Mariner Concentrated Value

Perspectives
April 2009 Discussion
with Scott A. Moore, CFA—Partner, Chief Investment Officer and Senior Portfolio Manager

Welcome to the first "Mariner Concentrated Value Perspectives Discussion." These discussions are intended to provide insights and knowledge about our team, process, and investment style as well as give you a better understanding of how your money is being invested. As always, our team's goal is to provide our clients with a portfolio of leading business franchises trading at a material discount to our view of their true value. We believe our consistent and time-tested approach will lead to above-average investment returns over the long-term.

Performance Update

- The Mariner Concentrated Value Composite (since its inception November 13, 2008) is up 7.65 percent (net of fees) versus the S&P MidCap 400 Value Index up 4.63 percent, the Russell Mid Cap Value Index up 2.03 percent, and the S&P 500 Index down 2.95 percent.
- Year to date thru April 30, 2009, the Mariner Concentrated Value Composite is up 4.85 percent (net of fees) versus the S&P MidCap 400 Value Index up 1.70 percent, the Russell Mid Cap Value Index down 0.43 percent, and the S&P 500 Index down 2.49 percent.
- We are certainly pleased with these early results considering the market uncertainty and volatility, but remember that these results were compiled over a short time period. Your team feels very strongly that longer term results are much more meaningful. A longer term perspective of your team's performance is available upon request.

Stocks we recently added to your portfolio

- Kraft Foods Inc. (KFT)— one of the leading food companies in the world—has materially underperformed this recent market rally and created an attractive risk versus reward entry point. Based on our entry point, we will earn an approximate 5% yield while we wait on some positive fundamental news from the company.
- Becton Dickinson & Company (BDX)—a long time healthcare favorite of your MVS team—has finally become inexpensive relative to our view of its intrinsic value. A material lagging stock in 2009, we are excited to buy this high quality company for our portfolios.

Stocks we recently sold from your portfolio

- Charles Schwab Corp. (SCHW) - one of our favorite brokerage stocks was a terrific performer for us and outperformed the market by nearly 30% on it way to valuation levels that approached our view of its worth. We exited the position for better risk / rewards.
- Mettler-Toledo (MTD) - one of our favorite healthcare stocks over the years achieved over a 40% absolute return for us during the last two months. We exited this position more quickly than we would have expected as the stock price achieved levels near our view of fair value.

Interesting Notes For the Month

- Lower quality stocks (those rated B or worse by S&P) have materially outperformed high quality stocks (those rate B+ or better by S&P) thus far in 2009. This is typical of early market rallies after extreme downside volatility. This factor is not the most favorable for us considering our portfolios are 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 also materially underperformed Growth in the market so far in 2009. We are quite pleased to be outperforming thus far this year despite this "wind in our face." One reason we have done reasonably well is that we do not label stocks Growth or Value. Rather, we look for leading business franchises that are trading inexpensively regardless of what index they are in. Several of our stocks are actually in "Growth indices" despite valuations that are typical of "Value stocks." Historical data suggests that Value investing beats Growth investing over the long-term.
- To steal a quote from our Perspectives First Quarter 2009 review which still holds true today: "Importantly, we continue to believe that our portfolio is trading at a significant discount to our internal view of intrinsic values for each company we own. Frankly, in the over 15 year of studying leading business franchises and valuations, rarely has there been a more attractive risk versus reward profile than has existed since the 4th quarter of 2008. While psychologically challenging to most investors, the most attractive investment opportunities typically come at times of market stress as the extraordinary volatility translates into impressive opportunity."

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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