



MISSOURI BAPTIST FOUNDATION

INFORMATION FOR PARTICIPANTS

This Information for Participants describes the availability of certain Common Investment Funds and portfolios, and the terms and conditions under which Missouri Baptist Foundation offers its investment services to Baptist and other qualifying charitable organizations. This *Information for Participants* is given in compliance with the Philanthropy Protection Act of 1995, and is addressed only to organizations in the categories described below (see “*Eligible Participants*”). This *Information for Participants* is not intended to be distributed to any other person or entity, or for any other purpose. *There are certain investment risks associated with participation in the Investment Funds as described in this Information for Participants.*

This information statement has not been reviewed or approved by the Securities Exchange Commission or any other federal regulatory authority. Any representation to the contrary is unlawful.

Missouri Baptist Foundation is not registered as an investment adviser and does not provide investment advice to participants or the common investment funds or portfolios described herein. Investment advice, if any, to participants or the common investment funds or portfolios is provided by separately compensated third party investment advisers who are registered under federal and/or state law or are exempt from such registration.

Who is the Missouri Baptist Foundation?

Missouri Baptist Foundation, a Missouri nonprofit corporation, was incorporated in 1946. It is governed by a board of 12 trustees. The Foundation staff includes personnel responsible for fund management; stewardship development, promotion and education; planned giving services; trust administration, legal counsel to the Foundation and executive oversight by its President. As of March 31, 2009, the Foundation manages over \$115,396,000 in endowment and long-term funds for ministries of Missouri Baptists and other qualified charitable trusts or entities, the funds of which the Board of Trustees of the Missouri Baptist Foundation determines it will receive and administer.

What is the purpose of the Missouri Baptist Foundation?

The mission of the Missouri Baptist Foundation is to strengthen the mission and ministry efforts of Missouri Baptists.

The purpose of the Missouri Baptist Foundation is to develop, manage, and distribute financial resources for the benefit of Missouri Baptists' mission and ministry efforts within Missouri, other states, and around the world.

The priorities of the Missouri Baptist Foundation are to promote Christian stewardship, assist with the planning and implementation of charitable gift arrangements and manage assets entrusted to the Foundation to provide perpetual support for the mission and ministry efforts of Missouri Baptists.

The Foundation encourages faithful stewardship by:

- Managing funds entrusted to it in an effective and socially responsible manner,
- Educating people in appropriate Christian estate stewardship and financial management techniques,
- Providing trustee services to facilitate good financial management,
- Encouraging individuals to be good Christian stewards,
- Educating individuals about tax effective means of contributing to Baptist causes while maintaining an income stream for themselves or their family or friends,
- Striving for excellence and continuous improvement in its operation,
- Operating with the highest Christian moral and ethical standards, as exemplified by its membership in the Evangelical Council for Financial Accountability.

In the fulfillment of this mission the Foundation seeks to offer investment opportunities that are socially screened and diversified in ways that an investor may not otherwise be able to achieve. The Foundation also seeks to build endowments for current and future ministries at state, national and worldwide levels through development and planned giving services.

Who can invest with the Missouri Baptist Foundation?

The Foundation manages funds for any investor who is recognized as exempt from federal income tax under §501 (c) (3) of the Internal Revenue Code of 1986, as amended, and / or falls into one, or more, of the following categories of **Eligible Participants**: (i) Baptist institutions, agencies, commissions, foundations, associations and churches; or (ii) a qualified trust with either its total remainder or its income for a predetermined period designated for charitable organizations in accordance with IRS guidelines; or (iii) such other qualified charitable trust or entity, the funds of which the Board of Trustees of the Missouri Baptist Foundation determines it will receive and administer. None of the funds invested with the Foundation may be held for retirement plans.

What are the risks?

Investing in the securities markets, whether domestic or international, involves risk of possible loss of principal and/or income. Even though the Foundation believes long-term investment of these Funds will result in positive rates of return, there is no guarantee of such written or implied. Past performance is no guarantee of future performance.

Note: The value of portfolios and Funds will fluctuate. An investing organization should consult its own advisors regarding risks, rewards and other aspects of investing in any Fund made available through the Foundation.

What are the investment options with the Missouri Baptist Foundation?

Missouri Baptist Foundation offers a total of five common investment funds (the “Funds”); each managed by one or more professional investment managers. For investors requiring exposure to specific sectors of the market, where appropriate, the Foundation may offer access to specialized portfolios that constitute its broadly diversified MBF Stock Fund described below. The following is a summary of the various options available to Participants with the Missouri Baptist Foundation.

MBF Cash Fund

The MBF Cash Fund’s objective is liquidity and a reasonable rate of return. This Fund is designed for short-term investment of funds when the timing of the investor’s liquidity needs is uncertain or variable. The asset total of the MBF Cash Fund as of March 31, 2009, is approximately \$3,663,000

MBF Bond Fund

The MBF Bond Fund’s objective is current income and preservation of nominal capital. Limited provision is made for protection against inflation. This Fund is actively managed externally by an Investment Manager. The Fund is primarily invested in government and corporate bonds, commercial paper, mortgage backed securities, and collateralized mortgage securities. The Fund is designed for investors whose main objective is current income. The fund seeks to track the Lehman Bros.

Government/Credit Intermediate Bond Index. The asset total of the MBF Bond Fund as of March 31, 2009 is approximately \$26,052,000.

MBF Income Fund

The MBF Income Fund's objective is current income and preservation of nominal capital. Limited provision is made for protection against inflation. The Fund is managed internally with a "buy and hold" strategy. The Fund is primarily invested in government and corporate bonds, commercial paper, mortgage backed securities, and collateralized mortgage securities. The Fund is designed for investors whose main objective is current income paid out on a regular basis. The Fund seeks to track the Lehman Bros. Government/Credit Intermediate Bond Index. The asset total of the MBF Income Fund as of March 31, 2009, is approximately \$2,660,000.

MBF Balanced Fund

The objective of the MBF Balanced Fund is to provide a reasonable level of current income and simultaneously to protect the purchasing power of the principal against inflation. Approximately 37% of the Fund is invested in the MBF Bond Fund, 31% in the Domestic Large Cap Stock Portfolio, 11% in the Domestic Small-Mid Cap Stock Portfolio, and 21% in the International Stock Portfolio. This fund is designed for those investors who are seeking a single fund to provide broad diversification, reasonable current income, and protection against inflation. The asset total of the MBF Balanced Fund as of March 31, 2009, is approximately \$43,453,000 (37% in the MBF Bond Fund, 63% in the MBF Stock Fund).

MBF Diversified Fund

The objective of the MBF Diversified Fund is to provide similar investment returns as the Balanced Fund, but to reduce the volatility of the returns by increased portfolio diversification through the use of alternative investment strategies. Approximately 3% of the Fund is invested in cash equivalents, 20% of the Fund is invested in the MBF Bond Fund, 24% into Funds of Hedge Funds, 9% into Managed Futures, 21% in the Domestic Large Cap Stock Portfolio, 8% in the Domestic Small-Mid Cap Stock Portfolio, and 15% in the International Stock Portfolio. This fund is designed for those investors who are seeking a single fund to provide broad diversification, reasonable current income, and protection against inflation. The asset total of the MBF Diversified Fund as of March 31, 2009 is approximately \$50,555,000.

MBF Stock Fund

The primary objective of the MBF Stock Fund is growth of principal. Current income is low and of secondary importance. The Fund is invested approximately 48% in domestic large capitalization stocks (equally in value, growth and core), 19% in domestic small-mid capitalization stocks (both

value and growth), and 33% in international stocks. Each of these three specialized portfolios will also be available in the future to participants separately (see discussion and description below). This fund is designed for those investors who are seeking capital appreciation through diversified equity strategies. The asset total of the MBF Stock Fund as of March 31, 2009, is approximately \$49,832,000.

The MBF Stock Fund is comprised of the following stock portfolios:

Domestic Large Cap Core Stock Portfolio

The Domestic Large Cap Core Stock Portfolio's objective is growth of capital, with modest current income. The portfolio is invested in large cap stocks and is passively managed. It seeks to replicate the performance of the Russell 1000 Index, but invests only in stocks that meet the Foundation's socially screened investment requirements.

Domestic Large Cap Value Stock Portfolio

The Domestic Large Cap Value Stock Portfolio's objective is growth of capital, with modest current income. The portfolio is invested in large cap value stocks. Its performance will be measured against the Russell 1000 Value Index, but invests only in stocks that meet the Foundation's socially screened investment requirements.

Domestic Large Cap Growth Stock Portfolio

The Domestic Large Cap Growth Stock Portfolio's objective is growth of capital, with modest current income. The portfolio is invested in large cap growth stocks. Its performance will be measured against the Russell 1000 Growth Index, but invests only in stocks that meet the Foundation's socially screened investment requirements.

Domestic Small/Mid Cap Value Stock Portfolio

The Domestic Small/Mid Cap Value Stock Portfolio's objective is long-term growth of capital. Its assets are invested in small to mid-cap value stocks. It carries substantially greater risk than the Domestic Large Cap Portfolio due to the small size of the companies in the portfolio. Its performance will be measured against the Russell Small/Mid Cap Value Index, but invests only in companies that meet the Foundation's socially screened investment requirements. Investors in this portfolio should have a high tolerance for risk, a long-term investment horizon, and low liquidity requirements.

Domestic Small/Mid Cap Growth Stock Portfolio

The Domestic Small/Mid Cap Growth Stock Portfolio's objective is long-term growth of capital. Its assets are invested in small to mid-cap growth stocks. It carries substantially greater risk than the Domestic Large Cap Portfolio due to the small size of the companies in the portfolio. Its performance will be measured against the Russell Small/Mid Cap Growth Index, but invests only in companies that meet the Foundation's socially screened investment requirements. Investors in this portfolio should have a high tolerance for risk, a long-term investment horizon, and low liquidity requirements.

International Stock Portfolio

The Foundation's International Stock Portfolio offers investment in non-U.S. stocks, primarily in large capitalization stocks. The portfolio may carry substantial risk over and above that of a domestic portfolio, most notably currency and political risks. The portfolio is designed for investors who already have a balanced, diversified core domestic portfolio in place, and are looking for additional diversification through socially screened international exposure. Its performance will be measured against the MSCI All Country World Free ex-U.S. index.

How does the Foundation select investments for social responsibility?

The Missouri Baptist Foundation, responding to the Biblical challenge of responsible stewardship, calls for conscious investment decisions consistent with Christian moral and ethical principles. In accordance with Christian moral and ethical principles, the investment objectives for the Funds must be pursued with consideration for the Christian moral and ethical implications of investing. The Foundation does not invest in companies whose principal business activities are inconsistent with Christian moral and ethical principles.

Who is involved in Funds management for the Foundation?

The Missouri Baptist Foundation is governed by a Board of Trustees made up of twelve individuals required to be a member of a Missouri Baptist church and a resident of Missouri. Trustees are elected for three-year terms. The Trustees meet three times each year and also act through a three-member executive committee when necessary. The Foundation has an Investment Review Committee composed of staff and an Endowment Management Committee composed of Trustees and Advisors chosen for expertise, professional experience and a commitment to ministry and the mission of the Foundation. The Endowment Management Committee, together with the Investment Review Committee and the Foundation's investment advisor, The Consulting Group of Smith Barney, reviews investment policy and evaluates the performance of the various investment managers. The investment managers for each of the Foundation investment disciplines are currently as follows:

Information as of <u>March 31, 2009</u>		Approximate Portfolio Size
Bond:		
Metropolitan West Asset Management	(Manager)	\$26,051,000
Large Cap Domestic Stock Core:		
Parametric Portfolio Associates	(Manager)	\$8,476,000
Large Cap Domestic Stock Growth:		
Friess Associates	(Manager)	\$8,241,000
Large Cap Domestic Stock Value:		
Aletheia Research & Mgmt	(Manager)	\$7,277,000
Small Mid Cap Domestic Stock Growth:		
Westfield Capital Management	(Manager)	\$4,342,000
Small Mid Cap Domestic Stock Value:		
Vaughan Nelson	(Manager)	\$5,123,000
International Stock:		
Brandes Investment Partners	(Manager)	\$16,373,000
Funds of Hedge Funds:		
Arden Endowment Advisors	(Manager)	\$6,274,000
Austin Capital Management	(Manager)	\$6,015,000
Managed Futures:		
CMF Institutional Futures	(Manager)	
Fairfield Futures Fund II LP	(Manager)	
SB Potomac Futures	(Manager)	
Citigroup Orion Futures Fund LP	(Manager)	\$4,445,000

The Foundation reserves the right to change any or all investment managers at any time without notice to participants.

Custodial services for the Funds invested through the Foundation are provided by Smith Barney. Administration and reporting to investors is provided by the Missouri Baptist Foundation. Details regarding any of the foregoing can be obtained through the Foundation office.

What does it cost to invest with the Foundation?

Missouri Baptist Foundation seeks to keep the costs to its Participants as low as possible. The administrative overhead costs are shared proportionately among each of the accounts under management. Those costs are charged directly to and paid out of the assets of each respective Fund.

The total current costs are explained in the Investment Custodial Agreement in greater detail. Information concerning such costs is also available upon request.

How does an organization invest with the Foundation?

Each organization wishing to invest in one or more of the Foundation Funds or portfolios described above must sign an Investment Custodial Agreement and complete a Participant Application. Once the signed Agreement, completed Application, and assets are received in the Foundation office, investments are made in the desired Fund(s) or portfolio(s). All investments made pursuant to the Agreement will be held in the name of the Foundation (or such other entity selected by the Foundation) as nominee for the Participant, with actual ownership of the investments remaining with the Participant. Each Participant is responsible for choosing one or more of the Funds and/or portfolios into which it wishes to direct its investment. Further, each investment manager utilized by the Foundation with respect to Participant assets is to be considered as acting for each Participant for whose benefit the investment manager has invested assets.

Each Participant will be assigned an interest (an "Ownership Interest") in the assets of each chosen Fund or portfolio reflecting the pro rata interest of the Participant in the assets of the particular Fund or portfolio. The value of a Participant's Ownership Interest may fluctuate as the value of the particular Fund or portfolio fluctuates. Purchases and withdrawals may be made in the form of check or wire transfer.

When may purchases or redemption occur?

The assets of the MBF Bond Fund, MBF Income Fund, MBF Stock Fund, MBF Balanced Fund, and MBF Diversified Fund are valued on the last business day of each month and a net asset value of the Ownership Interests in the assets of each of the Funds is calculated.

Purchase or redemption of Ownership Interests in the assets of the MBF Cash Fund may be processed at any time upon written notice.

Ownership Interests in the assets of other Funds may be purchased or redeemed at net asset value at month end, provided that written notice has been received at the Foundation office within thirty (30) calendar days before such month end. Redemption checks for all Funds except the MBF Cash Fund are disbursed by the 15th business day following each month end evaluation date when requests are made subject to the policy above.

In order to protect the assets of the Fund, timing of redemptions of \$1,000,000 or more within a calendar month shall be negotiated with the Foundation as large redemptions may impact the Fund. Further information including current portfolio size, performance, fees, and updates of this information for participants, can be obtained from the Foundation office.

Adopted 4-21-2009

For further information you may contact:

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Dated: December 31, 2008

Metropolitan West Asset Management MBF Bond Fund (Intermediate)

The Firm

MWAM LLC is an independent Los Angeles-based investment management firm specializing in fixed income across the yield curve. As of September 30, 2008, MWAM had approximately \$20bn under advisory in a variety of fixed income mandates. The company was founded and began managing fixed income accounts for clients in August 1996 by the co-directors of fixed income at Hotchkis and Wiley and other former members of the Hotchkis and Wiley fixed income team.

Investment Objective

The unique feature of MWAM's fixed income style is our emphasis on using multiple value-added strategies in a measured and diversified manner. This approach has resulted in consistent outperformance, and most notably, limited downside volatility over any period. MWAM's investment style is also differentiated by its intensive search for value across all sectors of the bond market. This search is augmented by the use of proprietary quantitative models to identify bonds with the best risk/reward tradeoffs.

Investment Discipline

Metropolitan West Asset Management's (MWAM) fixed income philosophy has been designed with the goal of consistently outperforming a client's benchmark while maintaining below average volatility. They believe consistent outperformance is gained through the measured application of five value-enhancing strategies.

The five value-enhancing strategies employed by MWAM are:

- 1) Limited average maturity/duration shifts
- 2) Yield curve management
- 3) Utilization of all sectors of the bond market
- 4) Quantitative security selection
- 5) Sophisticated buy/sell execution strategies

Since managing interest rate risk is a cornerstone of their philosophy, they limit the maximum amount of duration discretion in a client portfolio to plus or minus one year around a client's benchmark duration. MWAM's fixed income strategies are formulated by the team according to their long-term fundamental economic outlook. This outlook reflects the portfolio management team's view on growth, inflation, Federal Reserve policy, and interest rates. This outlook is debated quarterly by the members of the fixed income team who review cyclical and secular developments in the economy and the financial markets. From this review, major themes are identified that they believe will be key in driving the economy and the Fed.

Additionally, they believe that the portfolio managers must thoroughly understand the client's benchmark and investment guidelines in order to structure a portfolio for outperformance. To this end, analytics are employed to compare the characteristics of the client's portfolio with that of the benchmark.

MWAM places a heavy emphasis on scenario analysis and the application of quantitative valuation analytics to the security selection process. In general, their scenario analysis focuses on identifying those securities that will outperform over a wide range of interest rate, yield curve, and volatility scenarios. Sophisticated analytics are employed in order to determine expected returns along with "worst case" outcomes. Generally, a security should have compelling value in the most likely scenarios and an acceptable profile in a "worst case."

Parametric Portfolio Associates

Domestic Large Cap Core Stock Portfolio (Passive)

The Firm

Parametric Portfolio Associates was a subsidiary of Pacific Financial Asset Investment Management Company until November 1994, when Pacific Financial merged with Thompson Advisors to form PIMCO Advisors L.P. In May 2000, Allianz A.G. acquired a majority interest of PIMCO. In June 2001, Parametric completed a management-led buyout from PIMCO. In September of 2003, Eaton Vance Corp. (NYSE:EV) acquired 80% of the firm (primarily the outside investors' interest) with the remaining 20% still owned by Parametric employees and prior shareholders.

Investment Objective

Parametric's Large Cap Domestic Core Equity Index portfolio seeks to produce a total return that is similar to that of the Russell 1000 Index. The portfolio will be restricted from holding the stock of any company involved in alcohol, tobacco, gambling, pornography or abortion and fetal tissue research resulting from abortions. Because index replication is not possible due to these social restrictions, the portfolio may experience period-to-period return differences relative to the unconstrained Russell 1000 Index.

Investment Discipline

Parametric uses an index-tracking approach designed to produce a total return that is similar to that of the Russell 1000 Index. Parametric will use portfolio optimization to construct a portfolio that statistically resembles the Russell 1000 Index along numerous risk dimensions, such as size, yield and industry classification.

The goal of optimization is to minimize risk relative to the benchmark, the Russell 1000 Index. The sample large cap mandate includes a set of exclusionary screens, eliminating companies involved in alcohol, tobacco, gambling, pornography or abortion and fetal tissue research resulting from abortions. The elimination of these companies creates risk exposures relative to the unconstrained benchmark along many dimensions, like size and industry. Using a risk model and optimizer, Parametric aligns the portfolio to the benchmark along several fundamental characteristics as well as along industry lines, maintaining the lowest forecast tracking error possible while taking into account all restrictions and constraints.

Parametric monitors the portfolio daily for cash, corporate actions and index changes. Parametric keeps the portfolio fully invested and appropriately and sensibly rebalances the portfolio when index changes or corporate actions occur.

Friess Associates of Delaware, LLC

Domestic Large Cap Growth Stock Portfolio

The Firm

Foster Friess founded Friess Associates in 1974. Friess presently has offices, or research centers, in Jackson Hole, Wyoming and Greenville, Delaware. 50 of Friess' 70 employees are based in Delaware. Friess focus solely upon growth equity management.

Investment Objective

Friess Associates operates a research-centric organization. Friess sole focus is growth equity investments. Friess Large Cap Growth employs Friess Associates' research-driven investment process, capitalizing on the relationship between earnings performance and stock prices by isolating companies experiencing rapid earnings growth that sell at reasonable multiples of earnings estimates and show promise to positively surprise Wall Street. The portfolio maintains a large-cap focus by uncovering stocks beyond \$6 billion in market cap that meet their earnings-growth and valuation criteria.

Investment Discipline

The central tenant to the Friess investment philosophy is corporate earnings. Friess believe that companies that enjoy positive earnings surprises and growth see stock prices rise. Friess believe the only way to isolate such opportunities is through in-depth, fundamental research and 'detective work'. Friess believes in bottom-up stock selection as the driver of investment performance.

Friess utilize seven research teams to conduct bottom-up stock research. Each of the seven research teams act as generalists (with no specific industry or capitalization to follow). A research team consists of a Research Team Leader (RTL) who is responsible for daily purchase and sale decisions. The RTL is supported by researchers, assistant researchers, research managers and a dedicated team trader. The CIO does maintain veto power over the RTL's decisions. The Friess selection process begins market-cap agnostic. As previously mentioned a market capitalization filter is applied later in the process.

Key security focus ideas are ...

1. Rapid earnings growth, typically 20% or higher.
2. Reasonable P/Es, 25x or less, based on forward earnings estimates.
 - Friess is willing to pay slightly higher multiples for companies with higher earnings visibility.
3. Friess typically require 3 years earnings and \$3 million after tax income to ensure corporate stability.
 - While the 3 years of earnings history is a requirement, the \$3m of after-tax income may be sacrificed if earnings / financials are highly visible.
4. Friess will attempt to avoid companies with questionable balance sheets, or unrealistic expectations.
5. Friess seek to isolate companies with "sizzle," a catalyst such as a new product line, management team or market opportunity.
 - Friess aim to uncover companies posting earnings results that exceed Wall Street's expectations. Attempting to isolate the "sizzle factor" aids in this.

Portfolios will typically have no greater than 50% in a larger industry sector, and typically no greater than 20% in smaller sectors. The large cap portfolio will typically have between 25 and 50 holdings.

Aletheia Research and Management.

Domestic Large Cap Value Stock Portfolio

The Firm

Aletheia is the classical Greek word for “truth and disclosure,” of bringing facts into the open. Aletheia Research and Management, Inc. is a proprietary investment company dedicated to uncovering the truth in today’s capital markets by employing exclusive, time-tested methodologies to maximize client wealth. A key strength of the firm is its ability to anticipate investor perceptions rather than reacting to them. The firm uses its knowledge base to identify opportunities and avoid risk. Aletheia presently manages \$9bn of client assets.

Investment Objective

Aletheia believes that correct investing and ultimate investment success depends upon discovering what is knowable about corporations and their secular earnings prospects and applying this knowledge astutely. Aletheia does not use Wall Street research nor does it rely on

"guidance" from either corporate investor or public relations personnel. Rather, the firm employs hard data, primarily insider and corporate actions, forensic analysis of balance sheets and cashflows, and non-biased industry research, to guide its investments and produce superior results. Because Aletheia’s research is unique and depends on non-traditional information channels, Aletheia’s portfolios achieve high absolute returns over time while substantially reducing risk.

Investment Discipline

Using a bottom-up approach, Aletheia researches individual companies and their prospects, relentlessly pursuing opportunity. The firm’s research process identifies securities with aberrational growth in earnings and cashflow. The process also uncovers opportunities in securities that have declined significantly in price or securities that are misunderstood or mispriced by Wall Street. Aletheia’s investment philosophy and strategies insure that the firm successfully executes its most important responsibility, that of providing the finest service and exceptional results for Aletheia’s clients. Aletheia Research and Management will not deviate from its buy discipline in the purchase of a security. Each of the four buy criteria are present in varying levels in each security held in the portfolio. Investments are made in companies and in situations where we have unique insights as a result of this proprietary research. Each security that is included in the growth strategy is unique, and there is no rule as to which buy criteria is more influential. For example, in one security the consensus buying might initially direct us toward a particular security, while in another purchase it might be our industry research that peaks our initial interest;

- Buying by corporate officers, employees and corporation
- Consensus buying • Absolute dollar amounts of buying
- Corporate stock buybacks (actual, not simply announced) with emphasis on large percentage reduction of shares outstanding
- Option exercise behavior
- Hedged transaction analysis
- Empirical balance sheet and cash flow strengths and/or improvement
- Aletheia accounting and balance sheet analysis
- Outside forensic accounting analysis and support
- Aletheia “Industry Research” indicating aberrational improvement in earnings, revenues, asset values, or industry position
- Aletheia direct industry contacts corroborating proprietary research findings

Aletheia Research and Management, Inc. believes that one of the most important ways to reduce risk in a portfolio is by having rigorous sell disciplines. Aletheia's investment philosophy incorporates the following behaviors in its sell discipline; Aletheia’s sell discipline follows the inverse of their buy discipline. For example. Insider selling etc....

Westfield Capital Management

Domestic Small/Mid Cap Growth Stock Portfolio

The Firm

Founded in 1989, Westfield Capital Management is an SEC-registered investment advisor dedicated to providing quality, separate account investment management services for institutions and wealthy individuals. Today the firm includes 12 investment professionals.

Westfield supervises growth equity portfolios across the capitalization spectrum, employing in-depth, fundamental research and analysis. Since Westfield's establishment, assets under management have grown from \$130 million to over \$12 billion.

In October 1997, Westfield Capital Management merged with Boston Private Investment Management, Inc., a wholly-owned subsidiary of Boston Private Financial Holdings, Inc., which is publicly traded over-the-counter under the symbol BPFH and is parent company to Boston Private Bank & Trust Company.

Investment Objective

Westfield Capital Management favors investing in earnings growth stocks, given their conviction that stock prices follow earnings progress and that they offer the best opportunity for superior real rates of return. Reasonably priced stocks of companies with high foreseen earnings potential are best identified through in-depth, fundamental research. The firm's experience, extensive research, and first-hand knowledge of company operations derived through on-site visits and meetings with management provide its competitive edge.

Investment Discipline

Westfield's Small/Mid Cap Growth Equity product focuses mainly on domestic equities with a capitalization between \$300 million and \$6 billion at cost. Westfield seeks to uncover and invest in reasonably priced stocks of rapidly growing companies. Typically stocks considered for purchase have a forward growth rate greater than 20% and a forward P/E to forward Growth Rate ratio of less than one (P/E to Growth ratio < 1). Although these factors are the driving force of Westfield's investment strategy, many other fundamental variables are considered when determining the suitability of a stock for Westfield's portfolios.

Properly valuing a security requires understanding the company behind it. Valuation is a function of:

Earnings Growth:	Company's Empirical Record Business Prospects Relative to Peer Group Company Specific Growth Estimates
Earnings Consistency:	Composition & Structure of Revenues Judgment on Business Record of Meeting Expectations
Category Influence:	Knowledge of Wall Street Consensus Diversity of Current Opinions Impact of Market Psychology

Vaughan Nelson Investment Management

Small Cap Value Equity Portfolio

The Firm

Founded in 1970 in Houston, TX, Vaughan Nelson Investment Management (“Vaughan Nelson”) is a Houston-based investment management firm of highly experienced, research-oriented professionals. Primarily, they have focused on managing equity and fixed income portfolios for investors including foundations, endowments, corporate retirement plans and families/individuals. Managing financial assets is the only service Vaughan Nelson offers to investors. They engage in no other activities that would dilute their dedication to managing portfolios or create a conflict of interest. In addition, they maintain a low ratio of clients to managers so investors can be assured that a team of highly experienced professionals will manage their portfolio. With over \$8 billion under management, their size is ideal in that they have the strength to bring together the number of professionals and other critical resources necessary to perform consistently well in all types of markets, yet are small enough to be flexible and for each client to receive customized investment management services.

Investment Objective

Vaughan Nelson believes in focusing on absolute return in the small cap universe and that opportunities to invest in companies at valuations materially below their long term intrinsic value can be found as a result of temporary information and liquidity inefficiencies. Risk is viewed on an absolute basis rather than relative to the benchmark.

Investment Discipline

Idea generation is the first step in Vaughan Nelson’s process. Purchase ideas are typically limited to stocks with capitalizations between \$100 million and \$1.5 billion. According to Vaughan Nelson, ideas are found through various channels, including but not limited to, historical knowledge, industry conferences, insider purchase trends, sell side and screens. Screens provide Vaughan Nelson with approximately 30% of their new SCV new ideas.

In addition, screens are used to identify patterns and trends in the market. Screens may consist of using various metrics, including but not limited to, trailing P/E, debt/capital, return on assets, yield, absolute stock price, and insider buying activity. Liquidity may be reviewed at this stage of the process as well. According to Vaughan Nelson, the team may uncover approximately 40-70 ideas a month (ultimately, roughly 4-5 eventually become serious candidates).

VN may conduct fundamental research on those ideas they believe would fulfill any one of the following three categories:

1. Companies with stable to improving earnings able to reinvest at a rate greater than its cost of capital and currently selling below its intrinsic value.
2. Companies that are valued at a discount to their asset value.
3. This category could be referred to as “other”. It could include stocks that are deemed attractive via valuation metrics such as dividend yield.

VN has a stated goal that they prefer to invest in companies with a potential to return approximately 50% over a three year time period (15% per annum). In order to determine whether or not a company is able to fulfill its return requirement, VN performs fundamental research (see Research section for more information). Specific financial information gained in the fundamental research effort is used to develop a three year projected balance sheet, income statement and statement of cash flows. In the process of developing financial statement projections, VN may make adjustments to sell side consensus variables. These may include revenue growth, projection of capital expenditures, operating expense projections, acquisitions, share buybacks, secondary

offerings, debt pay down, new debt, dividend payout trends, etc. Ultimately, the variables are used to calculate metrics such as:

- Economic margin - the ability of a company to produce a return greater than their cost of capital after being adjusted for inflation.
- Discounted cash flow – Projected future cash flows and determines their present value. A multi-staged model is utilized.
- Other valuation metrics could include dividend yield.

Once these metrics are determined, VN may compare the result with the current price of the stock. If it appears that the current stock price has a return potential of approximately 50% or greater over the forward three-year time period, it becomes a candidate for portfolio admission.

Vaughan Nelson may sell a stock due to one or more of the following reasons:

- Valuation – the stock becomes fully valued.
- Fundamentals deteriorate.
- Better ideas arise.
- Change in fundamentals deemed detrimental.
- Capitalization of a stock reaches \$5.0 billion
- Position exceeds 5%.

Brandes Investment Partners, L.P.

International Stock Portfolio

The Firm

Brandes Investment Partners is a leading investment advisory firm, managing assets for institutional and private clients worldwide. Since their inception in 1974, we have applied the value investing approach to security selection pioneered by Benjamin Graham in the 1930s. Brandes has approximately \$90 billion under management as of December 31, 2008, and employees total about 518 individuals. The firm, and substantially all investment personnel, are based in San Diego. Brandes has a wholly owned subsidiary in Geneva, Switzerland. The firm is a 95.5% beneficially owned by senior investment professionals of the firm and is currently managed by a committee of five Managing Partners.

Investment Objective

BIP seeks to outperform MSCI All Country World Free ex-US index over a full market cycle while maintaining below benchmark risk. Their goal is to purchase the best international value opportunities without bias to countries and industries. They attempt to invest in stocks of businesses which have determinable value, but which are unpopular or overlooked at the moment—"undervalue" stocks. By focusing on the fundamental characteristics of a company, an estimate is developed of its intrinsic value. Country and industry exposure are a residual of their bottom-up stock selection. They do not deviate from this philosophy in the application of their investment process. There is, of course, no assurance that these goals will be realized. Portfolio values will fluctuate as market conditions change.

Investment Discipline

BIP utilizes exclusively a bottom-up, Graham and Dodd value-oriented investment philosophy. Most importantly, a large enough price-to-value discrepancy must exist to provide, in BIP's opinion, a margin of safety and opportunity for appreciation. In addition, the securities generally must have a strong balance sheet and strong cash flow. Ideas developed by portfolio managers and analysts are screened to find stocks with low price/cash flow, low price/earnings, low enterprise value ratios and low debt/equity ratios. These preliminary steps identify companies, from both developed and emerging markets, for more intensive research. Once candidates are identified, analysts responsible for industry and regions exhaustively review all available information, with a primary emphasis on analysis of financial statements. All investment decisions, including which securities will be on the buy list, are the responsibility of the product investment committees and the Investment Oversight Committee (IOC). The IOC is comprised of Managing Partners and senior investment professionals. The three product investment committees are comprised of product coordinators, portfolio managers, and analysts. Each investment committee has a specific focus: developed markets and large capitalization portfolios, small capitalization portfolios, and emerging markets portfolios. Each product committee has five or more senior investment professionals who are voting members. The IOC establishes broad standards and practices to be followed by the three separate product investment committee. In addition, the IOC reviews market trends and evolving analytical issues for consideration and application by the product investment committee. The product investment committees meet weekly, while the Investment Oversight Committee meets quarterly. Account structure is determined by the product investment committee, which provides a very narrowly focused buy/sell list. Portfolio weightings with respect to countries, sectors, industries, and currencies are a by-product of the bottom-up stock selection process, not a top-down allocation based on a macroeconomic outlook or strategy. However, to control risk, constraints are imposed on portfolios. Typically, no more than 20% of a portfolio or 1.5 times the relevant benchmark is invested in any one country or industry, no more than 5% (at cost) invested in any one security and no more than 20% (at cost) invested in emerging markets. A portfolio will normally be allocated among 40 to 75 issues. Equities are normally held for 3 to 5 years to realize full appreciation potential. As a result, portfolio turnover is low and usually ranges between 25% and 35%. Equities are sold once they are believed to have reached full value, with sell points set by the Product Investment Committee before the stock is brought and reviewed on an on-going basis. A stock will also be sold if the fundamentals deteriorate, a better prospect appears, or the stock becomes over-weighted due to appreciation based on the committee's estimate of the stock's fundamental value.

Wentworth, Hauser and Violich Investment Council International Stock Portfolio

The Firm

Wentworth, Hauser and Violich Investment Counsel (“WHV”) was founded in 1937. In 1966, Kurt Hauser and Paul Violich left Brundage, Story and Rose in New York and joined the San Francisco firm founded by William Wentworth. In 1975, the firm’s name was changed to Wentworth, Hauser and Violich. Wentworth, Hauser and Violich was a Subchapter S Corporation until May 1994 when the Laird Norton Financial Group, Inc. (LNFG) of Seattle, Washington purchased it. With this acquisition the LNFG then consisted of WHV, Laird Norton Trust Company and Tyee Asset Strategies, LLC. Since the purchase of the firm, WHV claims that the investment philosophy, strategies and policies have remained unchanged. In December of 2003, the LNFG was dissolved and reorganized as Laird Norton Investment Management, Inc., WHV’s parent, and Laird Norton Tyee Trust Company (“LNT”). During the course of the last few years, WHV has experienced tremendous growth in the International strategy. As such, on August 8, 2008, WHV and Mr. Richard Hirayama, entered into a joint venture agreement, with a newly formed SEC registered investment advisor, Hirayama Investments. Hirayama Investments will be co-owned by Mr. Hirayama and WHV. Under this new agreement, WHV will continue to be 100% owned by its parent company, Laird Norton Investment Management, Inc. As of 12/31/08, the firm had approximately \$8.4 billion in assets under management with approximately \$6.0 billion invested in the International strategy.

Investment Objective

WHV’s investment objective is to provide investors with long term capital appreciation through investing in a portfolio of primarily large capitalization international growth stock.

Investment Discipline

The Wentworth, Hauser and Violich (WHV) International Equity investment philosophy is a top-down approach based on finding the most attractive global economic sectors from a supply/demand perspective and investing in companies within these sectors with high earnings growth. WHV monitors the supply and demand characteristics of the sectors in an attempt to identify “investment super-cycles”. According to WHV, these are multi-year periods of time when one or two themes drive the performance of the markets. For example, during the 1990’s technology and telecommunications stocks were the market leaders. The firm seeks to identify and invest in the types of companies that are driving these cycles and move out of its current positions when the imbalances are perceived to no longer be sustainable.

Portfolio Manager Richard Hirayama constructs a portfolio of 30-60 stocks that he believes has the potential to deliver strong longterm earnings growth from a universe of approximately 700 foreign stocks that are primarily ADRs. The portfolio management team has the ability to invest in stocks with market capitalizations greater than \$500 million. However, the firm maintains they focus primarily on large cap stocks.

Berens Capital Higher Volatility Hedge Fund

The Firm

Berens Capital Management, LLC ("BCM"), was founded on November 1, 2000. BCM is a global equity (Long-Short, Event Driven) focused fund of hedge funds manager with approximately \$900 million in assets under management. The firm's differentiating characteristics are that it invests globally, is bottoms up, and has a value bias. Given the global experience of the partners, BCM has an edge in sourcing and selecting hedge funds around the world.

Investment Objective

Berens Capital Fund, Ltd. (launched May 2001) is an offshore diversified, global fund designed to preserve and grow capital steadily. The fund aims to outperform the S&P 500 over a multi-year cycle with less than half the volatility, low correlation, and minimal risk of a down year.

Fund Summary

- Focus on long-short equity and event driven hedge funds
- 70% of our assets are with no more than 15 managers
- Minimum of 12 hedge funds for diversification
- No single hedge fund more than 15% of fund's assets
- Low leverage: target-weighted average gross exposure of the portfolio <150%
- Low market exposure: target-weighted average net exposure of the portfolio <50%
- Global bias: the majority of our gross and net is currently invested outside the US
- Three portfolio components: Distressed Securities, Global Alpha, Asia and Emerging Markets Equity

Investment Discipline

Once investment goals have been defined, BCM follows a process that includes sourcing, selecting and monitoring managers that is designed to be rigorous and repeatable.

BCM is continuously trying to improve upon its research process. This could be by incorporating additional quantitative analytical tools, expanding upon operational checks, or by analyzing its own decision making process, to list some examples.

Sourcing:

BCM sources managers in a variety of ways. The best source of new managers is from the firm's network of experienced investment professionals whom the team knows well and who understand BCM's investment philosophy. These people include BCM's current hedge fund managers, investors, select family offices, endowments and foundations (both members of the investment committee as well as operational members), industry contacts, and a select peer group of fund of funds managers and other institutional investors. This network is maintained informally but the information and recommendations gathered from BCM's contacts is systematically captured and researched. It is then solely in the firm's domain to follow up with a manager to determine if the team sees a fit to continue the due diligence process. The fund comments on managers are captured in an internet-based information management system called Backstop that has been customized for our business. BCM's team believes that a strong network of contacts is valuable and worth cultivating and allows the firm to

efficiently use valuable research time with a limited subset of potential managers who are of very high quality. Important criteria for determining if the team will follow up include a manager's hedge fund portfolio management experience, his/her professional background and pedigree (often an investment bank prop desk or successful established hedge fund, e.g. Goldman Sachs equity arbitrage team or ex-Tiger Management PM), the quality of the team and the operational platform, and a well-defined investment strategy and firm vision. Another useful tool is select prime brokerage and other investor conferences that allow the BCM team to see a maximum number of managers in an efficient format. While the "hit ratio" from conferences is much lower than from BCM's network, these events are nonetheless valuable to understand trends in the marketplace, to share ideas with peers, and to meet talented hedge fund managers that the team does not learn of through its own network. BCM's team regularly attends conferences sponsored by Goldman Sachs, Morgan Stanley, JPMorgan (formerly Bear Stearns) and occasionally attends those of UBS and Deutsche Bank. Additional sources for hedge fund managers include industry magazines and email newsletters, prime brokerage reports, lawyers and other service providers who work with Berens and with hedge funds, and databases (including the firm's own proprietary database which contains 4,000+ hedge funds). BCM's philosophy on sourcing is that it is a bottom up process and merely a starting point, regardless of the source. The team applies the same rigor of analysis for all funds. Given the growth of the industry, quality sourcing allows BCM to maximize its time on the best possible subset of managers and not waste time on managers who are not appropriate or not good enough to warrant investigation.

Selecting:

Initial Meeting:

Before ever meeting with a manager, BCM collects as much information as it can to determine if a meeting is warranted. This will often include conducting a telephone interview, examining all marketing and fund documents and analyzing returns at a detailed level using BCM's quantitative database. BCM views this as time well spent as it will either save the research team from a meeting or allow them to have a much more productive initial meeting where they can focus on the important aspects of the fund's strategy and approach rather than restating information that can be found in the fund's documents. Being well prepared is also a way for BCM to differentiate itself to funds that will later be able to choose their investors. The objectives of the initial meeting are to first learn about this particular business and then about the investment strategy and philosophy. When looking at the business, BCM is trying to determine trust potential, motivation, and goals for managing a fund, the ownership structure and incentives for the entire team, how well thought out the long-term business plan is, how much emphasis is placed on operations, quality of reporting and client service, quality of client base, appropriate scale, experience attracting, managing and retaining great people, and other aspects that apply to all good hedge funds that the investment team has learned through thousands of interviews and general experience. When looking at an investment strategy, BCM tries to answer three basic questions: what inefficiency is the manager trying to mine, how are they mining it and what makes them better than others who are employing a similar strategy. The best way for BCM to answer these questions is to discuss specific examples of past and current investments (both successful and unsuccessful) in the portfolio and follow it from start to finish. From these bottom up discussions, the research team can learn how robust a fund's idea generation is, how they think about risk relative to reward, how well they know their investments, and how well they think on a portfolio level. After a manager's initial meeting with the research team, each member of the team will write a journal with detailed impressions and notes. The purpose is to determine if there is consensus in the team and efficiently compile qualitative information which highlights pros and cons. This discipline eliminates "group think," allows each member to freely articulate their thoughts and impressions and learn collectively from the group. During its weekly investment meetings, the research team at BCM

reviews each of the managers it has seen in the prior week to discuss and decide if it will go forward with additional meetings and due diligence.

Due Diligence: Once BCM decides to continue with the due diligence process on a manager, the investment team follows a process for gathering all remaining information needed, through additional meetings, calls, and document review, to make the best informed decision it can. This includes both operational and investment information.

Operations: BCM meets with each manager's operational team to understand and assess design, controls and process, as well as determine the quality of the team, review all service providers, review all fund documents highlighting key aspects of terms (fees, lock ups, liquidity, gates, etc.), compose follow up questions and identify risks, and review audited financials (expenses, style creep, restatements, etc.).

Investment: Additional meetings are scheduled to visit the office(s) and meet the entire team (portfolio managers, analysts, IR/marketing staff, COO, CFO, etc.) to see the quality of hires, hiring process, consistent articulation of investment philosophy, culture, team structure, etc. BCM reviews trades and past and current holdings gathered through investment letters and filings with the SEC to see if the manager “sticks to its knitting,” completes a review of all quantitative analysis based on weekly or monthly returns, and tries to understand the risk profile and portfolio management philosophy. Underlying both of these processes is BCM's journal system (the aforementioned “Backstop”) where BCM systematically captures all the information on a fund in a single place to review in aggregate before making a decision to invest.

Vetting: During the due diligence process, BCM will seek to speak with a number of people who know the portfolio manager and team very well. These people will be combination of people BCM knows that know the fund as well as references that the manager provides to BCM. BCM makes a key distinction in this process between “A” references, i.e. those who are more loyal to BCM than to the manager (required for investment) and other references that carry less influence. Typically BCM will know multiple “A” references without relying on the manager to provide references. The firm also employs First Advantage CoreFacts, a private investigative service, to conduct background checks on key professionals at the hedge fund.

Portfolio/Risk Management:

The primary value added of a fund of funds is to 1) identify managers who can achieve attractive risk-adjusted returns and 2) improve the risk/return profile of the fund by combining managers who have independent return streams and who are not strongly correlated to optimize the portfolio's efficient frontier. BCM does this quantitatively, using historical returns and analyzing historical exposure to systematic and other risks (style, capitalization, regional, event), as well as qualitatively, forecasting return, risk and correlation based on the firm's collective experience and judgment. The goal is to identify hidden risks and develop confidence in how the fund will perform in the portfolio under a variety of circumstances. BCM's qualitative projection of correlation risk requires understanding how a manager makes money, what the underlying hard-to-measure factor bets and biases are, and which managers are most prone to the same factors. It is possible that a manager could qualify for investment as a “stand alone” investment yet not enter the portfolio because the fund does not contribute to the optimization of the portfolio (BCM may already have the desired exposure or do not want it currently).

Monitoring:

Monitoring/sizing: BCM's research team meets formally on a weekly basis (or more often as needed). At these meetings, the investment team discusses any contact they have had with managers in the portfolio, reviews performance and letters, new analysis or news from funds. The team also reviews one or two of the managers in the portfolio in depth on a rotating basis as a discipline to keep fresh on the reasons BCM is invested and how the manager is performing. Members of the research team are responsible for monitoring certain funds to create accountability for staying up to date (setting up at least quarterly calls and visits, highlighting changes at funds, etc). It is from these meetings that the two co-CIOs will determine position sizing, new allocations, "watch list" and potential firings.

Firing: Reasons for firing a manager usually stem from a breach of trust, this includes both in investments as well as operations, change in investment approach or style, risk parameters, lack of discipline on asset growth, and key employee turnover. BCM will also replace managers if it can find clearly superior replacements. BCM aims to have as low a rate of turnover as possible. If BCM discovers a new manager who the team has carefully determined is better than an existing manager, the co-CIOs will terminate that manager to make room in the portfolio.

Austin Capital Management – All Seasons Offshore Fund High Volatility Hedge Fund

The Firm

Founded in 1993, Austin Capital Management, Ltd., or “ACM,” is registered as an investment adviser with the United States Securities and Exchange Commission. ACM serves as the investment adviser to a family of multi-strategy, multi-manager “fund of hedge funds” private limited partnerships and other investment companies. As of August 2005, ACM has approximately \$750 million under management in its several funds.

Investment Objective

ACM’s funds, including the All Seasons Funds, are all structured with the goals of providing superior risk-adjusted returns, specifically targeted risk/reward profiles, and an overarching “absolute return” goal. ACM expects its funds of funds to be profitable in both bull and bear markets, and to avoid significant losses in the more challenging environment of a market without trends. In all market environments, capital preservation is the overriding focus.

The All Seasons Funds invest in hedge funds managed solely by non-traditional, performance-oriented managers employing a wide variety of hedging and other investment techniques focusing specifically on long-short equity investment strategies. The All Seasons Funds are designed to be a core holding for investors seeking a hedged approach to long-only stock market investing. Investment objectives include annualized compound returns of 10-12% over a normal market cycle of three to five years, a reduction in annualized standard deviation (e.g., volatility) of returns to less than 50% of the standard deviation of the S&P 500 Stock Index, the minimization of net asset value drawdowns to less than 25% of drawdowns of the S&P 500 Stock Index, and a reduction of overall market risk through hedging and diversification. The All Seasons Funds’ portfolios will typically comprise approximately 25 – 30 separate hedge fund investments.

Investment Discipline

ACM has a nine-step investment process that applies to investments by all of its funds, including the All Seasons Funds. It begins by assessing the macro-economic environment and drawing necessary conclusions about general economic conditions during regular Investment Committee meetings. This lays the ground work for strategy and sector allocation decisions for each ACM fund. The next stage is strategy and sector analysis devoting specific research to those strategies and sectors appearing to be most favorable. Next, sector and strategy allocations are finalized, and a pool of hedge fund ideas (drawn from ACM’s internally developed hedge fund manager databases) is established for further analysis by the Portfolio Managers and their team members. The hedge funds worthy of the closest attention combine positive historical returns, lower than average volatilities, lower than average drawdowns, and appropriate correlations with general market performance. Next, the Portfolio Managers and their investment teams perform qualitative and quantitative due diligence on those hedge fund managers (from the broader group of hedge funds identified previously) that ACM believes will present the best investment opportunities. After an initial risk management review, the selected ideas are presented to the Investment Committee where they are discussed, debated, and scrutinized. Based upon recommendations by the Portfolio Managers and the rest of the Investment Committee,

ACM's Chief Investment Officer makes allocation decisions with respect to individual hedge funds. Next, file compilation begins and the General Counsel begins the legal compliance review. The last step prior to funding any investment is ACM's Risk Manager's final review of the hedge fund.

ACM believes that successful hedge fund investing requires strong *qualitative* analytical skills, and it is not possible to determine the advisability of an investment solely based on quantitative data. Quantitative information is important, but equally important is a determination of the hedge fund manager's personal character, investment insight, and strength of convictions. As part of its qualitative analysis, ACM seeks to form relationships with portfolio managers, analysts, and back-office personnel to determine subjectively whether the manager is running a "quality shop". ACM assesses previous work experience, references from other hedge fund managers and "sell side" feedback. Formal background checks on the principals of the hedge fund firm is essential for ACM's qualitative analysis, as ACM believes strongly that character is a strong indicator of investment quality.

The initial investment in a hedge fund is only the beginning of ACM's due diligence and investment analysis process. Ongoing monitoring and analysis is essential. ACM attempts to negotiate as much portfolio transparency as possible with each hedge fund to pay close attention to the specific securities and the general strategies in which each fund invests. ACM conducts periodic conference calls (at least quarterly, but frequently on a monthly basis) and office visits with fund managers on at least an annual basis. The Portfolio Managers and their investment team members also analyze on a continuous basis periodic performance reports supplied by the hedge fund managers. It is critical to ACM's investment process to make ongoing determinations about whether each hedge fund still satisfies desired return-to-risk requirements.

Managed Futures

CMF Institutional Futures Portfolio L.P.

The Firm:

Citigroup Managed Futures Institutional Futures Portfolio L.P. is a publicly offered managed futures fund that has been designed to permit investors to diversify a traditional portfolio of stocks and bonds, by allocating assets to a portfolio of professional advisors that will trade global financial and commodity futures markets. Citigroup Managed Futures LLC manages the Fund. Its duties include, among others, selecting, monitoring and terminating advisors and allocating assets among them. In making allocations, the general partner considers past performance, trading style, volatility, markets traded and fee requirements. The general partner and its predecessor firms were incorporated in 1979 and have sponsored or supervised cumulative assets of over \$3 billion in the past 25 years. As of August 31, 2005, the general partner acted as general partner or trading manager to 26 active pools: eight public, eleven private and six offshore pools with assets of approximately \$3.0 billion.

Investment Objective:

CMF Institutional Futures Portfolio L.P. seeks to achieve substantial capital appreciation while seeking to provide diversification for a traditionally structured stock and bond portfolio.

Investment Discipline:

The Fund attempts to accomplish its objectives through speculative trading in U.S. and International markets for currencies, interest rates, stock indices, agricultural and energy products and precious and base metals. The Fund may employ futures, options on futures and forward contracts in those markets.

Citigroup Managed Futures LLC is the Fund's general partner. Aspect Capital Limited, Capital Fund Management S.A., Drury Capital, Inc., Graham Capital Management, L.P., John W. Henry & Company, Inc., Willowbridge Associates Inc. and Winton Capital Management Limited have been selected by the general partner as the Fund's trading advisors.

As of September 30, 2007, each of the current advisors generally uses computerized trading strategies based on technical, rather than fundamental analysis of market prices. Technical analysis focuses primarily on statistical research of past market prices. One of the most common trading strategies that uses technical analysis is trend-following.

Citigroup Fairfield Futures Fund LP. II

The Firm

Fairfield Futures Fund LP is a New York Limited partnership formed on March 25, 2002. Citigroup Managed Futures LLC is the Fund's general partner and commodity pool operator. SSB Fairfield Futures Fund LP is a single advisor pool. Graham Capital Management LP is the Fund's advisor. Graham Capital Management was organized as a Delaware limited partnership in May 1994. Kenneth G. Tropin is the President and sole shareholder.

Investment Objective:

The fund aims to achieve capital appreciation through speculative trading in US and international futures, options on futures and forward markets. The Fund may also engage in swaps transactions and other derivative transactions with the approval of the general partner. The fund allocates its assets to Graham Capital Management LP's K4 program at 150% leverage.

Investment Discipline:

The K4 program uses a mathematical model to identify certain price patterns that have very specific characteristics indicating that there is a high probability that a significant directional move will occur. The systems are designed to analyze mathematically the recent trading characteristics of each market and statistically compare such characteristics to the long-term historical trading pattern of the particular market. The K4 program will normally enter or exit a position only when a significant price and volatility spike takes place. K4 will normally maintain a neutral position in 50% of the markets in the portfolio. The K4 program trades in approximately 65 markets.

Smith Barney Potomac Futures Fund LP

The Firm

SB Potomac Futures Fund LP is a New York limited partnership formed on March 14, 1997. The fund began trading on October 1, 1997. Citigroup Managed Futures LLC is the Fund's general partner and commodity pool operator. SB Potomac Futures Fund LP is a single advisor pool. Campbell & Company, Inc. is the Fund's advisor. Campbell & Company, Inc is a Maryland corporation organized in April 1978.

Investment Objective:

The fund aims to achieve substantial capital appreciation through speculative trading in US and international markets for currencies, interest rates, stock indices, energy products and metals.

Investment Discipline:

Campbell makes trading decisions for all accounts using proprietary technical trading models which analyze market statistics. Campbell currently trades its FME Large portfolio for the fund. Trading models are designed to detect and exploit medium-term to long-term price changes, while also applying risk management and portfolio management principles. Campbell believes that utilizing multiple trading models provides an important level of diversification. Not every trading model will trade every market.

Citigroup Orion Futures Fund LP

The Firm

Citigroup Orion Futures Fund L.P. is a multi-advisor private placement that seeks to provide high absolute returns, with commensurate risk, to sophisticated, accredited investors. The fund began trading on June 10, 1999.

Investment Objective:

The fund aims to achieve capital appreciation through speculative trading in a broad range of global markets, including currencies, interest rates, stock indices, agricultural and energy products and precious and base metals.

Investment Discipline:

Citigroup Managed Futures has selected three CTAs for the Fund.

AAA Capital Management – AAA trades the master Fund’s assets in accordance with its Energy and Swaps program. AAA generally bases its trading decisions on “fundamental” factors, namely supply and demand for a particular group or type of commodity. AAA attempts to buy undervalued commodities and uses options to attempt either to reduce or define risks.

Willowbridge Associates – trades the fund according to the Argo and Vulcan trading systems. On the market level risk is managed primarily by utilizing proprietary volatility filters. When these filters detect a certain excessive level of volatility in the markets traded, they will signal that the systems should no longer be trading in the markets in which the filters have detected excessive volatility.

Winton Capital Management LTD – the programs investment technique consists of trading a portfolio of around 100 contracts on major commodity exchanges and forward markets worldwide, employing a fully computerized, technical, trend-following systems developed by the firms principals.