Holt Capital
Partners, L.P.

Fourth Quarter Financial Market Commentary

"Ninety Days in Ninety Seconds"

DECEMBER 31, 2010

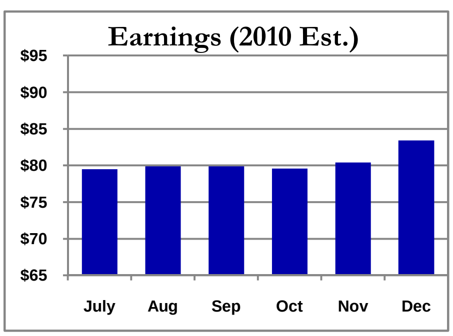
- The stock market staged a strong rally during the fourth quarter and finished the year with double digit returns. Investor optimism regarding the economy helped drive stock prices higher during the quarter. However, the fixed income markets reacted negatively to the evidence of a recovering economy which caused bond prices to fall and pushed yield levels sharply higher. For the first time in 21 months, bond mutual funds experienced net withdrawals in December. This could be the beginning of a massive asset allocation shift from fixed income securities to equities.

- Investor sentiment has increased along with the rally in the stock market. If the old adage that "bull markets climb a wall of worry" remains true, then 2011 could be a year in which investor optimism and high expectations represent the biggest near term risk to stock prices.

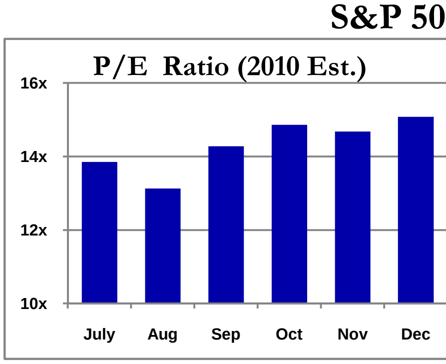
- This year is likely to be a period of strong dividend growth, especially for large cap stocks. Most of the larger banks are financially healthy and these institutions are likely to receive regulatory approval to raise their dividends substantially in 2011. Global growth and strong cash flows should also result in an accelerated pace of dividend growth at many non-financial companies.

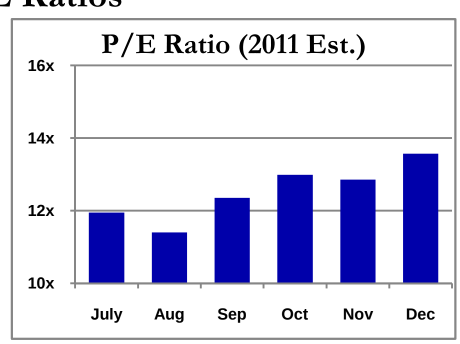
- Earnings estimates for the S&P 500 Index rose during the fourth quarter. An interesting perspective on valuation is to compare the current P/E ratio for 2011 (13.6x) with P/E ratios at the beginning of the year for the five years prior to the financial crisis. Between 2003 and 2007, P/E ratios at the beginning of the year ranged between 15x and 18x earnings. Based upon this historical comparison, current stock market valuations remain very reasonable.

S&P 500 Earnings Estimates



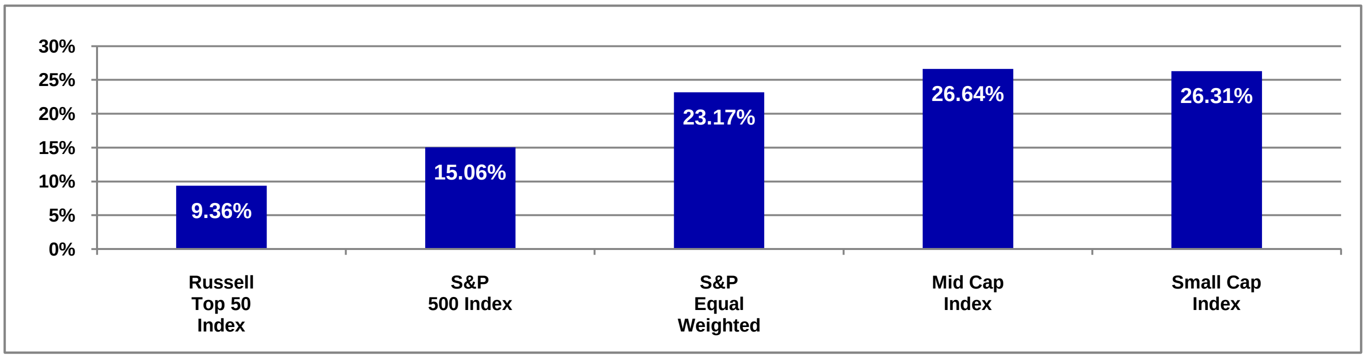
S&P 500 P/E Ratios



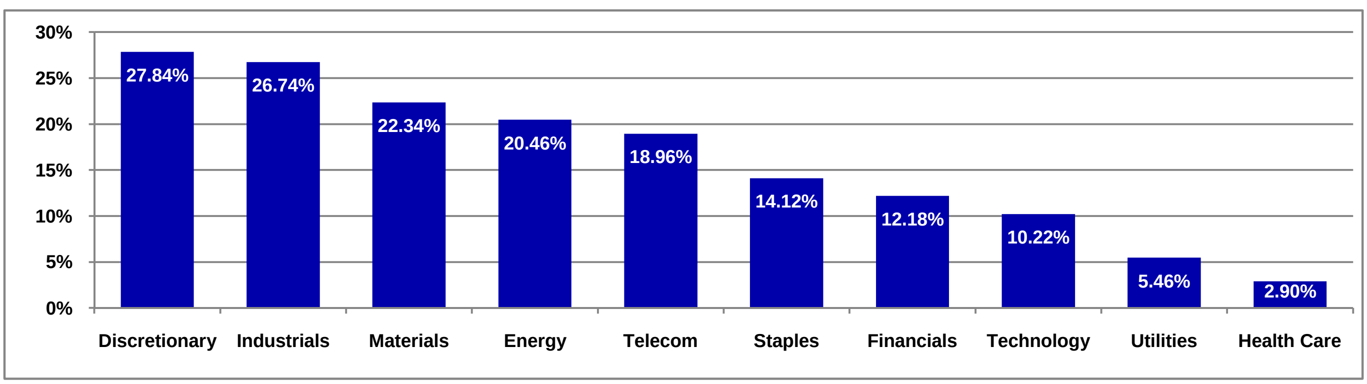


- While quarterly stock market returns were characterized by significant volatility during 2010, performance trends for the entire year were universally positive. Across market capitalizations, investment performance generally increased as company size decreased. At the sector level, the strongest returns were generated by global cyclicals and consumer cyclicals.

2010 Performance (including income) **by Market Capitalization**



2010 Performance (including income) **by Economic Sector**



- Our outlook for the new year continues to anticipate rising corporate profits, declining unemployment and an active merger environment. Significant amounts of distressed credit are likely to move through the restructuring process over the course of the year and this should add clarity to loan loss reserves and balance sheets in the banking industry. This combination of events should provide positive fundamental support for stock prices.