

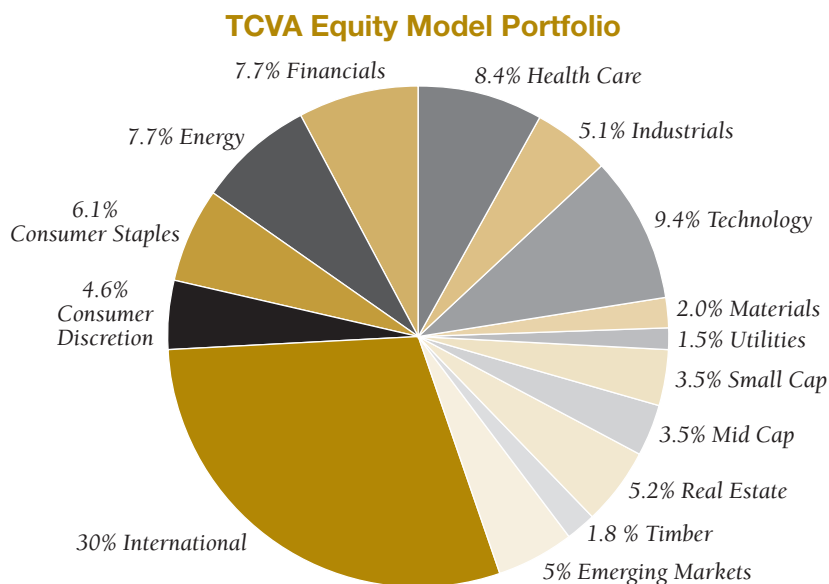
Equity Commentary

Market Highlights

The third quarter was marked by a steady decline in stock prices, corporate realignment and unprecedented government intervention. The US Treasury proposed to buy \$700 billion in troubled assets from the largest banks while bailing out Freddie Mac, Fannie Mae and AIG. Merrill Lynch merged with Bank of America, Bear Sterns was absorbed by JP Morgan and Lehman Brothers was allowed to fail. Goldman Sachs and Morgan Stanley survived, but chose to re-designate themselves as banks. The Treasury propped up money markets by starting the Temporary Guarantee Program, which covers deposits up to \$1 million. Additionally, the SEC instituted short selling restrictions in an attempt to curb the downward spiral of our financial system.

Trends

For the 5 year period ending 9/30/09, value stocks still outperformed growth stocks and small cap still beat large cap. International stocks outperformed domestic equities for the 3 and 5 year horizon, but lagged for the last 12 months.



Performance Attribution

The table below shows the performance attribution breakdown for the last 13 quarters. Our consistent success is based in the simple concepts of diversification, patience and listening to the experts. Research has shown that over the long term,

Quarter	Stock Picking	Sector Weighting	Asset Allocation
3Q2005	+	+	+
4Q2005	-	0	+
1Q2006	+	+	+
2Q2006	+	-	+
3Q2006	+	0	-
4Q2006	+	-	+
1Q2007	-	+	+
2Q2007	-	+	+
3Q2007	-	+	+
4Q2007	+	+	-
1Q2008	+	-	-
2Q2008	+	+	+
3Q2008	+	0	-
Success Rate	69%	70%	69%

value beats growth, small cap and mid cap beat large cap and adding additional asset classes dampens volatility. It has also shown us that market timing does not work and that asset allocation accounts for over 90% portfolio risk. Using a disciplined approach in applying these concepts to our clients' accounts has resulted in the success we have enjoyed over those 13 quarters.

