



## Focused Taxable Composite

QUARTERLY PROFILE  
3<sup>rd</sup> Quarter 2009

### Investment Strategy and Goal

The *Focused Taxable Composite* seeks long term capital appreciation by investing in companies which, in MCM's judgment, offer value relative to their long term potential and the market as a whole. While our primary holdings are in large-cap stocks, our multi-cap approach affords us the flexibility to invest in companies of all sizes. Our overall goal is to consistently outperform the S&P 500 index.

### Investment Philosophy

- **Portfolio management** – Using a bottom-up fundamental approach allows us to build portfolios one company at a time with a primary focus on identifying reasonably valued companies that offer strong quantitative and qualitative characteristics. Our portfolio research team utilizes independent research from multiple firms, allowing us to examine varying perspectives of the company's outlook before allocating capital. With this approach, sector weights are determined by the underlying relative value of the companies within each sector.
- **Relative value** – We constantly review our current holdings against opportunities in the broader market. This approach often leads to a balance between growth and value companies, depending on market valuations.

### Period Performance

	Year-to-date	5 Year	Since Inception 10/1/98
Focused Taxable Composite	18.73%	2.34%	7.06%
S&P 500 Index	19.26%	1.02%	2.11%

\*Past performance does not guarantee future results. Please see additional performance disclosures at the end of this presentation. Numbers are net of fees. 5 year and inception percentages are annualized figures.

### Composite Highlights

**NEW POSITIONS:** Through good times and bad, **McDonald's (MCD)** management has shown an ability to innovate and grow the company. The stock pays close to a 4% dividend yield and trades at a relatively low 13.5X 2010 forecast earnings. With the U.S. Dollar growing weaker, McDonald's should benefit from strong sales abroad, which is about 2/3 of their total revenue.

**INCREASED POSITIONS:** Our position in **3M (MMM)** was increased due to its attractive valuation, solid dividend and strong international sales, which comprise 65% of total revenue. We also increased our position in power producer **Excelon (EXC)** as well as the **New York Stock Exchange (NYX)**. As money market yields remain near zero, we have allocated more capital to companies with historically low valuations, reasonable growth prospects and attractive dividend yields.

**DECREASED AND ELIMINATED POSITIONS:** As the market recovered, led by cyclical and financial companies, we reduced our exposure to economically sensitive stocks and rotated into companies that we felt offered greater value and less volatility over the long term. During the quarter, we eliminated small positions in energy companies like natural gas producer **Chesapeake (CHK)**, as well as oil services companies **Global Industries (GLBL)** and **Nabors (NBR)** after a significant move to the upside. We also took profits in our short-term trades in industrial company **Ingersoll Rand (IR)** and discount retailer **TJ Maxx (TJX)**. After a bounce, our stake was significantly reduced in integrated oil company **Marathon Oil (MRO)** in favor of energy companies that are more exposed to production and exploration rather than refining. Our significant position in **National OilWell Varco (NOV)** was trimmed slightly following a positive move. However, we maintain a sizeable investment in this equipment supplier to the oil services industry due to long-term growth potential in the offshore drilling business. Finally, we reduced our position in refiner **Valero (VLO)** in favor of integrated companies with less debt and a higher dividend.

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## Top Ten Holdings

Intel	5.6%
Cisco	4.7%
Precision CastParts	4.5%
Amgen	4.5%
AT&T	4.1%
3M	4.0%
Costco	3.9%
Teva Pharmaceuticals	3.6%
McDonalds	3.5%
Disney	2.8%

## Market Cap Segmentation

Small (< 1.5 Billion)	0.60%
Mid (1.5 Billion – 10 Billion)	8.53%
Large (> 10 Billion)	90.87%

## Sector Weights

Sector	Focused Taxable Composite	S&P 500	+ / -
Consumer Discretionary	6.4%	9.0%	-2.6%
Consumer Staples	4.5%	12.0%	-7.5%
Energy	20.3%	12.4%	+7.9%
Financials	3.9%	13.6%	-9.7%
Health Care	12.1%	14.0%	-1.9%
Industrials	14.7%	9.9%	+4.8%
Information Technology	16.3%	18.3%	-2.0%
Materials	5.7%	3.2%	+2.5%
Telecommunications	4.1%	3.5%	+0.6%
Utilities	3.8%	4.1%	-0.3%
Cash	8.1%	0.0%	+8.1%

Data presented represents a percent of the total market value of the Focused Taxable Equity Composite, including cash. As of September 30, 2009, cash represented 7.4% of the total composite. This information is presented as supplemental and complements the Annual Disclosure Presentation located at the bottom of this page.

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	Total Firm Assets (thousands)	Composite Assets		Accounts at Year End	Asset-Weighted Annual Return		S&P 500	Annual Composite Dispersion
		US Dollars (thousands)	% of Firm Assets		Gross	Net		
2008	92,666	7,021	8%	13	(33.80%)	(34.45%)	(37.00%)	1.5%
2007	121,952	17,970	15%	14	8.29%	7.20%	5.49%	2.5%
2006	97,596	15,637	16%	16	14.66%	13.50%	15.80%	1.1%
2005	89,242	15,206	17%	12	9.55%	8.49%	4.88%	1.1%
2004	85,368	11,016	13%	9	17.70%	16.51%	10.88%	1.2%
2003	86,803	8,414	10%	13	30.04%	28.79%	28.69%	1.1%
2002	61,896	4,072	7%	10	(24.82%)	(25.44%)	(22.10%)	2.2%
2001*	45,728	1,848	4%	8	(9.74%)	(11.16%)	(11.88%)	4.4%
2000*		1,404	2%	6	35.90%	33.49%	(9.11%)	N.A.
1999*		481	1%	5 or fewer	25.13%	22.35%	21.04%	N.A.
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