Mariner Concentrated Value

Perspectives
August 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 August 31, 2009) is up 33.40 percent (net of fees) versus the S&P MidCap 400/Citigroup Value Index up 23.82 percent, the Russell Mid Cap Value Index up 23.79 percent, and the S&P 500 Index up 14.43 percent.
- Year-to-date thru August 31, 2009, the Mariner Concentrated Value Composite is up 28.28 percent (net of fees) versus the S&P MidCap 400/ CitiGroup Value Index up 20.35 percent, the Russell Mid Cap Value Index up 20.80 percent, and the S&P 500 Index up 14.97 percent.
- As we have stated in previous Perspectives, we are 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.

Stocks we recently added to your portfolio

- Hudson City Bancorp Inc. (HCBK) - We purchased our first bank —HCBK—for the Mariner Concentrated Value product this month as negative sentiment related to the broad commercial lending business resulted in a poor performance period for this company and the regional bank industry as a group. As a result, this high quality traditional commercial bank with its above-average balance sheet, is now trading at valuation levels that we believe discounts much of the risk associated with their loan portfolio and their earnings and cash flow generating potential.
- Granite Construction Inc. (GVA) - GVA is a leading construction company with over 80 percent of its business related to the infrastructure needs of federal, state and local governments and related projects. With a very strong financial position (net cash on the balance sheet) and the potential for spending on general infrastructure to increase over the next several years, we think GVA is well-positioned for the future.
- Procter and Gamble Co. (PG) - One of our favorite consumer-related companies, P&G has materially underperformed the market this year, creating an interesting opportunity for this market share leading business. We would note that P&G rarely trades at today's valuation levels providing an interesting opportunity to invest in this bellwether consumer staples company.

Stocks we recently sold from your portfolio

- Wisconsin Energy Corp. (WEC) - We sold our position in WEC as the price approached our internal view of fair value.

Interesting Notes For the Month

- Another positive month for our clients is always a good place to begin this discussion. However, it is definitely time to remind everyone that there are risk associated with any form of investing. Since the market lows on March 9th, the S&P 500 Index is now up 52.55 percent thru August 31, 2009. As we discussed last month, this level of absolute 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. At this time we like the risk versus reward profile of your portfolio.
- 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 54.16 percent this year (thru August 31, 2009) while higher quality stocks are up 24.42 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, has continued to materially underperform Growth in the market so far in 2009. For example, the S&P MidCap 400/ CitiGroup Value Index is up 20.41 percent this year while the S&P MidCap 400/CitiGroup Growth Index is up 25.84 percent. We continue to be pleased to be outperforming thus far this year despite this material "wind in our face."
- Overall, we 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.

Scott A. Moore, CFA

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***Past performance is no guarantee of future results.** Please visit the Disclosure and Notes section and the Risk section of our website at www.marinervalue.com for important