

Harmonic Small/Mid Cap Core Strategy

Strategy invests in small- and mid-cap companies that management believes are trading at a discount to their intrinsic value.

BENCHMARK: Russell 2500

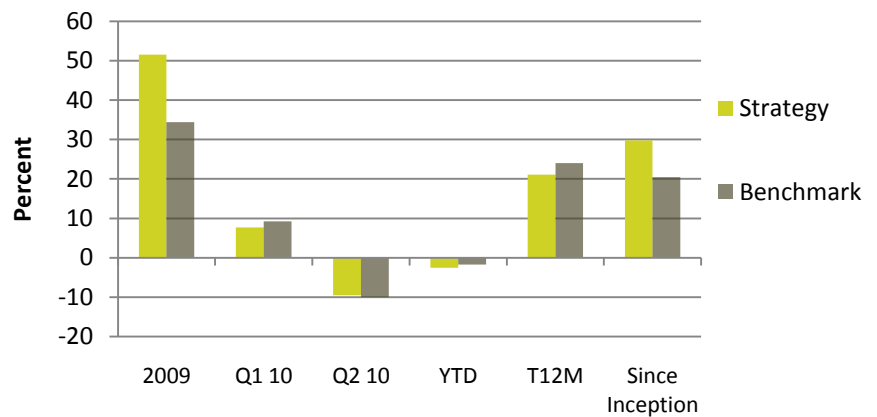
Portfolio Data as of June 30, 2010

Top Ten Holdings

DELUXE CORP	DLX	2.77%
BIG LOTS INC	BIG	2.53%
INVENTIV HEALTH INC	VTIV	2.52%
LAKELAND FINANCIAL CORP	LKFN	2.36%
IDACORP INC	IDA	2.33%
ALLIANCE DATA SYSTEMS CORP	ADS	2.29%
HI-TECH PHARMACAL CO INC	HITK	2.26%
CUBIST PHARMACEUTICALS INC	CBST	2.23%
JDA SOFTWARE GROUP INC	JDAS	2.23%
GFI GROUP INC	GFIG	2.21%

23.74%

Strategy Performance vs Benchmark



Sector Weights



Financials	18.27%
Technology	15.46%
Healthcare	14.80%
Consumer Discretionary	13.95%
Producer Durables	12.99%
Energy	7.10%
Materials and Processing	6.82%
Utilities	4.44%
Consumer Staples	4.03%

Performance History

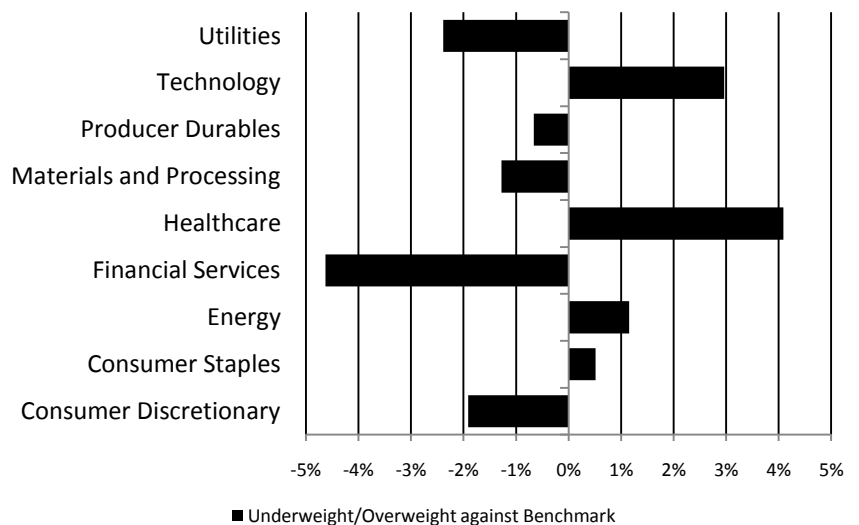
Periods > 1 year are annualized

	2009	Q1 10	Q2 10	YTD	T12M	Since Inception
Strategy	51.6	7.7	-9.5	-2.5	21.1	29.8
Benchmark	34.4	9.2	-10.0	-1.7	24.0	20.5

Portfolio Statistics

	Strategy	Bnchmrk
Portfolio turnover rate	50%	
Number of holdings	57	2500
T12M Dividend Yield†	1.07%	1.42%
T12M Price/Earnings†	12.15	29.15
Forward P/E†	11.15	20.35
Price/Book†	4.56	1.79
Price/Sales†	1.26	0.90
Price to Cash Flow†	32.10	8.27
5 Year Ave Return on Equity†	12.04%	
5 Year Trailing Ave EPS growth†	23.65	
Forward EPS Growth†	11.97	13.74
Median Market Cap (billions)†	\$ 1.93	\$ 0.551
Alpha ~	19.43	
Beta ~	0.93	
R ² ~	0.92	
Sharpe ratio ~	1.21	0.82

Sector Weights vs Benchmark



Manager Notes

*All three of Harmonic's equity strategies outperformed their respective benchmarks in 2Q10

*No significant sector weight changes were made during 2Q10; however, our consistent underweight of consumer discretionary and financials proved beneficial. Sector weight shifts may be in order due to recent equity price declines and the potential for substantial economic weakness.

*Security selection had less an impact on the strategies' performance during 2Q10 than in previous quarters.

†Data as of August 4, 2010

~ Calculated since inception

 Harmonic Investment Advisors