

Mariner Concentrated Value

Perspectives

July 2009 Discussion

with Scott A. Moore, CFA—Partner, Chief Investment Officer and Senior Portfolio Manager

Performance Update

- Since its inception on November 13, 2008, the Mariner Concentrated Value Composite (thru July 31, 2009) is up 28.42 percent (net of fees) versus the S&P MidCap 400/Citigroup Value Index up 17.46 percent, the Russell Mid Cap Value Index up 16.12 percent, and the S&P 500 Index up 10.45 percent.
- Year-to-date thru July 31, 2009, the Mariner Concentrated Value Composite is up 23.49 percent (net of fees) versus the S&P MidCap 400/CitiGroup Value Index up 14.17 percent, the Russell Mid Cap Value Index up 13.32 percent, and the S&P 500 Index up 10.97 percent.
- We continue to be pleased with our results since we joined the Mariner family, but want our clients to remember that these returns were compiled over a relatively short period of time and during a period of abnormally high volatility as the market was contemplating the worst economic period since the Great Depression. It is your team's opinion that during abnormally high volatility periods, experienced investors can achieve excellent investment returns if they continue to focus on acquiring excellent companies at excellent prices. Remember that your team believes that longer term results are much more meaningful than short-term time horizons. A longer term perspective of your team's performance is available upon request.

Stocks we recently added to your portfolio

- We did not purchase any new securities during the month of July.

Stocks we recently sold from your portfolio

- Republic Services Inc. (RSG) - After buying RSG in the high teen's in late March and early April of this year, we have seen a sharp move upward in the company's stock price as the balance sheet improved, fundamentals stabilized, and fears of an economic depression subsided.
- Littelfuse Inc. (LFUS) - One of our favorite small cap technology companies, LFUS has been one of our best performers in 2009. As the company achieved our internal view of fair value, we exited the position in search of better opportunities.
- General Mills Inc. (GIS) - We sold our position in GIS, one of our favorite food stocks, as the stock rapidly approached our internal view of fair value. We exited the position to reallocate the cash to better investment opportunities.

Interesting Notes For the Month

- We are certainly pleased to see another positive month of returns for our clients. Since the market lows on March 9th, the S&P 500 Index is now up 47.24 percent thru July 31, 2009. This performance certainly makes our team pause and reflect about how far and how fast the market has recovered. Importantly, your team does not try and time the market or make market calls. Rather, we continue to research our investments on a daily basis, confirming their competitive position, studying their financial statements, and determining their intrinsic value using our proprietary approach. Our focus is on providing you with a portfolio of leading companies that are undervalued relative to our internal view of fair value.
- Lower quality stocks (those rated B or worse by S&P) continue to outperform higher quality stocks (those rate B+ or better by S&P) in 2009. This is typical of early market rallies after extreme downside volatility. Per Merrill Lynch, lower quality stocks are up 44.87 percent this year (thru July 31, 2009) while higher quality stocks are up 15.90 percent. This factor is not the most favorable for us considering our portfolios are typically comprised of higher quality companies. Your team believes that higher quality companies will outperform over the long-term.
- Value, as a style of investing, continues to materially underperform Growth in the market so far in 2009, although Value did well in July. For example, the S&P MidCap 400/CitiGroup Value Index is up 14.17 percent this year while the S&P MidCap 400/CitiGroup Growth Index is up 21.80 percent. We continue to be pleased to be outperforming thus far this year despite this material "wind in our face."
- Overall, we continue to believe that each company we own in your portfolio is trading at a discount to our internal view of intrinsic value. While the level of discount is diminished given the sharp rise in the market and our stocks since March, we continue to see opportunities in individual stocks.

Don't forget to visit our website at www.marinervalue.com for more information about our team, our process, and value investing. You can also get real-time access to Mariner Value website updates and information via traditional mail or email. Simply contact us at client.services@marinervalue.com or call 913-387-2714 to sign-up.

Thank you for your continued confidence and support.



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