

Performance Highlights—Annualized Return as of 6/30/10				
	Global Utilities (Gross)*	Global Utilities (3% Pro Forma Net)	Russell 3000 Utilities	S&P Utilities
1 Year	19.3	15.8	5.1	5.8
3 Year	(5.0)	(7.8)	(9.2)	(6.8)
5 Year	4.4	1.3	1.2	1.6
10 Year	3.7	0.6	(3.1)	2.8

Providing both rising income and growth, this portfolio seeks to participate in both the stability and dynamic growth of essential services and infrastructure worldwide. The stability arises from the fact that utilities and infrastructure are in constant demand and continuously generating revenues. The growth arises due to rising populations and demographic shifts that drive usage. In the developing world growth arises as economies push toward a developed-world standard of living.

**INVESTMENT PHILOSOPHY**

Financially strong companies with rising dividends can offer the best consistent, risk/ adjusted, performance over the long-term. Over time, increases in dividends induce increases in the price of the equity producing those dividends. And, by focusing on opportunities in the broad, global utility industry, this portfolio participates in both the stability and the dynamic growth of the most important economic sector.

**INVESTMENT OBJECTIVE**

Our objective is to conservatively exploit the opportunities available from the operation and development of utility and infrastructure assets, and we believe such opportunities will be available as long as energy and communication are important features of society. Our goal is to provide investors with a current stream of income,

growth of income, and growth of the underlying principal, in an investment whose performance is not necessarily correlated to other equities.

**INVESTMENT STRATEGY**

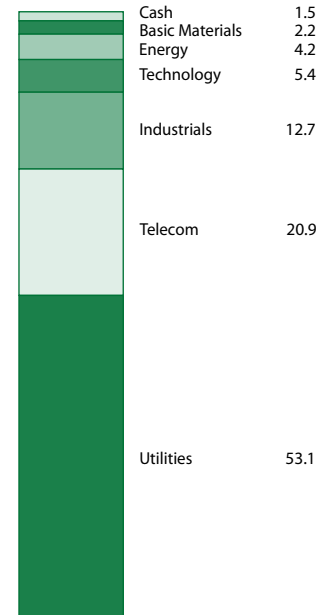
The process begins with a universe of traditional utilities—providers of water, gas, electric, and telecommunications services. We add to this group other essential services and products, including natural gas and oil production, waste disposal, alternative energy, infrastructure equipment, wireless communications companies, and companies that provide enabling technology. Financially weak stocks are eliminated, as are stocks with little chance, in our view, of a dividend increase or other indicia of reliable growth. We establish historic and probable future valuation bands, avoiding purchase of or holding companies that exceed our notions of reasonable valuation.

We analyze all candidates for environmental and social governance (ESG) issues, avoiding nuclear-based electric companies and companies that egregiously pollute the environment, among other social screens.

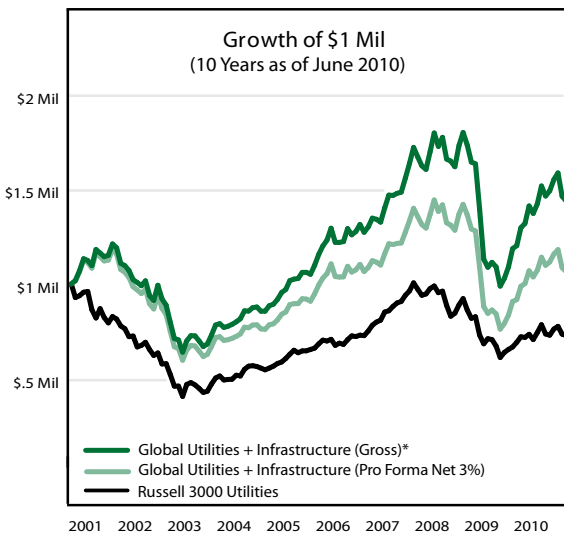
In addition to high financial strength, a low dividend payout ratio, and a history of dividend increases, a company should offer a congenial regulatory environment, a sound competitive business position, growth demographics, and an absence of substantial visible risk. While we prefer companies that have demonstrated success from careful diversification that leverages their basic management strengths, we also view diversification skeptically from a risk standpoint. Too, in a global environment of reduced regulation, we look for consolidation opportunities.

Portfolios contain 25-40 stocks including all the essential services, plus enablers. We are fully invested and stocks are selected on a bottom-up basis. All companies play a “role” as an element in a compounding machine of rising dividends and sustainable growth. They may be held for a lifetime if they continue to play that role; for example, we still hold issues first purchased at inception in 1991. Stocks are sold when: companies fail to raise dividends, when prices increase to a point of overvaluation, when new risks manifest, or when we “make room” for new opportunities.

**Sector Weights (as of 6/30/10)<sup>†</sup>**



The above data is shown as supplemental information and complements the full disclosure presentation located on back page. \* Gross returns are supplemental information to the pro forma net returns which are not actual net returns but a simulation of the effects of a 3% total annual fee, deducted monthly. MHI highest annual fee as stated in our ADV is 1%. <sup>†</sup>Sector weights are taken from a representative account and are subject to change.



## TOP TEN HOLDINGS AS OF 6/30/10

Enterprise Prods Partners	5.6%
Akamai Technologies Inc	5.4%
American Water Works Co	4.9%
Kinder Morgan Egy Partners	4.6%
Verizon Communications	4.1%
NII Holdings Inc	4.0%
Northeast Utils	4.0%
A T & T Inc	3.8%
NiSource Inc	3.8%
Spectra Energy Co	3.1%

## WHAT TO EXPECT

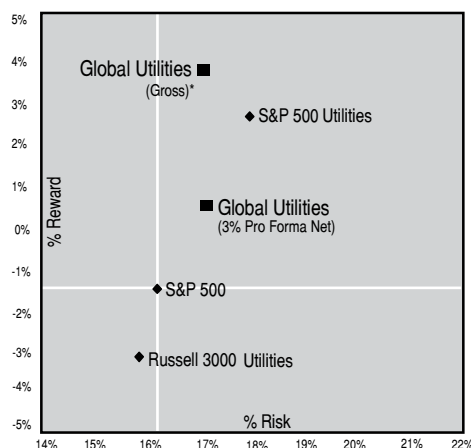
Our regulated utilities are reinvesting in their core, traditional businesses to achieve operational efficiencies, and we believe they will profit in the years ahead from investment in regulated infrastructure from which they are allowed a reasonable rate of return by law. We anticipate long-term results to resemble the historic average for utility stocks, which has been similar to the S&P 500 but with a lower beta. We may add weight in sensible areas that contribute to service delivery and that may provide boosts to growth in the portfolio, as we have with natural gas producers. Turnover has averaged about 30% in recent years. Current yield can be expected to be notably greater than the broad market, earnings growth lower but perhaps more sustainable, dividend growth equal to or greater, price-to-book lower, and volatility lower.

As businesses, these companies provide among the most reliable earnings streams available to investors. Though over the long-term we anticipate reduced volatility, there may be times when these stocks are just as volatile as others with more variable underlying businesses. At those inevitable times, this portfolio, can remain easy to hold—for in an uncertain world we can be sure there will always be a need for companies that help us turn on the lights, and heat our homes.

## FUNDAMENTAL CHARACTERISTICS

Yield†	3.2%
Proj Dividend Growth††	6.6%
Payout Ratio	59.3%
Market Cap†	\$17.2 Bil
Price/Book	2.2
P/E Ratio	17.2
S&P Rating	BBB+
Beta†††	0.8
R-Squared†††	0.6
Standard Deviation †††	16.8%

## Risk versus Reward (6/30/00 - 6/30/10)†††



## Annual Performance

	Global Util (Gross)*	Global Util (Pro Forma Net 3%)	S&P Utilities	R3000 Utilities
1995	31.3	27.5	32.7	22.8
1996	12.5	9.2	5.7	1.4
1997	32.1	28.3	24.6	32.2
1998	11.9	8.7	14.8	33.2
1999	11.6	8.4	(9.1)	18.9
2000	24.3	20.7	57.1	(26.8)
2001	(14.0)	(16.6)	(30.4)	(15.6)
2002	(28.6)	(30.7)	(30.0)	(32.5)
2003	18.2	14.7	26.2	17.5
2004	19.5	16.0	24.2	18.3
2005	19.3	15.8	16.8	4.7
2006	19.9	16.4	21.0	29.4
2007	20.9	17.4	19.4	9.1
2008	(37.2)	(39.1)	(29.0)	(25.6)
2009	32.3	28.4	11.9	11.1

The above data is shown as supplemental information and complements the full disclosure presentation below.

\* Gross returns are supplemental information to the pro forma net returns which are not actual net returns but a simulation of the effects of a 3% total annual fee, deducted monthly. MHI highest annual fee as stated in our ADV is 1%.

† Weighted average.

†† Proj Dividend Growth is MHI Portfolio Team's projection based on data from various sources adjusted to reflect our view of future economic and market conditions. There is no assurance projections will be realized.

††† 10 years annualized vs. S&P500.

## GIPS Performance Disclosure

The Global Utilities + Infrastructure composite (known as Better Than Bonds/Utilities prior to July 1, 2008) contains fully discretionary accounts. By focusing on opportunities in the broad, global utility industry, this portfolio participates in both the stability and the dynamic growth of the most important economic sector. For comparison purposes this strategy is measured against the Russell 3000 Utilities Index, which comprises over 200 utility stocks that are included in the Russell 3000 index. We compare our returns to the Russell 3000 Utilities Index, but we make no claims that our portfolio will track the index closely. In some charts and tables we show the S&P Utility Index to give investors some measure of how the broad universe of utilities has performed.

Results are shown in US dollars. Included in the results are all unrestricted portfolios that have been managed for at least one full month, including those accounts no longer with the firm. Past performance is not indicative of future results. All composites contain fully discretionary accounts. Gross and pro forma net of fees results include the reinvestment of all income. Wrap accounts are included in this composite. Gross returns for wrap accounts are stated gross of all fees and transaction costs. Gross returns for nonwrap accounts have been reduced by transaction costs. Pro forma net returns are a simulation assuming a 3% annual total fee, deducted monthly. The 3% fee includes other program fees that may or may not be charged as assumed. The upper range for Miller/Howard Investments' annual fee is 1%. Fees are generally based on quarterly market values determined by the custodian and may include any combination of management, transaction, custody, and other administrative fees. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Actual investment advisory fees incurred by clients may vary. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account.

Miller/Howard Investments Inc. is an employee-owned, registered investment advisor specializing in multi-cap, core equity management and dividend strategies. Miller/Howard Investments Inc. claims compliance with the Global Investment Performance Standards (GIPS®). Compliance with the GIPS standards has been verified for the period of January 1, 2000, through December 31, 2007, by Ashland Partners & Company LLP. To receive a complete list and description of Miller/Howard Investments' composites and/or a presentation that adheres to the GIPS standards, contact Marilyn Marecek at 845-679-9166, or write Miller/Howard Investments, P O Box 549, Woodstock, NY 12498, or marilyn@mhinvest.com. All investments carry a certain degree of risk, including possible loss of principal. It is important to note that there are risks inherent in any investment and there can be no assurance that any asset class will provide positive performance over any period of time.

Performance for 2nd Quarter 2010 is preliminary.

## Global Utilities + Infrastructure Composite Performance GIPS composite disclosure shown in US dollars

Preliminary	Global Utilities + Infrastructure		Russell 3000 Utilities
	Gross*	3% Pro Forma Net	
Period to Date (3 mo's to 6/30/10)	(7.51)%	(8.22)%	(4.54)%
1 Year (ending 6/30/10)	19.30%	15.81%	5.14%
3 Years per annum (ending 6/30/10)	(4.96)%	(7.79)%	(9.20)%
5 Years per annum (ending 6/30/10)	4.40%	1.32%	1.24%
7 Years per annum (ending 6/30/10)	8.88%	5.67%	5.07%
10 Years per annum (ending 6/30/10)	3.66%	0.60%	(3.14)%

\* Gross returns are shown as supplemental information to the pro forma net returns, which are not actual net returns but a simulation of the effects of 3% total annual fee, deducted monthly. MHI's highest annual fee as stated in our ADV is 1%.