

Matterhorn

CAPITAL MANAGEMENT, LLC

Investor Update 4Q2011

Investment Strategy

The world today is enveloped by an investment climate that is fraught with imbalances that create uncertainty and a lack of confidence in the future. **P2**

Portfolio Review

Elevated cash positions helped protect portfolios to the downside in the third quarter and served to restrain portfolios during the October market run. **P5**

Market Review

Once the books are closed, 2011 will be remembered as a year when political risk trumped all economic fundamentals. **P5**

Portfolio Transactions

We added gold to all our portfolios, which represents our first investment in an Exchange Traded Fund, and our first investment in gold, making it unique in many ways. **P6**

Fixed Income Strategy

Our credit concerns have diminished; we expect interest rates to stay at current levels or trend even lower. **P8**

Investment Strategy

History Repeats

The world today is enveloped by an investment climate that is fraught with imbalances. We are surrounded by mountains of public debt and oceans of liquidity, rigid governing structures engulfed by fluid social turmoil and intensely profitable corporate citizens stoked by a languishing labor force. These imbalances create uncertainty and a lack of confidence in the future and, for some, results in visions where people return to wearing bearskins or live in bunkers.

Our research, taking two hundred years of modern financial history into account, concludes that it makes sense to rid ourselves of the bearskin visions, that we have been here before and that a sound investment strategy will prosper.

Exhibit 1 tables five global financial crises since 1800, all strikingly similar to the debt crisis in which we currently find ourselves. The global financial system survived all five global crises (and many more local crises in between) by restructuring debt in one of four mechanisms.¹ All mechanisms are painful, but not one of the outcomes resulted in a societal collapse back to the dark ages.

Wall of Worry

Instead of the dark ages, history clearly points to a long-drawn-out grind back from a debt-driven recession that could take as long as four to six years. The market's collective experience based on recessions in the last half century, however, causes it to chronically anticipate a more hasty recovery that is inevitably followed by disappointment. In our opinion, it is this underlying dynamic that causes the investors to create 'walls of worry' on which to blame the economic muddle and to whipsaw the investment markets. These walls contain fears of austerity driven recessions, financial contagion from

undercapitalized and opaque banks, inflationary monetary expansion and economic drag from leaderless political inaction. Underlying all of these fears is the global credit expansion and the financial turbulence that results from reducing it.

We have now experienced four years of fatiguing market gyrations as waves of these fears roll through. Unfortunately, we expect a comparable volatile future until progress on reducing the global public debt load has been made.

Exhibit 2 (next page) illustrates that the global debt level is perilously high, the

(continued next page)

All-Cap Equity Composite Performance (Net of Fees) As of 12/31/11

	QTD	YTD	Ann ITD ¹
MCM Global Core²	6.03	1.21	5.63
Core Equity Blend Index ³	9.31	(4.02)	3.81
MCM International	5.81	(2.61)	4.33
MSCI World ex U.S. Index	3.72	(13.70)	(0.80)
S&P 500 Index	11.81	2.12	3.31

¹ Inception date 4/14/05 for Global Core and 9/30/2006 for International. Returns are annualized.

² Composite contains U.S. Growth, U.S. Value, International and Global Core accounts.

³ Blended index consists of two-thirds Russell 3000 Index and one-third MSCI World ex U.S. Indices.

Exhibit 1: Global Financial Crises Since 1800

Episode	Type	Global Financial Center Affected	At Least Two Distinct Regions	# of Countries in Each Region
The Crisis of 1825-1826	Global	United Kingdom	Europe and Latin America	Greece and Portugal defaulted, as did practically all of the newly independent Latin America.
The Panic of 1907	Global	United States	Europe, Asia and Latin America	Notably France, Italy, Japan, Mexico and Chile suffered from banking panics.
The Great Depression 1929-1938	Global	United States and France	All regions	With the exception of high inflation, no other crisis manifestation was present.
The Debt Crisis of the 1980s	Multicountry (developing countries and emerging markets)	United States	Developing countries in Africa, Latin America and Asia	Sovereign default, currency crashes and high inflation were rampant.
The Asian Crisis of 1997-1998	Multicountry, extending beyond Asia in 1998	Japan	Asia, Europe and Latin America	Affected Southeast Asia initially; by 1998, Russia, Ukraine, Colombia and Brazil were affected.
The Global Contraction of 2008	Global	United States, United Kingdom	All regions	Banking crises proliferated in Europe and stock market and currency crashes versus the dollar cut across regions.

Source: Reinhart & Rogoff

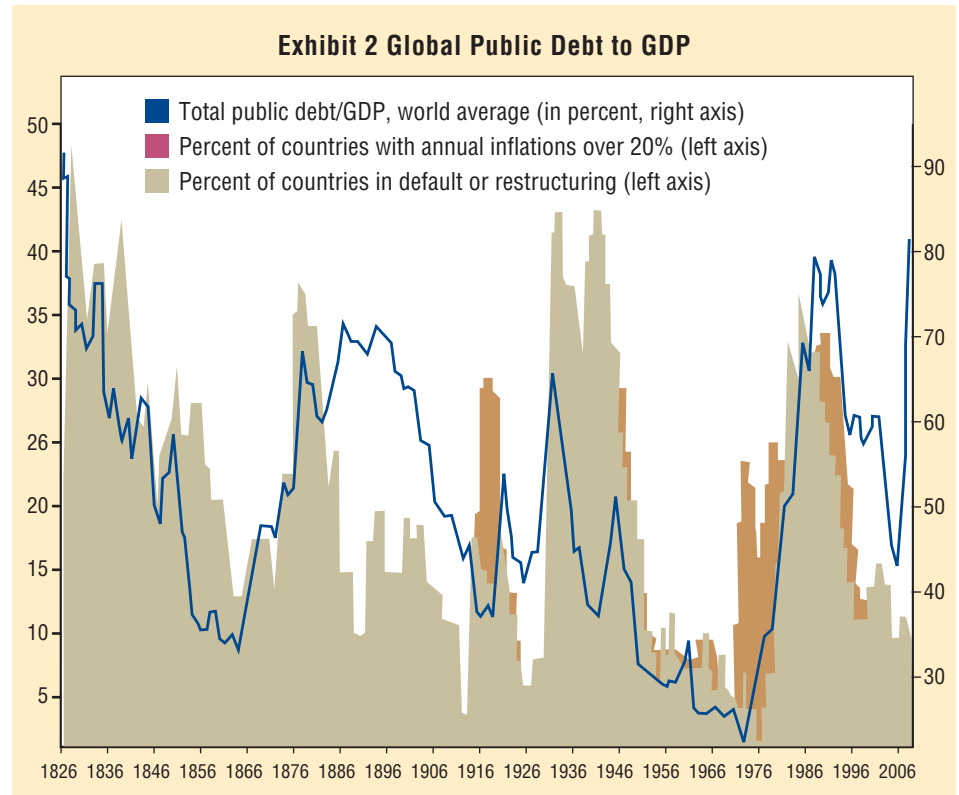
Investment Strategy (continued from 2)

trend does not indicate a turnaround yet and that we can expect a wave of sovereign debt defaults over the next few years.

Economic Growth

In contrast to common fears that create the shimmering wall of worry, Matterhorn Capital searches for opportunities in the emotional malaise to build real capital. A cornerstone of our thesis that this is possible despite the debt overhang is that economists forecast real global economic growth for 2012 and 2013. Despite expectations of regional economic contractions – the most immediate being Europe – forecasts for global real GDP growth in the next two years vary from 2% to 4%. **Exhibit 3** (bottom) shows that these expectations fall in line with historical global growth over the last 15 years and we really are in a normal economic milieu, if viewed only by this chart. It is, of course, a fear that we return to the sharp dip in the line as we had in 2009, but even if we did, it is comforting to see how quickly we returned to the normal level of growth.

It is our thesis that real GDP growth is the fundamental long-term basis to invest in equities. Ultimately, economic growth is



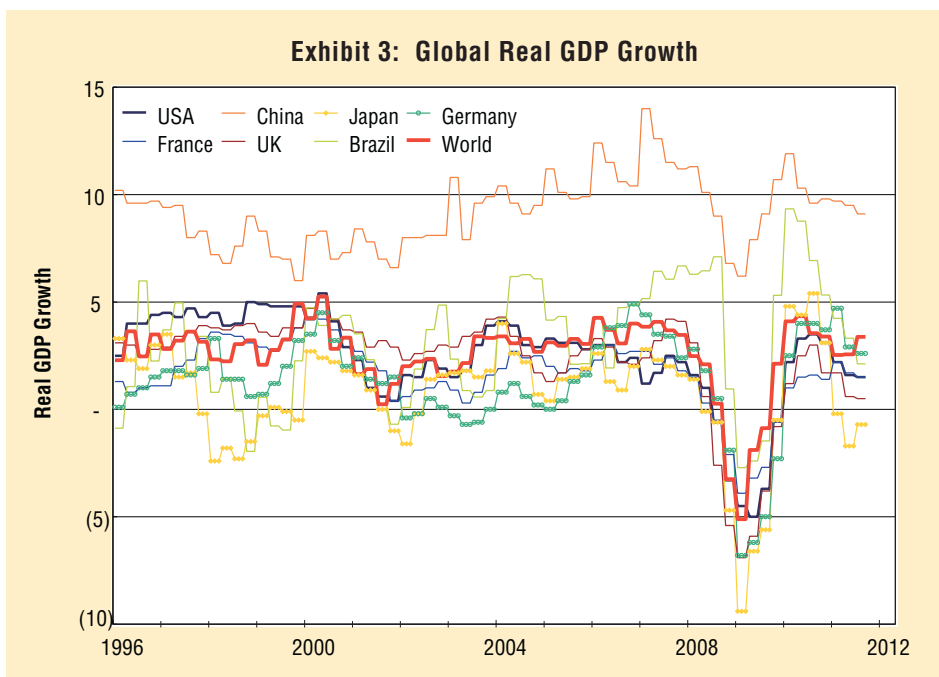
Source: Reinhart & Rogoff (The Washington Post with Bloomberg Business)

driven by businesses that create and sell products and services, employ consumers and pay taxes. In public markets we invest in the larger, globally exposed and healthier variety of these businesses.

Corporate Health

Cumulative S&P 500 earnings reports (an admittedly imperfect proxy for global investment markets) reached an all time record level last quarter and the tenth consecutive quarter in a row of increases since the recession. In addition, corporate balance sheets in aggregate are pristine, with net debt-to-capital ratios half of where they were in the '90s, while margins and cash flows are at the upper end of historical ranges. The bottom line is that multinational corporations worldwide are healthier than they have ever been despite or perhaps because of the public debt overhang, but are focused on remaining healthy rather than risking capital on new growth.

The lack of confidence by corporate leadership mirrors the general public and investors' lack of confidence in investing and can be traced back to the debt overhang. The lack of confidence, among many factors, has caused equities to be one of the most attractive asset classes



Source: Bloomberg

(continued)

Investment Strategy (continued from 3)

currently available in terms of yield.

Exhibit 4 shows comparative yields for the S&P 500 (earnings yield), 10-Year Treasuries and a composite of privately held U.S. real estate, excluding single family housing over the last 15 years.

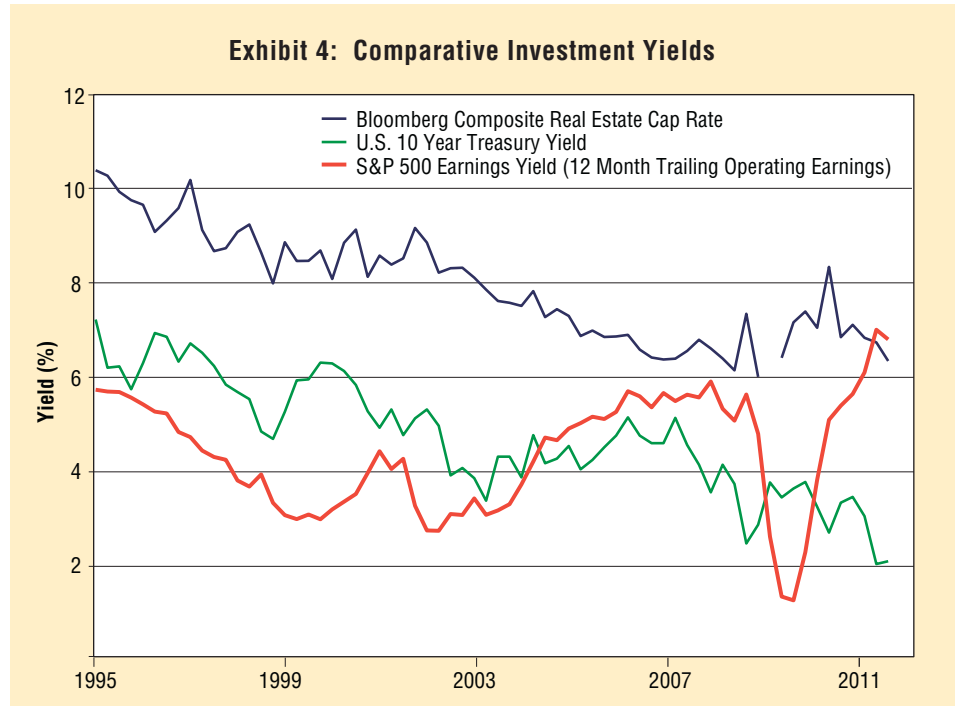
Matterhorn Process

We do our best to understand what economic, political and investment environment surrounds us in order to be stewards of our clients' capital. At the start of 2012, we find corporate fundamentals and investment opportunities to be attractive, but expect that the market's lack of confidence in the debt reduction process will extend high correlations and volatility for multiple years. Our challenge is to wrangle the best investment strategy for this outlook from the herd of possibilities.

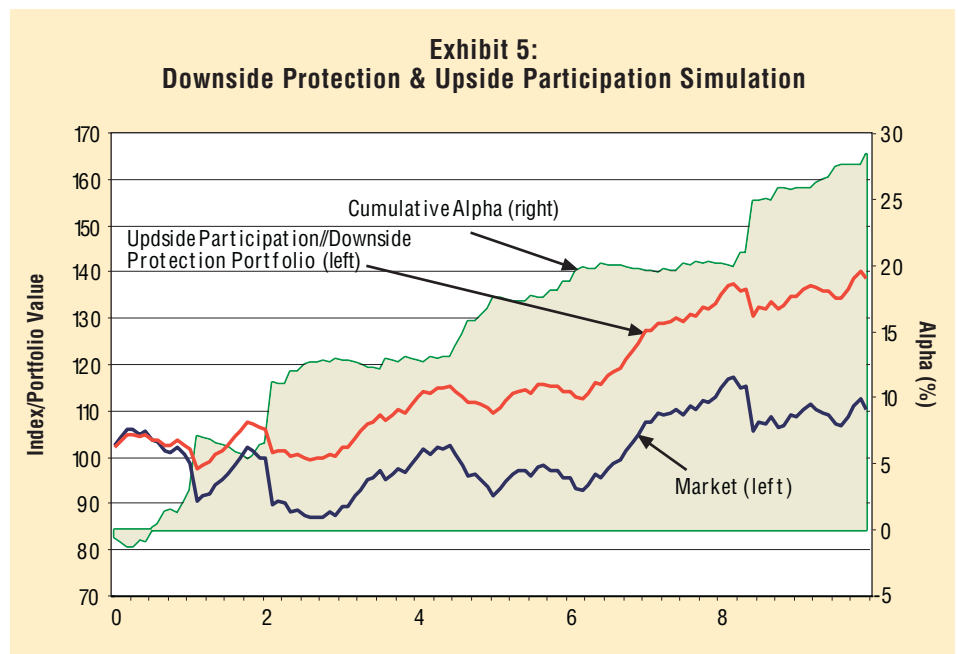
We know – and have proven through our track record – that protecting the downside and participating in the upside is a market-beating process in volatile times that can build positive returns in negative environments. **Exhibit 5** simulates the cumulative effect of monthly returns where a portfolio declines 50% as much as the market and, in turn, appreciates 80% as much. In the illustrated 10-year scenario, the portfolio beats the market by 12% and results in a positive total return compared to a negative market return for the same period. We have tested thousands of scenarios to understand the benefits and pitfalls of this process. We consequently implement it as prudent in the portfolios we manage and continually look for innovative ways to improve downside protection and upside participation.

Our process currently contains the following mechanisms to achieve downside protection and upside participation:

1. Quality Companies - we invest in stocks of companies that exhibit above industry average fundamentals, above



Source: Bloomberg



Source: MCM Analysis

absolute levels of efficient operation and have a sustainable economic advantage in their industries.

2. Trading - our process is designed to take emotions out of trading decisions in order to enter stocks at disciplined and fundamentally sound prices and sell securities at the right times without

emotional attachment. High correlation and volatility increases the opportunity set to find attractive entry and exit prices although it also increases the opportunity to trade emotionally.

3. 20% Down Review - as part of our sell discipline we force a written review
(continued)

Investment Strategy (continued from 4)

of our investment thesis in stocks that have declined 20% or more from their high water mark since purchase. In many cases we sell investments after these reviews before much larger declines occur in the stocks.

Portfolio Review

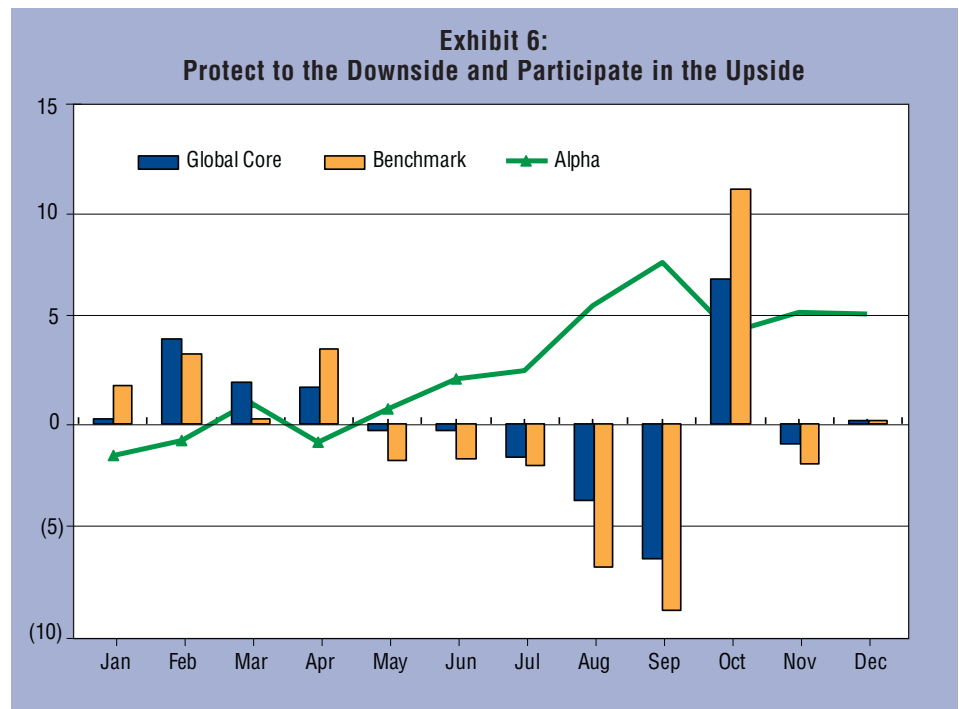
While elevated cash positions helped protect portfolios to the downside in the third quarter, they also served to restrain portfolios during the 11% market run in October. Although our Global Core composite portfolio² underperformed its benchmark index³ for the quarter (+6.0% versus +9.3%), strong relative outperformance during the first nine months of the year helped the composite outperform its benchmark index for the year (+1.2% vs. -4.0%).

Consistent with our disciplined investment process, we put some of that cash to work throughout the quarter as volatile market swings triggered entry price targets for select stocks on our watch list. As detailed in our portfolio transactions section, we repurchased Peabody Energy (BTU) and established portfolio positions in Canadian software vendor Open Text (OTEX), as well as gold ETF iShares Gold Trust (IAU).

Despite elevated levels of cash in client portfolios, our Global Core composite portfolio participated in the market run up in the fourth quarter, driven primarily by strong performance in our International Energy (Sasol +19.9%, Royal Dutch +20.3%, Canadian Oil Sands +20.0%), Information Technology (Google +25.7% and Micron +24.8%), and Brazilian holdings (CPFL +27.4% and Ambev +19.5%). Offsetting this performance were some stock specific laggards including Peabody Energy (-15.60%), Open Text (-13.0%) and Oracle (-10.6%). ■

4. Cash - we let our process of investing and selling stocks drive the available cash in portfolios and allow cash to build as high as 35% of the portfolio. We have found that cash often acts as a volatility buffer in the most opportune times when our process results in more sales than purchases.

5. Gold - we added gold to the portfolio as an enhanced downside protection tool in these times of monetary expansion. We view the gold position as an enhanced cash position rather than a fundamental investment in gold. ■



Source: MCM Analysis

Market Review

Once the books are closed, 2011 will be remembered as a year when political risk trumped all economic fundamentals, when low interest rates and strong corporate earnings were overshadowed by the latest pronouncements from the European Central Bank (ECB) and the Federal Reserve. The fact that the U.S. market ended the year relatively flat belied a volatile, range-bound market,⁴ notable only for the sudden 14% decline in the third quarter and the subsequent 11% rebound in October, both driven by news out of Europe.

For the fourth quarter, the S&P 500 posted an 11.8% gain, compared to 3.7% for

aggregate international markets⁵, which were dragged down by ongoing political gridlock in Europe and fears of an economic hard landing in China.

Coordinated actions on the part of central banks to increase dollar liquidity in late November, as well as the ECB's initiation of its Long Term Repurchase Operations (LTRO) in late December, did little to improve market sentiment, as these initiatives were widely seen as temporary stopgaps to the long-term sovereign debt issues plaguing Europe. But by providing unlimited funds to European banks for

(continued)

² Matterhorn Global All-Cap Core Equity Composite

³ Blended index consists of two-thirds Russell 3000 Index and one-third MSCI AC World ex U.S. Index

⁴ S&P 500 Index

4Q Market Review (continued from 5)

three years, the ECB effectively took the "Lehman" risk off the table and gave European governments additional time to come up with a workable framework for political and fiscal integration. It remains to be seen whether European governments will use that time to work out a sustainable, long term solution to their debt problems. ■

5 MSCI World AC ex US Index

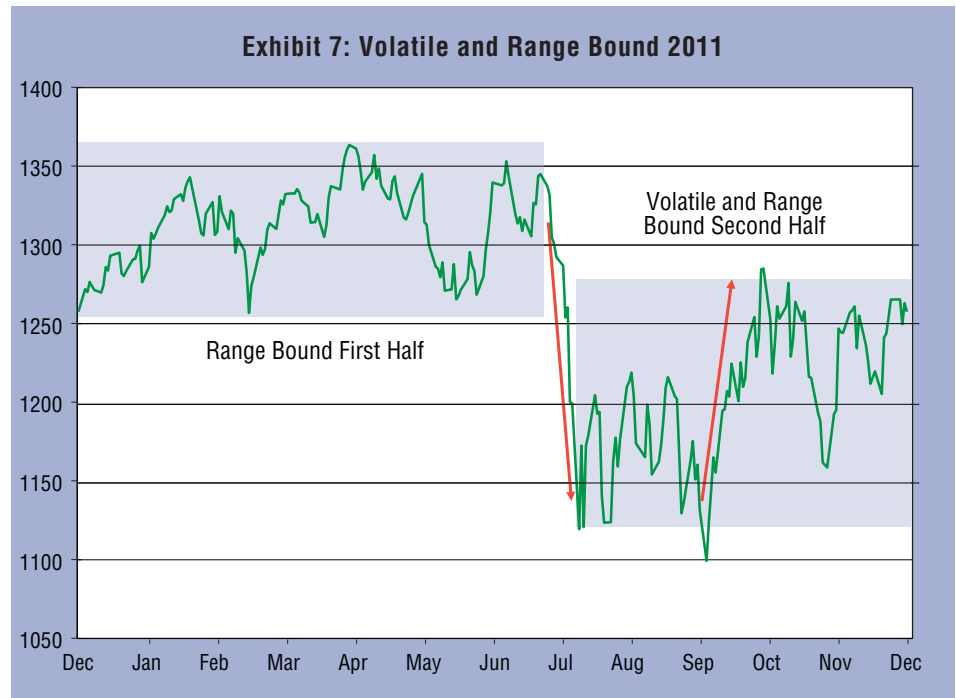
Universal Portfolio Transactions

PORTFOLIO PURCHASES

iShares Gold Trust (IAU) ETF, Basic Materials

We purchased iShares Gold Trust as a single portfolio position in all our portfolios (U.S. Growth, U.S. Value and International portfolios) last quarter. The trade represents our first investment in an Exchange Traded Fund (ETF) and our first investment in gold, which makes it unique in many ways. For this reason we want to explain our investment rationale.

Our investment outlook at the start of our letter concludes that equities provide a very attractive asset class for investment, but will be fraught with unexpected volatility for years to come. Our investment strategy aims to navigate through the expected turmoil by protecting the



Source: Humble Student of the Markets Blog 01/02/12

downside and participate in the upside. We added gold to the portfolio as one more tool to help the portfolio maximize that spread.

The investment thesis is, therefore, less focused on the appreciation potential of gold than it is on the downside protection mechanism. We find it hard to determine the fundamental value of gold, which is yet another reason this investment is unique. However, we do place our trust in the role gold plays as a preferred hard asset to own in times of economic uncertainty or monetary, expansion-driven inflation fears. We forecast that both those scenarios are possible for the foreseeable future and, therefore, gold is in essence

an enhanced cash position that will provide the portfolios more downside protection.

This investment also marks our first purchase of an exchange traded fund (ETF). We have never purchased a secondary investment vehicle before, i.e. all our investments to date have been in primary securities. Although this investment does not defer investment management to another manager, we are adding a layer of cost paid to the custodian of the physical gold. After a review of several investment vehicles, we decided to use the iShares Gold Trust given its lower expense ratio (25 bps vs. 40 bps for most other gold ETFs), the fact that its gold holdings are insured and its more accurate accounting system (1/100th of 1 oz. of gold vs. 1/10 of 1 oz. for all other gold ETFs), which results in a low tracking error with the underlying price of gold.

Exit from this investment will be determined by a change in our investment strategy, i.e. when we expect downside risks to be less important than the upside risk of not being invested in equities. ■



We added gold to the portfolio as one more tool to help provide downside protection to the portfolio.

U.S. Growth Portfolio Transactions

PORTFOLIO PURCHASES

Peabody Energy Corp. (BTU) Mid-Cap, Basic Materials

As stated in our previous letter explaining the sale of Peabody, *"The bullish case for coal remains, and owning BTU, the largest private sector coal company with operations in the U.S. and Australia, is still the best way to play long-term domestic and Chinese/Indian demand for metallurgical and thermal coal. However, the industry has been beset by negative announcements from some of BTU's largest competitors, warning of decreased demand for coal and decreased pricing over the short-term...our decision to sell out of the stock was driven by short-term portfolio risk considerations, and not by a change to our longer term thesis (increased Asian demand). We will continue to monitor the situation and may re-establish a position in the name, assuming the macro economic environment improves and we are able to do so at a compelling valuation."*

We continued to monitor the situation and made the decision to re-establish a

position in Peabody after a series of constructive initiatives were announced in Europe. Although the buy trade was executed at a compelling valuation vis-à-vis the company's long term projected growth rate, the stock was repurchased at \$42 per share, or roughly \$6 above the sale price of \$36. While the timing and trade execution was not optimal from a short-term perspective, we do believe the stock will significantly outperform over the long term. As a reminder, our long term thesis is predicated on increased global demand for coal (power generation), as well as the company's scale advantages.

There are currently more than 200 gigawatts of new global generation under construction and scheduled to come online over the next five years, representing 700 million tons of incremental annual coal demand. Coal's low cost of production and extensive supply reserves makes it the power generation fuel of choice for fast growing (developing) economies. This means that in spite of environmental legislation, coal growth is still projected to outpace the combined growth in natural



Coal's low cost of production and extensive supply reserves makes it the power generation fuel of choice for fast-growing economies. Peabody, as one of the world's largest coal companies, can leverage its market knowledge into profitable coal trading and brokering.

gas, hydro, nuclear, wind and solar over the long term.

As one of the world's largest coal companies with extensive global operations, Peabody can pick and choose the most profitable mines to operate, as well as leverage its market knowledge into profitable coal trading and brokering, which enables the company to realize favorable pricing on its contracts. This flexibility has helped the company generate above industry average returns on invested capital over the past 3 to 5 years. ■

International Portfolio Transactions

PORTFOLIO PURCHASES

Open Text Corp. (OTEX) Mid-Cap, Information Technology, Canada

As the second largest enterprise content management provider (ECM) behind IBM, Open Text stands to benefit disproportionately from the explosive growth of "unstructured data," or text-heavy information (i.e., books, journals, documents, health records, audio, video) that is difficult to analyze using traditional computer programs (as opposed to data stored in fielded form in databases or annotated in documents). Over the past several years, Open Text has invested heavily in

developing proprietary techniques for helping enterprises sort and mine unstructured data, which currently accounts for more than 70% to 80% of all enterprise data and growing at 15 to 20 times the rate of structured data.

In addition to high renewal rates (>90%) and solid maintenance revenue that have kept the company somewhat insulated from recent financial turmoil, the company's size, broad portfolio and material recurring revenue base also make it a very attractive acquisition candidate for larger IT companies looking to establish/expand their ECM product offerings.

As a result of HP's recent acquisition of Autonomy, Open Text is now the largest pure play ECM stock. Although the stock currently trades at a slight premium to its packaged software industry peers, it trades at a significant discount to Autonomy's takeout value (Price/Sales 2.7x vs. 10x Autonomy; Price/Earnings 22x vs. 35x Autonomy). Potential suitors include IBM, as well as existing strategic partners (Microsoft, Oracle and SAP) who may be looking to add Open Text's ECM and business process management (BPM) capabilities to their product offerings. ■

Fixed Income Strategy

Market Review

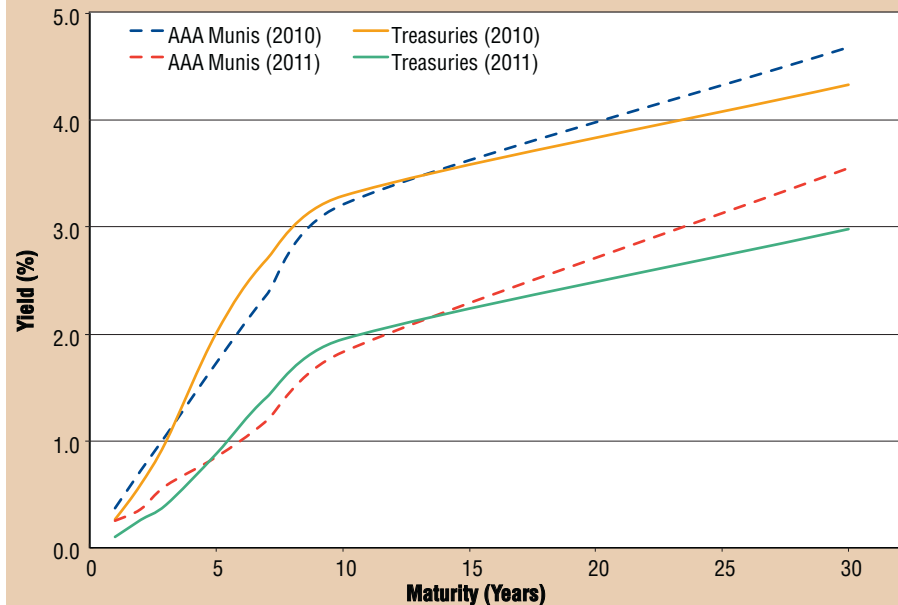
As we have stated for the past several quarters, the credit and default concerns we have maintained during the past several years have diminished dramatically. This has occurred as the stronger state and local municipalities have seen tax revenues increase at the same time as expenses have been decreasing.

Last quarter, we discussed the potential for the European sovereign debt situation and the lackluster U.S. economy to cause interest rates to either remain at current levels or trend slightly downward. The prediction proved true, as U.S. Treasury rates ended the quarter relatively unchanged from the beginning of the quarter and municipal bonds trended lower. Five year AAA municipals declined approximately 20 basis points and 10-year AAA municipals declined approximately 40 basis points from beginning to end of the fourth quarter 2011. The year-over-year change was even more dramatic (Exhibit #8), with AAA municipal rates falling approximately 90 basis points for five year maturities and 140 basis points for 10 and 15 year maturities. Treasury rates fell 60 basis points at five years and 135 basis points at 10 years for the same period.

Portfolio Review

Matterhorn's municipal bond composite continues to show a strong tax-free yield on cost basis of 3.37%. Using a marginal tax rate of 35%, the tax equivalent yield is 5.18%, down only one basis point from the previous quarter and only five basis points from two quarters prior, despite the rapid decline in rates during 2011. Matterhorn's muni composite had a tax-free yield to worst (YTW) basis of 1.38% compared to the benchmark Barclays 1-10 year Municipal Bond Index tax free YTW of 1.66%. The tax equivalent yields are 2.12% for Matterhorn and 2.55% for the benchmark. The portfolio's duration to worst calculation is 3.55, which is lower than the benchmark's 4.01. While the yield on cost level is higher than the benchmark's yield to worst calculation, the municipal bond

Exhibit 8: Interest Rate Changes 2010-2011



Source: Bloomberg, MMD

composite slightly underperformed its benchmark on a total return basis for the quarter. The composite had a strong positive total return of 1.44% compared to 1.83% for the benchmark. As we have demonstrated in previous quarters, yield is our primary focus with a market neutral maturity structure. We believe this strategy produces more income to our clients rather than a total return focus.

Fixed Income Strategy

Our fixed income investment process emphasizes credit quality. We use three filters to sift through the municipal bond universe to find appropriate, conservative bonds for our portfolios.

- First, we filter geographically to eliminate states and regions with weaker economies and budget challenges.
- Second, we filter across types of issuances and narrow our focus to general obligation bonds and essential service revenue bonds. We prefer obligations of states, counties, cities, school districts and universities, while eliminating hospital, nursing home, MUD districts, pension obligations,

stadium, convention center, tobacco settlements and special district bonds.

- Third, our credit focus is on the underlying issuer rating, with only a secondary emphasis on any credit enhancement via bond insurance.

For the past several years, our three-stage filtering has led us to Texas, one of the better state economies in the country. As far as issuance type, we look for university revenue bonds, water and sewer revenue bonds and general obligation bonds with a specific focus on school district bonds guaranteed by the Permanent School Fund of Texas. Lastly, our credit strategy is for approximately 75% of the portfolio to have bonds with an underlying credit rating of AA or better by one of the credit rating agencies, and no more than 25% of the portfolio having bonds rated A or better by at least one agency. We continue to regard municipal bond insurance as a secondary credit support and do not rely on it in the same manner as the bond issuer's credit ratings. Our strategy remains market neutral on duration. ■

Compliance Corner

Clients are advised to notify their MCM representative of any changes to their financial status, including changes in income needs, account restrictions and/or risk tolerance. Clients are reminded to review their custodial statements with those received from Matterhorn Capital Management, LLC. Please contact us if you do not receive a statement from your custodian.

Please note that we are now offering to e-mail your statements and Investor Update. If you would like to receive these electronically, please contact Neala Moore at nmoore@matterhorncap.com.

Disclosures

As always, the latest copy of our firm's Privacy Policy and ADV Part II can be found on our Web site at www.matterhorncap.com. If you have questions or concerns or would like a hard copy of the Privacy Policy or ADV Part II, please contact Neala Moore at (210) 694-4329 or Matterhorn Capital Management, LLC, 3512 Paesanos Parkway, Suite 301, San Antonio, TX 78231.

Disclaimers

Matterhorn Capital Management, LLC ("MCM") is an independent investment management firm that invests client portfolios predominantly in U.S. traded equities and bonds creating either a large to small-capitalization equity portfolio in the growth, value or core investment styles or an investment grade domestic fixed income portfolio of taxable, tax-free or a blend of taxable and tax-free securities. Returns are calculated net of fees, including advisory fees, custody fees, brokerage commissions, and include reinvestment of all income. Returns are presented net of nonreclaimable withholding taxes. Past performance is not indicative of future results. There is a possibility of loss. Returns are calculated by Advent Axys and reflect the total account return, inclusive of securities, cash and accrued income.

The portfolio characteristics shown relate to the investment strategy as indicated by the composite title. Not every client's account will have these exact characteristics. The actual characteristics with respect to any particular client account will vary based on a number of factors including but not limited to: 1) the size of the account; 2) investment restrictions applicable to the account, if any and 3) market exigencies at the time of investment. Net of fees performance returns are calculated by deducting the fee from the individual accounts. The annual management fee schedule for equities is as follows: 1% on first \$0-\$2MM; 0.90% on next \$3MM; 0.80% on next \$5MM; and 0.70% above \$10MM. The annual management fee schedule for fixed income is as follows: 0.40% on first \$0-\$5MM; 0.35% on next \$5MM; 0.30% above \$10MM. Be advised that fees are negotiable and that clients receiving the same service may be paying different fees based upon various factors including but not limited to: account size, number of accounts, complexity, relationship and nature of the account (direct vs. sub-advised).

This material is not financial advice and it should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed may not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendations or decisions that we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

MCM calculates performance by following the Global Investment Performance Presentation Standards (GIPS®). The listed composites contain all fee-paying accounts with an investment strategy as indicated by the composite title. These portfolios are managed in a tax-aware manner. Non-fee paying or non-discretionary portfolios are excluded from the composites but are included in the definition of total firm assets. Neither leverage nor derivatives are used in the composite portfolios. Performance results are expressed in U.S. dollars. Performance returns are considered PRELIMINARY numbers until verified according to GIPS® for the reporting period. To receive a complete list and description of MCM composites and a presentation that adheres to the GIPS standards, contact Stefan Gräter at (210) 694-4329 or write Matterhorn Capital Management, LLC, 3512 Paesanos Parkway, Suite 301, San Antonio, TX 78231 or sgrater@matterhorncap.com. ■

Value Portfolio

CONSUMER DISCRETIONARY	4.6%
Omnicom Group	12,127
CONSUMER STAPLES	4.6%
PepsiCo	102,200
ENERGY	5.2%
ConocoPhillips	96,620
FINANCIALS	20.4%
Aflac	20,693
Arch Capital Group	5,036
Cullen/Frost Bankers	3,347
Discover Financial Services	13,362
HEALTHCARE	15.4%
Becton Dickinson	15,619
Eli Lilly	46,243
Humana	15,105
INDUSTRIALS	5.2%
Raytheon	16,642
INFORMATION TECHNOLOGY	14.3%
Accenture	33,340
Micron Technology	7,077
Microsoft	235,709
BASIC MATERIALS	4.7%
iShares Gold Trust	8,895
TELECOMMUNICATION SVCS	0.0%
UTILITIES	10.0%
Duke Energy	28,674
Public Service Enterprise	16,052
CASH HOLDINGS	15.6%

Growth Portfolio

CONSUMER DISCRETIONARY	23.1%
Nike	36,634
Priceline.com	24,129
Steve Madden	1,472
Starbucks	34,765
CONSUMER STAPLES	12.0%
Colgate Palmolive	43,490
Herbalife	6,053
ENERGY	4.1%
Peabody Energy	9,776
FINANCIALS	8.7%
Franklin Resources	21,714
EZ Corp	1,230
HEALTHCARE	5.5%
Celgene	29,743
INDUSTRIALS	0.0%
INFORMATION TECHNOLOGY	21.4%
Apple	392,168
Google	166,915
Oracle	135,572
Qualcomm	94,887
BASIC MATERIALS	4.8%
iShares Gold Trust	8,895
TELECOMMUNICATION SVCS	0.0%
UTILITIES	0.0%
CASH HOLDINGS	20.4%

International Portfolio

CONSUMER DISCRETIONARY	4.0%
Autoliv	5,046
CONSUMER STAPLES	13.7%
AmBev	47,205
Coca Cola FEMSA	3,206
Unilever	41,815
ENERGY	15.8%
BG Group	76,411
Canadian Oil Sands	11,211
Royal Dutch Shell	135,608
Sasol	30,557
FINANCIALS	3.8%
Bank of Nova Scotia	54,180
HEALTHCARE	11.6%
Fresenius Med Care	20,926
Novartis	157,352
Teva Pharmaceuticals	41,282
INDUSTRIALS	3.5%
ABB	44,400
INFORMATION TECHNOLOGY	7.8%
Check Point Software	10,693
Open Tex	2,931
BASIC MATERIALS	7.2%
iShares Gold Trust	8,895
Potash	35,993
TELECOMMUNICATION SVCS	8.2%
America Movil	59,542
Telstra	42,381
UTILITIES	4.4%
CPFL Energia	13,496
CASH HOLDINGS	20.0%

Percentages = portfolio weightings per sector. Dollar amounts = market capitalization per company in \$ million.

Equity Portfolio Performance (Net of Fees)

Global All-Cap Core Equity Composite (as of 12/31/11)

	QTD	YTD	1 YR	3YR	5YR	ITD
Matterhorn Capital Global Core	6.03	1.21	1.21	12.54	2.73	5.63
Core Equity Blend Index	9.31	(4.02)	(4.02)	13.58	(0.88)	3.81
S&P 500 Index	11.81	2.12	2.12	14.11	(0.25)	3.31

Inception to date (4/14/2005), 3- and 5-year returns annualized.
Composite contains U.S. Growth, U.S. Value, International and Global Core accounts.
Blended index consists of two-thirds Russell 3000 Index and one-third MSCI World ex U.S. indices.

International Equity Composite (as of 12/31/11)

	QTD	YTD	1 YR	3YR	5YR	ITD
Matterhorn Capital International	5.81	(2.61)	(2.61)	13.18	2.20	4.33
MSCI World ex U.S. Index	3.72	(13.70)	(13.70)	10.71	(2.92)	(0.80)

Inception to date (9/30/2006), 3-year and 5-year returns annualized.

Fixed Income Portfolio Performance (Net of Fees)

Municipal Bond Composite (as of 12/31/11)

	QTD	YTD	1 YR	3YR	5YR	ITD
Matterhorn Capital Municipal Bond	1.43	6.05	6.05	4.51	4.31	4.22
Barclays 1-10 Year Municipal Bond	1.82	7.62	7.62	5.95	5.37	5.25

Inception to date (9/30/2006), 3-year and 5-year returns annualized.

Muni Bond Composite Portfolio Characteristics

As of 12/31/11	MCM	Barclays 1-10 Muni Blend
Weighted Average Coupon	4.65%	4.87%
Duration to Worst	3.59	3.94
Yield to Worst	1.56%	1.86%
TE Yield to Worst	2.40%	2.86%
Yield on Cost	3.38%	N/A
TE Yield on Cost	5.20%	N/A