

Catalysts



INTEGRITY ASSET MANAGEMENT

Fourth Quarter 2009

MARKET OVERVIEW & OUTLOOK

ABOUT OUR FIRM

Locations:	Louisville, Kentucky Independence, Ohio
Ownership:	100% employee owned
Assets Under Management:	\$2.4 billion
Equity Strategies Offered:	Small Cap Value Small/Mid Cap Value Mid Cap Value Large Cap Value

INTEGRITY COMPOSITE RETURNS

Quarter Ending December 31, 2009

Small Cap Value	4.57%
Small/Mid Cap Value	4.46%
Mid Cap Value	2.69%
Large Cap Value	1.28%

MARKET RETURNS

Quarter Ending December 31, 2009

S&P 500	6.04%
DJIA	8.09%
NASDAQ	7.20%
Russell 2000	3.87%
Russell 2000 Value	3.62%
Russell 2000 Growth	4.14%
Russell 2500	5.08%
Russell 2500 Value	4.64%
Russell 2500 Growth	5.57%
Russell Mid Cap	5.92%
Russell Mid Cap Value	5.20%
Russell Mid Cap Growth	6.69%
Russell 1000	6.07%
Russell 1000 Value	4.21%
Russell 1000 Growth	7.94%

"What a long, strange trip it's been"

– The Grateful Dead

It may seem odd to begin an outlook piece with a quote referring to the past. However, as we begin to close the chapter on the revaluation trade, we thought it was appropriate. Indeed, "what a long, strange trip it's been." We have gone from the brink of financial disaster and depression to a market rally leaving people asking "Have we come too far too fast?"

As the song says, "sometimes the light's all shinin' on me, other times I can barely see." Looking ahead to 2010 leaves more questions than answers. The "consensus" opinion expects a strong market in the first half as the economy recovers, followed by a sell-off in the second half as macro headwinds take their toll. There are plenty of headwinds to go around: stimulus runoff, the fed raising rates, the end of MBS purchases, and the end of the homebuyer tax credit. In addition, the country faces rising tax burdens, a ballooning deficit, and increased government regulation. And the list goes on.

What is intriguing to us is that everyone knows about these headwinds. Our guess is that this is not the first time you have heard about these issues. If it is, sorry to bring you down! Any student of the market would ask the question, "If the market really is expected to sell off in the second half of the year, why would anyone buy today?" It is important to realize, however, that if this really is the consensus AND the market is a discounting mechanism, then these concerns should be reasonably reflected in current prices.

The market still looks attractive to us at current levels. We continue to believe that sentiment is, at best, cautiously bullish. The individual investor has shunned this rally unlike 2003 when inflows were positive. Earnings should also be strong this quarter, and looking out to next year, the revenue comparisons get easier. The last point is the most important. We think too much emphasis is being placed on the macro factors. Big picture issues have dominated the market's mind share for the last 18 months, and rightfully so. We think we are coming to an end of its dominance and entering a period where individual company performance and valuation will matter. In short, we think we are heading back to a more normal market environment. We do not disagree that the macro factors are important. We just think the trade is crowded, and that we will have a better chance generating alpha by returning to the roots of our philosophy and process – looking for undervalued stock with catalysts.

This back-to-basics approach is a change from the last 15 months when we focused more on macro inputs and factors, reducing company-specific risk and positioning for a revaluation in the market. That trade worked, and we think the risk/reward no longer favors that positioning. The market is, once again, rewarding company specific risk, and we are re-positioning the portfolio to benefit. We have begun bringing the number of holdings back in line with our historical range, using last quarter and this quarter's earnings period as a catalyst to make decisions on the smaller positions we hold. We have already trimmed 15 names

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MARKET OVERVIEW & OUTLOOK (continued)

from the peak.

From a sector basis, we do not foresee any large deviations from current positioning over the next three months, with the possible exception of Financials where we are a little more underweight than we would like. From a characteristic basis, we will continue to look for value, but will no longer be focusing exclusively on the cheaper, controversial and smaller names as we did over the last 15 months.

In summary, we are concerned about the macro headwinds. However, we also believe there is a lot of positive fundamental momentum that is not yet being reflected in stocks. We will be getting back to the basics of buying undervalued stocks with catalysts to try to capture the alpha opportunity that we see there.

COMPOSITE REVIEW

SMALL CAP VALUE EQUITY

The **Small Cap Value Equity** composite outperformed the Russell 2000 Value benchmark by 95 basis points during the quarter. Autos & Transportation, Technology and Healthcare were the strongest areas of performance, driven by stock selection. The most impactful sector bet was an underweight to Financials, which was a modest positive as Financials were the worst performing sector in the Russell 2000 Value. Stock selection in Materials & Processing and cash drag were modest detractors during the quarter. A larger market cap and higher momentum were positive style attributes.

The auto parts suppliers in Autos and Transportation were some of our best performing stocks. **Dana Holding (DANA)** and **Tenneco (TEN)** benefited from the continued improvement in monthly auto sales.

Despite the increased chatter about Healthcare reform, Healthcare was the best performing sector as reforms appear to be less onerous than once thought. With this backdrop, our best performing stock was **Lifepoint Hospitals (LPNT)** which also benefited from stabilizing volumes, progress in controlling costs and success in recruiting physicians.

Although technology stocks as a whole lagged our Russell

benchmark, we had a number of technology names that outperformed. They were led by **Parametric (PMTC)** and **Progress (PRGS)**, which are a pair of software stocks that reported solid results and offered strong guidance.

In Materials, **Dycom (DY)** was our worst performing stock as reduced telecom spending by some of their major customers led to lower earnings. **General Cable (BGC)** underperformed as input commodity costs (copper) have rebounded significantly while end-market fundamentals remain a challenge.

SMALL/MID CAP VALUE EQUITY

The **Small/Mid Cap Value Equity** composite underperformed the Russell 2500 Value benchmark by 18 basis points as stock selection in Utilities and Producer Durables detracted from performance. Materials & Processing and Technology were the strongest areas of performance driven by stock selection. An underweight to Financials, the worst performing sector in the Russell 2500 Value was a positive offset by an underweight to Utilities which outperformed in the quarter.

In Utilities, the underperformance was a combination of owning **RRI Energy (RRI)** and not owning some of the better performing stocks in this sector. RRI Energy (RRI) declined as they reduced guidance and on concerns they will be negatively impacted by proposed greenhouse-gas regulations. In Producer Durables, **ADC Telecom (ADCT)** was our worst performer. It offered disappointing guidance as slowing wireline spending by major carriers (AT&T and Verizon) impacted results.

Performance in Materials was driven by chemical stocks such as **Celanese (CE)**, **Rockwood Holdings (ROC)** and **Innophos Holdings (IPHS)**, which are all benefiting from improved cost structures and opportunities for earnings leverage as volumes and pricing improve. **Temple-Inland (TIN)** advanced almost 30% due to continued capacity reductions of containerboard and signs of improved pricing.

In Technology, our best performer was **Jabil Circuit (JBL)** as they continue to execute on their restructuring plan while also highlighting their earnings leverage potential. A couple of our best performing stocks were **World Acceptance (WRLD)** and **Consolidated Graphics (CGX)**. Fundamentals at World

RELATIVE EXPOSURE TO CERTAIN KEY SECTORS AND PORTFOLIO CHARACTERISTICS INFLUENCING MARKET PERFORMANCE FOR FOURTH QUARTER 2009

	Better Factors					Worse Factors	
	Autos & Transports	Materials & Processing	Healthcare	Utilities	Financials	Consumer Staples	Return on Equity
Small Cap Value Equity	Neutral	Overweight	Underweight	Underweight	Underweight	Overweight	Underweight
Small/Mid Cap Value Equity	Neutral	Overweight	Neutral	Underweight	Underweight	Underweight	Underweight
Mid Cap Value Equity	Overweight	Overweight	Overweight	Underweight	Underweight	Underweight	Underweight
Large Cap Value Equity	Overweight	Underweight	Overweight	Underweight	Underweight	Underweight	Underweight

Green indicates addition to relative performance. Red indicates deduction from relative performance.

Acceptance (WRLD) continue to surpass expectations while Consolidated Graphics (CGX) advanced as their commercial printing services should be a big beneficiary of the improvements we are seeing in the economy.

MID CAP VALUE EQUITY

The **Mid Cap Value Equity** composite underperformed the Russell Mid Cap Value benchmark by 251 basis points during the quarter.

Consumer Discretionary, Financials and Energy were the sources of performance weakness driven by stock selection. Technology and Healthcare were our best areas of performance mainly due to our overweights as these groups outperformed.

In Consumer Discretionary, **Ethan Allen (ETH)** suffered from a sluggish quarter, while **MGM Mirage (MGM)** declined on concerns about new supply and the strength of any recovery on the Las Vegas strip.

Although we had some good performers within Financials such as **Hancock Holdings (HBHC)** and **U-Store-It-Trust (YSI)**, we had some notable underperformers in **MGIC Investment (MTG)**, **Knight Capital Group (NITE)** and **Zions Bancorp (ZION)**.

Our oilfield equipment and service names such as **Hornbeck Offshore Services (HOS)** and **Weatherford International (WFT)** underperformed this quarter. Hornbeck (HOS) suffered as demand for their services has been weak leading to lower pricing and utilization. Weatherford International (WFT) declined due to delays at one of their largest projects in Mexico.

Some of our best performing names included **Celanese (CE)**, **Tenneco (TEN)** and **Temple-Inland (TIN)**. Celanese (CE), a chemical company, rose as internal initiatives to cut costs and signs of demand improvement propelled the stock higher. Tenneco (TEN), an auto parts supplier, benefited from improving auto sales. Temple-Inland (TIN) advanced due to continued capacity reductions of containerboard and signs of improved pricing.

LARGE CAP VALUE EQUITY

The **Large Cap Value Equity** composite underperformed the Russell 1000 Value benchmark by 293 basis points during the quarter.

Our Energy and Financial holdings were the primary sources of underperformance, while our Technology holdings contributed to performance.

Although the energy sector was our largest source of positive performance for the year, our energy holdings took a breather in the fourth quarter. **Weatherford International (WFT)** declined due to delays at one of their largest projects in Mexico. **Chesapeake (CHK)**, a natural gas company lagged as natural gas prices continued to be weak as supply in the interim remains plentiful.

Financial sector underperformance was a consistent theme with the average financial stock down for the quarter. **MetLife (MET)**, one of our largest holdings, underperformed slightly as investors rotated away from safe haven stocks with strong balance sheets. **Zions Bancorp (ZION)**, like most banks, continued to suffer from elevated credit costs.

Large cap technology stocks performed well with **Microsoft (MSFT)** and **Hewlett-Packard (HPQ)** leading the way. Microsoft (MSFT) advanced as better than expected orders for Windows 7 and efforts to reduce their cost structure sparked a rally in shares. Hewlett-Packard (HPQ) continues to produce solid results and their acquisition of **3Com (COMS)** was viewed favorably.

**Our goal is to deliver excellence
With integrity
In everything
At all times**

For more information about our firm and investment strategies, please contact Shannon Burnett at (502) 379-6984 or sburnett@integrityasset.com.

PERFORMANCE DISCLOSURES

SMALL CAP VALUE EQUITY

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Total Return (%)		Russell 2000 Value	Composite Portfolios	Composite Dispersion	Composite Assets (\$ millions)	% of Firm Assets	Total Firm Assets (\$ millions)
					Gross	Net						
2009	-15.26%	24.36%	23.01%	4.57%	35.57%	34.25%	20.57%	53	0.47	\$1,606.01	67.93%	\$2,364.34
2008	-9.62%	-4.60%	2.37%	-20.94%	-30.24%	-30.96%	-28.92%	54	0.50	\$1,086.52	66.15%	\$1,642.44
2007	0.52%	7.59%	-6.86%	-6.15%	-5.40%	-6.34%	-9.77%	58	0.25	\$1,676.36	67.04%	\$2,500.71
2006	13.48%	-2.34%	0.28%	7.40%	19.42%	18.25%	23.47%	54	0.24	\$1,833.91	72.99%	\$2,512.42
2005	-1.48%	3.74%	5.07%	2.67%	10.24%	9.16%	4.70%	34	0.30	\$1,102.18	78.19%	\$1,409.66
2004	7.04%	2.29%	-0.06%	14.01%	24.76%	23.60%	22.24%	12	0.15	\$223.23	50.20%	\$444.67
2003	-5.39%	19.06%	11.10%	19.58%	49.55%	48.06%	46.03%	3	0.02	\$8.92	97.33%	\$9.17
2002	11.21%	-4.08%	-17.51%	2.88%	-9.47%	-10.55%	-11.42%	1				
2001	-0.43%	12.20%	-11.14%	19.56%	18.69%	17.32%	14.02%	1				
2000	5.23%	4.21%	10.13%	11.84%	35.12%	33.61%	22.82%	1				
1999			-4.52%	6.65%	8.17%*	7.38%*	-0.04%*	1				

*April 30, 1999 to December 31, 1999

Annual Compound Rates of Return as of December 31, 2009

1 Year	35.57%	34.25%	20.57%
3 Years	-3.64%	-4.60%	-8.20%
5 Years	3.36%	2.29%	0.00%
7 Years	11.92%	10.78%	8.61%
10 Years	12.31%	11.11%	8.26%

Since Inception (4/30/99)

	12.32%	11.12%	7.72%
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SMALL/MID CAP VALUE EQUITY

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Total Return (%)		Russell 2500 Value	Composite Portfolios	Composite Dispersion	Composite Assets (\$ millions)	% of Firm Assets	Total Firm Assets (\$ millions)
					Gross	Net						
2009	-14.20%	22.30%	22.02%	4.46%	33.72%	32.44%	27.67%	23	0.35	\$520.37	22.01%	\$2,364.34
2008	-11.45%	-3.30%	-2.63%	-20.26%	-33.49%	-34.19%	-31.98%	23	0.43	\$379.99	23.14%	\$1,642.44
2007	2.06%	9.14%	-5.22%	-4.73%	0.61%	-0.39%	-7.27%	23	0.24	\$473.67	18.94%	\$2,500.71
2006	11.31%	-0.89%	-0.53%	8.11%	18.62%	17.46%	20.17%	15	0.00	\$283.18	11.27%	\$2,512.42
2005	0.75%	4.16%	4.60%	3.00%	13.10%	11.97%	7.74%	3	0.00	\$124.03	8.80%	\$1,409.66
2004	3.17%*	2.98%	-0.36%	13.49%	20.15%**	19.04%**	17.76%**	1	NA	\$3.77	0.85%	\$444.67

*January 31, 2004 to March 31, 2004
**January 31, 2004 to December 31, 2004

Annual Compound Rates of Return as of December 31, 2009

1 Year	33.72%	32.44%	27.67%
3 Year	-3.64%	-4.60%	-6.96%
5 Year	3.71%	2.68%	0.83%
Since Inception (1/31/04)	6.38%	5.32%	3.52%

MID CAP VALUE EQUITY

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Total Return (%)		Russell Mid Cap Value	Composite Portfolios	Composite Dispersion	Composite Assets (\$ millions)	% of Firm Assets	Total Firm Assets (\$ millions)
					Gross	Net						
2009	-12.11%	20.32%	21.38%	2.69%	31.81%	30.73%	34.20%	19	0.19	\$200.30	7.60%	\$2,634.34
2008	-10.69%	-1.26%	-7.64%	-23.92%	-38.13%	-38.67%	-38.44%	20	0.57	\$151.42	9.22%	\$1,642.44
2007	3.61%	7.62%	-3.28%	-4.50%	3.05%	2.22%	-1.42%	16	0.30	\$208.27	8.33%	\$2,500.71
2006	9.59%	-2.19%	2.71%	7.61%	18.52%	17.54%	20.21%	9	0.10	\$140.21	5.58%	\$2,512.42
2005	0.92%	3.36%	6.50%	2.22%	13.63%	12.63%	12.64%	5	0.23	\$53.92	3.83%	\$1,409.66
2004	5.58%	3.00%	-0.37%	13.53%	23.00%	21.99%	23.70%	2	0.00	\$15.60	3.51%	\$444.67
2003	-3.84%	17.58%	6.42%	17.45%	41.32%	39.92%	38.06%	1		\$0.13	1.42%	\$9.17
2002			-11.79%	3.91%	-8.35%*	-8.35%*	-12.15%*	1				

*June 30, 2002 to December 31, 2002

Annual Compound Rates of Return as of December 31, 2009

1 Year	31.81%	30.73%	34.20%
3 Years	-5.61%	-6.42%	-6.61%
5 Years	2.51%	1.64%	1.97%
7 Years	10.14%	9.19%	9.45%
Since Inception (6/30/02)	8.17%	7.30%	6.93%

LARGE CAP VALUE EQUITY

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Total Return (%)		Russell 1000 Value	Composite Portfolios	Composite Dispersion**	Composite Assets (\$ millions)	% of Firm Assets	Total Firm Assets (\$ millions)
					Gross	Net						
2009	-13.47%	16.41%	20.45%	1.28%	22.82%	22.04%	19.69%	1	0.00	\$0.08	0.00%	\$2,364.34
2008	-10.83%	-5.82%	-8.30%	-19.34%	-37.80%	-38.24%	-36.84%	1	0.00	\$0.09	0.01%	\$1,642.44
2007	1.23%	7.77%	0.30%	-5.79%	3.19%	2.51%	-0.17%	2	0.00	\$89.66	3.59%	\$2,500.71
2006	5.13%	0.55%	4.80%	7.38%	19.09%	7.21%	22.24%	2	0.00	\$80.74	3.21%	\$2,512.42
2005	0.29%	1.40%	4.41%	0.86%	7.09%	6.40%	7.05%	4	0.00	\$97.12	6.89%	\$1,409.66
2004	2.44%	1.59%	0.13%	11.34%	15.95%	15.26%	16.49%	1		\$0.11	0.02%	\$444.67
2003	-5.63%	15.66%	2.77%	15.31%	29.36%	28.41%	30.03%	1		\$0.11	1.20%	\$9.17
2002	4.36%	-6.72%	-17.59%	6.93%	-14.22%	-15.04%	-15.52%	1				
2001	-5.67%	6.15%	-10.52%	8.38%	-2.89%	-3.79%	-5.59%	1				
2000			8.72%	10.69%	20.34%*	19.84%*	11.74%*	1				

*June 30, 2000 to December 31, 2000

Annual Compound Rates of Return as of December 31, 2009

1 Year	22.82%	22.04%	19.69%
3 Years	-7.61%	-8.21%	-8.95%
5 Years	0.11%	-0.53%	-0.25%
7 Years	6.05%	5.35%	5.91%
Since Inception (6/30/00)	4.45%	3.67%	3.06%

Notes:

Integrity Asset Management has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS), the U.S. and Canadian version of the Global Investment Performance Standards (GIPS). AIMR has not been involved in the preparation or review of this report. Integrity Asset Management is an independent investment management firm established in 2003. Integrity Asset Management manages a variety of equity assets for primarily institutional clients. All performance presented in this report is preliminary.

The performance data for Small Cap Value Equity included herein for the period from April 30, 1999 to June 26, 2003 reflects the performance of the Armada Small Cap Value Fund (AMRIX), which was advised and managed by National City Investment Management Company. During that period, various current employees of Integrity Asset Management were employed by National City Investment Management Company and were responsible for the management of the Armada Small Cap Value Fund. Please note that this performance history is gross of all fees charged to investors in the funds. The performance numbers are derived from a simple averaging of the monthly returns as reported by Morningstar. Performance following June 26, 2003 reflects that performance linked to the composite of Small Cap Value Equity portfolios managed by Integrity Asset Management.

The performance data for Mid Cap Value Equity included herein for the period from June 30, 2002 to June 26, 2003 reflects the performance of the Armada Mid Cap Value Fund (ARVIX), which was advised and managed by National City Investment Management Company. During that period, various current employees of Integrity Asset Management were employed by National City Investment Management Company and were responsible for the management of the Armada Mid Cap Value Fund. Please note that this performance history is gross of all fees charged to investors in the funds. The performance numbers are derived from a simple averaging of the monthly returns as reported by Morningstar. Performance following June 26, 2003 reflects that performance linked to the composite of Mid Cap Value Equity portfolios managed by Integrity Asset Management.

The performance data for Large Cap Value Equity included herein for the period from June 30, 2000 to June 26, 2003 reflects the performance of the Armada Large Cap Value Fund (AEIIX), which was advised and managed by National City Investment Management Company. During that period, various current employees of Integrity Asset Management were employed by National City Investment Management Company and were responsible for the management of the Armada Large Cap Value Fund. Please note that this performance history is gross of all fees charged to investors in the funds. The performance numbers are derived from a simple averaging of the monthly returns as reported by Morningstar. Performance following June 26, 2003 reflects that performance linked to the composite of Large Cap Value Equity portfolios managed by Integrity Asset Management.

Performance results are presented in US dollars and are gross of investment management fees.

The Small Cap Value Equity composite was created in April 1999 and is benchmarked against the Russell 2000 Value index. The Small/Mid Cap Value Equity composite was created in January 2004 and is benchmarked against the Russell 2500 Value index. The Mid Cap Value Equity composite was created in June 2002 and is benchmarked against the Russell Mid Cap Value index. The Large Cap Value Equity composite was created in June 2000 and is benchmarked against the Russell 1000 Value index.

Past performance does not guarantee future results. Investments are subject to risk and may lose value. To receive a complete list and description of Integrity Asset Management's composites and/or a presentation that adheres to the AIMR-PPS standards, contact Shannon Burnett at sburnett@integrityasset.com.