Blue Point Investment Management

Way Points

FOURTH QUARTER 2011
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News In Brief

Portfolio Statistics as of 12/31/11:

- 34 Equity positions
- 12% International equities
- Core portfolio average holding period 2-3 years

Top 5 Equity Holdings:

6.6%	Apple
6.1%	FMC Technologies
5.0%	Pall Corp
4.8%	Rockwell Automation
4.7%	Precision Castparts
27.2%	Net Assets

Blue Point versus the Total Return of the S&P 500 Index

Since inception 12/31/06 Blue Point returned **36.10%** after advisory fee. On a $100,000 investment the dollar value of Blue Point's cumulative outperformance relative to the Total Return of the S&P 500 is $37,346. See graph for performance detail.

Time Weighted Return as of 12/31/10:

- 1 Year Blue Point -5.35%
- 1 Year S&P 500 TR 2.11%
- 3 Year Blue Point 58.65%
- 3 Year S&P 500 TR 48.59%

Portfolio Manager
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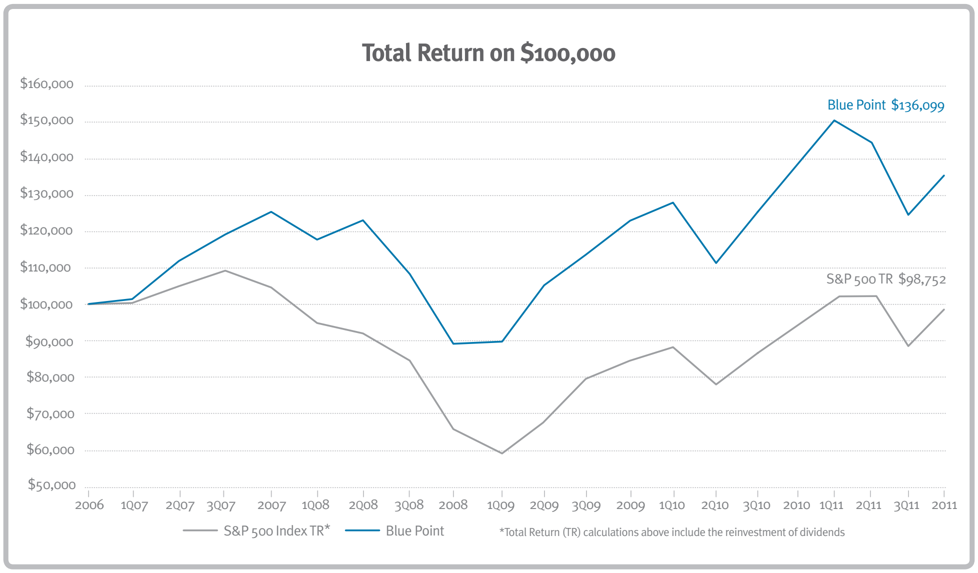
Performance Summary

Blue Point seeks equity oriented growth at a reasonable price with a global perspective. During the fourth quarter Blue Point, which is based on a model portfolio applied to separately managed accounts, returned 9.37% after advisory fee. The Total Return of the S&P 500 during the second quarter was 11.81%. Blue Point's conservative approach to the fourth quarter (large cash position) underperformed the Total Return of the S&P 500 by -2.44% in the fourth quarter.

During 2011 Blue Point returned -5.35% after advisory compared to the 2.11% Total Return of the S&P 500. **Blue Point returned 36.10% since inception in 12/31/06 after advisory fee.** 2011 performance is discussed further on the next page.



Disclosures: Performance of the separate accounts can differ substantially from the actual performance of Blue Point, the model portfolio, due to timing of entry, whether account is taxable or non-taxable, and the timing of withdrawals. Past performance does not guarantee future results. The management fee schedule is as follows: 1.2% on first $1 million, 1.0% on the next $3 million, 0.85% on next $5 million. Accounts under $0.5 million are 1.5% annually. Depending on circumstance, institutional fee schedules may be negotiated. Blue Point Investment Management, LLC, is a Maryland registered investment advisor, founded in 2006. To receive a copy of the firm's Form ADV Part II, contact us at 443-600-8050.

Market Outlook

Strength in the U.S. – The U.S. is experiencing the first manufacturing led recovery in over two decades. While the outlook for the U.S. is positive, the overhang of political risk and slower growth in international markets will limit growth.

Political Risk – Will be alive and well in 2012 as elections take place in China, Taiwan, South Korea, India, the U.S., France and Turkey. Political risk is difficult to model or predict. Sovereign debt limits in the developed world have led to deep divisions.

Low Growth Creates a Cost Focus – In the absence of revenue and wage growth, companies and consumers are very cost sensitive. This creates demand for low price leaders, software and automation. This, in turn, is enhancing U.S. competitiveness.

Emerging Markets – Stresses in the developed world have spread to the emerging markets. China has aggressively used fiscal stimulus which has led to wage inflation. Going forward tax reductions and benefit increases will likely be used to stimulate internal demand.

Energy and Natural Resources – The near-term demand picture is less attractive as global demand softens. Longer-term commodities will be an attractive inflation hedge.

2011 - the Year of Policital Risk and Volatility

Unpredictable risks dominated markets in 2011. Many records in volatility and market correlation were broken. During the second half of the year fundamental analysis was thrown out the window as waves of political risk from Europe and Washington created extreme levels of uncertainty. A very disturbing prospect of a synchronized recession in Europe, China and the U.S. could not be ruled out. To protect principal against the downside risk, a large cash position was raised. The cash balance detracted from fourth quarter performance. The remaining underperformance came from financials and the emerging markets. The deep divisions in Europe caused capital to flow out of Europe at unprecedented levels. This resulted in a counter intuitive turn of events. Washington's bad behavior during the budget crisis which resulted in the loss of the U.S.'s AAA rating was rewarded with substantially cheaper capital. The winning strategy became hiding under a rock with cash.

Blue Point's five year performance

	2007	2008	2009	2010	2011
Blue Point (after advisory fees)	**22.33%**	**-29.73%**	**42.92%**	**17.28%**	**-5.35%**
S&P 500 Total Return*	**5.49%**	**-37.00%**	**26.46%**	**15.06%**	**2.11%**
Performance vs. Benchmark	**16.84%**	**7.27%**	**16.45%**	**2.22%**	**-7.46%**

*Total Return includes the reinvestment of dividends

During 2011 Blue Point reduced emerging market and commodity positions. To adjust to these new uncertainties Blue Point cut average new position size in half. The adjustment has meant considerably more research which has been assisted by five outstanding research interns over the course of 2011. The results for 2011 were disappointing but exiting long held positions in Ford, BHP, SFN Group and Gold benefited the portfolio. During the past five years Blue Point has outperformed the market four years out of five years. A great deal of effort has been made to seed investments with strong future growth prospects in a low growth market. Blue Point's separately managed accounts started 2012 with strong outperformance relative to the Total Return of the S&P 500.

Client Profile

Individuals/Trusts/Corporations (100%)

	Count %	Dollar %
Individuals	**90%**	**85%**
Trusts	**5%**	**2%**
Corporations	**5%**	**13%**
Total	**100%**	**100%**

THE MANAGER'S CORNER

Niall H. O'Malley (pictured) is the founder and Managing Director of Blue Point Investment Management, LLC, which manages the Blue Point on a separate account basis. Mr. O'Malley has an MBA from George Washington University in Finance and Investments with minors in Business Law and Taxation. All of these activities build on strong professional experience working for buy-side firms, consulting and over seven years with a top ten U.S. commercial bank. Prior to starting Blue Point, Mr. O'Malley was a Vice President of Credit & Risk Management at SunTrust Bank. Mr. O'Malley passed Level II of the Chartered Financial Analyst examination in 2005 and holds the Series 65 License from FINRA.

Mr. O'Malley serves on the Board and on the Program Committee for the Baltimore CFA Society which has 600 members. He has served as President of the Baltimore CFA Society and continues to serve as Co-Editor of the Baltimore Business Review. Mr. O'Malley has taught *Investments and Equity Security* Analysis as adjunct faculty at Towson University, College of Business and Economics.

Research Interns

- Andrea Sandoval, University of Towson, Candidate BS in Business Administration
- Chia-Yi Tsai – University of Delaware, Candidate Masters in Finance
- David Buffington, University of Towson, Candidate BS in Business Administration
- Matthew Stavros, Towson University, Candidate BS in Economics and Political Science
- Priyan Tudawe, Towson University, Candidate BS in Business Administration

Blue Point Investment Management seeks equity oriented growth while seeking to minimize downside risk. A copy of the firm's ADV Part II is available upon request.

Additional Information is available at **www.bluepointim.us**

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