

Investment Presentation
for
Bay County Employees'
Retirement System

April 17, 2012

Adam I. Friedman
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Senior Investment Manager

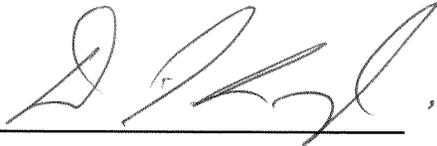
MISSION STATEMENT

Our goal is to deliver excellence:

With integrity

In everything

At all times



Daniel G. Bandi, CFA



Sean A. Burke



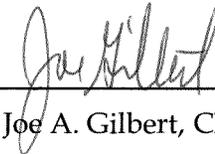
Brian T. Cavalier



Daniel J. DeMonica, CFA



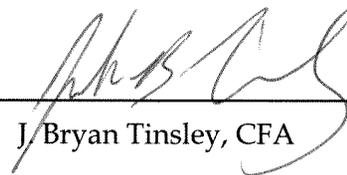
Adam I. Friedman



Joe A. Gilbert, CFA



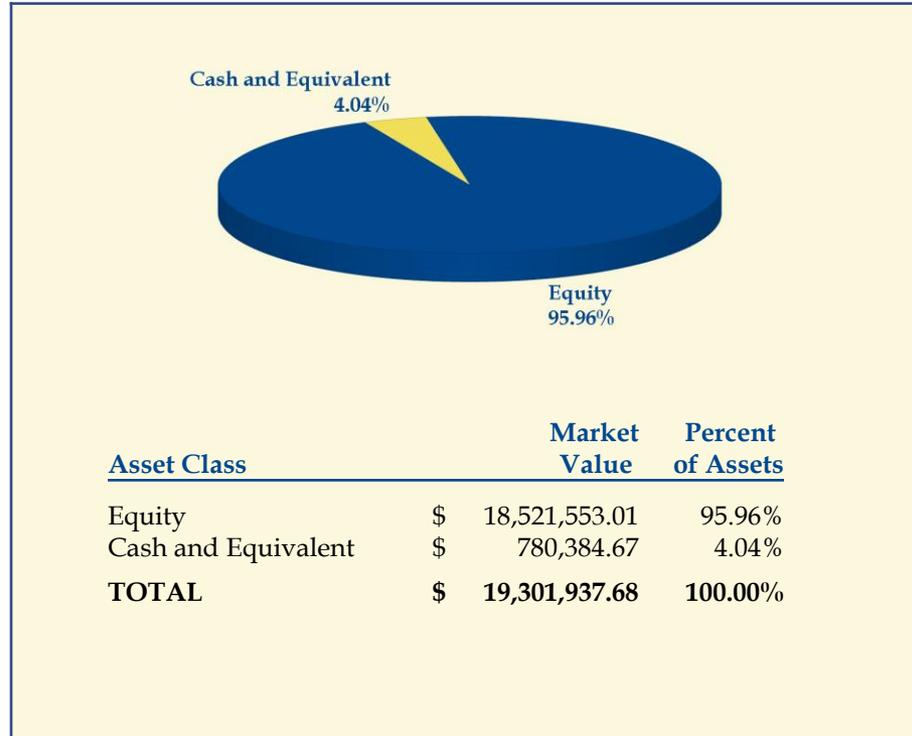
Mirsat Nikovic, CFA



J. Bryan Tinsley, CFA

Portfolio Summary

Current Asset Allocation



Bay County Employees' Retirement System

As of 3/31/12

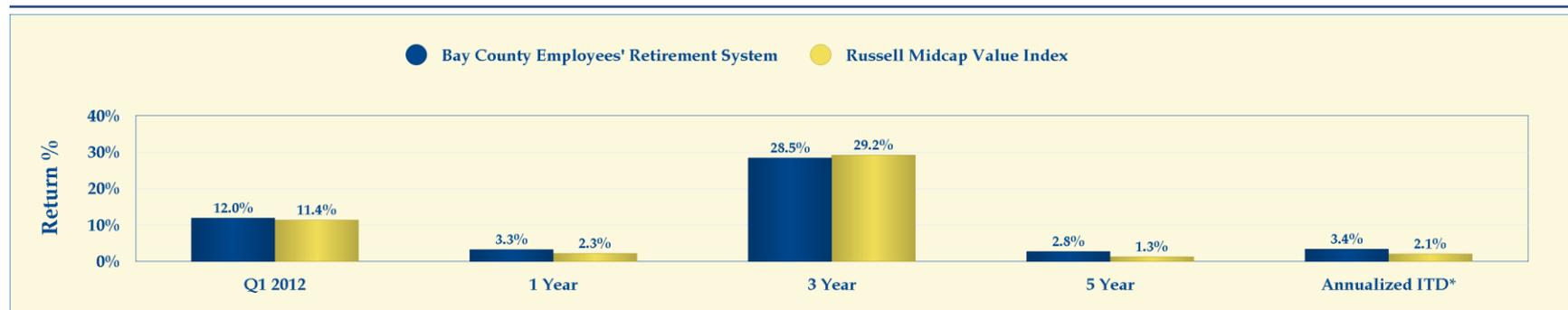
Account Performance

For the quarter ending March 31, 2012, your portfolio returned 11.99% versus the Russell Midcap® Value index, which returned 11.41%.

The Integrity Mid Cap Value Composite slightly outperformed the Russell Midcap® Value index in the first quarter. Stock selection in technology, consumer discretionary and financials was largely responsible for the good relative performance. Additionally, being underweight utilities helped as utilities were the worst performing sector to start 2012. The largest detractors to performance was stock selection in industrials and consumers staples.

Performance Review (Annualized)

Gross of Fees



<i>Portfolio Performance</i>	Q1 2012	1 Year	3 Year	5 Year	Annualized ITD*
Bay County Employees' Retirement System	11.99%	3.25%	28.52%	2.80%	3.42%
Russell Midcap Value Index	11.41%	2.28%	29.18%	1.26%	2.09%
Relative Performance	0.58%	0.97%	-0.66%	1.54%	1.33%

* Since Inception 1/3/07

FIRM OVERVIEW

- Institutional investment management firm

- Experienced, stable investment team

- Proven investment philosophy and process

- Portfolio strategy offerings:
 - *Micro Cap*
 - *Small Cap Value Equity*
 - *Small/Mid Cap Value Equity*
 - *Mid Cap Value Equity*
 - *Large Cap Value Equity*

INVESTMENT PHILOSOPHY

- Prudent value:
 - statistically cheap stocks trading below our estimate of intrinsic value

- Improving sentiment:
 - identify catalysts that lead to improving investor sentiment

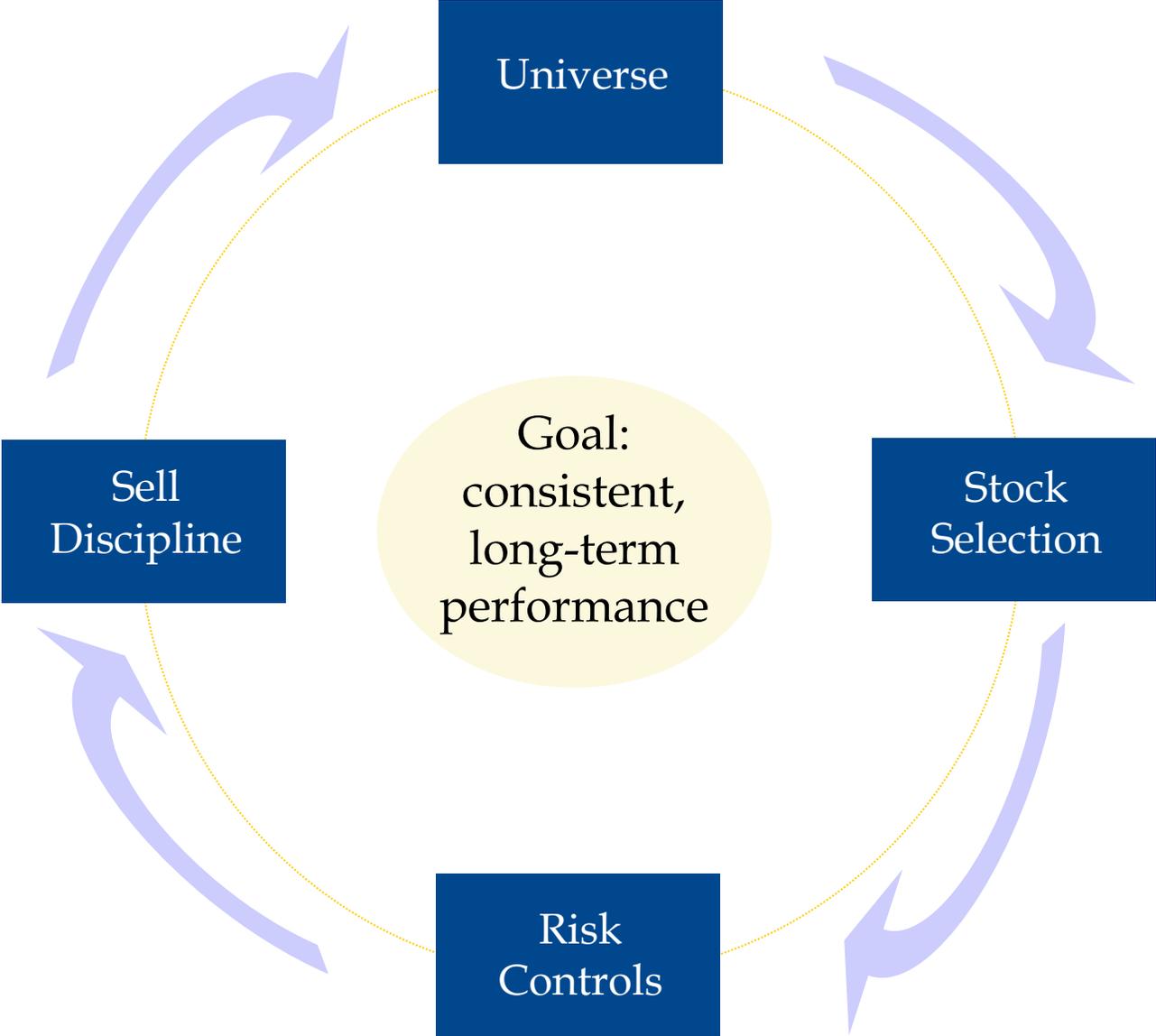
- Risk controls:
 - continuous evaluation of risk exposure to deliver consistent long-term performance

INVESTMENT TEAM

- Team approach
- Sector focus
- Team stability

Portfolio Management & Research		
	Years Experience	Sector Responsibilities
Daniel G. Bandi, CFA <i>Lead Portfolio Manager:</i> <i>Small Cap Value Equity</i> <i>Small/Mid Cap Value Equity</i>	20	Financials Industrials
Adam I. Friedman <i>Lead Portfolio Manager:</i> <i>Mid Cap Value Equity</i>	20	Consumer Cyclicals Technology
Daniel J. DeMonica, CFA <i>Lead Portfolio Manager:</i> <i>Large Cap Value Equity</i> <i>Micro Cap</i>	16	Healthcare Telecommunications Utilities
J. Bryan Tinsley, CFA	15	Basic Materials Energy Commercial Services
Joe A. Gilbert, CFA	15	Autos & Transportation Consumer Staples Insurance
Mirsat Nikovic, CFA	14	Financials Industrials Quantitative Analysis
Sean A. Burke	5	Generalist Quantitative Research
William H. McNett, CFA	28	Portfolio Advisor Client Liaison

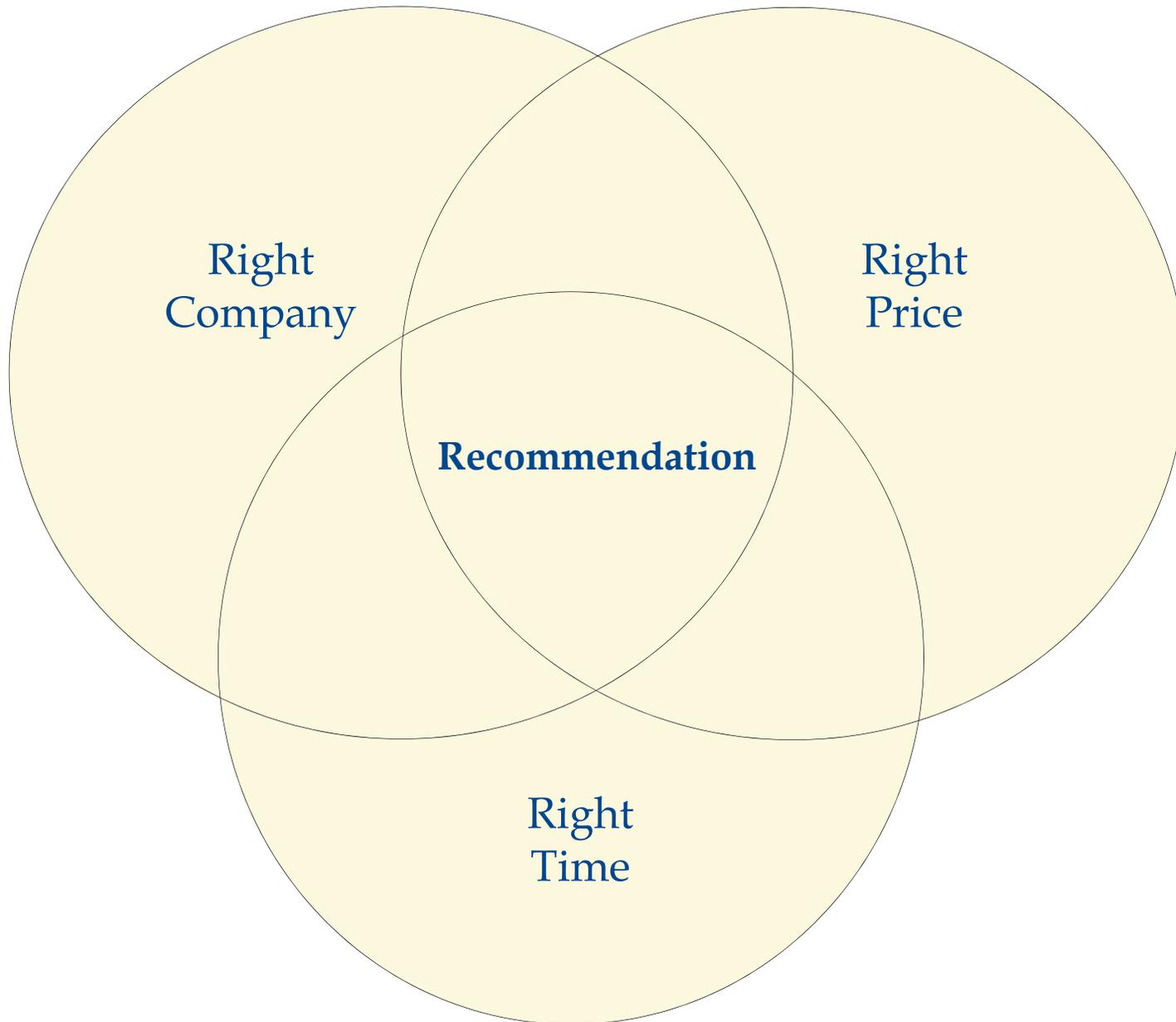
INVESTMENT PROCESS



UNIVERSE DEFINITIONS

	Mid Cap Value
Market Capitalization:	\$500 million to \$10 billion
Liquidity Requirement:	Trading Volume of at least \$5 million per day
Resulting Universe:	Split in half using valuation (P/B, P/S, P/CF, P/FCF)

STOCK SELECTION



STOCK SELECTION: **RIGHT COMPANY**

- **What we look for:**

- Management analysis
 - Economic value added
 - Capital allocation discipline
 - Identify future opportunities and potential problems

- **How we do it:**

- Teamwork
 - Experienced sector specialists
 - Management meetings
 - Company monitoring

STOCK SELECTION: **RIGHT PRICE**

- **What we look for:**

- Evaluate statistical cheapness
 - Relative to universe
 - Relative to sector
 - Relative to history
- Determine intrinsic value
 - Model earnings and balance sheet growth
 - Discounted economic value added
 - Dividend discount model
- Balance upside potential with downside risk

- **How we do it:**

- Teamwork
 - Experienced sector specialists
 - Cross-sector information sharing

STOCK SELECTION: **RIGHT TIME**

- **What we look for:**

- Identify catalysts
 - Company developments
 - Industry developments
 - Macroeconomic developments

- **How we do it:**

- Teamwork
 - Cross-sector information sharing
 - Customer contact
 - Supplier contact

STOCK SELECTION: **RECOMMENDATION**

- **How does a stock get into the portfolio?**
 - Recommended by sector analyst
 - Approved by lead portfolio manager
 - One-on-one discussion between lead portfolio manager and sector analyst

STOCK SELECTION: SAMPLE RECOMMENDATION

SAMPLE		Name		DDM		Date	
Ticker	SAMPLE	SS	SAMPLE	AFG	37	Sector	SAMPLE
Price	\$ 26.30	IV	8.00	WACC	32	Industry	Banks
Market Cap	\$ 3.45 (In Billions)	ER	5.00	ROIC	6.4	PM	BANDI
Avg \$ Vol			7.00		17		

	2004					2005					2006				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Rev Growth Y/Y	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Margin %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SGA %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Margin %	20.78	21.26	22.85	22.90	22.91	22.77	22.81	22.53	21.91	21.91	20.79	19.79	-	-	-
LT Growth Rate	11.30	11.73	11.45	11.48	11.48	10.62	10.45	10.70	9.49	9.49	8.63	8.90	8.67	-	-
EPS	0.44	0.47	0.45	0.50	1.86	0.47	0.53	0.50	0.50	2.00	0.45	0.52	-	-	-
EPS Growth Y/Y	6.02	10.59	76.47	16.28	21.97	6.82	12.77	11.11	0.00	7.53	-4.26	-1.89	-	-	-
EPS Surprise	0.01	0.03	-0.02	0.02	-	0.01	0.07	0.01	0.01	-	0.01	0.04	-	-	-
% Change on Surprise	-1.81	3.25	-3.53	-6.90	-	-5.61	6.01	-0.35	-7.27	-	5.67	5.77	-	-	-
Asset Turnover	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.10	0.09	0.09	0.09	0.10	-	-	-
DSO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory Turnover	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capx/Dep	615.8	672.0	717.5	781.5	781.5	820.8	816.1	852.8	915.2	915.2	981.9	1069.5	-	-	-
OCF/NI	1.84	2.40	1.54	1.74	1.74	1.41	1.33	1.18	0.58	0.58	0.84	1.13	-	-	-
Assets/Equity	12.14	12.72	12.43	12.88	12.88	13.75	13.21	13.17	13.39	13.39	14.29	14.53	-	-	-
Net Debt/Cap	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Coverage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt/EBITDA	5.55	5.53	5.00	4.83	4.83	4.87	4.42	3.57	5.87	5.87	6.38	6.60	-	-	-
Insider Info ?	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short Interest Ratio	3.81	5.97	6.10	4.99	4.99	3.59	4.32	4.36	7.18	7.18	5.59	4.10	3.49	3.63	3.63
P/B	3.73	4.31	4.35	4.60	4.60	3.96	3.64	3.70	3.64	3.64	3.51	3.56	3.59	3.59	3.57
P/S	3.42	3.86	3.85	3.94	3.94	3.25	3.01	3.01	2.97	2.97	2.71	2.67	2.69	2.69	2.92
P/CF	8.94	7.57	10.97	9.92	9.92	10.16	9.95	11.30	23.48	23.48	15.59	11.95	12.05	12.05	23.08
P/FCF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
P/E	13.91	15.68	15.43	16.30	16.30	13.51	13.33	13.25	13.49	13.49	13.14	13.20	13.06	-	-

2007		2008		2009	
Q1	Q2	Q3	Q4	FY	E
0.48	0.54	0.57	0.58	2.15	E
0.00	0.00	0.00	0.00	-0.01	

ESTIMATE REVISION TRENDS

Date	12/2006	12/2007	Price	P/E
9/30/05	2.14	2.30	26.75	12.52
10/31/05	2.08	2.29	27.10	13.00
11/30/05	2.08	2.31	27.46	13.21
12/30/05	2.08	2.31	27.14	13.06
1/31/06	1.98	2.19	24.99	12.61
2/28/06	1.96	2.17	25.36	12.91
3/31/06	1.96	2.17	25.75	13.13
4/28/06	1.96	2.16	26.86	13.73
5/31/06	1.96	2.17	26.70	13.60
6/30/06	1.96	2.16	26.45	13.50
7/31/06	1.98	2.16	26.91	13.57
8/31/06	1.98	2.16	26.07	13.17
9/20/06	1.98	2.15	26.68	13.51

Historical Valuation Analysis

	5yr. Ave.	Target	Current
P/E	15.22	30.14	13.51
Rel. P/E	0.95	29.62	0.86
P/B	3.78	29.62	12.05
Rel. P/B	2.43	33.85	6.77
P/S	2.94	23.28	2.69
Rel. P/S	4.54	30.93	3.13
P/CF	15.89	36.88	12.05
Rel. P/CF	1.37	38.26	1.00
EV/EBITDA	12.28	23.23	13.90
Rel. EV/EBITDA	0.77	5.78	1.51

5 yr Avg	Mean	Median	P/B & P/S
	7.1%	\$ 28.16	\$ 26.30
	13.6%	\$ 29.88	
	11.9%	\$ 29.42	

5 yr Low	Mean	Median	P/B & P/S
	-7.6%	\$ 24.29	
	-6.8%	\$ 24.52	
	-5.1%	\$ 24.97	

5 yr High	Mean	Median	P/B & P/S
	43.2%	\$ 37.66	
	36.3%	\$ 35.85	
	29.2%	\$ 33.97	

Company Description

SAMPLE

Why are we buying this stock

At time of purchase stock has inverted yield curve and slow revenue growth priced in. TCB has an impressive franchise and a good customer base and good product offerings. While the curve has hurt growth, the foundation and elements for above-average growth is present. The fed being done with rate increases is one-step closer to realizing this potential. Furthermore, TCB's franchise would be valued highly in an acquisition and ex-ceo cooper still owns 3% of the company and is chairman of the board. He is unlikely to allow th company to languish.

Valuation

15% upside looks attractive given low probability of blowup

Earnings Outlook

Earnings have been depressed by declining spreads and fee income. Fee income has been partially addressed and spread income will take care of itself. Until the curve steepens some will likely not see upward revisions although we don't expect significant downward pressure from here. Credit looks stable and we have forecasted a modest uptick in chargeoffs.

AFG Valuation

	Upside
Target +3	33.45 27%
Target +1	28.08 7%
Accuracy	#####

Power ProfitsSM

Average Balance (\$ millions)
Profit center net income (\$ 000s)

	YTD 2006		
	Balance	Net Income	%
Commercial Lending	\$ 2,839	\$ 12,040	10%
Consumer Lending	5,349	24,093	19
Leasing and Equipment Finance	1,579	17,256	14
Total Power Assets*	\$ 9,767	53,389	43
Traditional and Campus Branches	\$ 7,268	41,968	33
Supermarket Branches	2,030	19,141	14
Total Power Liabilities*	\$ 9,298	60,109	47
Total Power Assets & Liabilities	113,498	90	90
Equity and Other	11,785	10	10
Net Income	\$ 125,263	100%	
ROA ¹		1.82 %	
ROE ¹		25.80 %	

Industry Analysis

Slow top line.
Rate decrease would help margins
Credit costs likely rising
Valuation attractive
M&A on the rise

Risks

Credit
Margin



Portfolio Construction Constraints

	Mid Cap Value
Maximum Position Size	5.0%
Sector Allocation Constraints	+/- 10% versus index
Cash Allocation Target	0-5%
Number of Holdings	100 +/-
Average Annual Turnover	70%
Style Purity	Monitor portfolio characteristics weekly

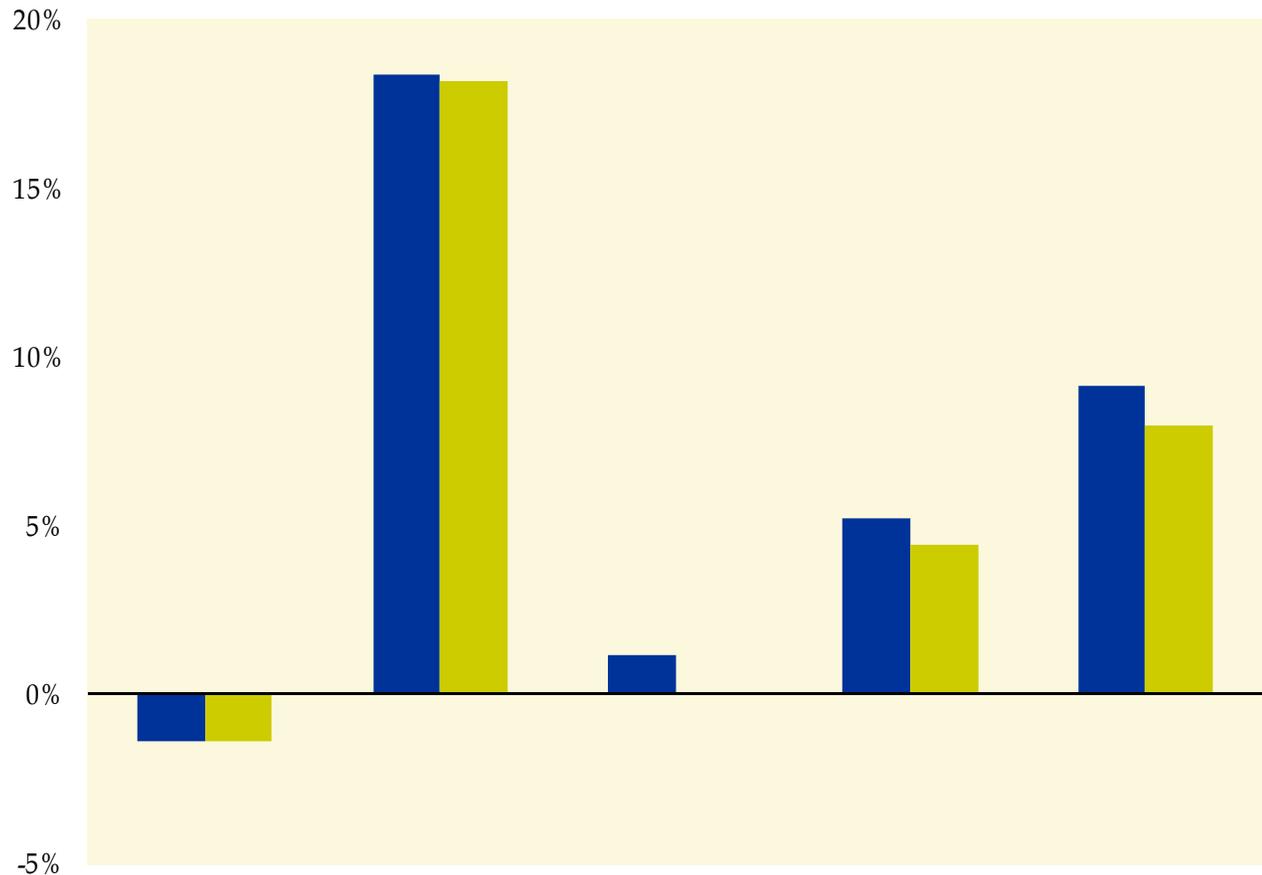
SELL DISCIPLINE

- Catalyst change
- Negative fundamental development
- Overvaluation

MID CAP VALUE EQUITY PERFORMANCE

Composite Annualized Rates of Return Versus Benchmark – Gross of Fees

As of December 31, 2011



■ Integrity Mid Cap Value Equity Composite*

■ Russell Mid Cap Value Index

Value Added

One Year

-1.38%

Three Years

18.40%

Five Years

1.17%

Seven Years

5.21%

**Since Inception
(7/2/02)***

9.15%

0.00%

0.21%

1.13%

0.75%

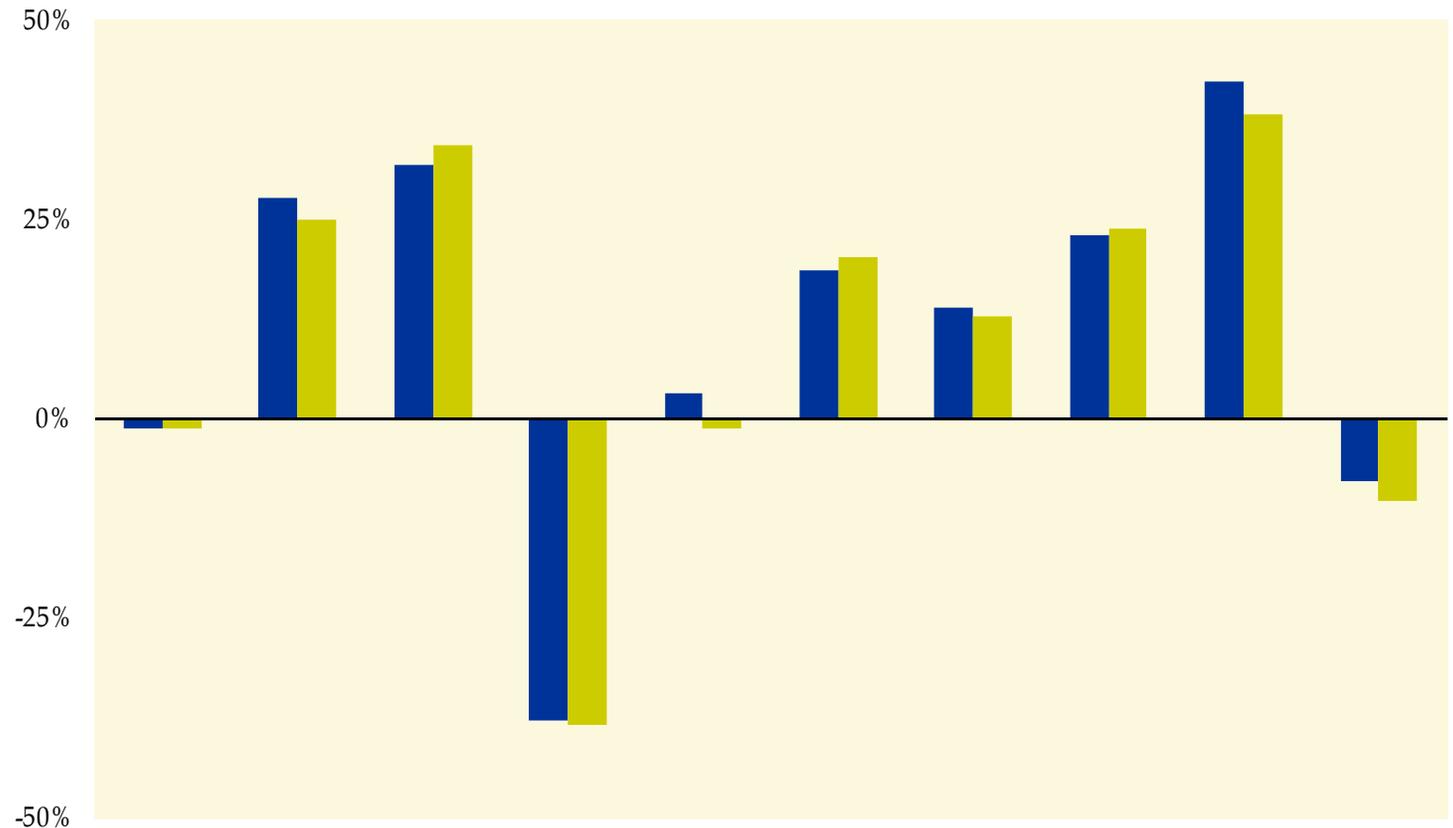
1.17%

Past performance is no guarantee of future results. The information above cannot be shown without the fully-compliant presentation for the Integrity Mid Cap Value Equity composite, which contains net of fee performance and is located on the last page(s) of the Appendix in this book.

*The performance data above for the period from July 2, 2002 to June 25, 2003 reflects the performance of Class I shares of the Armada Small/Mid Cap Value Fund (ARVIX), which was advised and managed by National City Investment Management Company (NCIMC). During that period, various current employees of Integrity Asset Management were employed by NCIMC and participated in the management of the Armada Small/Mid Cap Value Fund. This performance history is gross of all fees charged to investors in the Fund and is derived by compounding the monthly returns as reported by Morningstar. The Armada Small/Mid Cap Value Fund represents the only account managed by the team in the mid cap value strategy while at NCIMC.

MID CAP VALUE EQUITY PERFORMANCE

Composite Calendar Rates of Return Versus Benchmark - Gross of Fees



	2011	2010	2009	2008	2007	2006	2005	2004	2003	7/2/02 to 12/31/02*
■ Integrity Mid Cap Value Equity Composite*	-1.38%	27.67%	31.81%	-37.99%	2.96%	18.42%	13.70%	22.99%	42.23%	-7.99%
■ Russell Mid Cap® Value Index	-1.38%	24.75%	34.21%	-38.44%	-1.42%	20.22%	12.65%	23.71%	38.07%	-10.51%
Value Added	0.00%	2.92%	-2.40%	0.45%	4.38%	-1.80%	1.05%	-0.72%	4.16%	2.52%

Past performance is no guarantee of future results. The information above cannot be shown without the fully-compliant presentation for the Integrity Mid Cap Value Equity composite, which contains net of fee performance and is located on the last page(s) of the Appendix in this book.

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==== APPENDIX ====

MID CAP VALUE EQUITY PORTFOLIO CHARACTERISTICS

As of December 31, 2011

	Mid Cap Value Equity	
	Portfolio	Russell Mid Cap Value
3-5 Year EPS Growth (projected)*	10.31%	9.35%
3 Year EPS Growth (historical)	0.35%	-0.57%
P/E (12 month projected)*	12.24x	12.91x
P/E (12 month trailing)	15.28x	15.98x
P/B	1.61x	1.55x
P/CF	7.68x	7.91x
P/S	1.37x	1.28x
Dividend Yield	1.63%	2.42%
Weighted Average Market Cap (\$mil)	\$6,028 mm	\$7,767 mm
# of holdings	101	
Cash	3.68%	
<i>Top Ten Holdings</i>		
Company Name	Portfolio Weight	
EDISON INTERNATIONAL	1.73%	
NORTHEAST UTILITIES	1.73%	
ARCH CAPITAL GROUP, LTD.	1.64%	
KEYCORP	1.57%	
NV ENERGY, INC.	1.54%	
HUMANA, INC.	1.52%	
AMERICAN FINANCIAL GROUP, INC.	1.52%	
PPL CORP.	1.49%	
HCP, INC.	1.42%	
FIFTH THIRD BANCORP	1.38%	
TOTAL	15.54%	

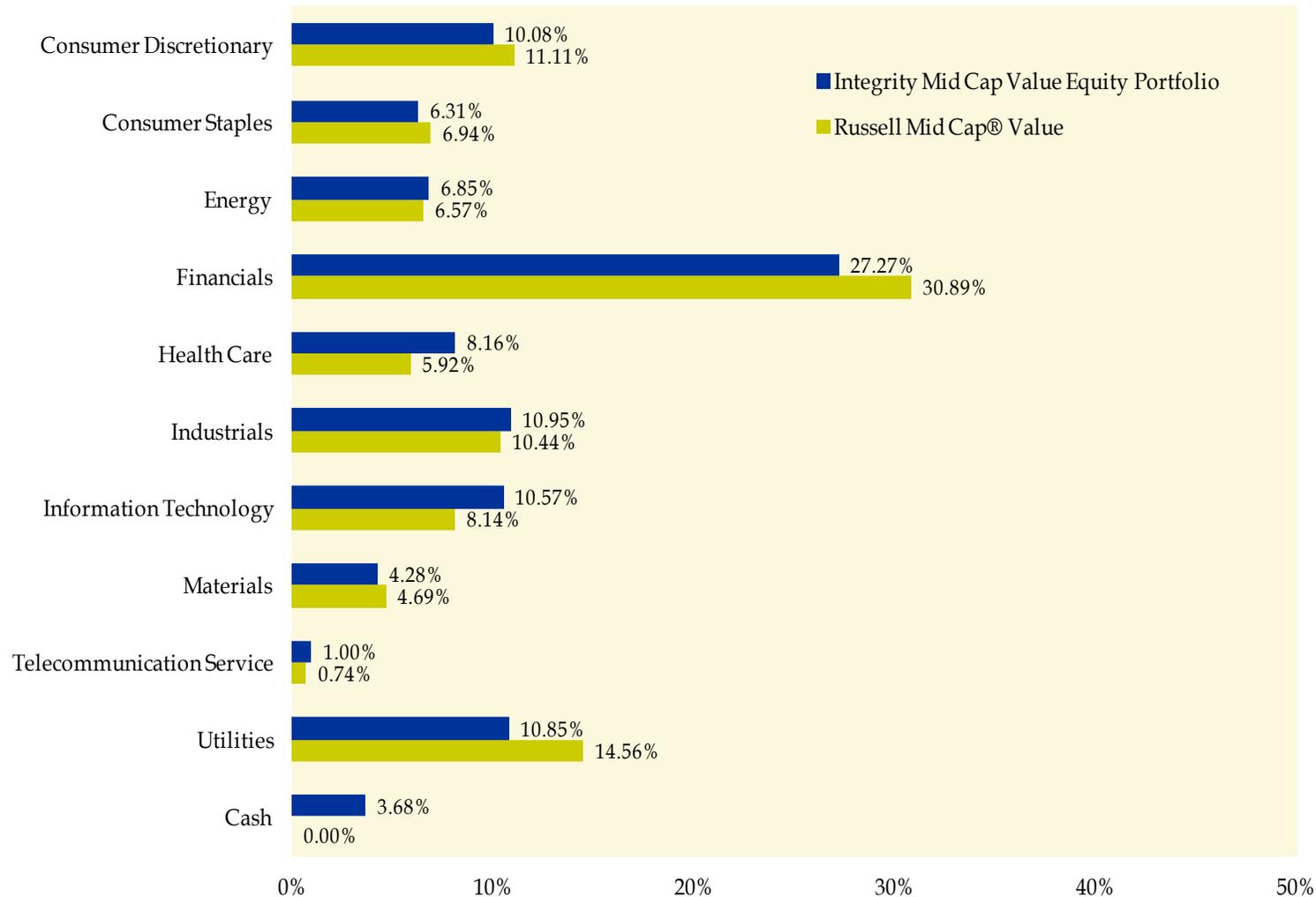
Source: FactSet

*Projected characteristics are based on information obtained from a third party that is believed to be reliable. Projected characteristics are not guarantees. The Mid Cap Value Equity portfolio characteristics listed above are based on a representative account and supplement the Mid Cap Value Equity composite information, which is located on the last page(s) in the Appendix of this book. The representative account serves as the model against which each Mid Cap Value Equity account is managed. The model portfolio is an actual account and the information provided will vary for other actual accounts. Portfolio holdings should not be considered a recommendation to purchase or sell any security and are subject to change.

MID CAP VALUE EQUITY PORTFOLIO SECTOR WEIGHTINGS

Versus Benchmark

As of December 31, 2011



Source: FactSet

The Mid Cap Value Equity portfolio characteristics listed above are based on a representative account and supplement the Mid Cap Value Equity composite information, which is located on the last page(s) in the Appendix of this book. The representative account serves as the model against which each Mid Cap Value Equity account is managed. The model portfolio is an actual account and the information provided will vary for other actual accounts. Portfolio holdings should not be considered a recommendation to purchase or sell any security and are subject to change.

PERFORMANCE DISCLOSURES – INTEGRITY MID CAP VALUE EQUITY COMPOSITE

As of December 31, 2011

Calendar Year	Total Return		Russell Midcap®	3-Yr. Std. Dev.	3-Yr. Std. Dev.	Composite	Dispersion	Composite Assets	Total Firm Assets
	Gross	Net	Value Index	Composite	Benchmark	Portfolios	within Composite	(\$ millions)	(\$ millions)
2011	-1.38%	-2.21%	-1.38%	23.71%	22.78%	16	0.08%	\$226.00	\$3,099.00
2010	27.67%	26.62%	24.75%	26.51%	27.11%	20	0.29%	\$302.07	\$3,268.56
2009	31.82%	30.73%	34.21%	23.92%	25.01%	21	0.22%	\$201.52	\$2,364.11
2008	-37.99%	-38.53%	-38.44%	17.77%	18.74%	23	0.58%	\$152.91	\$1,641.29
2007	2.96%	2.10%	-1.42%	9.54%	9.13%	20	0.45%	\$211.76	\$2,498.71
2006	18.42%	17.43%	20.22%	8.67%	8.65%	11	n.m.	\$14.147	\$2,496.81
2005	13.69%	12.74%	12.65%	10.70%	10.92%	≤5	n.m.	\$53.78	\$1,407.74
2004	22.99%	21.97%	23.71%	n.a.	14.47%	≤5	n.m.	\$19.37	\$438.68
2003	42.23%	40.97%	38.07%	n.a.	15.72%	≤5	n.m.	\$0.13	\$9.15
2002*	-7.99%	-8.35%	-10.51%	n.a.	16.85%	≤5	n.m.	\$24.80	^

*July 2, 2002 through December 31, 2002

^ Prior to the inception of the firm. The track record for this year is based on a registered investment company managed by the portfolio management team while at a prior employer.

^a n.m. = not meaningful

Annualized Compounded Rates of Return for Periods Ended December 31, 2011

1 Year	-1.38%	-2.21%	-1.38%
3 Years	18.40%	17.41%	18.18%
5 Years	1.17%	0.31%	0.04%
7 Years	5.21%	4.32%	4.46%
Since Inception (7/02/2002)	9.15%	8.23%	7.98%

Past performance is no guarantee of future results. Investments are subject to risk and may lose value.

Integrity Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Integrity Asset Management has been independently verified for the periods 1 July 2003 through 31 December 2010. The verification report is available upon request.

Verification assess whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

See accompanying notes on the next page.

PERFORMANCE DISCLOSURES – INTEGRITY MID CAP VALUE EQUITY COMPOSITE

Integrity Asset Management is an investment management firm established in 2003 that manages a variety of equity assets for primarily institutional clients. The firm, which is a wholly owned subsidiary of Munder Capital Management, maintains full investment autonomy and is treated as a separate entity for GIPS compliance purposes.

The Mid Cap Value Equity composite was created in July 2003, and includes all fee-paying, fully discretionary portfolios that are managed according to the Mid Cap Value Equity strategy. The strategy focuses on mid-cap companies that are currently trading below our estimate of intrinsic value and are characterized by improving investor sentiment. Please Note: The performance data for the period from July 2, 2002 through June 20, 2003 reflects the performance of a registered investment company managed by the portfolio management team members while at a prior employer. During that period, the portfolio management team members primarily responsible for the Integrity Mid Cap Value Equity strategy were primarily responsible for the management of the registered investment company. This performance history is gross of all fees charged to investors in the registered investment company, with the exception of transaction costs, and is derived by compounding the monthly returns as reported by Morningstar Inc., a third-party mutual fund data provider. The registered investment company represents the only account managed by the team in the Mid Cap Value Equity strategy while at their prior employer. For continuity, the registered investment company's performance has been linked, for the remainder of June 2003, to the performance of the one portfolio managed in the same strategy during this time period by the portfolio managers while at Integrity Asset Management.

All returns reflect the reinvestment of investment income (dividends and/or interest) and capital gains, and are net of non-reclaimable withholding taxes, if any. Valuations and returns are stated in U.S. dollars. The gross returns shown are based on time-weighted rates of return less transaction costs. For periods prior to June 21, 2003, net returns reflect the deduction of all expenses charged to the registered investment company, including management fees, custodian, audit and other administrative fees. Effective June 21, 2003, net returns reflect gross performance less model investment management fees, which were derived using the maximum fixed fee rate in effect for the respective time period. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Fees are accrued monthly. The investment management fee for this strategy is as follows: 0.85% on the first \$15 million; 0.75% on the next \$35 million; 0.65% on the next \$50 million; 0.60% thereafter. (Please note: Non-fee-paying portfolios accounted for 100% of composite assets as of 12/31/2003, and 0% of composite assets for all other annual period ends.)

The benchmark: Russell Midcap® Value Index, a capitalization-weighted index that measures the performance of approximately 800 of the smallest companies in the Russell 1000® Index, an index representing approximately 1,000 of the largest publicly traded companies, with lower price-to-book ratios and lower forecasted growth values. Index performance information was furnished by sources deemed reliable and is believed to be accurate, however, no warranty or representation is made as to the accuracy thereof and the information is subject to correction. You cannot invest directly in an index, securities in the composite may not match those in the index and performance of the composite will differ. Although reinvestment of dividend and interest payments is assumed, no expenses are netted against an index's return.

Dispersion within the composite is calculated using the asset-weighted standard deviation of annual gross-of-fees returns of those portfolios that were included in the composite for the full year. If less than six portfolios were included in the composite for the full year, no dispersion measure is presented, as it is not considered meaningful.

The three-year annualized ex-post standard deviation measures the volatility of the composite and the benchmark returns over the preceding 36-month time period. The notation "n.a." (not available) will appear for periods, if any, where 36 monthly returns are not available for the composite and/or the benchmark.

Integrity Asset Management's policies for valuing portfolios, calculating performance, and preparing compliant presentations, as well as a complete list of composite descriptions, are available upon request from Bill McNett at (216) 920-5280.

==== ADDENDUM ====

Bay County Employees' Retirement System

March 31, 2012



INTEGRITY ASSET MANAGEMENT

Firm Background

Integrity Asset Management

- Founded in 2003
- \$3.38 billion in assets under management

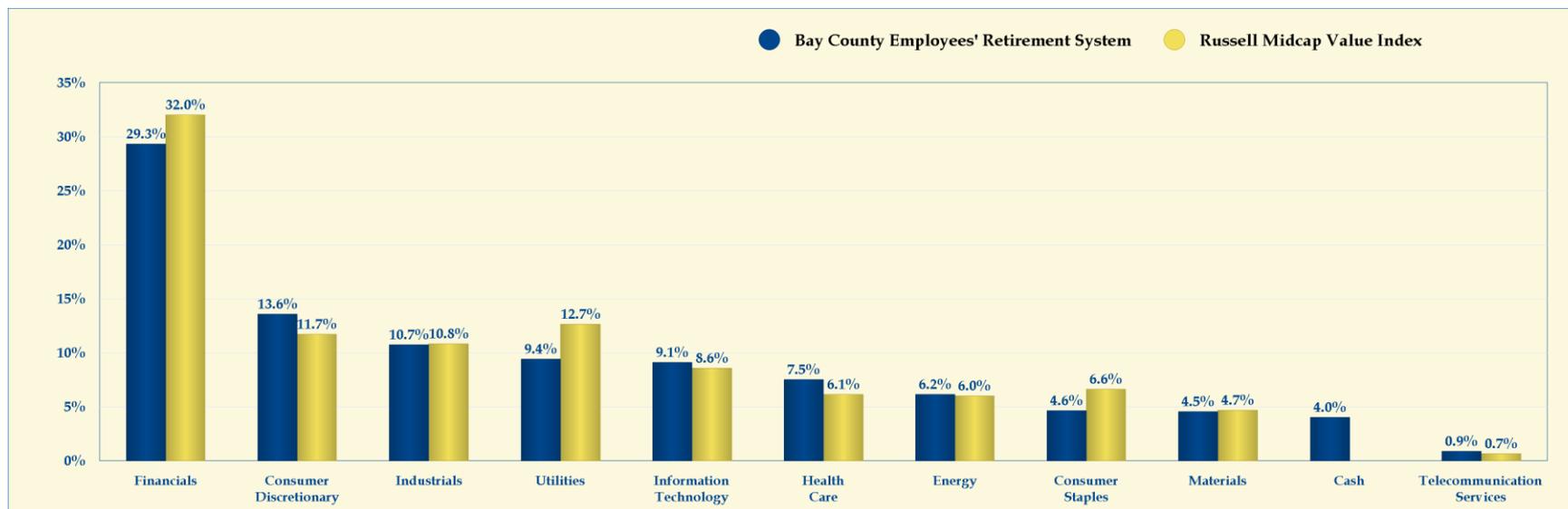
Experienced team

- 8 investment professionals
- Working together as a team since 1999
- Over 16 years average investment experience

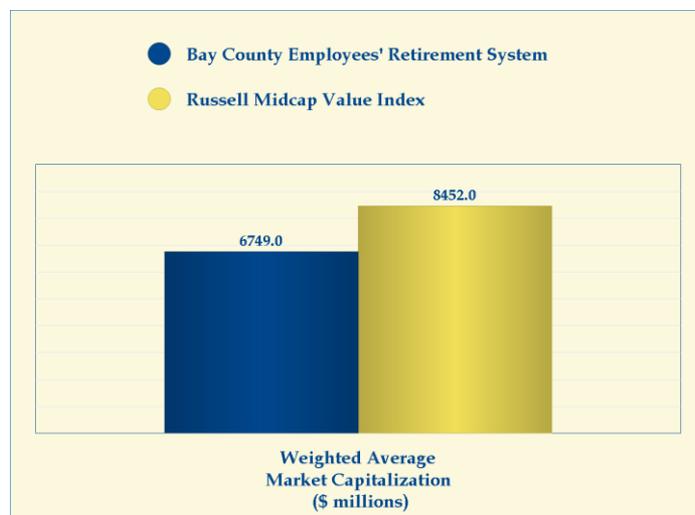
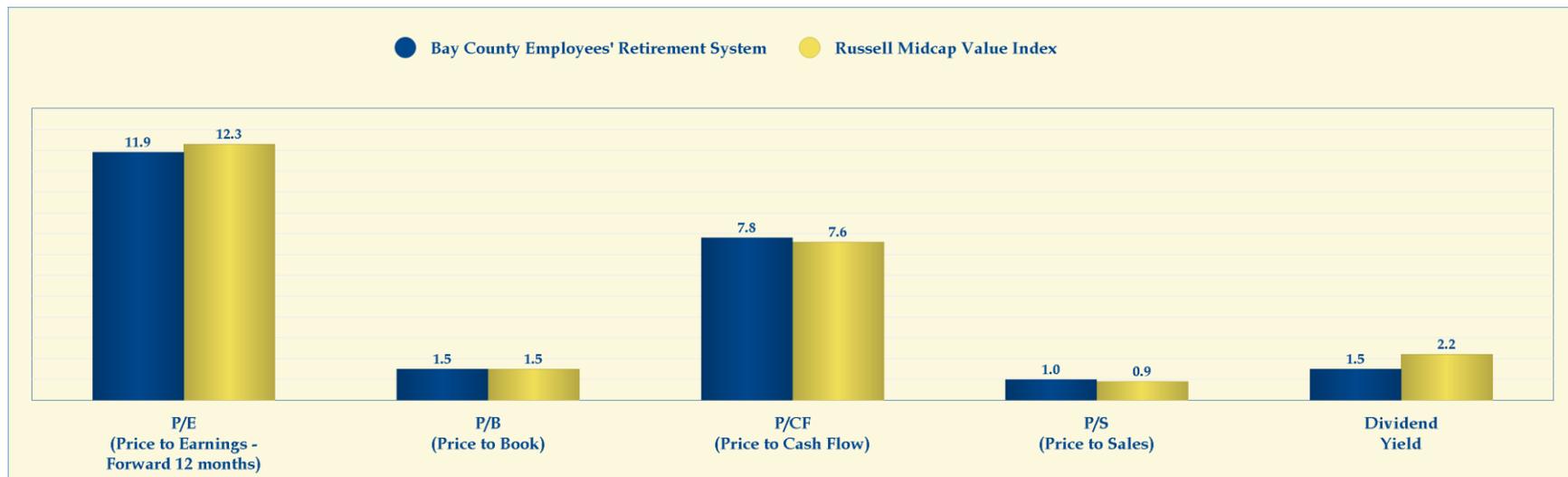
Investment focus

- U.S. Value Equity
- Internally generated fundamental research
- Bottom-up stock selection

Sector Allocation



Equity Characteristics



Top Ten Holdings

Ten Largest Holdings	Percent of Portfolio	Description
NORTHEAST UTILITIES	1.58%	Northeast Utilities, a public utility holding company, engages in the energy delivery business for residential, commercial, and industrial customers in Connecticut, New Hampshire, and western Massachusetts.
EDISON INTERNATIONAL	1.58%	Edison International, through its subsidiaries, engages in the supply of electric energy in central, coastal, and southern California.
KEYCORP	1.54%	KeyCorp operates as a holding company for KeyBank National Association that provides various banking services in the United States.
ARCH CAPITAL GROUP LTD.	1.46%	Arch Capital Group, Ltd., through its subsidiaries, provides insurance and reinsurance products worldwide.
SPIRIT AEROSYSTEMS HOLDINGS INC.	1.45%	Spirit AeroSystems Holdings, Inc., through its subsidiaries, designs, engineers, and manufactures commercial aircraft structures worldwide.
AMERICAN FINANCIAL GROUP INC.	1.41%	American Financial Group, Inc., through its subsidiaries, provides property and casualty insurance products in the United States.
NV ENERGY INC.	1.36%	NV Energy, Inc., through its subsidiaries, engages in the generation, transmission, and distribution of electric energy in southern Nevada.
WYNDHAM WORLDWIDE CORP.	1.27%	Wyndham Worldwide Corporation, together with its subsidiaries, provides various hospitality products and services to individual consumers and business customers in the United States and internationally.
BE AEROSPACE INC.	1.21%	BE Aerospace, Inc. manufactures and markets cabin interior products for commercial aircraft and business jets worldwide.
HCP INC.	1.20%	HCP, Inc. operates as a real estate investment trust in the United States.

Portfolio Appraisal

Quantity	Security	Ticker Symbol	Unit Cost (\$)	Total Cost (\$)	Current Price (\$)	Current Value (\$)	Percent of Portfolio (%)
Equity							
CONSUMER DISCRETIONARY							
1,950.00	ADVANCE AUTO PARTS, INC.	AAP	76.93	150,019.76	88.57	172,711.50	0.9
3,825.00	BEAM, INC.	BEAM	53.82	205,856.29	58.57	224,030.25	1.2
2,558.00	CHILDRENS PLACE RETAIL S	PLCE	46.12	117,971.98	51.67	132,171.86	0.7
5,446.00	COLLECTIVE BRANDS INC.	PSS	14.00	76,237.16	19.66	107,068.36	0.6
14,560.00	D.R. HORTON INC.	DHI	9.74	141,836.41	15.17	220,875.20	1.1
9,140.00	DANA HOLDING CORPORATION	DAN	14.69	134,304.13	15.50	141,670.00	0.7
3,585.00	DARDEN RESTAURANTS INC.	DRI	47.90	171,706.86	51.16	183,408.60	1.0
11,516.00	GANNETT CO. INC.	GCI	12.14	139,751.25	15.33	176,540.28	0.9
9,170.00	GAP INC., THE	GPS	19.67	180,407.81	26.14	239,703.80	1.2
5,179.00	MACY'S INC.	M	10.44	54,083.36	39.73	205,761.67	1.1
13,160.00	MGM RESORTS INTERNATIONAL	MGM	14.56	191,575.38	13.62	179,239.20	0.9
3,251.00	PENN NATIONAL GAMING INC	PENN	27.21	88,446.99	42.98	139,727.98	0.7
3,236.00	PENNEY, (J.C.) CO.	JCP	30.40	98,364.48	35.43	114,651.48	0.6
2,340.00	WARNACO GROUP, INC./THE	WRC	55.56	130,010.61	58.40	136,656.00	0.7
5,271.00	WYNDHAM WORLDWIDE CORP.	WYN	23.37	123,173.79	46.51	245,154.21	1.3
				2,003,746.26		2,619,370.39	13.6
CONSUMER STAPLES							
4,487.00	HAIN CELESTIAL GROUP INC	HAIN	30.92	138,742.48	43.81	196,575.47	1.0
2,261.00	JM SMUCKER CO.- NEW	SJM	46.78	105,762.98	81.36	183,954.96	1.0
1,360.00	LORILLARD, INC.	LO	114.61	155,868.92	129.48	176,092.80	0.9
8,600.00	SMITHFIELD FOODS INC.	SFD	15.75	135,431.94	22.03	189,458.00	1.0
2,508.00	TREEHOUSE FOODS INC.	THS	42.99	107,814.39	59.50	149,226.00	0.8
				643,620.71		895,307.23	4.6
ENERGY							
3,464.00	BERRY PETROLEUM COMPANY	BRY	31.23	108,179.40	47.13	163,258.32	0.8
1,592.00	CARBO CERAMICS INC.	CRR	103.85	165,333.55	105.45	167,876.40	0.9
1,658.00	CONTINENTAL RESOURCES IN	CLR	42.26	70,058.76	85.82	142,289.56	0.7
2,645.00	ENERGEN CORP.	EGN	50.56	133,718.13	49.15	130,001.75	0.7
5,281.00	GULFPORT ENERGY CORP.	GPOR	29.77	157,216.33	29.12	153,782.72	0.8
1,642.00	NOBLE ENERGY INC.	NBL	76.63	125,827.75	97.78	160,554.76	0.8
5,906.00	SPECTRA ENERGY CORP.	SE	14.38	84,942.99	31.55	186,334.30	1.0
3,294.00	SUPERIOR ENERGY SERVICES	SPN	26.92	88,677.03	26.36	86,829.84	0.4
				933,953.94		1,190,927.65	6.2
FINANCIALS							
1,455.00	AFFILIATED MANAGERS GROU	AMG	65.48	95,272.31	111.81	162,683.55	0.8
7,060.00	AMERICAN FINANCIAL GROUP	AFG	34.69	244,900.06	38.58	272,374.80	1.4

Portfolio Appraisal

Quantity	Security	Ticker Symbol	Unit Cost (\$)	Total Cost (\$)	Current Price (\$)	Current Value (\$)	Percent of Portfolio (%)
4,414.00	AMERIPRISE FINANCIAL INC	AMP	44.22	195,185.04	57.13	252,171.82	1.3
7,560.00	ARCH CAPITAL GROUP LTD.	ACGL	22.55	170,510.70	37.24	281,534.40	1.5
6,556.00	BANKUNITED	BKU	27.92	183,052.90	25.00	163,900.00	0.8
4,270.00	BERKLEY, (WR) CORP.	WRB	30.46	130,083.42	36.12	154,232.40	0.8
6,655.00	COMERICA INC.	CMA	32.73	217,835.04	32.36	215,355.80	1.1
13,962.00	DDR CORP	DDR	9.05	126,322.50	14.60	203,845.20	1.1
17,672.00	DIAMONDROCK HOSPITALITY	DRH	10.85	191,701.91	10.29	181,844.88	0.9
18,710.00	FIFTH THIRD BANCORP	FITB	10.81	202,262.88	14.05	262,781.95	1.4
20,473.00	FIRST HORIZON NATIONAL C	FHN	9.31	190,645.71	10.38	212,509.74	1.1
4,535.00	GALLAGHER, (ARTHUR J.) &	AJG	32.59	147,799.28	35.74	162,080.90	0.8
11,586.00	GENERAL GROWTH PROPERTIE	GGP	14.67	169,930.28	16.99	196,846.14	1.0
9,455.00	HARTFORD FINANCIAL SVCS.	HIG	20.62	194,998.97	21.08	199,311.40	1.0
5,886.00	HCP INC.	HCP	33.66	198,096.03	39.46	232,261.56	1.2
3,790.00	HIGHWOODS PROPERTIES, IN	HIW	29.52	111,867.42	33.32	126,282.80	0.7
9,782.00	INVESCO LIMITED	IVZ	20.09	196,477.46	26.67	260,885.94	1.4
1,235.00	JONES LANG LASALLE INCOR	JLL	75.76	93,559.77	83.31	102,887.85	0.5
35,045.00	KEYCORP	KEY	6.69	234,388.47	8.50	297,882.50	1.5
7,610.00	LINCOLN NATIONAL CORP.	LNC	14.50	110,375.97	26.36	200,599.60	1.0
25,530.00	NORTHSTAR REALTY FINANCE	NRF	5.55	141,691.50	5.41	138,117.30	0.7
5,700.00	NYSE EURONEXT	NYX	27.80	158,461.53	30.01	171,057.00	0.9
4,840.00	PROLOGIS, INC.	PLD	26.62	128,853.42	36.02	174,336.80	0.9
17,880.00	REGIONS FINANCIAL CORP.	RF	6.12	109,433.82	6.59	117,829.20	0.6
7,820.00	SUNTRUST BANKS INC.	STI	18.33	143,369.71	24.17	189,009.40	1.0
7,205.00	UDR INC.	UDR	25.63	184,649.38	26.71	192,445.55	1.0
9,500.00	UNUM GROUP	UNM	21.58	205,011.75	24.48	232,560.00	1.2
4,062.00	WASHINGTON REIT	WRE	33.25	135,052.34	29.70	120,641.40	0.6
8,556.00	ZIONS BANCORP.	ZION	18.15	155,254.32	21.46	183,611.76	1.0
				4,767,043.89		5,661,881.64	29.3
HEALTH CARE							
3,981.00	CIGNA CORP.	CI	22.60	89,971.14	49.25	196,064.25	1.0
5,410.00	FOREST LABORATORIES INC.	FRX	25.42	137,540.60	34.69	187,672.90	1.0
3,620.00	HEALTH NET INC.	HNT	23.60	85,413.87	39.72	143,786.40	0.7
8,868.00	HEALTHSOUTH CORP.	HLS	21.61	191,608.20	20.48	181,616.64	0.9
1,971.00	HUMANA INC.	HUM	65.31	128,724.83	92.48	182,278.08	0.9
2,597.00	LIFEPOINT HOSPITALS INC.	LPNT	36.65	95,182.60	39.44	102,425.68	0.5
2,271.00	THE COOPER COMPANIES INC	COO	40.02	90,892.24	81.71	185,563.41	1.0
1,930.00	WATSON PHARMACEUTICALS I	WPI	44.18	85,273.00	67.06	129,425.80	0.7
2,245.00	ZIMMER HOLDINGS INC.	ZMH	60.98	136,910.65	64.28	144,308.60	0.7
				1,041,517.13		1,453,141.76	7.5

Portfolio Appraisal

Quantity	Security	Ticker Symbol	Unit Cost (\$)	Total Cost (\$)	Current Price (\$)	Current Value (\$)	Percent of Portfolio (%)
INDUSTRIALS							
5,034.00	BE AEROSPACE INC.	BEAV	13.41	67,524.35	46.47	233,929.98	1.2
3,910.00	CRANE CO.	CR	48.70	190,423.55	48.50	189,635.00	1.0
6,178.00	HEXCEL CORP.	HXL	16.02	98,956.75	24.01	148,333.78	0.8
5,722.00	ITT CORP	ITT	19.98	114,319.30	22.94	131,262.68	0.7
2,323.00	KANSAS CITY SOUTHERN IND	KSU	38.75	90,021.82	71.69	166,535.87	0.9
2,075.00	KIRBY CORP.	KEX	64.48	133,800.98	65.79	136,514.25	0.7
4,251.00	OLD DOMINION FREIGHT LIN	ODFL	30.14	128,136.19	47.67	202,645.17	1.0
6,335.00	OWENS CORNING SALES INC.	OC	34.71	219,863.35	36.03	228,250.05	1.2
1,528.00	PARKER HANNIFIN CORP.	PH	55.20	84,341.63	84.55	129,192.40	0.7
11,451.00	SPIRIT AEROSYSTEMS HOLDI	SPR	20.96	239,998.86	24.46	280,091.46	1.5
2,941.00	STANLEY BLACK & DECKER,	SWK	61.79	181,730.82	76.96	226,339.36	1.2
				1,549,117.60		2,072,730.00	10.7
INFORMATION TECHNOLOGY							
4,175.00	AVAGO TECHNOLOGIES LTD.	AVGO	33.07	138,056.50	38.97	162,699.75	0.8
20,385.00	COMPUWARE CORP.	CPWR	10.75	219,187.49	9.19	187,338.15	1.0
10,772.00	FAIRCHILD SEMICONDUCTOR	FCS	3.92	42,246.71	14.70	158,348.40	0.8
11,860.00	INGRAM MICRO INC. -CL A	IM	17.45	206,962.97	18.56	220,121.60	1.1
6,585.00	INTERNATIONAL RECTIFIER	IRF	25.55	168,234.92	23.07	151,915.95	0.8
5,967.00	PARAMETRIC TECHNOLOGY CO	PMTIC	12.16	72,565.67	27.94	166,717.98	0.9
5,042.00	PLEXUS CORP.	PLXS	20.35	102,596.93	34.99	176,419.58	0.9
3,493.00	SEAGATE TECHNOLOGY	STX	13.34	46,610.23	26.96	94,153.82	0.5
9,250.00	TERADYNE INC.	TER	14.16	130,998.39	16.89	156,232.50	0.8
13,365.00	VISHAY INTERTECHNOLOGY I	VSH	10.40	139,033.25	12.16	162,518.40	0.8
15,548.00	XEROX CORP.	XRX	9.07	141,029.47	8.08	125,550.10	0.7
				1,407,522.53		1,762,016.23	9.1
MATERIALS							
2,335.00	ALBEMARLE CORP.	ALB	21.09	49,248.33	63.92	149,253.20	0.8
2,530.00	CARPENTER TECHNOLOGY	CRS	34.67	87,725.25	52.23	132,141.90	0.7
1,462.00	FMC CORP.	FMC	45.36	66,314.36	105.86	154,767.32	0.8
10,155.00	POLYONE CORP.	POL	14.06	142,744.34	14.40	146,232.00	0.8
6,003.00	RTI INTERNATIONAL METALS	RTI	24.32	145,976.93	23.06	138,429.18	0.7
10,728.00	STEEL DYNAMICS INC.	STLD	15.93	170,903.72	14.54	155,985.12	0.8
				662,912.93		876,808.72	4.5
TELECOMMUNICATION SERVICES							
14,685.00	WINDSTREAM CORP.	WIN	11.21	164,545.07	11.71	171,887.93	0.9
				164,545.07		171,887.93	0.9
UTILITIES							
3,265.00	ALLIANT ENERGY CORP.	LNT	43.25	141,204.72	43.32	141,439.80	0.7

Portfolio Appraisal

Quantity	Security	Ticker Symbol	Unit Cost (\$)	Total Cost (\$)	Current Price (\$)	Current Value (\$)	Percent of Portfolio (%)
7,195.00	EDISON INTERNATIONAL	EIX	39.66	285,349.18	42.51	305,859.45	1.6
7,055.00	GREAT PLAINS ENERGY INC.	GXP	20.76	146,435.70	20.27	143,004.85	0.7
8,241.00	NORTHEAST UTILITIES	NU	25.18	207,475.69	37.12	305,905.92	1.6
12,510.00	NRG ENERGY INC.	NRG	21.46	268,419.26	15.67	196,031.70	1.0
16,250.00	NV ENERGY INC.	NVE	14.12	229,370.63	16.12	261,950.00	1.4
8,700.00	PPL CORP.	PPL	27.73	241,288.53	28.26	245,862.00	1.3
7,979.00	UGI CORP.	UGI	26.26	209,540.72	27.25	217,427.75	1.1
				1,729,084.43		1,817,481.47	9.4
				14,903,064.49		18,521,553.01	96.0
<i>Cash and Equivalent</i>							
CASH							
	DIVIDEND RECEIVABLE	DIVACC		28,522.39		28,522.39	0.1
	UNITED STATES DOLLAR (US	CASH		751,862.28		751,862.28	3.9
				780,384.67		780,384.67	4.0
				780,384.67		780,384.67	4.0
TOTAL PORTFOLIO				15,683,449.16		19,301,937.68	100.0