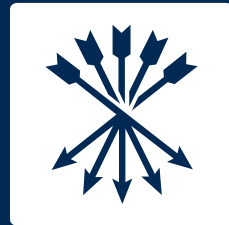


A Tradition of Excellence

ROTHSCHILD ASSET MANAGEMENT



AN ENDURING LEGACY

Following the advice of their father, the five sons of Mayer Amschel Rothschild each set up office in one of the great financial capitals of Europe — London, Paris, Frankfurt, Vienna and Naples — to create what is considered the world's first financial network.

By sharing their knowledge and working effectively as a team, the five brothers leveraged their combined experience, information and resources to gain a competitive advantage over other firms. As a result, their business prospered, and the firm eventually grew to become known as the “world's banker.”

The Rothschild family of companies continues to flourish today because the original principles that helped to build its business — integrity, teamwork and professional excellence — continue to define its culture. This tradition endures at Rothschild Asset Management.



THE FIVE ARROWS

The five interconnected arrows in the Rothschild Group's symbol represent the founder's five sons and serve as a reminder that strength comes from unity and teamwork.

ROTHSCHILD ASSET MANAGEMENT

Rothschild Asset Management is a leading investment management firm, with headquarters in New York City, that was first registered as an investment advisor with the SEC in 1970. It is an independently operated business unit of the Rothschild Group, a global financial services organization founded in the 18th century.

We offer investment management services covering the full range of U.S. equities, including large-cap, mid-cap, small/mid-cap, small-cap and all-cap accounts. We also offer balanced accounts that combine equity and fixed income investments, as well as long/short (130/30) accounts. In managing these strategies, we use a disciplined investment process that blends a proprietary stock-ranking system with fundamental analysis by our experienced team of investment managers. Our objective is to achieve superior performance with controlled risk.

The firm manages assets for a broad range of clients, including corporations, endowments, foundations, healthcare organizations, high-net-worth investors, public pension funds and Taft-Hartley plans.

**“WE ARE LIKE THE MECHANISM OF A WATCH:
EACH PART IS ESSENTIAL.”**

Salomon Rothschild, 1818

A DISCIPLINED APPROACH TO INVESTING

At Rothschild Asset Management, a highly disciplined approach to investing, applied consistently across all of our investment strategies, helps our clients meet their investment objectives.

*Our investment process combines sophisticated **quantitative tools** with **fundamental research** by our portfolio managers to identify attractive stocks. We emphasize risk controls throughout the investment process – from stock selection through portfolio construction – because we believe they are crucial to achieving consistent results over time.*

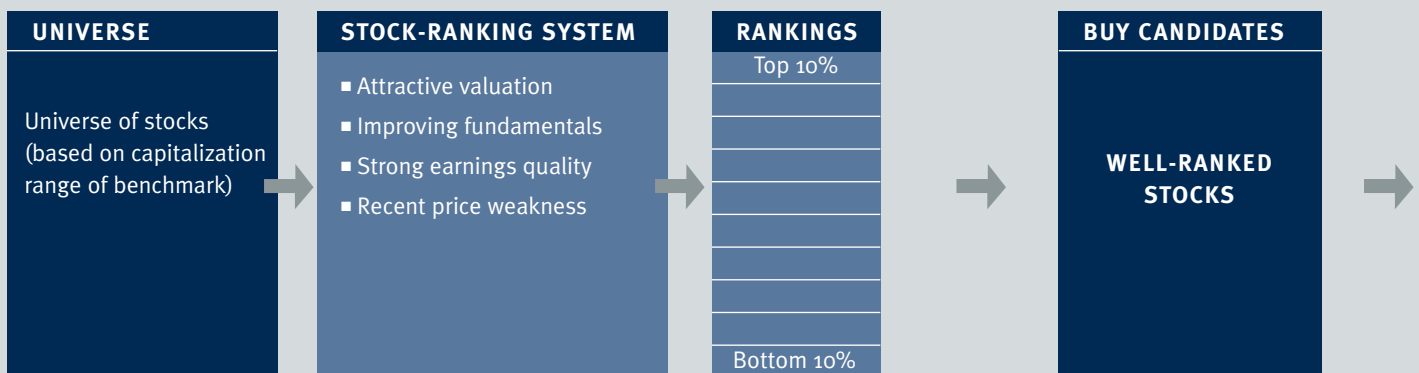
Stock-Ranking System

Our process begins with a proprietary stock-ranking system designed to identify stocks that are likely to outperform the market because they are attractively valued, with potential to report a positive earnings surprise. The ranking system uses a combination of factors that measures valuation, potential for earnings surprise, earnings quality and short-term price reversal.

Our ranking system was first introduced in 1990 and has been enhanced by our team over the years. It is not a “black box,” but rather an excellent tool for stock selection. It provides a systematic and repeatable way of evaluating potential opportunities, as well as a clear discipline for our sale decisions. By removing emotion from the decision-making process, we are able to take advantage of opportunities created by investors who are less disciplined.

1 STEP 1: STOCK-RANKING SYSTEM

- Objectively evaluate a large number of stocks relative to industries and markets
- Numerous variables are used to rank each stock
- Rank stocks from the most attractive (Top 10%) to the least attractive (Bottom 10%)
- Focus on stocks with the highest probability of outperformance



Fundamental Analysis

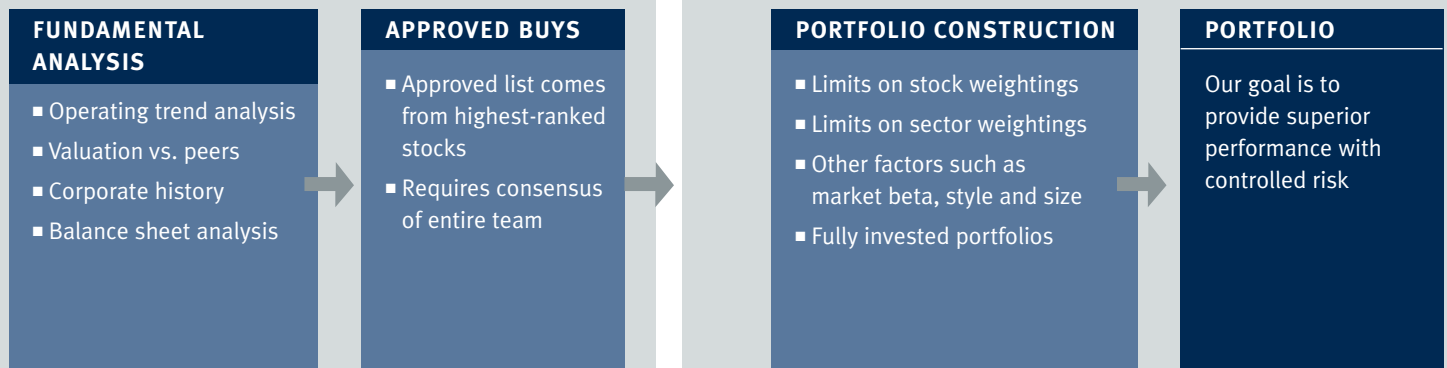
The second stage in our investment process is a fundamental review of highly ranked stocks by our investment team. While the ranking system excels at comparing large numbers of stocks objectively, fundamental research is necessary to evaluate the broad range of company-specific information that may support or contradict the rankings.

Our investment staff is organized into three teams, each of which focuses on a capitalization range (small-, mid- or large-cap stocks). Team members function as both analysts and portfolio managers, with responsibility for researching stocks in specific economic sectors and for managing portfolios. The team structure helps to ensure that decisions conform to Rothschild's disciplined investment approach, and that all team members focus on their common goal of achieving the best possible results for our clients.

Potential purchases are reviewed first by the team member responsible for the sector to which the stock is assigned. The goal of this review is to determine whether a stock's favorable rank is justified, using information that is not reflected in the ranking system. Our information sources include SEC filings, reports by Wall Street analysts, news releases, company presentations, conference calls and meetings with management. We compare a company to its closest competitors on a variety of factors to determine whether the valuation is attractive, and we analyze the influences on earnings to determine whether trends are sustainable. We also analyze risk factors in a company's business and finances to eliminate stocks with an unfavorable risk/reward trade-off.

- 2 STEP 2: FUNDAMENTAL ANALYSIS**
- Conduct security analysis of well-ranked stocks
 - Consider nonquantifiable factors
 - Identify well-ranked stocks that make fundamental sense

- 3 STEP 3: PORTFOLIO CONSTRUCTION**
- Create customized portfolio suited to mandate and client objectives
 - Control risks
 - Avoid style drift



Once the fundamental review is complete, the team member presents the case for or against approval to the full team, which may reach a decision immediately or request further research. Decisions are normally made by consensus, occasionally by majority vote.

Our sale decisions are equally disciplined. If a stock is poorly ranked or is not performing as we expect, we do not hesitate to sell it in order to upgrade the quality of the portfolio. Again, the sell decision is a collective one.

Portfolio Construction

Our equity portfolios are normally fully invested, with no more than 3% of assets in cash. Our goal is to maximize a portfolio's exposure to attractive stocks, while controlling factors such as market sensitivity, sector weights and macroeconomic exposures that are powerful but highly volatile drivers of investment returns. We also limit holdings of individual stocks to prudent levels based on a stock's market capitalization and trading volume. Our goal is to make sure that portfolios reflect what we do best: identifying individual stocks whose potential has not been recognized by the market.

STOCK-RANKING SYSTEM

The key factors used in our proprietary stock-ranking system are:

RELATIVE VALUATION: We compare the valuations of stocks with similar businesses, using such measures as cash flow, earnings and revenue to identify stocks that are attractively valued.

POTENTIAL FOR EARNINGS SURPRISE: We use recent changes in analysts' estimates and price trends to identify stocks with potential for positive earnings surprise.

EARNINGS QUALITY: We use balance-sheet trends to identify stocks with strong cash generation that may indicate unrecognized earnings potential.

SHORT-TERM PRICE REVERSAL: We use one-month returns to identify stocks that are attractive because of recent price weakness.

“IT REQUIRES A GREAT DEAL OF BOLDNESS,
AND A GREAT DEAL OF CAUTION, TO MAKE
A GREAT FORTUNE.”

Nathan Mayer Rothschild, 1834

Managing Risk

We know that we cannot add value for our clients without taking risk, so our focus is on identifying intelligent risks – the risks that are most likely to contribute to outperforming our benchmark and least likely to cause unnecessary volatility. We emphasize risk control throughout the investment process:

- ***Investment Universe:*** We use strict guidelines on trading history, liquidity and market capitalization to ensure that all stocks we consider have met certain minimum requirements and are appropriate for the portfolio’s benchmark.
- ***Stock-Ranking System:*** Our objective ranking system helps us avoid momentum stocks and stocks with deteriorating earnings potential.
- ***Fundamental Research:*** We reject stocks that we consider too risky because of their business prospects, financial condition or other factors such as legal liabilities.
- ***Portfolio Construction:*** We diversify portfolios to avoid concentrated exposures to sectors and other risk factors, as well as to limit concentrations in individual stocks.
- ***Portfolio Monitoring:*** Our portfolio managers, administrative staff and compliance officers work together to oversee adherence to the account’s investment policy, including its objectives, investment restrictions and ethical standards.

Over the years, Rothschild Asset Management has compiled a record of highly competitive, long-term investment returns across market cycles. Much of our success comes from our focus on taking intelligent risk.

INVESTMENT TEAM

Building on a Disciplined Process

Over many years, Rothschild Asset Management has built a cohesive team of experienced professionals dedicated to a common investment process. Our team members act as both portfolio managers and analysts, participating fully in their team's decisions. Our standard for team participation is: "Say what you think and do what you say." Team leaders are expected to lead by example, helping other team members develop their full potential.

We focus on discipline, process and teamwork, not on developing individual "stars." Yet we have found that our environment is attractive to many talented professionals. As a result, our portfolio manager retention rates are among the strongest in our industry. This, in turn, contributes to longstanding client relationships.

A STABLE, SUCCESSFUL, PORTFOLIO MANAGEMENT TEAM

INVESTMENT EXPERIENCE: An average of almost 20 years of service in the investment industry.

ROTHSCHILD EXPERIENCE: An average of almost 8 years of service at Rothschild Asset Management.

COMMON FOUNDATION: Continuity and consistency result from commitment to a common investment process across the entire U.S. equity universe.

“OUR STRENGTH COMES FROM UNITY.”

James de Rothschild, 1865

Conscientious Oversight

Teams of Rothschild Asset Management investment professionals meet regularly to oversee the consistent use and application of the firm’s investment process and policies.

Investment Committee

The Investment Committee reviews all investment products at least quarterly. This provides assurance that all guidelines are met and all regulatory requirements are fulfilled.

Quantitative Research Committee

This committee meets weekly to review the performance of the quantitative tools used as part of the firm’s stock-ranking system and to discuss any potential enhancements. In addition, the group reviews academic literature and engages in lively debate on new applications of quantitative research.

Proxy Committee

This committee oversees and manages the process by which Rothschild Asset Management votes proxies on behalf of clients who have delegated this responsibility to the firm. It creates and maintains the firm’s proxy voting policies and reviews all proxy votes to ensure that they are cast according to firm or client guidelines. The firm votes all proxies that it is eligible to vote.

SPECIALISTS IN MANAGEMENT OF U.S. SECURITIES

- U.S. large-cap core
- U.S. large-cap value
- U.S. mid-cap core
- U.S. mid-cap value
- U.S. small/mid-cap core
- U.S. small/mid-cap value
- U.S. small-cap core
- U.S. small-cap value
- U.S. small-cap growth
- U.S. all-cap
- U.S. balanced
- U.S. large-cap short extension (130/30)

“WE BELIEVE IN THE MERITS OF OUR MODEL. IT OFFERS CLIENTS THAT WHICH IS MOST PRECIOUS: CONFIDENCE, EXPERIENCE, AND ETHICS.”

David de Rothschild, 2001

WHAT SETS US APART

- **A TIME-TESTED PROCESS BASED ON SOUND INVESTMENT PRINCIPLES**
- **AN EXPERIENCED TEAM WITH A COHESIVE INVESTMENT CULTURE**
- **SUPERIOR PERFORMANCE, CONSISTENTLY ACHIEVED**

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