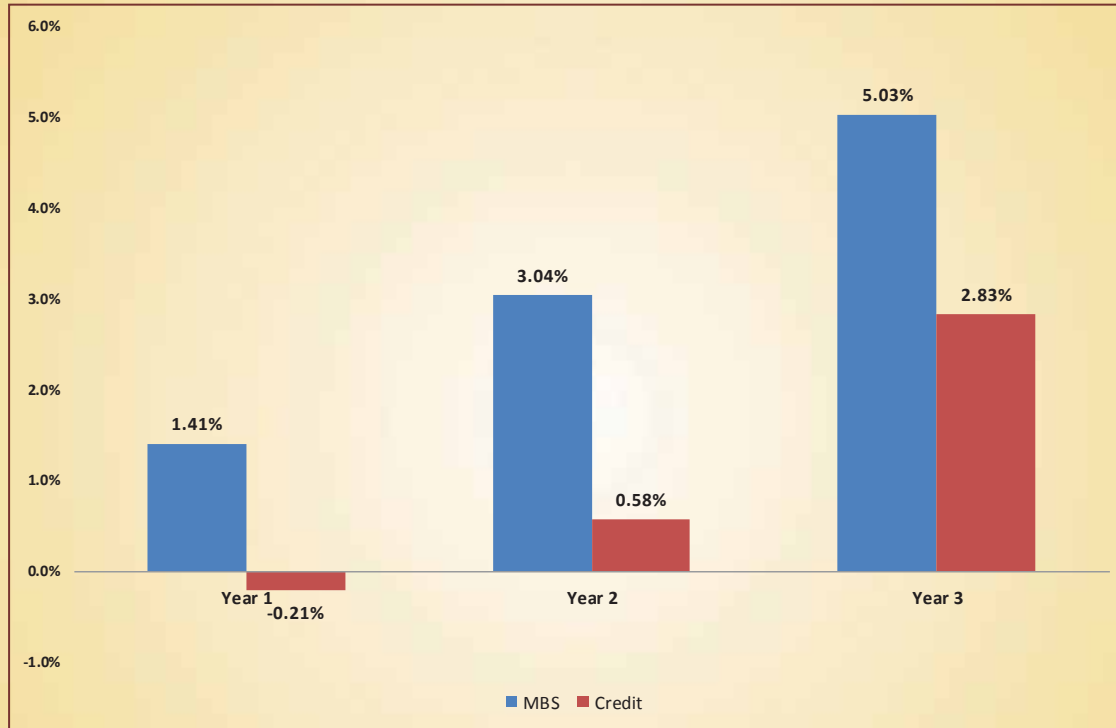
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Calculated Cumulative Return of M.D. Sass Two-Year MBS Strategy vs. Generic Three-Year Single A Corporate Credit

Based on the static portfolio with a yield of 180bps, 3-Year Holding Period, Annual +50bps (TOTAL 150bps) Interest Rate Increase



A rated corporate credit as represented by Barclays Short Duration Credit Index, and M.D. Sass data

Above scenarios are based on the static portfolio with a yield of 170 basis points and different scenarios if the interest rate remained the same or are increased by various basis points over the specified investment horizon.

All monthly principal and interest payments are assumed to be reinvested back into the strategy at gradually rising interest rates.

Yield curve shifts occur monthly, in pro-rata fashion over horizon.

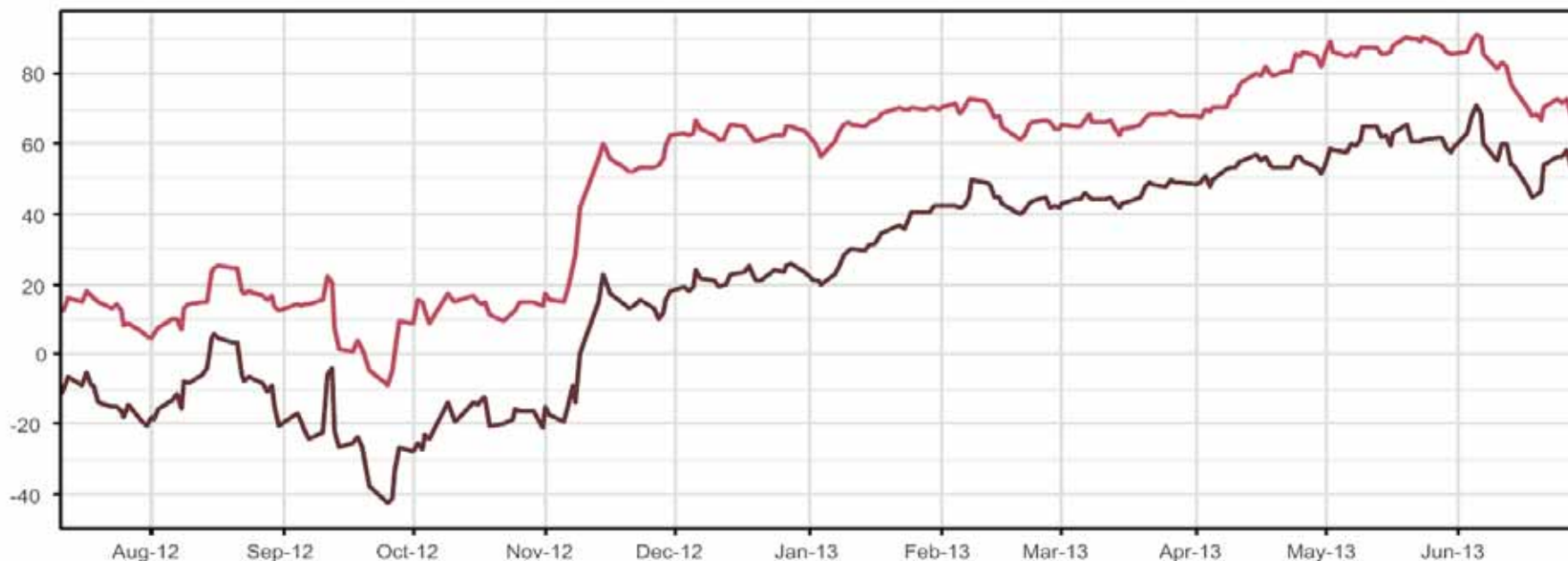
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Source: The Yield Book, M.D. Sass; as of 6/30/13



Higher Coupon MBS Yield Spread Changes

FNCL 5.0 vs 5.5 TBA OAS



| Key | Axis | Name | Last | Minimum | Maximum | Mean | Standard Deviation | Standard Deviation Change |
|-----|------|-------------------------------------|--------|---------------------|---------------------|--------|--------------------|---------------------------|
| — | Left | FNCL 5.0 TBA Option Adjusted Spread | 51.323 | -42.712 25-Sep-2012 | 71.084 05-June-2013 | 22.050 | 31.037 | 3.530 |
| — | Left | FNCL 5.5 TBA Option Adjusted Spread | 64.232 | -9.048 25-Sep-2012 | 91.354 05-June-2013 | 50.602 | 29.243 | 2.824 |

The chart is for the period of 6/30/2012 – 6/30/2013

FNCL 5.0 TBA is a generic security as tracked by Barclays Capital analytics. It represent a generic 30-year Fannie Mae agency mortgage-backed securities with 5% coupon.

FNCL 5.5 TBA is a generic security as tracked by Barclays Capital analytics. It represent a generic 30-year Fannie Mae agency mortgage-backed securities with 5.5% coupon.

Option adjusted spread (OAS) is the flat spread which has to be added to the treasury yield curve in a pricing model (that accounts for embedded options) to discount a security payment to match its market price.

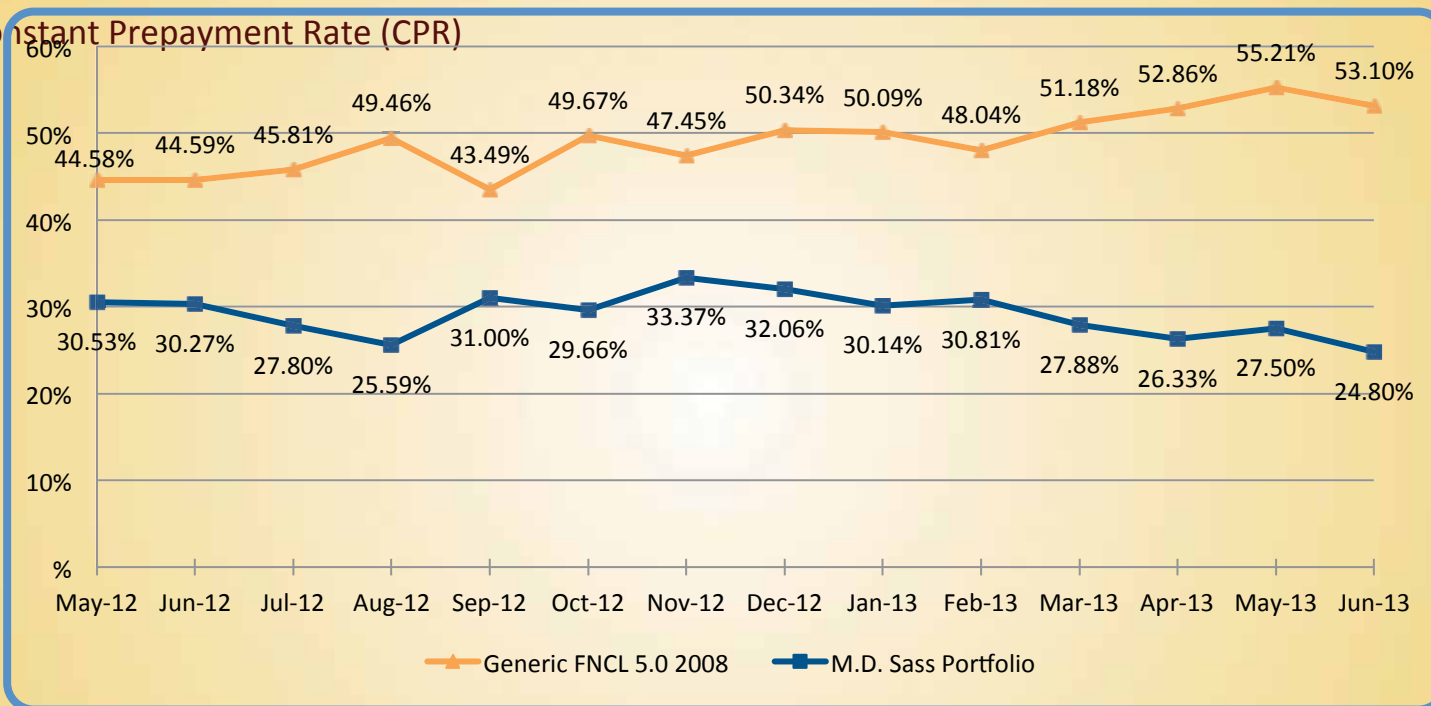
Standard Deviation is a historical measure of the variability of returns relative to the average annual return.

Source: Barclays



Generic 2008 Vintage 5% Fannie Mae MBS vs. M.D. SASS Two-Year Portfolio

12 Month Constant Prepayment Rate (CPR)



Constant Prepayment Rate ("CPR") is a loan prepayment rate that is equal to the proportion of the principal of a pool of loans that is assumed to be paid off prematurely in each period. The calculation of this estimate is based on a number of factors such as historical prepayment rates for previous loans that are similar to ones in the pool and on future economic outlooks.

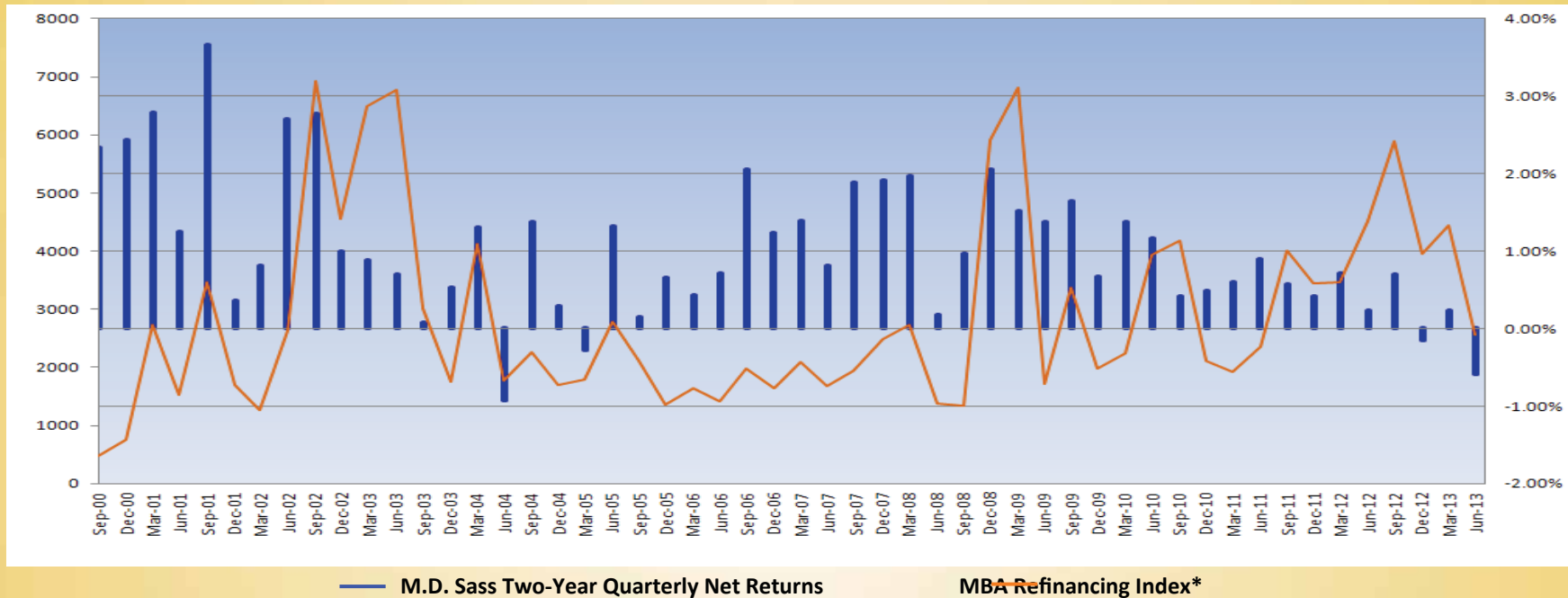
The illustration above is based on the 12 month CPR of a Generic 2008 Vintage 5% FNMA 30 Year MBS vs. a representative M.D. Sass Two-Year portfolio.

Source: M.D. Sass, Bloomberg; as of 6/30/13



M.D. Sass Two-Year Quarterly Net Returns vs. MBA Refinancing Index*

(September 2000 – June 2013)



Past performance is not indicative of future results. M.D. Sass (the "Manager") does not guarantee any minimum level of investment performance or the success of the Two Year Fixed Income strategy, and investors may incur losses. The Manager does not provide tax or legal advice, or determine an investor's investment objectives, risk tolerance, or suitability.

The Two-Year Fixed Income composite net returns are presented as supplemental information to the GIPS® presentation for the composite. Net-of-fees returns are calculated net of investment management fees, transaction costs and gross of custodian fees and reclaimable withholding tax. As of 1/1/2010, the investment management fee is based on the actual investment management fee incurred by each portfolio in the composite. Prior to of January 1, 2010, the investment management fee was based on the highest investment management fee incurred by portfolios within the composite.

*The MBA Refinance Index covers all mortgage applications to refinance an existing mortgage. It is an overall gauge of mortgage refinancing activity. The Refinance Index includes conventional and government refinances, regardless of product (FRM or ARM) or coupon rate refinanced into or out of. Seasonal factors are less significant in refinances than in home sales, however holiday effects are considerable. Data provided by the Mortgage Bankers Association and indexed to the refinancing rates of 1990. The index is unmanaged and may not be invested in directly.

Source: Bloomberg, M.D. Sass

