

Global Financial Advisors Equity Fund I, LP
Performance Report and Analysis
 February 2009

"If you are going through hell, keep going." ~ Winston Churchill

I. Performance Overview

During the month of February, the Global Financial Advisors Equity Fund (GFAEF) declined with the market, yet outperformed its weighted benchmark for the second straight month. The Fund declined 9.8% compared to the 10.9% decline of the weighted benchmark of 80% S&P 500 and 20% Russell 2000. Although we hate to lose money, we are pleased that our actively managed portion of the fund outperformed the benchmark by 630 bps in February (see Table 1).

We sold 880 shares of Checkpoint Software in February after it reached our intrinsic value target. As of February 27, we continue to actively manage 28.5% of the fund (see Graph 1).

Table 1: Portfolio Returns as of 2/27/2009

	February	QTD	12M	Return Since Inception
GFA Equity Fund	-9.8%	-14.9%	-42.1%	-39.2%
Actively Managed	-4.6%	-0.4%	-41.1%	-31.6%
% Actively Managed	28.5%			
Benchmark *	-10.9%	-18.9%	-43.1%	-39.7%
Relative: Total Portfolio	1.1%	4.4%	0.9%	0.1%
Relative: Actively Managed	6.3%	20.5%	0.9%	11.0%
S & P 500	-10.6%	-18.1%	-43.3%	-38.6%
Russell 2000	-12.1%	-21.9%	-42.4%	-44.0%

* The benchmark is weighted 80% S&P 500 and 20% Russell 2000

Note: The Portfolio was not fully invested in ETFs until May 23, 2006. For the purpose of this Fund, portfolio performance was changed to begin at the close of trading on May 31, 2006. The first actual stock purchase was April 6, 2006. Performance data quoted represents past performance and may not necessarily be indicative of future results.

We currently have sufficient allocation in Consumer Discretionary and Technology and are looking to expand the active portion of the Fund into the remaining sectors.

The actively managed portion of the Fund did very well this month relative to the benchmark, gaining 6.3% over the benchmark. The increase in the fund was due in part to our selling part of our position in Checkpoint Software, which has returned over 18% year-to-date. This was the only position we changed this

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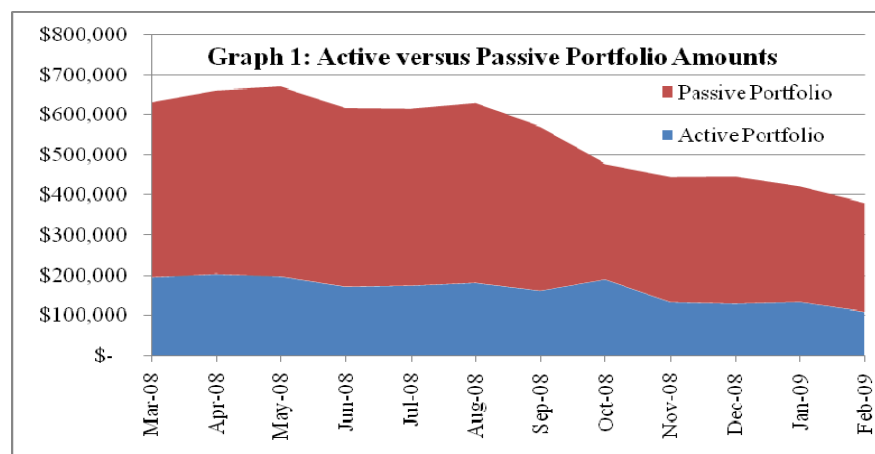
month, and we have implemented a 5% trailing stop-loss position to lock in possible upside gains going forward.

The Fund was designed to minimize risk while giving our analysts an opportunity to develop stock selection, portfolio management, and client reporting skills. Overall, the Fund is maintaining a residual standard deviation (the standard deviation of the excess returns over the weighted benchmark) of 4.4% year-to-date and 1.1% since inception. The actively managed residual risk jumped to 20.5% year-to-date and 5.3% since inception. While returns are volatile, Fund risk has been maintained within established limits.

The Fund Sharpe ratio has indicated the Fund outperformed the benchmark on a risk-adjusted basis quarter-to-date (-2.00% versus the benchmark of -2.10%), and is also better over the last twelve months (-10.50% versus the benchmark of -11.07%).

Following are portfolio statistics for the actively managed portion of the Fund:

Prospective Price Earnings	10.6x
Price to Book value	4.4x
Dividend Yield	1.3%
Weighted Market Cap.	\$93.9 billion
Cash Percentage	1.1%



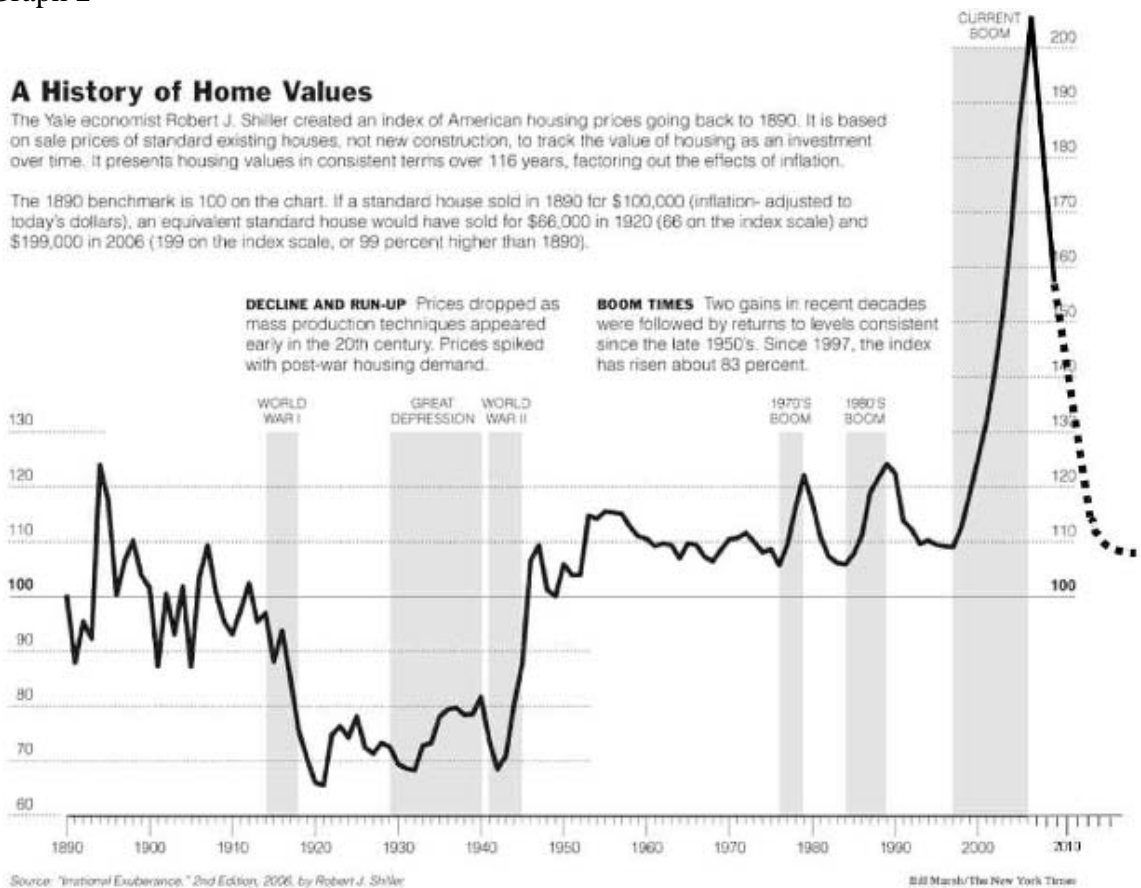
II. Economic and Political Analysis

The economy continued its unprecedented freefall through February. The Dow and the S&P 500 both reached levels not seen since 1997. For only the second time *ever*, the S&P 500 has lost 50% from its high, the only other such occurrence being the Great Depression, when the S&P declined a total of 86.2%. Following the decline in the 1930's, the S&P went 6,251 trading days before reaching a new all-time high 25 years later. While past performance is no indication of future trends, it may be a while before we see another all-time high for the S&P.

For the month, the S&P lost 10.6% and the Russell 2000 declined 12.1%. There were a few positive signs in the credit markets, with spreads growing slightly tighter, but for the most part the credit markets remain frozen and lending is at a stand-still. To make matters worse, the GDP for the fourth quarter of 2008 declined 6.2%.

Fundamentals in the housing markets continue to worsen. Sales of existing homes dropped 5.3% in January, falling to the lowest level since 1996. The median home price also fell 14.8%, bringing the median to 2003 levels. As the following graph produced by Robert Schiller depicts, historical home price levels suggest that home values may have ways to fall (see Graph 2):

Graph 2



As James Quinn, writer for Financial Sense Editorials explains:

The median value of a U.S. home in 2000 was \$119,600. It peaked at \$221,900 in 2006. Historically, home prices have risen annually in line with CPI. If they had followed the long-term trend, they would have increased by 17% to \$140,000. Instead, they skyrocketed by 86% due to Alan Greenspan's irrational lowering of interest rates to 1%, the criminal pushing of loans by lowlife mortgage brokers, the greed and hubris of investment bankers and the foolishness and stupidity of home buyers. It is

now 2009 and the median value should be \$150,000 based on historical precedent. The median value at the end of 2008 was \$180,100. Therefore, home prices are still 20% overvalued. Long-term averages are created by periods of overvaluation followed by periods of undervaluation. Prices need to fall 20% and could fall 30%.

These data suggest that the economy will continue to see problems, and that the government's attempts to inflate home prices might be ill-advised.

Bailouts continued through February, with the government stepping in to prevent a meltdown with AIG once again. This time, the government provided \$30 billion to offset AIG's \$61.7 billion loss. Such deterioration of capital is astounding, given the fact that AIG lost \$465,421 *every minute* for the entire quarter to amass such a loss. We continue to wonder what the overall impact on the American taxpayer will be after these bailouts eventually end.

President Obama passed into legislation a \$787 billion stimulus package aimed at bringing the economy out of its current debilitated state. The bill focuses on increasing jobs, lowering tax rates for many Americans, and significantly increasing government spending in areas such as health care and education. On the other hand, it also increases government regulation, raises taxes on the wealthy, and increases spending in percentages never before seen.

We continue to tread uncharted territory, and we are spending much of our time deciding when to enter various investments. John Paulson, who became famous last year after making \$3.7 billion in profits off of a correct call on the housing markets, said of the current economy: "The decline in the market has created a very good buying opportunity... Distressed opportunity in the U.S. is shaping up to be the *best opportunity in a lifetime*." We are scouring the markets for excellent companies in distressed situations.

III. Industry Analysis

February was another abysmal month for all industries. Every sector showed losses, with telecommunications being the best off with a loss of 2.8% and financials again being the worst hit sector, with a loss of 18.4%. On the year Financials are down 40.1%, and continue to struggle mightily (see Table 2).

With the market falling in every sector, we are spending considerable time evaluating our current holdings and are wary to enter a falling market. Many companies seem "cheap" but we are doing even more in-depth analysis before we take new positions in this market.

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Table 2: Sector Returns without Dividends

Sector	Returns		
	MTD	QTD	YTD
Consumer Discretionary	-8.7%	-18.4%	-18.4%
Consumer Staples	-7.2%	-14.4%	-14.4%
Energy	-12.5%	-15.2%	-15.2%
Financials	-18.4%	-40.1%	-40.1%
Health Care	-12.8%	-14.0%	-14.0%
Industrials	-18.0%	-28.3%	-28.3%
Information Technology	-4.3%	-7.3%	-7.3%
Materials	-8.9%	-15.4%	-15.4%
Telecommunications Services	-2.8%	-13.6%	-13.6%
Utilities	-13.0%	-13.7%	-13.7%
S&P 500 Total Returns	-11.0%	-18.6%	-18.6%

IV. Company Analysis

Our current goal is to search for companies in other industry sectors where we currently have no active allocation while closely monitoring our current holdings.

We believe that there are companies in the market trading at steep discounts to true intrinsic value, and we continue to screen many companies each week looking for the right time to buy. Based upon our screens, companies from many sectors are looking more and more attractive, although the worse the market gets, the more even good companies are punished. Warren Buffet, in his annual report to shareholders, describes why some great companies are being punished in the current environment, using his own Berkshire Hathaway as an example:

Though Berkshire's credit rating is pristine -- we are one of only seven AAA corporations in the country -- our cost of borrowing is now far higher than competitors with shaky balance sheets but government backing. At the moment it is far better to be a financial cripple with a government guarantee than a Gibraltar without one. (Reported in <http://www.businessinsider.com/buffett-how-berkshire-gets-screwed-when-government-props-up-weak-banks-2009-2>.)

Unfortunately, this makes it particularly difficult to determine which “good” companies are best to invest in, and which companies are in good shape but are being unfairly punished because of the economic situation.

International Business Machines (IBM) was our best performer for the month, up 0.4% versus the sector declining 4.3%. Investors were pleased with the most recent report, particularly the double digit growth in long-term signing in the services business and the good pipeline of software opportunities in the first

quarter. IBM continues to focus on higher value-added segments of the IT business, and has been divesting cyclical and commoditized businesses.

Checkpoint Software (CHKP) was our second best performing stock, losing only 0.3% in the month of February after our sale. Our investment team voted to sell half of our position on February 10 at \$23.16. It has proven to be a wise sell being that the current stock price is \$21.82. Our original purchase (April 2006) for \$18.59 has provided us a steady return over the last few years, especially during the current recession as it continues to hold its value.

However, as we analyzed Checkpoint and its original themes of great margins, no debt, and a solid balance sheet with substantial liquidity, a strong demand for the product, and a great tax position, we didn't feel the same conviction. In light of questionable purchase of the hardware division of Nokia (CHKP historically has struggled with acquisitions) we see CHKP's margins decreasing as well as putting themselves in direct competition with significant competition. With its stock price trading slightly above our intrinsic value at \$23.00, we felt it was a good time to take some profits off the table and set a 10% trailing stop loss on our remaining shares to protect us in the case of an unlikely drop. We continue to monitor the stock and feel that its value is fairly reflected by its current trading price.

Coca-Cola Company (KO) declined 5.6% versus the sector fall of 7.2%. KO announced an 8% increase in annual dividends from \$1.52 to \$1.64 per share. They have also recently closed on a \$92 Million acquisition of Brisa, a Columbian-based water bottling company.

Proctor and Gamble (PG) had a 10.9% decline in February versus a sector decline of 7.2%. Currently investors' confidence is rather weak after Warren Buffet cut his position, which led the market to react in a negative fashion. Also, P&G is getting rid of their pharmaceutical business which generates \$2 billion a year in sales. Our outlook is still positive and we feel that P&G is somewhat recession resistant.

Johnson and Johnson (JNJ) was our worst performing stock for the month. It declined 13.3% in February versus a 12.8% decline in the Health Care sector. The overall health care industry fell sharply over worries about the impact of President Barack Obama's proposed revamp of the medical system. We will continue watching Johnson and Johnson to see if the company will be able to sustain revenues, despite the expirations of patents coming later on this year.

V. Outlook

We continue to be cautious as we evaluate various sectors and industries. We are trying to better understand *why* companies are trading so low, and if they will be great long-term investments. Our continued theory is that great companies will be battered by this economic storm, but not destroyed. We are looking to invest in companies that will be successful once this recession turns around.

Our understanding of the economy and markets continues to grow due to guest speakers who have spoken to us about investment processes, sell strategies, and principles of value investing. Our investing discipline is sharpening as we focus more and more on intrinsic value and finding companies with economic moats which are deeply undervalued. We also are refining our sell strategy in order to best capture gains and to limit losses.

Each team continues to monitor the individual stocks in their respective sectors. This gives us more oversight and will help in securing any gains that any one stock may have had in any given holding period. We like our current holdings and are confident that they are industry leaders and will continue to outperform their respective benchmarks.

Thank you for your interest in the Global Financial Advisors Equity Fund I. We appreciate your help and support, and all that you do for the analysts, the Marriott School, and Brigham Young University.

Sincerely,

Trent Call	Scott Smith	Brandon Muirhead	Rob Jenson
Christian Kikumoto	Trevor Bodliy	Aleksandra Salo	Kurt Barton
Jon Beckstead	Dustin Barros	Curtis Lefrandt	Judson Felt
David McCleve	Nathan Leishman	Stephanie Gaufin	Colton Burr

Bryan Sudweeks, Faculty Advisor

VI. General Support Documents

The following support documents should be read in conjunction with this report.

- Exhibit 1. GFA Equity Holdings by Industry Segment and Security
- Exhibit 2. GFA Total Portfolio and Active Portfolio Returns