



LATEEF

I N V E S T M E N T
M A N A G E M E N T

1Q 2010 Review



Discussion topics

- Market Update
- Recent Activity
- Portfolio Highlights
- Outlook



Lateef vs. S&P 500

	1Q 10	1 Year	3 Year	5 Year	10 Year**	15 Year
Lateef*	5.3	45.7	-2.1	4.1	6.0	13.3
S&P 500	5.4	49.8	-4.2	1.9	-0.7	7.5
Russell 3000	5.9	52.4	-4.0	2.4	-0.1	7.9

* Lateef Non-Taxable All-Cap Growth Equity composite (net of fees) as of March 31, 2010

** Lateef is ranked the #1 All Cap Manager of the Decade through 12/31/09 by the Plan Sponsor Network (PSN). PSN has approximately 2,000 investment managers in its database, which covers more than 12,000 investment products.





Portfolio Highlights

1Q Leaders

1) BRK	+23.7%
2) AFL	+18.0%
3) AMG	+17.3%
4) ESI	+17.2%
5) COL	+13.5%

1Q Laggards

1) QCOM	-8.9%
2) TDC	-8.1%
3) SU	-7.5%
4) CHRW	-4.5%
5) ECL	-1.1%



Patience

In 2009, Berkshire Hathaway (BRK) and ITT Educational Services (ESI) were up 2% for the year despite strong fundamentals.

In the first quarter of 2010, Berkshire was up 23% and ITT Educational Services was up 17%.



New Investment- State Street (STT)

State Street is a custody bank that provides outsourcing services (~85% revenue) to asset managers and provides low cost asset management services (~15% revenue) through their State Street Global Advisors platform (index & ETF).

Competitive Advantages – 1) Scale in both businesses \$18 trillion in assets under custody and \$1.9 trillion in assets under management 2) Technology investments – State Street spends 20-25% of operating expenses on technology.

Business Highlights

- Recurring revenue – over 80% recurring revenue, top 100 customers use 13.5 products, historically 5% of their revenue growth is from cross-selling.
- Long term goals: Revenue 8-12%, EPS 10-15%, ROE 14-17%

Valuation – At \$44, STT is selling at 11x '09 earnings



Sell – Fastenal (FAST)

Valuation – At \$45 we believe FAST is fairly to slightly over-valued. \$45 represents 30x 2010 EPS estimates of \$1.49.

Potential new store slowdown – FAST has historically grown new stores at a healthy clip. Not surprisingly, they have slowed this down over the past two years. However, we are not certain as to when and what rate they will resume new store growth.

Trim – Berkshire Hathaway (BRK.B)

Valuation – With the stock split for the Burlington Northern acquisition and inclusion of Berkshire into the S&P 500, Berkshire rallied ~25% in the first quarter. We trimmed BRK from an overweight position to a normal weight.



Source: Bloomberg

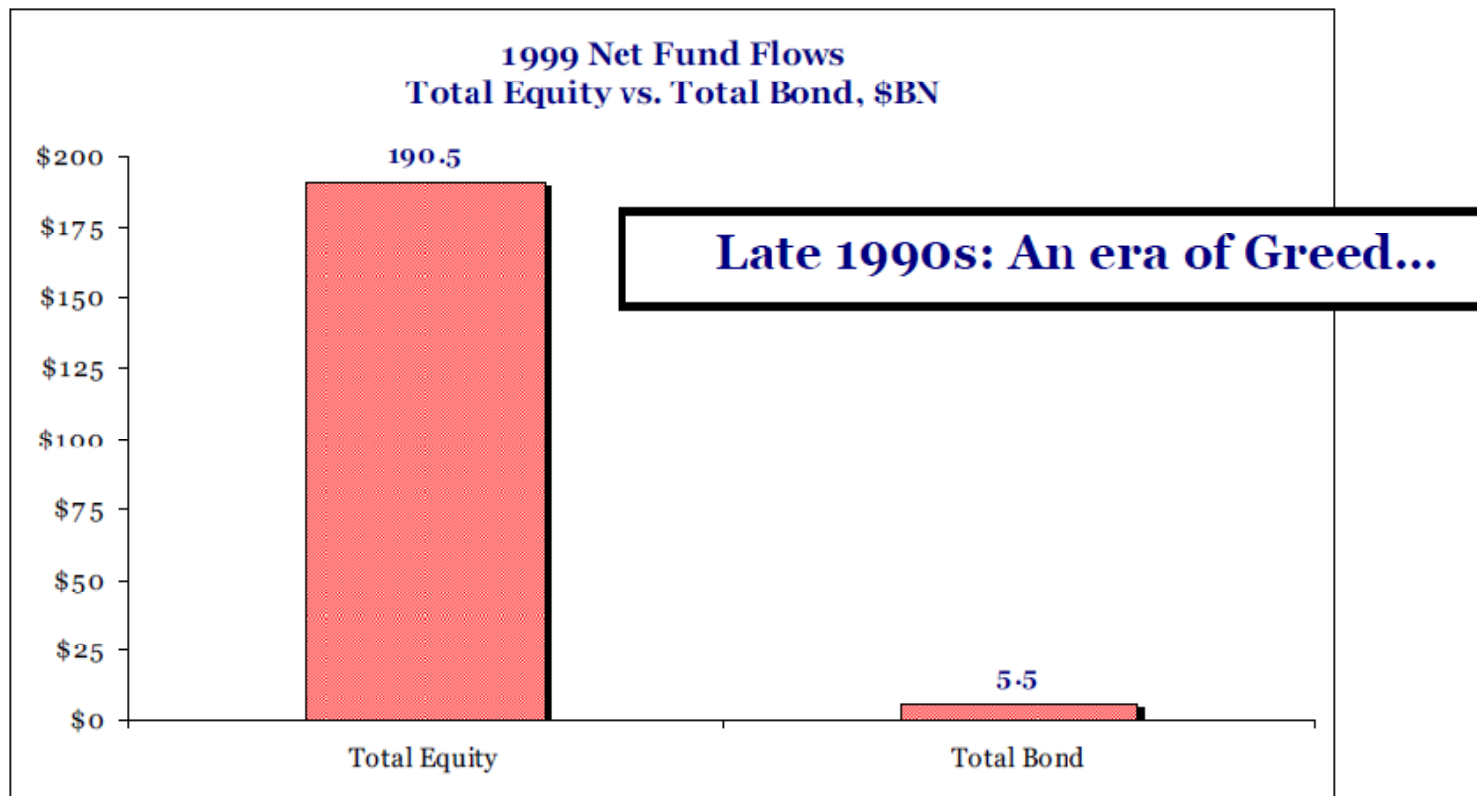


Outlook

- Asset flows – stocks vs. bonds?
- GDP, corporate profits and stock prices
- Signs of stabilization
- Corporate balance sheet strong

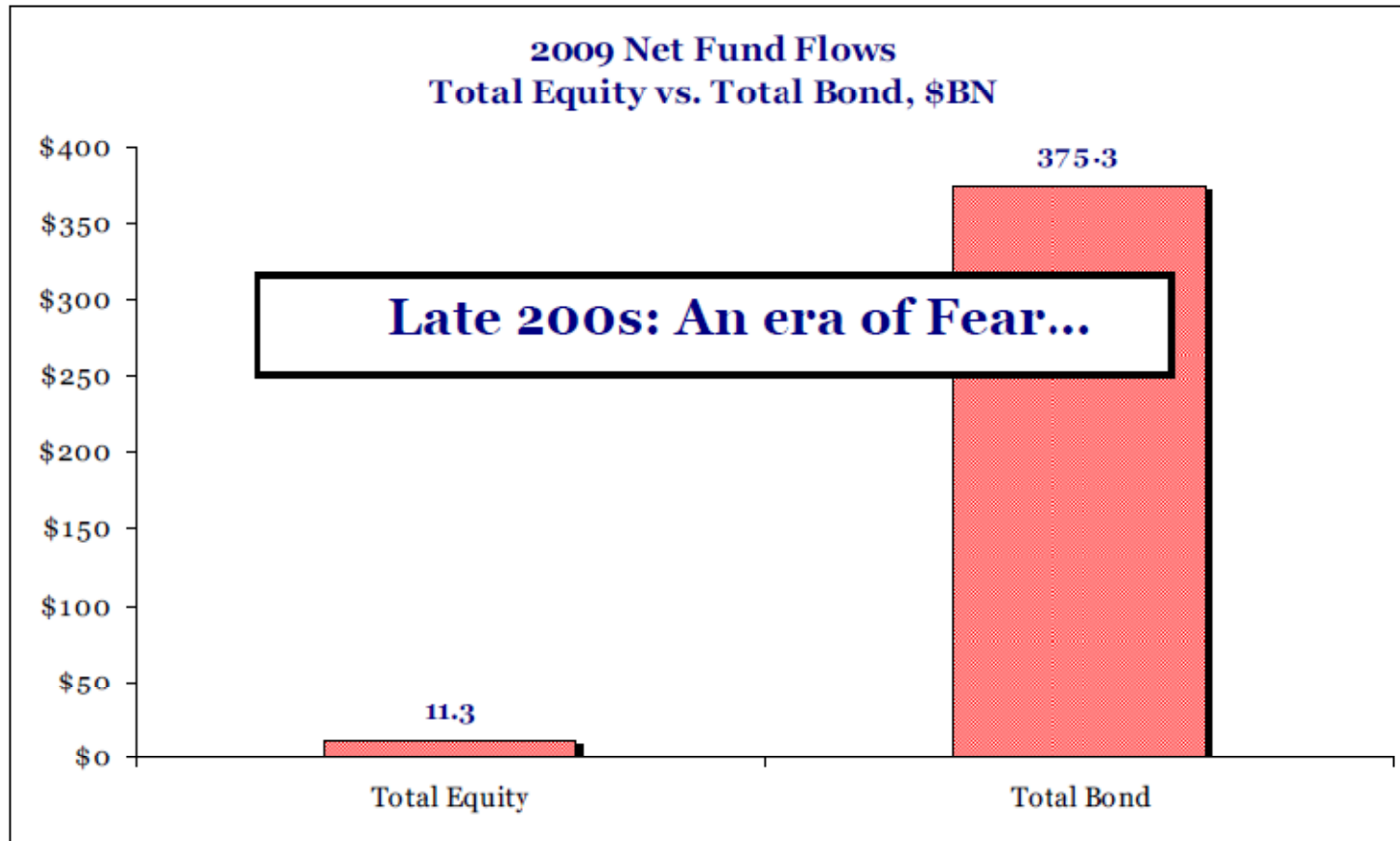
Asst Flows – Stocks vs. Bonds?

THE “BUBBLE” IS LIKELY IN BONDS, NOT STOCKS



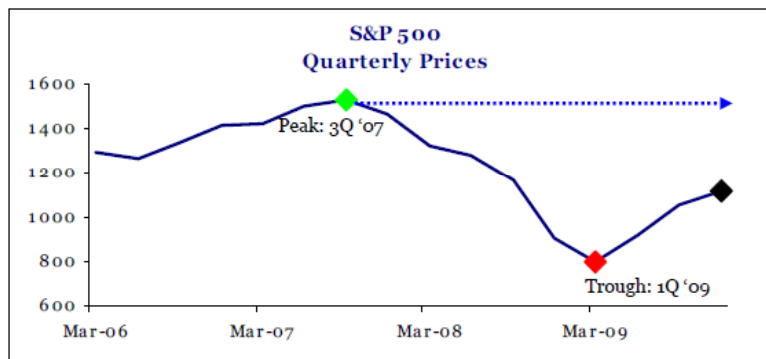
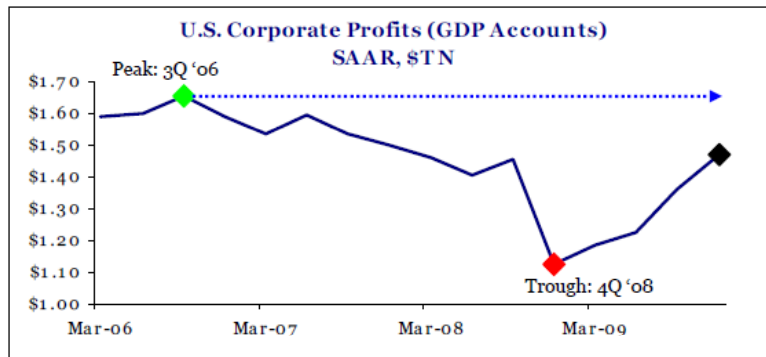
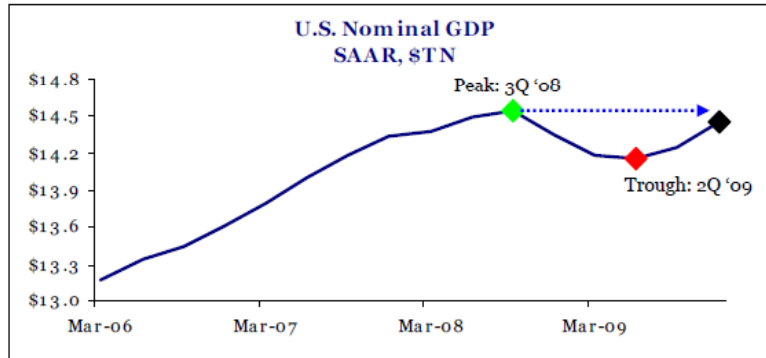
Source: Strategas

Asst Flows – Stocks vs. Bonds?



Source: Strategas

Market still trailing the economic recovery

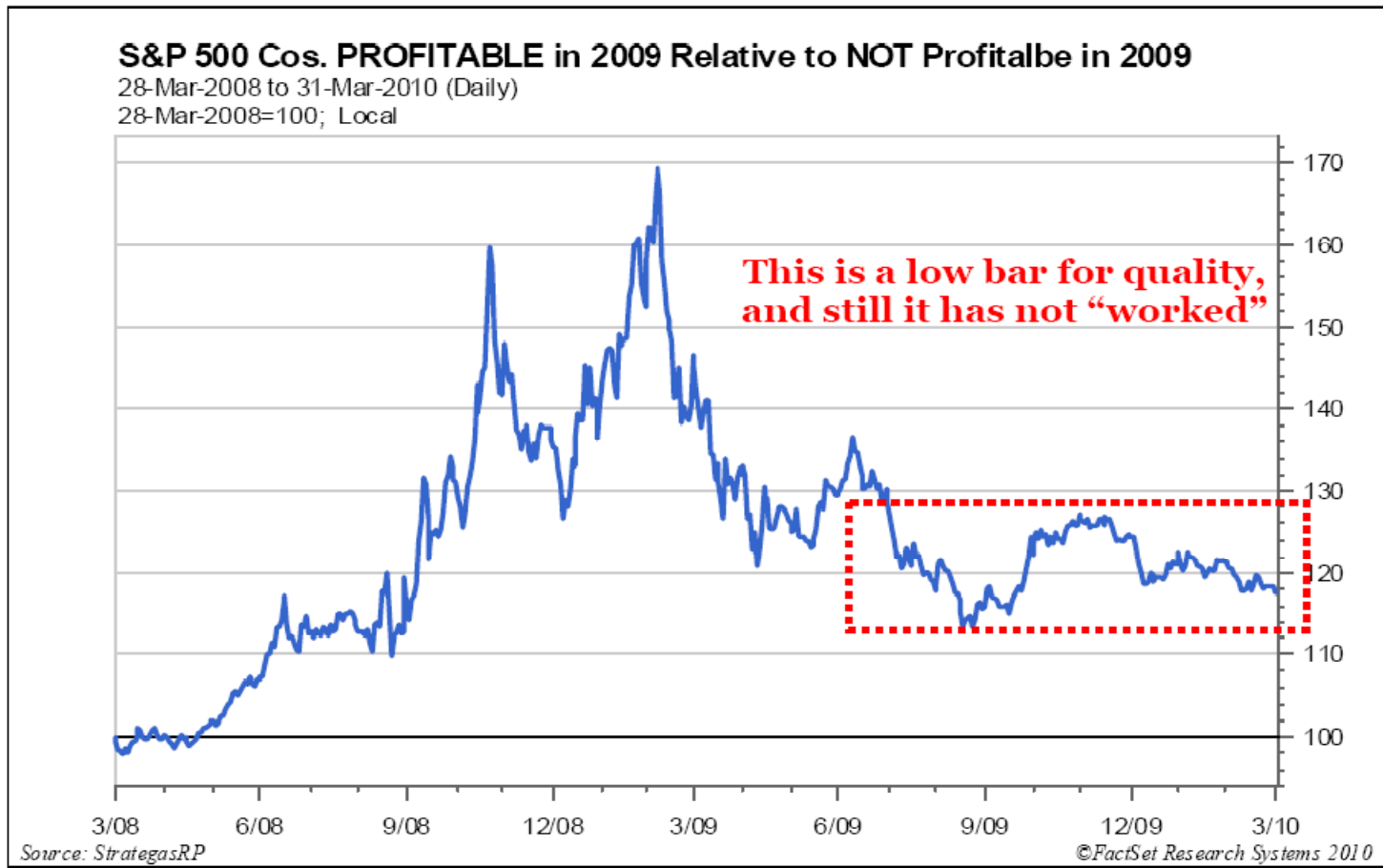


Perhaps it's somewhat surprising but the level of Nominal GDP is currently less than 1% off its 3Q 2008 peak. GDP profits are a little more than 11% off their peak. This stands in stark contrast to how far away the S&P 500 is from its respective peak. Our Chief Economist Don Rissmiller believes that GDP profits will likely reach a new peak within the next year as the economy continues to rebound.

	% Off Peak
Nominal GDP	-0.6%
U.S. Corp. Profits	-11.3%
Wilshire 500	-23.0%
S&P 500	-26.0%
S&P 500 Earnings	-38.0%

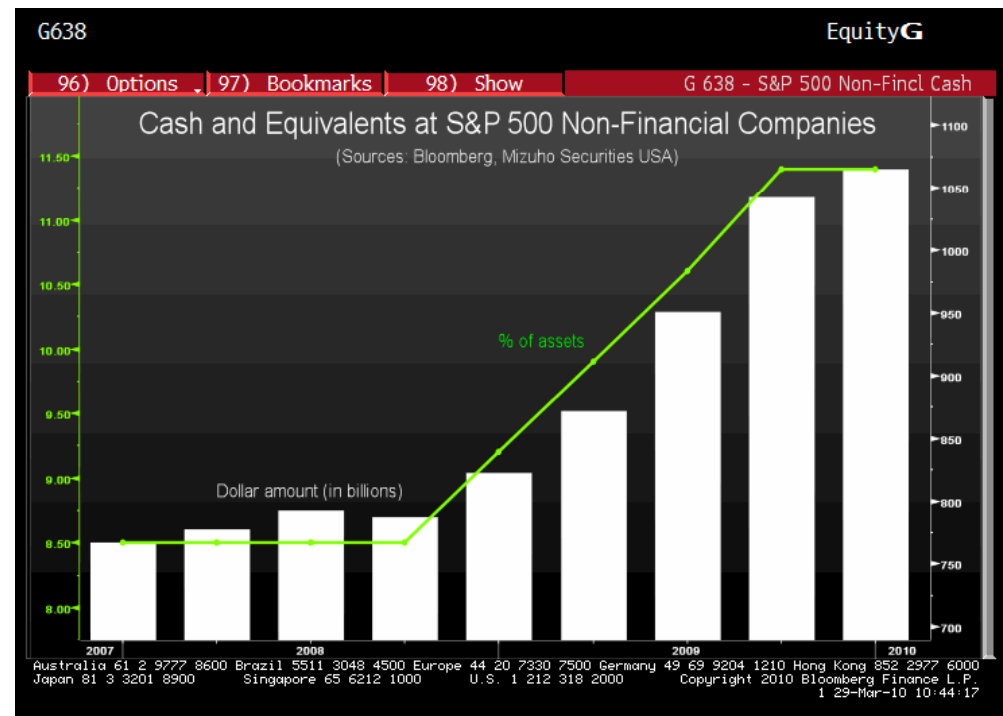
Source: Strategas

Quality next move up?



Cash Build

- Corporate cash & equivalents rose 39% in the last two years to \$1.07 trillion to 11.4% of assets from 8.5%.
- Look for increased buybacks and mergers and acquisitions.



Source: Bloomberg



Portfolio Characteristics

- 70% of our companies earned more in 2009 than in 2007
 - S&P 500 earnings fell 31% during this time
- 80% of our companies are expected to earn more in 2010 than in 2007
 - S&P 500 2010 earnings 10% less than 2007
- 6% free cash flow yield
- Over 35% upside from current valuations



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