

“Our Clients’ Past Successes are Not Necessarily Indicative of Future Successes.”

Stamper Capital & Investments, Inc.

“Focusing on Upside Potential with Downside Protection Since 1995.”

Stamper Capital & Investments, Inc.

www.risk-adjusted.com

Anyone these days can get a glossy presentation folder made.

- It is much harder to deliver results year in and out for over 20 years.

Biography

Clark Stamper, President, Portfolio Manager

25 year veteran of fixed income investing & experience

Working up from: operations, systems, & securities accounting,
to investment analysis,
to portfolio management
(In 4 fixed income categories)

Category Tenure:

Treasury Operations Manager & Head of Securities Accounting:

Far West S&L, 2 years

Treasuries and Mortgaged backed bonds:

Portfolio Manager: Far West S&L, 2 years

Portfolio Manager: Two Davis Selected Tsy/MBS Mutual Funds, 5 years

Junk (taxable) Bond Analyst: Far West S&L, 3 years

National Securities and Research, 1 year

Junk (taxable) Bond Portfolio Manager: Davis Selected, 8 years (3 as sub-adviser)

Municipal Bond Portfolio Manager:

Same Fund, 20 years under two Managers:

Davis Selected, 10 years (5 as Davis employee, 5 as Stamper Capital sub-adviser)

Evergreen Investments, 10 years as Stamper Capital sub-adviser

Stamper Capital & Investments, Inc.

Founded 1995 by Clark Stamper

Managed Davis Selected High Yield Mutual Fund (three years)

Managed Davis Selected/Evergreen Strategic Municipal Bond Fund (fifteen years)

Managed Municipal Bond High Net Worth Private Accounts (sixteen years)

Take away – lots of breadth and depth in the fixed income markets.

Early career was systems, analysis and accounting.

Early investment management was in Treasuries & MBS – High Grade

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Next, as junk (taxable) bond analyst

Next, as junk bond Portfolio Manager: Taxable mutual fund, Tax-free municipal bond mutual fund

Next, as high grade Portfolio Manager: Private Accounts, Tax-free municipal bond mutual fund

Most significant Achievements:

Refining our proprietary “Upside Potential/Downside Protection” investment methodology in several different market environments, in several market categories.

Being properly positioned at significant market tops 1993, 1998, 2000, 2007/2008, now

1993: Managing three mutual funds at the time: a TSY/MBS mutual fund, a Junk (corporate taxable) bond mutual fund, and a high yield tax-free municipal bond fund. Watching the utility market closely as the muni fund was almost 45% invested in bonds backed by utility companies. Sold out the utility bonds at essentially the top in late 1993 using our Upside Potential/Downside Protection investment methodology.

Results:

For 1994 we were the top performing municipal bond mutual fund of all high yield, high grade, short term, intermediate term, and long term national tax-free municipal bond funds.

[Bond Fund Report October 1994: Municipal Focus – Venture Muni Plus Article](#) highlights methods used by Clark Stamper when managing “the number one performing municipal bond fund in 1994.” 1994 was the worst bond market since 1927.

Lipper Award:

*1st – High Yield Municipal Category, +2.29% Annual Return – 1994
41 High Yield Funds, Category Average Return: -4.99%, 1-year period*

[Tradeline September 1994: Four Highlights of Four-Fund Manager](#) This article talks about the top performance of the four mutual funds Clark Stamper was managing: A municipal bond fund, a high-yield taxable bond fund, and two Treasury/mortgaged-backed bond funds.

[Investors’ Business Daily January 1995: Stamper Stands Tall Amid Fallen Bond Funds](#) This article points out that “Clark Stamper had the right game plan for racking up above-average fixed-income returns in 1994: defense.” The article details strategies and implementation that resulted in top performance in the taxable and tax-free bond markets in 1994.

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1998: Raised quality of Muni fund and junk fund significantly. I raised the credit quality of the junk fund all the way up to BBB- from B. but decided to give up the junk bond fund. Shortly thereafter, the Asian contagion and Russian crises started. Unfortunately, rather than get a new portfolio manager, Davis decided to change it into a high grade fund. They kept me around for another six months and I had to sell the remaining lower quality positions in a very illiquid market. So, even though, I’ve avoided most illiquid situations at the worst time; in this case I did experience selling in an illiquid market first hand. Most other managers did not have to sell/raise cash as I did.

Results:

Lipper Award:

*1st – High Yield Municipal Category, +4.11% Annual Return – 1999-2001
56 High Yield Funds, Category Average Return: +1.47%, 3-year period*

2000: Appropriately, raised credit quality of Muni fund even higher right into the top of the financial markets.

Results:

[Morningstar December 1999: The Pick of the Muni-Short Category](#) *In this article Morningstar examines several short-term municipal bond funds, one of the top on the list is the Davis Tax-Free High Income Fund (later renamed: The Evergreen High Income Municipal Bond Fund), managed by Clark Stamper since June 1990.*

Lipper Awards:

*1st – High Yield Municipal Category, +9.57% Annual Return – 2000
67 High Yield Funds, Category Average Return: +3.56%, 1-year period*

2007/2008: Ahead of the curve in the high grade market in focusing on underlying credit ratings and underlying credit quality and, repositioning muni fund and private accounts to bonds with significantly stronger underlying credit quality characteristics before the rest of the herd.

Results:

[MuniMarket Pulse April 2008](#) *In this article, “B. Clark Stamper, Chief Investment Officer and President of Stamper Capital & Investments describes why history repeats itself with failing hedge ratios for muni [hedge] fund managers. Stamper also describes declining new issuance and predicts widening credit spreads.” Clark also explains, in part, why the Fund and accounts he managed performed so well in February 2008.*

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Lipper Rankings
General Municipal Bond Funds
I-Share Class, VMPYX
Period Ending September 30, 2008

PERIOD	Stamper Capital Sub-Advised Fund Rank	Number of Competitors	Category Average Total Return	SCI Managed Fund Total Returns	SCI Managed Fund Pre-Tax Equivalent
1-Month	1 st	246	-5.38%	-1.16%	-1.78%
1-Year	4 th	232	-4.83%	+1.75%	2.69%
3-Years	1 st	213	0.32%	3.04%	4.68%
5-Years	5 th	204	1.73%	3.13%	4.82%
10-Years	29 th	149	2.98%	3.60%	5.53%

The pre-tax equivalents are based on the highest federal tax bracket of 35%. (Return calculation footnote - Figures quoted are total returns calculated for the share class and time periods shown. Performance includes the reinvestment of income dividends and capital gains distributions. Performance does not reflect the deduction of taxes that a shareholder would pay on a fund distribution or the redemption of fund shares. Please go to Morningstar's and/or Lipper's website for more information. Also, see Disclaimer, below)

Longer Term Performance Feats:

Top Municipal Short Performer: Number One for 10 years ending 06-30-05

*In Morningstar’s Short-Term Municipal Bond Fund Category
Evergreen Strategic Municipal Bond Fund, A-Share Version
(Clark Stamper, Portfolio Manager Since June 1990)*

*First out of 44 Short-term Municipal Bond Funds, Category Avg. Return +3.75%
Our A-share return was 4.64%, 7.14% pre-tax equivalent*

Top Performing Fund For Decade (Ten Years Ending 12-31-2000)

*In Morningstar’s Short-Term Municipal Bond Fund Category
Evergreen High Income Municipal Bond Fund, B-Share Version
(Clark Stamper, Portfolio Manager Since June 1990)*

*First out of 16 Short-term Municipal Bond Funds, Category Avg. Return: +4.97%
B-Share return 5.81%, our A share estimate= 5.81 + .80 = 6.61% or 10.77% pre-tax equivalent.*

Also, **Morningstar** calls the Municipal Bond Fund Stamper Capital manages “one of its favorites” on eight occasions:

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April 17, 2003: “Our Favorite Short-Term Muni-Bond funds”

Dec. 15, 2002: “Our Favorite Short-Term Muni-Bond funds”

Nov. 19, 2002: “Our Favorite Short-Term Muni-Bond funds”

Aug. 1, 2002: “Our Favorite Muni Short Funds”

Feb. 20, 2002: “Our Favorite Muni Short Funds”

Sept. 20, 2001: “Our Favorite Muni Short Funds”

Feb. 1, 2001: “Our Favorite Muni Short Funds”

Dec. 29, 1999: “The Pick of the Muni-Short Category”

(Those are all articles by Morningstar posted on our website www.risk-adjusted.com)

(note: Evergreen Funds (in general) fell out of favor with Morningstar around 2004 and we never received any more “Our Favorite” designations from them, even though we were continually a top performer)

Note: there are a lot more news stories and awards on our website www.risk-adjusted.com

Here is another one:

[Tax Angles March 1997: Low-Risk, High-Yield Muni Fund](#) This article highlights the methods Clark Stamper used to achieve performance consisting of “almost imperceptible volatility and a rate of return that in 1996 put [it] ahead of all of those of its 508 peers.”

Here is some analysis of our 2008 top equity performance:

March 2010: “[Interview with Portfolio Manager, Clark Stamper: How did the Stamper Strategic Long/Short/Fixed Composite achieve a total return of 98% for year 2008?](#)” *In this article, our Portfolio Manager B. Clark Stamper, answers questions about the Stamper Strategic Long/Short/Fixed Composite’s performance not only for 2008 but over the past ten years.*

Our 20 year risk-adjusted performance statistics:

20 Years of 5 Star (risk-adjusted) Management

SCI Completed 20 Years of Morningstar Rated 5-Star Management

Over the twenty years that Stamper capital & Investments, Inc. managed the Evergreen Strategic Municipal Bond Fund, our upside potential, downside protection risk-adjusted management strategy was awarded the Morningstar five-star rating many times. In fact, we received the five-star over the ten-year period long enough to say that we were five-

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star rated continuously over the entire twenty years we managed the fund. See the table below for an example.

<u>Fund Name (at the time)*</u>	<u>Period</u>	<u>Ending</u>	<u>Category</u>	<u>Star Rating</u>	<u>Number of Competitors</u>
Davis Tax-Free High Income B	5-Years	12/1/1996	Municipal	★★★★★	580
Evergreen High Income Municipal Bond Fund I	10-Years	12/31/2001	Municipal	★★★★★	487
Evergreen Strategic Municipal Bond Fund I	10-Years	4/30/2010	Muni National Short	★★★★★	27
Wells Fargo Advantage Strategic Municipal Bond Fund I	10-Years	4/30/2011	Muni Short	★★★★★	42

(*note: same Fund, only the name was changed.)

(Risk-adjusted footnote: Morningstar Ratings reflect historical risk-adjusted performance (including the effect of fee adjustments). The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Morningstar Rating is based on highest class within Morningstar classification; other classes may have different performance characteristics. Also, see Disclaimer, below.)

Also, you may be interested in the following article on the same topic: *An in-depth performance review of portfolio manager Clark Stamper’s 20 year record as mutual fund manager - September 1, 2010: This article shows that Stamper was able to have one of the longest tenures managing a muni fund for over 20 years in the industry all while producing superior risk-adjusted returns over the past decade (ending 6/30/2010), when compared to the competition. Read: [Clark Stamper Completes a Superior 20-Year Run Managing the Former Evergreen Strategic Municipal Bond Fund](#)*

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**Current Stamper Capital & Investments, Inc.
National, Federal Tax-free Municipal Composite Private Account Performance:**

Period Ending 06/30/2011

*Note: Indices do not have management fees or trading costs deducted from returns.

<u>PERIOD</u>	<u>Russell 2000 Index</u>	<u>S&P 500 Index</u>	<u>Dow Jones Industrial Index</u>	<u>Morningstar Muni Short Category</u>	<u>SCI Separately Managed Accounts Composite Net of Fees</u>	<u>SCI Separately Managed Accounts Net Pre-Tax Equivalent*</u>
1 Year	31.47%	24.33%	23.73%	1.85%	2.21%	3.40%
3 Years	6.66%	3.74%	6.13%	3.01%	3.47%	5.34%
5 Years	4.85%	2.87%	4.96%	3.18%	3.69%	5.67%
10 Years	6.94%	2.84%	4.20%	3.01%	3.55%	5.46%
15 Years	8.11%	6.85%	7.93%	3.63%	4.58%	7.05%
Since Inception (1/1/1995)	7.51%	8.58%	9.79%	N/A	5.08%	7.82%

Similar returns with far less risk - The key with this table is that our pre-tax municipal bond returns are around the same as the market indices (which have no fees) BUT with dramatically less risk, as measured by volatility. For example, while the Fund did have a few slight negative return quarters over the past fifteen years, the equity indices posted HUGE negative returns during certain quarters during the fifteen year period. Similarly for bond indices.

* at 35% Federal Tax Rate

(Return Calculation footnote: Returns are presented in United States Dollars. Composite returns are calculated monthly using a Monthly Discounting Model. No cash carve outs are made. Quarterly returns are time-weighted rates of return calculated by *geometrically linking* the composite’s monthly returns. Annual returns are time-weighted rates of return calculated by *geometrically linking* the composite’s quarterly returns. Returns are presented in both gross and net-of-fee format. Gross returns are after transaction costs but are before management fees. Investment advisory fees will reduce client’s returns. Fees are hypothetically taken out of non-fee paying accounts when reporting net-of-fee returns. Additional information regarding policies for calculating and reporting returns is available upon request. Also, see Disclaimer, below.)

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Current Stamper Capital & Investments, Inc.
National, Federal Tax-free Municipal Composite Private Account Statistics:

Duration:	1.65 years
Maturity:	4.50 years
Quality	
Top Rating:	AA+
Underlying:	AA+
National Tax-free Yield to Maturity	2.97%
Yield to Maturity, pre-tax equivalent:	4.57%
Weighted Average Coupon:	5.09%

Current Municipal Bond Yield Scale
BLOOMBERG DAILY GENERIC OAS YIELDS
TUESDAY CLOSE Date 08/02/11

<u>Term</u>		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BAA1</u>	<u>AAA MUNICIPAL AS % OF CURRENT</u>
<u>US GOVT.'S</u>						
1 Yr	2012	0.22	0.42	0.98	1.28	100.99%
2 Yr	2013	0.41	0.71	1.22	1.58	116.51
3 Yr	2014	0.65	1	1.48	1.91	127.40
4 Yr	2015	0.92	1.30	1.81	2.28	109.69
5 Yr	2016	1.23	1.64	2.22	2.68	101.47
7 Yr	2018	1.91	2.31	3.12	3.48	98.32
9 Yr	2020	2.60	2.90	3.93	4.07	104.48
10 Yr	2021	2.92	3.17	4.22	4.28	105.74
30 Yr	2041	4.33	4.90	5.81	6.94	110.11%

Our “Upside Potential/Downside Protection” (/Current Yield) Methodology

Investment Objective and Approach

- We use a “Value/Contrarian strategy”
 - *Applied to bonds*
 - *Using a portfolio approach*
 - *Built bottom up*
 - *Bond by bond*
- Primary goal is to maximize the pre-tax equivalent total return per amount of risk taken – maximize risk-adjusted performance
- Secondary goal is to maximize tax-free income
- Portfolio is built bottom-up, by assessing the upside potential and downside protection of each bond

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Investment Process

Credit Analysis	Assessing credit quality and likelihood of a deterioration in quality.
Purchasing Less-Followed Investments	Identifying bonds that are overlooked, under-researched, or miss-priced, yet offer attractive yield-per-credit quality.
Viability Throughout Business Cycle	Defensive strategy; avoid categories that dramatically outperform in certain environments and under perform in others.
Cushion Bonds	Purchasing high coupon bonds trading to their call date rather than maturity. In declining markets, these tend to outperform.
Non-Market Sensitive Investments	Focus on securities ability to deliver regardless of general market fluctuations; Taking on risk rather than credit risk, i.e. interest rate risk, prepayment risk, call risk, etc... to lessen market sensitivity. And boost income.

In our terms: Methodology

Focus on the Upside Potential & Downside Protection of *Each* Individual Investment on its own

- Study the Security Characteristics
- Study the Credit Quality Characteristics
- Study the levels BETWEEN markets
- Focus on the dollar price
- Be Wary of Investment Fads
- Know the Limitations of the Models being used

Why we focus on the downside in addition to the upside:

- *Corporate Restructuring Specialist during Turbulent Times:*
Track record of restructuring junk taxable portfolios:
Beginning in 1987 and through the 1989-1990 junk bond *melt down*:
Far West Savings
ABQ Bank (junk and bank participation)
National Bond Fund
Restructured and Managed Davis High Income (Junk-Taxable)
Fund 1990 to 1998
- *Municipal Bond Mutual Fund Manager:*
Restructured the Venture Muni Plus fund in June 1990 – July 2010 the
Evergreen High Income Municipal Bond Fund

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(named Strategic Municipal Bond fund in 2004)

- *MBS Portfolio Manager during Turbulent Times:*
1984-1987: Treasury-Mortgaged Backed Portfolio Manager during the risk-controlled arbitrage *blow up* of 1987
1990-1995: Treasury-Mortgaged Backed Fund Manager during the derivatives *cave-in* of 1994
- *Managing through those tough periods has given me a profound respect for risk before 2008/2009!*

How do we add value for clients?

- Find Investments that are “out of the spotlight”
- Give Up Some Upside Potential (cushion bonds)
- Give Up Some Downside Protection (discount market performers)
- Diversification of Type and Strategy to lower risk
- Non-Market Risk Investments
- Our expertise

Take Aways:

We worked our way up from the bottom in the investment world.

We have considerable performance in most fixed income markets over a long period of time.

We are junk managers, currently in the high grade market.

We are expert forecasters.

Proof is in the pudding.

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