



Investment Consultants & Wealth Management Advisors

NICE 2010 FINISH. A GREAT WAY TO START OUR 15TH YEAR.

Rich Todd, Managing Principal & Co-Founder

It was nice to see the markets finish strongly, putting icing on the cake of a successful 2010. We are blessed to have so many wonderful clients and friends, as well as a hardworking loyal team, as we enter our 15th year at Innovest.

Innovest has made some significant technological upgrades, and many of you saw some of the reporting changes in the last quarter of the year. The reports will not only be more visually appealing, but importantly, will have performance attribution upgrades, particularly at the total portfolio level. The performance report change process will be completed by mid-2011.

Our qualitative manager due diligence process is a crucial component of Innovest's research. We had over 200 manager meetings in 2010 and are confident that getting beyond the performance numbers will help us understand whether a manager should outperform the benchmarks in the future. We are convinced that this hard work is the only right way to judge managers; we don't believe in number crunching or short cuts. A rear-view mirror approach to investing has never worked, and it won't work in the future.

We have an excellent team of professionals at Innovest – and we do work as a team! All clients are Innovest's clients, and we use the talent of our entire firm in helping clients manage their investment decisions. Please see www.innovestinc.com to review the excellent résumés of our dedicated professionals. Our consultants average over 20 years of experience in the investment business. Four quality individuals joined us in 2010, and the first month of 2011. We are happy to have Caitlin Markel, Portfolio Accounting Coordinator; Carol Van Gytenbeek, Office Manager; Eileen Pohs, Client Service Assistant; and Kathy Lalone, Research Assistant. We are committed to a 7-to-1 client-to-employee ratio and a 20-to-1 client-to-consultant ratio. These ratios are amongst the lowest in the industry. The character of our entire team is outstanding, and each and every employee embraces our core values: honesty and integrity, dedication to the client, and hard work.

Our 2010 client survey was excellent, with an overall rating of 4.6 on a 5.0 scale. The survey not only measures our performance, but also identifies where we can improve. Initiatives for 2011 include continued upgrade to client performance reports, the addition of a couple high-character senior research and consulting professionals, and specific programs to continue to focus on teamwork.

2010 was a record year at the top-line for Innovest, and we made significant investments into our firm. We acquired 23 new clients in the year, including retirement plans, non-profit organizations, families, and a pre-paid funeral trust. We believe that our diversified clientele is a significant advantage to our clients; we are able to be creative with client solutions. For example, our marketplace research shows that most high-net-worth investors have generally underperformed institutional investors by a large margin. Our approach with families is rooted in institutional principles, and we are confident that our taxable clients will have

greater success because of our approach. In addition, some institutional trusts are taxable, and our work with families and their taxable portfolios gives us special insight to managing tax-advantaged portfolios. Further, our work with foundations and pensions helps us to provide unique solutions to participant-directed defined contribution plans, including building models for clients that are fully diversified, even with exposure to alternative investments. Finally, our experience with participant-directed plans has helped us design a menu of custom designed portfolios for community foundation donors.

We make this promise to each client: You will benefit from our success through additions of top notch professionals, and by better research and client service. Thank you for a very good 2010. We are moved by your confidence and look forward to many more enjoyable years of serving you. May God bless you and your families throughout 2011.