# Fourth Quarter Summary

## Performance Summary

| | 4Q 2009 | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception | Since Inception |
|---|---|---|---|---|---|---|---|
| | | Annualized as of 12/31/09 | | | | | Total Return |
| **Roumell Equity (Net)** | **7.18%** | **42.19%** | **-1.57%** | **4.61%** | **9.86%** | **11.24%** | **222.86%** |
| S&P 500 | 6.04% | 26.47% | -5.62% | 0.42% | -0.95% | 0.87% | 10.04% |
| Russell 2000 | 3.87% | 27.18% | -6.07% | 0.51% | 3.51% | 5.01% | 71.26% |
| Russell 2000 Value | 3.63% | 20.57% | -8.22% | -0.01% | 8.27% | 7.34% | 118.05% |
| **Roumell Balanced (Net)** | **4.66%** | **33.19%** | **-1.69%** | **3.29%** | **7.63%** | **8.06%** | **134.65%** |
| Thomson US Bal Index | 3.74% | 23.19% | -1.64% | 1.84% | 1.94% | 2.51% | 31.35% |
| **Roumell Fixed Income (Net)** | **2.51%** | **38.06%** | **N/A** | **N/A** | **N/A** | **38.06%** | **38.06%** |
| Barclays US Aggregate Bond | 0.20% | 5.94% | N/A | N/A | N/A | 5.94% | 5.94% |
| Barclays US Corp Hi Yield | 6.20% | 58.21% | N/A | N/A | N/A | 58.21% | 58.21% |

*Roumell Asset Management, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Ashland Partners & Co. LLP, our independent verifier, completed its examination of the composite performance returns for the period of 1999 (inception) through September 30, 2009. All composite and index returns include reinvested dividends and interest. Please refer to the annual disclosure presentations at the end of this letter.*

We finished 2009 on a solid note. Our sizable investments in high yield corporate debt and select well-capitalized small companies paid off. We were cautious (and continue to be), holding roughly one-third of our assets in cash throughout the period.

## In Search of Good People

Several years ago, we described one of our investment attributes as follows:

"In selecting investments, we ask ourselves: Do we want to partner with this management team? Are they prepared to outwork the competition? Are they honest? Are they smart operators? We are not looking for perfection, but we are seeking to go into business with people we believe we can trust. Sizing up management is a critical, and often difficult, component of our investment process."

We disagree with the oft-noted view that managers "just lie," so why talk to them? Finding competent, honest managers is, in fact, a critical component of our security selection process. We believe it is well worth our time to talk to managers, to visit with them, to watch them over time, and to interview their colleagues and competitors to the extent possible. We are looking to develop a management narrative that must begin with asking basic questions. Who is the CEO as a person and what is her or his reputation? What is the company's culture? Does management turn over regularly? Whether answering these questions is difficult or not, we strive to develop a picture of the people involved in the operations underlying our investment positions. Shortcuts in this regard have cost us in the past.



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Recently, the Center for Public Leadership at Harvard's Kennedy School of Government conducted a study that showed Americans have far greater confidence in military leaders than in government, business, or media leaders, despite the continuing wars in Iraq and Afghanistan. Why are military leaders trusted? Retired Army Lt. Col. Todd Henshaw, now a professor at Columbia University and a director of Wharton Executive Education, says, "Leadership is about leaving it all on the field rather than taking it off the table…one consistency across this very large population of military leaders was the notion of serving: service to others in their charge, service to the unit in which they served, and, ultimately, service to the nation through duty and sacrifice." The Army's 1st Battalion, 17th Infantry Regiment, has lost more soldiers than any other battalion since the attacks of September 11, 2001. One of its platoons lost nine men in Afghanistan this past December. Yet the platoon's sergeant reenlisted after the memorial service for his buddies, according to the *Washington Post*. We can all learn something from this soldier's dedication and commitment to his mission.

The Greek philosopher Heraclitus said simply, "Character is destiny." Plato's Dialogues are discussions about how to live—conduct—one's life and perhaps they should be studied in business schools. When asked about the lasting lessons of Enron, William Powers, the lead investigator into the firm's collapse, and now president of the University of Texas, said, "You need to surround yourself with good people who are competent, honest—and are not going to take shortcuts." In selecting investments, we are actively looking for managers with talent *and* integrity. Unfortunately, too many on Wall Street never absorbed some very basic ideas of fairness and stewardship. It's a tawdry tail of hubris that has been well chronicled.

Not all financial firm leaders behaved in a shortsighted manner. Tom James, Chairman and CEO of Raymond James Financial (NYSE symbol, "RJF"), behaved honorably. Tom behaved this way for one principal reason—that's who he is. However, if he needed to be swayed, look no farther than Raymond James Financial's ownership structure. First, Tom has a legacy to protect. His father, Robert A. James, founded the firm. The James family owns roughly 18% of the company. What good would have come if Tom had levered up the company and juiced company profits to elicit big bonuses for himself and his managers only to put the company—and his family's 18% stake—at risk? Wall Streeters are mostly hired hands who are given incentives to run and gun. They most assuredly are not entrepreneurs because they rarely seem to risk their own capital. Raymond James' book value is greater today than it was at the beginning of this financial crisis, no easy feat for a financial company.

The truth is that the heart of American business is not found on Wall Street. Firms across the country have done much to warrant pride. In all the years we have visited with companies, we have been struck by how hardworking, dedicated, and talented management teams often are. (Last year we visited companies in Providence, Rhode Island; Winchester, Virginia; Dallas and Houston, Texas; Tulsa, Oklahoma; Philadelphia, Pennsylvania; and Charleston, South Carolina, among others.) These companies are mostly small enterprises ($100 million to $1 billion in sales), wherein management is often "all in" with both their hearts and pocketbooks. After completing his Enron investigation, William Powers nonetheless concluded what many of us already knew: "American business overwhelmingly is the most transparent, the most honest, and the most trustworthy of any economy in the world." We agree with this observation and have lots of personal experience to underscore our conviction. Following are three recent purchases that well illustrate the integrity found in so many American businesses.

## Our Three Top Purchases

**Capital Southwest Corporation, CSWC.** Capital Southwest (Capital) is a business development company possessing a mixture of private and publicly traded holdings (a mini–Berkshire Hathaway). We are familiar with this story, as the company has been a significant long-term holding of ours in the past. Four companies—The RectorSeal Corporation, Lifemark Group, Encore Wire Corporation, and Whitmore Manufacturing—constitute 70% of its net asset value (NAV). With the exception of Encore Wire, all are 100% owned by Capital, which was founded in 1961. Bill Thomas, Capital veteran of forty-five years and its previous Chairman and CEO, passed away in 2008, but the values, expertise, and leadership he put in place remain firmly intact. Bill was a stand-up guy as is his handpicked successor, Gary Martin. Bill's son, Will Thomas, joined the firm in 2006 after retiring as a U.S. Air Force pilot with the rank of major and earning his MBA from the Harvard Business School.

Gary has been associated with Capital for nearly forty years, having joined the company in 1972 as controller. He became a member of the board in 1988 and Chairman/CEO in 2007. From 1979 to 2007, Gary served as president and CEO of one of the company's core holdings, Whitmore Manufacturing, a quintessential Capital business. Whitmore's business illustrates Capital's focus on companies that do the basic blocking and tackling of the U.S. economy through their products and services: lubricants, greases and oils for the railroad, mining and power-generation industries. Warren Buffett recently purchased Burlington Northern Santa Fe Corp. claiming it was essentially his all-in bet on America. Supplying grease to the railway industry accounts for roughly one-third of Whitmore's business, which has been only modestly affected by the economic downturn. Rail capacity may be down, but the grease necessary to keep the same number of trains running is not. Whitmore currently earns an impressive 10%+ net margin.

No discussion of Capital would be complete without highlighting its biggest holding, The RectorSeal Corporation, manufacturer of specialty chemicals including pipe thread sealants, firestop sealants (e.g., recently acquired W. R. Grace & Company's FlameSafe product line), plastic cements, and other formulations for plumbing and industrial applications. RectorSeal accounts for about 27% of Capital's portfolio and, like Whitmore, is a wholly owned subsidiary. The company has long enjoyed an overall 10% net margin. Capital has been building and growing this gem of a company since 1967. RectorSeal's CEO, David Smith, has been with the company for more than thirty years. Jim will be visiting David in the first week of February, complete with a plant tour in Houston, before visiting Capital's home office in Dallas, where he will meet with Gary Martin and other members of Capital's team.

The final two businesses of note are Encore Wire Corporation and Lifemark Group. Encore Wire is a public company (Capital owns 17.2% of its common stock) that manufactures a broad line of copper electrical building wire and cable for residential, commercial, and industrial construction. Wholly owned Lifemark Group owns and operates cemeteries and funeral homes in California, including the largest cemetery serving the San Francisco Bay area. Lifemark's San Mateo property encompasses 524 acres. The next largest cemetery, which is operated by a competitor, is Mountain View in Oakland, with approximately 220 acres.

Gary has moved quickly to supplement these core investments by exercising one of Capital's core competencies—venture capital investing. In the past eighteen months, Capital has made investments in four companies: Cinatra Clean Technologies, Trax Holdings, iMemories, and KBI Biopharma. These investments meet Capital's 30% internal rate of return (IRR) threshold and take advantage of the lack of capital available to smaller and startup companies in the current environment. Further, we believe Gary will bring a more active management style to Capital's portfolio holdings. One could fairly argue that Capital stubbornly held some positions past their due dates. One case in point is the now struggling Palm Harbor Homes, PHHM. Gary's energy and vision are exactly what Capital needs now.

In our estimation, Capital's intrinsic value is significantly above the price we paid, and moreover, we believe that this value is growing. In valuing its wholly owned private businesses for purposes of estimating its net asset value, Capital typically uses a multiple of 8x to 10x earnings (the S&P now trades at 15x to 18x based on current earnings estimates of $60 to $75). Further, it discounts its public holdings by roughly 25% from their respective market values. In our opinion, Capital is an exceptionally well-managed, solidly financed collection of core cash-generative businesses, coupled with an opportunistic capital allocation strategy that is aimed at taking advantage of the current tight credit and venture capital markets.

**Stewart Information Services Corporation, STC.** Stewart is the third largest title insurer in the country with roughly 13% of the market. Title insurance is simply insuring "clean title" to real property and essentially acts as a toll on both residential and commercial real estate transactions. Currently, volumes are down and claims are elevated. We expect these trends to reverse over the next several years. In the meantime, we own one of only three major title players in the country. These title companies are protected by substantial barriers of entry, as their combined market share is nearly 90%.

The economic downturn is strengthening STC's long-term position in several important respects. First, a major industry competitor, LandAmerica, was purchased in a distressed sale by Fidelity National Financial, which now controls roughly 45% of the market. LandAmerica agents will fracture over time and STC will benefit. Second, because of the housing downturn, title companies are now reversing in their own favor a long trend in which agents received increasing percentages of premiums written. Third, there have been various threats to the industry in the past by those claiming less expensive, "lightly underwritten" policies will suffice. Those voices have largely been silenced. Thus, title insurance as an industry exits this downturn with its moat more firmly established, coupled with superior pricing and better agent-sharing arrangements.

Why Stewart? Malcolm and Stewart Morris (cousins) are co-CEOs of the company. They are the fourth generation of Morrises to run and operate STC. Malcolm was recently featured in Houston's *Smart Business* magazine and commented, "I've seen too many organizations where the organization was about serving the leader rather than the leader serving the organization." Inspired by his faith, Malcolm founded Living Water International, LWI, in 1990 after returning from a trip to Kenya, where he saw firsthand the country's desperate need for clean drinking water. Today, LWI trains and equips communities in Africa and Latin America in the drilling and management of clean water wells.

We purchased Stewart's common stock at a discount to its tangible book value; i.e., subtracting out any value for goodwill and intangibles. To wit, even Fidelity's distressed purchase of LandAmerica was done at tangible book. The company's value per percentage point of market share compared to its competitors is quite compelling (and, importantly, differences in profitability do not account for such a wide valuation dispersion):

| Company | Enterprise Value | Market Share | EV/Share |
| --- | --- | --- | --- |
| Stewart | $188 million | 13% | $15 million |
| First American | $1.66 billion | 29% | $57 million |
| Fidelity | $3.1 billion | 45% | $69 million |

Enterprise Value, or EV, is derived here by adding stock market capitalization to net debt less any asset value attributed to non-title operations. Thus, each 1% of STC's market share is being purchased for $15 million compared to the cost for each 1% share of First American and Fidelity of $57 million and $69 million, respectively.

**American Strategic Income Funds (ASP, BSP, and CSP).** American Strategic Income Funds (collectively, "SPs") are a series of unique closed-end funds. Instead of purchasing publicly traded bonds, the funds focus on originating first-lien commercial real-estate loans. These loans are typically small ($3 to $7 million) and most often are made to small real estate operators, not distant speculators.

We have known the SPs manager, John Wenker, since 1992. John has never let us down in his risk-averse management style or in his candor in describing fund dynamics. In visiting John in Minneapolis last year, it was clear that this Midwestern born and bred manager possesses a combination of talent and common sense that we like to see in the people managing our assets.

We purchased our shares at effectively a double-discount. First, the funds' reported NAVs represent a discount to net par for the loans. Second, our purchase price represented roughly a 15% to 25% discount to reported NAV. Thus, we own a portfolio of first-lien loans, geographically diversified and managed by an individual with a stellar track record, purchased at a deep discount. The funds generate roughly 8% in annual income.

In summary, although we continue to find general market levels extended and not offering deep-value pricing, we have nonetheless found a few securities that we like very much. Our significant investments in debt securities continue to provide substantial income payments in what is a very low yielding environment. As we indicated in our third quarter letter, we consider ourselves to be an opportunistic capital allocator, OCA (not a stock market investor per se). In the absence of compelling investment opportunities that possess a high likelihood of success, we will remain in cash. Like children playing tag who can stay safely on the tree dubbed "base" without fear of being tagged, we will remain safely on our tree until the odds are strongly in our favor for making an active investment.

Disclosure: The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for advisory clients, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. The top three securities purchased in the quarter are based on the largest absolute dollar purchases made in the quarter.

## Roumell Asset Management, LLC
## Balanced Composite
## Annual Disclosure Presentation

| | | COMPOSITE ASSETS | | ANNUAL PERFORMANCE RESULTS | | |
|---|---|---|---|---|---|---|
| YEAR END | TOTAL FIRM ASSETS (MILLIONS) | USD (MILLIONS) | NUMBER OF ACCOUNTS | COMPOSITE NET | THOMSON US BALANCED MUTUAL FUND | COMPOSITE DISPERSION |
| 2009 | 249 | 55 | 124 | 33.19% | 23.19% | 5.79% |
| 2008 | 166 | 40 | 121 | -22.82% | -26.97% | 5.01% |
| 2007 | 270 | 75 | 154 | -7.58% | 5.76% | 3.71% |
| 2006 | 280 | 87 | 158 | 14.00% | 10.47% | 3.69% |
| 2005 | 199 | 73 | 142 | 8.56% | 4.22% | 2.67% |
| 2004 | 123 | 66 | 119 | 16.48% | 7.79% | 3.82% |
| 2003 | 66 | 42 | 100 | 28.26% | 18.60% | 3.94% |
| 2002 | 41 | 27 | 79 | -9.70% | -11.36% | 3.77% |
| 2001 | 31 | 17 | 39 | 21.18% | -4.19% | 4.75% |
| 2000 | 19 | 10 | 23 | 8.47% | 1.95% | 4.53% |
| 1999 | 16 | 9 | 22 | 12.53% | 8.35% | 2.63% |

**Balanced Composite** contains fully discretionary balanced accounts (consisting of equity, fixed income, and cash investments) and for comparison purposes is measured against the Thomson US Balanced Mutual Fund Index. In presentations shown prior to March 31, 2006, the composite was also compared against the Lipper Balanced Index. Additionally, in presentations prior to December 2006, the composite was measured against the Vanguard Balanced Index Fund. The Thomson US Balanced Mutual Fund Index is a blend of more than 500 balanced mutual funds and is therefore deemed to more accurately reflect the strategy of the composite.

Roumell Asset Management, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Roumell Asset Management, LLC is an independent registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The U.S. dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Net returns are reduced by all fees and transaction costs incurred. Wrap fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Prior to and post 2006, there were no wrap fee accounts in the composite. For the year ended December 31, 2006, wrap fee accounts made up less than 1% of the composite. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Returns include the effect of foreign currency exchange rates. Exchange rate source utilized by the portfolios within the composite may vary. Composite performance is presented net of foreign withholding taxes. Withholding taxes may vary according to the investor's domicile.

The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite for the entire year. Dispersion calculations are greater as a result of managing accounts on a client relationship basis. Securities are bought based on the combined value of all portfolios of a client relationship and then allocated to one account within a client relationship. Therefore, accounts within a client relationship will hold different securities. The result is greater dispersion amongst accounts. Additional information regarding the policies for calculating and reporting returns is available upon request.

The investment management fee schedule for the composite is as follows: for Direct Portfolio Management Services: 1.75% on the first $200,000, 1.50% on the next $300,000, and 1.00% on assets over $500,000; for Sub-Adviser Services: determined by adviser; for Wrap Fee Services: determined by sponsor. Actual investment advisory fees incurred by clients may vary.

The Balanced Composite was created January 1, 1999. Roumell Asset Management, LLC's compliance with the GIPS® standards has been verified for the period January 1, 1999 through September 30, 2009 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the Balanced Composite beginning January 1, 1999. A copy of the verification report is available upon request.

# Roumell Asset Management, LLC
# Fixed Income Composite
# Annual Disclosure Presentation

| | | Composite Assets | | Annual Performance Results | | | |
|---|---|---|---|---|---|---|---|
| YEAR END | TOTAL FIRM ASSETS (MILLIONS) | USD (MILLIONS) | NUMBER OF ACCOUNTS | COMPOSITE NET | BARCLAYS US AGGREGATE BOND | BARCLAYS US CORP HIGH YIELD | COMPOSITE DISPERSION |
| 2009 | 249 | 5 | 11 | 38.06% | 5.94% | 58.21% | N/A |

*N/A—Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.*

**Fixed Income Composite** contains fully discretionary fixed income accounts (consisting of closed-end bond funds, individual bonds, and open-end bond funds) and for comparison purposes is measured against the Barclays Capital US Aggregate Index and Barclays Capital US Corporate High Yield Index.

Roumell Asset Management, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Roumell Asset Management, LLC is an independent registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The U.S. dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. For certain of these accounts, net returns have been reduced by a performance-based fee of 20% of profits, paid annually in the first quarter. Net returns are reduced by all fees and transaction costs incurred. Returns include the effect of foreign currency exchange rates. Exchange rate source utilized by the portfolios within the composite may vary. Composite performance is presented net of foreign withholding taxes. Withholding taxes may vary according to the investor's domicile.

The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite for the entire year. Dispersion calculations are greater as a result of managing accounts on a client relationship basis. Securities are bought based on the combined value of all portfolios of a client relationship and then allocated to one account within a client relationship. Therefore, accounts within a client relationship will hold different securities. The result is greater dispersion amongst accounts. Additional information regarding the policies for calculating and reporting returns is available upon request.

The investment management fee schedule for the composite is as follows: for Direct Portfolio Management Services: 1.50% on the first $500,000 and 1.00% on assets over $500,000; for Sub-Adviser Services: determined by adviser. Actual investment advisory fees incurred by clients may vary.

The Fixed Income Composite was created and incepted January 1, 2009. Roumell Asset Management, LLC's compliance with the GIPS® standards has been verified for the period January 1, 1999 through September 30, 2009 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the Fixed Income Composite beginning January 1, 2009. A copy of the verification report is available upon request.

## Roumell Asset Management, LLC
## Equity Composite
## Annual Disclosure Presentation

| | | COMPOSITE ASSETS | | ANNUAL PERFORMANCE RESULTS | | | | |
|---|---|---|---|---|---|---|---|---|
| YEAR END | TOTAL FIRM ASSETS (MILLIONS) | USD (MILLIONS) | NUMBER OF ACCOUNTS | COMPOSITE NET | S&P 500 | RUSSELL 2000 | RUSSELL 2000 VALUE | COMPOSITE DISPERSION |
| 2009 | 249 | 153 | 414 | 42.19% | 26.47% | 27.18% | 20.57% | 5.57% |
| 2008 | 166 | 104 | 413 | -27.35% | -36.99% | -33.79% | -28.93% | 3.40% |
| 2007 | 270 | 178 | 549 | -7.67% | 5.49% | -1.57% | -9.78% | 2.68% |
| 2006 | 280 | 176 | 458 | 16.89% | 15.79% | 18.37% | 23.48% | 2.18% |
| 2005 | 199 | 111 | 312 | 12.38% | 4.91% | 4.55% | 4.71% | 2.59% |
| 2004 | 123 | 47 | 125 | 20.18% | 10.88% | 18.33% | 22.25% | 2.69% |
| 2003 | 66 | 15 | 46 | 32.13% | 28.69% | 47.25% | 46.03% | 4.04% |
| 2002 | 41 | 8 | 44 | -10.15% | -22.10% | -20.48% | -11.43% | 4.33% |
| 2001 | 31 | 5 | 30 | 32.76% | -11.89% | 2.49% | 14.02% | 6.33% |
| 2000 | 19 | 2 | 12 | 7.97% | -9.10% | -3.02% | 22.83% | 4.05% |
| 1999 | 16 | 2 | 9 | 26.02% | 21.04% | 21.26% | -1.49% | 3.92% |

**Equity Composite** contains fully discretionary equity accounts and for comparison purposes is measured against the S&P 500, Russell 2000, and Russell 2000 Value Indices. The S&P 500 Index is used for comparative purposes only and is not meant to be indicative of the Equity Composite performance. In presentations shown prior to March 31, 2005, the composite was also compared against the Nasdaq Index. The benchmark was eliminated since it did not represent the strategy of the composite.

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Roumell Asset Management, LLC is an independent registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The U.S. dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Net returns are reduced by all fees and transaction costs incurred. Wrap fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Wrap accounts are included in the composite. As of December 31, 2006, 2007, 2008, and 2009, wrap fee accounts made up 33%, 36%, 31%, and 33% of the composite, respectively. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Returns include the effect of foreign currency exchange rates. Exchange rate source utilized by the portfolios within the composite may vary. Composite performance is presented net of foreign withholding taxes. Withholding taxes may vary according to the investor's domicile.

The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite for the entire year. Dispersion calculations are greater as a result of managing accounts on a client relationship basis. Securities are bought based on the combined value of all portfolios of a client relationship and then allocated to one account within a client relationship. Therefore, accounts within a client relationship will hold different securities. The result is greater dispersion amongst accounts. Additional information regarding the policies for calculating and reporting returns is available upon request.

The investment management fee schedule for the composite is as follows: for Direct Portfolio Management Services: 1.75% on the first $200,000, 1.50% on the next $300,000, and 1.00% on assets over $500,000; for Sub-Adviser Services: determined by adviser; for Wrap Fee Services: determined by sponsor. Actual investment advisory fees incurred by clients may vary.

The Equity Composite was created January 1, 1999. Roumell Asset Management, LLC's compliance with the GIPS® standards has been verified for the period January 1, 1999 through September 30, 2009 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the Equity Composite beginning January 1, 1999. A copy of the verification report is available upon request.