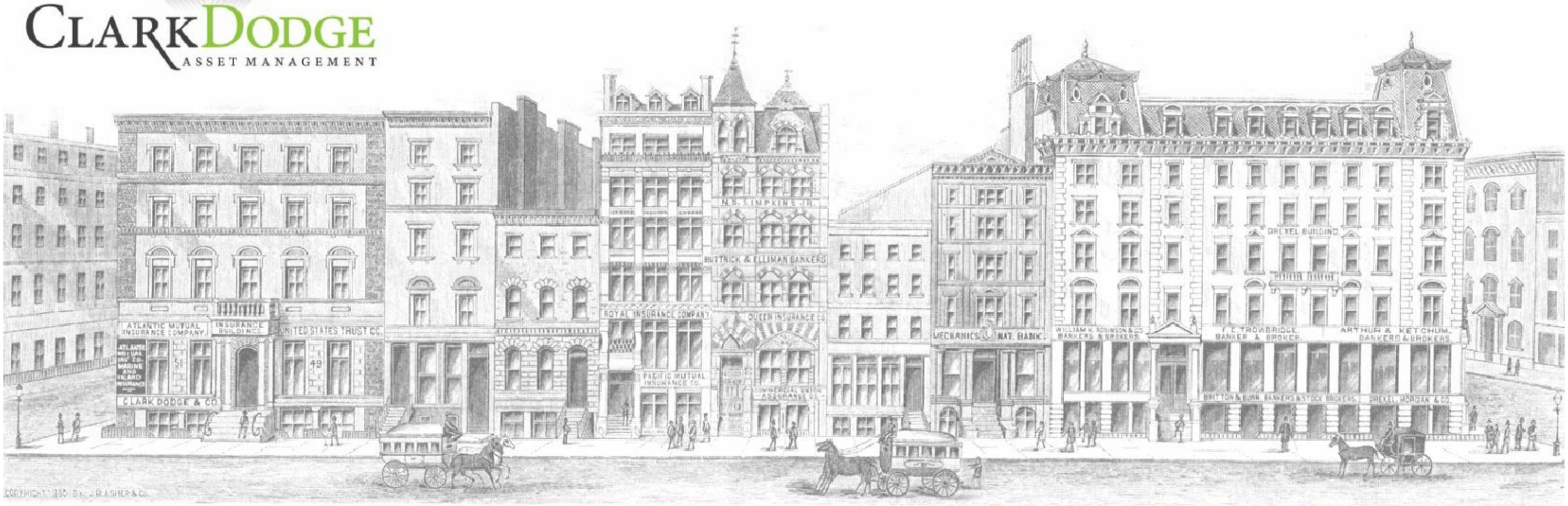
CLARK DODGE ASSET MANAGEMENT

RETURN ON TRUST



Clark Dodge Asset Management Research Investment Outlook: 2010 Review, 2011 Preview

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Please enjoy reading the first Clark Dodge Asset Management Annual Review and investment outlook. The purpose of this report is to spur investment discussions with our clients so as to ensure that asset allocation of their portfolios meet and exceed their individual requirements and to provide a synthesis of the financial information and choices available to them.

The outlook presented here is a reflection of our in-house research process which is global in nature. We begin our research by looking at the total universe of investment options and liquid investment vehicles available to our clients. The primary criteria we screen for include: consistency of returns relative to benchmark indices, management tenure, liquidity, costs and long-term performance.

These in-house research efforts are also informed by the Clark Dodge Asset Management Investment Advisory Board (IAB) and supplemented by institutional sources. The IAB is chaired by Clark Dodge Asset Management President Michael R. Sanders and was established to provide objective and independent global capital markets analysis and research. In addition to the chairman, the IAB is comprised of six members, forward-thinking experts in finance with extensive hands-on investment & capital markets experience. Each brings a multi-disciplined background to the IAB including expertise in: U.S. fixed income, global real estate and credit markets, distressed asset research, energy, commodities, equities, foreign currency, financial services & economics.

The first meeting of the IAB was held during Q4 to discuss where we were in the economic cycle and what we had learned from the markets during 2010 as well as our outlook for 2011. Please find in the following pages, our thoughts on market developments and expectations for the coming year from a global as well as domestic perspective.

DOMESTIC OUTLOOK

Risk, a "flash crash" and the new normal: 2010 continued to see the unwinding of the housing market, real interest rates hover near zero and will be remembered for what became known as the Flash Crash of 2010, a spectacular one day swing of more than 1000 points on the Dow, the second largest on an intraday basis in the exchange's history.

With some of these issues in the rearview mirror, we are more optimistic as we look ahead to 2011. We believe that the global economy and major capital markets are poised for growth this year and believe that cash on corporate balance sheets and personal savings rates and growth and productivity enhancements contribute to this outlook.

These factors will mitigate the risks of a weak unemployment environment and ongoing speculation in commodities, particularly in energy and metals. Another potential concern is the rise in the intermediate and longer-term interest rate environment despite the Fed Funds rate remaining accommodative.

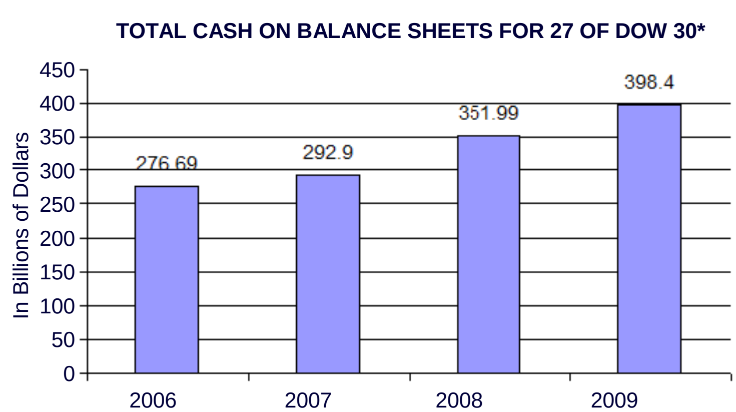
Opportunity - Cash on Balance Sheets: As 2011 gets underway, corporate and investor cash remains on the sidelines and to drive continued growth, will be have to be deployed. This will be a catalyst for equities this year and in the early going especially, represent a strategic option for investment.

Individual investors badly hit by the recent financial crisis are expected to begin, even if tentatively, to put some money back to work as the drumbeat of positive earnings news and the performance of global equity markets makes its way to "Main Street."

Household savings rates have exceeded 6% in the last 12 months, a dramatic increase from the average 1% to 2% at the start of the decade. Household debt burdens have been halved from a high just above 12%, down to 6% today. Both these factors are very positive for the core underlying financial security of the U.S. consumer.
The fact that increased savings and declining debt have occurred despite the weak employment environment is an excellent precursor to supportive economic growth.

Corporate balance sheets are also providing an air of optimism as that cash is being deployed to hire new workers, invest in new infrastructure and in some cases create merger and acquisition opportunities.

The amount of cash on many corporate balance sheets is significant and the deleveraging we have seen combined with this build up creates opportunities for M&A activity. Maturing businesses will be able to acquire companies that allow them to grow even if they can not do so organically and this will drive operating margins and expand earnings. In today's interconnected world, the cash on balance sheets may also drive more global M&A than we have seen in the past. In addition, technological efficiency and enhancements such as "just in time inventory" have improved underlying corporate margins which have made equities much more appealing.



Nearly $125B has been added to Dow 30 balance sheets since 2006[1]
**Bank of America, JP Morgan Chase and Travelers Companies data not available*

The expected return for equities should trend to a more normalized 10-12% growth rate over the next 3-5 years vs. the negative 1% of the last ten years. The only caveat is that we will need to see some top-line global economic expansion as well.

If discount rates stay low and earnings trend incrementally stronger than consensus, we will see P/E expansion and an overall more positive market psychology.

As Karen Roberts, *Annandale Resources Principal* put it: "Companies have three options: they can conduct M&A activity, pay dividends or increase capital spending, all of which should be good for economic growth and equity prices. Companies have spent a lot of time paying down debt over the last couple years but now we see that they're starting to spend even if somewhat cautiously. We're are also seeing corporation make major announcements, dividend announcements, and buybacks and we're finding that there's increased merger and acquisition activity from the investment banking firms. These are things that will get cash deployed again."

Growth & Productivity: The Clark Dodge outlook for GDP growth in 2011 of 3%-4% is in line with the consensus estimate just above 3%. Through the third quarter of 2010, overall GDP growth hovered at 2.3% though indicators showed an upturn in the fourth quarter, results for which will be released at the end of January 2011.

According to the U.S. Bureau of Labor Statistics, nonfarm business sector labor productivity increased 2.3% on average through the third quarter of 2010. Corporate profits will also get a boost when combined with technology enhancements in the workplace and a decline in wage pressure.

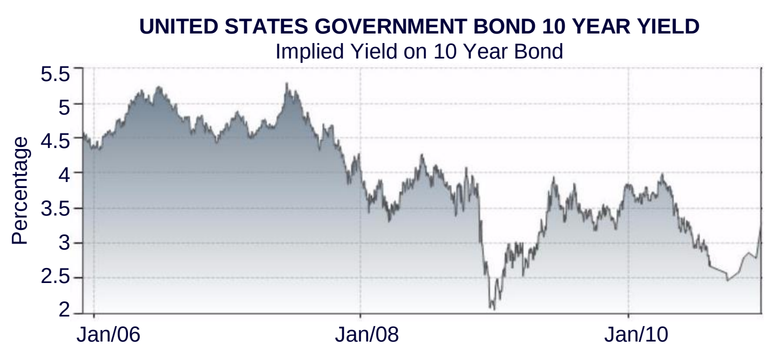
Domestic Concerns: Cash is not yet being deployed to the extent that it could be. Driven by capital flows, strategic risks still exist in the financial sector, banking, insurance and real estate where overhang still exists and where the excesses of the credit bubble are still being worked out of the system. Regulatory reform and its potential impact are still unknown and some are fearful of the long term stability of the U.S. tax regime and deficits.

The risk to the financial system itself has been lessened – the stress tests have shown that banks are much better capitalized, they have cut dividends and have created an environment that is much more stable than it had been in the last 12-18 months.

Other ongoing domestic concerns include the weak U.S. employment picture, commodity price inflation and the shaken housing sector.

Interest Rates, Treasuries & Fixed Income: After completing a first round of buybacks to the tune if $1.75T in securities including $300B in Treasuries in March, the Fed continued the buyback program or QE2 (Quantitative Easing) as it has become known with a second round of purchases begun in November. This action and the ongoing sovereign debt crises in Europe have kept U.S. 10-year Treasury yields in the 2.5-3.4% range through the end of 2010.

With the Fed Funds rate hovering at or near 0% for nearly two years, the Fed has turned to QE2 as a means of stimulating the economy by increasing liquidity and promoting bank lending. As a result, the outlook on Treasuries remains a question mark.



Interest Rates for Ten Year T-Bill over the last 5 years[2]

According to Kevin Chau, *Foreign Exchange Strategist at IDEA Global*: "You also have the fear that if we do head down the road of slow recovery, you will have a lot of countries who will compete in terms of trade. So what they may do is start to intervene as the dollar falls and as they intervene, they will buy dollars and they'll sell their foreign currency."

That a lack of liquidity creates volatility is not isolated within the currency markets, but affects fixed income as well. These concerns led the IAB to discuss the possibility of a trading platform for fixed income much as there is for equities.

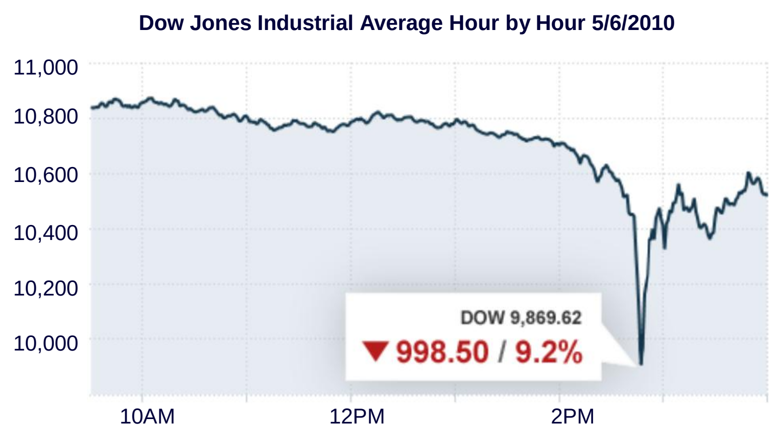
Matt Cushman, *Managing Director of Quantitative Strategies in the Electronic Trading Group at Knight Capital Group* suggested that "if you look at the period around October 2008 where many of the fixed-income markets were really frozen, there was essentially no bid for some of these assets. You might not like the prices on the screen, but the price that you saw for an equity index will reflect, to some degree, the value that people saw in it at that time. There was always a bid. You could always get out of a position if you wanted to. And having said that, the equity is actually the most junior part of the capital structure of the firm. Fixed income in theory should be more solid because you have seniority over the equity."

Nicholas Walsh, *CFA and Principal at Wilfrid Aubrey* remarked that: "There are so many bonds and while everybody knows what a share of IBM is, figuring out the value among the alphabet soup of structured products is much more difficult. They all have different cash flows and classes making it extremely complicated. While it would be nice to automate that, there's been very little progress on it."

So while NYSE Bonds for example has proposed changes to the way it provides liquidity and price transparency to retail investors, there is no universal platform that allows investors the same degree of access as there is for equities.

Given this fragmented market, Clark Dodge pays careful attention to bond price execution and uses a network of institutional dealers to obtain the most competitive prices on the bonds bought or sold for clients.

Volatility: Emblematic of the volatility that some attribute to high frequency trading, the flash crash became a defining moment in the trading year and yet caused no more than a blip on the overall value of the Dow for the year. How a temporary loss of nearly $1 trillion in market value or roughly 9% at the trough in a 15 minute span could have such little long term impact is best explained by Cushman. "Some people might characterize what we do as high-frequency trading. I think a more accurate term would be automated market making. We're really providing liquidity to people on both sides of the markets."



The "Flash Crash" of May 6, 2010 represented the second largest point swing, 1,010.14 points and the biggest one-day point decline, 998.5 points on an intraday basis in Dow Jones Industrial Average history[3]

The flash crash he said, "was an example of a market failure, and it's pretty harrowing if you are sitting there glued to your computer screen, as I was, during the actual event, wondering what's going on. Is there some news? Did a nuclear blast go off in some major city someplace that hasn't hit the tape yet? But if you were just an ordinary retail investor and let's say you went into a meeting at 2 p.m. and you came out at 3 p.m., if you looked at what the prices were at 2 p.m. versus 3 p.m., they were actually down maybe 3 or 4%, but it wasn't calamitous, as it was in the absolute trough of the dislocation around 2:45pm that day."

"I think that's actually a testament to a lot of advances that have come into the marketplace and really made the markets more efficient and more transparent for equity investors," he concluded.

The overall result of the flash crash has been an improvement in liquidity which has shown us that the risk of technical instability is perhaps not as big a risk as the reports on the day of the crash might have had us believe.

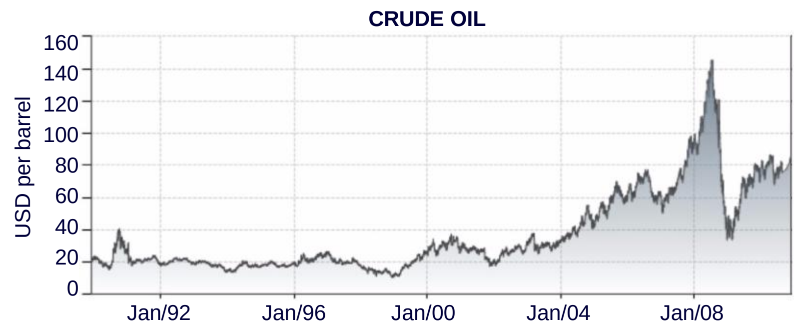
Financial Regulatory Reform: While the financial regulatory reform bill that President Obama signed into law in July of this year was hailed as one of the largest overhauls since the Great Depression, the overwhelming Republican victory in November's election threatens to undo or see the rewriting of many parts of this bill.

The complexity of the situation leads us to take a "wait and see attitude" until there is more clarity.

Oil: Over the last two years, energy markets have seen spikes and drops in prices not seen in more than 30 years. Add to the mix a global economic slowdown not seen since the Great Depression and this leaves a great deal of unresolved questions about the direction of energy prices going forward.

Joe DiMauro, *CEO and principal of Clark Dodge Asset Management and CEO of Clark Dodge & Co.* has spent more than 40 years of his career in the energy sector and brings both an historical perspective and unique background to his views on today's energy markets. "As time progressed and the larger Wall Street funds began to trade oil, the physical market and the electronic markets started to spin apart."

He says that as a result of the increase in electronic trading and speculation especially in the 1990s "control of pricing went to third-party traders, such as JPMorgan and Goldman and overseas to UBS and others so while the Saudis and OPEC could control supply, pricing was not in their hands."



NYMEX Light Sweet Crude Prices over the last 20 years[4]

"When you have someone who, with a keystroke, can buy five times the consumption of America in a blink, that has a profound effect on prices. And there is only so much supply. Essentially there is so much cross-hedging that it's had a big effect on the price of crude oil."

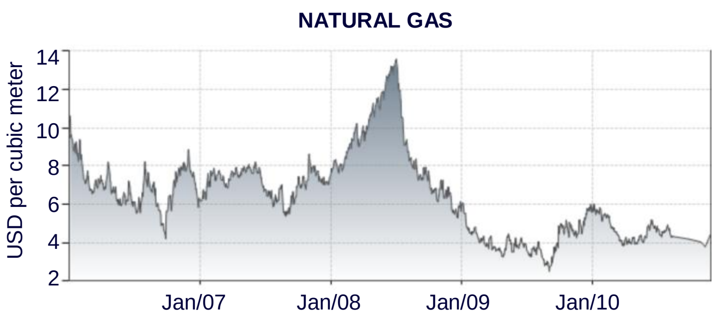
"If we didn't have an electronic system, crude oil would probably be $20 or $30 a barrel because if you look at recent consumption patterns relative to the other recessions, our industrial consumption is dramatically lower."

He says that it is also improper to blame Chinese consumption for the increase in cost. "The Chinese bring in about 9M barrels a day" against 18-20M barrels consumed in the U.S. every day. Despite all the recent growth, "they are still largely an agricultural society. In 20 or 30 years they'll get more people into cars, more people into trains, their industrial production will increase and then they might overcome us. But this is not something that prices should be based on today."

As a result of this "overheated" energy environment, the supply and demand equation is out of balance leading to artificially inflated prices. Whether that imbalance is created by ETFs or speculation about possible sector pressures, he says it is not based on fundamentals.

Natural Gas: The global economic crisis depressed gas demand and created a supply glut that the International Energy Agency (IEA) has said it expects will persist. In fact it believes that it is the only fossil fuel whose demand will be higher in 25 years than it is now.

Prices have been weak because consumption in electrical and industrial production have been down both. Until the demand side increases, prices will remain depressed. "We only have so much storage capacity, so unless we have high demand this winter it is not a good bet. The best bets are always going to be a forward hedge," said DiMauro.



Price of Natural Gas over the last five years[5]

Gold & Other Commodities: Gold continued to defy expectations in 2010 and many consider that it is still in a speculative bubble. It is not an industrial metal, so we believe that investors see it less as a doom and gloom diversifier and more as a geo-political hedge. If the Dow were trading at 6,000 today, we could accept that gold is being bought as safe haven, but with the Dow at 11,000 that is no longer the case. Given the all-time highs over the last two years, we see it simply as a risk aversion trade.

With gold having gone up eight times in price over the last 6 years, a period during which we saw no inflation leads us to look at other industrial metals as alternatives. Copper, silver and aluminum are for example, areas we would favor on the industrial side.

The price of gold in U.S. dollars per ounce over the last 10 years has seen highs of more than $1,400/oz. and has remained well above $1,000/oz. over the last year[6]

Other commodities serve especially as an inflation hedge. We favor countries that are naturally resource-rich and whose currency is going to be stronger because of payments for physical product. Though these are not necessarily trading at a discount, we believe there is a long term trend is in this direction.

Some that we've considered are uranium and industrial metals because of the role they play in within global infrastructure. We also consider certain agricultural commodities as appropriate.

Challenges Remain: Though we remain confident in the underlying opportunities that exist in today's market, two major challenges remain.

Today's housing environment continues to be a weak spot in the U.S. economy. The still high supply of homes on the market, the accelerated foreclosure rates as well as the auto-processing of foreclosures by bankers and lenders remain complex issues that are likely to dog the markets until they have been completely unwound. It may take several more months before we have clarity on the actual state of the sector and several years before we see strong performance from the group.

While we believe that the effect on equity markets of a high unemployment rate will be mitigated to a large extent by the high levels of cash on corporate and individual balance sheets as well as by growth and productivity, we maintain that there needs to be a continued incremental decrease in the overall number of unemployed in order to spur capital expenditures and hiring. The fact that unemployment is a lagging indicator however, is most clearly seen in the more than 5% rally in the S&P 500 in December despite a continued unemployment rate above 9%.

Additional concerns include consumer confidence which has hovered at 53% for the last two years as well as the level of business confidence which has been at 48% during the same time period.[7]

GLOBAL OUTLOOK

It's a Small World After All:

If there had been any doubt left, the global financial crisis of the last two years proved how intertwined the economies of the world really are and how its repercussions are still being felt. PIGS, one of the acronyms to join the alphabet soup of financial jargon, stands for Portugal, Ireland, Greece and Spain, four countries deemed likely to need a bailout. So far two of those, Greece and Ireland have had to accept bailouts, albeit for different reasons and this has rattled markets on both sides of the Atlantic.

It is important to distinguish between the Greek and Irish crises however. While the Greeks required a sovereign debt bailout, the Irish crisis came a result of the global financial crisis. In attempting to stem the crisis, the Irish government announced a recapitalization of its three biggest banks which led it to uncover hidden loans and mismanagement at Anglo Irish Bank which was subsequently nationalized. Anglo Irish and two other banks required government bailouts, but Irish sovereign debt was not in question. Despite this, Ireland accepted in November a more than $106B bailout from the EU and IMF in return for the institution of severe austerity measures that have angered many across the country.

Many pointed to these crises as symptoms of the larger failure of the Euro zone experiment. The feeling was that when a country no longer has its own sovereign currency to manage, it can have only one buyer, in this case the ECB. Historically a country could devalue its currency to work its way out of a debt crisis but with a single currency, in this case the Euro, this is not an option.

Euro: As a result of concern over debt levels in several Euro zone countries, the Euro itself continues to be under pressure. Nevertheless, Germany, France and others have expressed concerns about increasing aid to problem countries without requiring those countries to abide by strict budgetary guidelines. This lack of agreement over a solution adds to the pressure on the joint currency.

"The ECB has a vested interest in making sure that the European monetary unit still exists and having the single common currency just saves them a lot in terms of transaction cost when it comes to international trade," said Chau.

The Euro was instituted on Jan. 1, 1999. Performance against the U.S. Dollar over its full history[8]

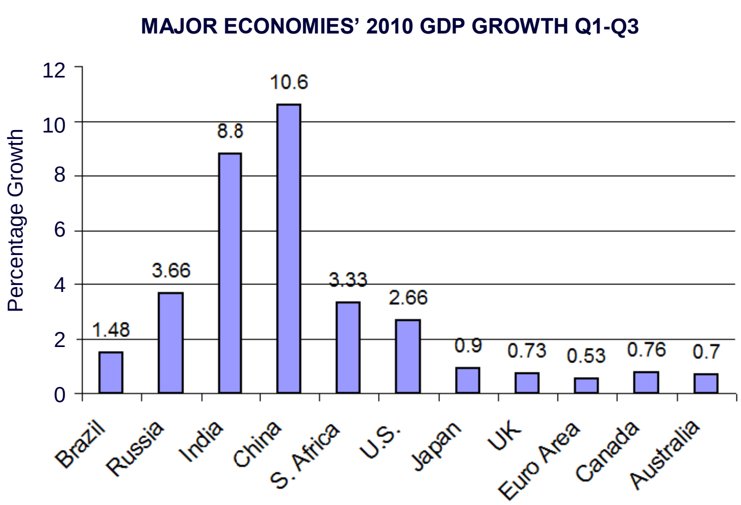
John Calvao, *Whitestar Servicing Company CEO* is based in Portugal. "When you don't have your own currency to play with, it stifles you. In the cases of Portugal and Greece, this would have been an ideal scenario where they could have done something to their currency to try to help out their situation, but as part of the Euro zone they can't, so they're going through other channels. The private market shut down and the ECB is the only buyer for paper in Europe right now."

"Germany has stepped up out of self-interest. They're still the biggest exporter to Europe in terms of goods and so they don't have any interest whatsoever in having the rest of the euro collapse," he said.

A second consideration for those investing in Europe is the brain drain that we see taking place in certain countries. According to Calvao, "if you want to find the best bankers that are Portuguese, they're in London. If you want to find the best bankers that are Italian, they're in London. So there's sort of a shortage of human capital in these countries."

How much or whether this contributed to the recent problems is not clear, however the cumulative effect will surely be seen over time.

Global Opportunities: The U.S. consumer is often the consumer of last resort, meaning that as the U.S. goes so goes much of world. As a result, the slow down here has had some significant impacts elsewhere. Commodity plays on the other hand have come from China because of their infrastructure investments.



Q3 GDP Growth in the BRICS and other major global economies[9]

According to Calvao, an interesting reversal is coming out of Africa, albeit, from a small percentage of the elite who with cash from natural resources are buying into banks and gas companies in Europe among other areas.

Germany remains a core weighting as it has more multinationals than its European neighbors and is a major exporter whereas Japan is problematic due to light consumption and less productive exports.

Spain looks much better than the other PIGS countries and despite the occasional scare seems to have weathered the storm better than the others. Singapore and Taiwan remain major distribution hubs and major manufacturing centers as well.

Latin America as a whole is trending in a way that leads us to be cautious. The trend toward nationalization in Venezuela and Bolivia for example run counter to deregulation in most other parts of the world. Additionally the run-up in Brazilian capital markets while attracting a lot of attention and cash, strikes us as risky.

In just one example in October, the Brazilian government dramatically increased the foreign tax on fixed income which should make investors question whether its worth the risk since due to some instability and currency risk, yields should be significantly higher.

Currency Exposure: We continue to believe in currency exposure via short term high grade sovereign debt as well as foreign bonds.

Our primary criteria is that the countries be naturally resource rich ones, but preferably capitalistic societies for the stability and liquidity these factors imply that at the moment can't really be measured in countries like China or Russia. We also look to top line growth, productivity and GDP as measures of production. We will, on occasion, look to emerging markets to provide inflation protection because this gives us an opportunity to own sovereign debt. We nevertheless prefer to allocate to emerging markets via equity rather than debt in order to best manage risk and return.

"Institutional investors and pension funds are going to be increasing significantly their weightings in emerging markets, from what was traditionally for the past 20 years about 6% to possibly up as high as 18%," mentioned Roberts.

Geo-political risks: While a number of geo-political risks continued to dominate the headlines in 2010, developed nations have done a lot to mitigate that risk in their markets. Many of these are still denominated in U.S. dollars and so while the markets are more sensitive to these risks, they are not a primary concern.

We continue to watch for areas of instability whether an interruption of crude deliveries in the Straight of Hormuz, hostilities on the Korean peninsula or an unexpected terrorist event. We mitigate this possibility in our portfolios by having allocations for hard currency or other absolute return driven strategies that provide yield or income independent of stock market performance.

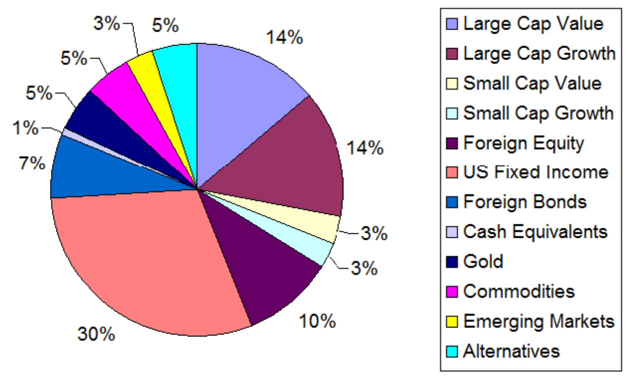
ALLOCATIONS 2011

A finger in every pie, especially apple!
No, we don't mean the company, however, we do expect model portfolios to have 60-70% of allocation in U.S. assets. We believe that if we get some traction on economic growth, the U.S. will be a major beneficiary.

The results of the recent U.S. elections held no major surprises for the markets and changing the balance of power in the House given where we are economically, is productive. Though there is no correlation between a particular party being in power and the stock market's performance, we believe the recent changes and indications of a turn-around in the economy will conspire to push markets higher.

However, estimates for a full unwinding of the recession and its effect on the jobs market are likely to take close to ten years as those currently unemployed are retrained for new careers. We hope the government takes Congress' suggestion of additional tax credits for retraining to heart as this will also act to stimulate the economy.

Clark Dodge Asset Management
Balanced Growth Model Portfolio Asset Class Distribution[10]



U.S. Equities: The Clark Dodge view is that high quality, growth oriented equities are the most attractive asset class for our clients at this time. We also continue to look at certain cyclical sectors such as consumer discretionary, capital goods and media and technology as areas of interest.

With respect to the financial sector, we proceed with cautious optimism. There has been a degree of clarity as a result of Bank America's settlement with Fannie Mae and Freddie Mac which provides a good foundation from which financials can recover accompanied by attractive valuations.

Energy & Commodities: From an investment perspective, we want a commodities allocation to act as an inflation hedge. We are less likely to own equities in those businesses however, because the equities carry the company-specific risk of, for example, a BP incident.

Weightings in commodities will be determined by the design of the portfolio and through the underlying futures contracts in order to gain exposure to the actual natural resource or the actual commodity. We want the risk of the commodity itself, not the integration risk. As a result, we use an index-based fund where we get preferential pricing. We will also use vehicles, primarily ETFs, that have exposure to a base of alternative energies.

U.S. Treasuries, Corporate Bonds & Cash is King!: Because we take the position that fixed income assets are the most conservative portion of a client's investment allocation, we primarily hold bonds with a duration of five years or less and a double "A" or greater underlying credit rating whether for corporate or municipal bonds. Fixed income provides a buffer against risk, helps maintain the stability of a portfolio and provides a stable income.

Global Equities: We believe that while there are both risks and rewards to investing in global markets, having core weighting in developing and emerging markets with a tilt toward emerging markets is essential to a well balanced portfolio today.

2010 RETURNS FOR KEY BENCHMARKS[11]

Index	% YoY
Alternatives (Barclays Hedge Fund Index)	10.93%
International Equity (MSCI EAFE Index)	4.90%
U.S. High-Grade Municipal (Bar Cap Muni Bond Index)	2.38%
Commodities (Goldman Sachs Commodity Index)	9.03%
Foreign Bonds (CitiGroup World Bond Index)	5.17%
Gold (Spot Price/Oz.)	38.40%
Emerging Markets (MSCI Emerging Market Index)	16.36%
Large Cap Value (Russell 1000 Value)	15.51%
Large Cap Growth (Russell 1000 Growth)	16.71%
Small Cap Value (Russell 2000 Value)	24.50%
Small Cap Growth (Russell 2000 Growth)	29.09%

Fiduciary Responsibility:
We take seriously our responsibilities as fiduciaries and stewards of our clients' portfolios. We operate with a forward thinking mentality and do not look at short term performance as a guide to meeting our client's long term goals. Rather we consider the long term benefits to be derived for a given client when allocating a portion of their portfolios to any given asset class. This also reinforces a key principle of our firm: maintaining asset allocation discipline across all portfolios in order to achieve our clients' goals.

For example, despite the negative inflows into equities in 2010, we maintained our core equity exposure for two key reasons: we believe in the underlying value of those assets and that with strong economic growth and corporate profits, returns on equities are stronger than those for fixed income.

Similarly, inflows into bond mutual funds from January through November 2010 were over $266B vs. a contraction of $29B[12] in stock funds during the same period. Some investors chased incremental fixed income growth despite the overall positive performance of equity funds during that period. When the equity market spiked nearly 5% in December and the bond market had a slightly negative return, those who'd poured all of their assets into fixed income lost out on significant earnings.

Maintaining balanced portfolios and a commitment to disciplined investing, we provide clients with a return on their investments and a *Return on Trust*.

We look forward to continuing to serve your needs now and in the future, so please do not hesitate to contact us with questions about anything in this report.

Clark Dodge Asset Management LLC is a registered investment advisor and the capital management arm of Clark Dodge & Company, one of the oldest firms on Wall Street founded in 1845.

Footnotes:

1. Compiled by Clark Dodge Asset Management with data from multiple sources
2. Source: tradingeconomics.com
3. Chart available in public domain
4, 5 & 6 Source: tradingeconomics.com
7. Source: tradingeconomics.com; Conference Board
8. Source: Yahoo! Finance
9. Data for chart on page 8, courtesy tradingeconomics.com, chart compiled by Clark Dodge Asset Management
10. Clark Dodge Asset Management
11. Table compiled by Clark Dodge Asset Management
12. Investment Company Institute data

Disclosures:

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