

# Mariner Concentrated Value

## Perspectives

### November 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 (through November 31, 2009) is up 40.58 percent (annualized and net of fees) versus the Russell Midcap Value Index up 29.14 percent, the S&P MidCap 400/Citigroup Value Index up 27.11 percent, and the S&P 500 Index up 22.33 percent.
- Year-to-date through November 30, 2009 the Mariner Concentrated Value Composite is up 37.34 percent (net of fees) versus the Russell Midcap Value Index up 27.53 percent, the S&P MidCap 400/Citigroup Value Index up 24.93 percent, and the S&P 500 Index up 24.07 percent.
- This was another interesting month in the market as higher quality stocks finally outperformed lower quality stocks for the second month in a row. As we discussed last month, this is important because your portfolio is comprised of higher quality stocks (leading market share positions, good balance sheets, etc..) and when higher quality stocks become fashionable, your portfolio is likely to do well. While we certainly do not make predictions over the short-term, we hope these last two months are the beginning of a multi-period trend towards higher quality companies.

#### Stocks we recently added to your portfolio

- No new names were added to your portfolio during November.

#### Stocks we recently sold from your portfolio

- Procter and Gamble Corp. (PG) - We sold our position in this leading consumer staple company in the low to mid \$60's as it approached our internal view of fair value. We will continue to monitor this company for buying opportunities in the future and are pleased with the outperformance generated for our clients since our initial purchase earlier this year.
- Applied Materials Inc. (AMAT) - We sold our position in this leading semi-conductor capital equipment company as they continued to invest heavily in areas outside of their historical core competency—like solar—while at the same time seeing the stock rise materially since the beginning of the year. While we continue to like AMAT overall, we are more cautious on their future given the magnitude of the investments in an evolving technology like solar. We swapped some of the AMAT sale proceeds into Xilinx Inc. (XLNX) which we discussed as a buy last month.

#### Interesting Notes For the Month

- Lower quality stocks (those rated B or worse by S&P) underperformed higher quality stocks (those rate B+ or better by S&P) this month with lower quality stocks up 3.38 percent while higher quality stocks were up 3.59 percent per Merrill Lynch. This reverses the year-to-date trend (per Merrill Lynch) as lower quality stocks are up 62.93 percent this year (through November 30, 2009) while higher quality stocks are up 29.19 percent. Your team believes that higher quality companies will outperform over the long-term and again are hopeful for continued reversion back to high quality stocks in the coming months.
- Value, as a style of investing, has materially underperformed Growth in the market so far in 2009. For example, the Russell Midcap Value Index is up 27.53 percent this year while the Russell Midcap Growth Index is up 37.76 percent. We continue to be pleased with our outperformance this year despite this material “wind in our face.” Remember that your team believes Value investing will outperform Growth investing over the long-term.
- 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 has 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](http://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](mailto:client.services@marinervalue.com) or call 913-387-2714 to sign-up.

Thank you for your continued confidence and support.



Scott A. Moore, CFA

