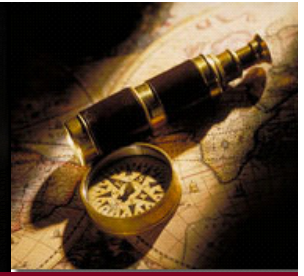




Quarterly Update



2nd Quarter 2010

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FROM THE CHIEF INVESTMENT OFFICER

*"In the short run, the market is a voting machine,
but in the long run it is a weighing machine."*

-- Benjamin Graham, The Intelligent Investor (Graham was Warren Buffett's teacher)

Investors frequently ask, "If the economy is so weak, then why should I own common stocks? After all, a weak economy means lower earnings, lower dividends and lower stock prices, right?".

First: Is the economy really weak? Not really. We have not returned to the robust levels of a few years ago, but by almost any measure, the economy is gradually improving compared to the trends of the past two years. Monthly statistics do vary and these statistics are often revised several months later, but the trend is decidedly better.

Second: Earnings and dividends, in general, are increasing. Even if the current short term trend was not positive, the value of a company is measured by the forecast of a long stream of earnings and dividends – not just what is currently taking place. Similarly, if you owned a business and you were not having a good year, would you be willing to value and sell your business based on one year's results? Surely not.

Why then are investors so nervous? Investor's memories are focused on the market and the economic trauma and turndown which started in late 2008. Behaviorists call this anchoring – meaning a focus on recent past events, rather than current or future.

At Greystone, we stay focused on long term trends, and they look pretty good to us. Over the next 30 years, billions of people, worldwide, are predicted to rise from poverty to middle class status. Scientific discoveries to enhance our lives and elongate them are accelerating. We believe the companies we invest in are positioned to take advantage of these trends.

My advice is turn off your favorite TV or internet financial news channel and tune out the "noise". Most of the financial pundits are paid to hold your attention and use negativity to achieve their goals. Disasters make good headlines and keep your attention.

All of us are entitled to moments of uncertainty. Our job at Greystone is to try to stay objective and provide you with proper data to back up our opinions. Talk with us when you want objective data and PLEASE turn off the "noise"!

Peter F. Levin

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SECOND QUARTER ACTIVITY

Alphabetical listing of all equity block buys and sells in the quarter with a summary of the largest (by block trade value) buy and sell.

BUYS:

Bank of New York Mellon (add)
Cheung Kong (add)
Fairholme Fund
Henderson Land (add)
Intel Corp (add)
Novartis
Teva Pharmaceutical Industries

SELLS:

Becton Dickinson & Co.(trim)
Berkshire Hathaway (trim)
Costco Wholesale Corp
General Dynamics Corp
Laboratory Corp (trim)
Nestle (trim)
Thermo Fisher Scientific
Yahoo Inc.

BUY:

Fairholme Fund (FAIRX)

We believe The Fairholme Fund is an attractive way to gain concentrated exposure to some interesting investment opportunities at a reasonable fee. The Fund's investment philosophy, which is similar to Greystone's, is to invest in companies that have exceptional management teams, that generate free cash flow, and that are cheaply priced.

Our decision to invest specifically in the Fairholme Fund is based on the following...

1. The Fund recently agreed to invest \$2.8 billion (approximately 20% of Fund assets) in the recapitalization of General Growth Properties, the second largest mall operator in the U.S.
2. Approximately 50% of current equity holdings are in Financials, a sector that appears undervalued and that we believe has substantial earnings and dividend power over the next several years.
3. The Fund maintains a sizable amount of cash which allows it to be opportunistic.
4. We have a great deal of respect for the Fund's management, and for the long term track record that they have achieved.
5. The expense ratio is 1.01%, which we believe is reasonable give the quality of the management team.

SELL:

Thermo Fisher Scientific (TMO)

While we continue to find this company's collection of businesses appealing, the stock price and our estimate of fair value were beginning to converge. We decided to make this capital available to reinvest in other attractive opportunities.



PLEASE NOTE:

- The link to our latest 13F filing can be found on our website. This quarterly filing reflects all equity holdings in discretionary accounts.
- **Investment Objectives. Please let us know if you have any changes.**
- Proxy Voting—If you would like a copy of how we voted your proxies and/or our guideline, please send us a written request.



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