

Number of Portfolio Managers: 3    Number of Analysts: 1    Minimum Account Size: \$500,000

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## PORTFOLIO MANAGEMENT



Robert Lutts is the lead portfolio manager for the Growth Stock Portfolio as well as the president and chief investment officer for Cabot Money Management, Inc. Rob received his MBA degree in investments and finance from the University of Massachusetts in Amherst and his BS degree in finance and management from Babson College. Mr. Lutts founded Cabot Money Management, Inc. in 1983.



SECOND QUARTER  
June 30, 2010

## CABOT'S GROWTH PORTFOLIO

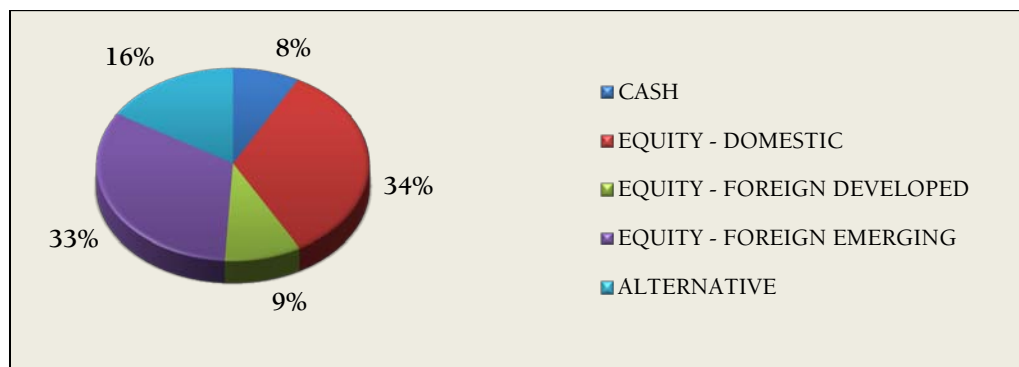


Cabot Money Management, Inc. is a boutique wealth management firm located in Salem, on the north shore of Massachusetts. Founded in 1983, Cabot provides independent fee-only investment management services for individual, corporate and non-profit clients throughout the U.S. using a team of professionals who will design and implement a global investment strategy personalized to their specific needs. As a sophisticated investment manager, Cabot utilizes a multiple-asset-class model to construct unique portfolios of global equities and fixed-income investments along with alternative asset classes. By allowing clients to have the option of integrating these portfolios with our financial, tax, and estate planning advice, Cabot is able to offer our clients a broad array of professional services.

## INVESTMENT PHILOSOPHY / PROCESS

The Cabot Growth Stock portfolio is designed for those investors seeking long-term capital appreciation. The portfolio may hold domestic and foreign equities and fixed income, as well as alternative asset classes. The managers employ a top down- bottom up approach that focuses more on smaller rapidly growing companies. Mr. Lutts starts his top down approach by developing investment themes around the world economy, and then attempting to identify the most well-run and profitable companies that will benefit from the trends he identifies. Mr. Lutts examines the world economic and political environment for trends and themes, and then seeks to identify equity, fixed-income and non-correlated securities both in the US and internationally that will benefit from those trends. The team seeks companies that exhibit top relative performance, competitive advantage and solid financials. The team combines proprietary research with access to the leading Wall Street research when performing its analysis.

## ASSET CLASS BREAKDOWN



*\*Alternative asset class comprises direct commodity exposure, high yield municipal bonds, high-yield corporate bonds, floating bank loans, foreign developed and emerging fixed-income or Forex.*

## PERFORMANCE

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	Inception
Cabot's Growth Portfolio	-4.69	-0.93	21.00	1.76	9.05	1.00	8.94	10.22
Russell 3000 Growth	-11.55	-7.25	13.95	-6.97	0.44	-4.89	4.30	N/A
Russell 3000	-11.32	-6.05	15.72	-9.47	-0.48	-0.92	6.41	7.08

\*Annualized returns, Inception date is 01/01/1984. Past performance is not indicative of future results.

## PORTFOLIO CHARACTERISTICS

	Growth Portfolio	Russell 3000 Growth	Russell 3000
Median Market Cap (\$mln)	16,312	799	750
P/E Estimated	16.3	14.4	13.5
Price/Book	4.7	3.0	1.9
Price/Sales	4.2	1.2	1.0
Price/Cash Flow	15.5	9.0	6.5

## TOP TEN HOLDINGS

Name	% of Portfolio
SPDR Gold Trust	6.1
Barrick Gold Corp	3.5
Apple Inc	3.1
HDFC Bank Ltd-ADR	2.9
Acme Packet Inc	2.9
PowerShares Global Gold & Precious Metal	2.8
Google Inc-CL A	2.7
Shangri-La Asia Ltd	2.5
Thoratec Corp	2.5
Shandong Weigao GP Medical-H	2.3

## DISCLOSURES

### COMPOSITE DESCRIPTION

As of June 30, 2010, Cabot's Growth Portfolio consisted of 140 individual accounts in this group representing total assets of \$80.1 million. The portfolios comprising the composite as a percentage of the total membership for each year-end were 68.52% for 2009, 74.34% for 2008, 74.08% for 2007, 71.17% for 2006, 71.79% for 2005, 91.20% for 2004, 88.34% for 2003, 95.29% for 2002, 95.15% for 2001, 96.35% for 2000, 79.58% for 1999, and 65.71% for 1998. Valuations and returns are computed and stated in U.S. Dollars. The Composite was created 1/1/1984. No leverage has been used in the portfolios in this composite. Past performance is not indicative of future performance. This is a growth portfolio that can invest in any area of the market, but will tend to focus on mid- and small-capitalization stocks using a growth investment style. Depending on market conditions, at times this portfolio may hold other asset classes such as fixed-income investments, natural resources, precious metals, etc.

### COMPOSITE DISPERSION

This measures the variability of returns within a portfolio composite using standard deviation. This statistic illustrates the average variation from the mean return of the composite experienced by its group members. This statistic is not a measure of risk. For the year ended December 31, 2009 the Growth Portfolio had a standard deviation of 3.55%.

### RETURN CALCULATION METHODS

Performance figures include all fee-paying, fully discretionary Growth Portfolios under management for each full calendar quarter that are included based on an objective set of criteria. Performance calculations (time-weighted return) include all commissions, and other account expenses (if any). Performance is calculated on a dollar-weighted basis. Material additions or withdrawals are taken into consideration during performance calculations during which time the composite account would be revalued to account for them. Material additions or withdrawals are calculated at 10% of the composite account for the relevant period. Performance calculations include dividends and interest. Inception-to-date numbers are available upon request. The inception date for the Growth Portfolio is 1/1/1984.

### DERIVATIONS OF NET RETURNS AND MANAGEMENT FEES

Performance calculations from inception until 03/31/2005 are after (net of) the highest possible management fee of 1.50% annually, invoiced quarterly at the beginning of the quarter. Cabot's management fee for stock portfolios never exceeded 1.50% annually. Fees could have been lower depending upon account size and type. From 04/01/2005, Cabot used an actual management fee paid for the client composite. The change in management fee also necessitated only utilizing accounts which had management fees for that account removed from the portfolio, and did not include those accounts that paid multiple account fees from one account or had fees paid separately or from a different account. This may have changed the composite so that some accounts that are included prior to 04/01/2005 are no longer included. Furthermore, as a matter of course, Cabot excludes accounts that are non-representative of this composite.

Management fees have historically ranged from 0.75% to 1.50% annually. Cabot's management fees are explained in Part II of Cabot's Securities and Exchange Commission registration statement (ADV Form). For the second quarter of 2010, Cabot's average growth portfolio paid approximately 1.02% annual management fee.

A Cabot client would pay the following management fees over these periods for a standard \$250,000 account assuming (1) 1% quarterly return and (2) an annual management fee of 1.50% and all fees are paid at the beginning of each quarter. The total management fee paid over a one-year time period is \$3,785; over three years is \$11,644; and over five years is \$19,905. The example shown here should not be considered a representation of past or future expenses, and actual expenses may be greater or less than those shown. This example assumes the highest possible management fee of 1.5% annually. The assumed return is hypothetical and should not be considered a representation of past or future annual returns. Actual returns may be greater or less than these assumed amounts.

### MUTUAL FUND EXPENSES

If mutual funds are purchased, investors should realize that the mutual funds themselves have a built-in fee structure. Mutual funds accrue expenses for investment management, custodial, administrative, and trading expenses. Internal expense ratios vary according to fund family and investment objective but usually range between 0.50% and 1.75% annually. Actively managed portfolios, Index Funds and ETFs (Exchange Traded Funds) have lower expense ratios typically ranging from 0.15%– 1.00%.

### INDEXES

The listed indexes are unmanaged. It should be noted that these indexes are presented to illustrate overall market conditions. The level of risk and constitution of the Growth Portfolio will not necessarily match the performance or the characteristics of any of these indexes.

We present these for your convenience and to illustrate the performance of the investment area under consideration. Cabot's Growth Portfolio may have a different constitution of holdings, have a different level of risk, exhibit different volatility characteristics, and may not track the performance of the indexes provided. It is particularly important to differentiate that Cabot uses international holdings, commodities, natural resources and other asset classes that may or may not be a part of each representative index. The portfolio has the assigned benchmarks for informational purposes only. It is important to note, however, that the portfolio invests in cash, domestic and international fixed-income holdings, international equities and other investments that are not represented in the benchmarks shown. This will affect the relative performance of these accounts against the applicable benchmarks. The portfolio strategy is dynamic and subject to change based on economic and market conditions. Cabot may also make direct investments in the exchanges of foreign

countries, creating a difference due to currency exchanges and valuations between the direct investments in a foreign exchange and investments that are denominated in U.S. dollars.

### **VOLATILITY**

The Growth portfolio may fluctuate above or below the risk level of the indexes represented. The characteristics of the Growth strategy and any indexes shown are likely to be different. Any indexes are presented to provide insight into segments of the market over the same time period. The actual risk and volatility as measured by standard deviation or other metrics may vary. The Cabot Growth portfolio may have more or less risk at any given time.

### **TOP TEN HOLDINGS AND CURRENT ALLOCATION**

The top ten holdings and current allocation are presented as of June 30, 2010. These are presented for illustrative purposes so that clients can understand the core holdings in the strategy we are representing, and it is not a recommendation or solicitation for the client or any other individual to invest in these securities or asset classes. These investments are held as part of an overall strategy and at a specific point in time. They may not be suitable for all clients and are part of an active management approach that includes other assets. Cabot is not responsible for updating changes to this list, or informing individuals of changes which may affect whether or not a security or asset class is still held by the firm. In fact, it should be expected that we will adjust or eliminate our position in these areas based on both economic and market changes and take no responsibility to update individuals on these changes.

### **LIMITATIONS OF HISTORICAL PERFORMANCE**

Market conditions fluctuated but were generally positive over the years shown. It cannot be guaranteed that future performance will equal historical performance. In addition, asset allocation and diversification does not guarantee future results or protection from loss.

### **LIMITATIONS OF MODEL PERFORMANCE**

The performance numbers represent model performance. Your results may or may not vary depending on a number of factors including the time that your account is opened, investments that are transferred into the portfolio, restrictions relating to tax or investment issues and any other material issue. In addition, your own particular tax situation can have a material effect on the returns received net of taxes. Cabot Money Management, Inc. manages additional strategies that are not represented here. Many clients have a balanced strategy that includes fixed income as well as other asset classes.

### **LIMITATIONS OF PORTFOLIO CHARACTERISTICS**

The portfolio characteristics presented are for illustrative purposes. The characteristics represented include some, but not all of the composite holding for the strategy. Some holdings are not represented in the characteristics. This is due to data not available for all categories for all securities or data not being meaningful to the overall outcome of the characteristics. It should be understood that these ratios will change over time, and that the characteristics displayed are part of the strategy at a specific point in time.

## **DEFINITIONS**

### **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. The Russell 3000 Growth Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad growth market. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. Source: [http://www.russell.com/Indexes/data/fact\\_sheets/us/Russell\\_3000\\_Growth\\_Index.asp](http://www.russell.com/Indexes/data/fact_sheets/us/Russell_3000_Growth_Index.asp)

### **RUSSELL 3000 INDEX**

The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected.

Source: [http://www.russell.com/Indexes/data/fact\\_sheets/us/Russell\\_3000\\_Index.asp](http://www.russell.com/Indexes/data/fact_sheets/us/Russell_3000_Index.asp)

### **PORTFOLIO CHARACTERISTICS**

**Dividend Yield** - Dividends paid per share over a one-year period divided by stock price

**Median Market Cap** - Median market capitalization of member companies

**P/E EST** - Market cap divided by earnings over a 12-month period

**P/B** - Stock's market capitalization divided by its book value

**P/S** - Stock's market capitalization divided by sales of past 12 months

**P/CF** - Stock's market capitalization divided by cash flow for the latest fiscal year