



Quantum Capital

Principal Safety

Contents

A light gray silhouette of a city skyline is positioned at the top of the slide, behind the title. The skyline includes various building shapes, with a prominent, tall, pointed skyscraper in the center. Below the skyline is a solid dark blue horizontal bar that spans the width of the slide.

- Firm Overview
- Portfolio Management Team
- Investment Philosophy and Process Review
- Performance Review
- Summary – Competitive Strengths
- Disclosures

Firm Overview

A light gray silhouette of a city skyline, featuring various skyscrapers and buildings, positioned at the top of the slide behind the title.

- Quantum Capital founded in 1996 in the San Francisco Bay Area
- 13 Employees (7 Investment Professionals)
- Seasoned Portfolio Management Team (average 25 years of experience)
- Co-Founders Continue to Actively Manage the Portfolios
- \$225 million in Total Assets Under Management
- Independent Investment Management Firm

Portfolio Management Team

Howard B. Aschwald, CFA / Co-Founder & Portfolio Manager

- Co-founded Quantum Capital in 1996
- Director of Research and Chief Investment Officer
- Morgan Stanley, Stein Roe, Technology Analyst and Portfolio Manager
- Graduated from the U.S. Naval Academy at Annapolis; retired as a Captain in the Naval Reserve
- MBA in Finance from Golden Gate University and CFA Charterholder

Stephen A. Bradley / Co-Founder & Portfolio Manager

- Co-founded Quantum Capital in 1996
- Morgan Stanley, supervising numerous financial advisors and several billion dollars in assets
- Merrill Lynch, institutional stockbroker
- Serves on the board of directors of the TH Group, Inc. and Independent Living Systems, Inc.
- Graduated from the University of the State of New York, attended University of Pennsylvania's Wharton Business School

Mat A. Johnson / Portfolio Manager & Investment Strategist

- Director of Growth Investment Strategy and Economic Research at ThinkEquity Partners
- Chief Economist and Director of Growth Strategy with Thomas Weisel Partners
- Growth stock strategist in Merrill Lynch's Global Growth Strategies Group
- Senior Economist and Growth Strategist with Montgomery Securities
- U.S. forecast economist in Bank of America's Economic and Policy Research Department
- M.A. in Financial and Development Economics from Rutgers University
- Graduate research at London School of Economics and Leningrad University

Principal Safety Key Foundations

DISCIPLINED

TRANSPARENT

CONSISTENT

RISK-CONTROLLED

- Target lowest risk for commensurate level of return
- Markets are unpredictable and volatile - Principal Safety is structured to minimize downside
- 35 - 45 Large Cap securities represent the long-only equity foundation
- Hedging strategy consists of buying puts and selling calls - creates a performance “collar”

Portfolio Construction Blueprint

Initial Screening Criteria: Identify Stocks within the Appropriate Market Capitalization Spectrum

Additional Screens Identify Stocks with Specific Dividend Growth, Projected Revenue and Earnings Growth and other Product Specific Metrics

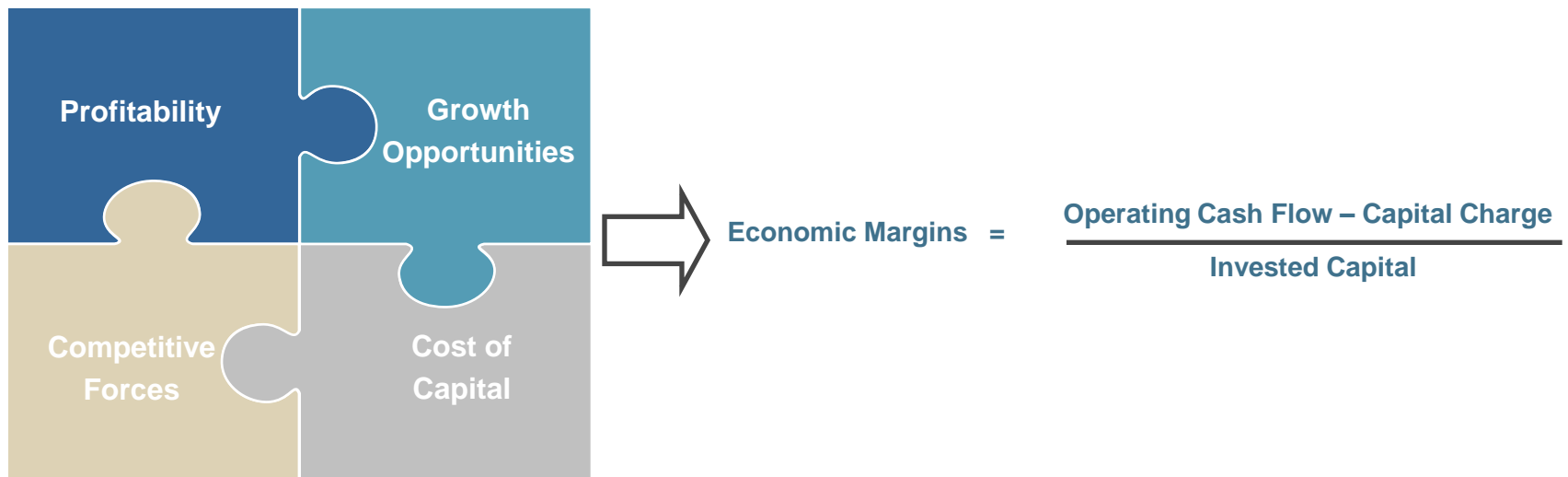
**Stocks Ranked by Proprietary Equity Valuation Score
Equity Score Incorporates Valuation and Timeliness Factors**

**Analysts Refine Intrinsic Value Estimates
and Evaluate Qualitative Factors of Attractive Candidates**

**Portfolio of 35-50 Attractively Valued Securities
Modest Sector Over and Under Weights**

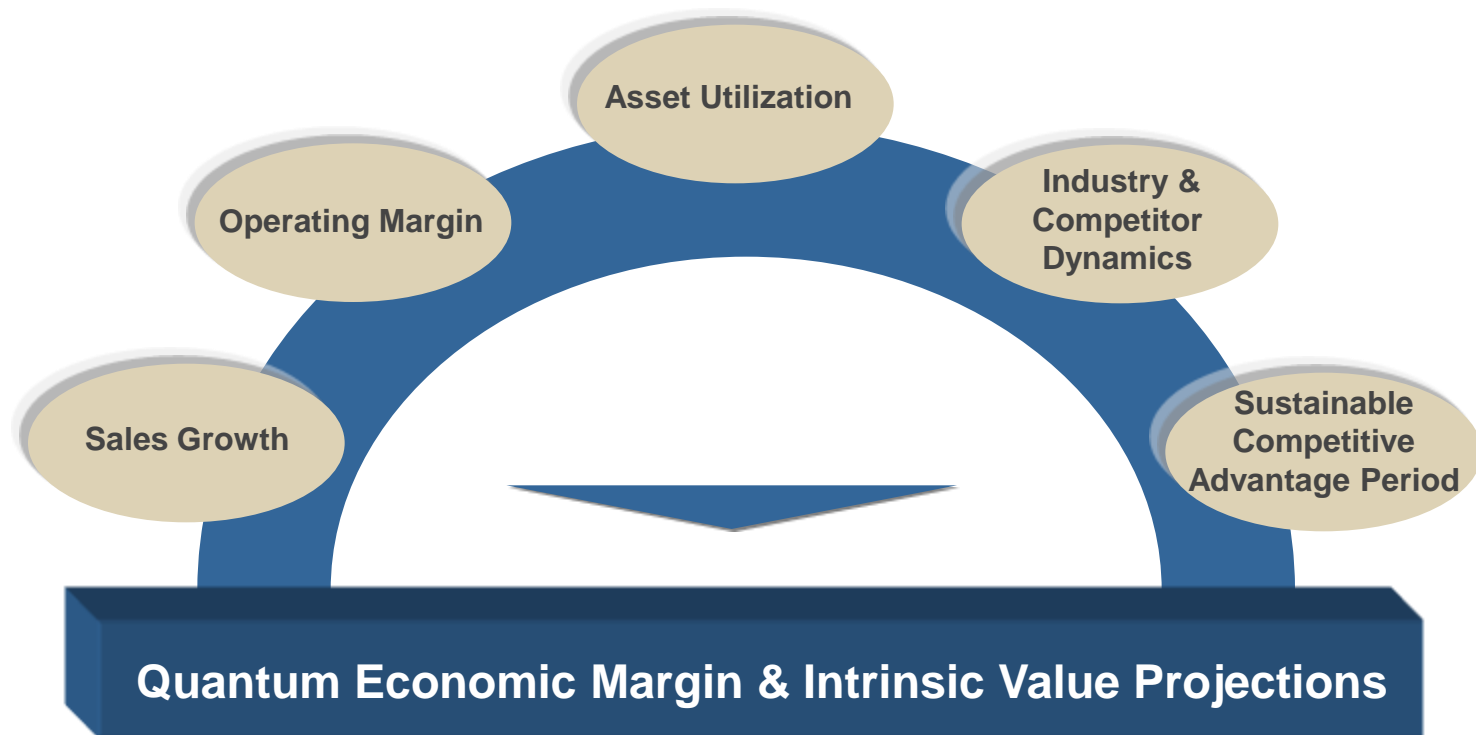
Intrinsic Value Evaluation

Applied Finance Group Economic Margin Framework addresses four primary enterprise value factors:



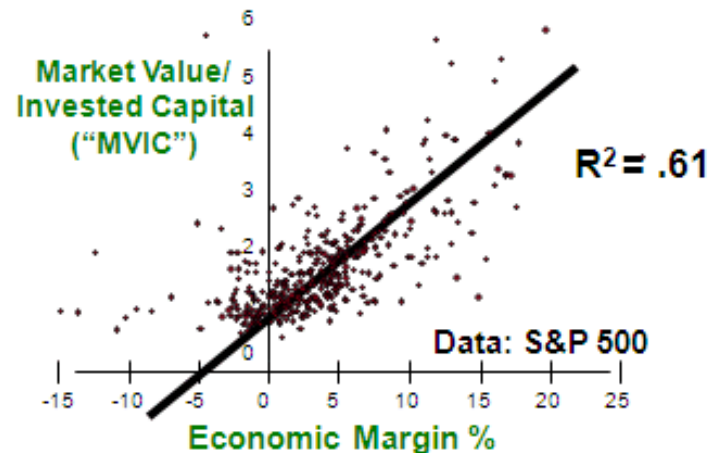
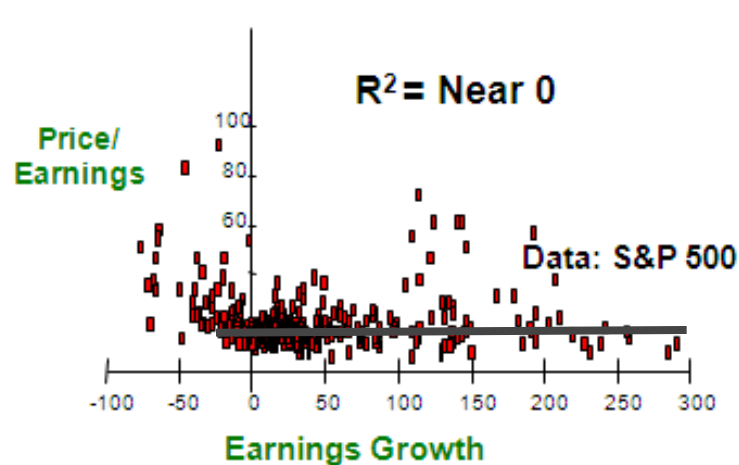
Refinement of Economic Margin Drivers

Analysts Conduct Fundamental Research to Refine Key Inputs In Economic Margin Calculation



Evolved Valuation Framework

- With Economic Margin factor in hand, Quantum turns to an evolved Price to Book Metric: Market Value/ Invested Capital or “MVIC”
- Market Value is the sum of common stock market capitalization plus all debt
- Invested Capital is the cumulative sum of all funds sourced into the business less all funds removed from the business adjusted for inflation
- The relationship between MVIC and Economic Margin exhibits a stronger correlation than traditional PE to Growth valuation methodologies



Sell Discipline



- **Fundamental Change**

Reduced economic margin and profitability, or change in dividend policy

- **Management Change**

Significant change in management strategy that alters original investment thesis

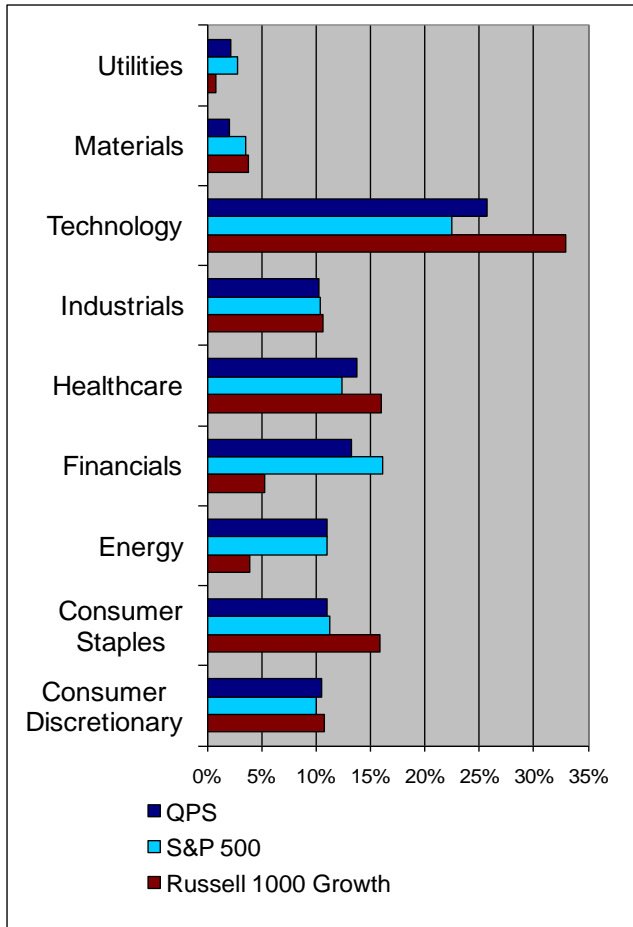
- **Valuation Change**

Security reaches price objective with no supporting change in business fundamentals

- **Portfolio Rebalance**

Significantly better alternative investment opportunity within sector

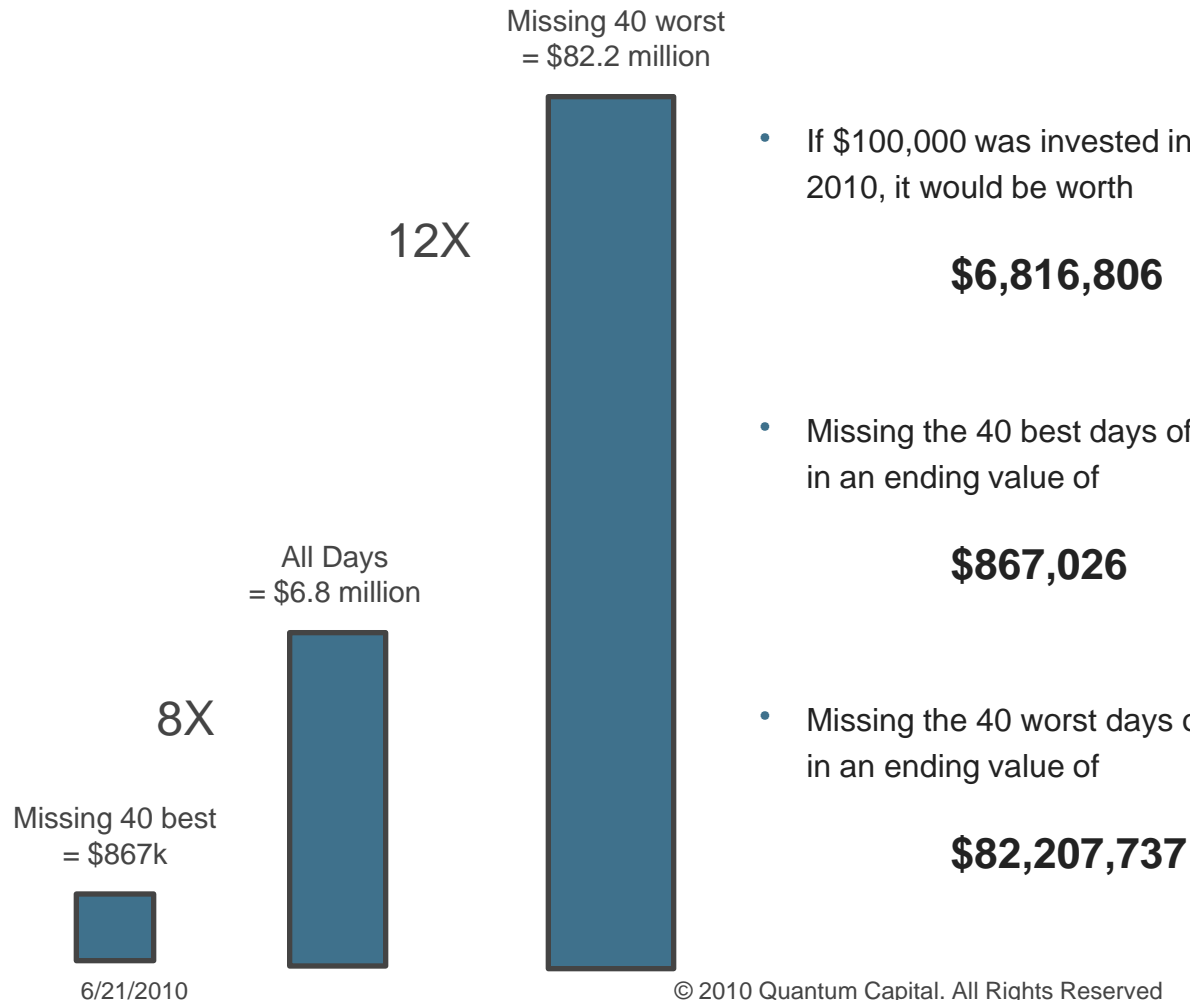
Sector Weightings and Top Ten Holdings



Top Ten Holdings – 3/31/10

Company	% Portfolio
• MetLife Inc	4.17
• Bank of America Corp	3.40
• Ebay Inc	3.30
• Oracle Corporation	3.27
• Ansys Inc	3.26
• Cisco Systems Inc	3.08
• Rockwell International Corp	3.05
• Johnson & Johnson	2.98
• Microsoft Corp	2.92
• Best Buy Inc	2.87

Asymmetric Relationship



- If \$100,000 was invested in the S&P 500 in 1950, by the end of April 2010, it would be worth

\$6,816,806

- Missing the 40 best days of the market over the past 60 years results in an ending value of

\$867,026

- Missing the 40 worst days of the market over the past 60 years results in an ending value of

\$82,207,737

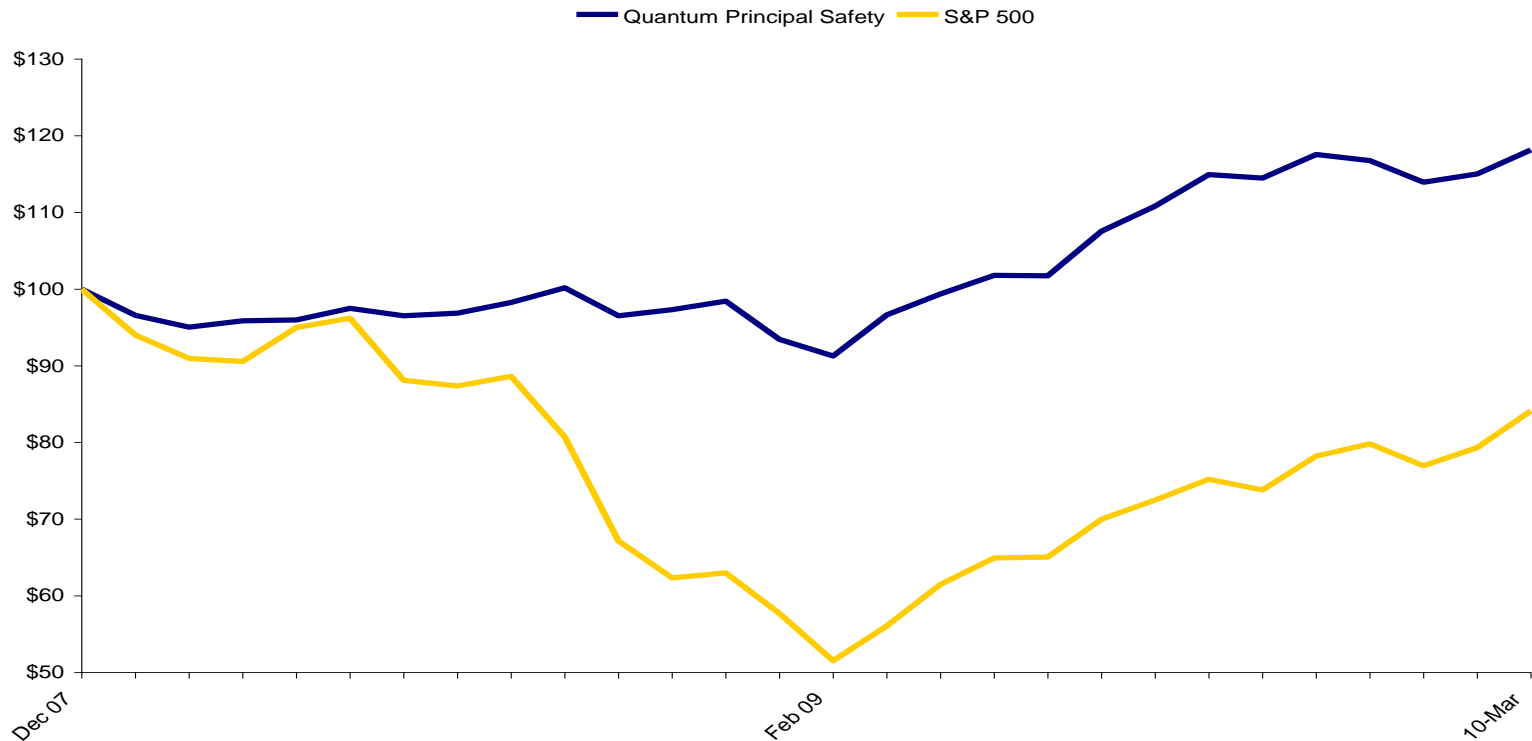
Options Strategy for QPS



- Purchase long-term put options on the SPY approximately 5% out of the money. The put option position typically represents approximately 5% of portfolio value at cost.
- Existing put options are replaced if the strike price moves substantially in the money or out of the money. In addition, put options are replaced near three months to expiration to avoid accelerating time decay factor.
- QCM seeks to pay for the put option insurance by selling call options on the SPY on up to 30% of the portfolio value. Quantum sells short-term call options with strike prices at the money up to 2% out of the money.

Actual Performance

Growth of \$100



	Down Market 12/07-2/09	Up Market 3/09-3/10	Since Inception 12/07-3/10
QPS	-8.74%	29.46%	18.15%
S&P 500	-48.45%	63.16%	-15.89%
QPS Risk	7.49%	8.17%	9.08%
S&P Risk	20.03%	13.22%	22.39%

Returns*

	1 Year	Annualized 2 Year	Annualized Since Inception 12/31/07
Quantum Principal Safety	22.29%	11.03%	9.39%
S&P 500	50.03%	-3.62%	-7.40%
HFRX Equity Hedge	12.65%	-5.74%	-7.16%

	YTD 2010	2009	2008
Quantum Principal Safety	1.22%	18.60%	-1.57%
S&P 500	5.37%	26.70%	-37.00%
HFRX Equity Hedge	0.32%	13.13%	-25.46%

Risk Stats Since Inception	Beta	Alpha	R-Squared	Sharpe Ratio
Quantum Principal Safety	0.30	11.6%	0.61	1.01
S&P 500	1.00	0.0%	1	-0.32
HFRX Equity Hedge	0.37	-4.4%	0.59	-0.61

* As of March 31st, 2010

Supplemental Information to the GIPS compliant presentation located on the last page of the presentation

Monthly Performance Numbers

Gross of Fees	Principal Safety	Principal Safety Cumulative Return	S&P 500 Total Return	S&P 500 Cumulative Return	Relative Performance	Cumulative Relative Performance	Cumulative Up Market Capture	Cumulative Down Market Capture
Jan-08	-3.44%	-3.44%	-6.00%	-6.00%	2.56%	2.56%	0.0%	57.3%
Feb-08	-1.57%	-4.96%	-3.25%	-9.06%	1.68%	4.10%	0.0%	54.7%
Mar-08	0.85%	-4.15%	-0.43%	-9.45%	1.28%	5.30%	0.0%	43.9%
Apr-08	0.11%	-4.04%	4.87%	-5.04%	-4.76%	0.99%	2.3%	43.9%
May-08	1.60%	-2.51%	1.30%	-3.80%	0.30%	1.29%	27.5%	43.9%
Jun-08	-1.02%	-3.50%	-8.42%	-11.90%	7.40%	8.40%	27.5%	30.0%
Jul-08	0.37%	-3.14%	-0.84%	-12.64%	1.21%	9.50%	27.5%	26.9%
Aug-08	1.45%	-1.74%	1.45%	-11.37%	0.00%	9.63%	41.0%	26.9%
Sep-08	1.92%	0.15%	-8.91%	-19.27%	10.83%	19.42%	41.0%	11.7%
Oct-08	-3.63%	-3.49%	-16.80%	-32.83%	13.17%	29.34%	41.0%	17.2%
Nov-08	0.83%	-2.69%	-7.18%	-37.66%	8.01%	34.97%	41.0%	13.5%
Dec-08	1.15%	-1.57%	1.06%	-37.00%	0.09%	35.43%	49.0%	13.5%
Jan-09	-5.07%	-6.56%	-8.43%	-42.31%	3.36%	35.75%	49.0%	22.3%
Feb-09	-2.33%	-8.74%	-10.65%	-48.45%	8.32%	39.71%	49.0%	23.8%
Mar-09	5.87%	-3.38%	8.76%	-43.94%	-2.89%	40.56%	56.9%	23.8%
Apr-09	2.82%	-0.65%	9.67%	-38.51%	-6.85%	37.86%	45.5%	23.8%
May-09	2.44%	1.77%	5.59%	-35.08%	-3.15%	36.85%	44.1%	23.8%
Jun-09	-0.03%	1.74%	0.20%	-34.95%	-0.23%	36.69%	43.7%	23.8%
Jul-09	5.70%	7.54%	7.56%	-30.03%	-1.86%	37.57%	48.0%	23.8%
Aug-09	3.05%	10.82%	3.61%	-27.50%	-0.56%	38.32%	50.3%	23.8%
Sep-09	3.71%	14.93%	3.73%	-24.80%	-0.02%	39.73%	53.4%	23.8%
Oct-09	-0.41%	14.46%	-1.86%	-26.20%	1.45%	40.66%	53.4%	24.1%
Nov-09	2.70%	17.55%	6.00%	-21.77%	-3.30%	39.32%	51.1%	24.1%
Dec-09	-0.69%	16.74%	2.04%	-20.17%	-2.73%	36.91%	47.4%	24.1%

Cumulative risk is based upon monthly returns since inception of the strategy, on an annualized basis.

Relative performance is simply the difference between our actual performance and the S&P 500.

Summary: Competitive Strengths

Consistent Investment Process & Philosophy Across All Equity Disciplines

- Fundamental, research oriented stock selection
 - Identifies investments during market downturns and restricts investments in elevated up-markets
- Intrinsic value focus reduces volatility and adds downside protection
 - Risk management begins before initial security purchase
 - Strict sell-discipline helps moderate volatility in elevated markets
 - Consistent application of buy and sell disciplines

Continuity of Portfolio Management Team

- Co-founders actively manage the portfolios
 - Team approach to managing all portfolios
- Investment-driven
 - Principal activity is conducting research and managing portfolios

Client Service

- Strive to exceed expectations for client service and communication

Disclosures

Quantum Principal Safety Composite Annual Performance Disclosure

	Total Firm	Composite Assets		Annual Performance Results			
Year	Assets	USD	Number of	Composite	Composite	S&P	Composite
End	(millions)	(millions)	Accounts	Gross	Net	500	Dispersion
YTD	220	11	10	1.2%	.9%	5.4%	NA
2009	192	8	9	18.6%	17.4%	26.5%	NA
2008	170	<5	<6	(1.6%)	(2.8%)	(37.0%)	NA

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Principal Safety Composite contains fully discretionary equity accounts managed to provide an above average growing stream of income and capital appreciation. For comparison purposes this composite is measured against the S&P 500 Index. The minimum account size for this composite is \$200,000.

Quantum Capital Management has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Quantum Capital Management is an independent registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using the highest applicable management fee of 1.2% applied monthly. The annual composite dispersion presented is equal-weighted standard deviation calculated for the equity segment of the accounts in the composite the entire year. Additional information regarding the policies for calculating and reporting returns is available upon request.

The investment management fee schedule is as follows: 1.2% on the first \$1,000,000; 1% on the next \$1,000,000 up to \$2,000,000; .8% on the next \$4,000,000 up to \$6,000,000 and .75% on the next \$5,000,000 up to \$11,000,000, .65% on the next \$15,000,000 up to \$26,000,000 and .55% over \$26,000,000. Fees are negotiable.

As of 12/31/07 only accounts with 80% of the assets in the composite are included in the Principal Safety Portfolio performance disclosure.

The Quantum Principal Safety Composite was created December 31, 2007. Quantum Capital Management's compliance with the GIPS standards has been verified for the period January 1, 1997 through December 31, 2007 by Ashland Partners & Company LLP. A copy of the verification reports is available upon request.

Options are used in this composite to mitigate risk.

Disclosures



Performance Standards and Compliance

GIPS Compliance

Quantum Capital Management has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Registrations

Quantum Capital Management is registered with the Securities Exchange Commission (SEC) as a registered investment advisor (RIA). Additionally, Quantum Capital Management and its personnel are subject to complying with many rules and regulations including provisions of the Act and the Corporate Advisory Laws of the State of California.

Annual Form ADV

Every client may request a copy or download a copy of Quantum Capital Management's most current Form ADV Part II from our website at www.quantumcap.com

Performance

Quantum Capital Management has been verified for the periods January 1, 1997 through December 31, 2007 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the Long Term Growth and Dividend Growth Composites beginning January 1, 1997. A copy of the verification report is available upon request.



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