

Integrity Asset Management, LLC **Pinnacle American Mid Cap Value Equity Fund** **First Quarter 2009**

The Pinnacle American Mid Cap Value Equity Fund declined 12.37%, while the Russell Midcap Value index dropped 14.67%, thus outperforming by 2.30%. Good stock selection in Consumer Discretionary, Energy and Utilities helped us outperform. Producer Durables and Health Care were the largest detractors. The Fund benefited from a significant overweight in the Information Technology sector. Information Technology was the best performing group by far within the index. The average tech stock was up almost 10%, while the index was down more than 14%.

Within Consumer Discretionary, there was strong performance in Restaurants and Retail. The restaurant group had a positive bounce as traffic appeared to stop deteriorating. CBRL Group (CBRL) was our top performing name as it rebounded 41 percent. CBRL Group reported solid quarterly results and reaffirmed guidance for 2009. In Retail, Foot Locker (FL) was our top contributor. Foot Locker is well positioned to capitalize on lean inventory, tighter expense control and more rational competitive environment.

Although most Energy stocks declined during the quarter, T-3 Energy Services (TTES) and Willbros Group (WG) bucked that trend to post advances. In Utilities, Wisconsin Energy (WEC) and Xcel Energy (XEL) were flat for the quarter and thus outperformed. Our best Information Technology stocks were BMC Software (BMC) and Seagate Technology (STX). BMC reported excellent results, while Seagate benefited from new restructuring plans and better than expected pricing.

In Producer Durables, Pall Corp (PLL) and Belden (BDC) declined as their most recent results showed they were not immune to the global slowdown. Alliant Techsystems (ATK) suffered over concerns stemming from the Obama defense budget. Health Care was a minor detractor as King Pharmaceuticals (KG) faces delays in U.S. approval of key new drugs.

The Pinnacle Program