

What's Inside ...

Performance Recap

Indices across all capitalization and style segments declined in the second quarter

Investors avoided risk but were relatively less averse to higher growth, higher quality issues

Smaller-capitalization growth stock prominence seen continuing

Review and Outlook

Markets pull back as global economic risks weigh on recovery and investors

A prolonged period of economic sluggishness is anticipated, but not a second dip

Low overall growth environment provides a positive setting for higher growth stocks

Relative Portfolio Structure

Overweight
Technology
Healthcare
Energy

Underweight
Financial Services

DIRECTOR OF MARKETING

Rob Knowles joins Wall Street Associates as Director of Marketing (Page 7)



William Jeffery, III
President / Chief Investment Officer

Historically, during economically slow periods, investors recognize the attractiveness of true growth stocks. As the market continues to mark time in the current consolidation phase, history tells us that investors now have in place one of the most rewarding settings for growth equity portfolios – **an environment where growth is scarce and a premium is paid for companies expanding at a more rapid pace than the overall economy.**

Quarterly Review – 2Q10

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Market Performance Recap

Indices across all market capitalization and style segments posted negative second quarter returns as the market began to consolidate. In early May, positive investor sentiment over the direction of the economy gave way to heightened fears over global economic risks. The May 6th “Flash Crash” saw markets wildly plunge and rebound over a 30-minute period and hastened investor’s negative mood. When it was done, the month of May had turned in its worst performance (based on the S&P 500) since 1962. For the quarter, the Russell 2000 Growth Index slightly outperformed the Russell 2000 Value Index, with Growth beating Value in 7 of 10 sectors. The Russell 2000 Value Index suffered on a relative basis from poor performance in Financial and Materials & Processing shares. The Russell Mid Cap Growth Index slightly underperformed the Russell Mid Cap Value Index in the second quarter as weakness in Energy stocks hampered Growth most (source: BoA / Merrill Lynch).

Russell Index Performance (%)

Period	Russell 2000		Russell Mid Cap		Russell 1000	
	Growth	Value	Growth	Value	Growth	Value
2Q10	-9.22	-10.60	-10.20	-9.57	-11.75	-11.15
YTD	-2.31	-1.64	-3.31	-0.88	-7.65	-5.12

As of 6/30/10 (Sources: Russell / Baseline)

In the second quarter, investors shied away from risk but were less averse to lower capitalization and higher growth stocks on a relative basis. Reversing the trend seen in 2009 and in the first quarter of this year, investors shed higher Beta and low / “non-earner” (N/A) P/E shares, giving lower Beta and stocks in the middle P/E quintiles better relative performance. See the table below for details.

Vestek “All-Shares” Universe

P/E Sector	2Q10	Cap Sector \$b	2Q10	Growth Sector	2Q10	Beta Sector	2Q10
0.0-8.0	-13.55	Above 5.0	-11.40	0.0-8.0	-8.79	0.0 – 0.9	-8.92
8.0-12.0	-10.83	1.0-5.0	-9.88	8.0-12.0	-11.83	0.9 – 1.1	-10.56
12.0-16.0	-9.36	0.5-1.0	-9.02	12.0-16.0	-13.85	1.1 – 1.3	-13.40
Above 16.0	-11.63	0.1-0.5	-8.99	16.0-20.0	-7.83	1.3 – 1.5	-13.48
N/A	-14.01	0.0-0.1	-9.72	Above 20.0	-11.43	Above 1.5	-13.84

Capitalization-weighted performance; Vestek All Shares as of 6/30/10 Source: Thomson Vestek

Valuations among smaller-cap, growth stocks continue to compare favorably to their value stock counterparts and Growth’s performance versus Value in the dismal second quarter suggests that investors are seeking earnings growth. With lesser quality issues having seen a prolonged run, renewed investor focus on earnings and quality historically remains after the economy works through its troubles and continues to recover. This scenario favors active managers and the continuation of smaller-capitalization growth stock dominance over value stocks (see charts below).

Russell 2000 Growth Vs. Russell 2000 Value
July 2005 – June 2010
Base: Russell 2000 Value (Source: Baseline)



Russell Mid Cap Growth Vs. Russell Mid Cap Value
July 2005 – June 2010
Base: Russell Mid Cap Value (Source: Baseline)



Second Quarter Review

Equity markets pulled back considerably during an action-packed quarter as investors digested the growing list of global economic risks and a downshift in economic momentum. On the one hand, the Eurozone sovereign debt crisis; China's attempt to engineer its own economic soft landing; and the combination of anti-growth policies from Washington D.C., a mounting debt load and Congress's lack of focus on the deteriorating long-term health of the government all present considerable risks. On the other hand, monetary policy remains supportive; the US economic recovery appears to be sustainable in spite of hitting a soft patch; consumers are spending (albeit cautiously); businesses are investing and hiring; credit markets are fragile but healing; and corporate earnings results are great. Consensus outlooks nonetheless turned less positive. Investors rationalized that although the worst of the crisis has past; a more sluggish recovery (or even a double-dip recession) lies ahead. In their June 23rd meeting, the Federal Reserve reiterated their resolve to maintain "exceptionally low" interest rates for an "extended period" and gave a nod to the heightened risks abroad. By the end of the quarter many stock indices finished at or near their 2010 lows.

History shows that stylized cyclical bull markets typically have three phases: (1) a strong initial liquidity-driven rally out of a bear market, which averages 60% and accounts for between a third to one-half of the total gain; (2) a consolidation phase which typically begins as interest rates rise; followed by (3) the continuation of gains in equities, typically driven by improving fundamentals. Looking back, the financial asset liquidation in the second half of 2008 sent a great deal of capital (much of it fiduciary capital) to the sidelines at minimal rates of return. As market psychology and risk appetites recovered, some of the fiduciary capital returned to the market. Many therefore view 2009's stock market gains as largely liquidity-driven and believe **we are now in the midst of a consolidation phase that will be accompanied by increased volatility as investor appetite for risk ebbs and flows**. The U.S. economy is beginning its return to growth. The corporate sector retrenched – costs are significantly below revenues, cash flow is now positive, and earnings are set to expand dramatically. But the future is far from clear, and investors are debating whether the downward trend of current market-based indicators is just signaling an economic soft patch or something more serious. Investors are beginning to worry about higher taxes, reduced fiscal/monetary stimulus programs, more government intrusions, tougher company earnings comparisons, higher inflation measures, mid-term elections, sovereign debt and a fluctuating dollar. All this makes it difficult to gage whether aggregate demand can return to adequate levels required for a sustained recovery. Indeed, this is a challenging investment climate where stock selection becomes extremely important.

Profit expectations for small and mid capitalization companies reflect a continued recovery in 2010. Earnings for small caps are forecasted to climb 56.3% year-over-year on a revenue increase of 13.2%. Mid cap earnings are anticipated to rise 34.8% on top-line growth of 9.8%. Looking ahead at 2011, "street" expectations are that earnings growth remains robust, with small cap profits forecasted to be up over 28% and mid cap profits rising over 24% (source: Merrill Lynch).

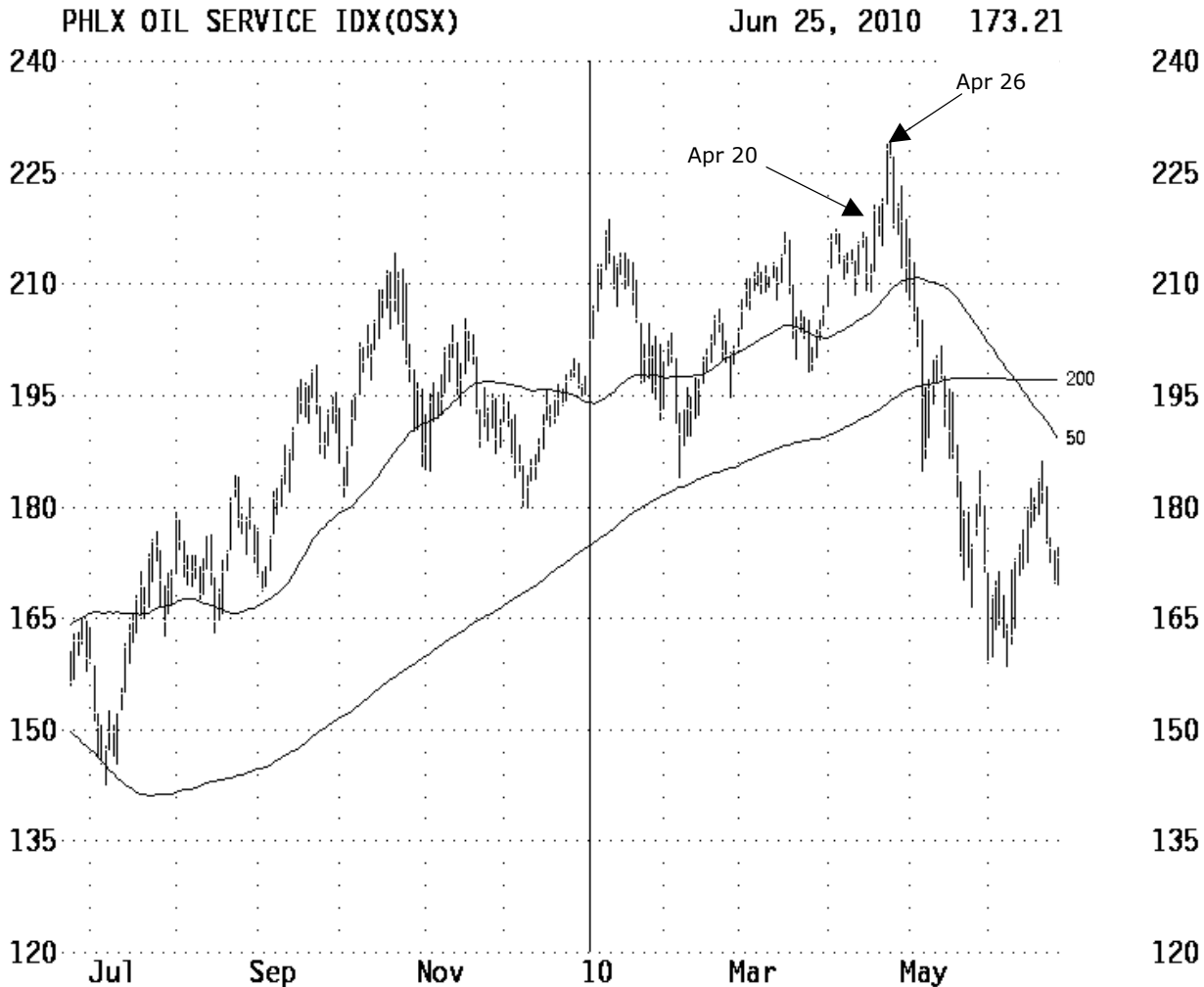
We expect companies in our portfolios to continue seeing higher forecasted long-term earnings growth rates versus comparable benchmarks (see table at right). While the number of U.S.-based investment opportunities remains high, we continue to encounter an expanding number of compelling investment candidates in foreign-based companies (all of which trade on major U.S. exchanges – and some of which are benchmark constituents). These foreign-based companies exhibit the same positive characteristics our portfolio managers have traditionally looked for in all investment candidates (with more compelling valuations). Such companies have the added benefit of having their operations concentrated within the fastest growing economies on the planet – countries experiencing strong emerging profit cycles expected to last for decades. In an environment where overall growth rates are low, companies that exhibit strong and highly predictable rates of growth eventually command premium valuations. Historically, during economically slow periods, investors recognize the attractiveness of true growth stocks. As the market continues to mark time in the current consolidation phase, history tells us that investors now have in place one of the most rewarding settings for growth equity portfolios – **an environment where growth is scarce and a premium is paid for companies expanding at a more rapid pace than the overall economy.**

Strong Earnings Growth in WSA Portfolios	
	Forecasted Long-Term EPS Growth Rates* (I/B/E/S Means)
WSA Mid Cap Growth	16.3%
<i>vs. Russell Midcap Growth Index</i>	14.9%
WSA Small/Mid Cap Growth	20.0%
<i>vs. 50 50 Blend*</i>	16.1%
WSA Small/Micro Cap Growth	20.0%
<i>vs. Russell 2000 Growth Index</i>	17.3%
WSA Micro Cap Growth	21%
<i>vs. Russell 2000 Growth Index</i>	17.3%

Source: Russell/Mellon Analytical Svcs and Thomson Baseline as of 6/30/10

Portfolio Structure

Wall Street Associates' current portfolio structure reflects an emphasis on several long-term themes expected to benefit from the unfolding market environment. **The energy sector's short-to-intermediate term outlook was negatively impacted when the Deepwater Horizon drilling rig was destroyed by an explosion and fire on April 20, 2010, and sank into the Gulf of Mexico.** Eleven crew members died. On April 26th, Homeland Security reported that attempts to activate the rig's blowout preventer valve were ineffective and multiple attempts to shut off the flow of oil into the Gulf, estimated at 35,000 to 60,000 barrels per day, have since failed. From that date, the Philadelphia Oil Service Index (OSX) dropped about -25%.



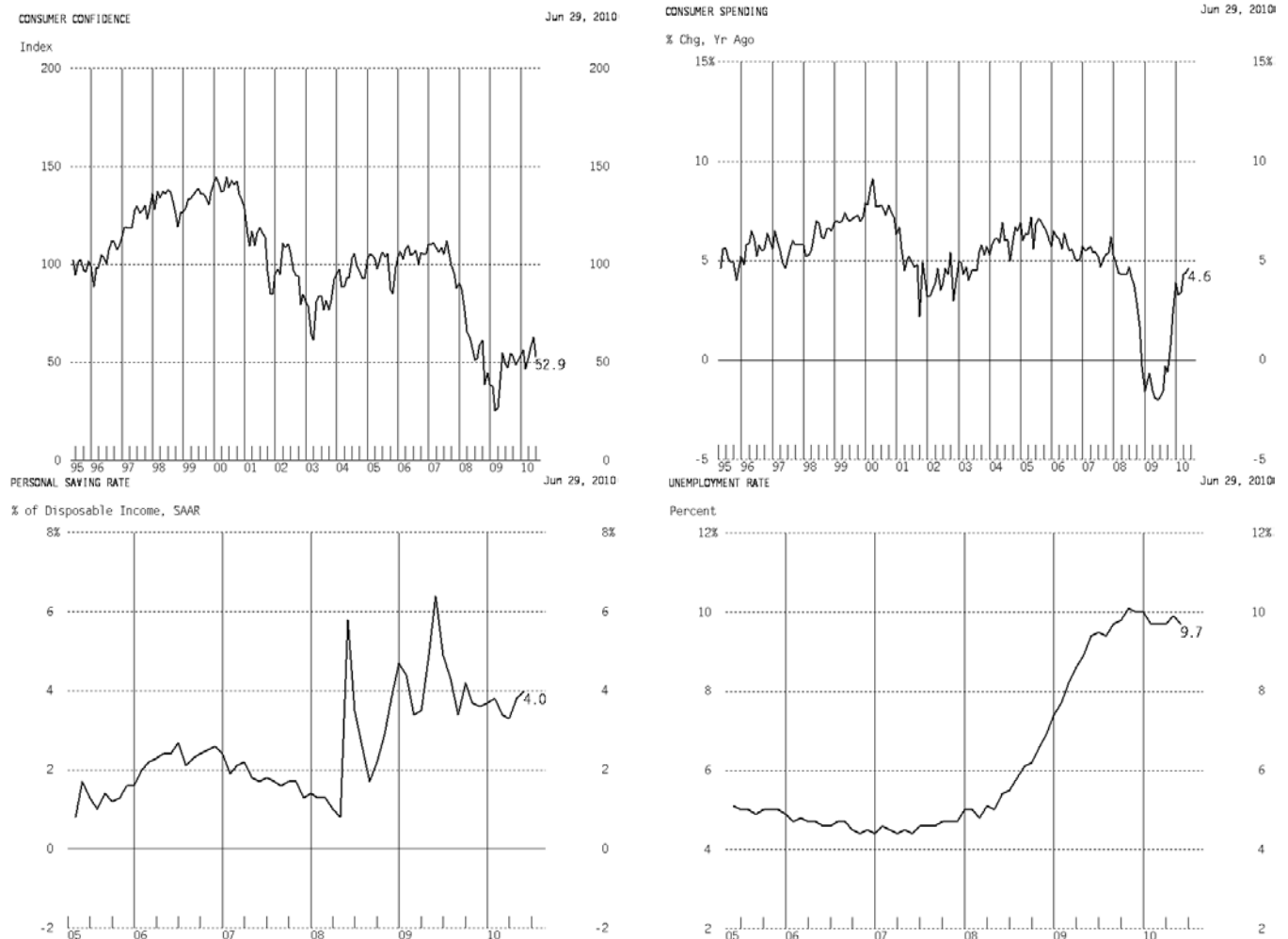
Investors now must prepare for a policy response that could substantially reduce the earnings of energy companies operating in the Gulf of Mexico. It is likely that a moratorium on new deepwater drilling will last for some time, and a host of other policy changes are possible. Our portfolios have been and continue to be more focused on North American and international land based projects, so **we have maintained many of our energy-related investments and continue an overweight target in the sector**, with particular emphasis on oil & gas drilling, service, exploration, production, infrastructure building, and associated technologies. The view here is that restrictions on deep water production in US waters will eventually constrain global oil supply. Oil production from current fields will peak soon thereafter, causing global oil supplies to gradually tighten. Any oil supply shortfalls ahead can be made up but only at much higher costs. We therefore continue to hold positions in energy companies at industry chokepoints and exposed to the right end markets. Moreover, consolidation is beginning to occur within the energy sector. We believe our energy sector positions should continue to have strong growth prospects and are expected to be important contributors to long-term performance.

Many of the same short- and long-term factors that drive the energy markets also affect Materials and Processing stocks. Stocks in this group have recovered from the short-run demand destruction, deleveraging, a “speculative unwind” and rising inventories that negatively impacted the performance of these issues in the 2008-09 downturn. We still view “Infrastructure” as a popular investment theme. There’s a strong secular infrastructure and commodities cycle ahead, resulting directly from industrialization efforts and fiscal stimulus plans in developed and emerging markets, particularly in China and the U.S.A. **This long-term cycle creates an extremely profitable opportunity for companies leveraged toward energy/power/transportation infrastructure, engineering components, water projects, agriculture and manufacturers of pipeline and dredging machinery.** These types of companies historically experience strong revenue and earnings growth, large and growing backlogs and prolonged periods where demand outstrips supply. We continue to hold Materials and Processing positions in anticipation of what we see as a rewarding time for these stocks.

Healthcare companies are becoming more important contributors to performance and we continue to maintain an overweight target for our portfolios versus comparable benchmarks in this sector. Despite investor uncertainty regarding the fate of the healthcare industry (in large part due to intense regulatory pressures), there’s a clear fundamental positive case for healthcare companies as many are experiencing high relative profitability, attractive valuations and improving profit margins. Demographic trends and revenue increases are positive factors for healthcare technology, equipment, services and pharmaceutical companies. **The medical technology, equipment, device and diagnostics companies** we find most attractive are in the midst of ramping product cycles and **are experiencing robust earnings growth** as a result of their “razor/razor-blade” operating models. Biotechnology companies should continue to see above-average prospects as they experience a greater share of new drug approvals and “big pharma” pushes hard via partnerships to replace many large drugs coming off patent. Healthcare-related companies are historically resistant to economic downturns, but the intense political scrutiny faced by this sector raises investors’ concern. However, many believe the passing of Congress’ healthcare bill will mark a point where the political pressure begins to abate. Investors’ uncertainty may likely diminish and be replaced by the view that these groups are fundamentally strong, attractively valued, and should see a long-term improvement in revenues, earnings, and margins regardless of the economy’s pace.

Fundamental conditions continue to be challenging within the **Finance sector**. Recently, Congress made progress toward significant financial regulation legislation. The bill will likely cause certain Wall Street firms to restrict their activities and thereby lower their future earnings. The “Volker Rule” will prohibit propriety trading at insured banks and derivatives trading will largely be moved onto exchanges and clearinghouses. Only time will tell if this bill marks the death of “too big to fail” entities. The fact is that all banks are exposed to the economy and even the “good” ones will continue to face balance sheet-related difficulties. Banks are still confronted with large waves of charge-offs from bad residential and commercial real estate loans on their books, and while financial markets continue to recover, credit standards are still tight. Credit card lending is down, banks have cut unused credit lines, and consumer loan losses, delinquency rates and loan charge-off rates remain high. Increased government oversight is here to stay, especially for the larger crisis-hit banks. One result of all this is that the banking industry is raising capital and curtailing lending. Unfortunately, a growing economy benefits from a healthy credit market, and banks that have to raise capital and reduce loans are not growing credit. Because our portfolios have not held many Finance stocks, we have managed to avoid direct financial-related exposure throughout the crisis. We mostly favor the exchanges, transactions processors and financial companies with innovative risk management and regulatory/governance products over traditional spread-based lenders.

Many factors continue to negatively impact household budgets and this makes stock selection challenging within the **Consumer Discretionary** sector. The past couple years have been a difficult period yet consumers came out of hibernation – spurred by the fiscal stimulus and pent up demand that needed to be satisfied. While consumer confidence and spending have improved from the crisis low points, it seems that consumers are just half as pessimistic as they were during the depth of the crisis. Their attitudes towards the economy will likely be closely tied to labor markets, which continue to suffer but unemployment may be showing signs of peaking (see charts below). Consumer Discretionary–related companies have reduced their costs yet they still face tremendous headwinds: high consumer debt burdens and an increase in the personal savings rate seem to indicate the consumer is likely to remain conservative. **This all makes the current environment for consumer-related companies quite difficult; one which demands a focus on valuations.** We remain somewhat cautious and maintain an equal-weight target weighting versus comparable benchmarks in this sector.



Within this sector, we favor higher-end/niche retailers with the strongest fundamentals and growth prospects. The companies most attractive to us are those with rapidly expanding consumer products and high unit growth rates, as well as Internet-based versions of traditional industries such as online education providers (which experience a boost in enrollment as unemployment goes up), advertising, retail and digital media which allow businesses to enhance productivity and to lower costs. Additionally, China is encouraging private consumption and consumerism is beginning to take form. We believe China's path is well established and built on sound economics and have added positions to portfolios that are likely to benefit from this trend.

Fundamentals for **Technology** companies have improved and we continue to target an overweight position versus comparable benchmarks in this sector. We believe the diverse thematic influences within technology sub-industry groups will positively impact select companies that are either gaining market share and/or exhibiting strong growth rates. Our software and hardware-related positions expect to benefit from outsourcing, security, data storage, business redundancy, disaster preparedness and digitization trends. **Software as a Service (“SAAS”) and cloud computing** companies have found a growth niche by focusing on underpenetrated “vertical” markets – Customer Relationship Management, Website Analytics, Travel & Entertainment Booking, Online Education Content Management, Payroll and Workforce Management – with the added benefit that these companies provide a visible recurring revenue stream that is typically in the 15% to 30% growth range. **Data Storage and Archiving solutions providers** are also experiencing rapid growth. The need for data storage - much of which is required by law and regulatory bodies to be archived - continues to expand with the vast amounts of information being created daily. In addition, **Semiconductor-related** companies continue to see some positive changes: global technology orders are strengthening; technology production and retail sales are improving; technology durable orders are improving; and global semiconductor capacity use and semi-cap equipment orders are gaining. **Portfolios also hold companies that continue to experience the benefit of a major shift in marketing spending from offline to online.** Companies which provide online marketing services, innovative marketing communications, brand advertising consulting, and website hosting services stand to benefit as the industry’s market-share shifts. **Valuation measures for these technology groups remain attractive.** Looking ahead, we may be seeing the start of a PC upgrade cycle, excitement over new and innovative products (e.g., the Apple iPad), wireless and smart phone penetration is expected to continue and technology suppliers to the developing world should see robust demand. The view here is that expectations for technology groups remain low and selected companies are likely to exceed analysts’ forecasts.

Market Outlook

Our themes continue to work well in 2010, which lends confidence in our strategy moving forward. Yes, markets have begun to consolidate and there are fewer price opportunities present now compared to early March 2009, but opportunities still abound. Indeed, much of the economic upheaval has been reflected in the stock market and policy makers have intervened. The economy has transitioned through a low point and **we see a prolonged period of sluggishness ahead but not a second dip.** History tells us that at points like this, company fundamentals become the primary driver for stock market action and a great scenario for small and mid cap growth stocks begins to unfold. *Our portfolios remain actively and optimistically positioned.*

William Jeffery III, President, CIO

From the WSA press release

Knowles Joins Wall Street Associates, LLC

Rob R. Knowles was named Sr. VP – Director of Marketing at Wall Street Associates, LLC. He will be responsible for developing and supporting consultant and new business relationships as La Jolla based WSA continues to grow its institutional business.

Mr. Knowles was Director - Institutional Markets with Transamerica Investment Management prior to joining WSA, and a former Senior Associate at Wilshire Associates.

Founded in 1987, Wall Street Associates, LLC is an employee-owned registered investment adviser specializing in U.S. Micro, Small and Mid Cap growth investments.

Micro Cap Growth

Objective/Guidelines: The Micro Cap Growth strategy seeks to maximize long-term capital appreciation by investing primarily in U.S. companies with market capitalizations below \$400 million (float adjusted) at the time of purchase.

	2Q10	YTD	1 Year	3 Years	5 Years	10 Years
Micro Cap Composite Gross of fees (%)	-8.16	2.83	23.07	-8.24	2.59	-1.76
Micro Cap Composite Net of fees (%)	-8.38	2.39	22.05	-9.06	1.70	-2.62
Russell 2000 Growth Index (%)	-9.22	-2.31	17.96	-7.54	1.14	-1.72

- **2Q10 - Relative Portfolio Performance (Representative):**

Top Sectors – Technology, Energy, Healthcare

Bottom Sectors – Producer Durables, Consumer Discretionary, Consumer Staples

Characteristics	Wt. Average Market Cap	Pos PE (Trailing EPS)	Earnings Growth (5yr)
Micro Cap (Representative)	\$370M	37.9	19.0%
Russell 2000 Growth Index	\$980M	37.3	10.7%

As of 6/30/10; See Additional Disclosure / Performance for periods greater than 1 year are annualized / Capacity Available. Composite Inception 6/1/90

Small-Micro Cap Growth

Objective/Guidelines: The Small-Micro Cap Growth strategy seeks to maximize long-term capital appreciation by investing primarily in U.S. companies with market capitalizations below \$1.5 billion (float adjusted) at the time of purchase, including benchmark constituents above \$1.5b.

	2Q10	YTD	1 Year	3 Years	5 Years	10 Years
Small-Micro Cap Composite Gross of fees (%)	-9.43	-1.72	20.57	-9.90	0.36	-3.91
Small-Micro Cap Composite Net of fees (%)	-9.65	-2.17	19.53	-10.71	-0.50	-4.74
Russell 2000 Growth Index (%)	-9.22	-2.31	17.96	-7.54	1.14	-1.72

- **2Q10 - Relative Portfolio Performance (Representative):**

Top Sectors – Technology, Energy, Healthcare

Bottom Sectors – Producer Durables, Consumer Staples, Consumer Discretionary

Characteristics	Wt. Average Market Cap	Pos PE (Trailing EPS)	Earnings Growth (5yr)
Small-Micro Cap (Representative)	\$1,126M	26.7	19.0%
Russell 2000 Growth Index	\$980M	37.3	10.7%

As of 6/30/10; See Additional Disclosure / Performance for periods greater than 1 year are annualized / Capacity Available. Composite Inception 3/1/92

Small-Mid Cap Growth

Objective/Guidelines: The Small-Mid Cap Growth strategy seeks to maximize long-term capital appreciation by investing primarily in U.S. companies with market capitalizations below \$10 billion (gross) at the time of purchase, including benchmark constituents above \$10b.

	2Q10	YTD	1 Year	3 Years	5 Years	10 Years
Small-Mid Cap Composite Gross of fees (%)	-10.28	-3.93	18.75	-12.04	-0.21	-3.76
Small-Mid Cap Composite Net of fees (%)	-10.40	-4.17	18.20	-12.49	-0.81	-4.38
50/50 Blend* (%)	-9.71	-2.81	19.66	-7.47	1.31	-1.79

- **2Q10 - Relative Portfolio Performance (Representative):**

Top Sectors – Healthcare, Consumer Discretionary

Bottom Sectors - Producer Durables, Consumer Staples, Technology

Characteristics	Wt. Average Market Cap	Pos PE (Trailing EPS)	Earnings Growth (5yr)
Small-Mid Cap (Representative)	\$2,993M	30.0	14.3%
50/50 Blend*	\$3,545M	30.4	10.2%

As of 6/30/10; See Additional Disclosure / Performance for periods greater than 1 year are annualized / Capacity Available. Composite Inception 11/1/98 *The 50/50 Blend benchmark equals a 50/50 blend of the Russell Midcap Growth Index & the Russell 2000 Growth Index

Mid Cap Growth

Objective/Guidelines: The Mid Cap Growth strategy seeks to maximize long-term capital appreciation by investing primarily in U.S. companies with market capitalizations between \$1.5 and \$10 billion (gross) at the time of purchase, including benchmark constituents above \$10b.

	2Q10	YTD	1 Year	3 Years	5 Years	10 Years
Mid Cap Composite Gross of fees (%)	-10.41	-6.86	18.98	-7.91	2.58	-2.56
Mid Cap Composite Net of fees (%)	-10.52	-7.08	18.43	-8.36	2.10	-3.06
Russell Midcap Growth Index (%)	-10.20	-3.31	21.30	-7.53	1.37	-1.99

- **2Q10 - Relative Portfolio Performance (Representative):**

Top Sectors – Healthcare, Technology

Bottom Sectors – Consumer Discretionary, Producer Durables, Energy

Characteristics	Wt. Average Market Cap	Pos PE (Trailing EPS)	Earnings Growth (5yr)
Mid Cap (Representative)	\$5,492M	28.6	11.5%
Russell Mid Cap Growth Index	\$6,110M	23.5	9.6%

As of 6/30/10; See Additional Disclosure / Performance for periods greater than 1 year are annualized / Capacity Available. Composite Inception 9/1/92

Wall Street Associates, LLC ("The Firm", "WSA") is a registered investment advisor, established in 1987. WSA is defined as an independent investment advisory firm that is not affiliated with any parent organization. The Firm is defined as all actual, institutional and sub-advisory (mutual fund) accounts managed by WSA. WSA invests primarily in U.S. Micro to Mid Cap growth securities for U.S. institutional clients.

WSA claims compliance with the Global Investment Performance Standards (GIPS.) The Firm maintains a complete list and description of composites and GIPS compliant, full disclosure presentations which are available upon request – Wall Street Associates 1200 Prospect Street Suite 100 La Jolla, CA 92037 (858) 551 2100.

Micro Cap Growth Composite ("The Composite") was created in June of 1990. The Composite includes all actual fee paying, tax-exempt institutional and sub advisory (mutual fund) accounts with comparable investment objectives and risks, managed by WSA for at least one full month. Investment Guidelines: the Composite invests primarily in domestic growth equities with a market capitalization of less than \$400mm (float adjusted) at purchase. It is measured against the Russell 2000 Growth Index for comparison purposes. The full performance period is not in compliance. Prior to January 1, 1993, the Micro Cap Growth Composite was an equal weighted composite.

Small-Micro Cap Composite ("The Composite") was created in March of 1992. The Composite includes all actual fee paying, tax-exempt institutional and sub advisory (mutual fund) accounts with comparable investment objectives and risks, managed by WSA for at least one full month. Investment Guidelines: the Composite invests primarily in domestic growth equities with a market capitalization of less than \$1.5b (float adjusted) at purchase, including benchmark constituents above \$1.5b. It is measured against the Russell 2000 Growth Index for comparison purposes.

Small-Mid Cap Composite ("The Composite") was created in November of 1998. The Composite includes all actual fee paying, tax-exempt institutional and sub advisory (mutual fund) accounts with comparable investment objectives and risks, managed by WSA for at least one full month. Investment Guidelines: the Composite invests primarily in domestic growth equities with a market capitalization of less than \$10b (gross) at purchase, including benchmark constituents above \$10b. It is measured against a 50/50 blend of the Russell 2000 Growth Index and the Russell Midcap Index for comparison purposes. In order to more accurately reflect investment strategy since composite inception, the Custom Benchmark replaced the Russell 2500 Growth Index on January 1, 2005.

Mid Cap Growth Composite ("The Composite") was created in September of 1992. The Composite includes all actual fee paying, tax-exempt institutional and sub advisory (mutual fund) accounts with comparable investment objectives and risks, managed by WSA for at least one full month. Investment Guidelines: the Composite invests primarily in domestic growth equities with a market capitalization from \$1.5b to \$10b (gross) at purchase, including benchmark constituents above \$10b. It is measured against the Russell Midcap Growth Index for comparison purposes. Prior to April 1995, non-fee-paying clients represented 100% of the Mid Cap Growth Composite; therefore the net returns for those periods reflect what a fee-paying client would have paid, based on actual assets managed.

Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. Market capitalization for Russell 2000 Growth Index constituents ranged from a low of \$39MM to a high of \$2.5B as of 6/30/10. Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index. Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index. Market capitalization for Russell Mid Cap Growth Index constituents ranged from a low of \$1.1B to a high of \$13.7B as of 6/30/10. The indices are not available for direct investment.

The US Dollar is the currency used to express performance. No leverage or derivatives are used in the Micro Cap Growth, Small-Micro Cap Growth, Small-Mid Cap Growth, or Mid Cap Growth strategy. From time to time, WSA may invest some client accounts in shares of companies through initial public offerings ("IPOs"). IPOs have the potential to produce substantial gains. There is no assurance that any client account will have continued access to profitable IPOs and as account assets grow, the impact of an IPO investment in that account may decline.

Returns are based on fully discretionary accounts under management, including those accounts no longer with the firm. Returns were calculated on a total return basis. Returns include all dividends and interest, other income, realized and unrealized gains or losses, and are net of all brokerage commissions, execution costs and without provision for federal or state income taxes. Securities transactions are accounted for on trade date, with dividends and other earnings accounted for on a cash basis. Cash and equivalents are included in performance returns. Monthly returns of The Composite combine individual accounts' return (calculated on a time-weighted rate of return basis which is revalued daily) by asset-weighting each accounts asset value as of the beginning of the month. Annual returns are calculated by geometrically linking the monthly returns. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available on request. Gross returns do not give effect to investment advisory fees, which would reduce such returns. Net of fee performance was calculated using the weighted average fee rate of the previous quarters actual fees, as provided in Part II of the firm's ADV. For example, gross performance of 10.00% combined with a 1.00% management fee would produce net performance of 9.00% (approx.). The management fee schedule is as follows: Micro Cap Growth, Small-Micro Cap Growth, Small-Mid Cap Growth - 1.00% on the first \$25mm; 0.75% thereafter; Mid Cap Growth - 0.80% on the first \$50mm; 0.70% on the next \$50mm; 0.60% thereafter. Actual investment advisory fees incurred by clients may vary due to various conditions including account size.

Past performance is not indicative of future returns. Results will vary among client accounts. The actual return and value of an account will fluctuate and at any point in time could be worth more or less than the amount invested.

The information contained herein is based on internal research derived from various sources and does not purport to be statements of all materials facts relating to the securities and/or markets mentioned. The information contained herein, while not guaranteed as to the accuracy or completeness, has been obtained from sources we believe to be reliable. Opinions expressed herein are subject to change without notice.

A complete list of holdings purchased, sold, or held in the above strategies for the past 12 months (including certain specific information) is available upon request. Disclosures are the representation of management. Performance has not been audited or verified by an independent third party.

Sector Attribution – top positive performing sectors and bottom negative performing sectors are provided to a maximum of three each.