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Dear Cambria Client,

As we cross into 2011 we thought we would take a few minutes to update you on some recent developments at Cambria.

**Growth of Cambria in 2010**

In 2010 Cambria saw significant growth in the firm's assets under management. Cambria launched the Cambria Global Tactical ETF (GTAA) in October 2010, and in just under three months the ETF has garnered over \$70 million in assets. The firm as a whole ended 2010 with assets under management of approximately \$100 million. We are pleased with this development as it represents a significant milestone in Cambria's growth and will contribute to the operational strength of the organization. We will be adding to our staff in 2011 and will keep you updated on the hires and other new initiatives.

**Lowering Fees**

Our firm is committed to operating as a strong fiduciary on behalf of our clients, and we are constantly trying to improve the value proposition that we offer to our investors. As Cambria grows, we will continue to recalibrate the management fees on all of our products (separate accounts, private funds, and public funds). As a result, starting January 1, 2011 we have lowered our fees on separate accounts from a maximum of 1.5% to a flat 1%. Although we have increased the minimum size for new accounts to \$500,000, all of our current clients are grandfathered into this new fee structure regardless of size.

### **Audited Performance Reporting**

It is of paramount importance that Cambria's performance numbers be audited and correct. We are undergoing the Global Performance Investment Standards (GIPS®) verification process this month and hope to be compliant with these best of class reporting requirements. The GIPS® standards are a rigorous set of investment performance measurement standards adopted in 30 countries and recognized around the world for their unparalleled credibility, integrity, scope, and uniformity, enabling direct comparability of a firm's track record. We will be updating our 2010 performance numbers shortly.

### **Cambria Quantitative Research**

In an effort to achieve better communication with our clients in 2011 we have committed to publish a monthly newsletter. The *Cambria Quantitative Research* newsletter will be launching this month and will automatically be sent to you over email. Please contact us if you do not receive the emailed newsletter or if you would prefer a paper version of the newsletter mailed to your home. The intent is to offer more regular communication and research that falls part way between the breezy style of the Word Beta blog and the longer, more academic white papers and books that we publish from time to time.

### **Private Funds**

Given the availability of the public ETF product, we decided to close the Cambria Global Tactical 1X Hedge Fund. The two offerings are highly similar and since there is a public ETF readily available to investors, we retired the 1X Hedge Fund at 2010 year end. We will continue to offer the Cambria Global Tactical 2X Fund for accredited investors looking for a more aggressive offering. It is worth noting that based on 20 months of real-time reporting, the 2X Fund has achieved an annualized return of 20.25% through December 2010 (net of all fees). We are pleased to announce that regardless of each investor's initial entry into the private funds,

every limited partner ended 2010 at a new all-time account high. As always, feel free to contact us if you are interested in receiving additional information.

### **A Look Forward**

As you evaluate your investment portfolio at the beginning of 2011, please feel free to contact us with any questions or concerns. Bear in mind that Cambria has the ability to tailor your account to be more or less aggressive depending on your risk preferences, as well as make changes that may benefit your particular tax situation. Based on feedback from our clients and the continued evolution of our thinking regarding portfolio management, we have implemented both more conservative as well as more aggressive portfolios that may be more appropriate for your personal situation..

**Global Tactical Conservative** (Separate Accounts)

**Global Tactical Moderate** (Separate Accounts, GTAA ETF)

**Global Tactical Aggressive** (Separate Accounts, 2X Hedge Fund)

As always, feel free to contact us with any questions and concerns, and best wishes for a prosperous 2011!

All the best,



Meb Faber and Eric Richardson