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# HARMAN INVESTMENT ADVISORS

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## Global Investment Performance Standards GIPS®

### Composites Maintained by the Firm

December, 2010

#### Purpose:

“The Global Investment Performance Standards were developed by the CFA Institute (formerly the Association for Investment Management and Research) in partnership with many other organizations worldwide and with experts from a variety of fields within the global investment industry. The Standards were developed in order to provide an ethical framework for the calculation and presentation of the investment performance history of an investment management firm. The GIPS standards are a voluntary set of standards based on the fundamental principles of full disclosure and fair representation. Through voluntary compliance, firms can build an environment of credibility and trust in the investment industry.” Global Investment Performance Standards, GIPS® Handbook, Second Edition, 2006, pg.1.

#### Composites

The **Core Equity I** composite was established in July, 1991. It comprises all fee-paying, fully discretionary actively-managed equity accounts managed by the firm without substantive liquidity or investment management constraints. Its “style” is “value-oriented, all capitalization, and concentrated.” The composite includes commission and fee-in-lieu-of-commission (“bundled fee”) accounts. The benchmark for the Core Equity I composite is the Standard & Poor’s 500 total return index. The composite’s dispersion is measured using an asset weighted standard deviation of returns in the composite. Over the years, the Core Equity I composite has been referred to as the Equity Composite, Core Equity, and Core Equity I composite.

The benchmark for the Core Equity I composite is the Standard & Poor’s 500 total return index, i.e., including reinvestment of dividends.

The S&P 500 Index is a market-capitalization weighted index containing the 500 most widely held companies (400 industrial, 20 transportation, 40 utility and 40 financial

companies) chosen with respect to market size, liquidity, and industry. The volatility of the S&P 500 Index may be materially different from that of the strategy depicted, and the holdings in the strategy may differ significantly from the securities that comprise the S&P 500 Index. The S&P 500 index is calculated on a total return basis with dividends reinvested and is not assessed a management fee.

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