



ADVISORS CAPITAL
MANAGEMENT

*Separate Account
Portfolios for the
Discerning Investor*

3rd Quarter, 2009
Fixed Income Platform

Advisors Capital Management, LLC (ACM) claims compliance with The Global Investment Performance Standards (GIPS®). This presentation does not contain all required firm GIPS® information. Interested parties can obtain a complete presentation that complies with requirements of GIPS® standards and/or a list and description of all firm composites by calling ACM at 201-426-0081. This report must be presented in its entirety including all disclosure pages.

Advisors Capital Management is a registered investment advisor. The firms ADV Part II is available upon request.
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“Advisors Capital Management is an all-cap equity and fixed income manager whose primary investment style is to buy growth cheaply; commonly called *growth at a reasonable price*. For our equity portfolios, we most often find value in sectors that are out of favor. If a sector is hot, its stock prices are already high, so we would likely avoid it rather than risk buying in at elevated levels. We are comfortable taking a contrarian approach to find value and do not seek to outperform the market in the short run. Instead, we focus on other sectors that are likely to be relatively cheap and that’s where we look for value. This approach requires a longer term focus and a willingness to underperform in the short run while our selections are out of favor. Such an investment strategy requires us to value securities and be patient. We are also largely indifferent to the size of a company. Our objective is to find the best values, not to buy only companies of a pre-specified size.

For our fixed income strategy, we design portfolios tailored to the client’s specific goals. The credit quality of a portfolio can range from US Treasuries to high yield corporate bonds depending on the individuals’ risk tolerance and our view of the relative value of each credit sector. Additionally, the portfolio can be traditional, laddered buy and hold strategies or actively traded total return strategies.”

-Dr. Charles Lieberman, CIO



Bond portfolios are frequently used to diversify away from equities, with an emphasis on capital preservation. ACM's overall fixed income portfolio strategies range from corporate opportunity, government and municipal strategies and total rate of return. We actively manage our fixed income portfolios to take advantage of credit and interest rate opportunities. In all cases, the specific fixed income portion of the portfolio is framed within the overall investment strategy of the client.

FIXED INCOME STRATEGIES

Corporate Opportunity

Government & Municipal Strategies

Total Rate of Return

Other Macro Variables

MANAGEMENT CONSIDERATIONS

Client's Investment Objectives

Credit Rate Opportunities

Interest Rate Opportunities



Risk Characteristics Vary Among Different Fixed Income Sectors

RISK CHARACTERISTICS			
	U.S. Interest Rates	Credit	Currency
	Impact of a change in U.S. interest rates on bond prices	Risk that issuer will default on principal or interest payments	Impact of a change in exchange rates on returns and/or credit risk
Treasury	◆◆◆	◆	◆
Agency	◆◆◆	◆	◆
Municipal	◆◆◆	◆◆	◆
Corporate	◆◆◆	◆◆	◆
Mortgage-Backed Securities	◆◆	◆◆	◆
High Yield	◆◆	◆◆◆	◆
Leveraged Loan	◆	◆◆◆	◆
Developed Foreign Country	◆◆	◆	◆◆◆
Emerging-Market Debt	◆◆	◆◆◆	◆◆

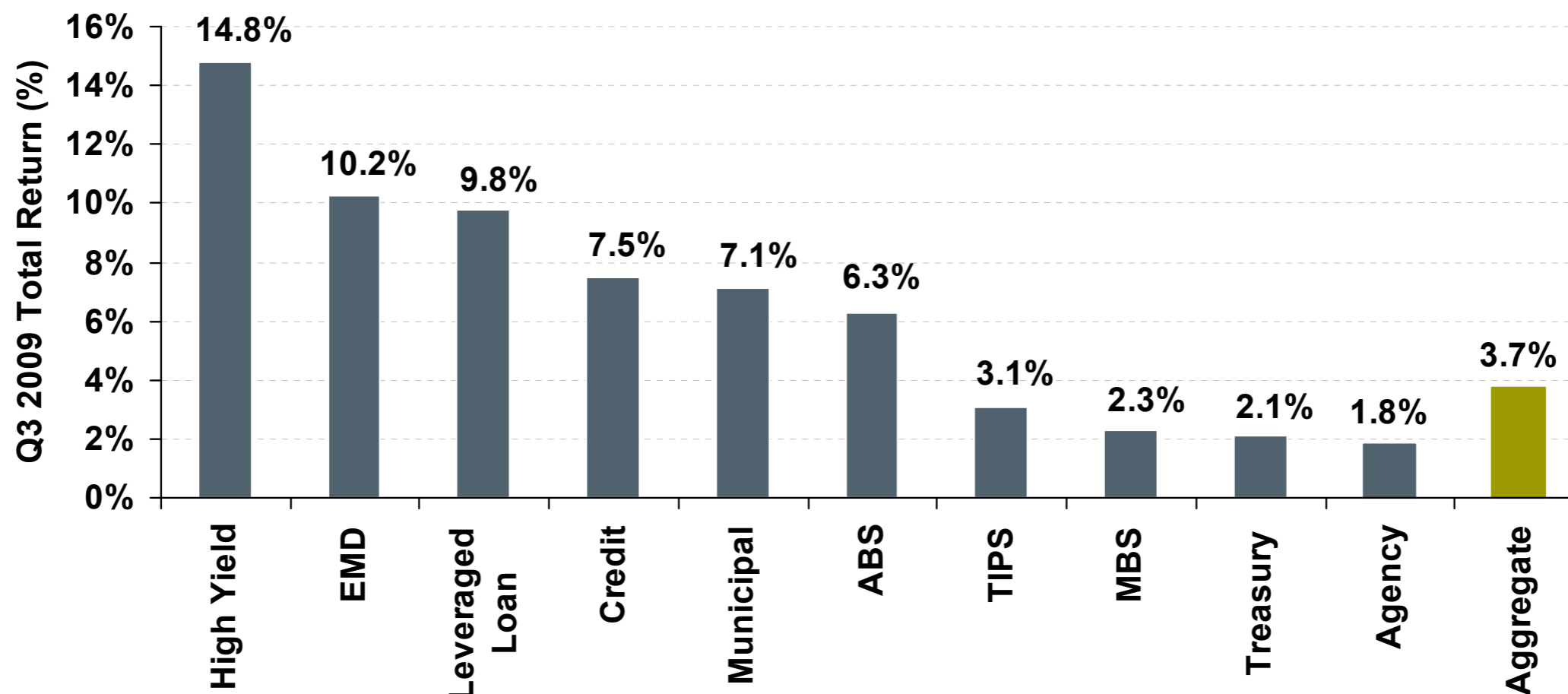
LEGEND: ◆ Little or no sensitivity ◆◆ Somewhat sensitive ◆◆◆ Highly sensitive

Source: FMRCo (MARE)



Performance of Fixed Income

Through the third quarter of 2009, the rotation to riskier credit bonds continued, as was apparent by the performance of high yield issues as well as Treasuries and Agencies.



YTD Return	48.5%	24.3%	47.5%	14.9%	14.0%	23.1%	9.5%	5.3%	-2.3%	1.6%	5.7%

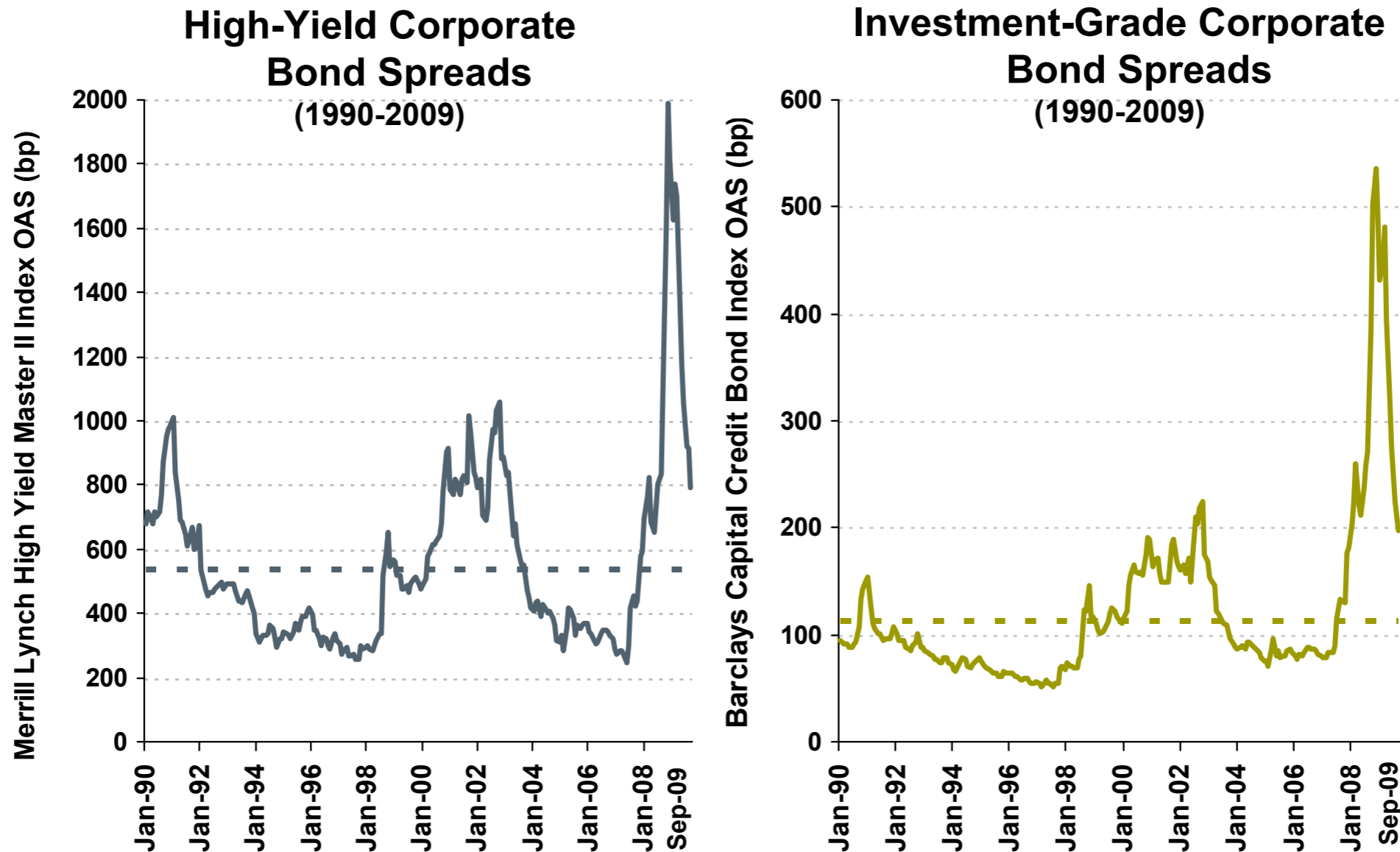
Source: FMRCo (MARE) as of 9/30/09. BC: Barclays Capital® Note: The above sectors are represented by the following indexes: Treasury – BC Treasury Index; Aggregate – BC Aggregate Bond Index; Agency – BC US Agency Index; Mortgage Backed Securities (MBS) – BC MBS Index; Asset Backed Securities (ABS) – BC ABS Index; Credit – BC Credit Bond Index; High Yield – ML® US High Yield Master II Index; Municipal – BC Municipal Bond Index; TIPS – BC US TIPS Index; Leveraged Loan – S&P/LSTA Leveraged Loan Index; EMD – JP Morgan EMBI Plus Index. Past performance is no guarantee of future results. You cannot invest directly in an index. Please refer to the appendix for important index information.



What is a Corporate Bond Worth?

Corporate yields are typically higher than that of Treasuries or municipal bonds and this is related to the higher risk of default. The corporate bond universe is typically divided into two broad categories: investment grade and speculative grade. Investment grade provides a moderate yield as they tend to be issued by fundamentally healthier companies. Speculative grade provides a higher yield as they tend to be issued by companies perceived to be of a lower credit quality and a greater risk of default.

In 2009, corporate bond yield spreads fell sharply but remained above long-term averages.



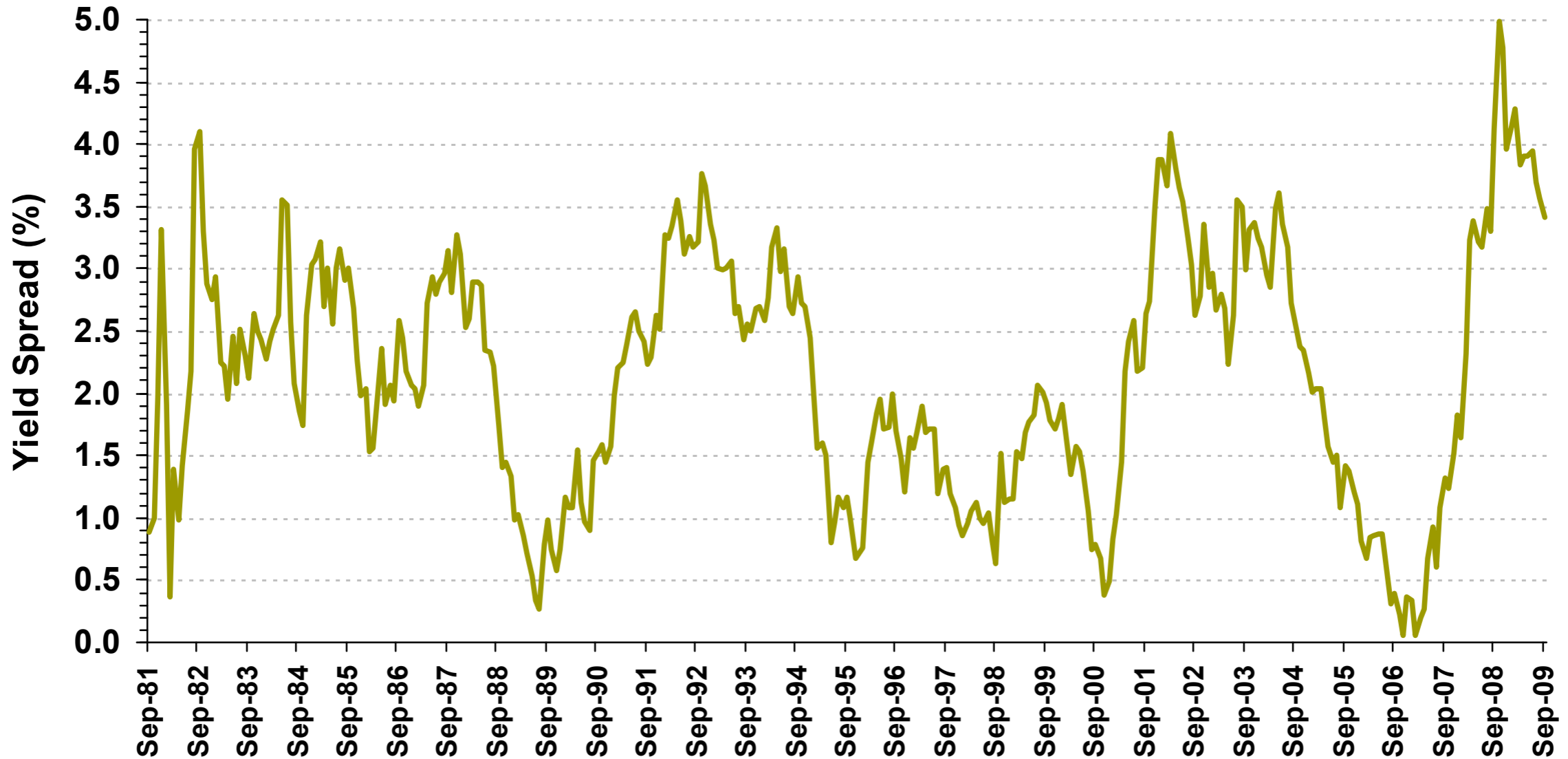
Past performance is no guarantee of future results. You cannot invest directly in an index. Please refer to the appendix for important index information.
 Source: Merrill Lynch®, Barclays Capital, FMRCo (MARE) as of 9/30/09. High Yield represented by Merrill Lynch High Yield Master II Index; Investment Grade represented by Barclays Capital Credit Bond Index. Spread is index Option-Adjusted Spread (OAS).



The Cash to Investment Grade Bond Comparison

Investment grade bonds still offered a large yield advantage relative to cash or any sort of money market fund.

Investment-Grade Bond Yields Minus Cash Yields (1981-2009)



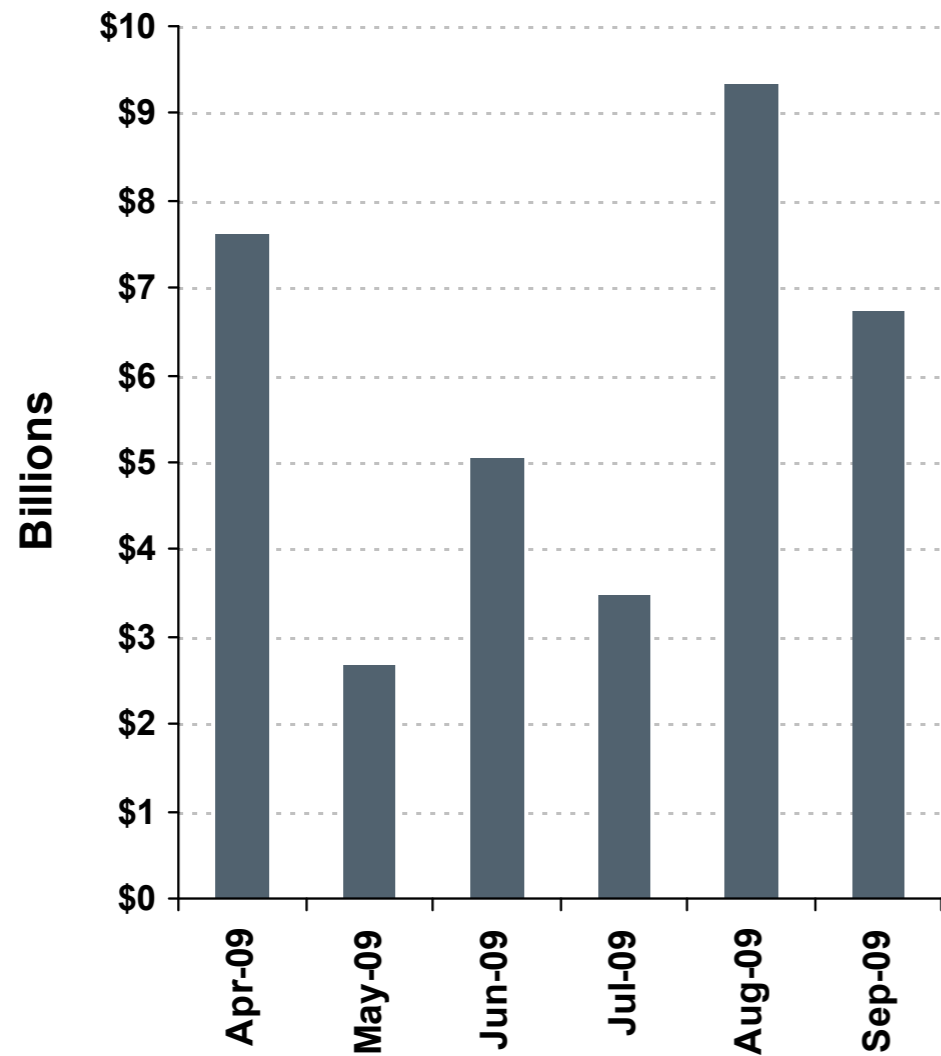
Yield spread shows Yield-to-Worst of Barclays Capital Aggregate Bond Index minus 3-Month Treasury Bill Yield. Source: Barclays Capital, Federal Reserve Board, Haver Analytics, FMRCo (MARE) as of 9/30/2009.



Introduction of Build America Bonds

Through 2009, municipal bonds have been supported by Build America Bond issuance amid ongoing fiscal challenges. The American Recovery and Reinvestment Act of 2009 created the new Build America Bond program, which authorizes state and local governments to issue Build America Bonds as taxable bonds in 2009 and 2010 to finance any capital expenditures for which they otherwise could issue tax-exempt governmental bonds. State and local governments receive a direct federal subsidy payment for a portion of their borrowing costs on Build America Bonds equal to 35 percent of the total coupon interest paid to investors. This new program is intended to assist state and local governments in financing capital projects at lower borrowing costs and to stimulate the economy and create jobs. These bonds have been popular with entities that pay no income tax (pensions, foreign investors, charities).

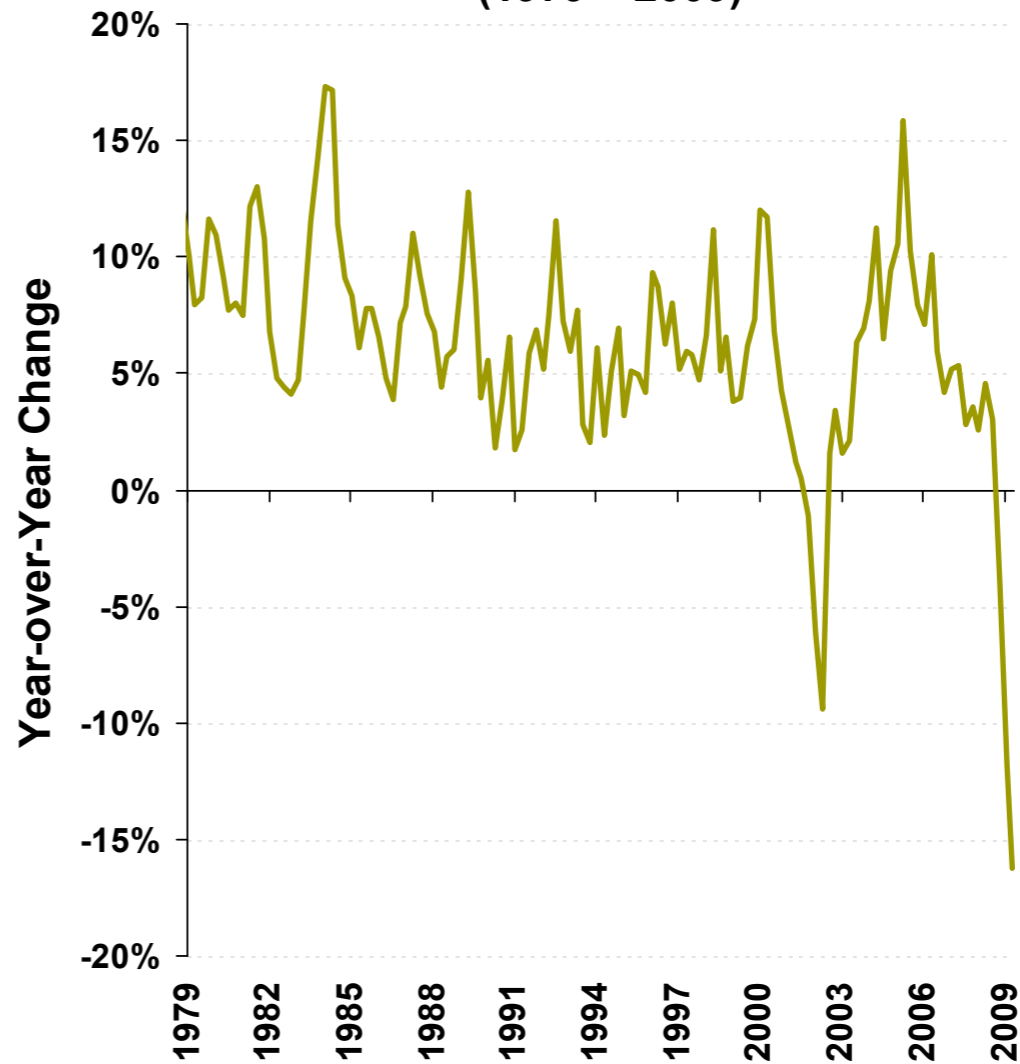
Build America Bond Issuance



Source: Bloomberg, FMRCo (MARE) as of 9/30/09.

State Tax Revenues

(1979 – 2009)



Source: Bureau of the Census, Haver Analytics, FMRCo (MARE) as of 6/30/2009.



Over 150 Years of Investment Experience

ACM Committee members meet weekly to review the firm's overall investment philosophy, portfolio strategy allocations and individual investment suggestions.

Top down factors, such as the business cycle, interest rate outlook, demographics and other macro variables are used when possible, to identify industries or sectors of interest. While top down considerations are invaluable for targeting areas for further analysis, individual investments are fundamentally a bottom up process.

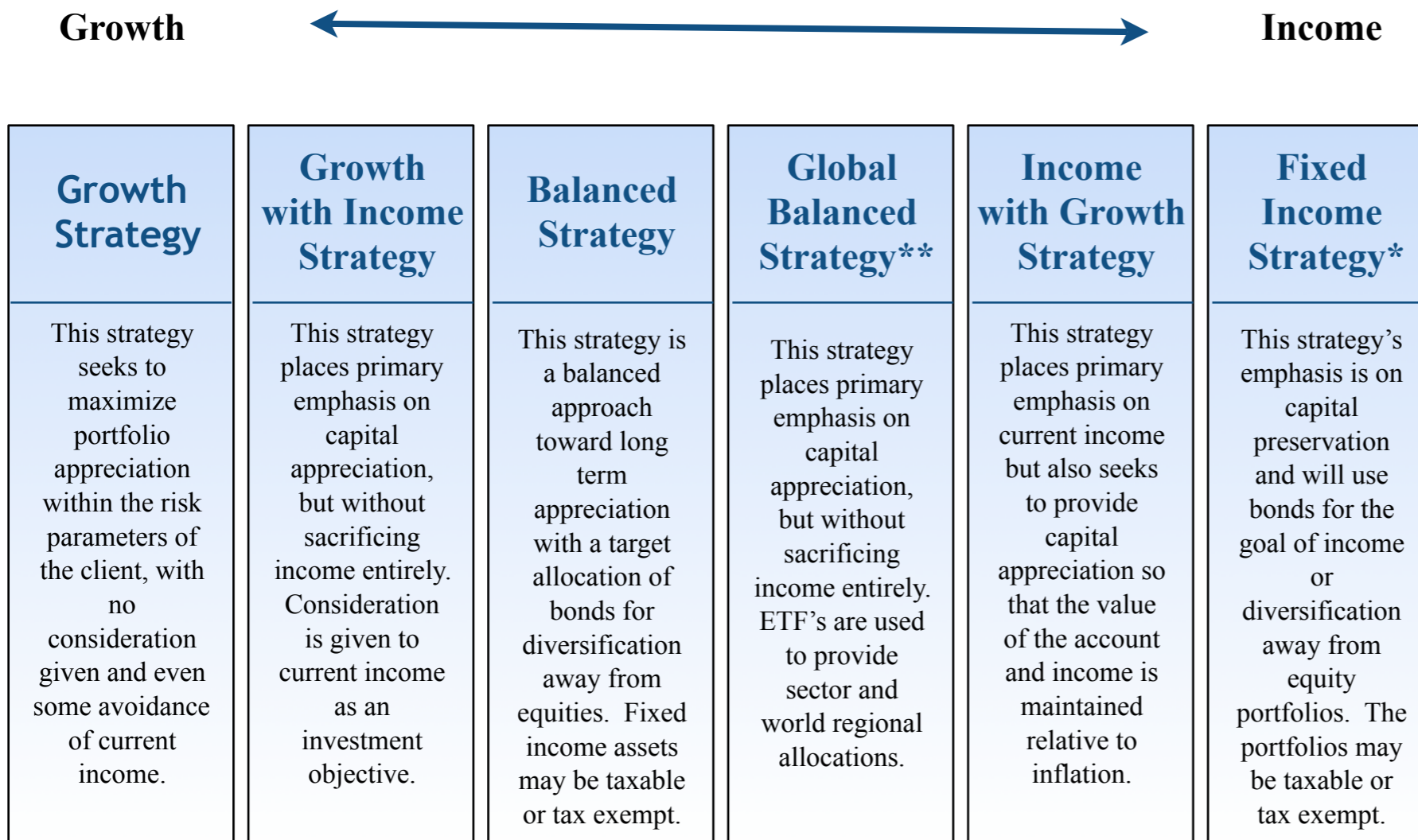
Dr. Charles Lieberman, Chief Investment Officer, portfolio Manager ACM Growth with income and Income with Growth strategies. Managing Member and co-founder of Advisors Capital Management. A graduate of M.I.T. with a bachelors degree in economics, he earned a Ph.D. in economics from The University of Pennsylvania. After 5 years in academia, Dr. Lieberman joined the Federal Reserve Bank of New York as head of its monetary analysis staff before heading to Wall Street. At Morgan Stanley and Shearson Lehman Brothers, he focused on the debt and equity markets, respectively. In 1986 he joined Manufactures Hanover Securities as chief economist and head of research and retained that position through the subsequent mergers with Chemical Bank and Chase Manhattan.

John Petrides, Portfolio Manager ACM Growth strategies. Mr. Petrides earned a BA in political Science from Fairfield University and an MBA in International Business from Pace University Lubin School of Business. Before joining ACM in October 2008, John spent over 8 years at Bear Stearns Asset Management as a generalist analyst/Junior Portfolio Manager covering \$800M in AUM in 2007.

Kevin Kern, Committee Member (Mutual Funds/ETFs). Mr. Kern is the firm's Chief Compliance Officer, Managing Member and a co-founder. Mr. Kern obtained a Bachelor of Science degree in Corporate Communications from Ithaca College, Ithaca, New York in 1983. Mr. Kern is a registered investment advisor and a Certified Financial planner candidate.

Mark Opila, Committee Member (Fixed Income). Mr. Opila earned a BA in Economics from Fairfield University and an MA in International Economics from New York University. Before joining ACM in October 2006, Mr. Opila spent over 25 years in institutional fixed income as a Director and Sales Manager at Barclays Capital Management, Asset backed Security Sales and prior to that, Director and Sales Manager at Dresdner, Kleinwort, Wasserstein. Mr. Opila also held positions of Director in Fixed Income Securities at Chase Securities and Citigroup. Mr. Opila is a Certified Financial Planner candidate.





Portfolio Levels

Private Accounts
 \$250,000 minimum account size
 Portfolios individually created
 20-50 holdings per portfolio

Private Portfolio Strategies:

1. Growth
2. Growth with Income
3. Balanced: Equity & Bond
4. Income with Growth
5. Fixed Income

Modeled Separate Accounts
 \$100,000 minimum account size
 Allocation models to choose
 20-35 holdings per portfolio

Model Allocation Choices:

1. Growth
2. Growth with Income
3. Balanced: Equity & Bond
4. Income with Growth

Mutual Fund/ETF Accounts
 \$50,000 minimum account size
 Allocation models to choose
 20-35 holdings per portfolio

1. Growth
2. Growth with Income
3. Global Balanced
4. Balanced: Equity & Bond
5. Income with Growth

Clients will determine, with their advisor, which portfolio strategy is appropriate. Account size and complexity of portfolio management requirements determine which portfolio level is appropriate. An ACM Client Questionnaire will help determine portfolio objectives. Please read ACM's ADV Part II for fees and program descriptions.

*Fixed Income Strategy only available at the Private Account level.
 ** Global Balanced Strategy only available at the Mutual Fund/ETF Account level.
 ***Mutual Fund/ETF portfolios are not available on all Broker/Dealer platforms.