

LM CAPITAL GROUP, LLC

ACTIVE CORE FIXED INCOME

LM Capital is a registered investment advisor founded in 1989 by Luis Maizel and John Chalker to provide fixed income investment management for the institutional investor. The firm is a 65% employee owned minority business, employed by public agencies, corporations and foundations nationwide. Currently, LM Capital manages four types of fixed income investment portfolios: **Short Term, Intermediate, Active Core and Opportunistic Core (Core Plus)**.

LM Capital utilizes a long-term, macroeconomic, fundamental investment analysis incorporating **Global Scenario Planning** to assemble a concentrated fixed-income portfolio representing the most-attractive fixed income investment opportunities available.

Our philosophy is centered on the belief that money is a commodity whose price, or interest rate, is governed by the laws of supply and demand, and that global economic, political, and social factors significantly influence this equation.

LM Capital's Active Core fixed income portfolios are comprised of Treasuries, agencies, investment-grade (A/A2 min or better) corporate issues and may include mortgage-backed securities.

Since LM Capital only manages separate accounts, we determine the sector allocation weightings in accordance with the client's investment policy.

For more information on LM Capital Group's Active Core fixed income product, please contact:

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*LM Capital Group, LLC's Active Core Composite contains fully discretionary fixed income accounts based in US Dollars and for comparison purposes is measured against the Barclays Capital US Aggregate Index. The Active Core fixed income portfolios are comprised of Treasuries, agencies, investment-grade (A/A2 minimum or better) corporate issues and may include mortgage-backed securities. The minimum account size for this composite is \$10 million beginning in 2003.

LM Capital Group, LLC claims compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list and description of LM Capital Group, LLC's composites and/or a presentation that adheres to the GIPS® standards, contact Mr. Jeffrey Frankel, Chief Compliance Officer, at (619) 814-1401; 401 B Street, Suite 950 San Diego, CA 92101; jfrankel@lmcapital.com.

Portfolio Characteristics*

(As of 12/31/2009)

	LM Capital	Benchmark
Average Maturity:	6.12 years	6.84 years
Effective Duration:	4.51 years	4.57 years
Yield to Maturity:	3.82%	3.68%
Average Coupon:	4.82%	4.68%
Average Quality:	AA1	AA1

Portfolio Allocation*

(As of 12/31/2009)

