

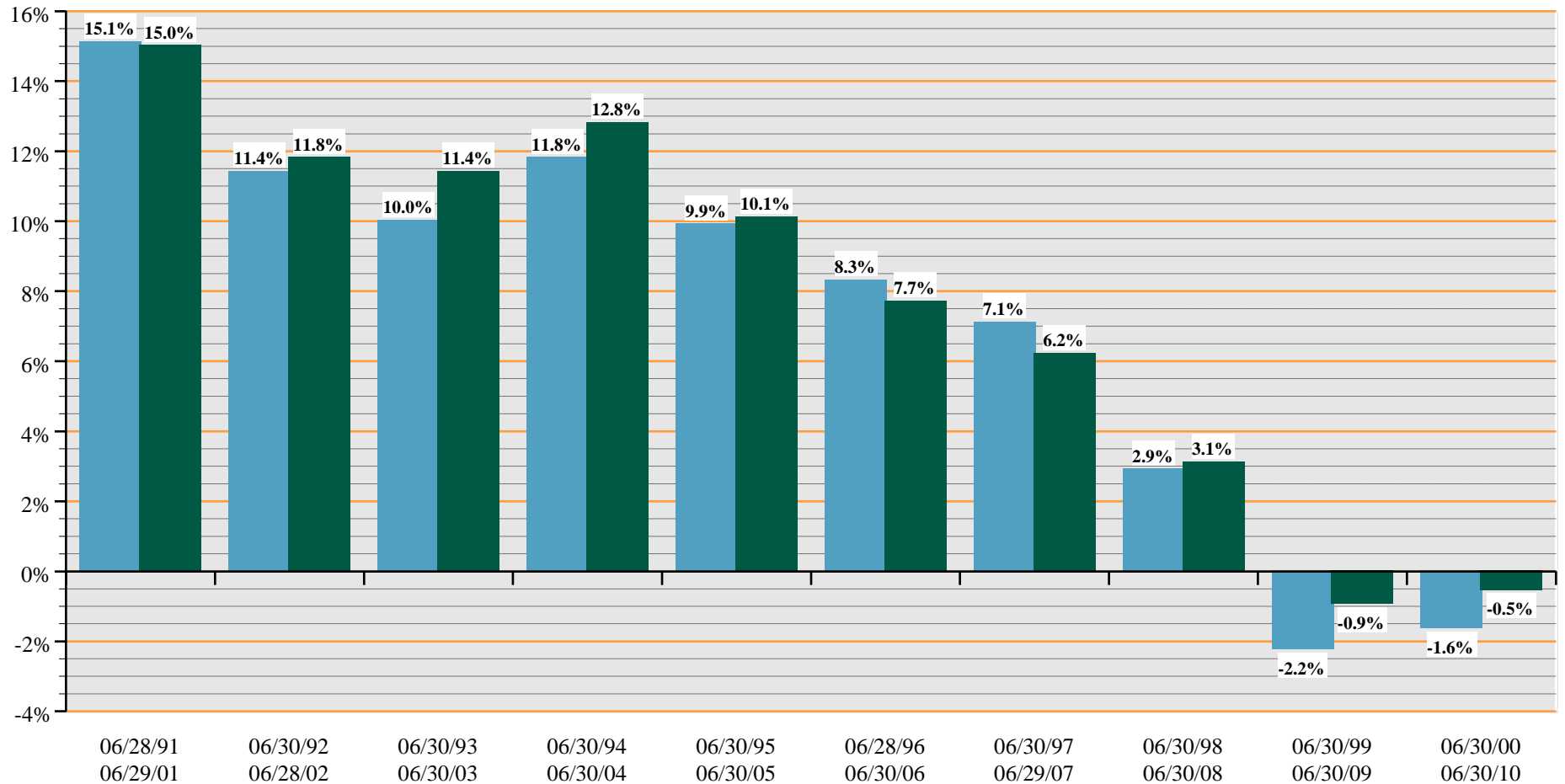
Equity Fund Composite

**Rolling Ten Year Compound Annual Rate of Returns (06/28/91 - 06/30/10)**

FS Equity Fund Composite Net of Fee (1)

S&P 500

(1) The returns reflected in this report are not presented in accordance with the GIPS Performance Presentation Standards unless accompanied by the NOTES TO INVESTMENT RESULTS . The rates of return are adjusted for the impact of fees.



## Notes to Investment Results for Periods Ending June 30, 2010

### 1. Annual Rates of Return (Dollars in Millions)

The following table presents the annual returns for the Equity Fund Composite (the Composite), as well as certain information with regard to the size of the Composite, its relative size to the assets under management by Fayez Sarofim & Co. and its subsidiaries (the Company) and a measure of dispersion. The information presented below is calculated in and expressed in United States dollars.

Year Ended December 31	Time-Weighted Rate of Return	Number of Portfolios	Total Composite Assets	Total Firm Assets	% of Total Assets Under Management	% of Equity Assets Under Management	Dispersion of Returns (Standard Deviation)	Standard & Poor's 500	Barclays Capital Aggregate Bond Index
04/10-06/10 (1)	(9.9)%	89	\$6,958	\$15,701	44%	54%	N/M	(11.4)%	3.5%
01/10-06/10 (1)	(5.9)%	89	\$6,958	\$15,701	44%	54%	0.5	(6.6)%	5.3%
2009	23.9%	86	\$5,669	\$17,984	32%	37%	2.2	26.6%	5.9%
2008	(32.2)%	91	\$5,279	\$18,710	28%	33%	1.4	(37.0)%	5.2%
2007	9.4%	117	\$8,533	\$30,730	28%	32%	1.4	5.4%	7.0%
2006	16.1%	126	\$11,898	\$34,339	35%	40%	0.8	15.7%	4.3%
2005	4.2%	161	\$12,893	\$36,722	35%	40%	0.8	4.9%	2.4%
2004	5.5%	194	\$15,764	\$41,811	38%	44%	0.7	10.9%	4.3%
2003	21.2%	204	\$16,878	\$41,615	41%	48%	1.2	28.6%	4.1%
2002	(17.7)%	195	\$15,794	\$36,085	44%	53%	0.8	(22.1)%	10.3%
2001	(9.0)%	211	\$19,706	\$42,710	46%	58%	0.8	(11.9)%	8.4%
2000	3.5%	240	\$25,588	\$51,240	50%	62%	2.0	(9.1)%	11.6%
1999	7.4%	282	\$31,643	\$58,945	54%	66%	2.2	21.0%	(.8)%
1998	28.6%	270	\$34,007	\$57,989	59%	69%	1.9	28.6%	8.7%
1997	31.7%	240	\$27,876	\$45,698	61%	73%	1.3	33.3%	9.7%
1996	28.0%	212	\$22,721	\$33,196	68%	88%	0.9	22.9%	3.6%
1995	39.2%	200	\$18,850	\$27,673	68%	90%	1.1	37.5%	18.5%

(1) Periods less than 1 year are non-annualized

## Notes to Investment Results for Periods Ending June 30, 2010

### 2. Basis of Presentation

The accompanying Investment Results chart sets forth certain total rates of return for the Composite of the Company for investment periods ending June 30, 2010. The composite creation date, as defined, for the Composite is January 1, 1996. The returns are prepared and presented in accordance with the Global Investment Performance Standards (GIPS) for the annual investment periods presented and have been subjected to verification procedures for the annual investment periods presented. The attestation report of Ernst & Young is available upon request.

The Standard and Poor's 500 and the Barclays Capital Bond indices are presented as benchmarks for the returns of the Composite. The benchmarks are used for comparative purposes only, and generally reflect the risk or investment style of the investments included in the reported Composite. The investment portfolios managed by the Company and included in the Composite are structured differently than the indices. The Standard & Poor's index is published by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. The Barclays Capital Aggregate Bond Index is published by Barclays Capital, a division of Barclays Bank PLC.

Past performance may not be an indication of future results. In addition, performance measures other than those prescribed by the GIPS may produce different results. The Company has prepared and presented this report in compliance with the GIPS, and there are no laws or regulations that are being complied with that differ from the GIPS. The CFA Institute has not been involved in the preparation or review of this report.

### 3. Company and Composite

Fayez Sarofim & Co., a registered investment adviser, is a manager of equity, balanced and fixed portfolios. The Company, with its subsidiaries, is defined as an independent investment management firm that is not affiliated with a parent organization. Fayez Sarofim & Co., the parent company, and three of its subsidiaries provide investment management services. Sarofim Trust Co. and Sarofim International Management Company provide investment management services substantially the same as the parent and for the purpose of composite creation, portfolios under management is defined based upon the consolidation of the businesses of all three investment management firms. Sarofim Realty Advisors Co. provides management services to a different asset class, real estate, and therefore its business is excluded from the Composite. As of June 30, 2010, the number of portfolios included in the Composite that are managed by each advisor is as follows: Fayez Sarofim & Co. 86, Sarofim Trust Co. 2 and Sarofim International Management Company 1.

Portfolios included in the Composite are discretionary, fee paying, tax-exempt portfolios with assets with a market value in excess of \$5,000,000. The Company reviews all managed portfolios for proper inclusion in the Composite and excludes those where the client prohibits full implementation of the Company's investment strategy on the basis that the portfolio is not fully discretionary. The Equity Fund Composite is composed of portfolios that are managed on a basis wherein all, or substantially all, of the securities in the portfolios are equity securities. Accordingly, equity segments of portfolios not managed as described above are not included in the Equity Fund Composite.

Total assets under the management of the Company includes both discretionary and non-discretionary assets for periods subsequent to December 31, 1996 and includes only discretionary assets for periods prior to January 1, 1997. The non-discretionary assets managed by the Company include assets that are non-fee bearing. Non-fee bearing accounts represent less than 1% of the total assets presented in the Composites for the periods presented.

A complete list of all of the Company's Composites and performance results is available upon request.

## Notes to Investment Results for Periods Ending June 30, 2010

### 4. Investment Return Calculation

For each portfolio within the Composite for the investment periods presented, the monthly total returns for the time period were calculated in accordance with the modified Dietz method derived by taking the change in the value of the portfolio, including realized and unrealized appreciation/depreciation and income, as a percent of the beginning monthly market value of the portfolio adjusted for the net of all contributions and withdrawals (the cash flows). Cash flows are weighted from the period of time included in the portfolios. Portfolios within a Composite are revalued upon occurrence of cash flows and/or market action in excess of 10% of a portfolio's value. Monthly composite returns, which include returns on cash and short-term investments, were computed as the sum of each portfolio's monthly return within the Composite weighted by their respective beginning market values. Annual Composite returns were derived by geometrically linking monthly Composite returns.

New portfolios are added to a Composite at the beginning of the first complete quarter after the portfolio has been accepted for management by the Company. Terminated accounts are included in the return calculation through their last full quarter under management. Portfolios requiring movement from one Composite to another are treated as if the existing portfolio terminated and a new portfolio was established.

### 5. Investment in Securities

Investments in securities traded on a national securities exchange are valued at the last sale price reported or, if there has been no sale that day, at the last known bid price; securities traded on the over-the-counter market and quoted by the National Association of Securities Dealers Automated Quotation Service (NASDAQ) are valued at the last bid price quoted by NASDAQ; investments traded on the over-the-counter market not quoted on NASDAQ are valued at the last known bid price. Investment transactions are recorded on a trade date basis. Dividend income is accrued on the ex-dividend date and interest income is accrued as earned.

### 6. Management Fees

The returns presented are compounded annual rates of return unadjusted for investment advisory fees. Adjusting for actual fees for the accounts included in the Composite shown reduces the five year compound annual return, from .8% to .5% for the Composite. Stated another way, such investment advisory fees would have reduced the growth of \$1 over a five year period from \$1.04 to \$1.03 for the Composite. Fees for smaller accounts are higher, on a percentage basis, than for larger accounts. The investment advisory fee schedule for the Company is as follows: (I) for equity assets seventy-five one hundredths of one percent (.75%) per annum on the first two million dollars (\$2,000,000) in market value, one-half of one percent (.5%) per annum on the amount in excess of two million dollars (\$2,000,000) but not more than twenty million dollars (\$20,000,000) in market value, four-tenths of one percent (.4%) per annum on the amount in excess of twenty million dollars (\$20,000,000) but not more than forty million (\$40,000,000) in market value, thirty-five one hundredths of one percent (.35%) per annum on the amount in excess of forty million dollars (\$40,000,000) but not more than sixty million dollars (\$60,000,000) in market value, and two-tenths of one percent (.2%) per annum on the amount over sixty million dollars (\$60,000,000) in market value, and (II) for fixed income assets two-tenths of one percent (.2%) per annum on the market value. In addition to investment advisory fees, a client's investment return will be reduced by any other expenses related to the management of the account such as brokerage charges, trustee fees or custodian fees.