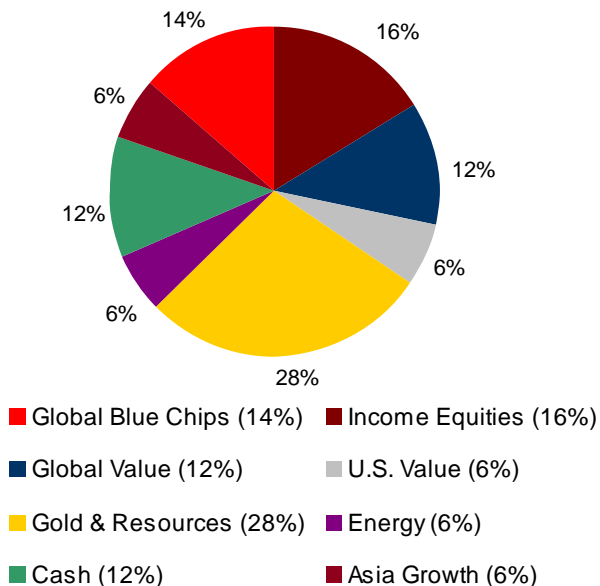


■ CONSERVATIVE ACCOUNTS

All accounts are tailored to individual objectives and circumstances, so even within a single category, such as “conservative,” the portfolio balance and specific securities can vary. Conservative accounts can have as a primary objective capital preservation, income, or risk-averse, long-term growth.

Investors with conservative accounts generally prefer a stream of income and the return *of* capital in preference to potentially higher return *on* capital. Conservative accounts aim for less volatility than other objectives. This is achieved by being more “balanced”; however, it should be emphasized that all securities, even the most “conservative,” have some risk and can be volatile. Diversification in the account can mitigate volatility in the overall portfolio, even if individual stocks or sectors decline. (Where clients authorize, we also use puts as a low-risk way of buying stocks we like, as well as generating income.) Typically, there is also much less turnover in more conservative accounts than in others.

Account Allocation* 06/11



Adrian Day Asset Management is primarily an equity manager. Even though we own bonds from time to time, our accounts are typically dominated by equities. Moreover, at this time, we believe the risk/reward for bonds is unattractive. We frequently own foreign currencies, but prefer shorter maturities. In addition, we remain concerned about the high valuations in most major equity markets, and are deliberate in our buying, searching for great companies selling at reasonable prices, that is, less than their intrinsic value. We are also raising cash, either through outright sales or the sale of calls.

Top Holdings

representative as of June 2011

HSBC Holdings

Ares Capital

Nestle

Bunge

Pargesa Holding

Spider Gold Trust

United Overseas Bank

Franco-Nevada Corp.

Gladstone Capital Corporation

Loews Corp.

*Note: The composition of the portfolios will vary for individual clients and is subject to change at any time at the manager’s full discretion.

For more information regarding managed accounts please contact us at:

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