LEADING EDGE INVESTMENT ADVISORS

"Performance Driven, Relationship Based"

Research Update 2006

EXECUTIVE SUMMARY

***Performance Characteristics of Emerging Managers 2005** is the third update of a comprehensive study conducted by the research group at Leading Edge Investment Advisors on the performance results of emerging firms versus larger firms. The first study was conducted in 2002. To distinguish firms that grew from larger firms that lost assets, firms were compared based on beginning-of-period assets under management ("AUM"), product market caps, and investment styles. In addition, we examined product focus (number of products), employee ownership, portfolio sizes and portfolio team sizes to help explain any differences in performance between emerging and large firms.*

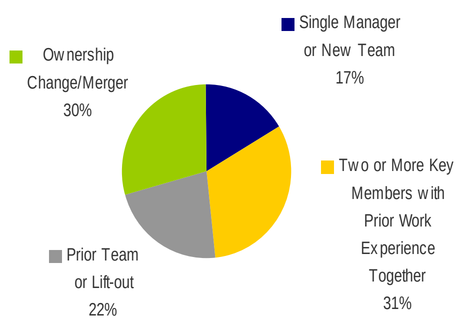
Study Parameters

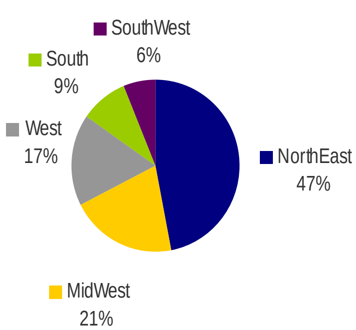
- Five-year period: 1/2001 – 12/2005.
- Data sources: Leading Edge Investment Advisors' proprietary database; Nelson's Marketplace; and eVestment Alliance.
- Identify firms that were truly "Emerging" by looking at beginning-of-period AUM levels.
- U.S. domestic equity sub-universe.
- 1,236 firms; 3,100 products*.

Today's New Manager Formation

Where Are They Coming From?

Five Year Period Ending 12/31/05



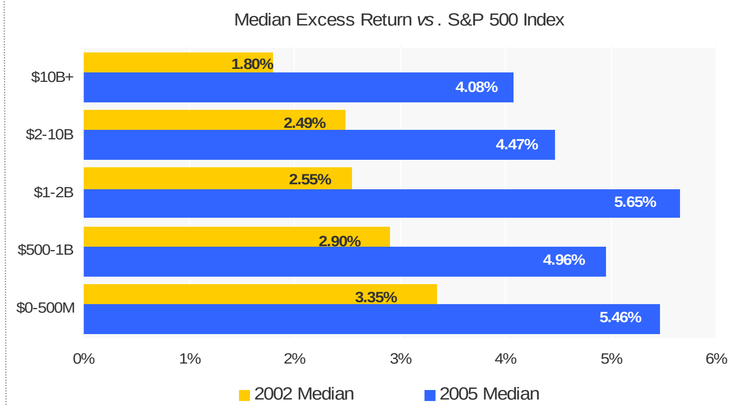


Performance by Total Firm AUM

vs. S&P 500 Index

Five Year Period Ending 12/31/05

12/00 Total Firm AUM Range	Median Excess Return	Median Sharpe Ratio	Median Info. Ratio	Median Standard Deviation
Over $10B	4.08%	0.17	0.64	16.36%
$2 - 10B	4.47%	0.22	0.62	16.22%
$1 - 2B	5.65%	0.27	0.83	16.24%
$500M - $1B	4.96%	0.23	0.59	16.64%
Under $500M	5.46%	0.30	0.59	15.88%



* Among products excluded from study universe are: fixed income funds; international equity funds; international fixed income funds; hedge funds; REIT funds; mutual funds; balanced funds; index funds; enhanced index funds; cash equivalent funds; specialty funds – e.g., sector funds; and duplicate product offerings.
**Based on firms with available historical team data.

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RISK COMPARISION
vs. S&P 500 Index

Five Year Period Ending 12/31/05

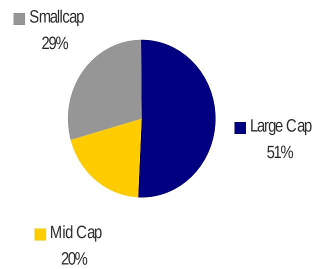
12/00 Total Firm AUM Range	Median R^2 vs. Market BM	Median R^2 vs. Custom Style BM	Median T.E. vs. Style BM
Over $10B	79.89	96.33	8.00
$2 - 10B	73.71	94.75	8.98
$1 - 2B	73.68	94.14	9.43
$500M - $1B	69.65	92.88	10.11
Under $500M	72.16	92.00	9.07

- Emerging managers – generally higher tracking error and lower R-squared to market and style benchmarks.

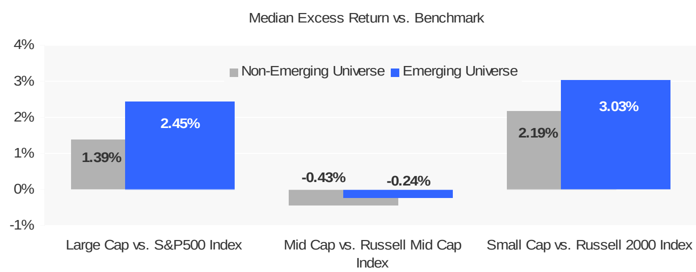
12/00 Total Firm AUM Range	Capture Ratios Upside	Capture Ratios Downside	Capture Ratios Downside Std. Dev.
Over $10B	122.40	96.84	11.10
$2 - 10B	118.12	92.92	11.02
$1 - 2B	127.47	89.33	10.97
$500M - $1B	122.79	93.14	11.01
Under $500M	113.82	86.25	10.52

- Emerging managers – lower downside participation, comparable upside participation.

DOMESTIC EQUITY EMERGERING UNIVERSE
Breakdown By Strategy Focus



EXCESS RETURN BY STYLE/STRATEGY FOCUS



- Excess Return versus S&P 500, Russell Mid Cap, Russell 2000 Indices.
- 2000-2005 was a period of mid/small capitalization bias; active strategies outperformed well relative to indices.
- The emerging manager advantages persist.

KEY FINDINGS

- Overall, emerging managers continue to perform better than larger firms.
- Emerging managers are shown to be taking portfolio risk similar to, or less than, larger managers.
- Emerging managers generally perform better than larger managers in down markets; during the most recent up market period, however, emerging managers also outperformed their larger peers.
- Characteristics of emerging firms that appear to correlate with better performance include single product focus, employee ownership, and portfolio liquidity.
- The rate of new firm formation has increased from its 2002 level, and continues to be led primarily by prior investment teams or individuals with experience working together.

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