Manager Insights

Systematic RS Aggressive

September 30, 2008

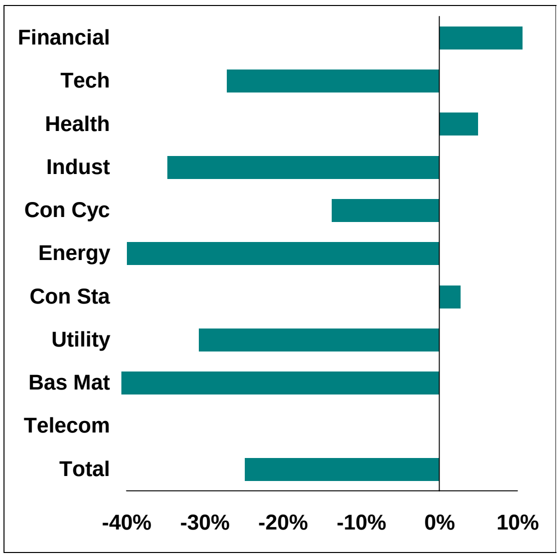
Our Systematic RS Aggressive portfolios had a lousy Q3. It has been one of the most turbulent periods for financial services in many years. Ironically, we did not own the kinds of financials that have had problems—our adaptive method sidestepped that problem. Our lag was simply due to the very abrupt change in market leadership, much like our lag in 2006.

Performance (Net Of All Fees)

	Q3 08	YTD	12 Mth	3.5 YR Annualized	Incept* Cumulative
RS Aggr.[1]	**-25.8%**	**-30.0%**	**-25.7%**	**5.4%**	**20.1%**
S&P 500 TR[2]	-8.4%	-19.3%	-22.0%	1.6%	5.7%

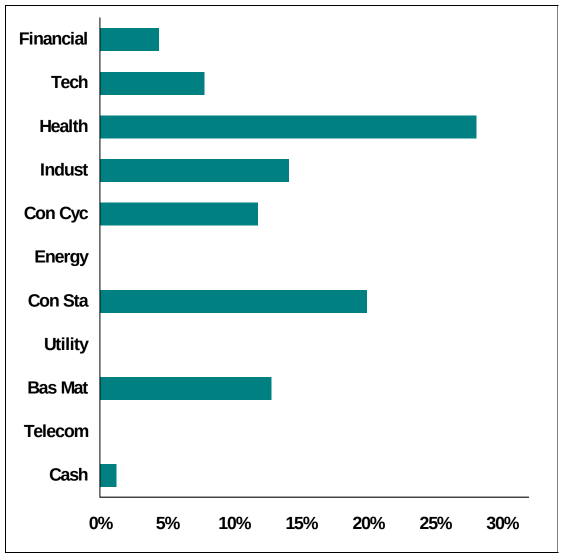
**Composite Inception: 3/31/2005*
[1]Preliminary Performance
[2]S&P 500 Index results assume the reinvestment of dividends

Quarterly Returns



Returns are based off model returns and not actual account net returns

Weightings



Weights are as of the end of the quarter

Top Holdings

Intuitive Surgical
Monsanto
Strayer Education
Flowserve
Church & Dwight
Express Scripts
Perrigo
Edwards Lifesciences
CSX Corp
SVB Financial Group

Holdings are as of quarter end

Portfolio Allocation Highlights

- We have had little exposure to **Financials** for over a year as this sector has been ravaged. However, with policy maker's help, this sector's relative strength is improving and we are beginning to add exposure.
- Our **Technology** positions performed poorly this quarter and the sector's overall relative strength has been sub-par.
- As the broad market continued its downward trend this quarter, there were a few areas that showed improvement. **Healthcare** was one of those areas. We now have more exposure to Healthcare than any other sector.
- Affected by the economic slowdown, our **Industrials** positions performed poorly this quarter.
- **Consumer Cyclicals** exposure was increased, especially among discount retailers.
- Before this quarter, **Energy** was the best performing sector. That abruptly changed this quarter as it was one of the worst.
- We now have a relatively large weighting in **Consumer Staples.** In this struggling economy, this sector's relative strength has improved.
- Our positions in the **Utility** sector performed poorly this quarter and were sold. We now have no exposure to this sector.
- During this economic slowdown, many **Basic Materials** companies have seen reduced demand for their products. Before this quarter, Basic Materials had been one of the strongest areas.
- We continue to have no exposure to the **Telecommunications** sector.

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Dorsey Wright & Associates Money Management

MANAGER INSIGHTS

SYSTEMATIC RS CORE

SEPTEMBER 30, 2008

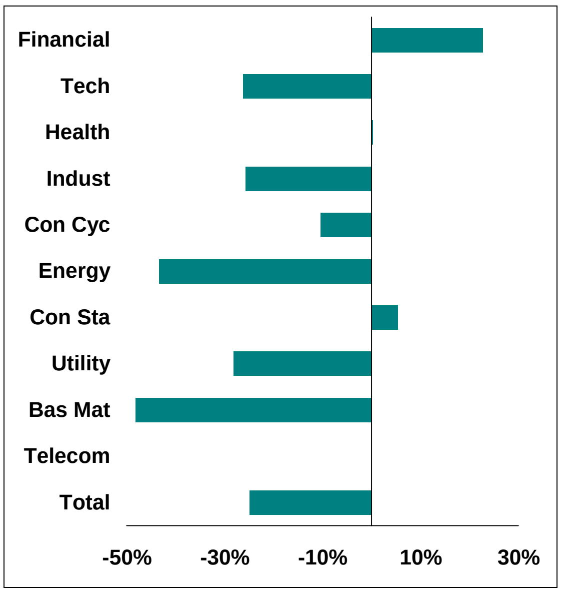
Our Systematic RS Core portfolios had a lousy Q3. It has been one of the most turbulent periods for financial services in many years. Ironically, we did not own the kinds of financials that have had problems—our adaptive method sidestepped that problem completely. Our lag was simply due to the very abrupt change in market leadership, much like our lag in 2006.

PERFORMANCE (NET OF ALL FEES)

	Q3 08	YTD	12 Mth	3.5 YR Annualized	Incept* Cumulative
RS Core[1]	**-25.4%**	**-26.7%**	**-23.5%**	**3.3%**	**12.1%**
S&P 500 TR[2]	-8.4%	-19.3%	-22.0%	1.6%	5.7%

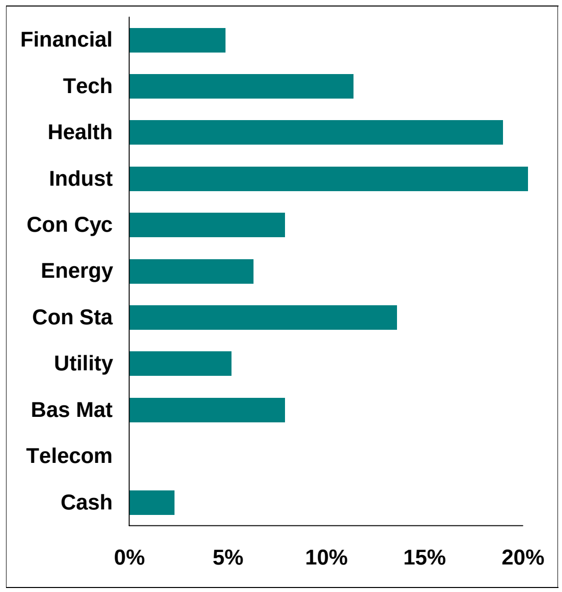
**Composite Inception: 3/31/2005*
[1]Preliminary Performance
[2]S&P 500 Index results assume the reinvestment of dividends

QUARTERLY RETURNS



Returns are based off model returns and not actual account net returns

WEIGHTINGS



Weights are as of the end of the quarter

TOP HOLDINGS

Apple Computer
Cameron International
Flowserve
Baxter International
Colgate-Palmolive
National Fuel Gas
Altera
Unum Group
Edwards Lifesciences
AGCO

Holdings are as of quarter end

PORTFOLIO ALLOCATION HIGHLIGHTS

- Our only exposure to the **Financial** sector is one position in an insurance company. However, the relative strength of this sector is improving.
- Our **Technology** positions performed poorly this quarter and the sector's overall relative strength has been sub-par.
- As the broad market continued its downward trend this quarter, there were a few areas that showed improvement. **Healthcare** was one of those areas and our exposure to this sector increased.
- Our **Industrials** holdings performed poorly this quarter. Before this quarter, this had been one of the stronger sectors of the market. Further deterioration will cause us to reduce exposure.
- **Consumer Cyclicals** exposure was increased, especially among discount retailers.
- Before this quarter, **Energy** was the best performing sector. That abruptly changed this quarter as it was one of the worst.
- In this struggling economy, **Consumer Staples'** relative strength has improved and we have increased our exposure to this sector.
- The weighting of **Utility** stocks in our portfolios was reduced this quarter.
- Our **Basic Materials** holdings performed very poorly in Q3 and exposure to this sector was reduced. Before this quarter, Basic Materials had been one of the leading sectors of the market.
- We continue to have no exposure to the **Telecommunications** sector.

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MANAGER INSIGHTS

SYSTEMATIC RS BALANCED

SEPTEMBER 30, 2008

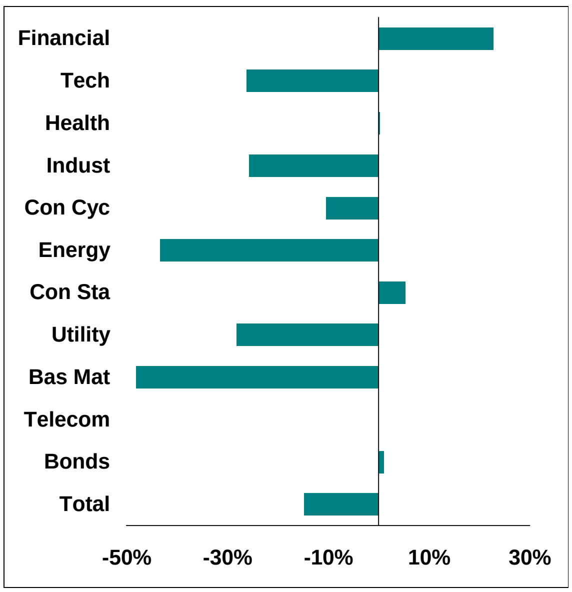
Our Systematic RS Balanced portfolios had a lousy Q3. It has been one of the most turbulent periods for financial services in many years. Ironically, we did not own the kinds of financials that have had problems—our adaptive method sidestepped that problem completely. Our lag was simply due to the very abrupt change in market leadership, much like our lag in 2006.

PERFORMANCE (NET OF ALL FEES)

	Q3 08	YTD	12 Mth	3.25 YR Annualized	Incept* Cumulative
RS Balanced[1]	**-16.4%**	**-16.5%**	**-12.9%**	**2.4%**	**7.9%**
60% SP 40% Agg[2]	-4.9%	-11.3%	-12.0%	2.6%	8.6%

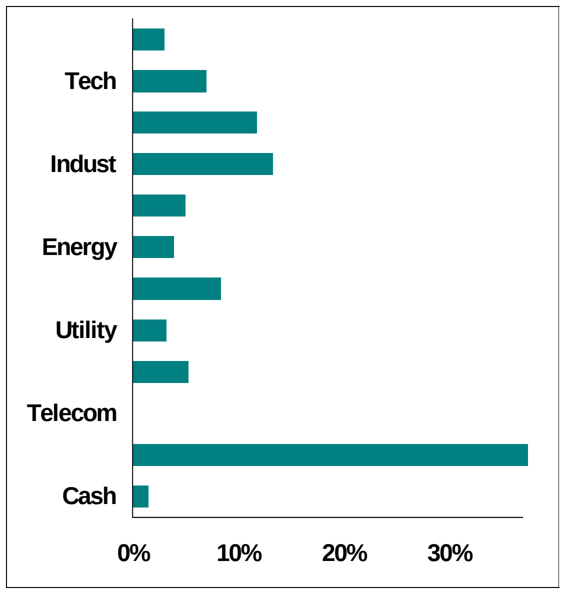
**Composite Inception: 6/30/2005*
[1]Preliminary Performance
[2]60% S&P 500, 40% Lehman Aggregate Bond. Includes dividends.

QUARTERLY RETURNS



Returns are based off model returns and not actual account net returns

WEIGHTINGS



Weights are as of the end of the quarter

TOP HOLDINGS

Intermediate Bonds
Apple Computer
Cameron International
Flowserve
Baxter International
Colgate-Palmolive
National Fuel Gas
Altera
Unum Group
Edwards Lifesciences

Holdings are as of quarter end

PORTFOLIO ALLOCATION HIGHLIGHTS

- Our only exposure to the **Financial** sector is one position in an insurance company. However, the relative strength of this sector is improving.
- Our **Technology** positions performed poorly this quarter and the sector's overall relative strength has been sub-par.
- As the broad market continued its downward trend this quarter, there were a few areas that showed improvement. **Healthcare** was one of those areas and our exposure to this sector increased.
- Our **Industrials** holdings performed poorly this quarter. Before this quarter, this had been one of the stronger sectors of the market. Further deterioration will cause us to reduce exposure.
- **Consumer Cyclicals** exposure was increased, especially among discount retailers.
- Before this quarter, **Energy** was the best performing sector. That abruptly changed this quarter as it was one of the worst.
- In this struggling economy, **Consumer Staples'** relative strength has improved and we have increased our exposure to this sector.
- The weighting of **Utility** stocks in our portfolios was reduced this quarter.
- Our **Basic Materials** holdings performed very poorly in Q3 and exposure to this sector was reduced. Before this quarter, Basic Materials had been one of the leading sectors of the market.
- We continue to have no exposure to the **Telecommunications** sector.
- Our **Fixed Income** allocation increased in Q3.

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MANAGER INSIGHTS

SYSTEMATIC RS SOCIALLY RESPONSIBLE

SEPTEMBER 30, 2008

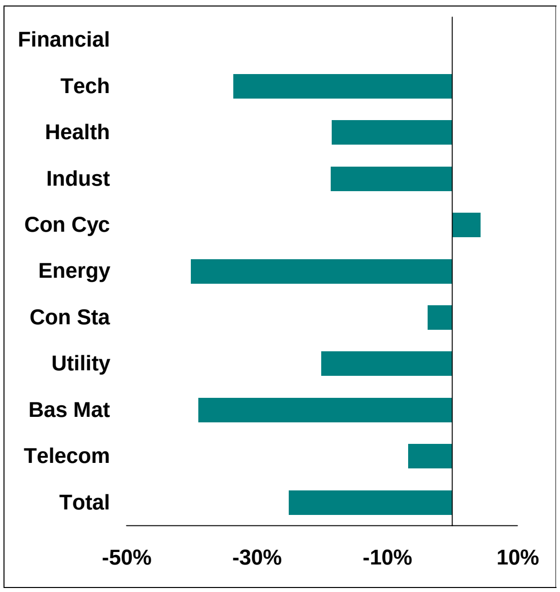
Our Systematic RS Socially Responsible portfolios had a lousy Q3. It has been one of the most turbulent periods for financial services in many years. Ironically, we did not own the kinds of financials that have had problems—our adaptive method sidestepped that problem completely. Our lag was simply due to the very abrupt change in market leadership.

PERFORMANCE (NET OF ALL FEES)

	Q3 08	YTD	12 Mth	Incept* Cumulative
RS SRI[1]	**-24.9%**	**-22.3%**	**-18.8%**	**-13.9%**
S&P 500 TR[2]	-8.4%	-19.3%	-22.0%	-15.4%

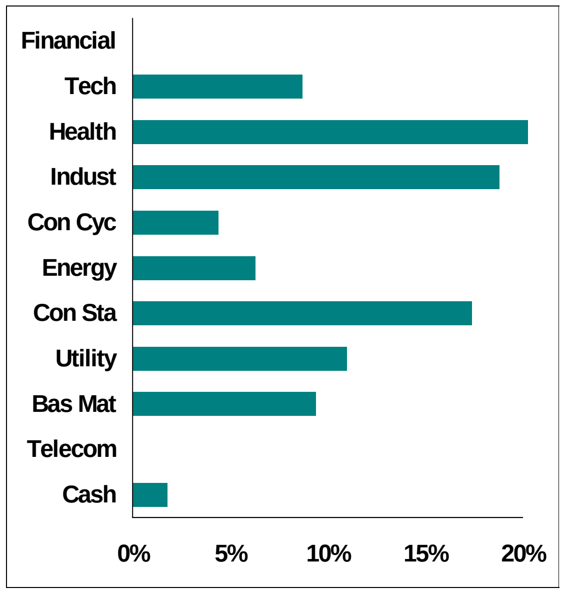
**Composite Inception: 3/31/2007*
[1]Preliminary Performance
[2]S&P 500 Index results assume the reinvestment of dividends

QUARTERLY RETURNS



Returns are based off model returns and not actual account net returns

WEIGHTINGS



Weights are as of the end of the quarter

TOP HOLDINGS

Cummins
Cameron International
Hawaiian Electric
Airgas
Church & Dwight
Roper Industries
National Fuel Gas
Perrigo
Baxter International
First Solar

Holdings are as of quarter end

PORTFOLIO ALLOCATION HIGHLIGHTS

- We begin Q4 2008 with a zero weighting in **Financials**. This has been the worst performing sector for the past 12 months. However, the relative strength of this sector has begun to improve.
- Our **Technology** positions performed poorly this quarter and the sector's overall relative strength has been sub-par.
- As the broad market continued its downward trend this quarter, there were a few areas that showed improvement. **Healthcare** was one of those areas. We now have more exposure to Healthcare than any other sector.
- Affected by the economic slowdown, our **Industrials** positions performed poorly this quarter.
- We have had little or no exposure to the **Consumer Cyclicals** for some time because of its weak relative strength. However, this quarter its relative strength did see some improvement.
- Before this quarter, **Energy** was the best performing sector. That abruptly changed this quarter as it was one of the worst.
- We now have a relatively large weighting in **Consumer Staples.** In this struggling economy, this sector's relative strength has improved.
- Our positions in the **Utility** sector performed poorly this quarter and our exposure to this sector was reduced.
- During this economic slowdown, many **Basic Materials** companies have seen reduced demand for their products. Before this quarter, Basic Materials had been one of the strongest areas.
- We now have no exposure to **Telecommunications.**

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MANAGER INSIGHTS

SYSTEMATIC RS INTERNATIONAL

SEPTEMBER 30, 2008

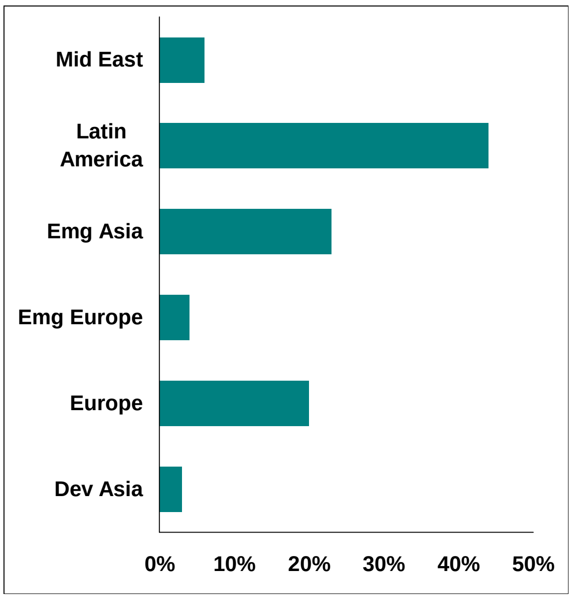
Our Systematic RS International portfolios lagged their benchmark in Q3. It was a very difficult quarter for international stocks in general. Emerging Markets were particularly poor performers as their economies are often driven by raw materials prices. Concerns about a global economic slowdown and a rising U.S. dollar both contributed to the poor returns.

PERFORMANCE (NET OF ALL FEES)

	Q3 08	YTD	12 Mth	Incept* Cumulative
RS Intl[1]	**-26.1%**	**-31.2%**	**-30.1%**	**5.3%**
EAFE TR[2]	-20.5%	-28.9%	-30.1%	-8.0%

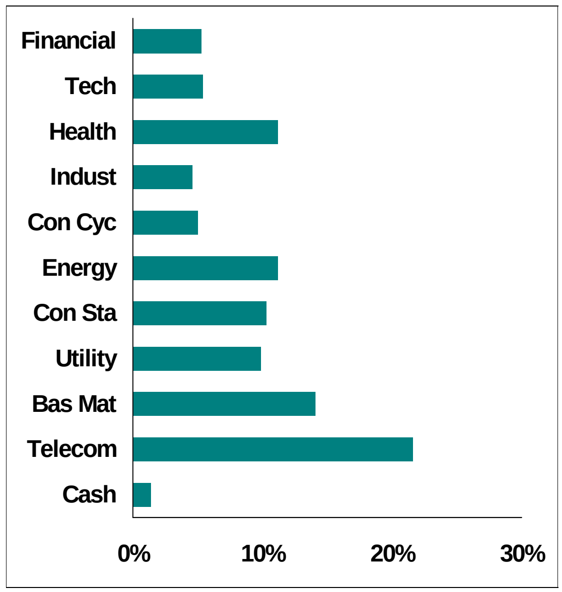
**Composite Inception: 3/31/2006*
[1]Preliminary Performance
[2]EAFE Index results assume the reinvestment of dividends

REGIONAL ALLOCATIONS



Returns are based off model returns and not actual account net returns

SECTOR ALLOCATIONS



Weights are as of the end of the quarter

TOP HOLDINGS

CTRIP.COM Int'l
Banco Itau Holding
New Oriental Education
Petroleo Brasileiro
Empresa Nacional
Telefonos De Mexico
Chunghwa Telecom
Icon PLC
CIA Paranaense
Fresenius Medical

Holdings are as of quarter end

PORTFOLIO ALLOCATION HIGHLIGHTS

- **Financial** stocks have been dramatic underperformers over the last 12 months, but they have shown improved RS recently. The trends so far have not been sustainable to cause an increased allocation, but if they continue we will be increasing exposure.
- We remain underweight in **Technology** stocks. The RS of many of these stocks has slipped lately as concerns over a global economic slowdown mount.
- Our exposure to **Healthcare** increased during the quarter. This macro sector has held up relatively well during the decline.
- The **Industrials** allocation remained constant during the quarter. We did make one swap as the relative performance of one of our holdings deteriorated.
- We increased our exposure to **Consumer Cyclicals** during the quarter.
- **Energy** stocks remain under pressure as investors worry about a slowdown. Crude prices have retreated significantly from their highs, and demand appears to be slowing.
- We increased our allocation to **Consumer Staples**. Demand for goods that must be purchased regardless of economic conditions has caused many stocks in this area to show improved RS.
- Our allocation to **Utilities** didn't change during the quarter.
- The **Basic Materials** allocation was substantially reduced over the last three months. A stronger U.S. dollar has impacted many of the firms in this macro sector.
- **Telecommunications** stocks are still overweighted in the portfolio. We did reduce our allocation during the quarter. The sales reduced our exposure to Chinese telecommunications firms, and we increased the allocation to Latin America.

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