

Q4 2009 INVESTMENT NEWS



MARKET OUTLOOK

The economic and stock market downslides which began in 2008 rolled right through much of the first quarter of 2009. But as various worldwide initiatives kicked in and the “sky is falling” paranoia was replaced by a more constructive outlook, the tables started to turn. For the year, however, global GDP dropped by more than 1%, the first decline since the International Monetary Fund began releasing such data in 1970. Worldwide trade was estimated to have shrunk by approximately 10%. But by the third quarter of 2009, GDP growth resumed in excess of 2% and analysts expect a jump of 3.0% for the fourth quarter.

The main underlying culprit in the financial downturn, housing, finally began to stabilize by the fourth quarter. Some hard hit markets, such as our own, Tampa, Florida, actually experienced slightly better prices as the year ended (albeit from extremely depressed levels). Retail sales have shown that the consumer is still active despite a record rise in personal savings rates.

We believe the current recovery is lead by industrial and global commerce, but it may take some time before employment rates improve meaningfully. However, we also feel that select consumer related stocks can fare relatively well as conditions improve. All-in-all, we envision that domestic GDP growth will mirror the second half of 2009 (2-3%) for 2010, with better numbers looking out from there.

PERFORMANCE HIGHLIGHTS

FRANTZEN SMALL CAP GROWTH

	Gross	Net	Russell 2000 Growth
Q4 09	-2.33%	-2.48%	4.14%
1 Year	4.50%	3.98%	34.47%
3 Year	-10.61%	-11.67%	-4.00%
5 Year	-0.85%	-2.25%	0.87%
Inception [†]	11.83%	10.16%	9.24%

FRANTZEN LARGE CAP GROWTH

	Gross	Net	Russell 1000 Growth
Q4 09	9.40%	8.95%	7.94%
1 Year	23.38%	21.45%	37.21%
3 Year	-3.48%	-5.08%	-1.89%
5 Year	1.71%	0.10%	1.63%
Inception ^{††}	3.57%	2.18%	-4.32%

FRANTZEN GROWTH & INCOME

	Gross	Net	Russell 3000 Growth
Q4 09	9.44%	9.05%	7.65%
1 Year	29.57%	27.86%	37.01%
3 Year	-1.89%	-3.44%	-2.06%
5 Year	4.19%	2.53%	1.58%
Inception [*]	7.39%	5.65%	2.33%

FRANTZEN UPDATE

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FRANTZEN SMALL CAP GROWTH

PERFORMANCE OVERVIEW:

The Frantzen Small Cap Growth composite had a net loss of 2.44% for the quarter ended December 31, 2009. Its benchmark, the Russell 2000 Growth Index, was up 4.14% during the same period.

INVESTMENT HIGHLIGHTS:

Wyndham Worldwide (WYN), one of the largest global lodging chains, chose to expand in a buyer's market for hotel properties by purchasing independently owned hotels and integrating them into its business model. This move coincided with a decision to increase its investment in the timeshare business segment. While we believe the cost cutting phase of the hotel cycle may be behind us, we feel the stock is now anticipating a bottoming in demand from both the business traveler and the consumer discretionary segment. Wyndham actually fared relatively well during the recession as many travelers chose to vacation domestically in lower price hotels (a strong Wyndham segment) as opposed to selecting overseas destinations. Financing is still all but non-existent in the hotel business, thus severely restricting new supply. As such, we feel that the ensuing up cycle in growth (which typically last 7-8 years) may have a stronger than average tailwind.

FRANTZEN LARGE CAP GROWTH

PERFORMANCE OVERVIEW:

For the quarter ended December 31, 2009, the Frantzen Large Cap Growth composite had a net gain of 8.95%. Its benchmark, the Russell 1000 Growth Index, was up 7.94% during the same period.

INVESTMENT HIGHLIGHTS:

DIRECTV Group (DTV) held its own during the recession. DTV's EPS for 2009 are expected to come in flat versus 2008 despite increased equipment costs. We believe this is extraordinary given the depth of the consumer/housing related downturn, reinforcing our view that home entertainment/information/communication services remain a high priority for household budgets. Rising prices on both video and broadband demonstrate the industry's pricing power and suggest that competition, while intense, remains rational. DIRECTV's exclusive services such as NFL Sunday Ticket (a boon for Fantasy Football players) help to grow the customer base and retain existing customers. But new services are on the way, including a 3-D channel to coincide with the planned launches of home 3-D products by such leading manufacturers as Sony and Panasonic. Additionally, DTV's results have been, and should continue to be aided by opportunistic stock buybacks and debt reductions funded by the Company's strong recurring cash flow. EPS are forecast to rise in excess of 50% in 2010 compared to 2009.



FRANTZEN GROWTH & INCOME

PERFORMANCE OVERVIEW:

The Frantzen Growth & Income composite ended the fourth quarter of 2009 with a net gain of 9.05%. Its benchmark, the Russell 3000 Growth Index, was up 7.65% during the same period.

INVESTMENT HIGHLIGHTS:

Cinemark Holdings (CNK) is one of the largest movie theater operators in North America and Latin America. As Americans flocked to theaters to escape the Great Depression, moviegoers gave Hollywood one of its biggest years ever in 2009. North American box office receipts rose 18.7% in the fourth quarter, well eclipsing the consensus estimate of an increase of 14.3%. The first weekend of 2010 generated a 24% surge in ticket sales year-over-year. Good, popular films, notwithstanding, the movie industry is undergoing its first fundamental change since the advent of sound in the late 1920's. The digital age has emerged in Hollywood and Cinemark has obtained financing to quickly equip its nearly 4,800 screens. The new technology has advantages on the cost side of the ledger as well as on the revenue side. Films no longer arrive in bulky canisters requiring editing and threading of projectors (manpower intensive). Digital versions of the movies are instantly downloaded by satellite and can immediately be beamed onto the screen in high-definition. Additionally, pre-feature advertising content (a growing source of income) can be changed on a moment's notice. Furthermore, analysts believe 3-D versions of popular movies may generate 15-20% of domestic revenues in 2010, up from around 9% last year. Digital 3-D showings command a premium ticket price, thus fattening margins for operators such as Cinemark. Whether or not 3-D is just another resurrection of a fad, we believe the technology is beneficial in other ways. Digital projection provides avenues for greater theater utilization, i.e. high-definition presentation of concerts, sporting events, business meetings, etc. Wall Street consensus estimates place Cinemark's EPS approximately 30% above 2009's results.



Please see important disclosures on Page 4 for additional information.

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Past performance is no guarantee of future results.

**FRANTZEN CAPITAL MANAGEMENT
INVESTMENT STRATEGY REVIEW**

Strategy	Frantzen Small Cap Growth	Frantzen Large Cap Growth	Frantzen Growth & Income
Objective	Capital Appreciation Through Small Cap Growth Equities	Capital Appreciation Through Large Cap Growth Equities	Capital Appreciation Through Growth & Income Equities
Distinctions	Russell 2000 Growth	Russell 1000 Growth	Russell 3000 Growth
Investable Universe	Capitalizations of > \$250M and < \$2.5B	Capitalizations > \$10B	All Capitalizations
Holdings	30-40	30-40	25-35
Inception Date	January 31, 2003	April 30, 2000	March 31, 2004

*Frantzen Small Cap Growth invests in small cap growth oriented equity securities with market capitalizations between \$250 million and \$2.5 billion at the time of purchase and is measured against the Russell 2000 Growth Index. The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price to value ratios and higher forecasted growth values. *Inception Date: January 31, 2003. Since inception results shown for Frantzen Small Cap Growth and Russell 2000 Growth Index represent the period from February 1, 2003 through December 31, 2009. Net of fee results shown are calculated based on actual fees charged to clients.*

*Frantzen Large Cap Growth invests in large cap growth oriented equity securities with market capitalizations greater than \$10 billion at the time of purchase and is measured against the Russell 1000 Growth Index. The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. *Inception date: April 30, 2000. Since inception results shown for Frantzen Large Cap Growth and Russell 1000 Growth Index represent the period from May 1, 2000 through December 31, 2009. Net of fee results shown are calculated based on actual fees charged to clients.*

*Frantzen Growth & Income invests in equity securities of all market capitalization and is measured against the Russell 3000 Growth Index. The Russell 3000 Growth Index measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. *Inception Date: March 31, 2004. Since inception results shown for Frantzen Growth & Income and Russell 3000 Growth Index represent the period of April 1, 2004 through December 31, 2009. Net of fee results shown are calculated based on actual fees charged to clients.*

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1. Frantzen Capital Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS).
2. Frantzen Capital Management, Inc. is a SEC registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request.
3. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income.
4. This is not a recommendation to buy or sell securities. Past performance is not indicative of future results.

To request more information, a fully compliant presentation, and/or a list of all firm composites, you may contact us at info@frantzencapital.com, or by calling us at (866)-844-9199.

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