



*Blue Shores*

C A P I T A L

A DIVISION OF INDEPENDENT PORTFOLIO CONSULTANTS, INC.

## **2Q 2010 Review & Outlook**

***Replay***

Recorded July 13, 2010

11:00 AM EST

Phone # 1-877-471-6587

Replay ID: 534407254017

# AGENDA

***I. Review of Portfolio & Market Conditions***

Kevin Bush, CFA, Chief Investment Officer

Amy Graham, Research Associate

***II. Recent Activity & Outlook***

Peter McMullin, CFA, Chief Equity Strategist

# VOLATILITY MAKES A COMEBACK

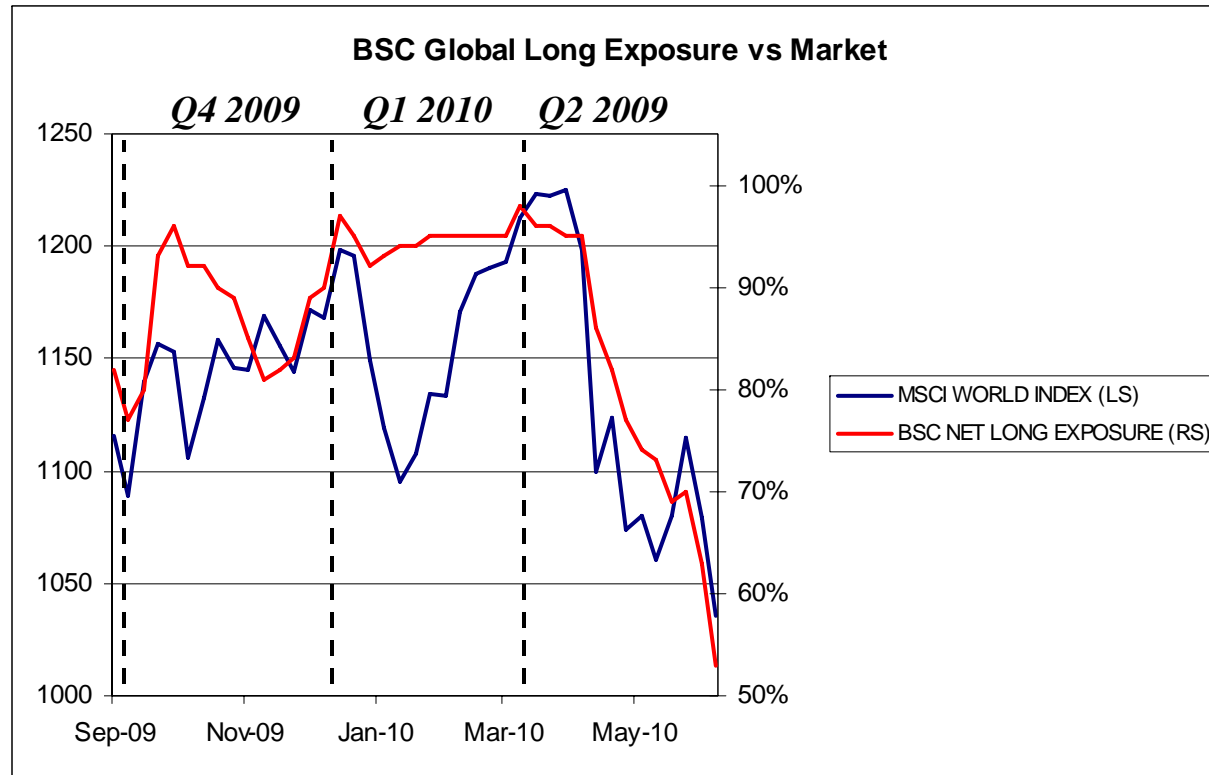


# 2Q 2010 PERFORMANCE

	<i>QTR</i>	<i>Last 12 Months</i>	<i>Inception Annualized</i>
Blue Shores Global Multi Cap Equity*	-7.6%	10.8%	-9.5% (Jan 2008)
MSCI World Index Net	-12.7%	10.2%	-13.6%
Blue Shores U.S. Multi Cap Equity	-6.4%	13.7%	-1.1% (Jan 2006)
S&P 500 TR	-11.4%	14.4%	-2.1%
Blue Shores Taxable Fixed Income	1.8%	6.9%	7.5% (Jul 2007)
Barclays Intermediate Gov./Credit	3.0%	8.3%	7.0%
Blue Shores Tax-Exempt Fixed Income	1.1%	4.2%	3.6% (Apr 2009)
Barclays Five Year Municipal	1.7%	6.9%	6.1%
Blue Shores Global Taxable 50%-50% Balanced	-2.9%	9.4%	16.7% (Apr 2009)
50% MSCI World Index – 50% Inter. Gov./Cred.	-5.0%	9.7%	17.0%

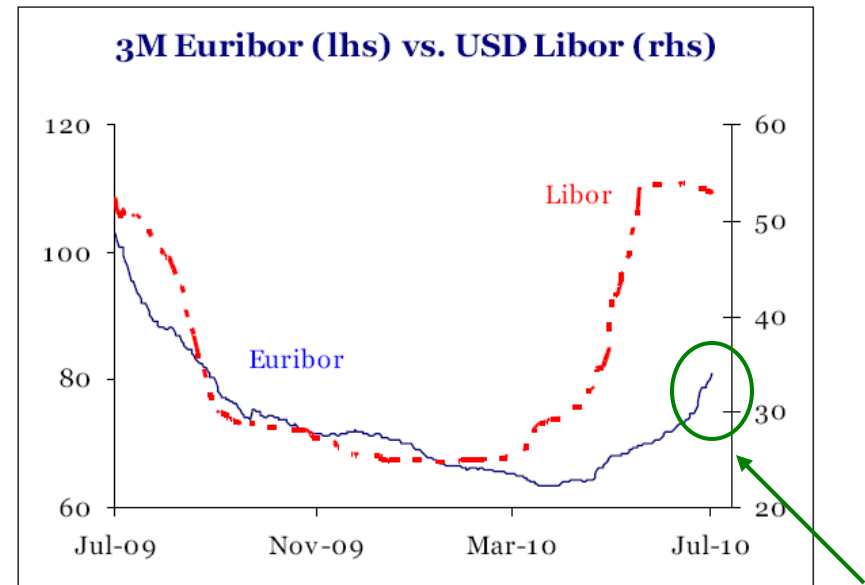
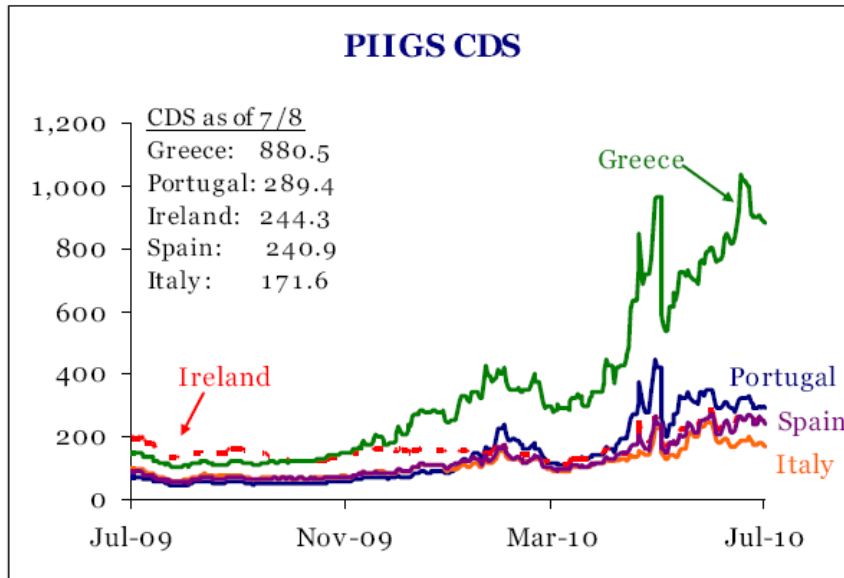
*\*Represents gross total returns for Blue Shores Global MCC Equity Composite; **individual client returns may vary.** A fully GIPS compliant performance presentation of the selected strategies are located at the end of this presentation in the disclosures section.*

# NET LONG EXPOSURE



We correctly stayed invested during the January 2010 market pullback. However, we view the probability of something other than “just a correction” occurring to presently be higher than earlier in the year.

# EUROPEAN SOVEREIGN CREDIT RISKS



*Charts courtesy of Strategas RP*

Sovereign credit risks in Europe are an ongoing concern and will likely take time to play out.

# SYSTEMIC RISK HAS RISEN (AGAIN)

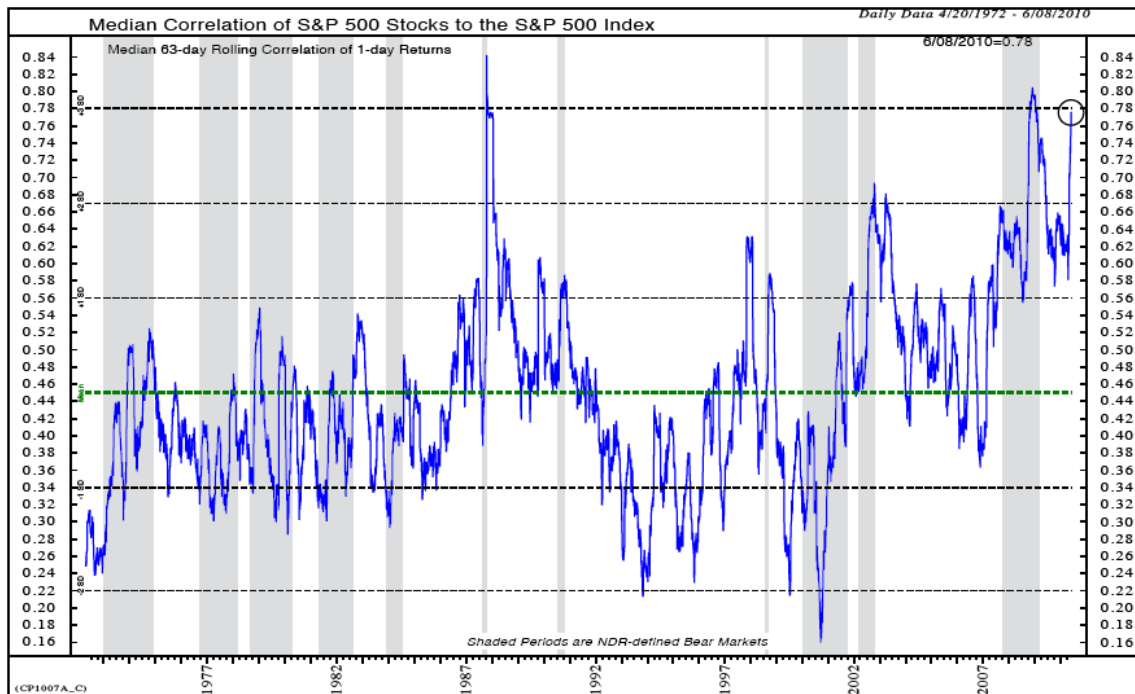


Chart courtesy of Ned Davis Research

Index Name	06/30/10 Last 3 Months %
<b>Large-Cap Indexes</b>	
Russell 1000®	-11.44
Russell 1000® Growth	-11.75
Russell 1000® Value	-11.15
<b>Mid-Cap Indexes</b>	
Russell Midcap®	-9.88
Russell Midcap® Growth	-10.2
Russell Midcap® Value	-9.57
<b>Small-Cap Indexes</b>	
Russell 2000®	-9.92
Russell 2000® Growth	-9.22
Russell 2000® Value	-10.6
<b>International Indices</b>	
MSCI EAFE	-12.26
MSCI Emerging	-9.84

When non-diversifiable systemic risk rises, a market call (up or down) becomes a primary driver of performance versus the global indices.

# UNEMPLOYMENT CLAIMS HIGHER

Initial Claims for Unemployment Insurance, State Programs, Wkly Avg

SA, Thous

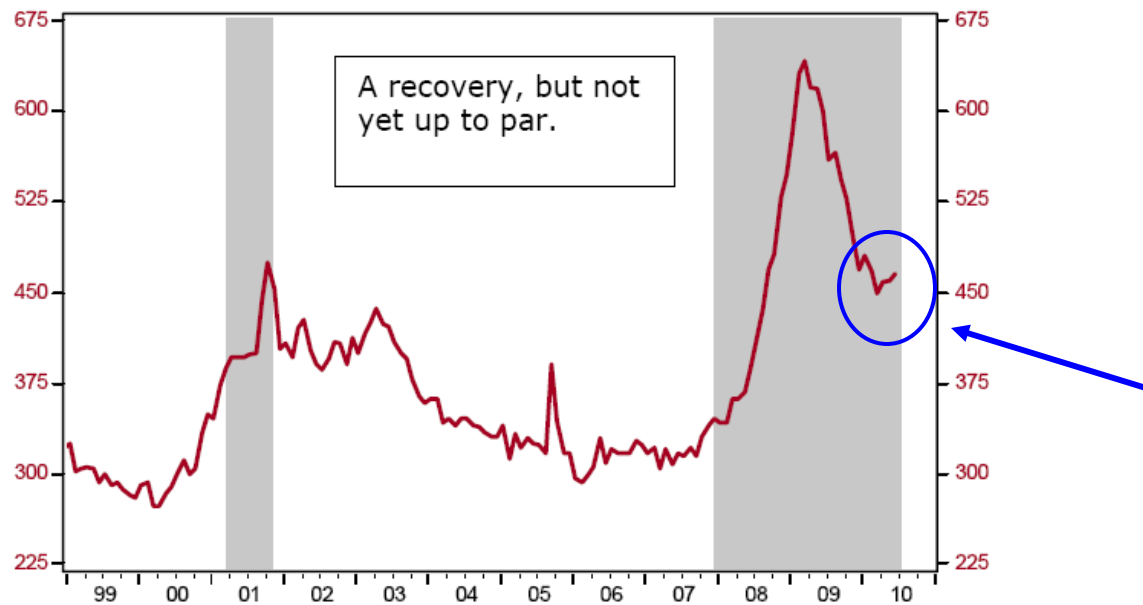
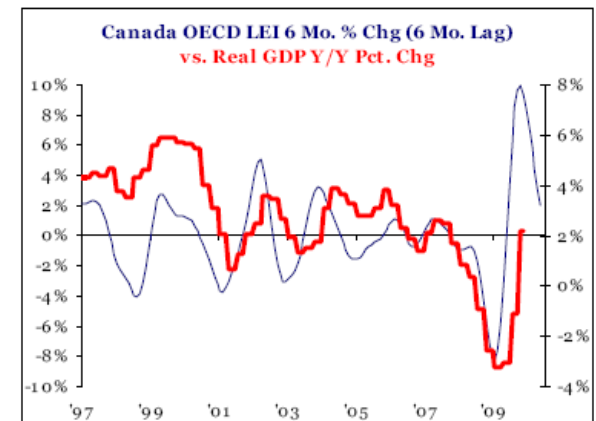
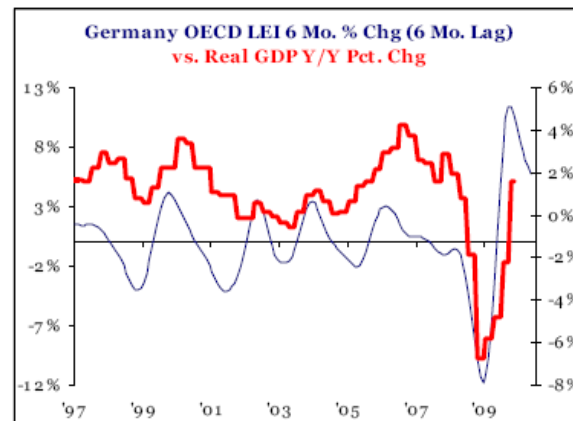
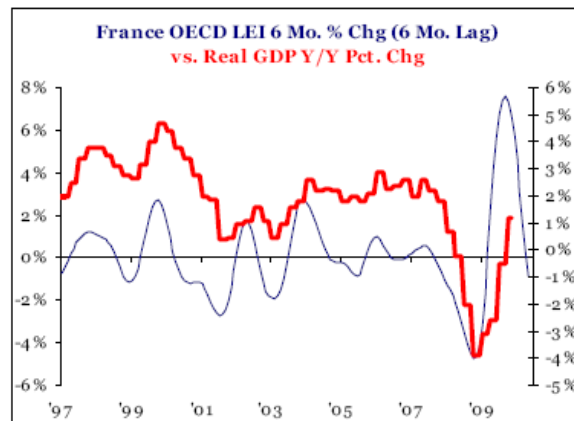
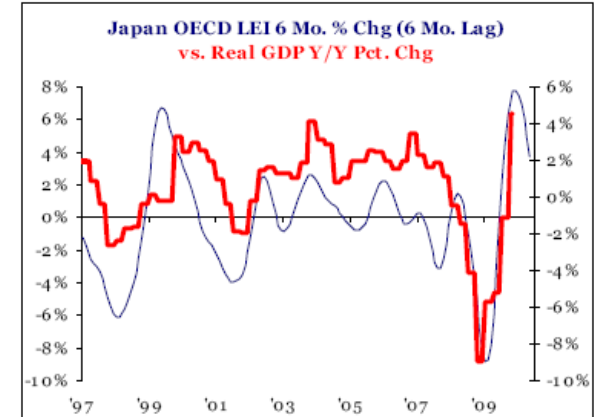
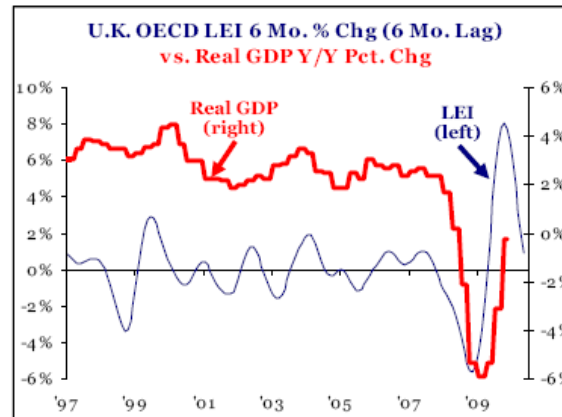
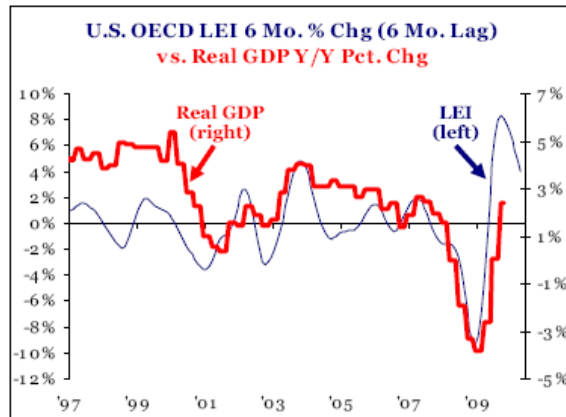


Chart courtesy of Strategas RP

Unemployment claims moving higher in this stage of the “recovery” is counter-intuitive to a recovery, in our opinion.

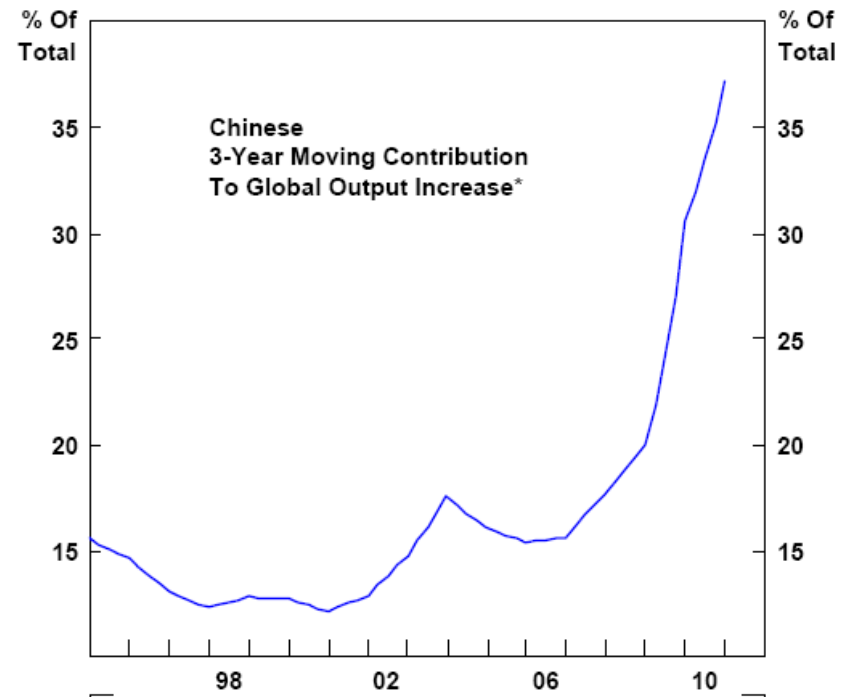
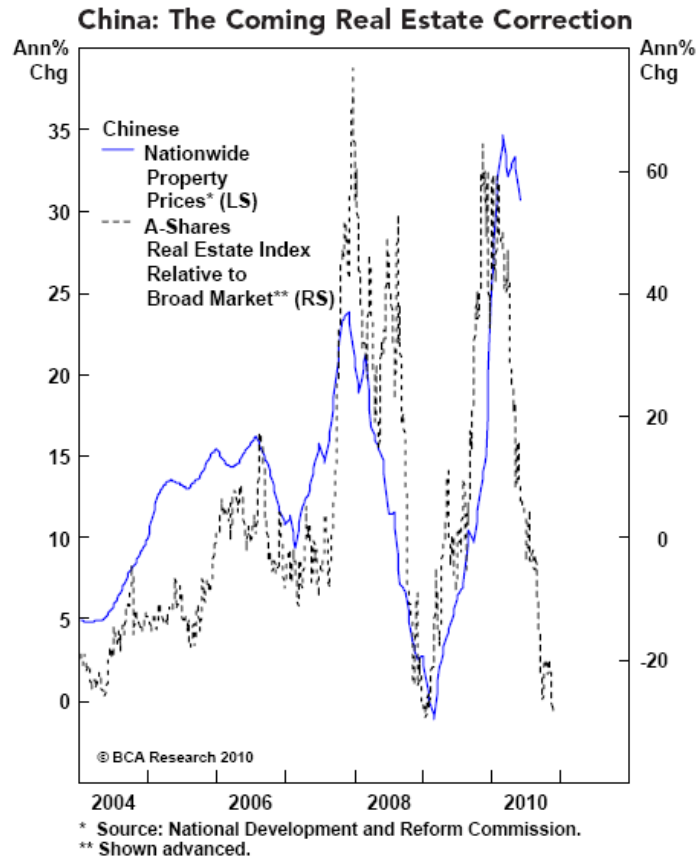
# SYNCHRONIZED GLOBAL SLOWDOWN



Charts courtesy of Strategas RP

Developed economies are slowing together. “Double-dip” recession or not, this condition puts pressure on equity prices.

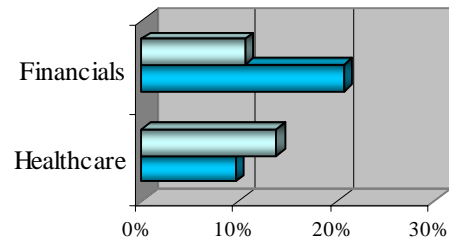
# CHINA NEEDS A “SOFT-LANDING”



Charts courtesy of BCA Research

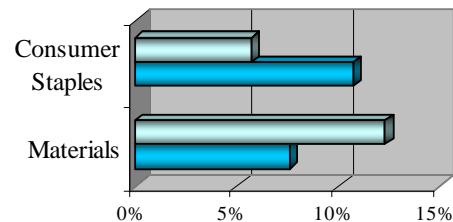
Will the Chinese authorities engineer a slowdown in the housing sector without putting the rest of the economy in a funk? Given the size of marginal global GDP growth China provides, the world needs a “soft” Chinese economic landing.

# PERFORMANCE ATTRIBUTION



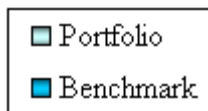
## Sector Allocations That Added the Most Value

- An underweighting in Financials
- An overweighting in Healthcare



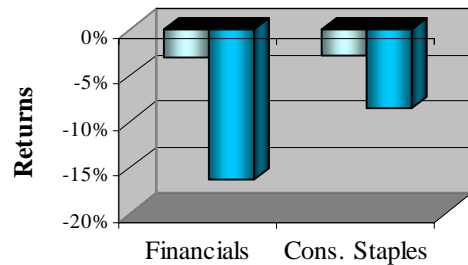
## Sector Allocations That Detracted the Most Value

- An Underweighting in Consumer Staples
- An Overweighting in Materials



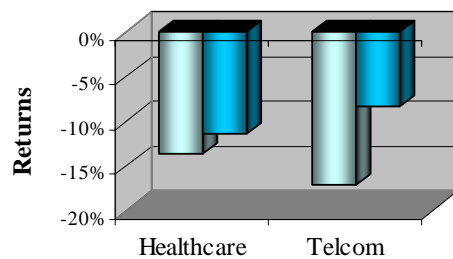
*\*This analysis compares the Blue Shores Global portfolio versus the S&P Global Stock Index.*

# PERFORMANCE ATTRIBUTION



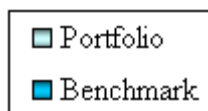
## Sectors Where Stock Selection Added the Most Value

- Financials
- Consumer Staples



## Sectors Where Stock Selection Detracted the Most Value

- Healthcare
- Telecommunications



*\*This analysis compares the Blue Shores Global portfolio versus the S&P Global Stock Index.*

# ADVANCING POSITIONS OF NOTE

<b>Company</b>	<b>Return</b>	<b>Industry</b>
Mariner Energy	57%	Exploration & Production
iPath S&P 500 VIX Mid-Term ETN	46%	N/A
Newmont Mining	21%	Gold Mining



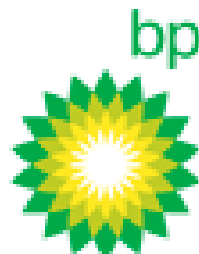
S&P 500 VIX Mid-Term ETN



*\*The securities referenced in this report are used to illustrate BSC's methodology. Securities selected by BSC for client portfolios under management may decline as well as increase in value. A list of all securities purchased and sold during the past 12 months by accounts using a similar investment strategy is available upon request.*

# DECLINING POSITIONS OF NOTE

<b>Company</b>	<b>Return</b>	<b>Industry</b>
Monsanto	-35%	Specialty Chemicals
BP	-35%	Integrated Oil & Gas
Potash	-28%	Specialty Chemicals



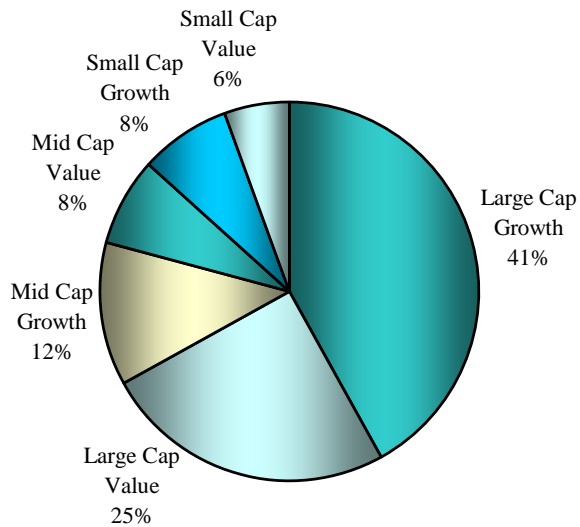
*Sold May 28*



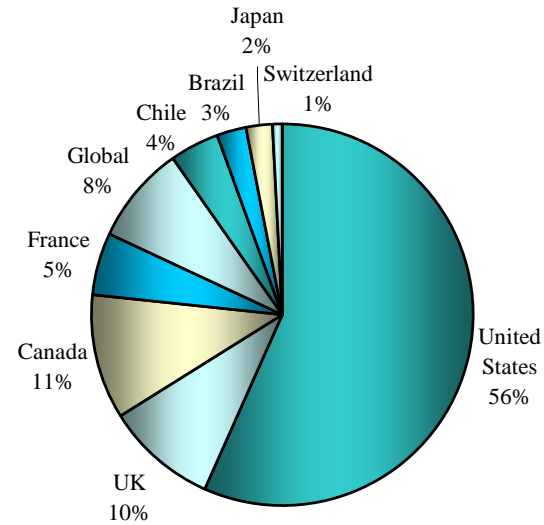
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# JULY 2010 GLOBAL EQUITY STRUCTURE

## STYLE WEIGHTINGS\*



## COUNTRY EXPOSURE



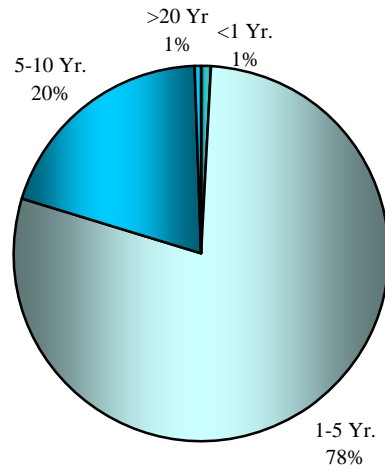
## Notable Changes from Year Ago

Canada	+6%
U.K.	-5%
Chile	+4%
Large Cap	+9%

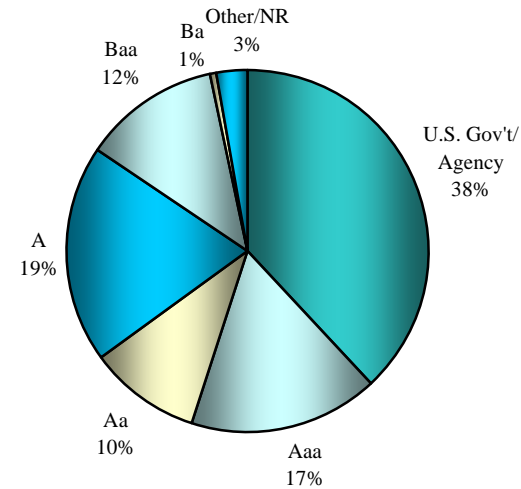
*\*For this report, Blue Shores categorizes stock capitalizations as follows: less than \$2 bil. as small, between \$2 and \$10 bil. as mid, and greater than \$10 bil. as large. Stocks with a price to book ratio greater than or equal to 1.6 are categorized as growth; those below 1.6 are categorized as value (Median P/B ratio in NDR Universe). Sectors from Standards & Poors.*

# CURRENT TAXABLE FIXED INCOME STRUCTURE

## MATURITY BREAKDOWN



## CREDIT WEIGHTINGS (MOODY'S)



## TOP FIVE UNDERLYING HOLDINGS

	Coupon	Maturity
Treasury Note	4.75%	5/15/2014
Treasury Note	4.88%	8/15/2016
Treasury Note	4.88%	7/31/2011
Treasury Note	1.88%	6/15/2012
Treasury Note	1.00%	12/31/2011

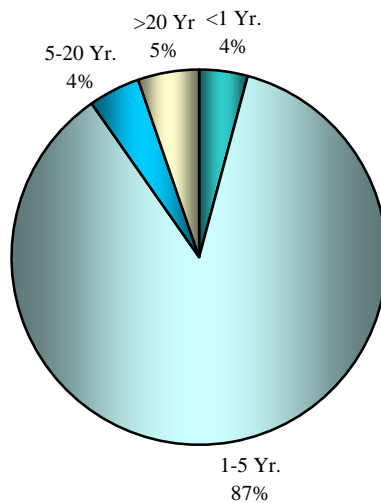
## CHARACTERISTICS

Duration	3.15
Average Maturity	3.53
Yield	2.9%
S&P Average Credit	AA
Moody's Average Credit	Aa2

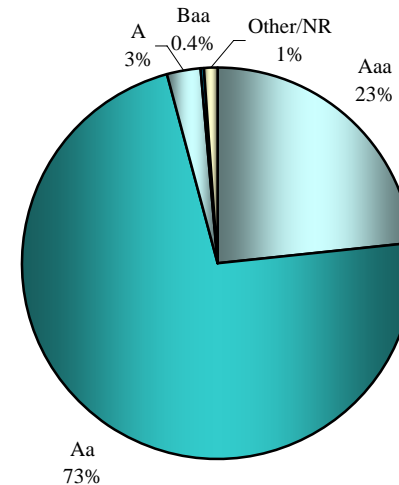
*As of June 30, 2010*

# CURRENT TAX-EXEMPT FIXED INCOME STRUCTURE

## MATURITY BREAKDOWN



## CREDIT WEIGHTINGS (MOODY'S)



## TOP FIVE UNDERLYING HOLDINGS

	Coupon	Maturity
Triborough Brdg & Tunl	4.00%	11/15/2038
Connecticut St	5.00%	12/01/2014
South Carolina St	4.00%	6/01/2015
Arkansas St Fed Why	4.00%	8/01/2014
Connecticut St	5.00%	1/01/2015

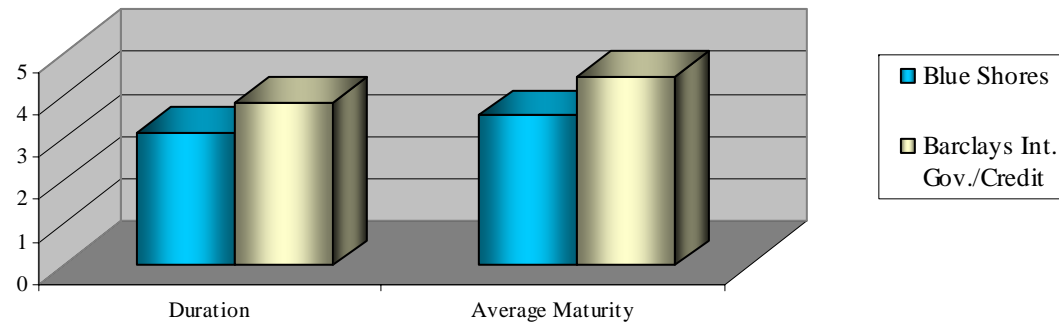
## CHARACTERISTICS

Duration	3.38
Average Maturity	3.64
Yield	2.0%
S&P Average Credit	AA
Moody's Average Credit	Aa2

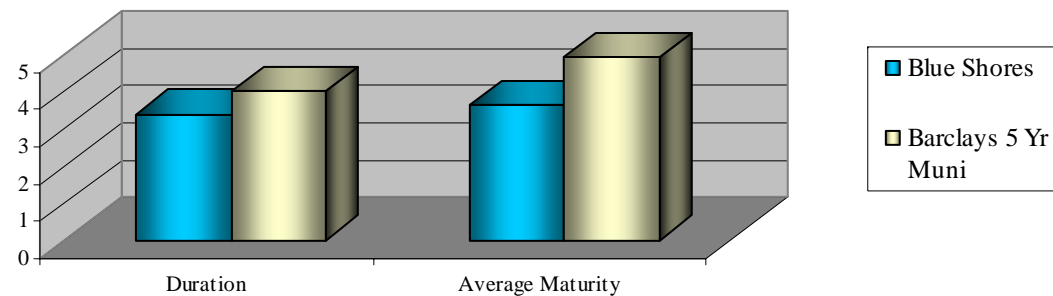
*As of June 30, 2010*

# DURATION VERSUS BENCHMARKS

## Taxable

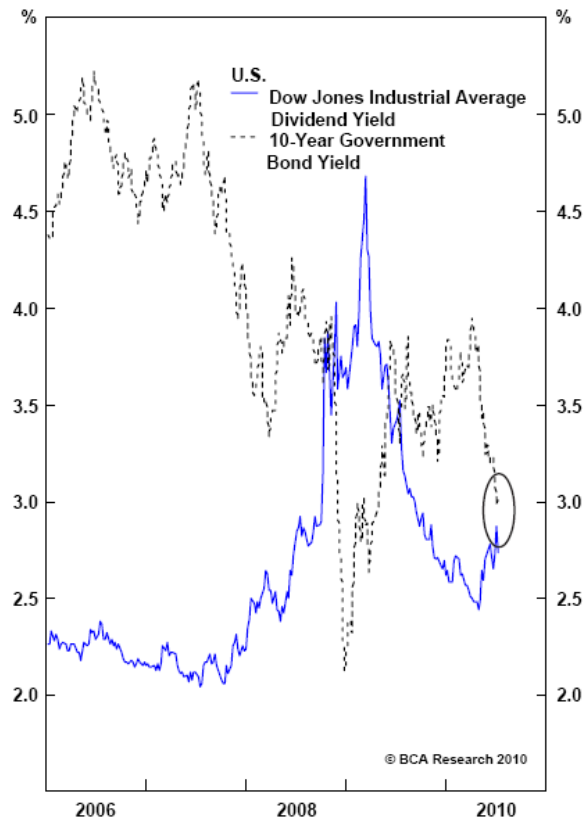


## Tax- Exempt

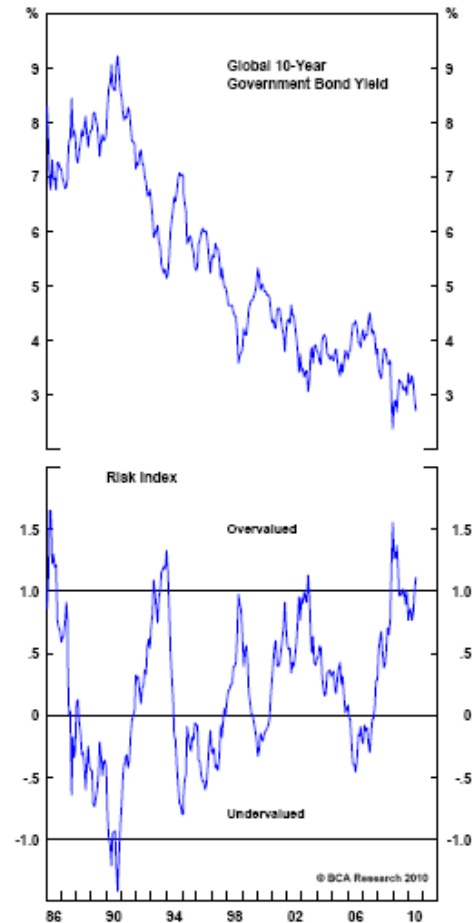


Fixed income allocations have shorter durations than their benchmarks, making them less sensitive to interest rate changes.

# BOND RALLY OVERDONE?



Charts courtesy of BCA Research



The dividend yield on the Dow and yield on ten-year treasuries are approaching parity. Are stocks cheap, or bonds expensive? The BCA bond model suggest bonds are overvalued. That is likely the case *as long as there is no double-dip recession.*

# STOCK MARKET EXPOSURE MODEL

<b>Stock/Bond Indicators</b>	<b>6/30/2010</b>	<b>3/31/2010</b>
Stock/Bond Ratio Trend Model	<b>Bonds</b>	Stocks
Stock/Bond Ratio Trend	<b>Bonds</b>	Stocks
Stock/Bond Overbought/Oversold Indicator	Stocks	Stocks
% Of Stocks Above 10Wk & 40Wk Moving Averages	<b>Bonds</b>	Stocks
% Markets Above 10Wk & 40Wk Moving Averages	<b>Bonds</b>	Stocks
Stock Momentum	<b>Bonds</b>	Stocks
Bond Momentum	<b>Stocks</b>	Bonds
Corp. Bond Yield - Stock Earnings Yield	Stocks	Stocks
NDR Global Consumer Sentiment Composite	<b>Bonds</b>	Neutral
NDR Global Business Sentiment Composite	<b>Bonds</b>	Neutral
Yield Curve	Bonds	Bonds
OECD G7 Leading Indicator Index	Bonds	Bonds
Crude Oil Momentum	<b>Neutral</b>	Bonds
<b>Model Long Stock Exposure</b>	<b>72%</b>	<b>100%</b>

*Adopted from Ned Davis Research Global Allocation Model*

For the first time in almost a year, our stock exposure model has decreased stock exposure. The message is that the market is structurally weak and corrections have the potential to evolve into something more severe.

# RECENT ACTIVITY & KEYS TO WATCH

**Peter McMullin, CFA, Chief Equity Strategist**

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# RECENT SALES

## *Three Most Recent Sales from the Global Equity Strategy*

*As of June 30, 2010*

<b><i>Security</i></b>	<b><i>Market Cap</i></b>	<b><i>Country</i></b>	<b><i>Industry</i></b>
Carnival	7.2 bil.	U.K.	Hotels & Leisure
Franklen Resources	20.9 bil.	U.S.	Asset Management
Microsoft	212.7 bil.	U.S.	Software



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.

# RECENT PURCHASES

## *Three Most Recent Additions to Global Equity Strategy*

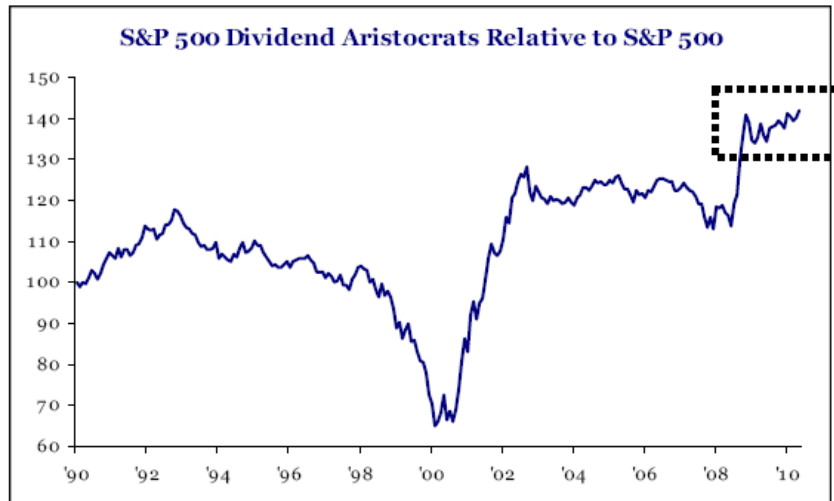
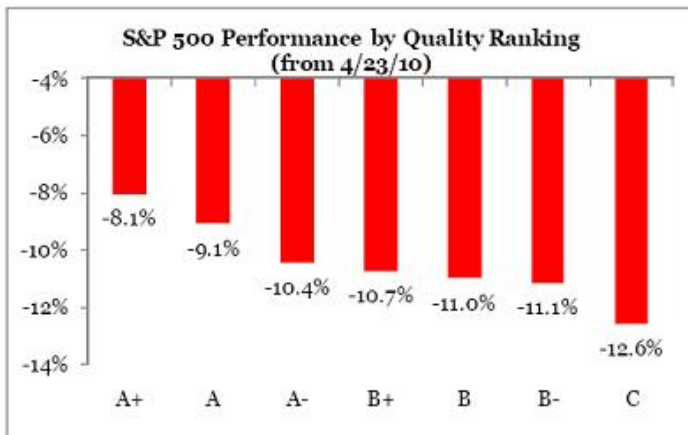
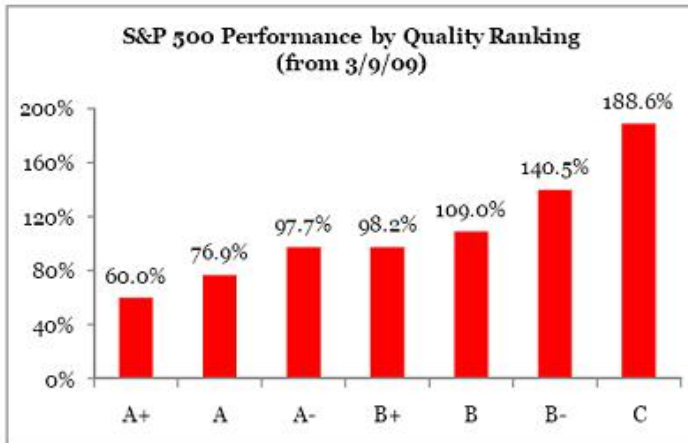
*As of June 30, 2010*

<b><i>Security</i></b>	<b><i>Market Cap</i></b>	<b><i>Country</i></b>	<b><i>Industry</i></b>
Short MSCI EAFE ETF	Multi	Multi	Multi
Short S&P 500 ETF	Multi	Multi	Multi
Chile ETF	Multi	Chile	Multi



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# QUALITY BACK IN VOGUE

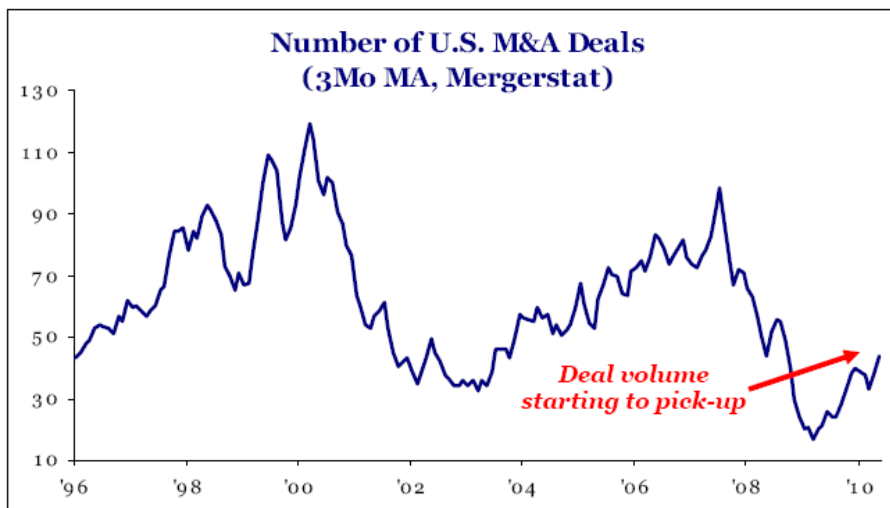
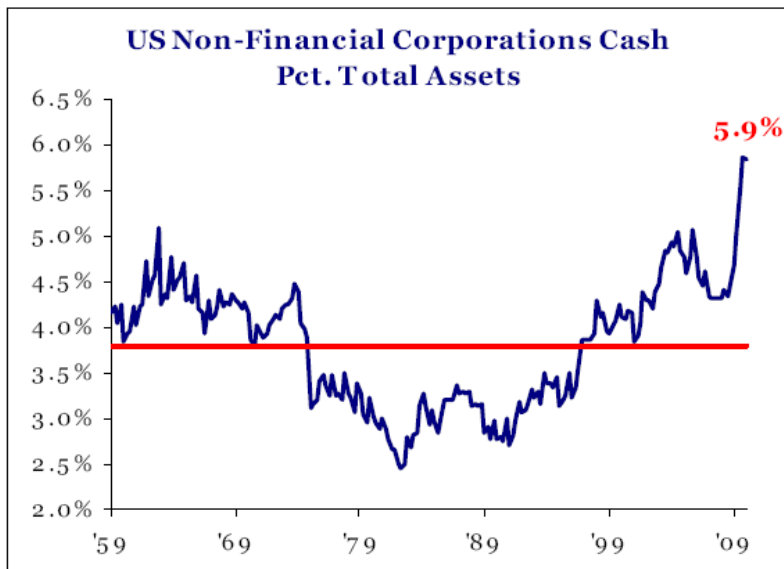


*Charts courtesy of Strategas RP*

We currently favor stocks with dividend yields plan and the potential to grow dividends and/or a stock repurchase all else equal.

*Quality ranking based on stability and growth of earnings and dividends. Dividend aristocrats are those companies that have grown dividends for the past 20 years.*

# PLENTY OF POTENTIAL FOR M&A



Charts courtesy of Strategas RP

Generally speaking, corporate balance sheets are healthy. M&A activity should help mid and small cap companies that are takeover candidates.

# RISK PREMIUM HAS RISEN

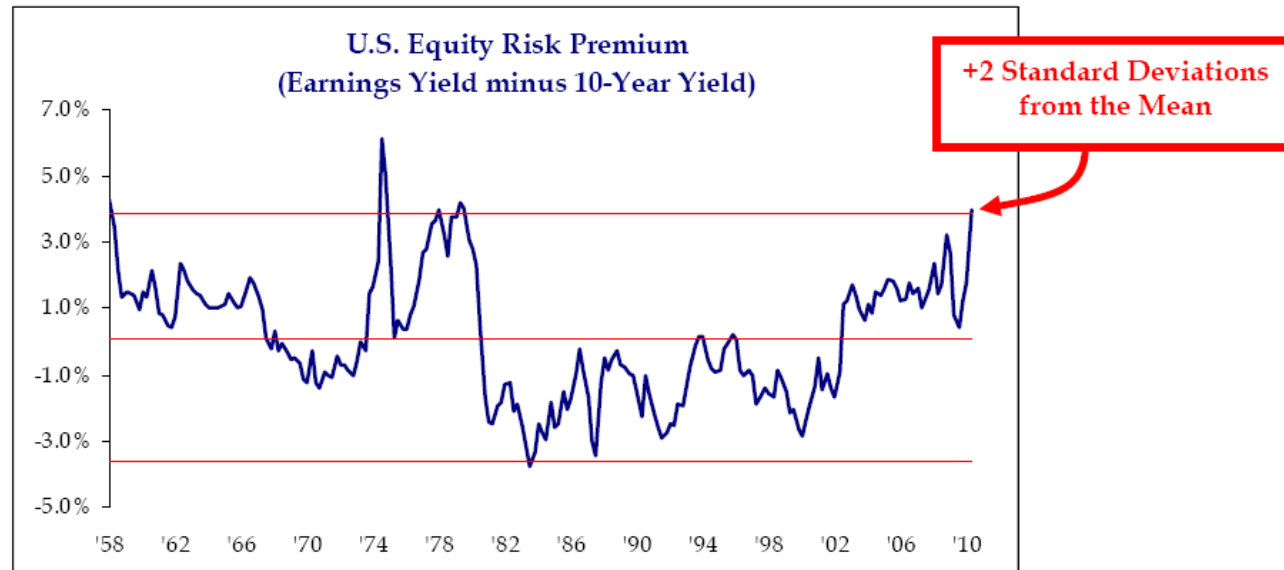


Chart courtesy of Strategas RP

Retail investors are fleeing stocks. Either stocks are cheap or bonds are expensive. We are leaning towards the latter.

# WATCHING TAX RATES

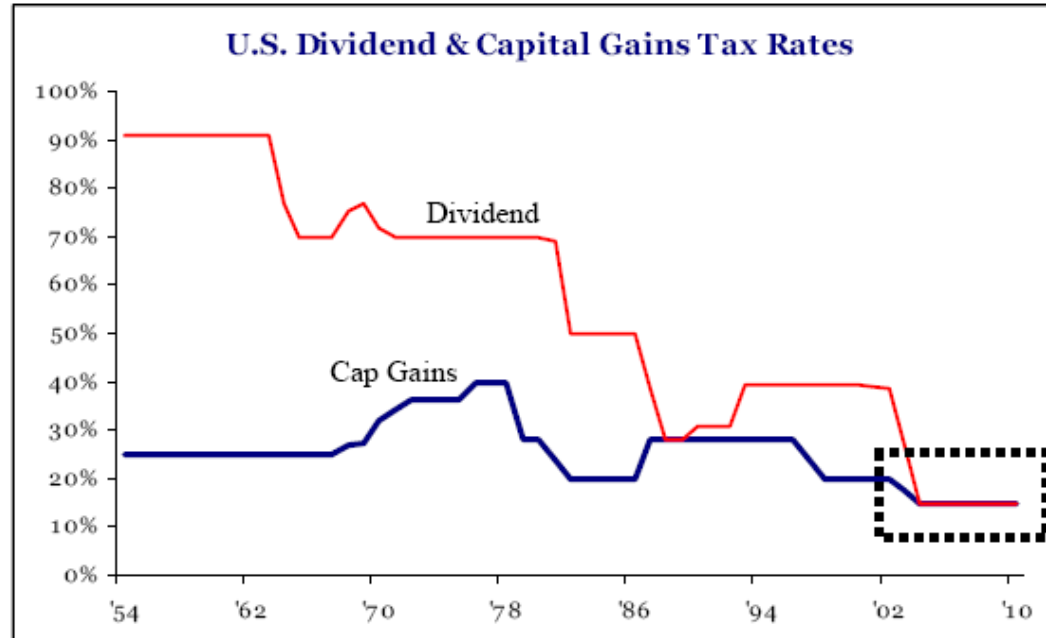


Chart courtesy of Strategas RP

The Bush tax cuts are set to expire in 2011. Whether or not Congress will extend them is still unknown. Anticipatory behavior is expected by investors.

# CHINA LEADING THE CYCLE



The Chinese stock market continues to lead other global markets. We would like to see a definitive bottom put in before getting more aggressive in the equity space.

# SIGNIFICANT TECHNICAL DAMAGE



The market formed a head and shoulders reversal pattern, which is an ominous technical development. The recent bounce has been on weak volume and breadth remains impaired.

# CONCLUSIONS

- We have gone from bullish and virtually fully invested to a defensive posture over the past nine weeks as stock correlations have soared.
- The economic recovery has slowed globally and has increased the risk of a double-dip recession.
- Emerging markets are still a good place to invest, albeit with slower growth prospects than recent history. China continues to be the emerging market leader.
- Our strategy has broadened somewhat to that of a barbell- still favoring the back end of the economic cycle and secular leadership, while adding more defensive names and reducing long-market exposure.
- We have been working diligently to research new themes and opportunities as a result of recent changing market conditions, e.g. the Euro slide, Gulf oil spill.
- We believe we are in for a quarter or two of choppy stock market action with a downside bias. However, a case can be made for expecting a year end rally as some of the unknowns become clarified.

# CONTACT US

## *Questions and Comments Concerning Portfolio Strategy*

Peter McMullin, CFA, Chief Equity Strategist

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Email: [peter.mcmullin@ipcanswers.com](mailto:peter.mcmullin@ipcanswers.com)

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## *New Case / Client Proposal*

*Call your IPC Consultant*

*or*

Maribeth Bates, Director of Marketing

Direct Line: 561-912-1066

Email: [maribeth.bates@ipcanswers.com](mailto:maribeth.bates@ipcanswers.com)

# DISCLOSURES

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This report is provided for informational and educational purposes only and contains no investment advice or recommendations to buy or sell any specific securities. The statements contained herein are based upon the opinions of Blue Shores Capital and the data available at the time of publication. All opinions represent our views as of the date of writing and are subject to change at any time without notice. Certain information was obtained from third party sources, which we believe is reliable, but we do not guarantee its accuracy or completeness.

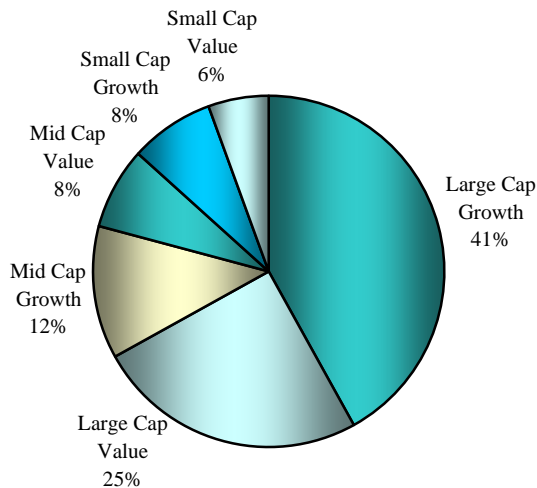
Contact your financial advisor for information regarding which investments are appropriate for your unique financial situation. Blue Shores Division, Independent Portfolio Consultants, Inc., 5002 T-Rex Ave., Ste. 225, Boca Raton, FL 33431.

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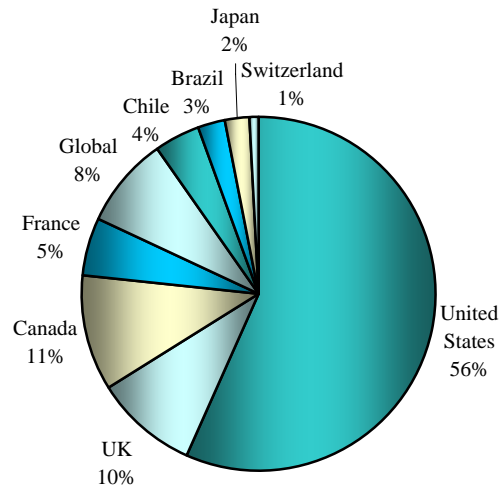
**PHILOSOPHY**

Blue Shores believes that the greatest opportunity for an active investment manager to add value versus the passive benchmark alternative is to operate a portfolio free of capitalization restrictions, thus allowing the best investment opportunities to be included in the portfolio regardless of market capitalization. Additionally, BSC believes a core portfolio that is created by combining several very different investment approaches is the best structure for a style neutral portfolio. Portfolio holdings are limited to approximately seventy-five positions in order to meaningfully differentiate the portfolio from the broader global equity market. The resulting portfolio is a single coherent equity strategy that is diversified by country, market capitalization, economic sector, and investment strategy/theory. Furthermore, Blue Shores will opportunistically hedge the portfolio against the stock market when the risk of a sustained market drawdown is believed to be high.

**STYLE WEIGHTINGS\***



**COUNTRY EXPOSURE**



**TOP FIVE HOLDINGS**

Proshares Short S&P	Short ETF
Proshares Short MSCI EAFE	Short ETF
iShares MSCI Chile	Country
CPFL Energia	Utilities
Bank of Nova Scotia	Financials

**CHARACTERISTICS**

Number of Holdings	61
Median Price / Earnings Ratio	16.5x
Median Market Capitalization	\$19.18 Bil.
Median Dividend Yield	1.8%
Median L-T Operating EPS Growth	7.9%
Hedging Capabilities	Opportunistic

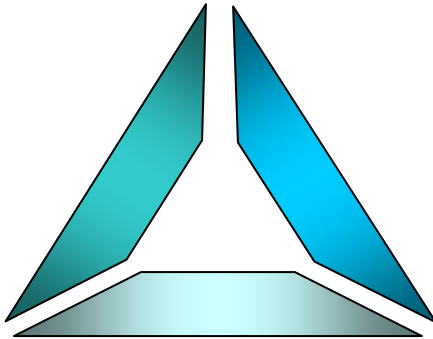


# GLOBAL MULTI CAP CORE EQUITY

## THREE TIME TESTED APPROACHES - ONE COMPREHENSIVE PORTFOLIO

**Multi Cap Growth**

- Companies that should grow earnings faster than the broad market
- Grow profitably
- Compelling business model or industry position



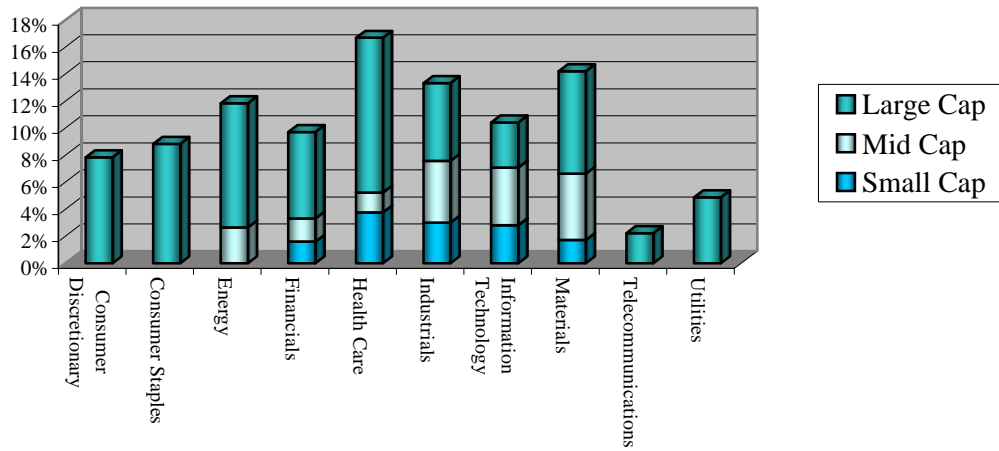
**Multi Cap Value**

- Companies that appear to be less expensive than the majority of public companies
- Believe business results and/or structure will improve

**International Core**

- Large established companies
- Pay large dividends
- Often industry leaders

## SECTOR WEIGHTINGS BY CAPITALIZATION\*



## ABOUT BLUE SHORES

Blue Shores Capital is a boutique investment management unit that specializes in global and domestic multi cap core equity and balanced investment management. It is a division of Independent Portfolio Consultants, Inc., an SEC registered investment advisor based in Boca Raton, Florida. As of June 30, 2010 the Blue Shores Division managed \$33.3 million in client assets.

\*For this report, Blue Shores categorizes stock capitalizations as follows: less than \$2 bil. as small, between \$2 and \$10 bil. as mid, and greater than \$10 bil. as large. Stocks with a price to book ratio greater than or equal to 1.65 are categorized as growth; those below 1.65 are categorized as value. Sectors from Standards & Pools.



# GLOBAL MULTI CAP CORE EQUITY

## COMPOSITE PERFORMANCE (GROSS OF FEES)

Start Date: Jan-08 End Date: Jun-10  
Benchmark: MSCI The World Index Free - Net

Latest Period Returns	Quarter	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Blue Shores Capital Global Multi Cap Core	-7.59%	-4.40%	10.80%				
MSCI The World Index Free - Net	-12.67%	-9.84%	10.20%				
Over/Under Benchmark	5.07%	5.44%	0.60%				

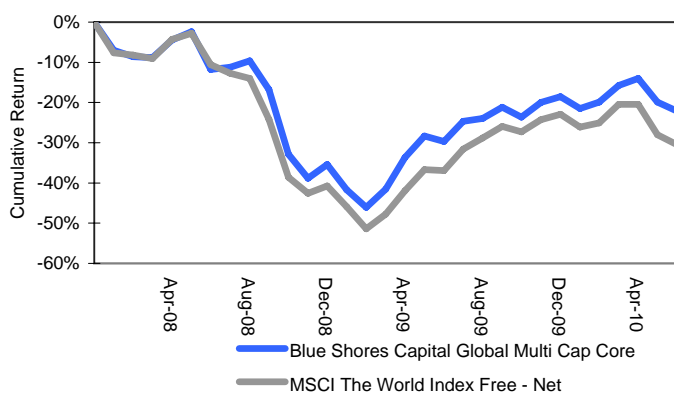
### Yearly Performance (%)

	2010	2009	2008
BSC Global Equity	-4.40%	26.15%	-35.42%
MSCI The World Index Net	-9.84%	29.99%	-40.71%
+/- Benchmark	5.44%	-3.85%	5.29%

*Below Represents Since Inception Results Calculated Using Monthly Data*

Cumulative Return vs. Benchmark

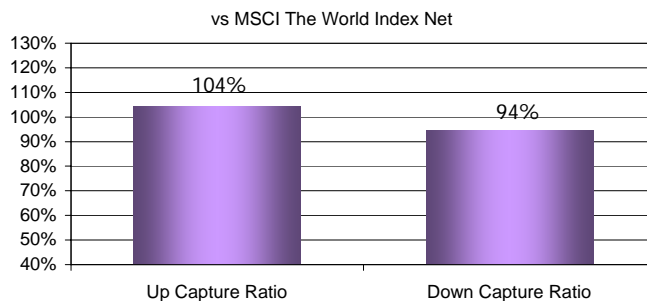
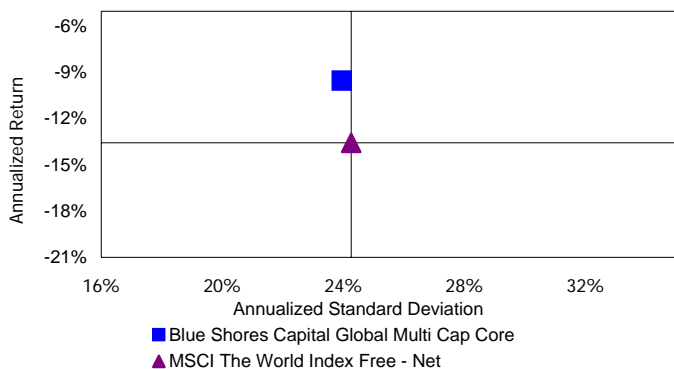
Annual Sharpe Ratio vs. Benchmark



Not available due to negative absolute returns over measurement periods.

Risk vs. Return Scatterplot

Portfolio Capture vs. Benchmark



Annualized Statistical Analysis	ROR	Standard Deviation	Sharpe	Annualized Alpha	Beta	Correlation R	R2	Tracking Error	Active Premium	Info. Ratio	Treynor Ratio	Jensen Alpha
BSC Global Core Equity	-9.52%	23.95%	N/A									
MSCI The World Index Net	-13.55%	24.26%	N/A	3.98%	0.95	0.97	0.93	6.37%	4.03%	0.63	N/a	0.32%



# GLOBAL MULTI CAP CORE EQUITY

## Blue Shores Global Multi Cap Core Equity Composite Reporting Currency USD

Period	Gross of Fee Total Return (%)	Net of Fee Total Return (%)	MSCI World Net (%)	Number of Accounts	Annual Composite Dispersion (%)	Total Composite Assets	Total Firm Assets
2010-Q2	-7.59%	-7.93%	-12.67%	15	N/A	\$4,873,209	\$33,432,590
2010-Q1	3.47%	3.01%	3.24%	9	N/A	\$3,136,155	\$28,999,300
2009	26.15%	23.59%	29.99%	7	N/A	\$2,195,335	\$24,156,141
2008	-35.42%	-36.49%	-40.71%	1	N/A	\$106,843	\$3,737,846

**Compliance Statement:** Blue Shores has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®)

**Definition of Firm:** Blue Shores is a division of Independent Portfolio Consultants, Inc., an SEC registered investment advisor that provides investment management consulting services primarily to third party correspondents. The Blue Shores division was formally established in 2007 to offer proprietary investment management.

**Composite / Availability:** This composite was created January 2009. A complete list and description of all firm composites is available upon request.

**Notes:** The composite includes all accounts managed by Blue Shores utilizing the global core equity strategy with a targeted equity allocation of 100%. Composite dispersion is calculated using the equal weighted standard deviation of all portfolios that were included in the composite for the entire year. No alterations of the composite as presented here has occurred because of changes in personnel or other reasons at any time. The strategy may lose money and the investment objectives not met. The strategy does not hedge currency risk.

**Past Performance:** Past performance is not an indication of future performance.

**Fees:** Fees: Gross-of-fees performance returns are presented gross of the wrap fee. Net-of-fees performance is calculated using the actual wrap fee. The fee is considered a bundled-fee (wrap-fee) and is as follows: For solicitation agreements, the Blue Shores fee is 1.25% on assets up to \$250,000, 0.75% on the next \$250,000, and 0.55% thereafter. Additional fees may be applied by the advisor not exceeding a total wrap fee of 2.25%. Direct Blue Shores clients are charged 1% of assets under management plus an annual \$2,500 flat fee. All accounts in the composite are bundled-fee accounts. The bundled-fee covers the cost of the advisory management services provided by BSC, Managed Account Services or Pershing custodial charges, and all brokerage commissions of Managed Account Services or Pershing. BSC fees do not include: (1) custodial fees for assets held outside Managed Account Services or Pershing; (2) account maintenance or trustee fees on Managed Account Services (or their clearing agent First Clearing LLC) or Pershing qualified retirement plan, IRA, cash management or similar accounts; (3) transfer taxes; (4) dividend reinvestment costs; (5) odd-lot differentials; or (6) any other charges i

These fees will be charged to client accounts in addition to the BSC fees. Additional information concerning fees is available in the firms disclosure brochure which is available upon request and can be found under the "Legal/Disclosures" tab of the Blue Shores website [www.blueshorecapital.com](http://www.blueshorecapital.com).

**Calculations:** Returns are presented gross of fees and net of fees, calculated in US dollars and assume reinvestment of dividends, interest, capital gains, and other earnings. Trade date valuation is used to calculate account performance. Returns for the accounts in the Composite are time-weighted. Dividends are accrued for equities and are recorded on the ex-dividend date. Each account has cash or cash equivalents. Quarterly composite returns are calculated by linking monthly asset weighted composite returns through compounded multiplication. Accounts are included in the Composite after the first full calendar quarter under management. The Composite also contains those accounts no longer with the firm. Additional information regarding policies for calculating and reporting returns is available upon request.

**MSCI World Net Index:** MSCI World Net – The MSCI World Net Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance net of withholding taxes for U.S. investors. As of June 2006 the MSCI World Net Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. This benchmark is used for comparative purposes only and is not intended to parallel the risk or investment style of the accounts included in the Composite.

The global multi cap core equity strategy holds far fewer positions than than the index to which its performance is compared, and thus its performance may be more volatile than the performance of the index.

**Sharpe Ratio:** Measures excess return per unit of risk. The Sharpe Ratio relates the difference between the portfolio's return and the return of the risk free rate to the standard deviation of the portfolio returns for the same period.

**Standard Deviation:** A gauge of risk that measures the spread of the difference of returns from their average. The more a portfolio's returns vary from its average, the higher the standard deviation. It is important to note that higher than average returns affect the standard deviation just as lower than average returns. Thus, it is not a measure of downside risk. Since it measures total variation of return, standard deviation is a measure of total risk, unlike beta, which measures market risk.

**Alpha:** Measures nonsystematic return, or the return that cannot be attributed to the market. Thus, it can be thought of as how the manager performed if the market has had no gain or loss. In contrast, beta measures the return that is attributable to the market and is a measure of the portfolio's overall volatility.

**Capture Ratios:** The Up Capture Ratio is a measure of the Investment's compound return when the Benchmark was up divided by the Benchmark's compound return when the Benchmark was up. The greater the value, the better. The Down Capture Ratio is a measure of the Investment's compound return when the Benchmark was down divided by the Benchmark's compound return when the Benchmark was down. The smaller the value, the better.

**Beta:** Measures the risk level of the manager relative to the markets or benchmark indices. Beta measures the systematic risk, or the return that is attributable to market movements. A beta greater than one means the portfolio is more sensitive to market movements and a beta less than one means a portfolio is less sensitive.

**Correlation (R):** The tendency for the returns of two assets, such as a portfolio and an index, to move together relative to their average. The measurement of this statistic (the correlation coefficient) can range from -1 (perfect negative correlation) to 1 (perfect positive correlation). A correlation of 0 means no relationship can be found between the movement in the index and the movement in the portfolio's performance.

**R2:** A statistic that measures the reliability of alpha and beta in explaining the return of a manager as a linear function of the market. It is produced by regression analysis.

**Active Premium:** A portfolio's excess annualized return over a benchmark index.

**Tracking Error:** The tracking error is the annualized standard deviation of the differences between the manager's and the benchmark's quarterly returns. If a manager tracks a benchmark closely, then tracking error will be low. If a manager tracks a benchmark perfectly, then tracking error will be zero.

**Information Ratio:** The information ratio is a measure of value added by the manager. It is the ratio of (annualized) excess return above the benchmark to (annualized) tracking error.

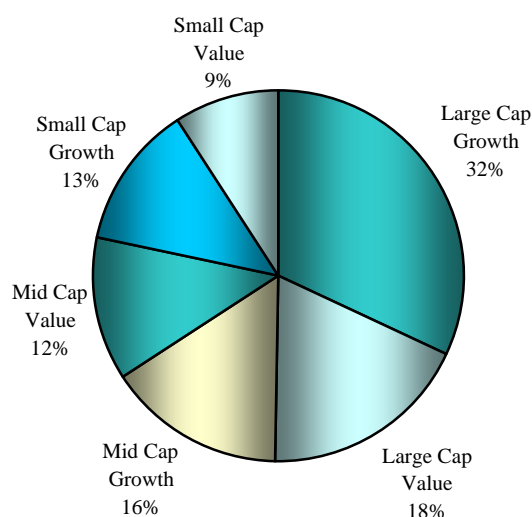
**Treynor Ratio:** One of two alternative, yet similar, methods of measuring excess return per unit of risk. (The other method is the Sharpe Ratio.) In the case of the Treynor Ratio, risk is measured using Beta, which is an index dependent measure. The Treynor Ratio relates the difference between the portfolio return and the risk-free rate to the portfolio beta for a given time period.

**Jensen Alpha:** The Jensen Alpha, developed by Michael Jensen, quantifies the extent to which an investment has added value relative to a benchmark. The Jensen Alpha is equal to the Investment's average return in excess of the risk free rate minus the Beta times the Benchmark's average return in excess of the risk free rate.

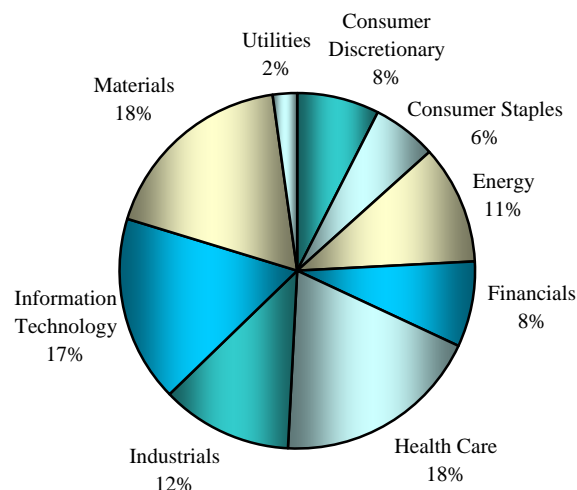
## PHILOSOPHY

Blue Shores believes that the greatest opportunity for an active investment manager to add value versus the passive benchmark alternative is to operate a portfolio free of capitalization restrictions, thus allowing the best investment opportunities to be included in the portfolio regardless of market capitalization. Additionally, BSC believes a core portfolio that is created by combining two very different investment approaches is the best structure for a style neutral portfolio. Portfolio holdings are limited to approximately fifty positions in order to meaningfully differentiate the portfolio from the broader equity market. The resulting portfolio is a single coherent equity strategy that is diversified by market capitalization, economic sector, and investment strategy/theory. Furthermore, Blue Shores will opportunistically hedge the portfolio against the stock market when the risk of a sustained market drawdown is believed to be high.

## STYLE WEIGHTINGS\*



## SECTOR WEIGHTINGS



## TOP FIVE HOLDINGS

Proshares Short S&P	Short ETF
EOG Resources	Energy
iPath S&P 500 VIX Mid-Term	VIX
Newmont Mining	Materials
Compass Minerals	Materials

## CHARACTERISTICS

Number of Holdings	43
Median Price / Earnings Ratio	17.1x
Median Market Capitalization	\$9.4 Bil.
Median Dividend Yield	0.7%
Median L-T Operating EPS Growth	10%
Hedging Capabilities	Opportunistic

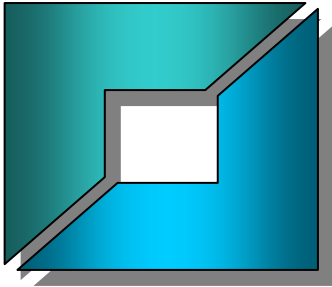


# U.S. MULTI CAP CORE EQUITY

## TWO COMPLEMENTARY STRATEGIES - ONE COMPREHENSIVE PORTFOLIO

**Multi Cap Growth**

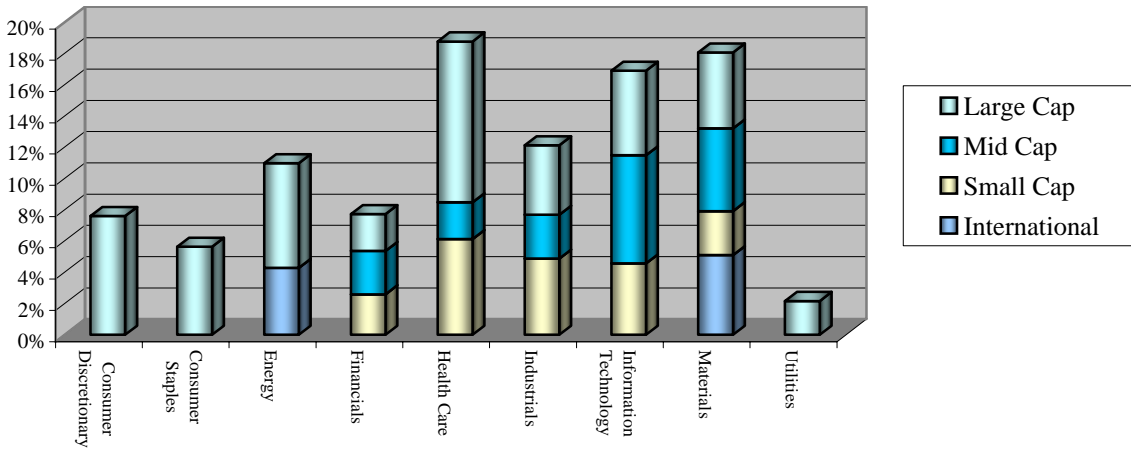
- Companies that should grow earnings faster than the broad market
- Grow profitably
- Compelling business model or industry position



**Multi Cap Value**

- Companies that appear to be less expensive than the majority of public companies
- Believe business results and/or structure will improve

## SECTOR WEIGHTINGS BY CAPITALIZATION\*



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# U.S. MULTI CAP CORE EQUITY

## Blue Shores Multi Cap Core Equity Composite Reporting Currency USD

Period	Gross of Fee Total Return (%)	Net of Fee Total Return (%)	S&P 500 TR (%)	Number of Accounts	Annual Composite Dispersion (%)	Total Composite Assets	Total Firm Assets
2010-Q2	-6.42%	-6.88%	-11.43%	2	N/A	\$497,778	\$33,432,590
2010-Q1	5.73%	5.20%	5.39%	2	N/A	\$534,544	\$28,999,300
2009	26.06%	23.47%	26.47%	2	0.10%	\$508,120	\$24,156,141
2008	-33.95%	-35.23%	-37.00%	4	0.22%	\$654,549	\$3,737,846
2007	1.95%	1.34%	5.48%	2	0.27%	\$664,505	\$1,867,343
2006	13.23%	13.23%	15.79%	3	0.94%	\$631,578	\$631,467

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**S&P 500 Index:** A broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks. This index does not contain the 500 largest companies nor the most expensive stocks traded in the U.S. While many of the stocks are among the largest, this index also includes many relatively small companies. This benchmark is used for comparative purposes only and is not intended to parallel the risk or investment style of the accounts included in the Composite.

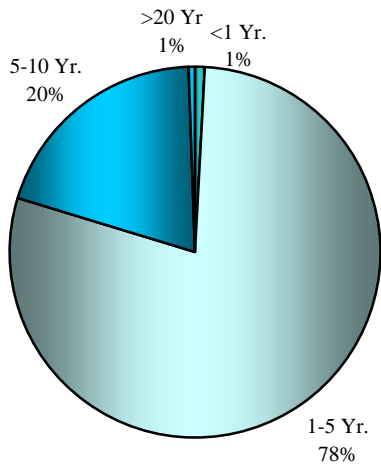
The Multi Cap Core Equity strategy holds far fewer positions than than the index to which its performance is compared, and thus its performance may be more volatile than the performance of the index.

**PHILOSOPHY**

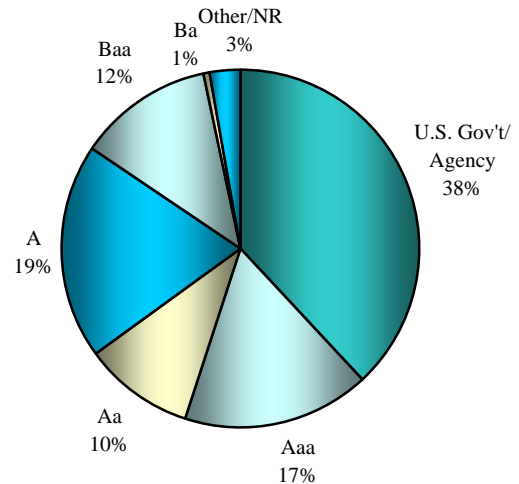
*The Blue Shores Taxable Fixed Income Strategy seeks to preserve capital and provide current income by investing primarily in high quality, intermediate-term fixed income securities.*

Blue Shores utilized exchange traded funds (ETFs) to manage fixed income portfolios. Portfolios will generally have similar characteristics as the Barclays' Intermediate Government/Credit benchmark index. However, the portfolio manager may adjust the portfolio to differ from the benchmark in terms of duration, credit quality and yield curve placement in an attempt to add value given current and expected financial market conditions.

**MATURITY BREAKDOWN**



**CREDIT WEIGHTINGS (MOODY'S)**



**TOP FIVE UNDERLYING HOLDINGS**

	Coupon	Maturity
Treasury Note	4.75%	5/15/2014
Treasury Note	4.88%	8/15/2016
Treasury Note	4.88%	7/31/2011
Treasury Note	1.88%	6/15/2012
Treasury Note	1.00%	12/31/2011

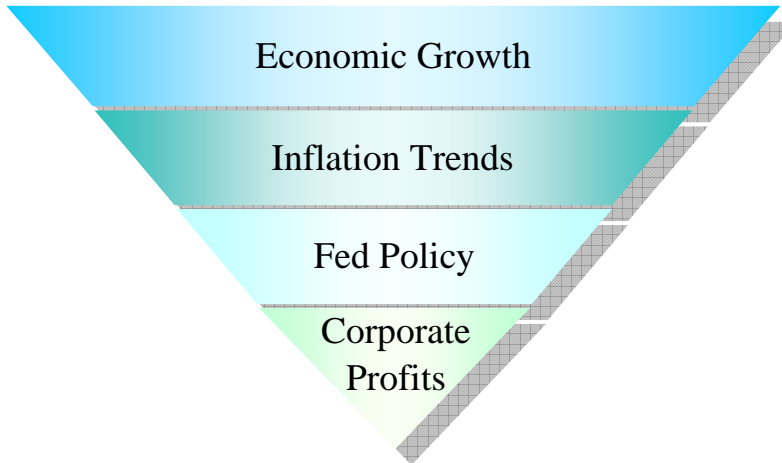
**CHARACTERISTICS**

Duration	3.15
Average Maturity	3.53
Yield	2.9%
S&P Average Credit	AA
Moody's Average Credit	Aa2

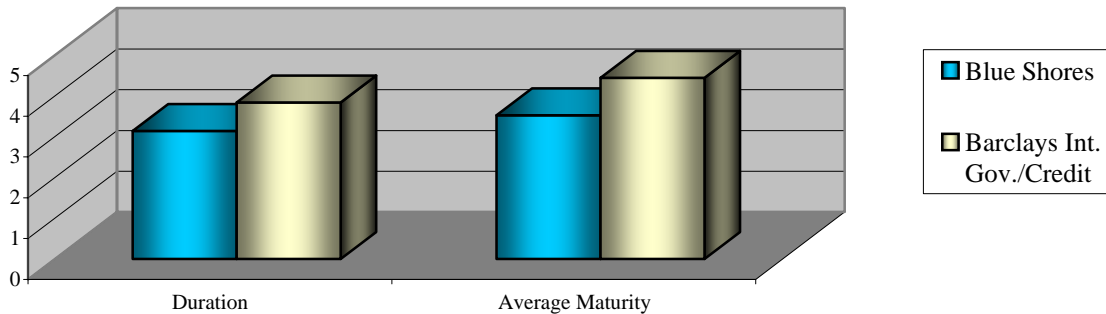


# TAXABLE FIXED INCOME

## PROCESS: TOP-DOWN MACROECONOMIC ANALYSIS



## STRATEGY CHARACTERISTICS



## ABOUT BLUE SHORES

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# Taxable Fixed Income

## Blue Shores Taxable Fixed Income Composite Reporting Currency USD

Period	Gross of Fee Total Return (%)	Net of Fee Total Return (%)	100% Barclays Intermediate Government/Credit Index	Number of Accounts	Annual Composite Dispersion (%)	% Carevout	Total Composite Assets	Total Firm Assets
2010-Q2	1.78%	1.41%	2.97%	25	N/A	100%	\$5,584,273	\$33,432,590
2010-Q1	0.99%	0.67%	1.54%	22	N/A	100%	\$4,989,010	\$28,999,300
2009	5.32%	4.08%	5.24%	16	0.21%	100%	\$3,659,466	\$24,156,141
2008	7.69%	6.51%	5.08%	3	0.46%	100%	\$294,210	\$3,737,846
2007-H2	6.41%	5.69%	5.87%	2	0.01%	100%	\$210,671	\$1,867,343

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**Composite / Availability:** This composite was created January 2009. A complete list and description of all firm composites is available upon request.

**Notes:** The composite includes all accounts managed by Blue Shores utilizing the taxable fixed income strategy. The taxable fixed income strategy is managed as a unique independent "sleeve" with its own cash balance utilizing multiple strategy portfolio technology from Fiserv. Composite dispersion is calculated using the equal weighted standard deviation of all portfolios that were included in the composite for the entire year. No alterations of the composite as presented here has occurred because of changes in personnel or other reasons at any time. The strategy may lose money and the investment objectives not met.

**Past Performance:** Past performance is not an indication of future performance.

**Fees:** Gross-of-fees performance returns are presented gross of the wrap fee. Net-of-fees performance is calculated using the actual wrap fee. The fee is considered a bundled-fee (wrap-fee) and is as follows: For solicitation agreements, the Blue Shores fee is 1.25% on assets up to \$250,000, 0.75% on the next \$250,000, and 0.55% thereafter. Additional fees may be applied by the advisor not exceeding a total wrap fee of 2.25%. Direct Blue Shores clients are charged 1% of assets under management plus an annual \$2,500 flat fee. All accounts in the composite are bundled-fee accounts. The bundled-fee covers the cost of the advisory management services provided by BSC, Managed Account Services or Pershing custodial charges, and all brokerage commissions of Managed Account Services or Pershing. BSC fees do not include: (1) custodial fees for assets held outside Managed Account Services or Pershing; (2) account maintenance or trustee fees on Managed Account Services (or their clearing agent First Clearing LLC) or Pershing qualified retirement plan, IRA, cash management or similar accounts; (3) transfer taxes; (4) dividend reinvestment costs; (5) odd-lot differentials; or (6) any other charges i

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**Barclays Intermediate Government - Credit Index:** The index is made up of the Treasury Bond Index (all public obligations of the U.S. Treasury, excluding flower bonds and foreign traded issues) and the Agency Bond Index (all publicly issued debt of the U.S. Government agencies and quasi-federal corporation, and corporate debt guaranteed by the U.S. Government).

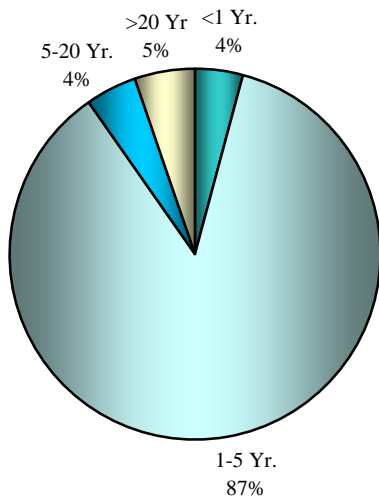
The taxable fixed income strategy holds far fewer positions than than the index to which its performance is compared, and thus its performance may be more volatile than the performance of the index.

**PHILOSOPHY**

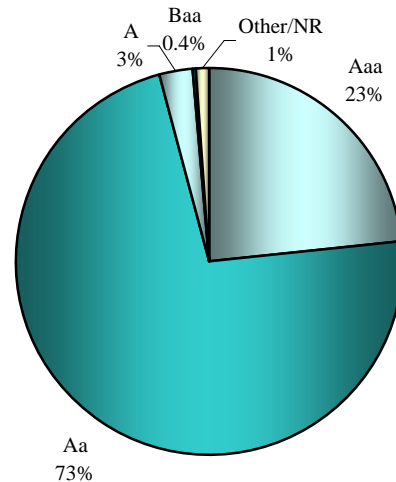
*The Blue Shores Tax-Exempt Fixed Income Strategy seeks to preserve capital and provide current income by investing primarily in high quality, intermediate-term fixed income securities.*

Blue Shores utilized exchange traded funds (ETFs) to manage fixed income portfolios. Portfolios will generally have similar characteristics as the Barclays 5 Year Muni benchmark index. However, the portfolio manager may adjust the portfolio to differ from the benchmark in terms of duration, credit quality and yield curve placement in an attempt to add value given current and expected financial market conditions.

**MATURITY BREAKDOWN**



**CREDIT WEIGHTINGS (MOODY'S)**



**TOP FIVE UNDERLYING HOLDINGS**

	Coupon	Maturity
Triborough Brdg & Tunl	4.00%	11/15/2038
Connecticut St	5.00%	12/01/2014
South Carolina St	4.00%	6/01/2015
Arkansas St Fed Why	4.00%	8/01/2014
Connecticut St	5.00%	1/01/2015

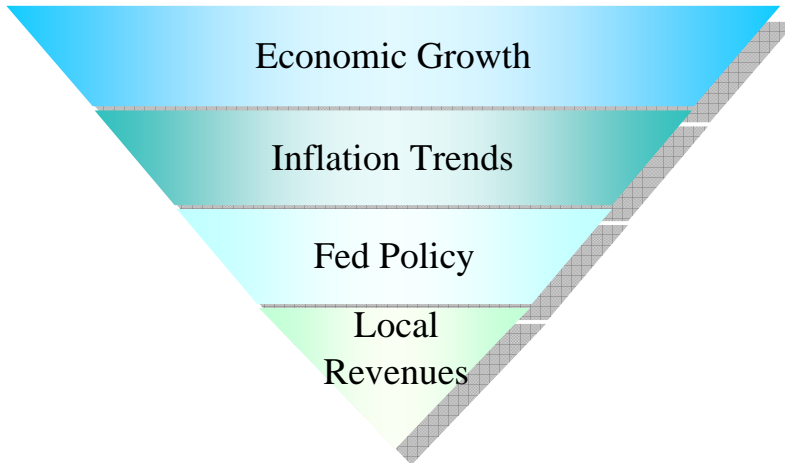
**CHARACTERISTICS**

Duration	3.38
Average Maturity	3.64
Yield	2.0%
S&P Average Credit	AA
Moody's Average Credit	Aa2

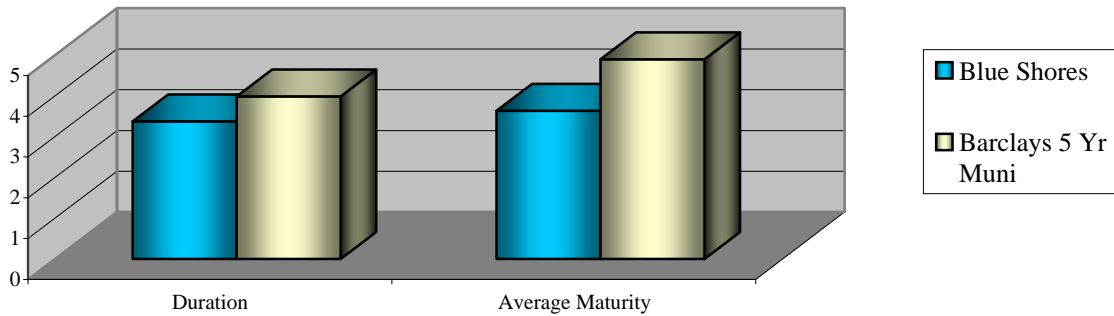


# TAX-EXEMPT FIXED INCOME

## PROCESS: TOP-DOWN MACROECONOMIC ANALYSIS



## STRATEGY CHARACTERISTICS



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# Tax-Exempt Fixed Income

## Blue Shores Tax-Exempt Fixed Income Composite Reporting Currency USD

Period	Gross of Fee Total Return (%)	Net of Fee Total Return (%)	Barclays Five Year Municipal Index	Number of Accounts	Annual Composite Dispersion (%)	% Carve-out	Total Composite Assets	Total Firm Assets
2Q-2010	1.07%	0.62%	1.68%	14	N/A	100%	\$3,167,334	\$33,432,590
1Q-2010	0.07%	-0.32%	0.76%	13	N/A	100%	\$3,908,696	\$28,999,300
4Q-2009	-0.23%	-0.67%	0.55%	6	N/A	100%	\$1,618,664	\$24,156,141
3Q-2009	3.24%	2.83%	3.75%	3	N/A	100%	\$699,865	\$14,098,209
2Q-2009	0.28%	0.01%	0.76%	1	N/A	100%	\$369,896	\$9,079,503

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**Definition of Firm:** Blue Shores is a division of Independent Portfolio Consultants, Inc., an SEC registered investment advisor that provides investment management consulting services primarily to third party correspondents. The Blue Shores division was formally established in 2007 to offer proprietary investment management.

**Composite / Availability:** This composite was created July 2009. A complete list and description of all firm composites is available upon request.

**Notes:** The composite includes all accounts managed by Blue Shores utilizing the tax-exempt fixed income strategy. The tax-exempt fixed income strategy is managed as a unique independent "sleeve" with its own cash balance utilizing multiple strategy portfolio technology from Fiserv. Composite dispersion is calculated using the equal weighted standard deviation of all portfolios that were included in the composite for the entire year. No alterations of the composite as presented here has occurred because of changes in personnel or other reasons at any time. The strategy may lose money and the investment objectives not met.

**Past Performance:** Past performance is not an indication of future performance.

**Fees:** Gross-of-fees performance returns are presented gross of the wrap fee. Net-of-fees performance is calculated using the actual wrap fee. The fee is considered a bundled-fee (wrap-fee) and is as follows: For solicitation agreements, the Blue Shores fee is 1.25% on assets up to \$250,000, 0.75% on the next \$250,000, and 0.55% thereafter. Additional fees may be applied by the advisor not exceeding a total wrap fee of 2.25%. Direct Blue Shores clients are charged 1% of assets under management plus an annual \$2,500 flat fee. All accounts in the composite are bundled-fee accounts. The bundled-fee covers the cost of the advisory management services provided by BSC, Managed Account Services or Pershing custodial charges, and all brokerage commissions of Managed Account Services or Pershing. BSC fees do not include: (1) custodial fees for assets held outside Managed Account Services or Pershing; (2) account maintenance or trustee fees on Managed Account Services (or their clearing agent First Clearing LLC) or Pershing qualified retirement plan, IRA, cash management or similar accounts; (3) transfer taxes; (4) dividend reinvestment costs; (5) odd-lot differentials; or (6) any other charges i

These fees will be charged to client accounts in addition to the BSC fees. Additional information concerning fees is available in the firms disclosure brochure which is available upon request and can be found under the "Legal/Disclosures" tab of the Blue Shores website [www.blueshorescapital.com](http://www.blueshorescapital.com). From inception through July of 2007, all accounts were non-fee paying accounts.

**Calculations:** Returns are presented gross of fees and net of fees, calculated in US dollars and assume reinvestment of dividends, interest, capital gains, and other earnings. Trade date valuation is used to calculate account performance. Returns for the accounts in the Composite are time-weighted. Dividends are accrued for equities and are recorded on the ex-dividend date. Each account has cash or cash equivalents. Quarterly composite returns are calculated by linking monthly asset weighted composite returns through compounded multiplication. Accounts are included in the Composite after the first full calendar quarter under management. The Composite also contains those accounts no longer with the firm. Additional information regarding policies for calculating and reporting returns is available upon request.

**Barclays Five Year Municipal Index:** A sub-section of the Barclays Municipal Bond Index that focuses on securities with a maturity near five years. For inclusion, bonds must have a minimum credit rating of at least Baa, an outstanding par value of at least \$5 million and be issued as part of a transaction of at least \$50 million. Bonds must have been issued after 12/31/90 and have a remaining maturity of at least one year.

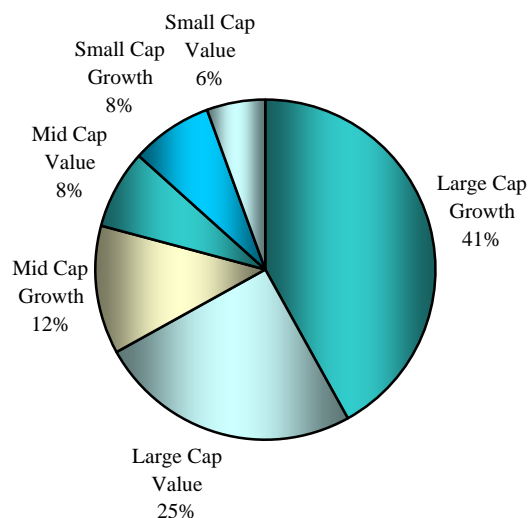
The tax-exempt fixed income strategy holds far fewer positions than than the index to which its performance is compared, and thus its performance may be more volatile than the performance of the index.

**PHILOSOPHY**

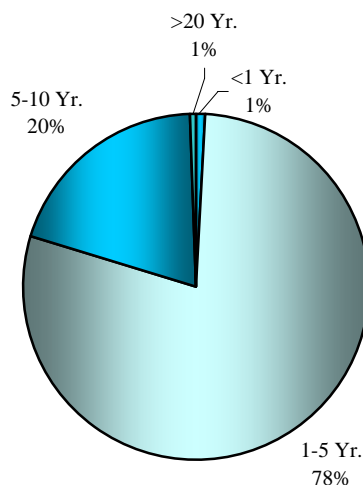
*Blue Shores balanced portfolios seek a combination of long-term capital growth, current income, and capital preservation.*

Blue Shores balanced accounts invest in a combination of equities and fixed income exchange traded funds (ETFs) to meet client objectives. In regards to equity purchases, Blue Shores (BSC) believes that the greatest opportunity for an active investment manager to add value versus the passive benchmark alternative is to operate a portfolio free of capitalization restrictions, thus allowing the best investment opportunities to be included in the portfolio regardless of market capitalization. Fixed income allocations generally have characteristics similar to the Barclays' Intermediate Government/Credit benchmark index. However, the portfolio manager may adjust the portfolio to differ from the benchmark in terms of duration, credit quality and yield curve placement in an attempt to add value given current and expected financial market conditions.

**EQUITY STYLE WEIGHTINGS\***



**FIXED INCOME MATURITY**



**EQUITY CHARACTERISTICS**

Median Price / Earnings Ratio	16.5x
Median Market Capitalization	\$19.18 Bil.
Median Dividend Yield	1.8%
Median L-T Operating EPS Growth	7.9%
Hedging Capabilities	Opportunistic

**FIXED INCOME CHARACTERISTICS**

Duration	3.15
Average Maturity	3.53
Yield	2.9%
S&P Average Credit	AA
Moody's Average Credit	Aa2



# GLOBAL TAXABLE BALANCED

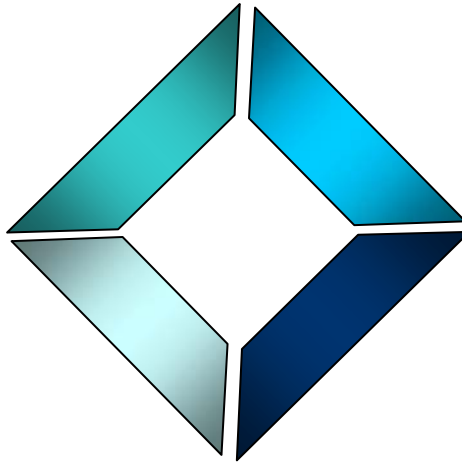
## ALLOCATION PHILOSOPHIES

### Multi Cap Growth

- Companies that should grow earnings faster than the broad market
- Grow profitably
- Compelling business model or industry position

### Multi Cap Value

- Companies that appear to be less expensive than the majority of public companies
- Believe business results and/or structure will improve



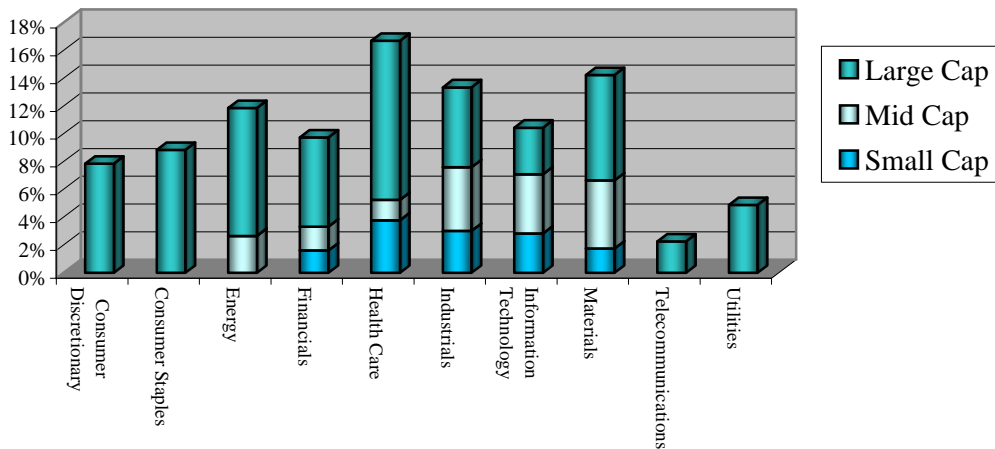
### International Core

- Large established companies
- Pay large dividends
- Often industry leaders

### Taxable Fixed Income

- Utilizes top-down macroeconomic analysis
- Based on analysis of economic growth, inflation trends, Fed policy and corporate profits

## EQUITY SECTOR WEIGHTINGS BY CAPITALIZATION\*



## ABOUT BLUE SHORES

Blue Shores Capital is a boutique investment management unit that specializes in global and domestic multi cap core equity and balanced investment management. It is a division of Independent Portfolio Consultants, Inc., an SEC registered investment advisor based in Boca Raton, Florida. As of June 30, 2010 the Blue Shores Division managed \$33.3 million in client assets.

\*For this report, Blue Shores categorizes stock capitalizations as follows: less than \$2 bil. as small, between \$2 and \$10 bil. as mid, and greater than \$10 bil. as large. Stocks with a price to book ratio greater than or equal to 1.65 are categorized as growth; those below 1.65 are categorized as value. Sectors from Standards & Pools.



# Global Taxable Balanced 50-50

**Blue Shores Global 50% - 50% Taxable Balanced Composite**  
Reporting Currency USD

Period	Gross of Fee Total Return (%)	Net of Fee Total Return (%)	Benchmark I: 50% MSCI World Net - 50% Lehman Int. Gov. Cred. (%)	Number of Accounts	Annual Composite Dispersion (%)	Total Composite Assets	Total Firm Assets
2Q-2010	-2.86%	-3.31%	-5.01%	9	N/A	\$4,282,833	\$33,432,590
1Q-2010	2.27%	1.85%	2.28%	8	N/A	\$4,091,687	\$28,999,300
4Q-2009	2.17%	1.72%	2.20%	5	N/A	\$2,681,458	\$24,156,141
3Q-2009	7.75%	7.28%	10.30%	5	N/A	\$2,653,345	\$14,098,209
2Q-2009	10.92%	10.76%	10.92%	1	N/A	\$730,842	\$9,079,503

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**Composite / Availability:** This composite was created July 2009. A complete list and description of all firm composites is available upon request.

**Notes:** The composite includes all accounts managed by Blue Shores utilizing the targeted 50% Global core equity and 50% taxable fixed income strategy. Composite dispersion is calculated using the equal weighted standard deviation of all portfolios that were included in the composite for the entire year. No alterations of the composite as presented here has occurred because of changes in personnel or other reasons at any time. The strategy may lose money and the investment objectives not met.

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**MSCI World Net Index:** MSCI World Net – The MSCI World Net Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance net of withholding taxes for U.S. investors. As of June 2006 the MSCI World Net Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. This benchmark is used for comparative purposes only and is not intended to parallel the risk or investment style of the accounts included in the Composite.

**Barclays Intermediate Government - Credit Index:** The index is made up of the Treasury Bond Index (all public obligations of the U.S. Treasury, excluding flower bonds and foreign traded issues) and the Agency Bond Index (all publicly issued debt of the U.S. Government agencies and quasi-federal corporation, and corporate debt guaranteed by the U.S. Government).

The U.S. Taxable Balanced Multi Cap Core strategy holds far fewer positions than than the index to which its performance is compared, and thus its performance may be more volatile than the performance of the index.