ADVANCED INVESTMENT PARTNERS

iQ

A Quarterly Update for the Investment Community

QUARTER 4: 2008

Jon E. Quigley, CFA
Managing Partner,
Investment Management

"A Climate Change by Any Name" part 2

Making our Socially-Responsible Strategy Sustainable

As with most of our eight investment strategies, we custom-built AIP's Socially-Responsible LargeCap Strategy for a large client. We combined the quantitative forecasting and portfolio construction methodology we use in all of our investment strategies with the experience and expertise of KLD Research and Analytics® in socially-responsible screening to build an investment strategy which emulates the characteristics of our long-established LargeCap strategy, while omitting stocks from industries traditionally considered to have a negative impact on society (alcohol, tobacco, firearms, nuclear, and gaming). In late 2007, we added companies doing significant business with the Sudan to our restricted list.

The strategy has adhered to the aforementioned guidelines and has performed to our expectations over the past four-plus years, having outpaced both the S&P 500 Index® and the Domini 400® (please contact AIP for composite results). As we moved through 2008, we believed the time was right to take advantage of vastly improved coverage and data quality of environmental, social, and governance (ESG) research, thereby making our core socially-responsible strategy more robust. Our vision included the introduction of positive ESG scoring and increased diversity and granularity in our strategy offerings. Having incorporated the changes described below, AIP's Socially-Responsible strategy becomes our Sustainable Responsible LargeCap (SRL) strategy.

Introducing Positive Scoring

Since the strategy's inception in 2004, we have relied on KLD to provide us with the aforementioned industry and country screens. As we looked to evolve and improve our offering via the inclusion of positive ESG scores, we established a partnership with ASSET4®, a Swiss firm founded in 2003, which spans the globe with ESG research covering over 2,500 companies. ASSET4®'s database offers hundreds of customizable metrics with the ability to drill into supporting documentation to allow for complete transparency. This allows us to evolve from a "plain-vanilla" socially-responsible strategy (read – simple exclusion of certain industries) to a set of more customized sustainable and responsible investment (SRI) strategies.

The introduction of positive scoring comes with its own issues. ASSET4®'s Equal-Weighted Rating, for instance, derives one quarter of its weight from economic, environmental, social, and governance scores. However, with AIP's underlying forecasting process including fundamental analysis, our research shows the use of ASSET4®'s economic pillar to be redundant and ineffective.[i] Therefore, we have stripped ASSET4®'s economic score out of their Equal-Weighted Rating

continued inside >

Firm Overview

- A pioneer in advanced quantitative investment strategies
- Founded in 1996
- Based in Safety Harbor, FL
- Principals own meaningful equity stake
- Manages the following strategies for clients in the US and Europe:
  - — MaxCap
  - — MaxCap Value
  - — LargeCap
  - — LargeCap Socially Responsible
  - — AllCap
  - — TaxManaged AllCap
  - — TaxManaged LargeCap
  - — SMidCap

ADVANCED INVESTMENT PARTNERS

continued from page one >

ASSET4® - End 2007 Rankings*	
Consumer Staples	66.6%
Utilities	64.8%
Industrials	62.3%
Materials	61.8%
Technology	53.8%
Health Care	49.8%
Retail	49.1%
Energy	48.8%
Consumer Discretionary	48.7%
Financials	42.9%
Services	39.7%
AVERAGE	51.7%

*ASSET4® normalizes company ratings from 0 to 100, with 50 the median score. Higher scores are more desirable. (Source: ASSET4®, AIP Research)

and re-blended the three remaining components to better complement our proprietary stock forecasts.

For AIP, building core portfolios necessarily means avoiding systematic biases and focusing instead on pure stock selection as the primary source of active risk. However, we have found that ESG data tends to be systematically biased. For example, the Services sector ranked lowest in ASSET4®'s equal-weighted scoring of environmental, social, and governance metrics, followed by the Financial sector. Conversely, sectors such as Consumer Staples and Utilities rank highest (see table above for a full breakdown).

In order to maintain the core nature of our sustainable strategies, we have normalized ASSET4®'s ESG scores within each economic sector and we have repeated that process for each industry as well. This enables us to implement a "best-in-class, best-of-breed" approach to SRI, wherein the companies with the best ESG ranks in any sector are favored and those in the bottom quintile of a given sector are avoided. Thus, AIP's sustainable portfolios remove any broad sector bias which might have been introduced via positive ESG scoring.

Removing the Nuclear Restriction

Another change we made to the process is the removal of the nuclear constraint. This legacy constraint traces its roots directly to the Three Mile Island and Chernobyl accidents. These two events were devastating in nature; however, we believe the time to cast aspersions across all companies involved in the production of nuclear energy has passed.

We are removing the nuclear restrictions from our strategy for three reasons. First, while legitimate safety concerns linger, Generation 3 and Generation 4 nuclear power plants offer significantly increased safety in the form of improved "passive safety systems, longer lifelines, optimized fuel use, reduced construction time, reduced waste, and increased proliferation resistance.[ii]" Second, several companies that are involved in nuclear power generation are at the vanguard of alternative energy. NRG Energy and FPL are notable examples of this trend. Finally, nuclear power is one of Princeton University's seven "wedges," or choices, for policymakers to curb greenhouse gas emissions.[iii] Note that while we have removed this restriction from our strategy, an individual client may still direct AIP to prohibit ownership of nuclear companies in his or her portfolio.

Putting our Experience with Customized Solutions to Good Use

Our new SRL strategy maintains its previous restrictions (minus nuclear), but also ensures the ESG attributes of the portfolio exceed those of the S&P 500® benchmark. We have simultaneously developed a more narrowly defined set of value-based strategies to complement the basic SRL strategy.

Our new SRL Green strategy favors companies with strong environmental records as measured by environmentally friendly product innovation, efforts to diminish use of resources, and improved emissions control. Borrowing from techniques used in the SRL strategy, we normalize ASSET4®'s environmental score by economic sector. We eliminate any stock whose environmental score ranks in the bottom quintile of its sector and the portfolio's weighted environmental score is constrained to be higher than the S&P 500® Index's weighted rank.

This strategy follows the same dual-benchmark strategy as the SRL Strategy: the S&P 500® as primary benchmark (4-5% ex ante active risk), with a shadowing of our LargeCap portfolio as the secondary benchmark (1.5% ex ante active risk). Again, this allows us to build a truly green core portfolio which emulates our well-established LargeCap strategy. Companies in the alcohol, tobacco, firearms, and gaming industries are not automatically restricted from the SRL Green strategy. Thus, rather than a "green" strategy which is narrowly invested in alternative energy, we offer our clients a strategy which invests across the U.S. large cap spectrum, favoring companies in every sector which are at the vanguard of environmental protection within their respective peer group.

Other value-based strategies we are now able to implement include: a Catholic strategy which not only restricts companies involved in alcohol, tobacco, gaming, abortion, stem-cell research, and pornography, but also encourages investments in companies with strong records of human rights and board diversity; a Methodist strategy which restricts alcohol, tobacco, gaming, pornography, land mines, defense, and nukes, while again encouraging board diversity, human rights, and environmental awareness; and a Sharia-compliant strategy which should be available in short-order (all of these will follow the unique dual-benchmark strategy described above). In fact, as discussed by Bill Gates' "The Road Ahead" and as seen with the ubiquitous iPhone, we believe our Sustainable and Responsible LargeCap strategy can be customized to meet almost any individual needs (think of animal rights metrics underlying a PETA or Humane Society endowment).

Looking in the Mirror

No company could conduct the amount of research we have and not help but think about what it can do to increase the sustainability and responsibility of its business. We at AIP have taken many steps to improve our awareness of corporate sustainability and responsibility, and we continue to evaluate opportunities to improve. Among the small steps we've taken:

- We have become members of the Social Investment Forum, a group of 500 investment practitioners and institutions who integrate economic, environmental, social, and governance information into our respective investment processes. Learn more at www.socialinvest.org.
- We are one of 226 investment managers across the globe to sign the United Nations' Principles for Responsible Investment, a six-point framework for incorporating ESG issues in investing. The Principles reflect the notion that ESG issues can affect the performance of investment portfolios and that applying the six Principles may better align investors with the broader objectives of society. Learn more at www.unpri.org.
- We are one of 25 global investment managers to sign a request that brokers continue to support and expand ESG research, even as budgets are pared.
- We have signed a letter to urge companies to review their suppliers' possible use of child labor to source cotton in Uzbekistan.

Within our office, we focus on several simple initiatives:

- Shredding and recycling used paper
- Donating dated office furniture, computers, and peripherals
- Curbing printing by using both sides of paper when copying and printing and using an eco-friendly font which reduces printer ink use by 20% (learn more at www.ecofont.eu)
- Turning on only one of two overhead lights in our offices and ensuring lights are turned off when we depart for the evening
- Using blinds to regulate sunlight and modulate heating/cooling needs
- Using fully or partially recycled and/or green office supplies and paper where practical

There are so many simple things we can all do to curb our footprint. Let's remember that these small steps we take are not really going to save the planet. Earth has endured much worse. The history of our planet tells us this is more about improving the quality of our lives.

[i] We examined the return spread between the highest and lowest rated quintile of stocks for the original ASSET4® Equal-Weighted Rating and our revised ratings. Using a 12-month holding period and annual rebalancing, we found our revised ratings outperformed the ASSET4® Equal-Weighted rating by nearly 3% per annum over the past six and one-half years.

[ii] Eurosif Nuclear Sector Report, May 2008.

[iii] S. Pacala and R. Socolow, "Stabilization Wedges: Solving the Climate Problem for the Next 50 Years with Current Technologies," Science 305 (2004): 968-72.

	MaxCap	MaxCap Value
Benchmark	S&P 100	Russell Top 200 Value

Quarterly Performance Attribution[3]

MaxCap

Best Active Performance Policies:

- Style – Overweighted Earnings Yield; Underweight Leverage
- Sector – Overweight Energy and Consumer Services; Underweight Health Care
- Industry – Overweight Drugs and Restaurants; Underweight Oil Services and Medical Products
- Stocks – Overweight Occidental Petroleum, ExxonMobil, Chevron, NYSE Euronext, and Walmart Stores

Worst Active Performance Policies:

- Style – Underweight Volatility
- Sector – Underweight Telecom and Utilities
- Industry – Overweight Medical Services; Underweight Telephone
- Stocks – Overweight Altria Group, Pepsico, IBM, Merck, and Pfizer

MaxCap Value

Best Active Performance Policies:

- Style – Overweight Momentum; Underweight Leverage
- Sector – Overweight Consumer Services and Health Care
- Industry – Overweight Restaurants and Banks; Underweight Media
- Stocks – Overweight Chevron, Walmart Stores, and CVS Caremark; Underweight Citigroup and Bank of America

Worst Active Performance Policies:

- Style – Underweight Volatility
- Sector – Overweight Energy; Underweight Telecom and Utilities
- Industry – Overweight Energy Reserves and Oil Refining; Underweight Telephone, Electric Utility and Property/Casualty
- Stocks – Overweight PNC Financial Services, Northrop Grumman, and Boston Scientific; Underweight Exxon Mobil and Procter & Gamble

Portfolio Content

	MaxCap	MaxCap Value
Universe	S&P 100	Russell Top 200 Value
Trailing 12-month Turnover	60%	78%
Number of Holdings	35	37
Cash Level	3.3%	2.5%

Top 10 Holdings[3]

MaxCap

- ExxonMobil
- Chevron
- Pfizer
- IBM
- Walmart
- Coca Cola
- Hewlett Packard
- McDonald's
- Occidental Petroleum
- Merck & Company

MaxCap Value

- ExxonMobil
- Chevron
- JP Morgan Chase
- Wells Fargo
- Amgen
- Johnson & Johnson
- ConocoPhillips
- Eli Lilly
- Pfizer
- AT&T

Portfolio Characteristics[3]

MaxCap

Barra Risk Factors	MaxCap	S&P 100	Difference
Currency Sensitivity	0.01	–0.02	0.03
Earnings Variation	–0.21	–0.10	–0.11
Earnings Yield	0.20	0.06	0.14
Growth	–0.11	–0.09	-0.02
Leverage	–0.44	–0.28	–0.16
Momentum	0.12	0.01	0.11
Size	0.93	0.91	0.02
Trading Activity	–0.03	–0.07	0.04
Value	–0.14	–0.09	–0.05
Volatility	–0.38	–0.28	–0.10
Yield	0.14	0.19	–0.05

MaxCap Value

Barra Risk Factors	MaxCap Value	Russell Top 200 Value	Difference
Currency Sensitivity	-0.02	0.00	-0.02
Earnings Variation	0.01	-0.01	0.02
Earnings Yield	0.22	0.19	0.03
Growth	-0.10	-0.14	0.04
Leverage	-0.34	-0.20	-0.14
Momentum	0.11	-0.06	0.17
Size	0.79	0.81	-0.02
Trading Activity	0.06	0.04	0.02
Value	0.06	0.17	-0.11
Volatility	-0.26	-0.16	-0.10
Yield	0.27	0.40	-0.13

Sector Weights[3]

MaxCap

Sector Weights	MaxCap	S&P 100	Difference
Consumer Discretionary	7.1%	4.6%	2.5%
Consumer Staples	12.3	13.8	–1.5
Energy	18.6	13.9	4.7
Financials	12.2	11.9	0.3
Health Care	14.2	15.0	–0.8
Industrials	11.5	6.7	4.8
Materials	2.7	3.6	–0.9
Retail	4.9	5.3	–0.4
Services	3.2	6.8	–3.6
Technology	13.3	16.6	–3.3
Utilities	0.0	1.8	–1.8

MaxCap Value

Sector Weights	MaxCap Value	Russell Top 200 Value	Difference
Consumer Discretionary	5.3%	5.1%	0.2%
Consumer Staples	9.5	10.0	-0.5
Energy	25.0	19.5	5.5
Financials	21.3	21.4	-0.1
Health Care	18.7	16.0	2.7
Industrials	7.0	5.7	1.3
Materials	1.9	4.3	-2.4
Retail	4.9	3.2	1.7
Services	3.1	8.5	-5.4
Technology	3.3	2.4	0.9
Utilities	0.0	3.9	-3.9

Performance (as of 12.31.08)

MaxCap

Performance		MaxCap Pure Gross of Fees[2]	MaxCap Net of Fees	S&P 100
Fourth Quarter 2008[1]				
Year to Date 2008[1]				
Annualized Total Return	1 year	For performance data, contact Laurie Watson at (888) 248-8324		
	3 years			
	5 years			
	Since Inception[1]			

Inception Date – 07.01.98

MaxCap Value

Performance		MaxCap Value Pure Gross of Fees[2]	MaxCap Value Net of Fees	Russell Top 200 Value
Fourth Quarter 2008[1]				
Year to Date 2008[1]				
Annualized Total Return	1 year	For performance data, contact Laurie Watson at (888) 248-8324		
	3 years			
	5 years			
	Since Inception[1]			

Inception Date – 06.01.02

LargeCap

S&P 500

Best Active Performance Policies:

- Style – Overweight Momentum; Underweight Leverage and Currency Sensitivity
- Sector – Overweight Health Care and Consumer Services
- Industry – Overweight Restaurants and Drugs; Underweight Medical Services and Medical Products
- Stocks – Overweight MBIA, Diamond Offshore, ExxonMobil, McDonald's, and Hewlett Packard

Worst Active Performance Policies:

- Style – Underweight Volatility and Earnings Yield
- Sector – Overweight Financials; Underweight Utilities and Telecom
- Industry – Variable exposure to Banks and Equity REITs; Underweight Electric Utilities
- Stocks – Overweight Fluor, Jabil Circuit, Consol Energy, Northern Trust, and Mastercard

Universe . . . . S&P 500 + 400 largest in Russell 1000
Trailing 12-month Turnover 96%
Number of Holdings 64
Cash Level 2.1%

- ExxonMobil
- Walmart
- Chevron
- Procter & Gamble
- McDonald's
- Pfizer
- Abbott Labs
- Celgene
- Hewlett Packard
- Intel

Barra Risk Factors	LargeCap	S&P 500	Difference
Currency Sensitivity	-0.14	0.01	-0.15
Earnings Variation	-0.05	-0.06	0.01
Earnings Yield	0.03	0.05	-0.02
Growth	-0.08	-0.07	-0.01
Leverage	-0.16	-0.11	-0.05
Momentum	0.19	-0.04	0.23
Size	0.34	0.36	-0.02
Trading Activity	0.08	0.05	0.03
Value	-0.16	-0.03	-0.13
Volatility	-0.15	-0.10	-0.05
Yield	0.03	0.08	-0.05

Sector Weights	LargeCap	S&P 500	Difference
Consumer Discretionary	7.9%	5.5%	2.4%
Consumer Staples	11.2	11.8	-0.6
Energy	17.6	12.0	5.6
Financials	17.7	13.8	3.9
Health Care	15.3	14.4	0.9
Industrials	2.6	7.4	-4.8
Materials	4.1	4.8	-0.7
Retail	7.8	5.1	2.7
Services	4.5	6.5	-2.0
Technology	11.3	14.6	-3.3
Utilities	0.0	4.1	-4.1

Performance		LargeCap Pure Gross of Fees[2]	LargeCap Net of Fees	S&P 500
Fourth Quarter 2008[1]				
Year to Date 2008[1]				
Annualized Total Return	1 year			
	3 years			
	5 years			
	Since Inception[1]			

For performance data, contact Laurie Watson at (888) 248-8324

Inception Date – 05.01.99

SR LargeCap

S&P 500

Best Active Performance Policies:

- Style – Underweight Leverage and Currency Sensitivity
- Sector – Overweight Health Care, Consumer Services, and Energy
- Industry – Overweight Restaurants and Drugs; Underweight Oil Services
- Stocks – Overweight Autozone, First Horizon, Chevron, ExxonMobil, and Tesoro

Worst Active Performance Policies:

- Style – Underweight Volatility and Earnings Yield
- Sector – Overweight Financials; Underweight Utilities
- Industry – Overweight Equity REITs; Underweight Banks and Electric Utilities
- Stocks – Overweight Kimco Realty, MBIA, Sysco, CenturyTel, and MGIC Investment Corporation

Universe . . . . S&P 500 + 400 largest in Russell 1000
Trailing 12-month Turnover 93%
Number of Holdings 64
Cash Level 2.1%

- ExxonMobil
- Chevron
- Walmart
- Hewlett-Packard
- McDonald's
- JP Morgan Chase
- Autozone
- IBM
- Eli Lilly
- Occidental Petroleum

Barra Risk Factors	SR LargeCap	S&P 500	Difference
Currency Sensitivity	-0.14	0.01	-0.15
Earnings Variation	-0.07	-0.06	-0.01
Earnings Yield	0.03	0.05	-0.02
Growth	-0.07	-0.07	0.00
Leverage	-0.13	-0.11	-0.02
Momentum	0.21	-0.04	0.25
Size	0.31	0.36	-0.05
Trading Activity	0.11	0.05	0.06
Value	-0.17	-0.03	-0.14
Volatility	-0.14	-0.10	-0.04
Yield	-0.02	0.08	-0.10

Sector Weights	SR LargeCap	S&P 500	Difference
Consumer Discretionary	7.5%	5.5%	2.0%
Consumer Staples	9.8	11.8	-2.0
Energy	16.7	12.0	4.7
Financials	16.8	13.8	3.0
Health Care	16.6	14.4	2.2
Industrials	2.7	7.4	-4.7
Materials	3.7	4.8	-1.1
Retail	9.1	5.1	4.0
Services	5.2	6.5	-1.3
Technology	11.9	14.6	-2.7
Utilities	0.0	4.1	-4.1

Performance		SR LargeCap Pure Gross of Fees[2]	SR LargeCap Net of Fees	S&P 500
Fourth Quarter 2008[1]				
Year to Date 2008[1]				
Annualized Total Return	1 year			
	3 years			
	5 years			
	Since Inception[1]			

For performance data, contact Laurie Watson at (888) 248-8324

Inception Date – 12.01.04

AllCap

Russell 3000

Best Active Performance Policies:

- Style – Overweight Momentum; Underweight Leverage
- Sector – Overweight Consumer Services and Commercial Services; Underweight Health Care
- Industry – Overweight Restaurants and Industrial Services; Underweight Oil Services and Medical Services
- Stocks – Overweight Chevron, Walmart Stores, Granite Construction, Walt Disney, and Affiliated Computer Services

Worst Active Performance Policies:

- Style – Underweight Volatility and Size Non-Linearity
- Sector – Overweight Financials; Underweight Utilities and Technology
- Industry – Overweight Securities & Asset Management; Underweight Banks and Electric Utilities
- Stocks – Overweight Western Union, Sysco, Janus Capital, MBIA, and Northern Trust

Universe . . . . . . Russell 3000
Trailing 12-month Turnover 116%
Number of Holdings 65
Cash Level 0.7%

- Chevron
- Walmart
- ExxonMobil
- McDonald's
- Hewlett-Packard
- Eli Lilly
- Sysco
- Intel
- IBM
- Pfizer

Barra Risk Factors	AllCap	Russell 3000	Difference
Currency Sensitivity	-0.20	-0.02	-0.18
Earnings Variation	-0.02	0.02	-0.04
Earnings Yield	0.03	0.01	0.02
Growth	-0.09	-0.01	-0.08
Leverage	-0.08	0.01	-0.09
Momentum	0.18	-0.02	0.20
Size	-0.12	-0.05	-0.07
Trading Activity	0.00	0.02	-0.02
Value	-0.11	0.01	-0.12
Volatility	-0.07	0.03	-0.10
Yield	-0.07	0.01	-0.08

Sector Weights	AllCap	Russell 3000	Difference
Consumer Discretionary	9.2%	6.2%	3.0%
Consumer Staples	8.5	10.5	-2.0
Energy	15.8	10.8	5.0
Financials	18.5	15.2	3.3
Health Care	12.1	14.2	-2.1
Industrials	2.6	7.6	-5.0
Materials	3.1	5.0	-1.9
Retail	8.3	5.0	3.3
Services	8.5	6.9	1.6
Technology	13.4	14.3	-0.9
Utilities	0.0	4.3	-4.3

Performance	AllCap Pure Gross of Fees[2]	AllCap Net of Fees	Russell 3000
Fourth Quarter 2008[1]			
Year to Date 2008[1]			
Annualized Total Return: 1 year			
3 years			
5 years			
Since Inception[1]			

For performance data, contact Laurie Watson at (888) 248-8324

Inception Date – 01.01.97

SMidCap

Russell 2500

Best Active Performance Policies:

- Style – Overweight Earnings Yield; Underweight Leverage and Currency Sensitivity
- Sector – Overweight Commercial Services; Underweight Energy
- Industry – Overweight Construction & Real Property and Industrial Services; Underweight Energy Services and Oil Services; variable exposure to Equity REITs
- Stocks – Overweight Capella Education Group, Greenhill, ITT Educational Services, Cephalon, and Granite Construction

Worst Active Performance Policies:

- Style – Underweight Volatility and Size Non-Linearity
- Sector – Overweight Consumer Cyclicals; Underweight Utilities, Health Care and Technology
- Industry – Overweight Clothing Stores and Apparel & Textiles; Underweight Banks, Electric Utilities, and Gas Utilities
- Stocks – Overweight Ferro, Janus Capital, Matrix Services, Kansas City Southern, and Ashland

Universe . . . . . . Russell 2500
Trailing 12-month Turnover 111%
Number of Holdings 125
Cash Level 1.1%

- ITT Educational Services
- Cephalon
- Granite Construction
- PS Business Parks
- Essex Property Trust
- Lexmark International
- Greenhill & Company
- BJ's Wholesale Club
- Capella Education
- Haemonetics

Barra Risk Factors	SMidCap	Russell 2500	Difference
Currency Sensitivity	-0.44	-0.21	-0.23
Earnings Variation	0.17	0.34	-0.17
Earnings Yield	-0.09	-0.26	0.17
Growth	0.12	0.15	-0.03
Leverage	0.53	0.67	-0.14
Momentum	0.24	0.08	0.16
Size	-2.22	-2.17	-0.05
Trading Activity	0.03	-0.06	0.09
Value	0.08	0.22	-0.14
Volatility	0.47	0.61	-0.14
Yield	-0.42	-0.28	-0.14

Sector Weights	SMidCap	Russell 2500	Difference
Consumer Discretionary	13.7%	8.6%	5.1%
Consumer Staples	1.5	4.0	-2.5
Energy	2.2	4.4	-2.2
Financials	24.3	21.3	3.0
Health Care	11.7	13.3	-1.6
Industrials	4.9	9.7	-4.8
Materials	4.2	6.0	-1.8
Retail	9.1	5.2	3.9
Services	12.7	8.8	3.9
Technology	14.1	12.2	1.9
Utilities	1.6	6.5	-4.9

Performance	SMidCap Pure Gross of Fees[2]	SMidCap Net of Fees	Russell 2500
Fourth Quarter 2008[1]			
Year to Date 2008[1]			
Annualized Total Return: 1 year			
3 years			
5 years			
Since Inception[1]			

For performance data, contact Laurie Watson at (888) 248-8324

Inception Date – 11.01.02

Notes to Composite Performance Presentations

Advanced Investment Partners is a registered investment advisor specializing in the professional management of investment portfolios utilizing advanced quantitative techniques. The firm claims compliance with the Global Investment Performance Standards (GIPS®).

Beginning January 1, 2000, Advanced Investment Partners has engaged independent accountants to verify the firm's compliance with GIPS and to perform individual performance exams for the firm. To receive a complete list and description of the firm's composites and/or a presentation that adheres to the GIPS Standards, contact Advanced Investment Partners at (727) 799-3671 or write to Advanced Investment Partners, 100 Main Street Suite 301, Safety Harbor, FL 34695.

In each of its investment strategies, the firm seeks to outperform the stated benchmark over time through superior stock selection combined with rigorous, precise portfolio risk management. Accounts under each composite strategy will hold a diversified portfolio of common stocks that in aggregate exhibit investment characteristics and industry representations similar to those of the strategy's benchmark index. Performance results represent a market value-weighted composite of all discretionary accounts under the respective investment strategy, calculated on a time-weighted basis for cash flows on a monthly basis, including the reinvestment of dividends, interest and capital gains. Historical portfolio returns are calculated by linking individual monthly returns. Pure gross of fee returns do not reflect the deduction of investment management fees or bundled fees for certain accounts where transaction costs cannot be separately identified from other service fees charged by the client's broker/dealer or outside custodian. Gross of fee returns deduct transaction fees but do not take into account investment management fees, brokerage fees or bundled fees paid for certain accounts where transaction costs cannot be separately identified from other service fees charged by the client's broker/dealer or custodian. Net of fee returns reflect the deduction of investment management fees, brokerage fees and bundled fees as applicable.

Composite returns, both historic and future, will be impacted by the same material market and economic conditions that influence the benchmark index. All returns have been calculated in US dollars. COMPOSITE RETURNS REPRESENT PAST PERFORMANCE AND ARE NOT PREDICTIVE OF FUTURE RESULTS.

Each strategy's performance composite and related benchmark index are defined as follows:

LargeCap-Institutional Composite includes all discretionary accounts greater than $3 million managed under the LargeCap strategy where the firm is authorized with best execution trading responsibility. The LargeCap institutional composite is benchmarked to the S&P 500 Index, a broad based market value weighted index of 500 stocks chosen by committee at Standard and Poor's Corp. for their size and industry characteristics.

AllCap Composite includes all non-wrap discretionary accounts managed under the AllCap strategy and is benchmarked to the Russell 3000 Index. The Russell 3000 Index is an index of US stocks that represents approximately 98% of the US equity market's total capitalization.

MaxCap Composite includes all discretionary accounts managed under the MaxCap Strategy and is benchmarked to the S&P 100 Index. The S&P 100 Index is widely regarded as a standard for measuring the performance of 100 of the very largest capitalization US stocks as chosen by committee at Standard and Poor's Corp. for their size and industry characteristics.

SMidCap Composite includes all discretionary accounts managed under the SMidCap strategy. The SMidCap composite is benchmarked to the Russell 2500 Index, which measures the performance of the 2,500 smallest companies in the Russell 3000 Index and represents approximately 17% of the total market capitalization of the Russell 3000 Index.

MaxCap Value includes all accounts managed under the MaxCap Value Strategy. The composite is benchmarked to the Russell Top 200 Value Index which measures the performance of the especially large cap segment of the U.S. equity universe represented by stocks in the largest 200 by market cap that exhibit value characteristics.

Socially Responsible LargeCap includes the actual performance of all unrestricted discretionary wrap fee accounts that follow AIP's Socially Responsible Strategy. The Socially Responsible LargeCap strategy is benchmarked to the S&P 500 Index, a broad based market value weighted index of 500 stocks chosen by committee at Standard and Poor's Corp. for their size and industry characteristics.

Notice: Although the information contained in this publication has been prepared by sources deemed to be reliable and is believed to be accurate as of the date referenced, there is no representation nor warranty as to the current accuracy of, nor liability for, decisions based on such information.

Frank Russell Company (FRC) is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. The presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination, or redistribution is strictly prohibited. This is an AIP presentation of the Russell Index data. Frank Russell Company is not responsible for the formatting or configuration of this material or for any inaccuracy in AIP's presentation thereof.

Standard & Poor's is the owner of the trademarks and copyrights relating to the S&P indexes. MSCI Barra. Barra, Inc.'s analytics and data (www.barra.com) were used in the preparation of this report.

All indices are unmanaged and performance of the indices includes reinvestment of dividends and interest income, unless otherwise noted. The indices are not illustrative of any particular investment and it is not possible to invest directly in an index.

[1] These returns are presented as supplemental information to the returns required by the GIPS Advertising Guidelines.

[2] Pure Gross of Fee Returns are presented as supplemental information and do not reflect the deduction of investment management fees or bundled fees for certain accounts where transaction costs cannot be separately identified from other service fees charged by the client's broker/dealer or custodian. Information presented on a pure gross of fee basis has not been independently verified. Net of fee performance reflects the deduction of investment management fees and bundled fees as applicable.

[3] These characteristics, allocations and holdings are determined from the representative portfolio. Holdings are subject to change over time. Individual client portfolios may vary.

The specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients, and it should not be assumed that investment in securities identified and discussed has or will be profitable.

To obtain a full list of all securities recommended during the past year, contact Advanced Investment Partners at (727) 799-3671.

This information has been prepared for informational purposes only and Advanced Investment Partners, LLC (AIP) is not soliciting any action based upon it. The material is not intended to provide specific advice or recommendations but, rather, a basis from which strategies can be built, taking into account the specific objectives of each portfolio, in terms of return, time horizon, and risk constraints, as well as diverging investment perspectives and assumptions. The material contains information regarding the investment approach described herein and is not a complete description of the investment objectives, policies, guidelines or portfolio management and research that supports this investment approach. Any decision to engage AIP should be based upon a review of the terms of the investment management agreement and the specific investment objectives, policies and guidelines that apply under the terms of such agreement.

Opinions expressed are AIP's present opinions only and are subject to changes based on market, economic and other conditions and may not actually come to pass. Any historical price(s) or value(s) are also only as of the date indicated.

Contact

Please address your inquiries or provide feedback to:

Alan C. Ashworth, CFA
Director of Business Development

Laurie Watson
Partner, Relationship Management

Advanced Investment Partners
100 Main Street
Suite 301
Safety Harbor, FL 34695 USA

(888) 248-8324
(727) 799-3671
Fax: (727) 799-1232
Email: alan@aipllc.com
laurie@aipllc.com
www.aipllc.com