

Performance Highlights—Annualized Return as of 6/30/10				
	Dist (Gross)*	Dist (3% Pro Forma Net)	S&P500 Utilities	Russell 3000 Utilities
1 Year	17.8	14.3	5.8	5.1
3 Year	(4.1)	(6.9)	(6.8)	(9.2)
5 Year	3.7	0.6	1.6	1.2
10 Year	7.0	3.9	2.8	(3.1)

The Distribution/Merging Utilities Portfolio is designed to capitalize on the consolidation and convergence in the utility industry. Our focus is on investments in public securities of small and mid-capitalization utility companies that we believe are both undervalued and potentially subject to acquisition.

INVESTMENT PHILOSOPHY

Deregulation and industry-competitive factors have led utilities into consolidation. The trend began in 1997 and since that time, many utility acquisitions and mergers have occurred. Repeal of the Public Utility Holding Company Act (PUHCA) paved the way for non-utility purchasers to participate in acquisition of utility companies. Along with expected continued consolidation, the Energy Bill encourages capital flows into the industry to facilitate and act as a catalyst to the much-needed upgrade and expansion projects in this country.

We believe that the small and mid-sized gas and electric distribution companies are the most attractive acquisition candidates. These utilities are largely regulated monopolies, have long-standing relationships with their customers, pay dividends and are solid companies in their own right, even if no deal occurs. And investors are

paid to wait while holding a high-quality portfolio with an attractive yield.

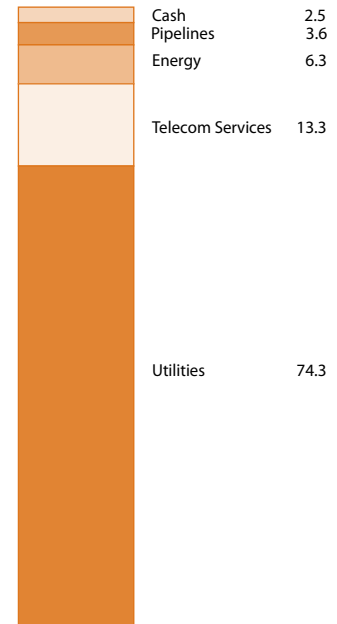
INVESTMENT STRATEGY

We invest only in utility companies that we consider to be likely takeover candidates and that offer a substantial potential price appreciation based on their projected acquisition value. The majority of investments are in small and mid-sized electric, gas and water companies since such companies offer a substantial dividend yield, have excess cash flow, low capital expenditures, sell at a low multiple of earnings and book value compared to other companies, and feature minimal business or competitive risk. The portfolio emphasizes primarily distribution companies (“wires and pipes” companies that deliver services rather than those that generate power), which we believe represent the lower risk segment of the utility industry. These companies continue to have local monopoly status.

INVESTMENT PROCESS:

The key driver is the potential attractiveness of a particular company as an acquisition candidate and the potential profit we may derive should a transaction occur, based on current market prices. We compare all stocks in the universe to a model of private market value based on the numerous transactions that have already been completed in the industry. If we believe a company can be acquired at a premium, we then evaluate the regulatory environment that might enhance or impede a potential deal. We also analyze a company’s strategic fit with potential acquirors, and the problems or burdens which could hinder a deal. We further investigate management’s view of consolidation, and the proportion of shares held by investors who might be congenial to a transaction. Stocks are held until a transaction occurs, or may be sold in the event that current market pricing comes into equilibrium with potential private market valuation. In addition, stocks may be sold if management voices a clear antagonism toward a deal, or if company fundamentals deteriorate sufficiently to alter the potential private market value.

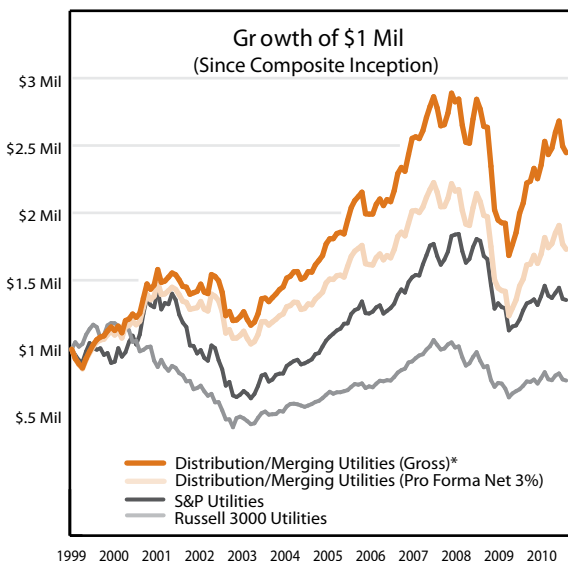
Sector Weights (as of 6/30/10)*



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’s highest annual fee as stated in our ADV is 1%.

*Sector weights are taken from a representative account and are subject to change.



TOP TEN HOLDINGS AS OF 6/30/10

Northeast Utilities	4.3%
Telephone & Data Sys Inc	3.8%
BCE Inc	3.6%
NV Energy Inc	3.6%
Southern Un Co	3.6%
Enbridge Energy Mgmt LLC	3.6%
Energen Corp	3.5%
Integrus Energy Group Inc	3.5%
NiSource Inc	3.5%
El Paso Corp	3.4%

FUNDAMENTAL CHARACTERISTICS

Yield†	4.0%
Proj Dividend Growth††	4.0%
Payout Ratio	50.3%
Market Cap†	\$5.7Bil
Price/Book	1.4
P/E Ratio	13.8
S&P Rating	BBB+
Beta†††	0.6
R-Squared†††	0.4
Standard Deviation†††	14.9%

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

STOCK TYPES

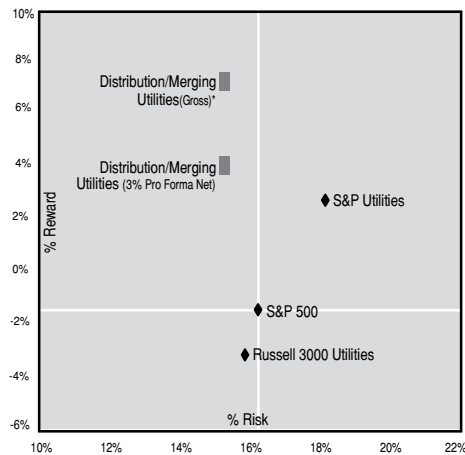
While there are mergers in every area of the utilities industry, we believe that the clearest trend has been and will continue to be, the consolidation of distribution gas and electric utilities.

With minor exceptions, the stocks in our portfolio are high quality, local monopoly, rate-of-return, regulated utilities. They are low-risk, high-yield stocks purchased for their takeover appeal. The portfolio is diversified among various utility industry groups (electric, gas, water, telecom, mixed), and starting positions are roughly equally weighted, at 2-3%. It is rare for a company to equal more than 5% of the portfolio, and we do not take reportable positions of 10% or more in a single company.

WHAT TO EXPECT

Takeovers in this group have occurred at substantial premiums to market price and book values. Since inception, takeovers within this portfolio (31% of portfolio holdings) have occurred at an average premium to cost of 39%. However, this does not include the run-up many of these stocks experienced in the months before the announcement due to rumor and speculation.

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



Annual Performance

	DIST (Gross)*	DIST (3% Pro Forma Net)	S&P500 Utilities	R3000 Utilities
1999	13.57	10.24	(9.16)	18.87
2000	39.04	35.03	57.13	(26.79)
2001	(6.74)	(9.50)	(30.40)	(15.59)
2002	(13.63)	(16.09)	(29.99)	(32.45)
2003	19.19	15.74	26.17	17.53
2004	18.87	15.39	24.22	18.33
2005	10.00	6.78	16.79	4.71
2006	28.33	24.61	20.95	29.42
2007	10.80	7.54	19.36	9.12
2008	(31.93)	(33.99)	(29.00)	(25.55)
2009	30.84	27.06	11.92	11.09

* 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's highest annual fee as stated in our ADV is 1%.

GIPS Performance Disclosure

Distribution/Merging Utilities composite comprises broadly defined utility companies that we believe are likely takeover candidates. For comparison purposes this strategy is measured against the S&P Utility Index, which is an unmanaged, market-value-weighted total return index of all utility stocks in the S&P 500. We compare our returns to the S&P Utility Index, but we make no claims that our portfolio will track the index closely. In some charts and tables we show the Russell 3000 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 non-wrap 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. In the 1Qtr10 returns table, a 1% pro forma net of fees simulation was shown. It has been discontinued as of 2Qtr2010.

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.

Distribution/Merging Util. Composite Performance

GIPS composite disclosure shown in US dollars

Preliminary	Distribution/Merging Utilities		S&P Utility
	Gross*	3% Pro Forma Net	
Period to Date (3 mo's to 6/30/10)	(5.78)%	(6.50)%	(3.72)%
1 Year (ending 6/30/10)	17.78%	14.33%	5.76%
3 Years per annum (ending 6/30/10)	(4.10)%	(6.94)%	(6.80)%
5 Years per annum (ending 6/30/10)	3.66%	0.60%	1.56%
7 Years per annum (ending 6/30/10)	8.51%	5.32%	7.52%
10 Years per annum (ending 6/30/10)	7.03%	3.90%	2.77%

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