

For Investors Seeking Income and Total Return, Improving Commercial Real Estate Credit Provides Opportunity

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Following a period of distress for commercial real estate, REIT bond and preferred equity yields have exceeded those of other dividend paying investments by a historically wide margin. Based on our belief that the worst is behind for REITs, we believe REIT bonds and preferred equities may provide an opportunity for investors to capitalize on improving REIT credit and capture meaningful price appreciation while potentially enjoying high yields on their investments.

Attractive Current Yields

REIT preferred equities, with an average yield of 8.6% as of 12/31/09, were attractive to income-oriented investors. U.S. Treasuries yielded only 3.8% while an average stock in the S&P 500 yielded less than 2.0% for that time period.

dividend yields than safer investments. The reciprocal conclusion is that the difference in yield between two investments (commonly referred to as a “spread”) is indicative of the different levels of risk investors perceive in them. When the difference in perceived risk increases, spreads widen. When the difference in perceived risk diminishes, spreads narrow.

U.S. Treasuries are the safest of all income investments and subsequently pay the lowest yields. Over the last 10 years ended 12/31/09, the average 10-Year U.S. Treasury yield is 4.4%. Over the same time frame, U.S. corporate bonds have paid an average yield of 6.5%, REIT bonds have paid an average yield of 7.0% and REIT preferred equities have paid an average yield of 8.6%.

Consider the long-term average REIT preferred equity yield of 8.6%. How did the market arrive at such a long term average? As the chart below helps illustrate, it did so by demanding additional yield for each incremental leap in risk it made from Treasuries up to REIT preferred equities. We can see that over the long-term, REIT preferred equities have paid a spread of 4.2% over Treasuries, 2.1% over corporate bonds and 1.6% over REIT bonds.

Dividend Yields as of 12/31/09¹

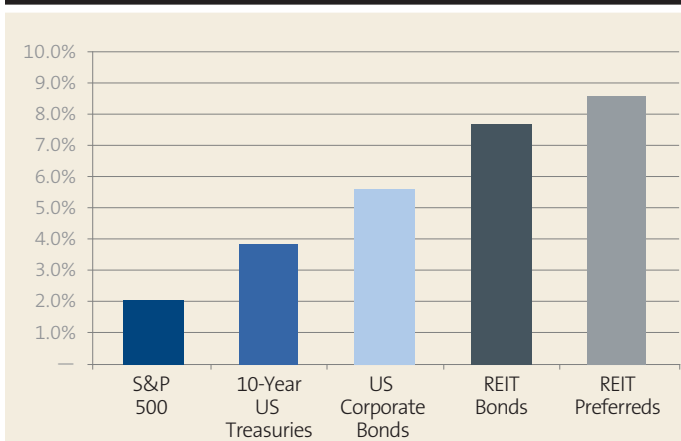


Exhibit 1

Source: Bloomberg

Spreads are Indicative of Varying Risk

For all investment types, the following is true: As investors assume incrementally higher risk, they expect to be compensated with incrementally higher potential return. Within the world of bonds and preferred equities, this means that riskier investments have higher coupons or

**Added Yield for Added Perceived Risk
1/1/2000 – 12/31/2009²**

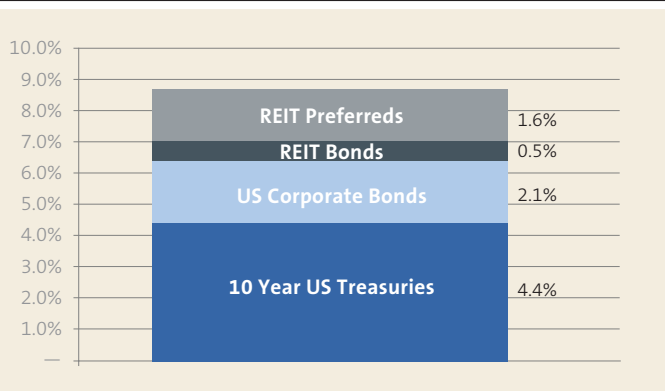


Exhibit 2

Source: Bloomberg

Spreads Fluctuate with Credit Over Time

What the long-term averages don't illustrate is that over time, spreads can fluctuate significantly. This is because risk and creditworthiness change as a result of economic and business cycles. When the creditworthiness of industries and companies improve, investors naturally perceive less risk in owning investments tied to them. They become willing to accept lower yields as a result of diminished risk, and that industry or company's yield spreads narrow. The opposite is also true. Industries and companies with diminishing credit become subject to widening spreads.

REIT Spreads Recently Touched a Historic Peak

The credit crisis which began in September 2008 created hardship for virtually all industries and thus caused spreads for all categories of income investments to widen dramatically. Commercial real estate was especially afflicted. A dramatic contraction in real estate lending, heavy job losses and a rationalization of return expectations among investors combined to sink commercial real estate values roughly 40% from their peak levels. In the midst of these trends, investors worried increasingly about receiving dividends and principal from their REIT bond and preferred equity investments. Risk aversion towards commercial real estate reached an all-time high in February 2009 as the spread between REIT bond yields and Treasury yields reached an unprecedented 12.0%, exceeding the pre-crisis high by more than 10.0%.

10-Year BBB REIT Bond Yield Relative to 10-Year U.S. Treasury Yield³

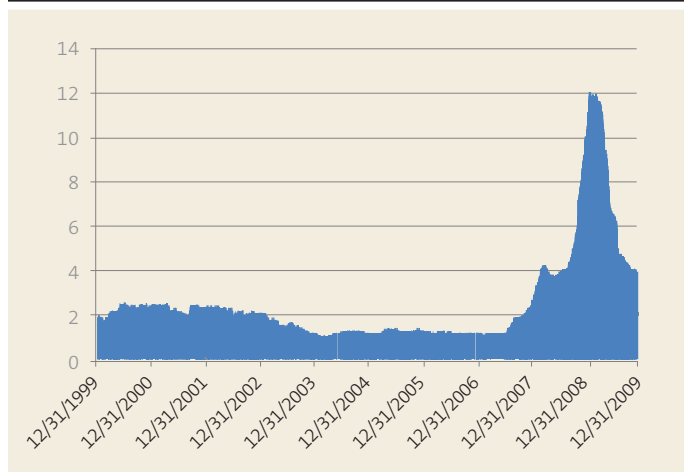


Exhibit 3

Source: Bloomberg

Still Room for REIT Spreads to Narrow Meaningfully

Since reaching their peak, REIT yield spreads have narrowed but we believe they have a considerable way to go. Just as spreads widen when an industry or company is suffering, they narrow when credit improves. We see meaningful improvement in REIT credit on the horizon. We expect property revenues to bottom in 2011 and we believe that a period of growth should follow. As more investors anticipate this trend, there is growing evidence of stabilization in commercial real estate values. Refinancing risk, a primary driver of wide spreads in early 2009, has also diminished tremendously. Public REITs have raised more than \$30 billion in debt and equity capital to strengthen their balance sheets, reducing investors' fear over the security of their principal and dividends.

Spread Compression Could Lead to Meaningful Price Appreciation

Bond (and preferred equity) prices and yields move inversely to one another. As bond prices increase, their yields decrease and vice-versa. As previously explained, a narrowing yield spread is indicative of spread compression at some level. Thus, narrowing spreads generally lead to higher prices.

As the public capital markets are forward-looking, we believe the number of investors attempting to capitalize on improving REIT credit will grow quickly. REIT bond and preferred equity yield spreads have already narrowed considerably. In our opinion, the fund provides an opportunity to capture potential price appreciation in this environment.

Invest in REIT Bonds and Preferred Equities through Grubb & Ellis AGA Mutual Funds

Investors looking to invest in a diversified group of high-yielding REIT preferred equities may want to consider the Grubb & Ellis AGA Realty Income Fund. As of December 31, 2009, the fund held 78% of its gross assets in preferred equities. The fund also has the ability to own REIT bonds.

Grubb & Ellis Alesco Global Advisors manages three mutual funds that invest in listed real estate companies. If you are interested in learning about our mutual funds, you may visit our Web site at www.gbemutualfunds.com.

For additional information or to subscribe to updates to this series, please call 877.404.7822 or email AGAFunds@grubb-ellis.com.

Past performance does not guarantee future performance.

Historical performance represents index performance and does not reflect the performance of any Grubb & Ellis AGA Mutual Fund. You cannot invest directly in an index. To obtain current performance of our funds, call 1-800-404-7822 or visit www.gbemutualfunds.com.

¹ S&P 500 Index is a broad based unmanaged index of 500 stocks, widely recognized as representative of the equity market in general.

^{1,2,3} 10-year U.S. Treasury Note is as a benchmark for the long-term bond market.

^{1,2} US Corporate bonds are represented by Barclay's Baa Corporate Bond Index, a subset of the Barclay's US Aggregate Bond Index (formerly Lehman), a measure of the relative performance of bond funds. The index includes government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market. The maturities of the bonds in the index are more than one year.

^{1,2,3} REIT bonds are represented by the Bloomberg Fair Value U.S. Real Estate Investment Trust BBB 10-Year Index, which is a proxy for the performance of publicly-traded bonds issued U.S. Real Estate Investment Trusts.

^{1,2} REIT preferreds (preferred equity prices and yields) are represented by an average for eight investment grade-rated preferred equities issued and outstanding from 12/31/1999-12/31/2009: Vornado Series H Preferred, Duke Realty Series J Preferred, Prologis Series F Preferred, Kimco Series F Preferred, HRPT Properties Trust Series B Preferred, Equity Residential Series N Preferred, Post Properties Series A Preferred, Highwoods Series B Preferred. Since there is no index for REIT preferred equities, we believe these eight securities are most representative of the characteristics and performance of the broader pool of REIT preferred equities. Each has been outstanding for the length of time period we are analyzing and are issued by companies that are also represented in the REIT bond index

referenced in this piece. Note: As of 12/31/09, none of these securities were owned by the Grubb & Ellis AGA Mutual Funds.

You cannot invest directly in an index.

Diversification does not assure a profit or protect against a loss in a declining market.

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Mutual fund investing involves risk, including the potential loss of principal.

Investors should be aware of the risks involved with investing in a fund concentrating in REITs and real estate securities, such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments. Investments in asset backed and mortgage backed securities include additional risks that investors should be aware of, such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. Investing in small and medium-sized companies involves greater risks than those associated with investing in large company stocks, such as business risk, significant stock price fluctuations and illiquidity. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Diversification does not assure a profit or protect against a loss in a declining market.

The funds may invest in foreign securities which involves greater volatility and political, economic and currency risks and differences in accounting methods.

The funds' investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling 877.404.7822 or visiting www.gbemutualfunds.com. Read the prospectus carefully before investing.

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