

Our Systematic RS Aggressive portfolios underperformed in Q2, but remain ahead of the S&P 500 for the year. Even during periods of economic uncertainty, as we remain in now, many companies thrive by adapting more quickly than their competitors. RS is well-positioned to identify the new winners. This relative strength process enables great portfolio adaptability.

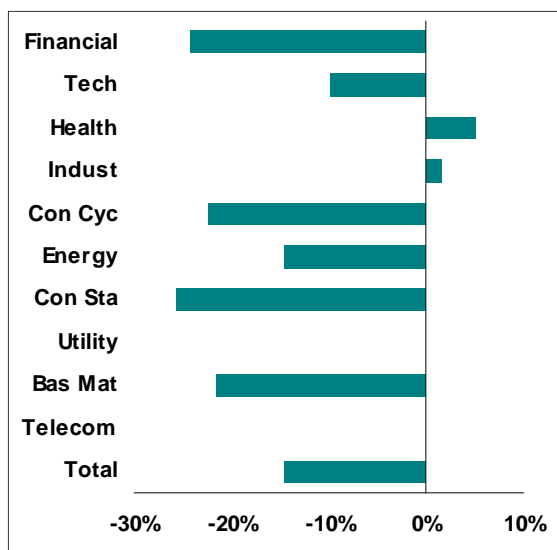
PERFORMANCE (NET OF ALL FEES)					
	Q2 10	YTD	12 Mth	5.25 YR Annualized	Incept* Cumulative
RS Aggr.¹	-14.6%	-3.2%	13.2%	-1.2%	-6.2%
S&P 500 TR ²	-11.4%	-6.7%	14.4%	-0.5%	-2.6%

*Composite Inception: 3/31/2005

¹Preliminary Performance

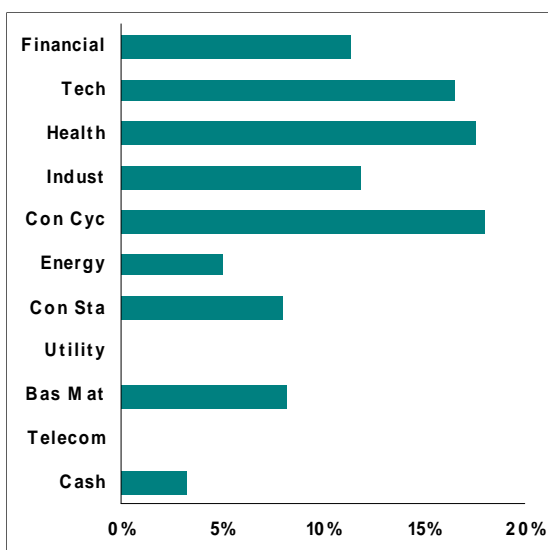
²S&P 500 Index results assume the reinvestment of dividends

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

Valeant Pharmaceuticals
Cree, Inc.
Rovi Corp.
Temple-Inland
Cimarex Energy Co.
F5 Networks
Lubrizol Corp.
Estee Lauder
Health Management
Salesforce.com, Inc.

Holdings are as of quarter end

PORTFOLIO ALLOCATION HIGHLIGHTS

- The **Financial** sector was relatively weak in Q2 in the face of significant structural changes in regulation which are being proposed and negotiated on Capital Hill.
- Our model currently favors the semiconductor, software, and communications technology areas of the **Technology** sector. Our model has identified fairly stable strength within this sector.
- Stock selection was key in the **Healthcare** sector in Q2. The relative strength of the broad sector has been so-so, but some individual holdings from this sector performed extremely well in Q2.
- Stock selection was also key in the **Industrial** sector in Q2. While the broad sector was a market performer in Q2, our model identified stocks with strong positive divergence.
- The **Consumer-Cyclical** sector declined with the market in Q2 after maintaining fairly stable market leadership for the past year.
- The relative strength of the **Energy** sector was weak in Q2 and our exposure to this sector was reduced by about half during the quarter.
- **Consumer Staples** held up a little better than the market during Q2. However, unfavorable stock selection within this sector by our model resulted in poor performance.
- The **Utilities** sector performed relatively well in Q2 after very poor relative performance in Q1. Our model currently has zero exposure to this sector.
- The **Basic Materials** sector performed poorly in the second half of Q2 as uneven economic reports raised questions about the strength of the economic recovery. This sector tends to be very sensitive to swings in economic perceptions.
- We have no exposure to the **Telecommunications** sector.

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Our Systematic RS Core portfolios outperformed in Q2, and remain ahead of the S&P 500 for the year. Even during periods of economic uncertainty, as we remain in now, many companies thrive by adapting more quickly than their competitors. RS is well-positioned to identify the new winners. This relative strength process enables great portfolio adaptability.

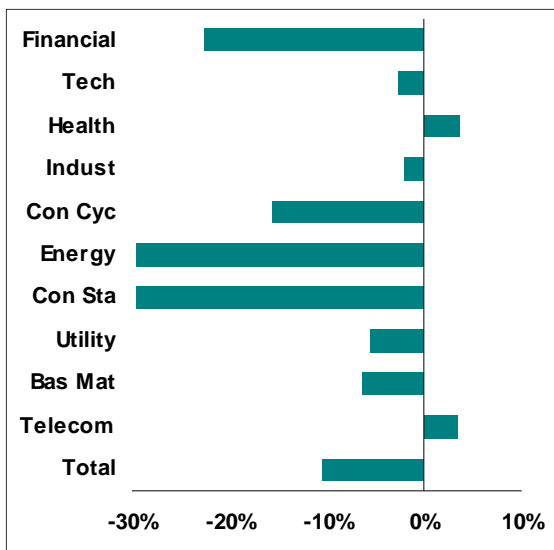
PERFORMANCE (NET OF ALL FEES)					
	Q2 10	YTD	12 Mth	5.25 YR Annualized	Incept* Cumulative
RS Core ¹	-10.5%	-4.1%	11.8%	-3.2%	-15.5%
S&P 500 TR ²	-11.4%	-6.7%	14.4%	-0.5%	-2.6%

*Composite Inception: 3/31/2005

¹Preliminary Performance

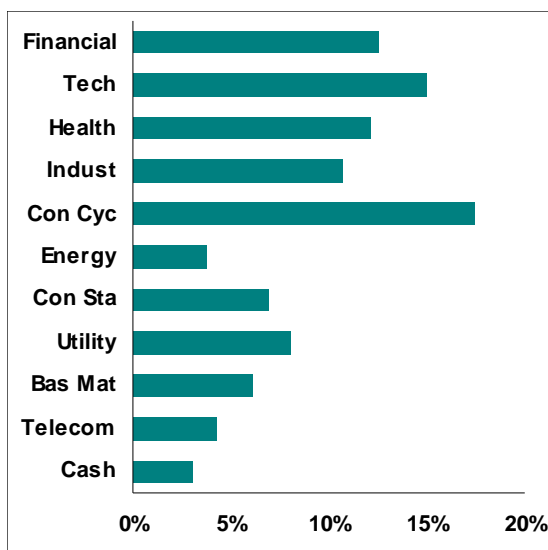
²S&P 500 Index results assume the reinvestment of dividends

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

Edwards Lifesciences
Cree, Inc.
Valspar Corp.
Temple-Inland
Watson Pharmaceuticals
Goodrich Corporation
AmeriCredit Corp.
Qwest Communications
Unitrin
Oneok, Inc.

Holdings are as of quarter end

PORTFOLIO ALLOCATION HIGHLIGHTS

- The **Financial** sector was relatively weak in Q2 in the face of significant structural changes in regulation which are being proposed and negotiated on Capital Hill.
- Our model currently favors the semiconductor, software, and communications technology areas of the **Technology** sector. Our model has identified fairly stable strength within this sector.
- Stock selection was key in the **Healthcare** sector in Q2. The relative strength of the broad sector has been so-so, but some individual holdings from this sector performed extremely well in Q2.
- Stock selection was also key in the **Industrial** sector in Q2. While the broad sector was a market performer in Q2, our model identified stocks with strong positive divergence.
- Our exposure to the **Consumer-Cyclical** sector increased in Q2.
- The relative strength of the **Energy** sector was weak in Q2 and our exposure to this sector was reduced by about half during the quarter.
- **Consumer Staples** held up a little better than the market during Q2. However, unfavorable stock selection within this sector by our model resulted in poor performance.
- The **Utilities** sector performed relatively well in Q2 after very poor relative performance in Q1. Our exposure to this sector was stable in Q2.
- The **Basic Materials** sector performed poorly in the second half of Q2 as uneven economic reports raised questions about the strength of the economic recovery. However, favorable stock selection by our model led to relatively good performance.
- Our exposure to **Telecommunications** was stable in Q2.

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Our Systematic RS Balanced portfolios outperformed in Q2, and remain ahead of the benchmark for the year. Even during periods of economic uncertainty, as we remain in now, many companies thrive by adapting more quickly than their competitors. RS is well-positioned to identify the new winners. This relative strength process enables great portfolio adaptability.

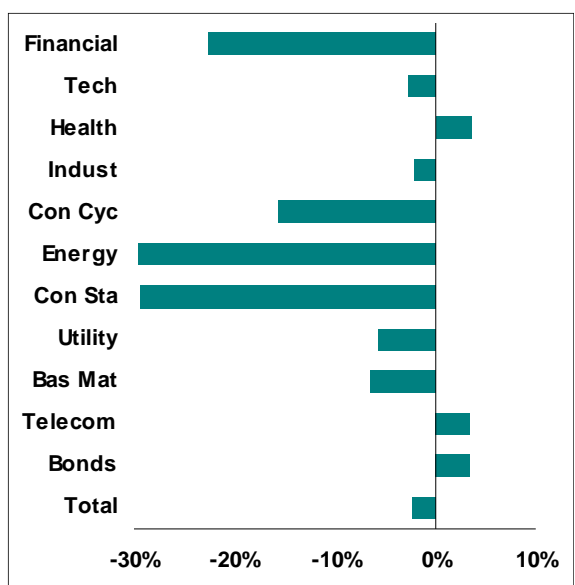
PERFORMANCE (NET OF ALL FEES)					
	Q2 10	YTD	12 Mth	5 YR Annualized	Incept* Cumulative
RS Balanced¹	-2.4%	2.0%	10.4%	-0.5%	-2.6%
60% SP 40% Agg ²	-5.5%	-1.8%	12.8%	2.0%	10.6%

*Composite Inception: 6/30/2005

¹Preliminary Performance

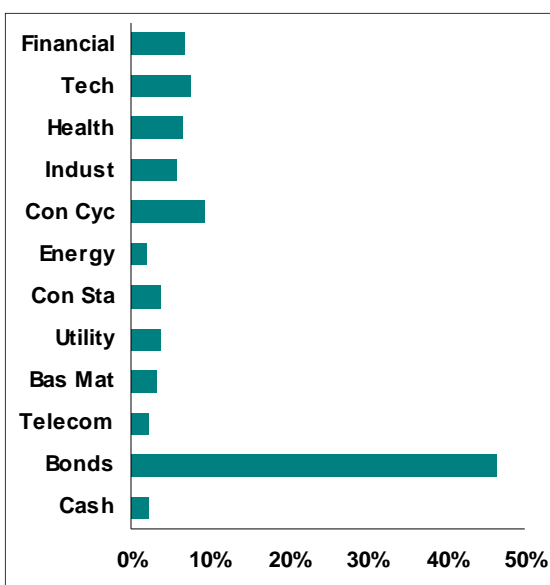
²60% S&P 500, 40% Barclays Aggregate Bond. Includes dividends.

QUARTERLY RETURNS



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WEIGHTINGS



Weights are as of the end of the quarter

TOP HOLDINGS

Intermediate Bonds
Edwards Lifesciences
Cree, Inc.
Valspar Corp.
Temple-Inland
Watson Pharmaceuticals
Goodrich Corp.
AmeriCredit Corp.
Qwest Communications
Unitrin, Inc.

Holdings are as of quarter end

PORTFOLIO ALLOCATION HIGHLIGHTS

- The **Financial** sector was relatively weak in Q2 in the face of significant structural changes in regulation which are being proposed and negotiated on Capital Hill.
- Our model currently favors the semiconductor, software, and communications technology areas of the **Technology** sector. Our model has identified fairly stable strength within this sector.
- Stock selection was key in the **Healthcare** sector in Q2. The relative strength of the broad sector has been so-so, but some individual holdings from this sector performed extremely well in Q2.
- Stock selection was also key in the **Industrial** sector in Q2. While the broad sector was a market performer in Q2, our model identified stocks with strong positive divergence.
- Our exposure to the **Consumer-Cyclical** sector increased in Q2.
- The relative strength of the **Energy** sector weakened in Q2 and our exposure to this sector was reduced by about half.
- **Consumer Staples** held up a little better than the market during Q2. However, unfavorable stock selection within this sector by our model resulted in poor performance.
- The **Utilities** sector performed relatively well in Q2 after very poor relative performance in Q1. Our exposure to this sector was stable in Q2.
- The **Basic Materials** sector performed poorly in the second half of Q2 as uneven economic reports raised questions about the strength of the economic recovery. However, favorable stock selection by our model led to relatively good performance.
- Our exposure to **Telecommunications** was stable in Q2.
- Our exposure to **Fixed Income** remained stable in Q1.

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Our Systematic RS International portfolios outperformed in Q2. There is increasingly divergent financial market performance among countries as the world recovers from the global credit crisis. This divergence is potentially a good development for relative strength strategies since it allows a more concentrated portfolio to find those companies that are standing apart from the pack.

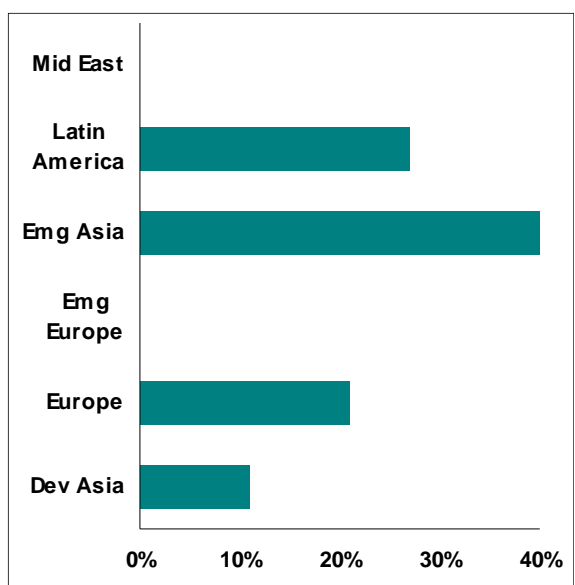
PERFORMANCE (NET OF ALL FEES)					
	Q2 10	YTD	12 Mth	4.25 YR Annualized	Incept* Cumulative
RS Intl¹	-8.5%	-7.2%	16.3%	0.3%	1.4%
EAFE TR ²	-13.8%	-12.9%	6.4%	-3.8%	-15.1%

*Composite Inception: 3/31/2006

¹Preliminary Performance

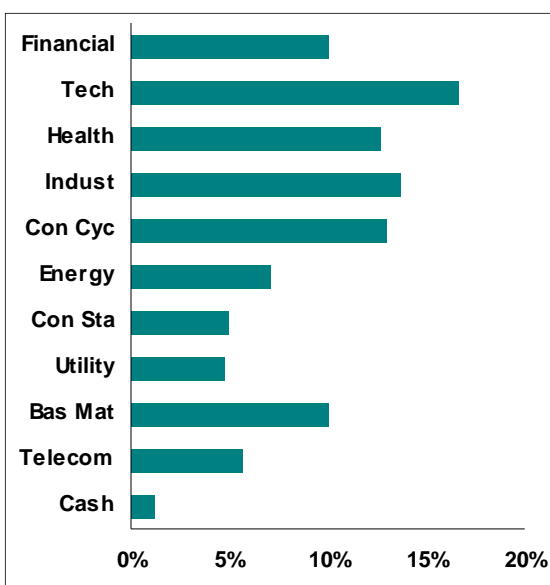
²EAFE Index results assume the reinvestment of dividends

REGIONAL ALLOCATIONS



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SECTOR ALLOCATIONS



Weights are as of the end of the quarter

TOP HOLDINGS

Baidu.com
Itau Unibanco ADS
New Oriental Education
Ultrapar Participacoes
CIA Paranaense De Ene
Dr. Reddy's Laboratory
HDFC Bank Ltd.
Vanceinfo Technologies
America Movil SA De CV
Texaco, Inc.

Holdings are as of quarter end

PORTFOLIO ALLOCATION HIGHLIGHTS

- Our exposure to the **Financial** sector was stable in Q2.
- We have had little turnover in our holdings from the **Technology** sector over the past 12 months as our model has identified stable leadership in this area.
- Our exposure to **Healthcare** was stable in Q1. Our model has identified particularly strong leadership from this sector in developing Asia.
- Our exposure to the **Industrial** sector increased in Q2. Additional exposure was added to companies based in the developed economies of the Netherlands and Japan.
- Exposure to **Consumer Cyclical**s increased again in Q2 after seeing exposure double in Q1. Our model is currently favoring companies in this sector from the emerging economies of Brazil, China, and India.
- The **Energy** sector as a whole was a laggard in Q2. Our exposure to this sector remained stable during the quarter.
- Our exposure to **Consumer Staples** remains relatively small at this point. However, we have had good relative performance from our exposure here, which is focused in emerging economies.
- Our exposure to **Utilities** was stable in Q2. This sector has been one of the worst performing international sectors over the past 12 months. However, it did gain some relative strength during Q2.
- The **Basic Materials** sector declined with the market in Q2 as uneven economic reports raised questions about the strength of the economic recovery. This sector tends to be very sensitive to swings in economic perceptions.
- **Telecommunications** exposure remained stable in Q2.

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The Systematic RS Global Macro portfolios outperformed the S&P 500 in Q2. Global Macro currently remains concentrated in U.S. equities—specifically mid-cap, small-cap, and real estate equities (All have held up better than large caps). However, we did see some equities replaced with commodities during the quarter.

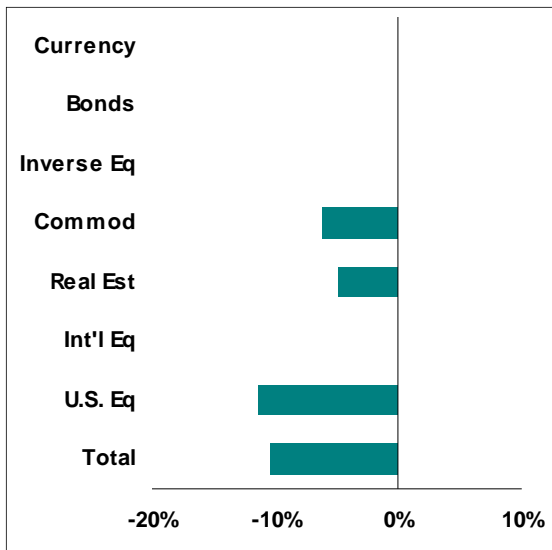
PERFORMANCE (NET OF ALL FEES)				
	Q2 10	YTD	12 Mth	Incept* Cumulative
RS Global Macro¹	-10.4%	-8.3%	9.6	0.1%
S&P 500 TR ²	-11.4%	-6.7%	14.3	32.7%

*Composite Inception: 3/31/2009

¹Preliminary Performance

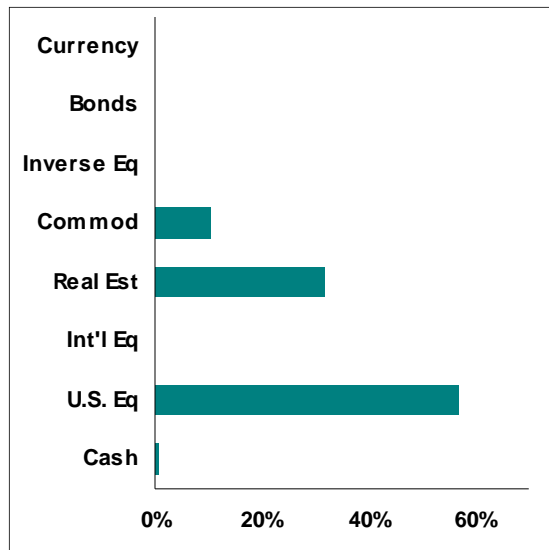
²S&P 500 Index results assume the reinvestment of dividends

QUARTERLY RETURNS



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WEIGHTINGS



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TOP HOLDINGS

SPDR DJ Wilshire REIT
PowerShares DB Gold
iShares DJ U.S. Real Est
SPDR Consumer Disc
iShares Cohen & Steers
PS Active Alpha Q
SPDR Industrial Select
iShares S&P Sm Cap Gr
iShares S&P Sm Cap Val
PS MagniQuant

Holdings are as of quarter end

PORTFOLIO ALLOCATION HIGHLIGHTS

- **Currencies** often warrant exposure in our Global Macro strategy during bear markets in other asset classes. During the correction in the equity markets during Q2, this asset began to gain relative strength, but has not yet been added to the portfolio.
- **Bonds** returns were up modestly in Q2. However, the relative strength of this asset class has been weak since Q2 2009. The relative strength improvement in this asset class in Q2 was not yet enough for the model to call for bond exposure.
- Some **Commodities** performed very well in Q2 (precious metals) while others performed very poorly (energy). One of the advantages of the Global Macro strategy is the ability to buy not only broad-based commodity ETFs, but to also buy ETFs that zero in the those commodities with superior relative strength.
- Those reading the news about **Real Estate** would find a pretty dismal state of affairs: delinquencies on home equity loans and commercial mortgages continue to move higher. Real assets might be priced on reality, but stocks are priced on expectations. Real Estate again performed relatively well in Q2 after being a strong relative performer over the past 12 months.
- We came into the year with a large allocation to **International Equities**. However, we reduced this exposure substantially early in 2010 in line with the weakening relative strength of this asset class, due largely to the reversal in the U.S. Dollar.
- **U.S. Equities** corrected in Q2 after having a strong Q1. Un-even economic news has thrown into question the strength of the U.S. economic recovery. Small and mid caps performed better than large caps in Q2 and for the year.

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