



**Perspectives**  
**March 2010 Discussion**  
**with Scott A. Moore, CFA—President and Chief Investment Officer**

### **Product Overview**

The Mariner Value Composite is a classic value investment product investing primarily in the equity or equity-linked securities of United States based companies. The product will typically maintain 50-100 positions in the securities of companies that, in the opinion of the Mariner Value Strategies team, have leading and sustainable market share positions, above-average financial strength, and are trading at prices materially below our internally derived view of intrinsic value. The product's primary benchmark is the Russell Midcap Value Index. Clients may also compare the product to the S&P MidCap 400/Citigroup Value Index and the S&P 500 Index.

### **Since Inception Performance**

Since our inception on 11/3/2008, Mariner Value is up 27.54 percent (APR and net of fees) versus the Russell Midcap Value Index up 26.32 percent, the S&P MidCap 400/Citigroup Value Index up 26.91 percent, and the S&P 500 Index up 17.44 percent.

### **1st Quarter 2009 Performance**

The Mariner Value Composite ended the fourth quarter up 6.24 percent (net of fees) versus the Russell Midcap Value Index up 9.61 percent, the S&P MidCap 400/Citigroup Value Index up 8.76 percent, and the S&P 500 Index up 5.39 percent. As most of you know, we do not emphasize quarterly performance information due to the short-term nature of the time period.

### **Discussion of the Last 12 Months— A Special Period**

We are certainly pleased to report our fourth consecutive positive quarterly performance period. However, in our view, the real story is what happened to the stock market and our product over the 17 months since we launched our new firm. The volatility in market values has been remarkable and periods of volatility are important as they allow us and our investors to take a deeper look into our investments processes to insure we are providing appropriate returns for our clients in various market environments. So let's look at the data by starting with the downturn. Since our inception date on 11/3/2008 until March 31, 2009, the Russell Mid Cap Value Index was down 19.45 percent, the S&P MidCap 400/Citigroup Value Index was down 15.57 percent, and the S&P 500 Index was down 16.31 percent. Your Mariner Value Composite was down 12.56 percent. While this data is over a very short time period, we are pleased to have protected our client's capital in a reasonable way. Now we turn to the upside volatility experienced over the last 12 months. During this period, the Russell Mid Cap Value Index was up an incredible 72.41 percent, the S&P MidCap 400/Citigroup Value Index was up 65.55 percent, and the S&P 500 Index was up 49.77 percent. Your Mariner Value Composite was up 60.99 percent.

So what does this information tell us? Remember that we consistently try and convey to our clients that we strive to protect your capital better than the market during down periods, and do our best to outperform during up periods, but we may lag on the upside due to the conservative nature of our investment process. We suggest that when you link the periods over the years, you should expect us to outperform the indexes with less volatility. Putting this recent sharp downturn and sharp upturn together gives you a sense for how we are doing on that claim. Since our inception on 11/3/2008, Mariner Value is up 27.54 percent (APR and net of fees) versus the Russell Midcap Value Index up 26.32 percent, the S&P MidCap 400/Citigroup Value Index up 26.91 percent, and the S&P 500 Index up 17.44 percent. So over our first 17 months, we have indeed outperformed the market with less volatility. Remember that 17 months is a relatively short time horizon in the framework of investing and historical results do not indicate what will happen in the future. Nonetheless, this extraordinary market environment is educational and allows us to observe our portfolio and consider our expected performance versus the actual results. In this case, over 17 months of volatility, we are pleased with the results and we hope to continue providing consistent results over time.

### **Outlook**

As we look forward, your team continues to focus on studying one company at a time, always in search of leading business franchises with above-average return potential for our clients. As of today's writing, we are seeing opportunities in the technology sector, the energy sector, and the utility sector. Each of these opportunities is the result of our long-standing bottoms up process of reviewing one company at a time and determining that we are investing in a leading franchise that is trading at a meaningful discount to our view of its value.

Thank you for your continued confidence and support.

Scott A. Moore, CFA

