



GIPS® Compliance Verification Statement

Montgomery Investment Management, Inc.

06/30/2004 through 09/30/2009



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GIPS® Compliance Verification Statement

Montgomery Investment Management, Inc. Issued December 23, 2009

The following report issued by Beacon Verification Services (“Beacon”) is for a firm-wide GIPS® Verification of Montgomery Investment Management, Inc.’s (“Montgomery”) claim of compliance with the Global Investment Performance Standards (GIPS®) for the period June 30, 2004 through September 30, 2009.

Montgomery received a firm-wide GIPS® Verification for the period December 31, 1992 through June 30, 2004 from its predecessor verifier. As dictated by the GIPS®, we are relying on the work of the predecessor verifier in formulating our opinion. The firm’s composite presentations include returns prior to June 30, 2004 that were verified by the predecessor verifier; however, the scope of our verification is limited to the period June 30, 2004 through September 30, 2009.

We have examined whether Montgomery (1) complied with all the composite construction requirements of the GIPS® on a firm-wide basis and (2) designed its processes and procedures to calculate and present performance results in compliance with the GIPS® for the period June 30, 2004 through September 30, 2009. Montgomery’s management is responsible for compliance with the GIPS® and the design of the processes and procedures that present the firm’s performance results in accordance with the GIPS®. Beacon’s responsibility is to express an opinion on Montgomery’s compliance based on its verification procedures.

Beacon has completed this firm-wide GIPS® Verification in accordance with the verification procedures set forth in the GIPS®. It is Beacon’s opinion that Montgomery has complied with all the composite construction requirements of the GIPS® on a firm-wide basis. Furthermore, it is Beacon’s opinion that Montgomery’s processes and procedures were designed to calculate and present performance results in compliance with the GIPS® for the period June 30, 2004 through September 30, 2009.

In addition to the firm-wide GIPS® Verification, Beacon has completed a Performance Examination of the Equity Composite maintained by Montgomery for the period June 30, 2004 through September 30, 2009. Beacon completed this examination in accordance with the Performance Examination procedures set forth in the GIPS®. It is Beacon’s



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opinion that the performance results of this composite for the period June 30, 2004 through September 30, 2009 are presented, in all material respects, in conformity with the GIPS[®].

This report of the referenced Performance Examination does not relate to any particular composite presentation of Montgomery other than the aforementioned composite.

Beacon Verification Services

Beacon Verification Services

Montgomery Investment Management
Equity Composite
12/31/98 – 09/30/09

Year	Total Return Gross of Fees %	Total Return Net of Fees %	S&P 500 Index Return %	Russell 3000 Value Index Return %	Number of Portfolios End of Period	Dispersion % Net of Advisory Fees	Total Composite Assets End of Period (\$ millions)	Total Firm Assets End of Period (\$ millions)	Percentage of Firm Assets %
1999	(1.37)	(1.92)	21.04	6.65	12	4.07	37	102	36
2000	24.61	23.85	(9.10)	8.04	12	5.85	39	103	38
2001	23.06	22.34	(11.89)	(4.33)	31	8.32	58	123	47
2002	1.28	0.67	(22.10)	(15.18)	27	6.00	56	147	38
2003	29.22	28.41	28.68	31.14	32	5.73	86	189	45
2004	16.51	15.82	10.88	16.94	16	3.73	87	206	42
2005	14.29	13.65	4.91	6.85	47	3.83	118	284	42
2006	11.13	10.48	15.79	22.34	70	4.49	141	329	43
2007	14.92	14.21	5.49	(1.01)	95	4.80	169	345	49
2008	(31.75)	(32.20)	(37.00)	(36.25)	88	3.78	97	243	40
3Q2009	22.59	22.01	19.26	14.97	90	N/A	129	274	47

Montgomery Investment Management Inc. (MIM, the firm) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Notes:

Firm Information: MIM, formed in 1987, is a SEC registered investment advisor which manages primarily US equities for both individual and institutional clients. MIM utilizes fundamental analysis in order to find securities with the best potential. The firm's fee schedule is as follows: 1.20% for the first \$500,000, 0.60% for the next \$1,500,000, 0.50% for the next \$3,000,000 and 0.40% for the next \$15,000,000. Management fees for accounts with assets under management exceeding \$20,000,000, for institutional accounts and for accounts of officers, directors and family members are negotiable.

Composite Characteristics: The Equity Composite was created January 1, 1992. A complete list and description of all firm composites is available upon request. MIM's Equity Composite strategy focuses on total return. Accounts comprising the Equity Composite are limited to those clients that adhere to MIM's investment philosophy without excessive positions with tax encumbrances. The Equity Composite and Index returns reflect the reinvestment of dividends and other earnings. From March 2005 through March 2009 the composite contained one bundled fee (sub-advisor fee) portfolio representing less than 1% of the composite assets as of each year end. The composite contains one non-fee paying account representing 38% of the

composite assets as of 9/30/09. However, for performance purposes, hypothetical management fees have been incorporated into the net of fees return for this account based on the current fee schedule. The composite benchmarks are the S&P 500 Index, the S&P 500/Barra Value Index and the Russell 3000 Value Index. On January 1, 2004, the firm replaced the S&P MidCap 400 Index with the S&P 500/Barra Value Index as this benchmark better reflects the firm's strategy. As of 07/01/06, the S&P 500/Barra Value Index was discontinued. New accounts that fit the composite definition are made eligible for the composite by the first of the following month in which the initial assets are fully received. If the account is not eligible by the first of the following month due to insufficient time to complete the investments, it will be reviewed again for inclusion for the first of the following month. If it was not included in the composite for any other reason, it will only be reevaluated again each quarter. Terminated accounts remain in the composite up to the last day of the last full month the account was under management.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars, and individual portfolios are revalued monthly. Investment portfolios are stated at fair value based on quoted market prices reported on recognized securities exchanges on the last business day of each month. Portfolios also are revalued intra-month in cases where cash flows in excess of 10% of the portfolio's value occur. The firm uses the Modified Dietz formula to calculate monthly returns and links these returns geometrically to produce an accurate time-weighted rate of return. Composite returns are asset-weighted and calculated both gross and net of management fees. All broker commissions, interest and realized and unrealized gains and losses are included in the calculation of returns. The firm uses accrual accounting for fixed income securities, and dividends are recorded on the pay date. Returns are calculated gross of withholding taxes on foreign dividends. Investment transactions are recorded on a trade-date basis. Composite dispersion of annual returns is measured by the standard deviation of equal-weighted portfolio returns represented within the composite for the full year. Additional information regarding policies for calculating and reporting returns is available upon request.

Other Disclosures: MIM has received a Firm-wide GIPS® Verification for each of the years in the ten-year period ended December 31, 2008 and for the nine-month period ended September 30, 2009. The MIM Equity Composite has also received a Performance Examination for the same time period. Past performance does not guarantee future results. This performance report should not be construed as a recommendation to purchase or sell any particular securities held in composite accounts. Market conditions can vary widely over time and can result in a loss of portfolio value.