

# STRATEGY PROFILE

## MUNICIPAL ENHANCED YIELD STRATEGY

SECOND QUARTER 2010

### ABOUT GW & K

Quality Investment Management Services Since 1974

Over \$9.9 Billion in Assets Under Management

Serving Individuals, Families, Institutions

Municipal Bond, Taxable Bond, & Equity Strategies

#### Municipal Enhanced Yield

Municipal Bond

Five-Year Municipal Bond

Short-Term Municipal Bond

Corporate Bond Opportunities

Total Return Bond

Enhanced Core Bond

Core Bond

Short-Term Taxable Bond

Diversified Equity

Small Cap Equity

Small/Mid Cap Equity

Equity Dividend Plus

Individually Managed Client Portfolios

Personalized Service

Category.....

Tax-Exempt Bond  
National, Long-Term

Investment Focus.....

Long-term municipal bond approach emphasizes intense research with a goal to produce high after-tax return

Benchmark.....

Merrill Lynch 15+ Year Municipal Index

Strategy Inception Date.....

April 1, 2006

Minimum Investment.....

\$250,000

Portfolio Management.....

Nancy G. Angell, CFA  
Senior Vice President, Co-Director of Fixed Income

John B. Fox, CFA  
Senior Vice President, Co-Director of Fixed Income

Martin R. Tourigny, CFA  
Vice President

Municipal Bond Team.....

13 Professionals  
Avg. Experience: 16 Years

### STRATEGY HIGHLIGHTS

High Total Return Objective

➤ Appropriate for total return oriented clients with a greater tolerance for principal volatility

Focus on Long End of Curve

➤ Seek to capitalize on the strong yield and return characteristics of longer-term municipal bonds

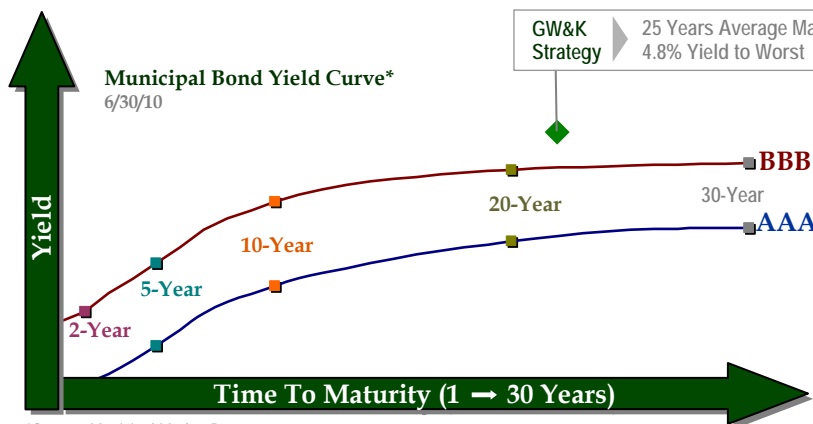
Comprehensive Research

➤ Intensive fundamental research performed by experienced analysts

Diversified Approach

➤ Enhance portfolio diversification by utilizing a commingled vehicle for higher yielding market segment

### INVESTMENT PHILOSOPHY



Yields Across the Curve

	AAA	BBB
2 - Year	0.5%	2.4%
5 - Year	1.6%	3.5%
10 - Year	2.8%	4.8%
20 - Year	3.8%	5.4%
30 - Year	4.0%	5.6%

\*Source: Municipal Market Data

The GW&K Strategy invests in:

- Long-term high grade municipal bonds (65% - 85% of portfolio)
- Higher yielding lower rated municipal bonds (15% - 35% of portfolio)

With the aim to build a high yielding portfolio with a high average quality of AA.

As an investor takes more risk (i.e. invest in the longer end of the yield curve) they are typically rewarded with higher yields with the potential for higher returns over the long term.

All information as of 6/30/10

## MUNICIPAL ENHANCED YIELD STRATEGY

### Implementation of the Strategy utilizes two components:

- 1) A core segment invested in individually held, long-term, high grade municipal bonds, and
- 2) A commingled fund focused on higher yielding, lower rated municipal bonds.

#### Individual Bond Holdings

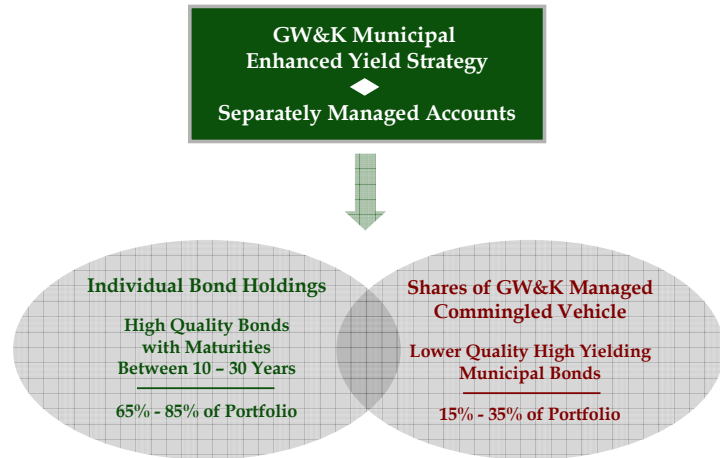
A well diversified portfolio of individually held bonds. These positions consist of high grade long-term bonds that are actively managed with a goal of enhancing yield through principal appreciation and protecting income by managing call risk.

#### Commingled Vehicle

Provides portfolio exposure to higher yielding, lower quality municipal bonds while allowing for enhanced diversification of this sector. The Research team drives the process as they seek to uncover yield/income enhancing opportunities for the fund.

#### Allocation Factors

Factors used to determine the allocation to each segment of the portfolio include: yield spreads, supply and demand analysis of the overall municipal bond market, economic forecasts, and the shape of the yield curve, among others.



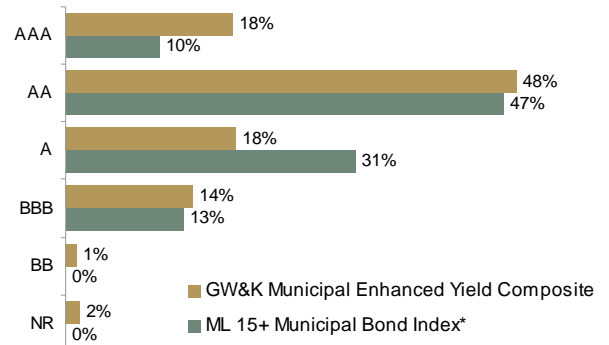
	GW&K Muni Enhanced Yield Composite	ML 15+ Year Muni Bond Index*
Yield-to-Worst	4.8%	4.8%
Modified Duration to Worst	7.7 Years	8.1 Years
Average Maturity	24.9 Years	23.8 Years
Time-to-Worst**	9.1 Years	12.6 Years
Average Quality°	AA-	AA-
Current Yield	5.2%	5.1%

\* Source: Merrill Lynch

\*\* Average maturity of the portfolio if bonds are called

° Does not include non-rated securities in calculation

All yield calculations are stated gross of fees



### Annualized Performance

Period Ending June 30, 2010

	Quarter	YTD	1 Year	3 Years	Since Inception (4/1/06)
<b>GW&amp;K Municipal Enhanced Yield Composite</b>	2.2%	4.1%	13.6%	4.1%	4.2%
Merrill Lynch 15+ Year Municipal Bond Index	2.1	3.9	13.2	4.2	4.2

Returns less than one year not annualized

The performance shown is compared to the Merrill Lynch 15+ Municipal Bond Index. The Merrill Lynch Municipal Bond 15+ Index is an unmanaged index comprised of investment grade municipal bonds with maturities that are 15 years or greater.

Performance results reflect the reinvestment of dividends and income. Performance is gross of fees and based on a composite of separate accounts. To account for management fees, net performance results reflect the deduction of 16.25 basis points quarterly (0.60% annually), which is the maximum fee Gannett Welsh & Kotler, LLC (GW&K) would charge for managing these portfolios. Net returns ending 6/30/10 would have been 2.03% for 2Q10, 3.77% for YTD, 12.87% for 1 year, 3.48% for 3 years and 3.52% since inception. The Municipal Enhanced Yield composite (created on 4/1/06) includes taxable and tax-exempt accounts. Minimum portfolio size requirement is \$250,000. The Municipal Enhanced Yield segments of balanced portfolios are included in the composite. The performance results presented may not equate with the rate of return experienced by any particular GW&K account due to differences in brokerage commissions, fees, position size in relation to account size and diversification of securities. Please refer to GW&K's Disclosure Statement, which is an integral part of this presentation, for an explanation of our composite criteria and calculations. **Past performance is no guarantee of future results.**