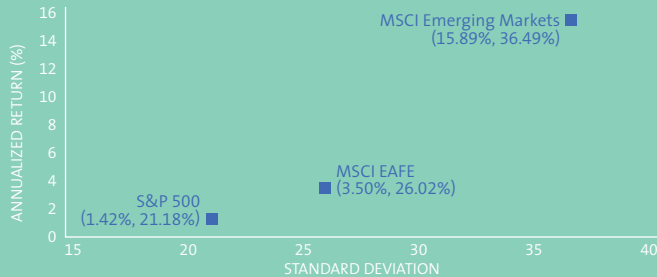


International

Bailard International
Equity Strategy

INTERNATIONAL STOCK MARKETS OFFERED A HIGHER RISK-RETURN TRADEOFF LAST DECADE^{1, 3} (10 YEARS ENDED DECEMBER 2010)



OUR ACTIVELY-MANAGED, QUANTITATIVE STRATEGY UTILIZES A ROBUST, COUNTRY SELECTION APPROACH TO OFFER BROAD DEVELOPED AND EMERGING MARKET EXPOSURE.

THE OPPORTUNITY

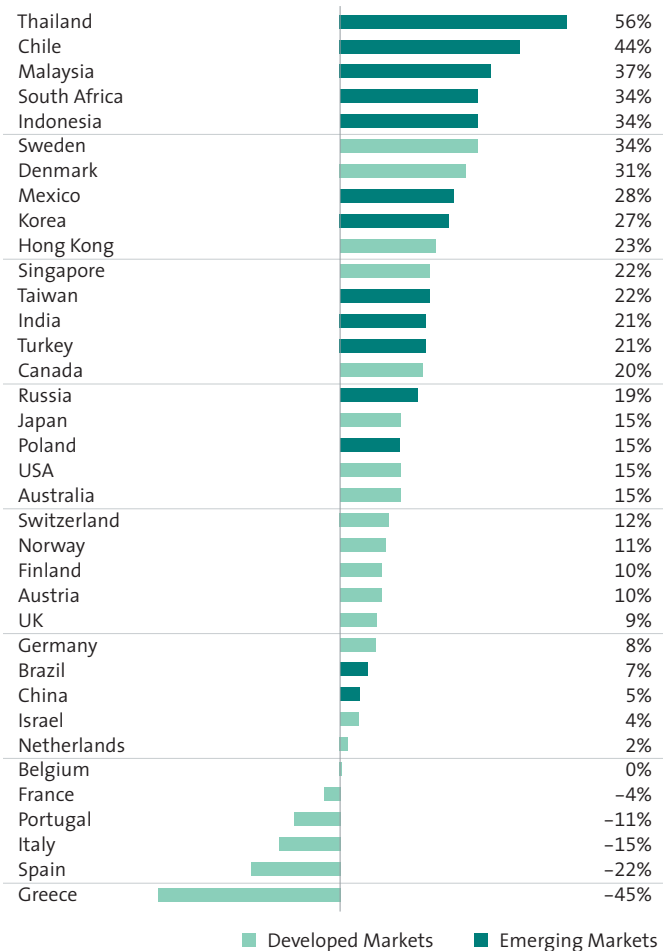
With 65% of the world's equity investment possibilities located outside the United States, Bailard's International Equity (IE) Strategy expands opportunities for long-term capital growth by providing investors access to more than 40 foreign stock markets. Our long-term research and results suggest that a strategy focused on country selection—especially in this era of stock pickers and sector specialists—can be a valuable and distinct source of value-added “alpha.” 2010's sovereign debt crisis provided a powerful reminder that much of the risk in international investing is country-based. What is telling is not that the top five performers for the year were emerging markets, but that the bottom eight were all developed. A manager with a process to identify those

countries that are likely to outperform on a relative basis, who can also appropriately overweight the “winners” and underweight the “losers,” stands to benefit a great deal.

THE PRODUCT

Bailard applies a quantitative approach to investing, where we utilize a disciplined, consistent and repeatable investment methodology. We view the world's countries on a relative basis using a dynamic country factor model, and overweight our highest ranked markets and underweight our lowest ranked markets relative to the client's preferred international equity benchmark. After we have arrived at our country weights, we engage in an independent security selection process to choose individual stocks within each country.

COUNTRIES MATTER: TOTAL RETURN FOR SELECTED MSCI INDICES, US\$ TERMS WITH NET DIVIDENDS^{2, 3} (FOR CALENDAR YEAR 2010)



¹ Sources: Bailard, Morningstar, MSCI/DataStream.

² Sources: Bailard, MSCI/DataStream.

³ Past performance is no indication of future results. All investments involve the risk of loss. Please see page 4 for important disclosures.

We seek to manage risk through diversification: a typical Bailard IE portfolio contains 200 or more securities, depending on client account constraints. Our advanced portfolio management systems focus on controlling risk factors at the country, sector, industry and security levels, allowing us to offer clients a portfolio of developed and emerging market securities customized to their specific guidelines.

THE PHILOSOPHY

In addition to our strong conviction that countries matter, we also believe that environmental factors—like global market volatility—can drive the efficacy of distinct investment styles (e.g., value vs. growth). History has demonstrated that the dogmatic application of any investment style or factor, irrespective of changing market conditions, often leads to long “dry spells” when that style or factor is out of favor. Recognizing this, in selecting our countries, we employ a dynamic style tilt that focuses on “when” and “where” certain investment styles and other selection factors are most likely to be rewarded.

THE STRATEGY

Bailard’s IE Strategy is different from many others in that we have a distinct process for choosing countries (in contrast to building up a portfolio from a stock or industry level). We view the world’s countries on

a relative basis after assessing their characteristics and the broader market environment. We seek to overweight our highest ranked markets and underweight our lowest ranked markets (relative to the client’s preferred index benchmark). On average, more than 60% of our long-term added value has historically come from country selection.

After we have arrived at our total weights to invest on a country-by-country basis, we engage in an independent security selection process to select individual stocks within a country. Our security selection process has been tailored to the specific conditions of regions and markets around the world. It incorporates measures of value, momentum, earnings revisions and earnings quality to assess the attractiveness of individual stocks. To preserve the effectiveness of our country allocation decision, we constrain the magnitude of active security selection within countries and create individual country baskets that are comprised of the highest ranked securities within each sector of a given country.

RISK MANAGEMENT

As with all of our investment products, we seek to maximize rewards through the disciplined management of risk. Our IE Strategy employs both quantitative and qualitative measures to manage the active risk of portfolios.

BAILARD INTERNATIONAL EQUITY STRATEGY¹

PORTFOLIO SUMMARY²

(As of 12/31/10)

Strategy AUM	\$242.0 million
# of Holdings	257
# of Developed Markets	16
# of Emerging Markets	8
% Developed Markets	81.5%
% Emerging Markets	16.4%
% Cash	2.1%

REGIONAL WEIGHTS²

(As of 12/31/10)

Continental Europe	40.7%
United Kingdom	17.5%
Pacific ex-Japan	9.5%
Japan	12.8%
Emerging Markets	16.4%
Cash and Equivalents	2.1%
Other	1.0%

GOOD TO KNOW

Minimum Investment	\$10 million
Fee Schedule	0.75% of the first \$25 million 0.65% of the next \$25 million 0.50% of the next \$50 million 0.40% on assets > \$100 million

Source: Bailard, Inc.

¹ The Bailard International Equity Strategy is currently implemented across three separate composites. Performance and data shown in this piece reflect one (the EAFE Plus) composite, which represented 39% of strategy assets as of December 31, 2010.

² Data regarding holdings of the Composite reflect ownership information as of the date shown and are not intended to represent any past, present or future investment recommendations. Holdings are subject to change.

International

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In a typical application, ex-ante tracking error is typically constrained to 4–6% based on our desire to succeed (beating a client’s selected benchmark), while minimizing volatility and the probability of losing to the benchmark over a calendar year. We also strive to allocate our risk budget so that approximately 60% of active risk is applied to the country allocation decision and 40% to security selection. We aim to maintain neutrality with respect to sectors and industry groups and constrain country and regional active weights. At the security level, it is rare for any single security to exceed 2% of the portfolio.

THE PORTFOLIO MANAGERS

A seasoned team of three portfolio managers—with an average 21-year tenure—manage Bailard’s International Equity Strategy.

Tony Craddock, SVP, joined the firm in 1997. As co-portfolio manager on the international equity team, his activities focus on security selection. Previously, he served as performance analyst for the firm and was responsible for performance and risk analysis. Tony received his BA in applied mathematics from the University of California, San Diego, in 1992 and in 1996 earned his master’s degree in Pacific International Affairs from UCSD’s Graduate School of International Relations and Pacific Studies.

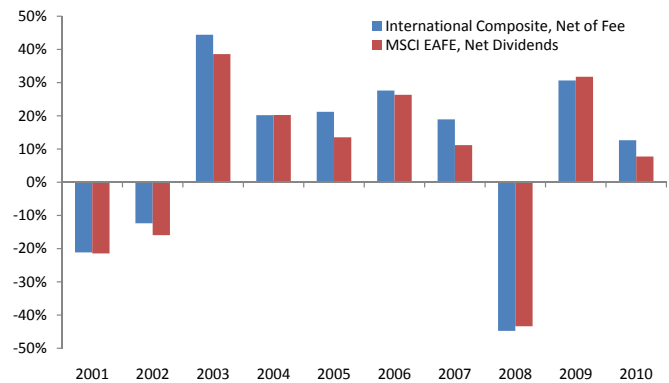
Bailard’s CEO, Peter Hill, serves as co-portfolio manager for the

IE Strategy and leads the firm in its pursuit to create innovative investment opportunities for clients. Before assuming the role of CEO in 2008, Peter was Bailard’s Chief Investment Officer, a post he held for 13 years. Prior to joining Bailard in 1985, Peter worked in the United Kingdom as the deputy investment manager for the Royal London Insurance Society, Ltd., where he managed portfolios of international equities and unit trusts. He received his BA in 1972 from Leeds University and is a fellow of the Institute of Actuaries, U.K. His published works include a chapter in *Global Asset Allocation*, published by John Wiley & Sons, Inc.

Eric Leve, EVP and Chief Investment Officer-Institutional, joined Bailard in 1987. He serves as a co-portfolio manager on the firm’s international equity team and focuses his efforts on country-level modeling. During his tenure, his research interests have also included tax-aware investing, style-based investing, country allocation and global bond management. Eric received his BA in quantitative economics from the University of California, Berkeley, in 1986 and his Chartered Financial Analyst designation in 1997. He is an active member of the CFA Institute.

The portfolio management team also draws upon the talents of a centralized quantitative research group at Bailard.

CALENDAR YEAR RETURNS FOR THE LAST 10 YEARS¹



TOTAL RETURN^{1, 2} (As of 12/31/10)

	INTERNATIONAL COMPOSITE		MSCI EAFE NET DIVIDENDS
	GROSS OF FEE	NET OF FEE	
Quarter	7.9%	7.7%	6.6%
1-Year	13.7%	12.6%	7.8%
3-Year	-5.8%	-6.7%	-7.0%
5-Year	5.3%	4.3%	2.5%
10-Year	7.0%	6.0%	3.5%

PERFORMANCE STATISTICS: 5-YEAR¹ (As of 12/31/10)

	INTERNATIONAL COMPOSITE		MSCI EAFE NET DIVIDENDS
	GROSS OF FEE	NET OF FEE	
Sharpe Ratio	0.14	0.09	0.01
Standard Deviation ³	22.41%	22.40%	21.55%
Active Return vs.			2.84%
Active Risk vs.			3.69%
Information Ratio vs.			0.77

¹ Sources: Bailard, MSCI/Datastream. **Past performance is no indication of future results.** All investments involve the risk of loss. Please see page 4 for important disclosures.

² Three-, 5- and 10-Year returns are annualized.

³ 5-Year Standard Deviation is annualized.

International

Bailard International
Equity Strategy

WHY BAILARD?

Ever since we opened our doors in 1969, we've been seeking innovative ways to build wealth and generate solid returns for our clients. With over \$1.8 billion in assets, we offer institutional investors and wealth management clients intelligent, proprietary investment strategies and products; and a combination of stability, responsiveness, and discipline that seeks to bring strong, consistent results and exceptional personal service.

RISKS

In addition to the normal risks associated with investing, including the possible loss of the principal amount invested, international investments may involve the risk of capital loss from unfavorable fluctuations in currency value, from differences in generally accepted accounting principals, or from economic or political instability in other countries. Emerging markets have heightened risk as well as increased volatility and lower trading volumes. There can be no guarantee that this or any investment strategy will achieve its objective.

PERFORMANCE DISCLOSURES

Composite Definition: The Bailard International Equity Strategy currently manages three separate composites with total AUM of \$613.0 million, as of December 31, 2010. All data

and performance presented in this publication reflect the EAFE Plus Composite, previously called the Bailard International Equity Composite (the "Composite"), which consists of all discretionary, fee-paying accounts that are invested primarily in non-U.S. securities both in developed and emerging markets. As of December 31, 2010, the Composite consisted of a single mutual fund account with a market value of \$239.8 million or 13.2% of the total assets under Bailard's management, which has been managed using a quantitative methodology in an advisory or sub-advisory capacity since 1995. Prior to that time, the portfolio was managed using a different strategy. The Composite's returns are total returns, presented both gross and net of management fees, and assume reinvestment of dividends and other earnings. Composite returns do not reflect any other expenses which the composite account incurred, such as custody expenses. Through March 2010, gross of fee returns were based on the composite account's gross asset value, which is calculated by adding back the annual expense ratio to the actual net asset value of the composite account. From April 2010, gross of fee returns are taken directly from Bailard's portfolio accounting system. Net returns are calculated by reducing the gross of fee returns by a

model fee of 0.95% per annum (applied by reducing monthly gross returns by 1/12 of 0.95%). The model fee represents the highest management fee for the strategy. The composite's complete return history and a complete list of Bailard's composites are available upon request.

Other Performance Definitions: "Total risk" is the annualized standard deviation of monthly returns. "Tracking error" is the annualized standard deviation of monthly added value, where added value is [Composite return – benchmark return]. "Information ratio" is the ratio of added value to tracking error.

Market Indices Definition: The indices shown in this presentation are unmanaged, uninvestable and do not reflect any transaction costs. The MSCI Europe, Australia, Far East Index, "MSCI EAFE" and the MSCI Emerging Market indices are free float-adjusted market capitalization indices that are designed to measure developed market (ex-US & Canada) and emerging market equity performance, respectively. The S&P 500 is a commonly used large cap U.S. stock market index. The MSCI indices are presented with net dividends reinvested in U.S. dollars. The Composite often employed different country weights than the indices. Unlike the MSCI EAFE index, the composite

account invests in emerging markets as well as developed markets. Unlike both the MSCI EAFE and Emerging Markets indices, the composite account can hold cash equivalents, exchange-traded funds and may engage in currency hedging.

Individual account management and construction will vary depending on each client's investment needs and objectives, including liquidity needs, tax situation, risk tolerance and investment restrictions. Individual accounts may not have the same management fees, expenses, diversification, distributions, cash flows and currency hedging policies as the composite account. As a result, an account's actual performance may differ from the performance presented in this piece due to among other things, timing of investment, contributions and withdrawals, and the client's restrictions, such as restrictions of currency hedging. In addition, performance does not reflect the effects of taxation, which result in lower returns to taxable investors. An investment in the international equity strategy involves a risk of loss, and the value of an investment in this strategy may decrease as well as increase. No representation is made that any account will obtain similar results to those shown above.

Past performance is no indication of future results.

Bailard
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