

The Systematic RS Aggressive portfolios outperformed by a wide margin, and remain solidly ahead of the broad market for the year. The credit crisis over the summer added to volatility, but high relative strength stocks held up well during the correction. As market conditions improved, our holdings began to outperform. We currently see many pieces in place (sentiment, valuations, interest rates, etc...) that can support higher prices in the coming months.

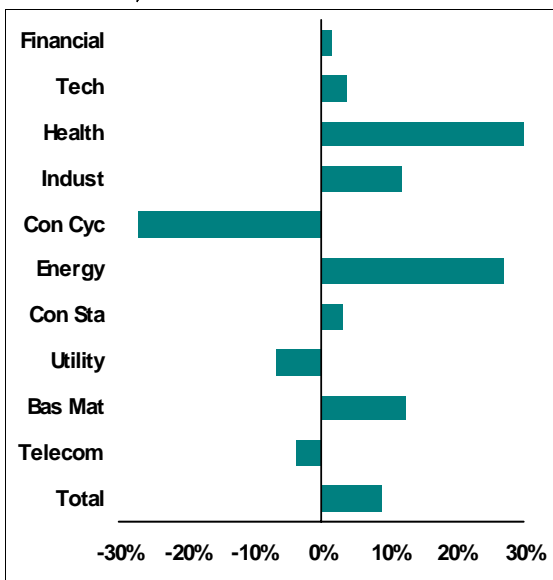
PERFORMANCE (NET OF ALL FEES)				
	Q3 07	YTD	12 Mth	Incept*
<b>RS Aggressive<sup>1</sup></b>	<b>8.8%</b>	<b>25.0%</b>	<b>37.0%</b>	<b>61.6%</b>
S&P 500 TR <sup>2</sup>	2.0%	9.1%	16.4%	35.5%

\*Composite Inception: 3/31/2005

<sup>1</sup>Preliminary Performance

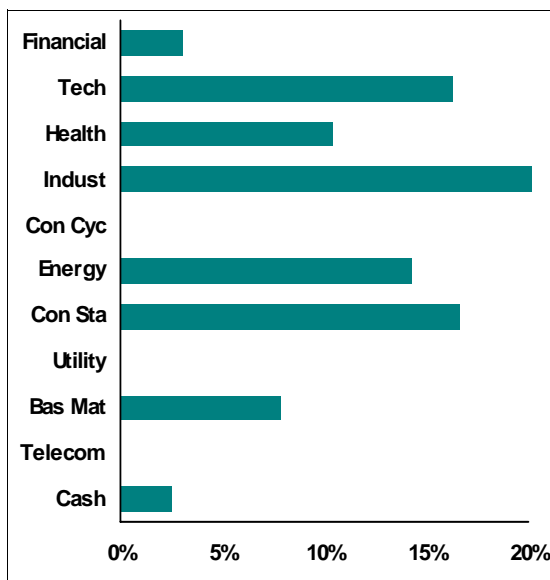
<sup>2</sup>S&P 500 Index results assume the reinvestment of dividends

### 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

Precision Castparts
Quanta Services
Intuitive Surgical
National Oilwell Varco
MEMC Electronic Mat
Jacobs Engineering
Wellcare Health Plans
Sotheby's Holdings
Cameron International
AGCO Corp.

Holdings are as of quarter end

## PORTFOLIO ALLOCATION HIGHLIGHTS

- We continue to have a large underweight in **Financials**. After years of outperformance, this area has performed poorly lately.
- **Technology** stocks have been solid performers recently, and we have increased our exposure in this area.
- **Healthcare** was the best performing sector in the portfolio during Q3. Very positive earnings from one of our holdings was the primary driver behind the outperformance this quarter.
- Our allocation to **Industrials** increased dramatically during Q3. Companies in this sector are benefiting from a weaker dollar, and a resumption of capital spending.
- We eliminated our exposure to **Consumer Cyclicals** during the quarter. Equity investors are concerned that rising mortgage rates (due to expiring teaser rates) will crimp consumer's ability to spend. Our holdings in this sector were poor performers.
- **Energy** stocks remained strong during the summer months. Crude prices crossed the \$80 per barrel level helping the entire sector.
- Our exposure to **Consumer Staples** increased during Q3. As concerns about the economy continued to mount, education stocks gained strength and were added to the portfolio.
- **Utilities** exposure was eliminated this quarter. This had been a large overweight, but as investors shifted their focus to more growth oriented stocks, utilities lost strength.
- Our allocation to **Basic Materials** decreased during the quarter. Although the dollar remains very weak, metals stocks have been losing strength.
- **Telecommunications** exposure was eliminated because the stocks have been unable to sustain their recent performance.

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The Systematic RS Core portfolios outperformed for the quarter, and remain solidly ahead of the broad market for the year. The credit crisis over the summer added to volatility, but high relative strength stocks held up well during the correction. As market conditions improved, our holdings began to outperform. We currently see many pieces in place (sentiment, valuations, interest rates, etc...) that can support higher prices in the coming months.

**PERFORMANCE (NET OF ALL FEES)**

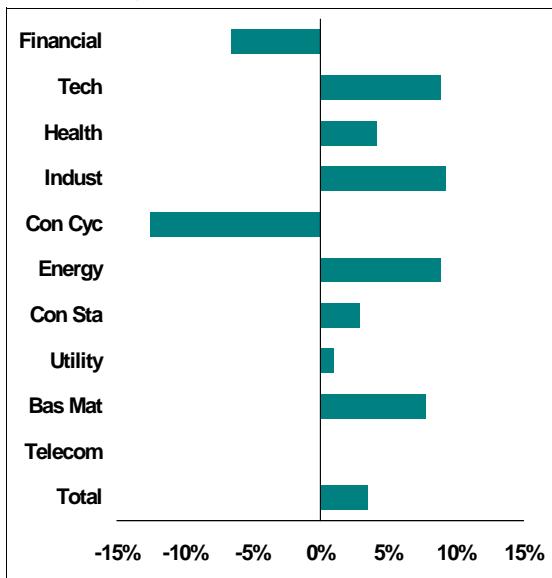
	Q3 07	YTD	12 Mth	Incept*
<b>RS Core<sup>1</sup></b>	<b>4.3%</b>	<b>16.0%</b>	<b>25.8%</b>	<b>46.6%</b>
S&P 500 TR <sup>2</sup>	2.0%	9.1%	16.4%	35.5%

\*Composite Inception: 3/31/2005

<sup>1</sup>Preliminary Performance

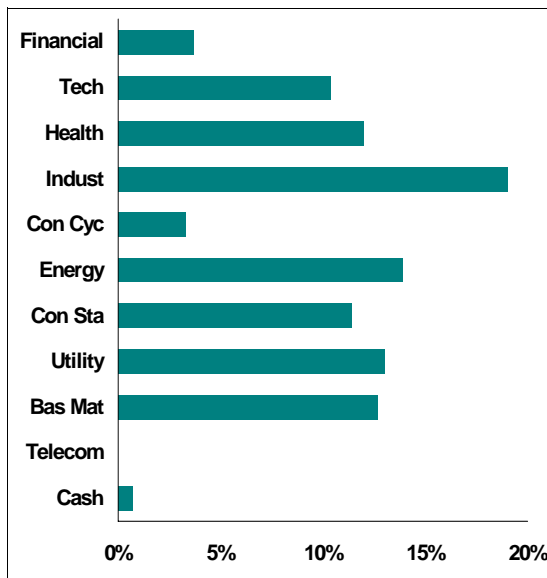
<sup>2</sup>S&P 500 Index results assume the reinvestment of dividends

**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
Apple Computer
Precision Castparts
Cameron International
Allegheny Energy
Granite Construction
National Fuel Gas
Marathon Oil Corp
Flowserve Corp
Sotheby's Holdings

Holdings are as of quarter end.

**PORTFOLIO ALLOCATION HIGHLIGHTS**

- We continue to have a large underweight in **Financials**. After years of outperformance, this area has performed poorly lately.
- **Technology** stocks were there best performing sector in the portfolio in Q3. Many equities have gained strength as investors have increased the appetite for Growth stocks.
- **Healthcare** was a market performer in the portfolio. Our allocation remained the same during the quarter.
- Our allocation to **Industrials** increased during Q3. Companies in this sector are benefiting from a weaker dollar, and a resumption of capital spending.
- **Consumer Cyclical**s was the worst performing area in the portfolio. We are underweighted in this area because many stocks in this sector have lost strength as investors have become concerned with the direction of consumer spending.
- **Energy** stocks remained strong during the summer months. Crude prices crossed the \$80 per barrel level helping the entire sector. We continue to be overweighted in this sector.
- Our exposure to **Consumer Staples** remained static during Q3. We remain equal-weighted in this sector, but many of the stocks have been gaining strength recently.
- **Utilities** exposure was unchanged. Our holdings have held up well, and have not lost enough strength to warrant their sale.
- Our allocation to **Basic Materials** stayed the same during the quarter. The combination of a strong overweight and good selection was a large contributor to overall portfolio performance.
- We continue to have no exposure to the **Telecommunications** sector.

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The Systematic RS Balanced portfolios outperformed for the quarter, and remain solidly ahead of the broad market for the year. The credit crisis over the summer added to volatility, but our bond position greatly reduced the downside of the overall portfolio. The equities in the portfolio experienced volatility similar to the broad market, but had superior performance. We currently see many pieces in place (sentiment, valuations, interest rates, etc...) that can support higher prices in the coming months.

**PERFORMANCE (NET OF ALL FEES)**

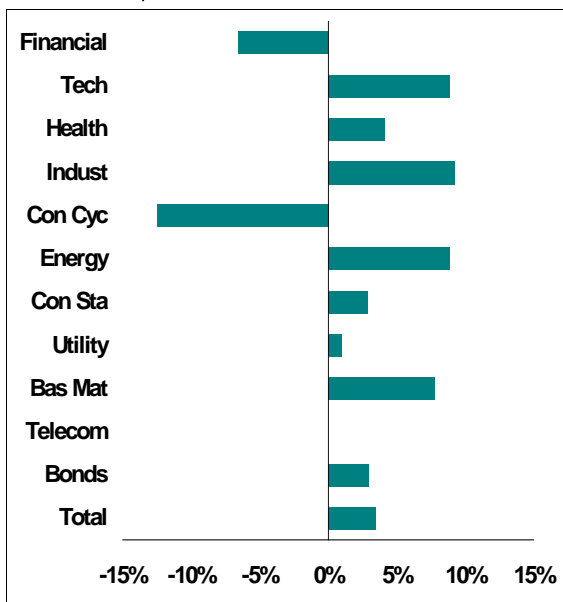
	Q3 07	YTD	12 Mth	Incept*
<b>RS Balanced<sup>1</sup></b>	<b>3.7%</b>	<b>11.8%</b>	<b>16.4%</b>	<b>23.9%</b>
60% SP 40% Agg <sup>2</sup>	2.5%	7.2%	12.1%	23.4%

\*Composite Inception: 6/30/2005

<sup>1</sup>Preliminary Performance

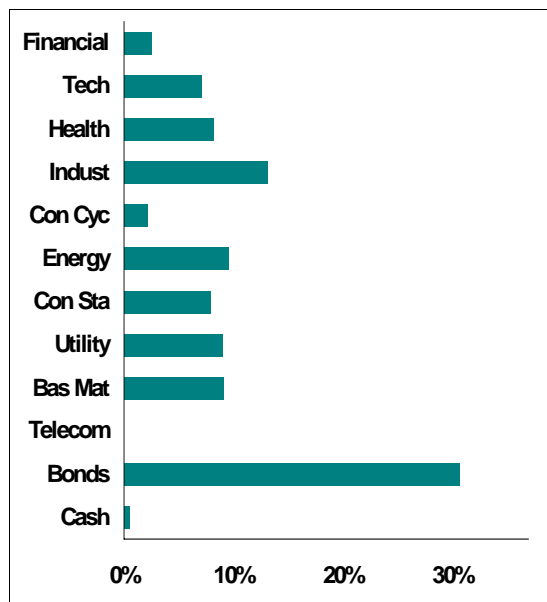
<sup>2</sup>60% S&P 500, 40% Lehman Aggregate Bond. Includes dividends.

**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
Allegheny Technologies
Apple Computer
Precision Castparts
Cameron International
Allegheny Energy
Granite Construction
National Fuel Gas
Marathon Oil Corp
Flowserve Corp

Holdings are as of quarter end.

**PORTFOLIO ALLOCATION HIGHLIGHTS**

- We continue to have a large underweight in **Financials**. After years of outperformance, this area has performed poorly lately.
- **Technology** stocks were their best performing sector in the portfolio in Q3. Many equities have gained strength as investors have increased the appetite for Growth stocks.
- **Healthcare** was a market performer in the portfolio. Our allocation remained the same during the quarter.
- Our allocation to **Industrials** increased during Q3. Companies in this sector are benefiting from a weaker dollar, and a resumption of capital spending.
- **Consumer Cyclical** was the worst performing area in the portfolio. We are underweighted in this area because many stocks in this sector have lost strength as investors have become concerned with the direction of consumer spending.
- **Energy** stocks remained strong during the summer months. Crude prices crossed the \$80 per barrel level helping the entire sector. We continue to be overweighted in this sector.
- Our exposure to **Consumer Staples** remained static during Q3. We remain equal-weighted in this sector, but many of the stocks have been gaining strength recently.
- **Utilities** exposure was unchanged. Our holdings have held up well, and have not lost enough strength to warrant their sale.
- Our allocation to **Basic Materials** stayed the same during the quarter. The combination of a strong overweight and good selection was a large contributor to overall portfolio performance.
- We continue to have no exposure to the **Telecommunications** sector.
- The **Fixed Income** allocation was not changed during Q3

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The Systematic RS SRI portfolios underperformed for the quarter. The main source of our poor performance can be traced to bad stock selection in the Technology sector. Once we made changes to our Technology holdings the portfolios began to outperform the broad market averages. We currently see many pieces in place (sentiment, valuations, interest rates, etc...) that can support higher prices in the coming months.

**PERFORMANCE (NET OF ALL FEES)**

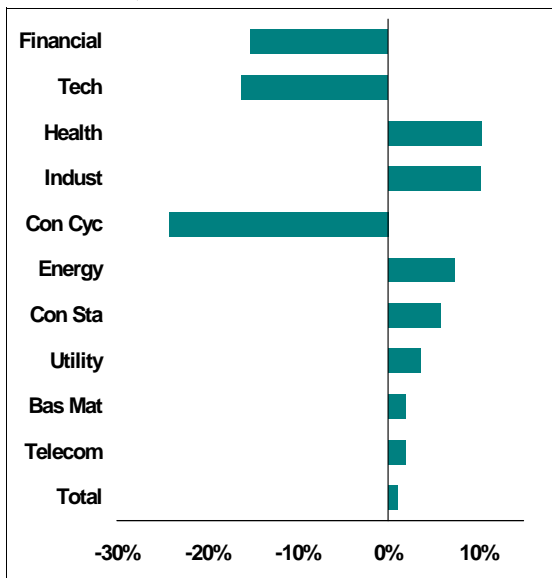
	Q3 07	YTD	12 Mth	Incept*
<b>RS SRI<sup>1</sup></b>	<b>1.0%</b>			<b>6.2%</b>
S&P 500 TR <sup>2</sup>	2.0%	9.1%	16.4%	8.4%

\*Composite Inception: 3/31/2007

<sup>1</sup>Preliminary Performance

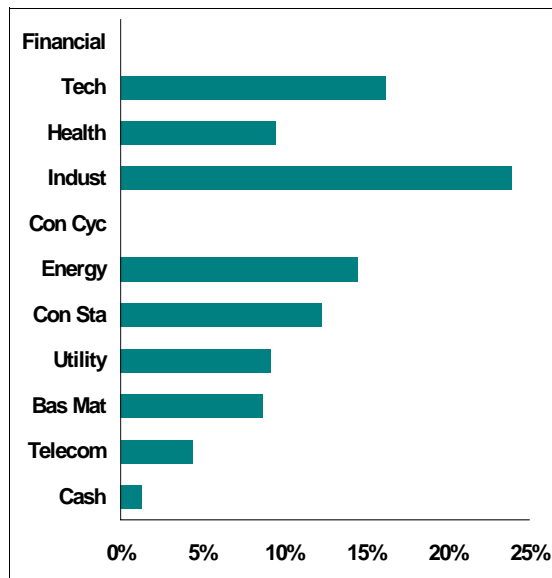
<sup>2</sup>S&P 500 Index results assume the reinvestment of dividends

**QUARTERLY RETURNS**



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**WEIGHTINGS**



Weights are as of the end of the quarter

**TOP HOLDINGS**

Cummins, Inc.
Cameron International
Wellcare Health Plans
Roper Industries
Energizer Holdings
Airgas, Inc.
Energen Corp
National Fuel Gas
Global Industries Inc
Fluor Corp

Holdings are as of quarter end.

**PORTFOLIO ALLOCATION HIGHLIGHTS**

- We continue to have a large underweight in **Financials**. After years of outperformance, this area has performed poorly lately.
- **Technology** was the biggest problem in the portfolio. While the overall sector continues to strengthen, our security selection was poor. We made quite a few changes in Q3 to improve the quality of our holdings in this area.
- Our **Healthcare** stocks performed well in Q3. Our overall allocation to this sector was unchanged.
- Our allocation to **Industrials** increased during Q3. Companies in this sector are benefiting from a weaker dollar and a resumption of capital spending.
- **Consumer Cyclical**s was the worst performing area in the portfolio. We eliminated exposure to this sector as our holdings lost strength over the summer.
- **Energy** stocks remained strong during the summer months. Crude prices crossed the \$80 per barrel level helping the entire sector. We continue to be overweighted in this sector.
- Our exposure to **Consumer Staples** remained static during Q3. We remain equal-weighted in this sector, but many of the stocks have been gaining strength recently.
- **Utilities** exposure was reduced. One of our more aggressive holdings was a poor performer and was eliminated from the portfolio.
- Our allocation to **Basic Materials** decreased during the quarter. Although the dollar remains very weak, metals stocks have been losing strength.
- **Telecommunications** remained at an equal-weight and was a market performer during the quarter.

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The Systematic RS International portfolios outperformed for the quarter, and remain solidly ahead of the broad market for the year. International stocks continue to be one of the best performing asset classes. A very weak dollar, and strength in Emerging Markets have been two of the catalysts that have helped the portfolios perform so well for the year.

**PERFORMANCE (NET OF ALL FEES)**

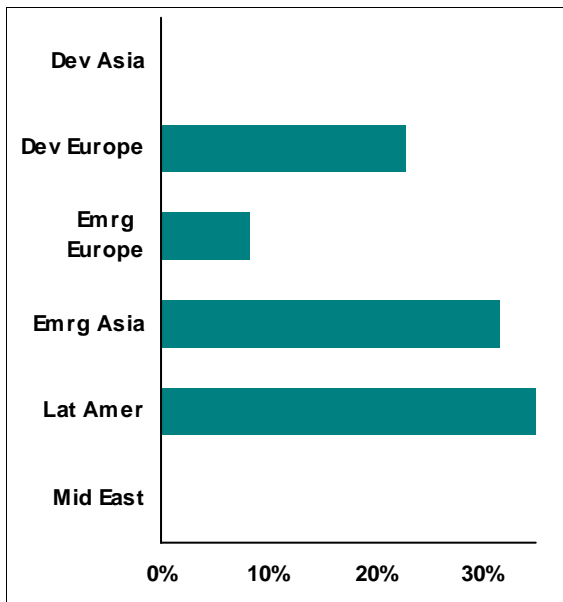
	Q3 07	YTD	12 Mth	Incept*
<b>RS Intl<sup>1</sup></b>	<b>13.8%</b>	<b>32.7%</b>	<b>58.6%</b>	<b>50.7%</b>
EAFE TR <sup>2</sup>	2.2%	13.6%	25.4%	31.6%

\*Composite Inception: 6/30/2005

<sup>1</sup>Preliminary Performance

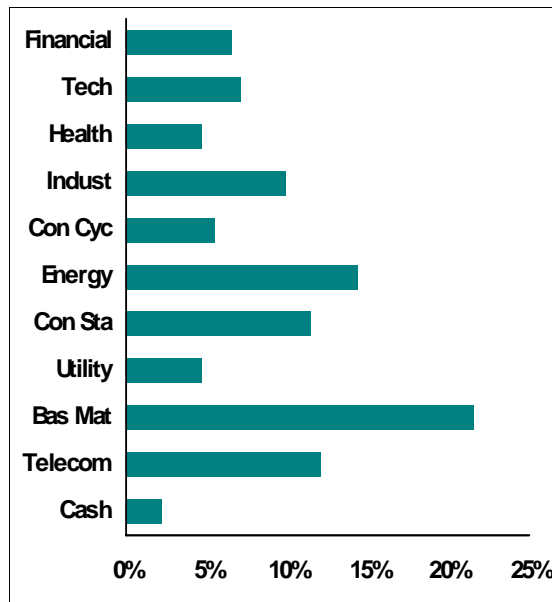
<sup>2</sup>S&P 500 Index results assume the reinvestment of dividends

**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**

Comp Gen de Geophys
Wimm-Bill-Dann Foods
Ctrip.com Intl
Banco Itau Holding
Aluminum Corp China
China Mobile Ltd
New Oriental Education
CIA Vale Do Rio Doce
ICON Plc
Rostelecom

Holdings are as of quarter end.

**PORTFOLIO ALLOCATION HIGHLIGHTS**

- **Financials** exposure remained unchanged. While many stocks in this sector have been weak, our portfolio holdings have performed much better than their peers.
- While our **Technology** allocation remained static, we did upgrade our holdings in this sector. We are underweight in this area.
- The **Healthcare** allocation was increased slightly. We still remain underweight. We would need to see more prolonged out-performance in order to increase our weighting.
- **Industrials** exposure decreased during Q3. A weak US dollar has benefited US-based Industrial firms, but has hurt the pricing power of firms abroad.
- We reduced our allocation to **Consumer Cyclicals** during Q3. Consumer spending abroad has raised concerns about these companies' ability to deliver superior returns.
- **Energy** stocks remained strong during the summer months. Crude prices crossed the \$80 per barrel level helping the entire sector. We continue to be overweighted in this sector.
- The **Consumer Staples** allocation remained constant. All of our holdings performed well so there was no need for any changes in this sector.
- **Utilities** stocks continue to be pressured. As a result, our allocation in this area was dramatically reduced. We currently are underweight in this sector.
- Our allocation to **Basic Materials** was increased. Many of these firms in Emerging Economies continue to exhibit superior returns.
- **Telecommunications** exposure was unchanged during the quarter. Our holdings in this sector are concentrated in Emerging Markets and focus on delivering wireless communications.

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