



The objective of the Core composite is growth of capital, over the course of full market cycles, at a rate both superior to and less capricious than the broad equity markets. The portfolio is managed based upon an absolute return philosophy, which seeks to achieve progressive growth in assets from year to year with limited portfolio volatility.

Using a tactical asset allocation methodology, this composite portfolio is generally weighted more heavily in asset classes that appear undervalued relative to historical norms and/or supply and demand conditions. Multiple strategies may also be used for risk management purposes. Technical analysis guides entry and exit points for certain of the chosen positions, particularly in securities where greater volatility and/or more limited trading volume makes such tools important both for opportunistic and risk management functions.

The composite may be allocated at various times among domestic and foreign equity and debt securities, emerging markets equity and debt, commodities, real estate, foreign currency, and short equity and debt positions. Securities may be selected from open and closed-end mutual funds, exchange-traded funds, and individual equities. The investment adviser does not use leverage or derivatives, although it may strategically invest in funds that use leverage and derivatives of certain types.

Although broad diversification is employed with the intent to realize opportunity while limiting volatility, there can be no assurance that securities of various types and combinations will not result in greater volatility and risk of loss should the assessment of market conditions and choice of risk management strategies prove incorrect. However, based on past experience and research, this approach to diversification is reasonably expected to provide reduced volatility relative to an investment in the unmanaged S&P 500.

Given the broadly diversified and dynamic tactical asset allocation strategy, the Core composite is neither designed to correlate to the performance of any benchmark index, nor can a benchmark accurately reflect its changing mix of asset classes. However, to offer a frame of reference, we provide a Morningstar average of mutual funds with an Asset Allocation Objective. While the specific strategies of these funds vary, they are generically similar in concept to the diversified approach of the Core composite. Additionally, we provide the S&P 500, an unmanaged capitalization-weighted index of domestic stocks, simply as a point of reference to which many investors look in assessing investment results.

	Composite Return	Morningstar Asset Allocation Objective	S&P 500 Total Return Index	Data as of May 31, 2009:
Year to Date				
2009	3.94%	1.11%	2.96%	Firm Advisory Assets: \$ 149,347,243
2008	(22.44%)	(30.04%)	(37.00%)	Accounts in Composite: 1220
2007	6.81%	5.78%	5.49%	Assets in Composite: \$ 39,313,677
2006	9.73%	10.76%	15.79%	% of Firm's Assets: 26.32%
2/1/2005* to 12/31/2005	10.36%	4.26%	7.53%	
Cumulative				
2/1/05* to 5/31/2009	4.27%	(13.60%)	(14.80%)	

*Composite inception was 2/1/2005. Total firm assets consist of all advisory assets managed on a discretionary and non-discretionary basis.

Performance is illustrated net of management fees using the highest applicable annual management fee of 1.65%. Prior to 4/1/2008, the highest applicable annual management fee for the Core composite was 1.50%. The investment management fee schedule for the composite is 1.65% on the first \$50,000; plus 1.4% from \$50,001-\$100,000; plus 1.15% from \$100,001-\$250,000; plus 0.95% from \$250,001-\$500,000; plus 0.75% from \$500,001-\$750,000; plus 0.60% from \$750,001-\$1,000,000; plus 0.50% from \$1,000,001-\$2,500,000; plus 0.45% on the remainder. The minimum account size is \$2,500. Performance is expressed in U.S. Dollars using a time-weighted total rate of return. Results reflect any commissions and other transaction costs, foreign withholding taxes, if any, and include the reinvestment of all income. Returns in any particular account may vary due to differences in points of entry and similar factors. The firm maintains a complete list and description of composites, which is available upon request. Additional information regarding the policies for calculating and reporting returns is also available upon request. Past performance is not indicative of future results.

Verity Investments, Inc. is an independent registered investment adviser. Total firm assets consist of all assets managed on a discretionary and non-discretionary basis and include private equity, private limited partnerships, and similar private entities. Verity Investments, Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Verity Investments, Inc. has been verified firm wide for the periods 2/1/2005 through 6/30/2008 by Ashland Partners & Company LLP. In addition, a performance examination by Ashland Partners was conducted on the Core Composite beginning February 1, 2005.



The Moderate composite is designed for clients seeking growth of capital with a material reduction of risk compared to a typical diversified equity portfolio. The objective of this portfolio is to achieve gains on principal with an emphasis on avoiding years of significant decline in value, thus providing opportunity for solid though not spectacular long term growth.

Using a tactical asset allocation methodology, this composite portfolio is generally weighted more heavily in asset classes that appear undervalued relative to historical norms and/or supply and demand conditions. Multiple strategies may also be used for risk management purposes. Technical analysis guides entry and exit points for certain of the chosen positions, particularly in securities where greater volatility and/or more limited trading volume makes such tools important both for opportunistic and risk management functions.

The composite may be allocated at various times among domestic and foreign equity and debt securities, emerging markets equity and debt, commodities, real estate, foreign currency, short equity and debt positions, and money markets. Securities may be selected from open and closed-end mutual funds, exchange-traded funds, and individual equities. The investment adviser does not use leverage or derivatives, although it may strategically invest in funds that use leverage and derivatives of certain types.

Although broad diversification is employed with the intent to realize opportunity while limiting volatility, there can be no assurance that securities of various types and combinations will not result in greater volatility and risk of loss should the assessment of market conditions and choice of risk management strategies prove incorrect. However, based on past experience and research, this approach to diversification is reasonably expected to provide substantial reduction in volatility relative to a purely equity-based portfolio.

Given the broadly diversified and dynamic tactical asset allocation strategy, the Moderate composite is neither designed to correlate to the performance of any benchmark index, nor can a benchmark accurately reflect the potentially changing mix of asset classes over various periods for which performance may be illustrated. However, to offer a frame of reference, we provide from Morningstar the Dow Jones Moderately Conservative index, a global asset allocation benchmark with a comparable historical volatility to the Moderate composite.

	Composite Return	DJ Moderately Conservative	Data as of May 31, 2009:
Year-to-Date			
2009	5.50%	4.78%	Firm Advisory Assets: \$ 149,347,243
2008	(8.54%)	(15.27%)	
2007	5.37%	7.47%	Accounts in Composite: 489
2006	6.01%	8.28%	Assets in Composite: \$ 29,300,338
2/1/2005* to 12/31/2005	7.28%	4.87%	% of Firm's Assets: 19.62%
Cumulative			
2/1/05* to 5/31/2009	15.63%	8.34%	

Composite inception was 2/1/2005. Total firm assets consist of all advisory assets managed on a discretionary and non-discretionary basis.

Performance is illustrated net of management fees using the highest applicable annual management fee of 1.65% applied quarterly. Prior to 4/1/2008, the highest applicable annual management fee for the Core composite was 1.50%. The investment management fee schedule for the composite is 1.65% on the first \$50,000; plus 1.4% from \$50,001-\$100,000; plus 1.15% from \$100,001-\$250,000; plus 0.95% from \$250,001-\$500,000; plus 0.75% from \$500,001-\$750,000; plus 0.60% from \$750,001-\$1,000,000; plus 0.50% from \$1,000,001-\$2,500,000; plus 0.45% on the remainder. The minimum account size is \$2,500. Performance is expressed in U.S. Dollars using a time-weighted total rate of return. Results reflect any commissions and other transaction costs, foreign withholding taxes, if any, and include the reinvestment of all income. Returns in any particular account may vary due to differences in points of entry and similar factors. The firm maintains a complete list and description of composites, which is available upon request. Additional information regarding the policies for calculating and reporting returns is also available upon request. Past performance is not indicative of future results.

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The Aggressive composite, as the name suggests, is designed for clients seeking aggressive growth of capital. The objective of this portfolio is to seek returns that materially exceed average domestic equity returns over the long term. Greater volatility and risk of loss will be assumed in the effort to achieve this objective.

Using a tactical asset allocation methodology, this composite portfolio is generally weighted more heavily in asset classes that appear undervalued relative to historical norms and/or supply and demand conditions. Technical analysis guides entry and exit points for certain of the chosen positions, particularly in securities where greater volatility and/or more limited trading volume makes such tools important both for opportunistic and risk management functions.

The composite may be invested at various times among domestic and foreign equity and debt securities, emerging markets equity and debt, commodities, real estate, foreign currency, and short equity and debt positions. Securities may be selected from open and closed-end mutual funds, exchange-traded funds, and individual equities. The investment adviser does not use leverage or derivatives, although it may strategically invest in funds that use leverage and derivatives of certain types.

Although broad diversification is generally employed with the intent to realize opportunity while limiting volatility, this portfolio may at times be more concentrated in certain market sectors and certain specific securities than would be the case with a typical diversified portfolio. It may also assume larger positions in historically volatile securities if, in the judgment of the investment committee, the risk/reward characteristics appear favorable. There can be no assurance that these strategies will be successful.

Given the broadly diversified and dynamic tactical asset allocation strategy, the Aggressive composite is neither designed to correlate to the performance of any benchmark index, nor can a benchmark accurately reflect its changing mix of asset classes over various periods for which performance may be illustrated. To imply otherwise would be misleading. Thus, the generic industry standard S&P 500, an unmanaged capitalization-weighted index of stocks designed to represent the broad domestic market, is provided simply as a point of reference to which many investors look in assessing their own investment results.

	Composite Return	S&P 500 Index Return	Data as of Period End:
Year-to-Date			
2009	11.31%	2.96%	Firm Advisory Assets: \$149,347,243
2008	(30.40%)	(37.00%)	
2007	7.05%	5.49%	Accounts in Composite: 207
2006	10.09%	15.79%	Assets in Composite: \$2,561,236
2/1/2005* to 12/31/2005	12.38%	7.53%	% of Firm's Assets: 1.71%
Cumulative			
2/1/2005 to 5/31/2009	2.60%	(14.80%)	

*Composite inception was 2/1/2005. Total firm assets consist of all advisory assets managed on a discretionary and non-discretionary basis.

Performance is illustrated net of management fees using the highest applicable annual management fee of 1.65% applied quarterly. Prior to 4/1/2008, the highest applicable annual management fee for the Core composite was 1.50%. The investment management fee schedule for the composite is 1.65% on the first \$50,000; plus 1.4% from \$50,001-\$100,000; plus 1.15% from \$100,001-\$250,000; plus 0.95% from \$250,001-\$500,000; plus 0.75% from \$500,001-\$750,000; plus 0.60% from \$750,001-\$1,000,000; plus 0.50% from \$1,000,001-\$2,500,000; plus 0.45% on the remainder. The minimum account size is \$2,500. Performance is expressed in U.S. Dollars using a time-weighted total rate of return. Results reflect any commissions and other transaction costs, foreign withholding taxes, if any, and include the reinvestment of all income. Returns in any particular account may vary due to differences in points of entry and similar factors. The firm maintains a complete list and description of composites, which is available upon request. Additional information regarding the policies for calculating and reporting returns is also available upon request. Past performance is not indicative of future results.

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VERITY INVESTMENTS, INC.

MEMBER FINRA, SIPC

REGISTERED INVESTMENT ADVISER

SECTOR 2 ALLOCATION

May 31, 2009

The objective of the Sector 2 composite is very aggressive growth of capital. It is expected to exhibit significant volatility and a greater risk of loss compared to a typical diversified equity portfolio and is designed for clients seeking an aggressive component to complement a more broadly diversified portfolio.

Brian Kurtzer
Portfolio Manager

The Sector 2 composite attempts to invest in specific sectors of the equity market in which favorable risk/reward opportunities are identified. The portfolio will generally by definition be very concentrated in one sector and in a relatively small number of stocks, although conditions may exist in which the holdings are diversified among several unrelated sectors, at the discretion of the portfolio manager.

The composite may invest at various times in domestic and foreign equity and debt securities, emerging markets equity and debt, commodities, real estate, foreign currency, and short equity and debt positions. Securities may be selected from open and closed-end mutual funds and exchange-traded funds, but most investments will typically be in individual stocks. The investment adviser does not use leverage or derivatives, although it may strategically invest in funds that use leverage and derivatives of certain types.

All trading decisions are based on current outlook, creating the possibility that accounts entering this composite at different times may have very different holdings. Additionally, the composite may exhibit much greater turnover of securities than less aggressive portfolios.

Given the potential for significant portfolio concentration in a changing mix of asset classes, the Sector 2 composite is neither designed to correlate with the performance of any benchmark index, nor can a benchmark accurately reflect its evolution. The S&P 500, an unmanaged capitalization-weighted index of domestic stocks, simply provides a point of reference which many investors consider when assessing investment results.

	Composite Return	S & P 500	Data as of Period End:
Year-to-Date 2009	16.50%	2.96%	Firm Advisory Assets: \$ 149,347,243 Accounts in Composite: 60 Assets in Composite: \$1,579,903 % of Firm's Assets: 1.06%
2008	(23.19%)	(37.00%)	
2007	16.45%	5.49%	
2006	20.26%	15.79%	
3/1/2005* to 12/31/2005	6.45%	5.32%	
Cumulative 3/1/2005 to 5/31/2009	33.40%	(16.55%)	

Composite inception was March 1, 2005. Total firm assets consist of all advisory assets managed on a discretionary and non-discretionary basis.

Performance is illustrated net of management fees using the highest applicable annual management fee of 1.65% applied quarterly. Prior to 4/1/2008, the highest applicable annual management fee for the Core composite was 1.50%. The investment management fee schedule for the composite is 1.65% on the first \$50,000; plus 1.4% from \$50,001-\$100,000; plus 1.15% from \$100,001-\$250,000; plus 0.95% from \$250,001-\$500,000; plus 0.75% from \$500,001-\$750,000; plus 0.60% from \$750,001-\$1,000,000; plus 0.50% from \$1,000,001-\$2,500,000; plus 0.45% on the remainder. The minimum account size is \$2,500. Performance is expressed in U.S. Dollars using a time-weighted total rate of return. Results reflect any commissions and other transaction costs, foreign withholding taxes, if any, and include the reinvestment of all income. Returns in any particular account may vary due to differences in points of entry and similar factors. The firm maintains a complete list and description of composites, which is available upon request. Additional information regarding the policies for calculating and reporting returns is also available upon request. Past performance is not indicative of future results.

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PERFORMANCE SUPPLEMENT:

COMPARATIVE RESULTS DURING THE MARKET DECLINE

For proper context, this addendum must be accompanied by the individual performance flyer for each composite portfolio being considered.

In cyclical bear markets, broad domestic equity indices such as the Dow Jones Industrial Average and the S&P 500 typically suffer price declines of 28% - 30%. In severe instances, as we have witnessed, the declines can be much greater.

The Verity Core Composite is managed with a broad absolute return objective, seeking strong progressive growth over time with an approach that endeavors to limit volatility and to avoid significant declines in value. Given this objective, it may be useful to examine the effectiveness of the strategy during the very significant decline in the equity markets since October 2007.

During the last four months of 2008 and into 2009, an expanding worldwide credit crisis triggered devastating losses in markets of all types. The S&P 500 reached an all time closing high on October 9, 2007. From that point, through March 31, 2009 the price had dropped 49.01%, and the value, on a total return basis after adjusting for dividends, had dropped 46.73%. Other broad equity indices performed similarly.

In this extreme environment, the Core strategy did not escape all of the damage, but it did continue to demonstrate its capacity to significantly reduce both volatility and downside risk.

In addition to its Core Composite, Verity manages several categories of composite portfolios with widely varying styles, objectives, and risk characteristics. Performance for representative accounts in each category over the period, along with total returns for several of the major domestic and foreign equity indices, is illustrated below.

Total Return: October 9, 2007 through March 31, 2009			
S&P 500:	-46.73%	Core	-25.52%
DJIA	-43.40%	Moderate	-7.09%
NASDAQ	-44.43%	Aggressive	-32.07%
MSCI EAFE	-54.47%	Sector 2	-16.39%

Since performance figures for the firm's composite portfolios are only available for full month periods, the performance examples above are based upon data from a representative individual account for each that was fully invested in the respective composite throughout the period. The accounts selected were at the median performance level relative to all accounts in the composite over the full period from October 1, 2007 through March 31, 2009. Other accounts in each composite, even when fully invested, may experience small differences in performance due to fractional variations in allocation percentages deriving from differences in the timing of original entry into the composite and similar factors unique to each account. However, accounts fully invested in each composite throughout the same period will not typically experience differences of such a significance as to undermine the principles illustrated using the representative accounts selected.

Each composite illustrated has its own unique objectives, employs different management strategies, and will experience significant differences in portfolio volatility. The individual performance flyers, including detailed descriptions, should be reviewed by any

* Continued on Reverse

prospective investor. Aggressive and Sector composites, in particular, will assume considerably greater risk and should be used only by investors who are prepared to experience greater volatility than the Core and Moderate composites.

There can be no guarantee that the composites will be similarly effective in protecting against major market declines in the future. Additionally, since the composites are not designed to correlate to any equity index, they may perform either well or poorly relative to an index when the index is moving up in value. In general, even in those composites where broad diversification is employed with the intent to realize opportunity while limiting volatility, there can be no assurance that securities of various types and combinations will not result in greater volatility and risk of loss should the assessment of market conditions and choice of risk management strategies prove incorrect.

Performance in declining markets is only one facet of overall performance, and different time periods will yield different results. An investor should evaluate the overall characteristics of a composite in relationship to his or her personal investment objective.

Several of the composites illustrated have closely aligned variations designed specifically for use with 403(b) retirement plan accounts. Specific descriptions and performance details may be made available for any of the firm's managed composites upon request.

The composites may be invested at various times among domestic and foreign equity and debt securities, emerging markets equity and debt, commodities, real estate, foreign currency, and short equity and debt positions. Securities may be selected from open and closed-end mutual funds, exchange-traded funds, and individual securities. The investment adviser does not use leverage or derivatives, although it may strategically invest in funds that use leverage and/or derivatives of certain types.

Given the often broadly diversified and dynamic allocation strategies employed, composites are neither designed to correlate to the performance of any benchmark index, nor can a benchmark accurately reflect the potentially changing mix of asset classes over any specific period. Thus, certain industry standard indices are provided simply as points of reference to which many investors look in assessing growth oriented investment portfolios.

Performance figures are stated in U.S. dollars using a time-weighted total rate of return. Returns for any particular account may vary due to differences in point of entry and other related factors. Composite returns are net of all expenses, including management fees, custody fees, and trading commissions, where applicable, and reflect reinvestment of dividends and other earnings. The full management fee schedule is accessible in Form ADV, Part II, Schedule F, which should be reviewed before establishing an investment advisory account with the firm.

The equity indices used for illustration purposes are unmanaged capitalization-weighted stock indices designed to represent broad segments of the market. Performance figures for these indices are inclusive of all dividends, except for the EAFE, for which dividend data was not available.