



COMPANY OVERVIEW Epoch Investment Partners, Inc. (“Epoch”) is a global asset management firm formed in April 2004 by experienced professionals. Epoch was created with the specific goal of responding to paradigm shifts within the sources of global equity investment returns and within the structure of the investment management business as a whole.

Our investment philosophy reflects the changing hierarchy within the three determinants of investment returns: earnings, dividends, and P/E ratios. Throughout history, the relative importance of each determinant has changed dramatically depending upon the economic landscape of the period under review. In the 1980s and 1990s, for example, rising P/E ratios were the principal drivers of equity returns, leading to the popularity of valuation methodologies that reflected Price-to-Book value and Price-to-Earnings metrics. Underlying this 20-year P/E expansion was a collapse in interest rates. However, beginning in June of 2003, this two-decade period of declining interest rates and expanding P/E ratios began to show signs of ending.

We believe we have entered a period in which P/E ratios are more likely to remain flat or contract rather than expand as interest rates are more likely to rise rather than fall from recent historical lows. Given the inverse relationship of P/Es to interest rates, P/E multiple expansion will cease to be the primary explanatory variable of equity returns going forward, leaving only earnings growth and dividends to drive equity returns. These two drivers come from a single source: cash flow. Consequently, Epoch’s security selection process is focused upon free cash flow metrics as opposed to traditional accounting-based metrics. It is a better and more transparent methodology to understand how a business works. In our view, the key to producing superior risk-adjusted equity returns is the identification of companies with an ability to generate free cash flow and to allocate it properly among dividends, share repurchases, debt pay downs, internal reinvestment opportunities and/or acquisitions.

In addition to offering a responsive, insightful free cash flow-based investment strategy, the second key principle underlying the firm’s foundation was the desire to provide greater transparency of our businesses practices. We understand that clients and consultants want to know as much as possible about the character of the people and the structure of the organization charged with executing their fiduciary responsibilities. As a result, Epoch has been a public company since its inception (NASDAQ: EPHC) and has adhered to all associated demands surrounding appropriate financial and business practices disclosures. All Epoch employees are shareholders in our business further support that Epoch’s business principles align employee and client interests.

Epoch is committed to seeking out the most promising investment opportunities, whether domestic or international, on behalf of our clients. We are a global firm in terms of both our product set and our mindset. Successful investing in today’s markets requires a thorough knowledge of the integration of trade and financial flows and an ability to capture the opportunities that arise from this integration. Epoch’s global research efforts ensure timely, actionable insight into a rapidly changing international marketplace.

INVESTMENT PHILOSOPHY At Epoch, we strive to produce superior risk-adjusted returns by constructing portfolios with outstanding risk/reward profiles that do not assume a high degree of capital risk. Before making an investment, we analyze a company as if we were private investors looking to purchase the entire business. We only invest in businesses with understandable operating models, straightforward financial statements, and a proven ability to generate free cash flow. We also seek securities that, in our view, have unrecognized potential.

Our goal is to produce an efficient portfolio on a risk/return basis. We diversify across attractive sectors, limit individual holding sizes, and have a strict sell discipline and low portfolio turnover. If we have identified a “good business” at a “good price,” time is our ally as patient investors.

INVESTMENT PROCESS

- *Analyze the Business* - Determine the sustainability of the business, earnings drivers, barriers to entry, and competitive advantages.
- *Understand the Cash Flow Structure* - Focus on companies that generate cash earnings and assess the quality and character of those earnings to determine the net cash flow from the business.
- *Relate Cash Flow to Enterprise Value* - Examine relevant claims against net cash flow and determine the necessity of these claims to maintain and grow the business. Evaluate how management will use free cash flow. Value the cash flow stream and compare it to enterprise value to determine the attractiveness of the investment.
- *Evaluate Management Quality* - Identify management with an intention and demonstrated ability to create shareholder value.
- *Seek Unrecognized Assets* - Uncover, where possible, hidden, undervalued or underutilized assets, especially in under-researched small and mid cap companies.

While the security selection and research methodology is the same for all of Epoch’s equity strategies, the portfolio construction process is adaptable to the specific parameters of each client’s individual mandate.



Performance Fourth Quarter 2009

	Inception Date	Annualized Returns						Risk Statistics - Since Inception					
		4Q 2009	1 Year	3 Years	5 Years	10 Years	Since Inception	Std Dev.	Sharpe Ratio	Inform. Ratio	Alpha	Beta	R ²
U.S. ALL CAP VALUE	7/31/1994												
Epoch Gross Return		5.7	29.6	(2.8)	3.4	7.1	11.3	13.2	0.6	-	-	-	-
Epoch Net Return		5.5	28.3	(3.7)	2.4	6.1	10.2	-	-	-	-	-	-
Russell 3000		5.9	28.3	(5.4)	0.8	(0.2)	8.0	15.9	0.3	0.4	5.3	0.7	0.7
Russell 3000 Value		4.2	19.8	(8.9)	(0.2)	2.9	8.6	15.3	0.3	0.4	4.8	0.7	0.7
U.S. VALUE	7/31/2001												
Epoch Gross Return		6.9	29.6	(1.3)	4.2	-	5.2	14.2	0.2	-	-	-	-
Epoch Net Return		6.6	28.3	(2.3)	3.2	-	4.1	-	-	-	-	-	-
Russell 1000		6.1	28.4	(5.4)	0.8	-	1.4	16.0	(0.1)	0.7	3.9	0.8	0.9
Russell 1000 Value		4.2	19.7	(9.0)	(0.3)	-	2.3	16.3	(0.0)	0.4	3.3	0.8	0.8
S&P 500		6.0	26.5	(5.6)	0.4	-	0.9	15.8	(0.1)	0.7	4.3	0.8	0.9
U.S. SMID CAP VALUE	8/31/2006												
Epoch Gross Return		5.0	35.4	(2.3)	-	-	0.0	21.6	(0.1)	-	-	-	-
Epoch Net Return		4.7	34.1	(3.3)	-	-	(0.9)	-	-	-	-	-	-
Russell 2500		5.1	34.4	(4.9)	-	-	(1.6)	23.2	(0.2)	0.3	1.4	0.9	1.0
Russell 2500 Value		4.6	27.7	(7.0)	-	-	(3.5)	23.6	(0.3)	0.5	3.1	0.9	0.9
U.S. SMALL CAP VALUE	12/31/2002												
Epoch Gross Return		3.4	29.6	(3.2)	2.1	-	8.4	17.3	0.3	-	-	-	-
Epoch Net Return		3.1	28.3	(4.2)	1.1	-	7.3	-	-	-	-	-	-
Russell 2000		3.9	27.2	(6.1)	0.5	-	8.7	19.9	0.3	(0.0)	1.2	0.8	0.9
Russell 2000 Value		3.6	20.6	(8.2)	(0.0)	-	8.6	20.0	0.3	(0.0)	1.4	0.8	0.8
U.S. CHOICE	4/30/2005												
Epoch Gross Return		5.9	32.5	(2.7)	-	-	4.1	17.0	0.1	-	-	-	-
Epoch Net Return		5.5	30.5	(4.2)	-	-	2.6	-	-	-	-	-	-
Russell 3000		5.9	28.3	(5.4)	-	-	1.8	17.0	(0.1)	0.5	2.5	1.0	0.9
INTERNATIONAL SMALL CAP	1/31/2005												
Epoch Gross Return		2.5	48.1	(4.1)	-	-	9.0	22.2	0.3	-	-	-	-
Epoch Net Return		2.2	46.5	(5.1)	-	-	7.8	-	-	-	-	-	-
S&P EPAC SmallCap Index		(0.9)	41.5	(7.1)	-	-	4.8	22.1	0.1	0.8	4.3	1.0	0.9
MSCI World ex USA Small Cap (Net)		0.5	50.8	(6.8)	-	-	3.6	22.6	0.0	1.1	5.4	1.0	1.0
GLOBAL SMALL CAP	12/31/2002												
Epoch Gross Return		3.9	36.9	(1.5)	6.4	-	12.4	15.4	0.6	-	-	-	-
Epoch Net Return		3.6	35.4	(2.6)	5.2	-	11.1	-	-	-	-	-	-
S&P Developed SmallCap Index		2.5	39.4	(6.0)	3.3	-	11.5	19.0	0.5	0.2	2.9	0.8	0.9
MSCI World Small Cap (Net)		2.8	44.1	(5.5)	2.7	-	12.3	19.5	0.5	0.0	2.6	0.8	0.9
GLOBAL CHOICE	9/30/2005												
Epoch Gross Return		9.3	37.5	1.2	-	-	8.9	17.0	0.4	-	-	-	-
Epoch Net Return		8.9	35.5	(0.3)	-	-	7.2	-	-	-	-	-	-
MSCI World (Net)		4.1	30.0	(5.6)	-	-	0.9	18.6	(0.1)	1.1	8.0	0.8	0.8
GLOBAL ABSOLUTE RETURN	12/31/2001												
Epoch Gross Return		9.3	37.7	1.7	7.7	-	11.8	12.5	0.8	-	-	-	-
Epoch Net Return		8.9	35.7	0.2	6.1	-	10.1	-	-	-	-	-	-
S&P 500		6.0	26.5	(5.6)	0.4	-	1.6	15.5	(0.0)	1.1	10.7	0.6	0.6
MSCI World (Net)		4.1	30.0	(5.6)	2.0	-	3.8	16.5	0.1	0.8	9.2	0.6	0.6
Barclays Capital U.S. Aggregate		0.2	5.9	6.0	5.0	-	5.4	3.9	0.8	0.5	11.2	0.2	0.0
GLOBAL EQUITY SHAREHOLDER YIELD	12/31/2005												
Epoch Gross Return		7.7	25.2	(2.0)	-	-	4.6	14.4	0.1	-	-	-	-
Epoch Net Return		7.4	23.8	(3.0)	-	-	3.4	-	-	-	-	-	-
S&P Developed BMI Index		3.9	33.3	(4.9)	-	-	0.9	19.8	(0.1)	0.5	3.6	0.7	0.9
MSCI World (Net)		4.1	30.0	(5.6)	-	-	0.2	19.1	(0.1)	0.7	4.1	0.7	0.9

The information provided is supplemental information only and supplements the Composite presentation which is located in the Performance Disclosure section of the End Notes. Past performance is not indicative of future results.

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This Time is Different... Or is It?

By William W. Priest, CEO, Co-CIO and Portfolio Manager

The surprising thing about 2009 was that it turned out as well as it did. After weathering the worst financial crisis since the Great Depression, the global economy has shown signs of resilience, if not improvement. If there is one set of data that captures this phenomenon, it is the Bloomberg Financial Conditions Index ("BFCI") (see Figure 1 below). This index combines yield spreads and indices from the money markets, equity markets, and bond markets into a normalized index. The values of this index are presented as z-scores, which represent the number of standard deviations from which the current financial conditions surpass or lag the average of the 1992-2008 period.

Figure 1



Source: BLOOMBERG*

The low point of the BFCI represents the fall-out of the AIG and Lehman crises. This was a negative 12-standard deviation event: a truly unique and sobering episode in financial market history.

But since that moment in late 2008, something remarkable has happened. The BFCI has not only returned to normal, but has reached z-scores of slightly better than zero, which brings it back to the levels last seen in the summer of 2007, the period preceding the Banque Paribas action regarding their ABS funds that triggered the liquidity crisis and forced the ECB to inject billions of Euros into the money markets. It appears, therefore, that the massive injection of liquidity by central banks around the world combined with aggressive and well-timed fiscal policies has effectively offset an epochal liquidity storm. Credit markets and equity markets around the world have rebounded, as evidenced by the tightening of spreads and soaring equity market returns. Today, the credit markets are functioning effectively, if not normally. Even the volatility index for equities has come back to its historic average level below 20 from a high of 80 last fall. What an unbelievable ride!

But even though much of the crisis is behind us, it has still left substantial damage in its wake. The global economy today is bolstered by government stimulus initiatives, and while this has certainly paved the way toward recovery, the private sector must take the reins if this recovery is to prove sustainable. For that to happen, employment must grow, and the employed must experience a rise in per capita income. Here, the outlook is positive but muted. Employment should begin to grow next year in the developed world, but at well below desired levels. The eight million jobs lost in the past 18 months will return very slowly. Wages may also rise, but the increase is likely to be small at best.

In this uncertain environment, the U.S. consumer will likely save more now that his wealth has been tapped and his employment outlook is less stable. Hence, consumption, while still a GDP driver, will necessarily be less robust. The combination of excess labor and low industrial operating rates does signal low inflation, but it also suggests that deflation remains a problem. The real cost of debt is a major depressor of growth in this scenario. Furthermore, real growth in the developed world will remain modest once we pass the current stage of inventory rebuilding and the effects of government stimulus ebb in importance and effectiveness.

That said, the stock markets of the world run on corporate profits and valuation metrics (cost of capital measures). Here, the picture is far brighter than most people expected. Corporate profits have steadily exceeded analyst expectations since the spring of 2009. Given the present cost of capital, higher equity valuations should ensue assuming there are no unexpected geopolitical events or a sudden surge in protectionist policies by governments.

This Time is Different... Or is It?

From the investor's point of view, a global approach should work best as we continue to witness the economic integration effects of combining the labor supply and wage structures of the emerging countries with the capital and technology capabilities of the developed world. China, India, and Brazil will grow faster than Europe, the U.S. and Japan but companies domiciled in the latter countries should do very well, provided they are truly global in scope as reflected in their mix of customers and supply chain structures.

Potential risks include the possibility of a currency crisis, particularly with the U.S. dollar. The U.S. needs to elaborate a credible plan to deal with the explosive inflationary effects that could result from its "quantitative easing" policies of the past year. Governments now loom larger in everyone's world, and while this may have been a necessity in 2009, it will prove harmful to global growth over the long term as "command and control" economies have proven to be less effective than ones dominated by "market pricing" structures.

Perspective is the watchword for investors today. A recent book by Carmen Reinhart and Ken Rogoff, *This Time is Different* (Princeton, NJ: Princeton University Press, 2009.), is a must-read. It puts forth a thesis that every investor should make a part of his or her investment philosophy: namely, not falling under the sway of the "this-time-is-different" syndrome. In the words of the authors: "The essence of the 'this-time-is-different' syndrome is simple. It is rooted in the firmly held belief that financial crises are things that happen to other people in other countries at other times; crises do not happen to us, here and now. We are doing things better, we are smarter, we have learned from our past mistakes. The old rules of valuation no longer apply. Unfortunately, a highly leveraged economy can unwittingly be sitting with its back at the edge of a financial cliff for many years before chance and circumstance provoke a crisis of confidence that pushes it off." For anyone who has lived through the past decade of spectacular boom and bust, these words could not ring more true.

This coming year appears to offer opportunities for those investors who have the wisdom of perspective combined with the practical skills of security analysis and portfolio construction. For us, that means keeping our focus, executing our free cash flow methodology, and maintaining portfolios that are "efficient" and meet client expectations. Most importantly, it means that we never get so caught up in the market's present state that we ignore the lessons of its history – it is really never different this time.

* BLOOMBERG is a registered trademark of Bloomberg Finance L.P.

1. Presentation of the Firm— Epoch Investment Partners, Inc. ("Epoch") became a registered investment adviser under the Investment Advisers Act of 1940 in June 2004. Performance from April 2001 through May 2004 is for Epoch's investment team and accounts while at Steinberg Priest & Sloane Capital Management, LLC. Performance from July 1994 through March 2001 is for Bill Priest and the accounts while at Credit Suisse Asset Management where Bill was the only individual responsible for selecting the securities to buy and sell. Epoch has the books and records supporting the performance of this track record and will provide these records upon request. Epoch has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

2. Composite Structure— Epoch's composites include all tax-exempt and taxable portfolios above \$500,000 in size and are generally managed relative to an applicable market index. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The changes to benchmarks or composites noted below were made to present a more representative and insightful comparison to the investment strategies.

Composite	Creation Date	Current Benchmark	History
U.S. All Cap Value	June 2004	Russell 3000; Russell 3000 Value	Effective 7/1/06, the U.S. All Cap Value Composite was redefined to include discretionary accounts managed by the All Cap Value Team that follow the U.S. All Cap Value Model. All accounts which were not managed by the All Cap Value Team or that have client-specified risk preferences were removed.
U.S. Small Cap Value	June 2004	Russell 2000; Russell 2000 Value	
U.S. SMID Cap Value	September 2006	Russell 2500; Russell 2500 Value	
U.S. Value	June 2004	Russell 1000; Russell 1000 Value	
U.S. Choice	May 2005	Russell 3000	
Global Small Cap	January 2006	MSCI World Small Cap (Net)	Prior to 7/1/2009, performance information for this composite was shown comparative to the S&P Developed SmallCap Index.
International Small Cap	February 2005	MSCI World ex USA Small Cap (Net)	Prior to 7/1/2009, performance information for this composite was shown comparative to the S&P EPAC SmallCap Index.
Global Absolute Return	January 2002	S&P 500, Barclays Capital U.S. Aggregate, and MSCI World (Net)	Prior to 1/1/2009, performance information for this composite was shown comparative to the S&P 500, Barclays Capital U.S. Aggregate and the MSCI World (Gross) Indices.
Global Choice	October 2005	MSCI World (Net)	Prior to 1/1/2009, performance information for this composite was shown comparative to the MSCI World (Gross) Index.
Global Equity Shareholder Yield	January 2006	MSCI World (Net)	Prior to 7/1/2009, performance information for this composite was shown comparative to the S&P Developed BMI Index.

3. Risk Statistics Source— The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Sharpe ratio is a measure of absolute risk adjusted

return developed by Professor William Sharpe. It divides the excess return of an account above cash returns by the Standard Deviation of the excess return to determine the reward per unit of risk. Information Ratio is measure of relative risk-adjusted return. It is determined by dividing excess return by Tracking Error. Alpha is a measurement of the expected residual return adjusted for the account Beta. Beta is a quantitative measure of the volatility of the account relative to the account benchmark. R-squared is a measure of how closely an account's performance correlates with the performance of the account benchmark, ranging from 0, indicating no correlation, to 1, indicating perfect correlation. Composite-level risk statistics are calculated using monthly rates-of-return. Statistics calculated using a sample of less than 36 months can be considered a less reliable estimate of the characteristic's true value.

4. Benchmark Source— Russell Investments; MSCI Inc.; Standard & Poor's; and Barclays Capital are the source and owners of the index data contained herein (and all trademarks related thereto), which may not be redistributed. Reference to an index does not imply that the portfolio will achieve returns, volatility or other results similar to the index. The composition of the indices are provided for your information only and may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change over time. Indices are unmanaged. The figures for each index reflects the reinvestment of dividends but do not reflect the deduction of any fees or expenses which would reduce returns except for the MSCI (Net) indices where net returns are net of withholding taxes applied to foreign investors based on tax rates that would be applied to a Luxembourg-based investor. Investors cannot invest directly in indices.

5. Total Return Methodology and Fee Structure—Composite returns are presented gross and net of management fees and include the reinvestment of all income. Composite performance is presented net of foreign withholding taxes on dividends, interest income, and capital gains. Withholding taxes may vary according to the investor's domicile. All information is calculated in USD. Returns may include the effect of foreign currency exchange rates. Periods over one year are annualized. Net of fee returns reflect the deduction of the highest annual management fee, payable quarterly in arrears. Net-of-fee performance reflects the compounding effect of such fees. Generally, the highest fee payable for an Epoch managed equity portfolio is 1.0 % of assets, annually, with the exception of Global Small Cap, International Small Cap and Global Equity Shareholder Yield which is 1.1% and Global Absolute Return, Global Choice, U.S. Choice which is 1.5% of assets. A fee schedule is an integral part of a complete presentation and is described in Part II of the firm's ADV, which is available upon request. Different methods can be applied to the calculation of performance data. Additional information regarding policies for calculating and reporting returns is available upon request. Past performance is not indicative of future results. An account could incur losses as well as gains.

6. Significant Cashflow Policy – Effective January 1, 2008, Epoch does not apply a significant cash flow policy as all accounts are valued daily. From January 1, 2006 to December 31, 2007, Epoch defined a significant cash flow as one in excess of 25% of the portfolio market value. Prior to January 1, 2006 Epoch's policy required the temporary removal of any portfolio incurring a client initiated significant cashflow of 10% or greater of portfolio market value. Additional information regarding the Epoch's historical treatment of significant cash flows is available upon request.

7. To receive a complete list and description of Epoch composites and/or presentation that adheres to the GIPS® standards, contact Jason Root at 212-303-7200, or write Epoch Investment Partners Inc., 640 Fifth Avenue, 18th Floor, New York, NY 10019, or send an email to info@eipny.com.