TRIVANT

CUSTOM PORTFOLIO GROUP, LLC

October 2009

Quarterly INSIGHTS

EXECUTIVE SUMMARY

S&P 500 Index Shows Strong Double-Digit Gains

In the Third Quarter, the domestic S&P 500 Index rose 15.61% while the MSCI EAFE Index (foreign) rose 19.52%. This followed an S&P 500 Index rise of 15.93% in the Second Quarter. All global equity markets except Japan had double-digit Third Quarter gains.

From March 10 (the start of the market rebound) through September 30, the S&P 500 Index rose 58.24%. Year-to-date through September 30, the S&P 500 Index rose 19.26%. So far, our 2009 forecast of "a market advance in the range of 18% to 22%" is correct.

Through the last year, we have steadfastly advocated that our clients stay the course regarding their appropriate asset allocation. This disciplined approach to investing has paid off.

Many clients and others have asked us if we expect the market rally to continue or falter. In short, we expect the rally to continue.

Why The Rally Should Continue

There are five reasons why the market rally should continue:

- Cash on the sidelines is double its 20 year average
- Cash on the sidelines has provided base support for the market rally to date
- There is still a large amount of cash that can be deployed to stocks at any time
- A steepening yield curve is a forward indicator that the economy is improving
- Market fears have subsided as evidenced by a lower VIX and bond spread

We anticipate that stocks will look attractive to market onlookers in the months ahead. Consequently we expect the market rally to continue and we will position the portfolio accordingly.

Third Quarter 2009

In This Issue

www.trivant.com

1-866-4-TRIVANT

toll free

EXECUTIVE SUMMARY

Continued from Page 1

We Continue To Shift Towards An Increased Small Cap Emphasis

During the Third Quarter, we continued a shift towards increased small cap emphasis that we initiated in the Second Quarter. We added two small cap stocks to the portfolio in exchange for three large cap stocks. Our average portfolio market cap value was further reduced.

We expect to see stronger signs of an improving economy going forward. Small cap stocks should outperform during the expansion phase of the business cycle. To best position the portfolio, we anticipate further increasing our small cap emphasis through a series of adjustments over the next few months.

Bond Prices Rise In The Third Quarter

The Fed interest rate was maintained in the Third Quarter as part of a globally coordinated effort to stimulate economic growth. The Barclays Capital U.S. Government/Credit Bond Index rose 4.16% in the Third Quarter.

Investors continued to move cash to both bonds and stocks. Consequently we observed a scenario where Treasury bond prices rose (yields decreased), corporate bond prices rose (yields decreased) and stock prices rose, all at the same time. This is common at the beginning of bull markets.

The Fed can no longer cut interest rates. There are no immediate inflation concerns and the need to stimulate the economy rules out an interest rate hike. Interest rates should therefore remain steady in the near term.

TRIVANT CUSTOM PORTFOLIO GROUP, LLC Third Quarter 2009 Review

Commentary in this review reflects our portfolio strategy. Many of our clients have different objectives and circumstances which are reflected in unique portfolio considerations. Please note that accounts may not contain all elements of the strategy discussed here. Additionally, individual client customizations and start dates may preclude certain elements of this strategy from being implemented. Past performance is no guarantee of future results. A risk of loss is involved with investments in stock markets.

John Barber, CFA
Chief Investment Officer

Dan Laimon, MBA
President

Michael Harris, CFA
Vice President

Why The Rally Should Continue

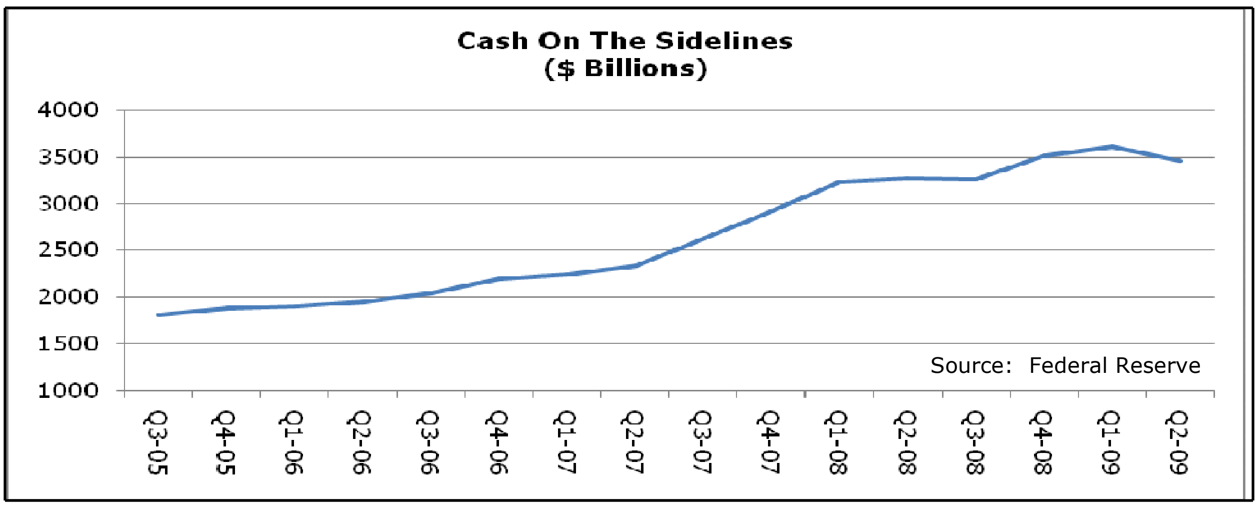
Cash On The Sidelines Is Double Its 20 Year Average

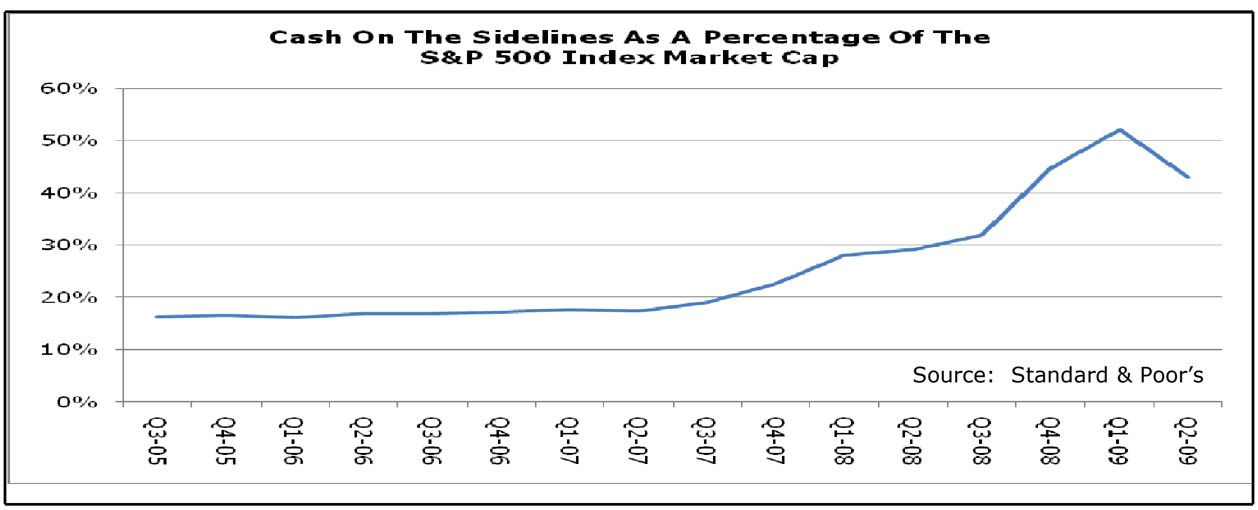
The main question we hear from clients and others is whether we expect the market rally to continue or falter. In short, we expect the rally to continue. This may seem counter-intuitive. After all, the S&P 500 Index has already moved up tremendously in a short period of time (+58.24% from March 10 through September 30) without a significant pullback. Unemployment is getting worse, not better. The deficit is increasing, not decreasing. Why should the rally continue? A main reason is the level of cash on the sidelines.

The level of cash on the sidelines is defined as the total amount of funds placed in money market accounts by both retail (individual) and institutional investors. The key characteristic of these funds is that they are liquid. At any time, this cash can be deployed towards other securities such as bonds and stocks.

From the beginning of 2007 through the beginning of 2009, cash on the sidelines increased from $2.2 trillion to $3.5 trillion (an increase of 59%). It is not surprising that investors increased cash holdings given the high level of market fear and volatility. For the first time in four years, cash on the sidelines decreased in the Second Quarter (albeit by a very modest 4%) as some investors gained confidence with the market rally.

Another useful measurement is cash on the sidelines as a percentage of the S&P 500 Index market cap. Over the last 20 years this has averaged 20%. Through the Second Quarter this year, it was double its average.





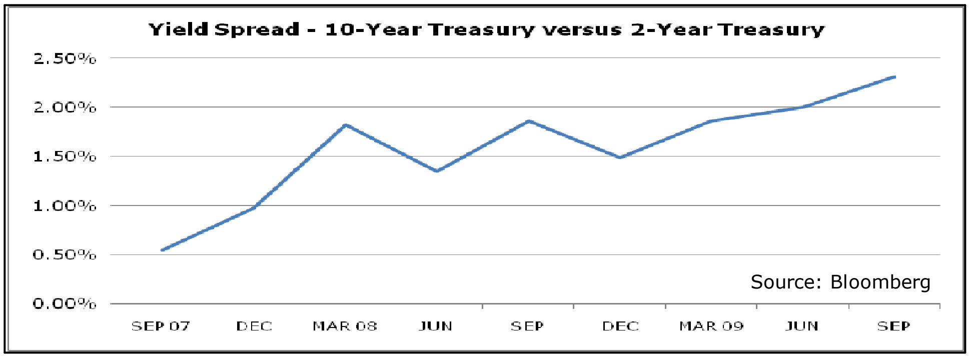
Market Fears Have Subsided

VIX is the ticker symbol for the Chicago Board Options Exchange Volatility Index. A high value for the VIX translates into a greater degree of market uncertainty, while a low value for the VIX is consistent with greater stability. As the market has ascended from March 10, the level of the VIX has been cut in half. This is a strong indicator that market fears have subsided.

The yield spread between Moody's Aaa (highest quality) and Bbb (lowest investment grade) corporate bonds is an indicator of how the market assesses company-specific risk: the higher the spread, the higher the risk. The yield spread has fallen considerably since March 10. This is another sign that market fears have subsided.

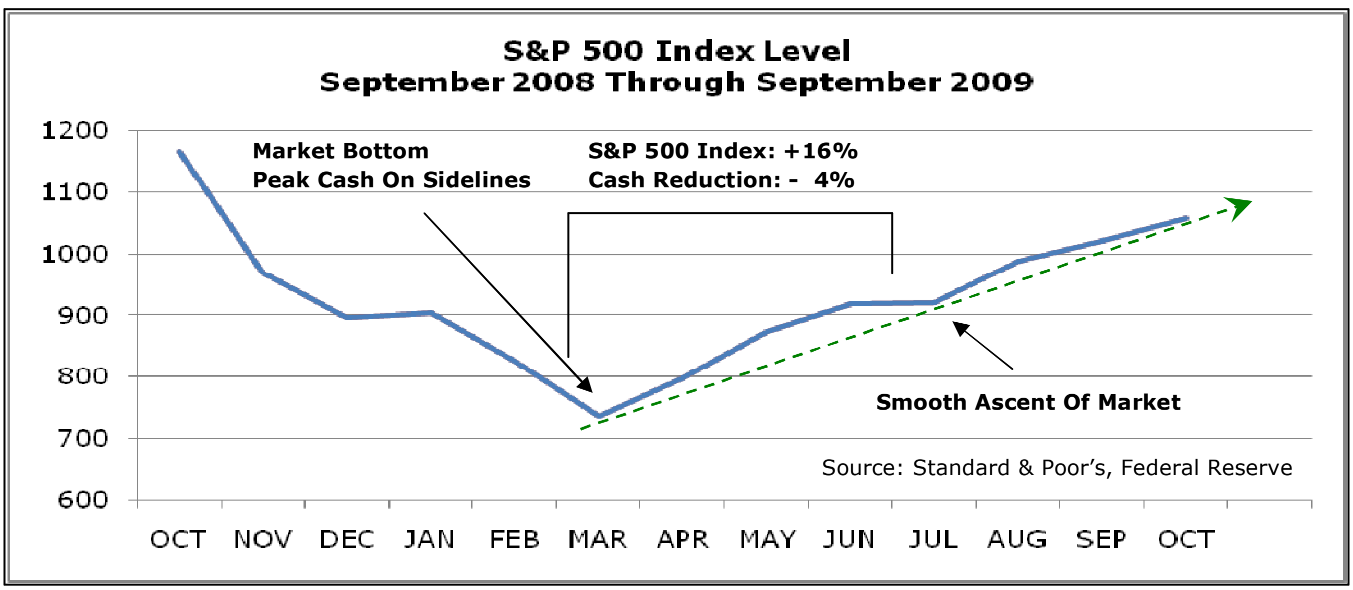
The Yield Curve Is Steepening

The yield curve, which compares the 2 year Treasury rate versus the 10 year Treasury rate, has become steeper over the last two years. A steepening yield curve is a forward indicator that the economy is improving. The yield spread (10 year Treasury versus 2 year Treasury) increases as the yield curve steepens.



Cash On The Sidelines Has Provided Base Support For The Market Rally Year To Date

The market rally that started on March 10 has been significant and consistent. One of the main reasons for the market's smooth ascent has been the high levels of cash on the sidelines. Money has entered the market on both its upward momentum and anytime there has been a pullback. In essence, the high level of cash has provided a base support for the rally.



There Is A Large Amount Of Cash That Still Remains On The Sidelines

Cash has just started to be deployed. In the Second Quarter, cash on the sidelines was reduced by only 4% in the midst of a significant market rise. There is plenty more fuel to add to the fire.

CONCLUSION

There is a large amount of cash that is still on the sidelines that can be deployed to stocks at any time. Market fears have subsided and a steepening yield curve points to an improving economy. We anticipate that stocks will look attractive to market onlookers in the months ahead. Consequently we expect the market rally to continue and we will position the portfolio accordingly.

Equity Market Review

S&P 500 Index Shows Strong Double-Digit Gains For The Second Consecutive Quarter

In the Third Quarter, the domestic S&P 500 Index rose 15.61% while the MSCI EAFE Index (foreign) rose 19.52%. This followed an S&P 500 Index rise of 15.93% in the Second Quarter, which was its largest quarterly gain since 1998. All equity markets except Japan had double-digit Third Quarter gains.

From March 10 (the start of the market rebound) through September 30, the S&P 500 Index rose 58.24%. Year-to-date through September 30, the S&P 500 Index rose 19.26%. At the beginning of the year, we predicted "global equity markets will advance in the range of 18% to 22%" (First Quarter 2009, 2009 Market Forecast, page 9). So far, we are right. Areas of note for the quarter include:

- Foreign stock out-performance was partially attributable to US Dollar depreciation
- Financials (+25.14%) led sector performance for the second consecutive quarter
- Energy (+9.49%), Staples (+10.50%) and Health Care (+8.91%) lagged the S&P 500 Index
- Emerging Markets (+21.04%) were led by Brazil (+ 27.51%) and Russia (+27.10%) versus China (+7.86%)
- US small cap stocks (+18.89%) out-performed the S&P 500 Index (+15.61%)

Equity Index Performance

Index	Q3 2009	YTD 2009
S&P 500 (Domestic)	15.61%	19.26%
MSCI EAFE (Foreign)**	19.52%	29.58%
MSCI World	17.57%	25.55%
MSCI Emerging Markets	21.04%	64.88%
Russell 2000 (Small Cap)*	18.89%	20.99%
MSCI Japan	6.57%	9.41%
MSCI UK (United Kingdom)	18.53%	34.02%
MSCI EMU (European Monetary Union)	25.85%	31.69%

* Performance data does not include dividends ** Europe, Australia and the Far East

We Continue To Shift The Portfolio Towards An Increased Small Cap Emphasis

During the Third Quarter, we continued a shift towards increased small cap emphasis that we initiated in the Second Quarter. We added two small cap stocks to the portfolio in exchange for three large cap stocks. Our average portfolio market cap value was further reduced.

Improved GDP and LEI data signals the worst of the recession is over. Real gross domestic product (GDP) - the output of goods and services produced by labor and property located in the USA - decreased at an annual rate of 0.7% in the Second Quarter. In the First Quarter, real GDP decreased 6.4% (source: Bureau of Economic Analysis). The Leading Economic Indicator (LEI) Index has risen for five consecutive months.

We expect to see stronger signs of an improving economy going forward. Small cap stocks should out-perform during the expansion phase of the business cycle. To best position the portfolio, we anticipate further increasing our small cap emphasis through a series of adjustments over the next few months.

Currency, Country, Sector & Market Cap Performance at a Glance

The US Dollar

The US Dollar depreciated versus the Japanese Yen, depreciated versus the Euro, and appreciated versus the British Pound in the Third Quarter. The Federal Reserve Board Funds Rate was maintained at a target 0% to 0.25%. The European Central Bank (ECB) maintained its rate at 1.00%. Oil prices were not a factor in the depreciation of the US Dollar, falling from approximately US $71 to US $67 per barrel over the quarter (a price decrease of 5%).

US Dollar Appreciation Versus Foreign Currencies

Currency	Q3 2009	YTD 2009	2008	2007
US Dollar/Euro	(3.62%)	(3.18%)	5.88%	(9.59%)
US Dollar/Japanese Yen	(6.35%)	1.01%	(18.37%)	(6.43%)
US Dollar/British Pound	2.79%	(10.28%)	44.00%	(1.01%)
US Dollar Index*	(3.77%)	(5.42%)	6.20%	(8.47%)

* The Dollar compared with a weighted basket of currencies Source: Telemet

In Q3 2009, the dollar fell 3.77% against a basket of diversified currencies.

The US Dollar depreciated in the Third Quarter for the following reasons:

- The "flight to safety" through US Treasury purchases that bolstered the US Dollar in the First Quarter and 2008 continued to subside. We have seen a "flight to risk" with funds earmarked for stock exposure. Encouraged by the Second Quarter foreign out-performance, many investors continued to move towards higher-risk foreign securities. As a result, the demand for US dollars fell because US Dollars had to be converted to foreign currencies. When the demand for US dollars decreases, the US Dollar depreciates.

- As was the case in the previous quarter, US budget deficit level concerns hurt the currency, as did relatively low US interest rates. According to The Commerce Department, the US trade deficit increased between May ($26 billion) and July ($32 billion). This was another factor that likely had a negative impact on the US Dollar. The rising deficit reflected higher oil prices through June 30.

The US Dollar: Portfolio Strategy Considerations

We are not concerned that the US Dollar depreciated in the Third Quarter, and believe the US Dollar will slightly appreciate in the last quarter of 2009. The "flight to risk" regarding stock exposure has likely run its course.

During the quarter, the European Central Bank (ECB) maintained its rate at 1.00%. The Fed rate was maintained at a target 0% to 0.25%. Consequently, the rate gap between the ECB and the FED was constant, and we anticipate neither the Fed or the ECB will raise rates in the short-term. We believe the US economy will recover at a relatively faster rate than the European economy. This should favor the US Dollar versus the Euro and the British Pound.

By year-end, we do not anticipate the US Dollar will be a major factor in 2009 portfolio performance. In the Third Quarter, we decreased our target domestic portfolio weighting from approximately 90% to 85%. This adjustment was made for sector and market cap considerations, not currency considerations.

Japan

Japan has considerably lagged other foreign regional performance year to date. Unemployment and deflation, coupled with an aging and shrinking population, has scared people. The Liberal Democratic Party, which ruled Japan for all but 11 months since 1955, was defeated by the Democratic Party of Japan in August.

Japan: Portfolio Strategy Considerations

Japan provides a degree of portfolio risk control since it is lowly correlated to US performance. We reduced our Japanese exposure in July and maintain a very small portfolio position at this time.

Emerging Markets

Emerging Markets was the second-leading global area (+21.04%) in the Third Quarter. Metal prices rose and oil prices slightly dropped as compared to the Second Quarter. We attribute Brazilian and Russian regional performance strength to commodity prices and the "flight to risk" with funds earmarked for stocks.

Emerging Markets Performance By Region

Country	Q3 2009	YTD 2009
Brazil	27.51%	102.22%
Russia	27.10%	85.50%
India	19.60%	88.31%
China	7.86%	48.44%

Source: MSCI

Emerging Markets: Portfolio Strategy Considerations

Emerging Markets have double the exposure to commodity markets relative to the S&P 500 Index, and are highly volatile. Since we anticipated tame commodity markets in the Third Quarter, we did not initially intend to raise Emerging Markets exposure. We were not looking for more sensitivity to commodity prices.

Several regions in Emerging Markets are becoming more than just a "commodity play." From a portfolio strategy standpoint, we expect to see stronger signs of an improving economy. In July, we raised exposure in India via the banking sector to gain sensitivity to economic recovery outside the United States.

Europe

Europe was up considerably (+25.85%) versus the S&P 500 Index (+15.61%) for the quarter. Part of this out-performance was due to currency appreciation that we expect will revert. There are no indications that European business prospects are better than those in the United States. According to The Economist (October 10, 2009), estimated GDP growth for 2010 is +2.5% for the United States, +1.4% for Britain, and +1.2% for the European Monetary Union (EMU).

There has been great European reluctance to provide fiscal stimulus measures. We anticipate the European Central Bank (ECB) will maintain its interest rate at 1.00%. Despite a victory for returning German Chancellor Angela Merkel at the end of September, we do not view Germany as an attractive investment region.

Europe: Portfolio Strategy Considerations

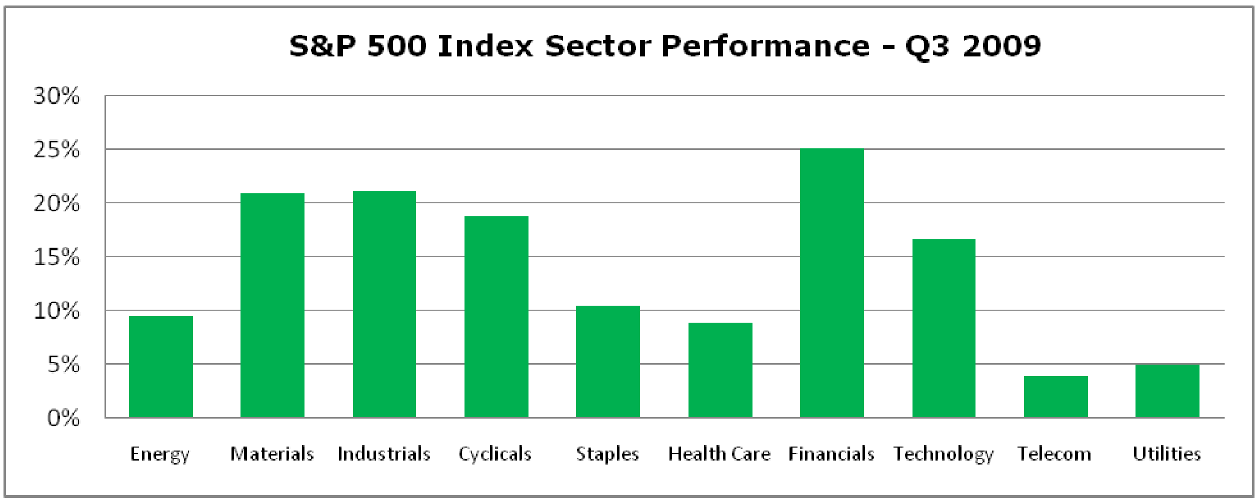
We maintain minimal European exposure as we see no factors that point to out-performance.

Sector Performance

Financials was the best-performing sector (+25.14%) in the Third Quarter, although it is a neutral performer year to date (+19.19% through September 30). Its bounce was likely due to reduced investor fears of banking operational health and increased profit potential from a steepened yield curve. Industrials (+21.24%), Materials (+21.00%) and Cyclicals (+18.85%) were the next best performing sectors. Technology remains the leading sector year to date (+44.80%).

Telecom was the worst performing sector in the Third Quarter (+3.94%), followed closely by Utilities (+4.96%). Health Care (+8.91%) was a laggard for the second consecutive quarter, likely in response to fears of massive government intervention and the fact that a traditionally defensive sector becomes less attractive during a market bounce.

Staples (+10.50%) lagged the S&P 500 Index (+15.61%). Energy (+9.49%) also lagged, although the sector picked up momentum in September as oil prices started to rise.



Source: Standard & Poor's

Sectors: Portfolio Strategy Considerations

We remain under-weight (as compared to the S&P 500 Index) to Energy and Utilities. Crude oil inventories remain high. Utilities are pressured by falling electricity demand and aging infrastructure.

Although Financials continued to rebound, we are leery of changing our neutral-weight position to an over-weight position. Commercial real estate markets are under pressure and have the potential to be "the next shoe to drop" in the Financials sector.

We continue to over-weight Technology, although our over-weight position is less pronounced than at the beginning of the year. This sector has solid balance sheets with good cash positions. We anticipate increased spending on Technology from businesses in order to increase efficiency and productivity.

We anticipate maintaining a neutral-weight position in Health Care pending more legislative clarity regarding the health care system. Year-to-date (through September 30), Materials (+35.86%) has led Industrials (+11.93%) by a significant margin. During the recovery phase of a business cycle, we expect Materials to lead, and then for Industrials to catch up. We recently increased our Industrials exposure.

Market Cap Performance

Small cap US stocks fared better than large cap US stocks in the Third Quarter. Small cap foreign stocks fared better than large cap foreign stocks. During the quarter, we added two small cap stocks to the portfolio.

We expect further signs of an improving economy, and anticipate that small cap stocks should continue to perform well. Bear in mind that there are different measurements of small cap performance. While the MSCI US small cap performance is +33.06% through September 30, the Russell 2000 (small cap) is +20.99%.

Market Cap Performance	Q3 2009	YTD 2009
Large Cap Performance		
World	16.94%	24.08%
Foreign	19.44%	28.65%
USA	14.57%	18.17%
Small Cap Performance		
World	22.31%	40.66%
Foreign	22.18%	48.81%
USA	21.74%	33.06%

Source: MSCI

Market Cap: Portfolio Strategy Considerations

Small cap stocks should out-perform during the expansion phase of the business cycle. To best position the portfolio, we anticipate further increasing our small cap emphasis through a series of adjustments over the next few months.

Style Performance

US Growth stocks lagged US Value stocks in the Third Quarter. This was due to the two leading sectors. Technology (+16.70%) drove growth stocks and Financials (+25.14%) drove value stocks .

Style Performance	Q3 2009	YTD 2009
US Growth	13.39%	25.43%
US Value	15.73%	11.27%
Foreign Growth	16.43%	23.47%
Foreign Value	22.30%	33.90%

Source: MSCI

Style: Portfolio Strategy Considerations

For the moment, we will maintain a slight growth bias due to our expectation of continuing challenges in the Financials sector (commercial loans). A weaker US Dollar should benefit the Technology sector.

Bond Market Review

The Fed interest rate was maintained in the Third Quarter as part of a globally coordinated effort to stimulate economic growth. The Barclays Capital U.S. Government/Credit Bond Index rose 4.16% in the Third Quarter.

Key US Interest Rates	Sept. 30, 2009	June 30, 2009	Change
Federal Reserve Boards Funds Rate	0.25%	0.25%	no change
2-Year Treasury (Constant Maturity)	0.88%	1.13%	-25 basis points
5-Year Treasury (Constant Maturity)	2.20%	2.63%	-43 basis points
10-Year Treasury (Constant Maturity)	3.19%	3.13%	+ 6 basis points

Note: 100 basis points (bp) = 1.00% Source: Bloomberg

Investors continued to move cash to both bonds and stocks. Consequently we observed a scenario where Treasury bond prices rose (yields decreased), corporate bond prices rose (yields decreased) and stock prices rose, all at the same time. Significantly more cash moved to bonds than stocks. Since there is still considerable cash on the sidelines (page 3) that we expect will be deployed, there should be inherent bond price stability.

The yield curve, which compares the 2 year Treasury rate (Constant Maturity) versus the 10 year Treasury rate, became slightly steeper as the 10 year yield rose and the 2 year yield fell. Normally a steepened yield curve benefits banks because lending becomes more profitable. In the tough current lending environment, a slightly steepened yield curve is somewhat inconsequential.

Core inflation remains tame. On a seasonally adjusted basis, the CPI (Consumer Price Index) was unchanged in July and up 0.4% in August.* Over the last 12 months (August 2008 through August 2009), the index has fallen 1.5%.

The Fed can no longer cut interest rates. There are no immediate inflation concerns and the need to stimulate the economy rules out an interest rate increase. The Fed rate should therefore remain steady in the near term.

Bond Market: Portfolio Strategy Considerations

We sold Treasury bonds late last year and replaced them with investment-grade corporate bonds and certificates of deposit (CDs). At the time, we believed Treasury bond prices did not have much upside after their best year since 1995 (a 2008 return of +13.7%). So far in 2009, we are right. Treasury bond prices have not fared nearly as well as corporate bonds and CDs.

We also continue to hold Treasury Inflation Protected Securities (TIPS) as part of a diversified bond portfolio. TIPS act as a hedge against inflation.

Right now, TIPS are priced to anticipate just over 2% annual inflation during the next 10 years. If inflation increases , TIPS become more valuable because the bond price and coupon payments are adjusted for inflation. Although inflation is not a concern at the moment, excessive deficit spending and an economic recovery could fuel inflation. TIPS act as an “insurance policy” against rising inflation. This type of insurance can be especially important for investors who require portfolio income.

*Source: Bureau of Labor Statistics

Closing Thoughts

The Third Quarter rally that extended the Second Quarter rally has hopefully given you some confidence in the markets. We continue to shift the portfolio towards an increased small cap emphasis in anticipation of an improved economic outlook.

We know that last year and early this year were difficult to watch as an investor. Through the tough times, we advocated that our clients stay the course regarding their appropriate asset allocation. Thank you for your trust and patience. This discipline has paid off as the S&P 500 Index has risen almost 20% year to date.

Our original forecast that "global equity markets will advance 18% to 22% in 2009" has so far been accurate. Of course, we are not yet at year-end. We anticipate further market strength in the Fourth Quarter, and will not be concerned if the market pulls back a little in the meantime.

We will continue to closely monitor the market and adjust your portfolio as needed. Please feel free to contact us anytime to discuss questions or comments you may have. We will keep you informed of portfolio progress.

Respectfully submitted,

TRIVANT

CUSTOM PORTFOLIO GROUP, LLC

John Barber, CFA	Dan Laimon, MBA	Michael C. Harris, CFA
Chief Investment Officer	President	Vice President

TriVant Custom Portfolio Group, LLC
Emerald Plaza Building
402 West Broadway, 4th Floor
San Diego, CA 92101

Telephone: (760) 633-4022
Facsimile: (760) 874-2802
Toll-Free: 866-4-TRIVANT (866-487-4826)

Email: info@trivant.com
Website: **www.trivant.com**

"The key to making money in stocks is not to get scared out of them."

Peter Lynch