

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

"Luck is what happens when preparation meets opportunity." ~ Seneca

I. Performance Overview

Summary. During October, the U.S. equity markets showed signs of slowing, as evidenced by the -2.8% fall (+4.7% QTD) of the weighted benchmark of 80% S&P 500 Index and 20% Russell 2000 Index. During this same period, the Global Financial Advisors Equity Fund (GFAEF) outperformed the benchmark, falling only -2.2% (+5.1% QTD). The Fund has outperformed the benchmark by 0.4% for the quarter and 3.7% over the past (and very volatile) 12 month period (see Table 1). Our view remains that well-run companies purchased at attractive prices will outperform in the long-run.

Table 1: Portfolio Returns as of 10/30/2009

	October	QTD	12M	Return Since Inception
GFA Equity Fund Total Returns				
Total Portfolio	-2.2%	5.1%	14.2%	-12.7%
Actively Managed	0.7%	5.8%	25.2%	-3.5%
% Actively Managed	35.9%			
Benchmark Returns *				
S & P 500	-2.8%	4.7%	9.5%	-13.1%
Russell 2000	-1.9%	5.5%	10.1%	-12.0%
	-6.8%	1.4%	6.4%	-18.1%
GFA Equity Fund Relative Returns				
Total Portfolio	0.6%	0.4%	3.7%	0.4%
Actively Managed	3.6%	0.9%	11.1%	9.6%

* 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.

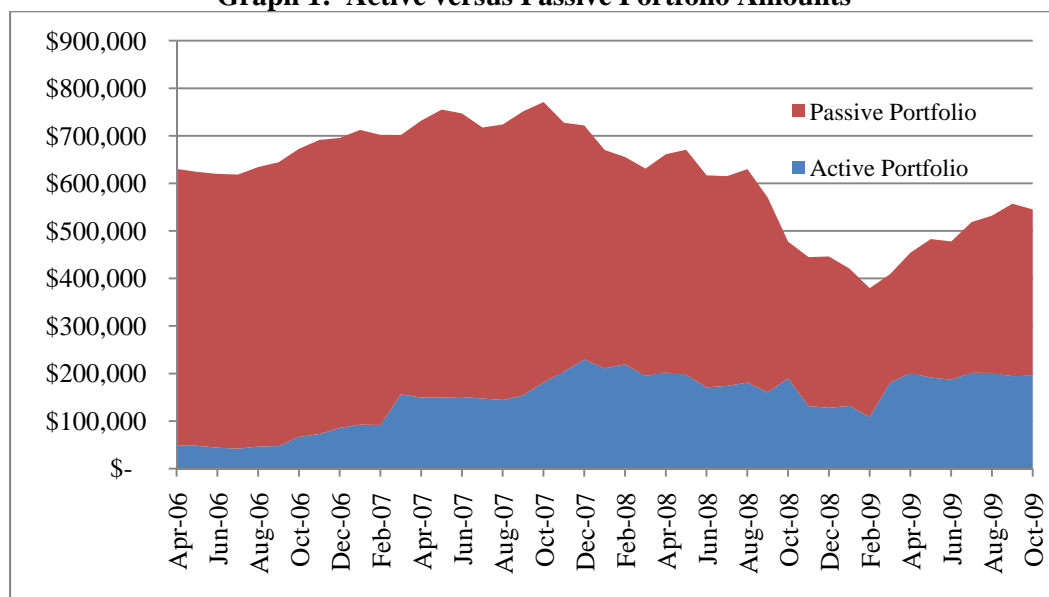
Actively Managed. The Actively Managed portion of the Fund was up 0.7% for October and outperformed its benchmark by 3.6%. Quarter-to-date, the Actively Managed portion of the Fund outperformed by 0.9% versus the benchmark, while it has outperformed the benchmark by 11.1% over the past 12 months and 9.6% since inception. The Fund is 35.9% actively managed (see Graph 1) with the remainder in sector ETFs.

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Risk. The Fund was designed to minimize risk while giving 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 0.8% quarter-to-date, 1.2% over the past 12 months and -0.2% since inception.

The Actively Managed residual risk has been more volatile. It rose to 3.6% quarter-to-date, 11.1% for the last 12 months, and 6.8% since inception. While returns are volatile, particularly the Active Managed portion, Fund risk has been maintained within established limits by strict adherence to our investment process.

Graph 1: Active versus Passive Portfolio Amounts



The Fund Sharpe ratio indicated the Fund and Actively Managed portion outperformed the benchmark on a risk-adjusted basis quarter-to-date (0.25 for the total fund and .41 for the Actively Managed portion, versus the benchmark of 0.21), while both the Fund and Actively Managed portion outperformed the benchmark over the past 12 months (0.17 and 0.41 versus the benchmark of 0.10, respectively). Our disciplined investment process continues to add value on a risk-adjusted basis.

Table 2: Active Portfolio Statistics

Prospective Price Earnings	13.6x
Price to Book value	3.6x
Dividend Yield	2.8%
Weighted Market Cap.	\$190.7 billion
Cash Percentage	0.6%
Active Portfolio Beta	.81

Fund Statistics. Compared to the S&P 500 index (see Table 4), the Actively Managed portion of the Global Financial Equity Fund I has a lower PE with similar earnings growth to the index. Portfolio statistics for the Actively Managed portion of the Fund are given in Table 2.

During October, turnover was 0%. Quarter to date, the Fund has had turnover of 3.1%, with 59.7% for the last 12 months.

II. Economic and Political Analysis

October was characterized by equity markets that suggested last month's wide anticipation of continued recovery was perhaps too optimistic. The S&P fell by 1.9% and the Russell 2000 fell by 6.8%. Consumer confidence fell to a three-month low based on the negative views on the buying climate. In October, CCI began at -45 and fell to -51.

Traders used crude oil and other commodities like gold, which are priced in dollars, as a possible hedge against a weakening dollar and inflation. Oil prices slipped below \$80 in October. In addition, the DOE reported that oil supply shrank nationwide. Total crude oil supplies unexpectedly declined; inventories fell to 3.94 million barrels last week.

The Labor Department's November 5th report revealed that unemployment rose to 9.9% as nonfarm payrolls declined by 175,000 in October. Worker productivity surged at the fastest pace in 6 years, labor cost fell and unemployment claims were lower than forecasted. Productivity jumped at a 9.5% annual rate in the third quarter exceeding even the highest economist forecast, according to Labor Department figures released November 5. Initial jobless claims dropped by 20,000 to 512,000 in the week of October 31, the fewest since January.

As retailers move into the Holiday season, sales were modestly up from October 2008, the second straight gain after a year of declines. Even more upscale retailers noticed consumers' willingness to spend more freely.

Robust GDP numbers surprised almost everyone. However, it is important to look at what may have been the support for that high 3.5% growth. The "cash for clunkers" program proved to be very successful in getting consumers to purchase new vehicles. This was apparent by Ford's unexpectedly high Q3 report. Having said all of this, cash for clunkers is over, which may cause a decrease in next quarter's GDP report. Another factor was the first home buyer tax rebate. This is an offer that is may be coming to a close at the end of November, which could cause a slight decline in new home sales. However, there is a chance that the government may decide to extend this offer. If that is the case then we may not see GDP fall too far from that 3.5% figure that we saw in Q3.

As the government prints more money and the economy stabilizes, we look for treasury yields to increase. It is important to be cautious of what

many analysts are calling a potential “double dip” in the market which could send yields even lower as investors flock to the safety of a guaranteed, government-backed return.

The Fed recently reported that they will not be increasing the Fed Funds Rate. They stated that while they feel the economy is improving they still see consumer spending being light for the next six months. There were no hints as to when we might see rates come up from 25 bps, only that we would see rates at this level for an “extended period of time.” Expect to see rates at these levels until at least April 2010. The Fed does not seem overly worried about inflation, citing the weakness in consumer spending.

III. Industry Analysis

In October the market seemed to balance out the prior months all positive growth rates. Evidence that perhaps the market got ahead of itself in October comes in the form of negative returns (from -0.4% to -6.0%) for each industry except Consumer Staples (1%) and Energy (3.2%). Volatility between sectors remains dramatically high, as shown by the difference between the best performing section year-to-date, Information Technology which was up 44.2%, and the worst performing sector, Telecommunications Services, which was down 7.8% (see Table 3).

Table 3: Sector Returns without Dividends (10/30/09)

Sector	Returns		
	MTD	QTD	YTD
Consumer Discretionary	-2.5%	-2.5%	24.6%
Consumer Staples	1.0%	1.0%	7.8%
Energy	3.2%	3.2%	9.3%
Financials	-6.0%	-6.0%	12.0%
Health Care	-2.3%	-2.3%	5.4%
Industrials	-4.7%	-4.7%	6.7%
Information Technology	-0.4%	-0.4%	44.2%
Materials	-5.3%	-5.3%	28.6%
Telecommunications Services	-4.8%	-4.8%	-7.8%
Utilities	-3.2%	-3.2%	-2.6%
S&P 500 Total Returns	-2.0%	-2.0%	14.7%

Source: Standardandpoors.com

IV. Company Analysis

Carrying over from last month, we will continue with our goal to analyze three to five companies a week, and we have been pleased with the depth of analysis and scrutiny happening as we discuss various investment ideas. We have already run our quarterly screen of all the companies in our investment universe, weighted them by their relevant metrics, and run the Pricing Tool on the results. This will help us tailor our research agenda to the best opportunities this semester.

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We continue to believe that there are companies in the market trading at discounts to true intrinsic value. Our focus now is making sure that we are buying companies at the right price. We have identified many great companies, but few all are trading at truly great prices yet. With every company that is screened, we decide upon a price at which we would potentially buy. Our watch list is filling with great companies, and we are waiting until the companies trade below our required price. The following is an update of the companies in which we are currently invested:

Check Point Software Technologies (CHKP) was our best performing stock for the month, up 9.5% for October. CHKP recently reported record profits for the third quarter ending in October 30, with revenue up 17 percent over last year. Furthermore, it has managed to increase its cash flow by 10 percent year-to-year in Q3. Following the positive earnings report, RBC raised its target to \$35 from \$30 a share. In addition to its positive results with its Q3 report, CHKP is staying on top of its innovative game as it just announced the Windows 7's operating support. This product by CHKP is the first and only single agent that combines all the critical components for complete security of the endpoint. Companies that have mixed operating systems of XP, Vista, and 7 can receive a common centrally managed solution through CHKP's Endpoint Security product.

Table 4: Sector Price Earnings and Operating Earnings Growth

Sector	2009		2010	
	PE	OE Growth	PE	OE Growth
Consumer Discretionary	24.4	69%	15.8	55%
Consumer Staples	15.0	4%	13.7	10%
Energy	25.9	-67%	13.7	89%
Financials	35.0	NM	16.4	113%
Health Care	12.5	9%	11.1	12%
Industrials	16.9	-36%	15.1	12%
Information Technology	21.0	1%	16.2	29%
Materials	28.7	-21%	16.2	77%
Telecommunications Services	13.2	-6%	12.8	4%
Utilities	12.6	-5%	11.5	9%
S&P 500	19.1	13%	14.3	33%

OE = Operating Earnings, Source: Standardandpoors.com

Alliance Resources Partners (ARLP) was up 3.3% for the month, versus a 2.4% increase in the Energy ETF. This is a high dividend yield stock so current price fluctuations are not as critical. ARLP also announced that the Board of Directors of its managing general partner increased the cash distribution to \$0.76 (\$3.04 per year).

International Business Machines (IBM) has increased its share price by 0.8%; whereas, the sector decreased by 2.8%. IBM's share price peaked at \$128 on October 14, but fell two days later by 5% because signed services contract—an indicator of future business—dropped 7% in the third quarter, the smallest level in

six quarters. However, net income increased 14% in the third quarter. Another positive note, IBM authorized \$5 billion in additional funds for use in the company's stock repurchase program which will be completed by the end of the year.

Coca Cola (KO) ended the month flat, versus a 1% rise in the Consumer Staples sector. Coke fell due to third quarter earnings announcement that barely beat analyst expectations by a cent. The drop was mostly attributed to a decrease in revenue by 4% although volume did increase by 2%. Coke intends on repurchasing up to \$1 billion of stock by year end, a sign management may feel the stock is undervalued. Coke also opened up a new bottling plant in China to meet growing international demand.

P&G rose 0.1% this month versus a 1.0% rise in the Consumer Staples sector. P&G reported first-quarter earnings and raised 2010 guidance. PG posted a profit of \$3.31 billion, or \$1.06 per share, on revenue of \$19.81 billion. Net income fell 1% as higher prices offset a decline in sales volume and currency translations. PG raised the lower end of its fiscal-year outlook on prospects of greater organic sales and also announced a quarterly dividend of 44 cents a share. Due to inflationary pressures and limited consumer spending, tough operating conditions have persisted for P&G throughout the first quarter of fiscal 2010. If the dollar continues to strengthen, the Company's real growth rate may be slowed in international markets. The Company may also continue to have downward pressure on top-line revenues due to the business lost from recent divestitures. On the other hand, P&G has promising prospects on the horizon. The Company's revenue should continue to increase as the economy improves and drives the volume of sales higher. The Company's efforts to restructure costs and improve its productivity and manufacturing capability should help it to overcome unfavorable foreign exchange rates, strengthen margins and advance the sales of its household goods segment. GPM improved 260 basis points and was slightly offset by higher SG&A expenses leading to operating margins that were increased by 160 basis points.

Covidien (COV) recently relocated from Bermuda to Ireland as a move to be one step ahead of U.S. government plans to tighten rules that allow firms to defer tax payments. The stock declined 2.6% versus a 2.3% decline in the Health Care sector. The company's top-line revenue increased by about 20% in fiscal 2009. This strength in growth, however, may not persist given that much of it was due to the company's license to distribute this successful product which expired in March. On the other hand, the sale of medical devices is likely to expand next year as hospitals will eventually be forced to invest in updated equipment. In its most recent 10-Q released in July, 2009, the company reported net sales of \$2.51 billion compared to \$2.59 billion suggesting that the company has been able to maintain healthy operations.

Johnson and Johnson (JNJ) declined 3.0% versus a 2.3% decline of the health Care sector. JNJ subsidiary Centocor Ortho Biotech Inc. received FDA approval

on Stelara, a new drug used to treat moderate to severe psoriasis in adults. Boston Scientific Corp. and JNJ reached a settlement regarding patent disputes where Boston Scientific will make a payment of \$716 million to JNJ. We are pleased with our current position in the stock and will continue to monitor its performance relative to the sector.

V. Outlook

We are enthusiastic about the remainder of this semester. We know that through hard work, following our investment process and discipline, and utilizing and improving the tools available, we will find several companies that are temporarily undervalued but which will add value to the Fund. 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 continue to perform well on a relative basis and are confident that going forward this semester we will find many companies that will add to that performance.

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,

Scott Smith	Kurt Barton	Trevor Maddux	Curtis Lefrandt
Nate Leishman	Colton Burr	April Lindgren	Ryan Smith
Tuan Luong	Aleksandra Salo	Eric Olson	Seung Hyun Ko
John Russell	Jun-ho Song	Neil Whitehead	Viet Tran

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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