

Gaineswood Investment Management, Inc.

2800 Quarry Lake Drive · Suite 140 · Baltimore, MD 21209
 Tel: (410) 764-3500 Fax: (410) 318-5049 Website: www.gaineswood.com
 Marketing: Diron Tappin · (480) 563-8800 · tappin@gaineswood.com



STANDARD COMPOSITE

Portfolio Manager **William W. Baker**
 Benchmark **Russell 2500 Growth**

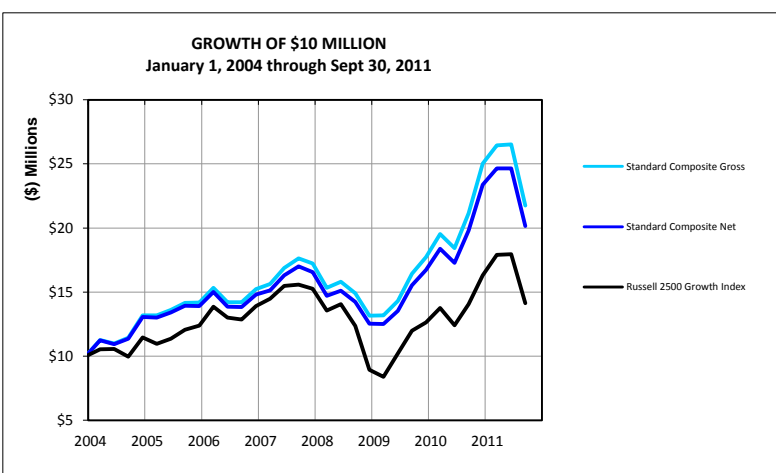
Email: baker@gaineswood.com
 Inception Date **01/01/1996**

Style **Small-Mid Cap Growth**
 Quarter Ending **9/30/2011**

PERFORMANCE (%)

	2006	2007	2008	2009	2010	2011
Standard Composite (Gross)	7.37%	13.05%	-23.53%	34.72%	41.00%	-13.07%
Standard Composite (Net)	6.32%	11.96%	-24.35%	33.47%	39.71%	-13.75%
Russell 2500 Growth Index	12.26%	9.69%	-41.50%	41.66%	28.86%	-13.29%

Annualized Returns	QTR	1 YR	3 YR	5 YR	Since Inception
Standard Composite (Gross)	-17.96%	2.84%	13.41%	8.89%	13.56%
Standard Composite (Net)	-18.21%	1.82%	12.31%	7.82%	12.46%
Russell 2500 Growth Index	-21.35%	0.58%	4.56%	1.91%	5.49%



BACKGROUND: Gaineswood's heritage is the publishing of meticulously investigated research reports. Because of this, the firm is an analyst-driven corps from top to bottom. Gaineswood Investment Management, Inc. is an independent investment adviser registered with the SEC. Established in 1995, Gaineswood manages separate accounts (including an in-house limited partnership) for institutions and high net worth individuals. For the period February 15, 2007 through August 9, 2009 the firm was known as Weedflower, Inc. Prior to February 15, 2007 the firm was known as GARP Research Corporation. The firm maintains a complete list and description of composites, which is available upon request. Please see this page for contact information.

INVESTMENT PHILOSOPHY: Persistent Growth Investing is a blend of growth, quality, contrarianism and fundamental analysis. Owning high quality growth stocks bought at reasonable prices can transfer the high return on capital enjoyed by such companies into appreciation over time.

PORTFOLIO CONSTRUCTION AND DECISION MAKING PROCESS: We examine whole industries to find quality stocks selling at reasonable prices with competitive advantage. We make on site visits to companies and competitors. We attend trade shows and forge links with privately held rivals. The Standard Composite contains over 40 investments. We have a proprietary mathematical risk management system that allows us to look for tradeoffs in 25 possible zones of growth-value.

SECTOR WEIGHTINGS

(Latest quarter)

Sector	Stocks (%)	Russell 2500 (%)	Difference (%)
Healthcare	26.3%	17.0%	9.3%
Information Technology	27.0%	22.5%	4.5%
Industrials	11.9%	16.1%	-4.3%
Consumer Discretionary	17.3%	14.7%	2.6%
Energy	2.3%	7.9%	-5.6%
Financials		8.2%	-8.2%
Materials	15.2%	7.7%	7.5%
Consumer Staples		4.0%	-4.0%
Telecom Service		1.4%	-1.4%
Utilities		0.5%	-0.5%
Other			

RISK MANAGEMENT: Sector exposure is limited to 2.5 times the benchmark for sectors that are over 5% of the benchmark.

Gaineswood Investment Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®). The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income. Net of fee performance was calculated using the highest applicable management fee of 1.0%, applied quarterly. **Past performance is not indicative of future results.**

DISCLOSURES

The Gaineswood Standard Composite contains discretionary accounts that invest in core stocks as determined by the Persistent Growth Investing™ philosophy in diversified portfolios. Prior to November 1, 2007 this composite was known as the Core Composite; no changes to the strategy were made in conjunction with the name change. For comparison purposes the composite is measured against the Russell 2500 Growth Index, an unmanaged index comprised of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values. The index is included in this report only as a reference reflecting general market results during the period. The index returns are gross of fees and include the reinvestment of dividends. The Gaineswood Standard Composite may trade in securities that are not represented by the market index and may have long or short concentrations in a number of securities and in asset classes that are not included in the index. Accordingly, no representation is made that the performance or volatility of this strategy will track or otherwise reflect any particular index. The index information has been obtained from sources believed to be reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Gaineswood Investment Management, Inc. expressly disclaims any liability, including incidental or consequential damages arising from errors or omissions in connection with the inclusion of any index in this publication. One cannot invest directly in an index.

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SELECTED COMPOSITE

Portfolio Manager William W. Baker
 Benchmark Russell 2500 Growth

Email: baker@gaineswood.com
 Inception Date 02/01/2006

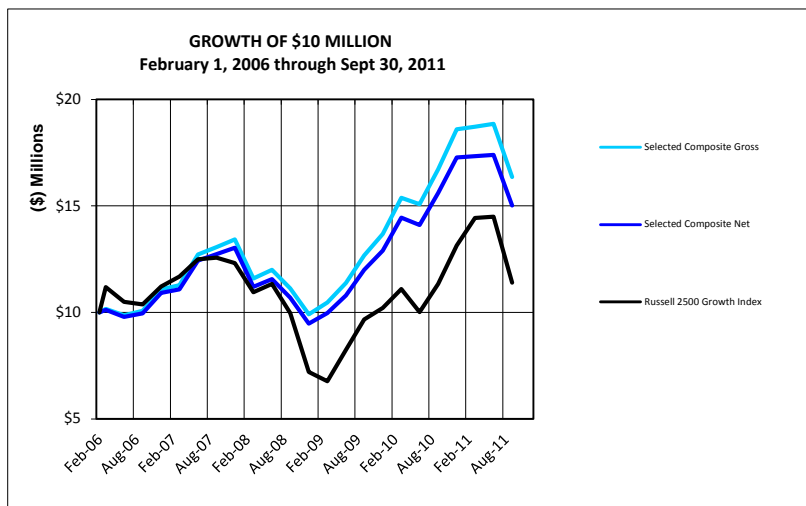
Style Small-Mid Cap Growth
 Quarter Ending 9/30/2011

PERFORMANCE (%)

	2006	2007	2008	2009	2010	2011
Selected Composite (Gross)	N/A	21.11%	-26.19%	38.16%	35.83%	-12.04%
Selected Composite (Net)	N/A	19.39%	-27.38%	36.25%	33.95%	-13.07%
Russell 2500 Growth Index	N/A	9.69%	-41.50%	41.66%	28.86%	-13.29%

Annualized Returns	QTR	1 YR	3 YR	5 YR	Since Inception
Selected Composite (Gross)	-13.26%	-2.23%	13.68%	10.17%	9.36%
Selected Composite (Net)	-13.63%	-3.70%	12.03%	8.56%	7.68%
Russell 2500 Growth Index	-21.35%	0.58%	4.56%	1.91%	1.03%

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INVESTMENT PHILOSOPHY: Persistent Growth Investing is a blend of growth, quality, contrarianism and fundamental analysis. Owning high quality growth stocks bought at reasonable prices can transfer the high return on capital enjoyed by such companies into appreciation over time.

PORTFOLIO CONSTRUCTION AND DECISION MAKING PROCESS: We examine whole industries to find quality stocks selling at reasonable prices with competitive advantage. We make on site visits to companies and competitors. We attend trade shows and forge links with privately held rivals. The Selected Composite contains about 15 investments. We have a proprietary mathematical risk management system that allows us to look for tradeoffs in 25 possible zones of growth-value.

SECTOR WEIGHTINGS

(Latest quarter)

Sector	Stocks (%)	Russell 2500 (%)	Difference (%)
Healthcare	16.1%	17.0%	-0.9%
Information Technology	30.9%	22.5%	8.4%
Industrials	12.6%	16.1%	-3.5%
Consumer Discretionary	11.0%	14.7%	-3.7%
Energy		7.9%	-7.9%
Financials		8.2%	-8.2%
Materials	29.5%	7.7%	21.8%
Consumer Staples		4.0%	-4.0%
Telecom Service		1.4%	-1.4%
Utilities		0.5%	-0.5%
Other			

RISK MANAGEMENT: Sector exposure is limited to 2.5 times the benchmark for sectors that are over 5% of the benchmark.

Gaineswood Investment Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®). The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income. Net of fee performance was calculated using the highest applicable management fee of 1.50%, applied quarterly. Past performance is not indicative of future results.

DISCLOSURES

The Gaineswood Selected Composite contains discretionary accounts that invest in core stocks as determined by the Persistent Growth Investing™ philosophy and are held in concentrated portfolios. For comparison purposes the composite is measured against the Russell 2500 Growth Index, an unmanaged index comprised of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values. The index is included in this report only as a reference reflecting general market results during the period. The index returns are gross of fees and include the reinvestment of dividends. The Gaineswood Selected Composite may trade in securities that are not represented by the market index and may have long or short concentrations in a number of securities and in asset classes that are not included in the index. Accordingly, no representation is made that the performance or volatility of this strategy will track or otherwise reflect any particular index. The index information has been obtained from sources believed to be reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Gaineswood Investment Management, Inc. expressly disclaims any liability, including incidental or consequential damages arising from errors or omissions in connection with the inclusion of any index in this publication. One cannot invest directly in an index.

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GOLD COMPOSITE

Portfolio Manager **William W. Baker**
 Benchmark **DJ Precious Metals Index**

Email: baker@gaineswood.com
 Inception Date **11/01/2009**

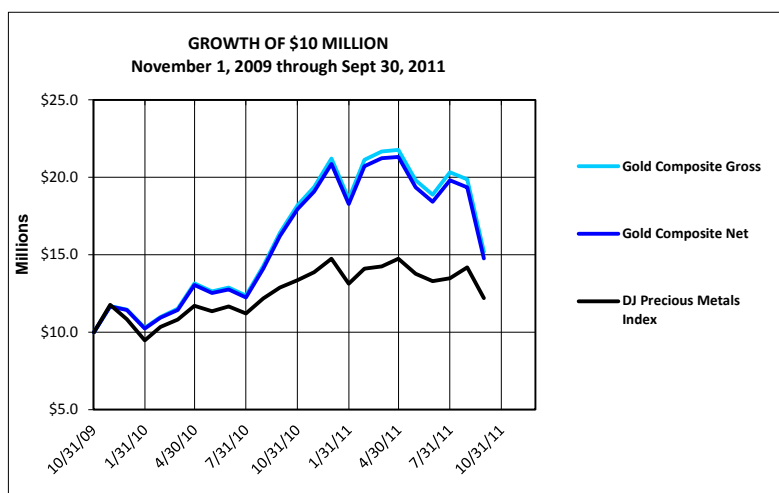
Style **Small-Mid Cap Growth**
 Quarter Ending **9/30/2011**

PERFORMANCE (%)

	2006	2007	2008	2009	2010	2011
Gold Composite (Gross)	N/A	N/A	N/A	N/A	85.12%	-28.37%
Gold Composite (Net)	N/A	N/A	N/A	N/A	82.74%	-29.27%
DJ Precious Metals Index	N/A	N/A	N/A	N/A	35.95%	-17.19%

Annualized Returns	QTR	1 YR	3 YR	5 YR	Since Inception
Gold Composite (Gross)	-19.51%	-7.54%	N/A	N/A	24.37%
Gold Composite (Net)	-19.88%	-8.95%	N/A	N/A	22.51%
DJ Precious Metals Index	-8.22%	-5.25%	N/A	N/A	10.95%

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INVESTMENT PHILOSOPHY: Persistent Growth Investing is a blend of growth, quality, contrarianism and fundamental analysis. Owning high quality growth stocks bought at reasonable prices can transfer the high return on capital enjoyed by such companies into appreciation over time.

PORTFOLIO CONSTRUCTION AND DECISION MAKING PROCESS: Although a sector vehicle, the Gold composite strives to adhere to the process and philosophy of Gaineswood generally. We attempt to find quality stocks selling at reasonable prices with competitive advantage. We supplement traditional measures of value with assessments of resources and project economics. We make on site visits to companies and competitors. The Gold Composite contains over 40 investments.

TOP 10 Holdings (Sept 30, 2011)

Stock	Percent of Portfolio
Cluff Gold	5.0%
Tahoe Resources	4.6%
Fortuna Silver	4.6%
Guyana Goldfields	4.5%
Endeavor Silver	4.3%
Medusa Mining	3.9%
First Majestic Silver	3.7%
Ampella	3.7%
US Silver	3.6%
Kaminak Gold	3.5%

RISK MANAGEMENT: The Gold composite specializes in the precious metals and resource sectors. Positions can exceed 5% and through appreciation 10% of the total.

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DISCLOSURES

The Gaineswood Gold Composite contains discretionary accounts that invest in gold equities, precious metal equities, physical gold, precious metals, or other equities related to resources, not limited to U.S. domiciled companies. For comparison purposes the composite is measured against the Dow Jones Precious Metals Index, an unmanaged index comprised of U.S. companies engaged in the exploration and production of gold, silver and platinum-group metals. The index is included in this report only as a reference reflecting general market results during the period. The index returns are gross of fees and include the reinvestment of dividends. The Gaineswood Selected Composite may trade in securities that are not represented by the market index and may have long or short concentrations in a number of securities and in asset classes that are not included in the index. Accordingly, no representation is made that the performance or volatility of this strategy will track or otherwise reflect any particular index. The index information has been obtained from sources believed to be reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Gaineswood Investment Management, Inc. expressly disclaims any liability, including incidental or consequential damages arising from errors or omissions in connection with the inclusion of any index in this publication. One cannot invest directly in an index.

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FLEXIBLE COMPOSITE

Portfolio Manager **William W. Baker**
 Benchmark **Russell 2500 Growth**

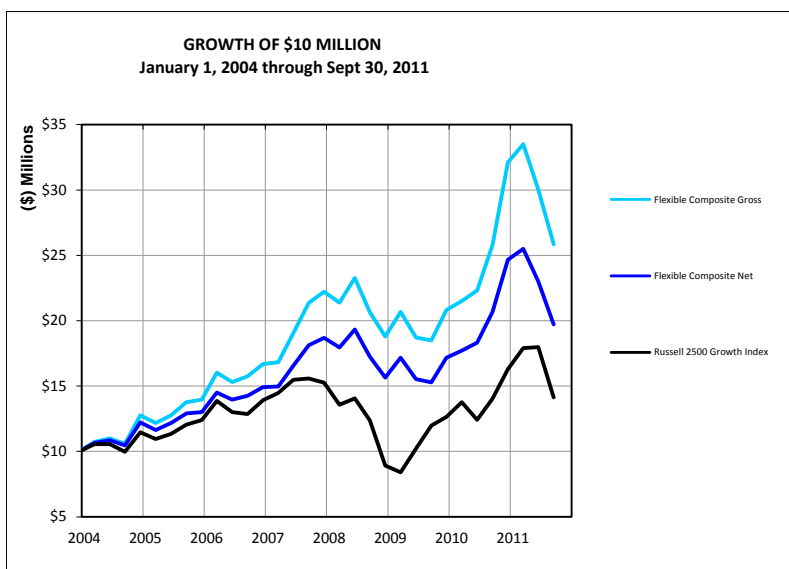
Email: **baker@gaineswood.com**
 Inception Date **02/01/2000**

Style **Small-Mid Cap Growth**
 Quarter Ending **9/30/2011**

PERFORMANCE (%)

	2006	2007	2008	2009	2010	2011
Flexible Composite (Gross)	19.56%	33.19%	-15.45%	10.78%	54.22%	-19.51%
Flexible Composite (Net)	14.57%	25.32%	-16.23%	9.73%	43.62%	-20.04%
Russell 2500 Growth Index	12.26%	9.69%	-41.50%	41.66%	28.86%	-13.29%

Annualized Returns	QTR	1 YR	3 YR	5 YR	Since Inception
Flexible Composite (Gross)	-13.99%	0.18%	7.73%	10.41%	8.23%
Flexible Composite (Net)	-14.18%	-4.53%	4.56%	6.71%	5.31%
Russell 2500 Growth Index	-21.35%	0.58%	4.56%	1.91%	0.84%



SECTOR WEIGHTINGS

(Latest quarter)

Sector	Long (%)	Short (%)	Russell 2500 (%)
Healthcare	6.4%		17.0%
Information Technology	5.3%		22.5%
Industrials	3.4%	2.3%	16.1%
Consumer Discretionary	5.5%		14.7%
Energy	4.7%		7.9%
Financials / ETFs		3.0%	8.2%
Materials	58.5%	3.3%	7.7%
Consumer Staples		2.2%	4.0%
Telecom Service			1.4%
Utilities			0.5%
Total	83.8%	10.8%	100.0%

DISCLOSURES

The Gaineswood Flexible Composite contains discretionary accounts that invest in stocks as determined by the Persistent Growth Investing™ philosophy, and which can from time to time maintain short as well as long equity positions. Leverage is occasionally used, and historically has only occurred through the use of margin loans and through Exchange-Traded Funds. Prior to February 17, 2009, this composite was known as the Long Biased Composite; no changes to the strategy were made in conjunction with the name change. For comparison purposes the composite is measured against the Russell 2500 Growth Index, an unmanaged index comprised of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values. The index returns are gross of fees and include the reinvestment of dividends. The Gaineswood Flexible Composite may trade in securities that are not represented by the market index and may have long or short concentrations in a number of securities and in asset classes that are not included in the index. Accordingly, no representation is made that the performance or volatility of this strategy will track or otherwise reflect any particular index. The index information has been obtained from sources believed to be reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Gaineswood Investment Management, Inc. expressly disclaims any liability, including incidental or consequential damages arising from errors or omissions in connection with the inclusion of any index in this publication. One cannot invest directly in an index.

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PORTFOLIO CONSTRUCTION AND DECISION MAKING

PROCESS: We examine whole industries to find quality stocks selling at reasonable prices with competitive advantage. We make on site visits to companies and competitors. We attend trade shows and forge links with privately held rivals. The Flexible Composite contains over 50 investments. We have a proprietary mathematical risk management system that allows us to look for tradeoffs in 25 possible zones of growth-value.

RISK MANAGEMENT: At times, the Flexible Composite may hold substantial hedges to reduce correlation with its benchmark. Certain equity investments may appreciate to over 5% of holdings, but these are likely to be reduced when over this threshold.

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