Manager Insights

Systematic RS Aggressive

September 30, 2006

The Systematic RS Aggressive portfolios underperformed the benchmark during the third quarter, due to a significant change in market leadership. Our methodology is designed to exploit trends so when the trend changes, it is not uncommon for our portfolios to underperform. These periods of underperformance have historically been excellent times to add funds to the strategy. When the new leadership emerges, our methodology will adapt and begin to exploit it.

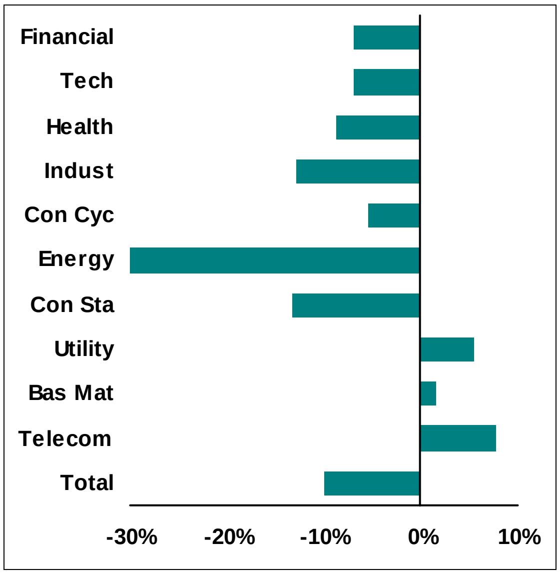
PERFORMANCE	Q3 06	YTD	12 Mth	Incept*
RS Aggressive[1]	**-11.3%**	**-5.6%**	**-5.0%**	**18.0%**
S&P 500[2]	5.7%	8.5%	10.8%	16.4%

*Composite Inception: 3/31/2005

[1]Preliminary Performance

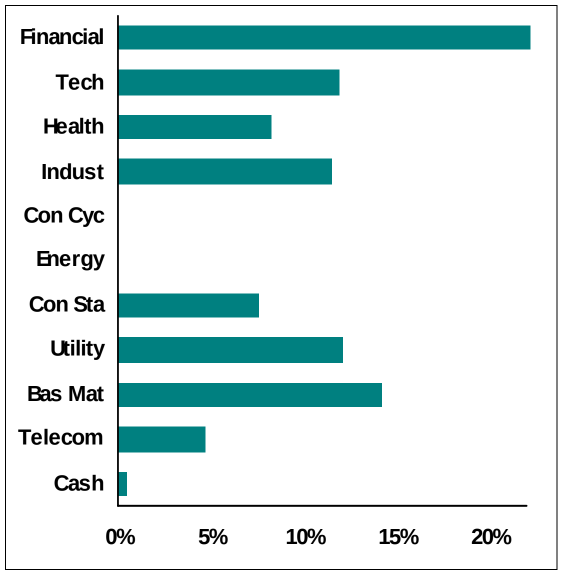
[2]S&P 500 Index results assume the reinvestment of dividends

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

Top Holdings
Investment Tech Group
Precision Castparts
Quanta Services
Phelps Dodge
Monsanto
Qwest Communications
SEI Investments
Boston Properties
TXU Corp
Merck & Co.

Holdings are as of quarter end

Portfolio Allocation Highlights

- The **Financials** allocation increased dramatically during the quarter. The continued market volatility coupled with an inverted yield curve made these interest rate sensitive issues attractive.
- The allocation to **Technology** increased at the end of the quarter. Technology stocks were particularly strong during the last few weeks of September.
- Our allocation to **Healthcare** increased during the quarter. Large-cap pharmaceutical stocks, which have been laggards for years, are beginning to exhibit favorable ranks by our models.
- Concern about a slowing economy caused us to reduce our exposure to the **Industrials** macro sector.
- We finished the quarter with no exposure in **Consumer Cyclicals.** Concern about consumer spending has caused many issues in this area to underperform recently.
- **Energy** continues to be a major story in the portfolio. Our last position in this macro sector was sold during Q3. We began buying Energy stocks in early 2004, so this is a good illustration of the change in leadership we are seeing in the equity markets.
- Our allocation to **Consumer Staples** increased as this area gained strength during the weak period of the quarter.
- Investors' appetite for interest rate sensitive issues caused us to increase our exposure to **Utilities** during the quarter.
- Our allocation to **Basic Materials** remained steady during the quarter.
- **Telecommunications** is an equal weight in the portfolio. Our exposure to this area performed extremely well during the third quarter.

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MANAGER INSIGHTS

SYSTEMATIC RS CORE

SEPTEMBER 30, 2006

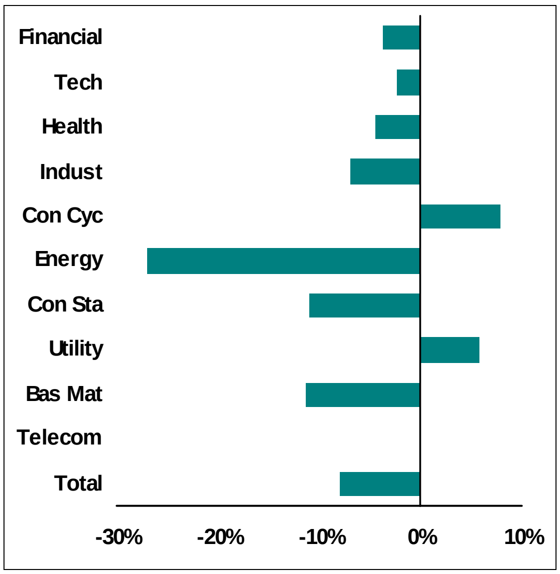
The Systematic RS Core portfolios underperformed the benchmark during the third quarter, due to a significant change in market leadership. Our methodology is designed to exploit trends so when the trend changes, it is not uncommon for our portfolios to underperform. These periods of underperformance have historically been excellent times to add funds to the strategy. When the new leadership emerges, our methodology will adapt and begin to exploit it.

PERFORMANCE

	Q3 06	YTD	12 Mth	Incept*
RS Core[1]	**-8.1%**	**.01%**	**-2.5%**	**16.6%**
S&P 500[2]	5.7%	8.5%	10.8%	16.4%

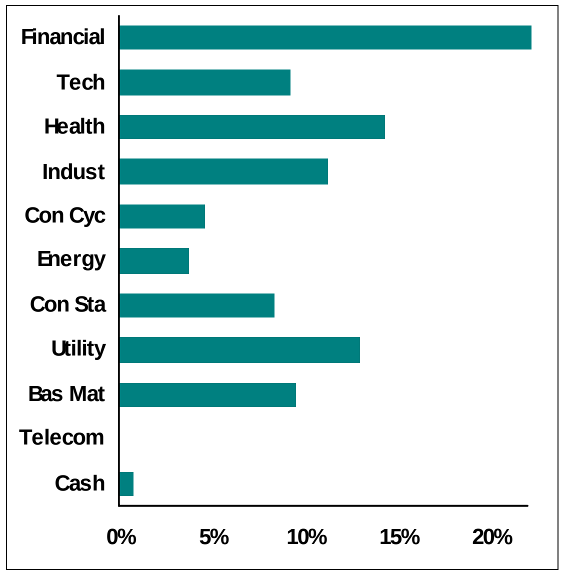
**Composite Inception: 3/31/2005*
[1]Preliminary Performance
[2]S&P 500 Index results assume the reinvestment of dividends

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

Allegheny Technologies
Vertex Pharmaceuticals
Granite Construction
Precision Castparts
Cognizant Technology
Reynolds American
Allegheny Energy
ProLogis
AmerisourceBergen
Investment Tech Group

Holdings are as of quarter end.

PORTFOLIO ALLOCATION HIGHLIGHTS

- The **Financials** allocation increased dramatically during the quarter. The continued market volatility coupled with an inverted yield curve made these interest rate sensitive issues attractive.
- The allocation to **Technology** decreased at the beginning of Q3. Although technology stocks performed well at the end of the quarter we have not re-added exposure to this are yet.
- Our allocation to **Healthcare** increased during the quarter. Large-cap pharmaceutical stocks, which have been laggards for years, are beginning to exhibit favorable ranks by our models.
- Concern about a slowing economy caused us to reduce our exposure to the **Industrials** macro sector.
- We finished the quarter with an underweight **Consumer Cyclicals.** Our exposure in this area is focused on Drug Retailing, which is less reliant on robust consumer spending.
- **Energy** continues to be a major story in the portfolio. We are now underweighted in this macro sector. The rotation we have seen out of Energy is a good illustration of the changing leadership in the equity markets.
- Our allocation to **Consumer Staples** increased as this area gained strength during the weak period of the quarter.
- Investors' appetite for interest rate sensitive issues caused us to increase our exposure to **Utilities** during the quarter.
- Our allocation to **Basic Materials** remained steady during the quarter.
- We continue to have no exposure to the **Telecommunications** macro sector.

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Manager Insights

Systematic RS Conservative

September 30, 2006

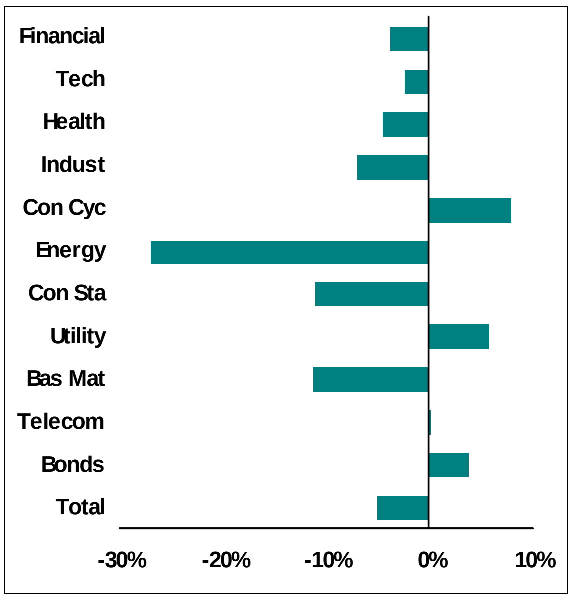
The Systematic RS Conservative portfolios underperformed the benchmark during the third quarter, due to a significant change in market leadership. Our methodology is designed to exploit trends so when the trend changes, it is not uncommon for our portfolios to underperform. These periods of underperformance have historically been excellent times to add funds to the strategy. When the new leadership emerges, our methodology will adapt and begin to exploit it.

Performance

	Q3 06	YTD	12 Mth	Incept*
RS Conservative[1]	**-3.0%**	**1.4%**	**-0.4%**	**6.9%**
S&P 500[2]	5.7%	8.5%	10.8%	14.8%

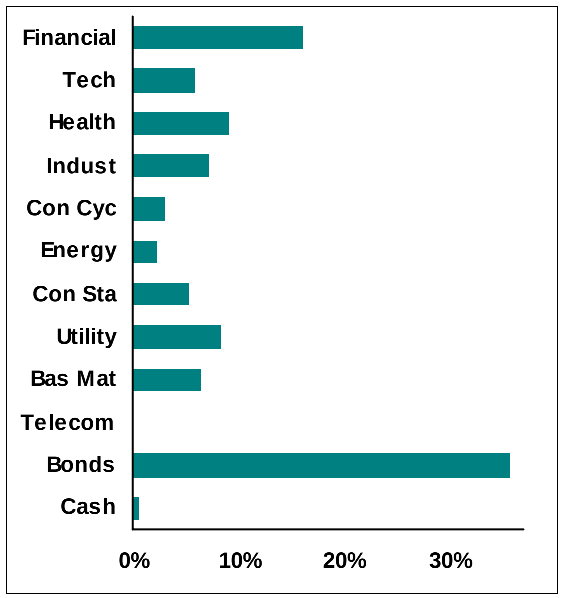
**Composite Inception: 6/30/2005*
[1]Preliminary Performance
[2]S&P 500 Index results assume the reinvestment of dividends

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

Intermediate Bonds
Allegheny Technologies
Vertex Pharmaceuticals
Granite Construction
Precision Castparts
Cognizant Technology
Reynolds American
Allegheny Energy
ProLogis
AmerisourceBergen

Holdings are as of quarter end.

Portfolio Allocation Highlights

- The **Financials** allocation increased dramatically during the quarter. The continued market volatility coupled with an inverted yield curve made these interest rate sensitive issues attractive.
- The allocation to **Technology** decreased at the beginning of Q3. Although technology stocks performed well at the end of the quarter we have not re-added exposure to this are yet.
- Our allocation to **Healthcare** increased during the quarter. Large-cap pharmaceutical stocks, which have been laggards for years, are beginning to exhibit favorable ranks by our models.
- Concern about a slowing economy caused us to reduce our exposure to the **Industrials** macro sector.
- We finished the quarter with an underweight **Consumer Cyclicals.** Our exposure in this area is focused on Drug Retailing, which is less reliant on robust consumer spending.
- **Energy** continues to be a major story in the portfolio. We are now underweighted in this macro sector. The rotation we have seen out of Energy is a good illustration of the changing leadership in the equity markets.
- Our allocation to **Consumer Staples** increased as this area gained strength during the weak period of the quarter.
- Investors' appetite for interest rate sensitive issues caused us to increase our exposure to **Utilities** during the quarter.
- Our allocation to **Basic Materials** remained steady during the quarter.
- We continue to have no exposure to the **Telecommunications** macro sector.
- The **Fixed Income** allocation was not changed during the quarter

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