

## Objective

To outperform the benchmark, the Russell 1000, over a market cycle by investing both long and short in U.S. equities.

## Philosophy

- Although the U.S. large-cap market is more efficient than most, numerous exploitable inefficiencies exist.
- To capture excess return for our clients, we can take advantage of these inefficiencies through:
  - Systematic research
  - Superior portfolio constructions
  - Innovative trading strategies

## Strategy

- Maintain an approximate net 100% long exposure to the equity market (long market value less short market value).
- Will generally hold long positions equal to 130% of the Fund's equity assets and short positions equal to 30% of the Fund's equity assets.
- Long equity positions may range from 120% to 140% and short equity positions may range from 20% to 40%.

## Investment Process

### Rank:

Rank all 1000 stocks in the index and calculate the combined scores for each stock based on predicted excess return.

### Optimize:

Run optimization on ranked universe to construct portfolio with highest return potential by targeting a 3% - 5% tracking error relative to the index and constraining sector and stock over- and under - weightings.

### Rebalance:

Divide each portfolio into multiple sub-portfolios and rebalance each sub-portfolio every four months.

### Special Situations Overlay:

Take advantage of short-term trading opportunities such as index changes, spin-offs, announced stock-swap mergers, calendar effect trades and short-term reversals.

## Net Performance %

	QTD*	YTD*	1 Year	Since Inception (1/2/2007)
<b>US LCC 130/30</b>	<b>2.14</b>	<b>(6.21)</b>	<b>(14.17)</b>	<b>(4.29)</b>
Russell 1000 Index	(1.89)	(11.20)	(12.36)	(4.09)
Excess Return*	4.03	4.99	(1.81)	(0.20)

*\*Supplemental Information. Past performance is no guarantee of future results, which will vary. Performance shown is net of investment management fees.*

Overall Exposure	% NAV	Number of Stock Positions
Long	126.5	Long 321
Short	26.5	Short 123
Net	100.0	
Gross	153.0	

## Sector Exposure vs. Russell 1000

*Supplemental information*

Sector	NYLIM LCC 130/30
Energy	17.71
Technology	17.19
Consumer (cyclical)	8.72
Health Care	8.59
Non-Bank Financials	7.33
Basic Materials	6.87
Banks and Brokers	6.07
Consumer (non-cyclical)	5.35
Commercial Services	5.14
Industrials	4.79
Transport	4.57
Consumer Services	2.90
Telecommunication	2.80
Utility	1.98

Source: Barra

Characteristics	NYLIM US LCC 130/30 Long	Short
Number of Securities	321	123
P/E Ratio (1-yr projected)	12.35x	14.60x
P/B Ratio	2.12x	1.38x
Dividend Yield	1.63%	1.57%
Weighted Avg. Market Cap (\$)	57.3bn	3.5bn
Median Market Cap (\$)	7.6bn	2.6bn
EPS Growth (3-5 year Estimated)	13.10%	14.37%

## Key Facts

Portfolio Managers	Harvey Fram, CFA, Migene Kim, CFA, Mona Patni
Firm AUM	\$246.0 billion
Strategy AUM	\$308.6 million
Inception Date	1/2/07
Minimum Investment	\$1,000,000 USD
Redemptions	Monthly with 5 days notice
Subscriptions	Monthly with 5 days notice
Investment Management Fee	First \$25M: 0.80% Next \$25M: 0.70% Next \$50M: 0.50% Balance: 0.40%
Prime Broker	Morgan Stanley
Administrator	PFPC, Inc.
Auditor	PricewaterhouseCoopers
Council	Limited Partnership: Seward & Kissel Commingled Trust: Groom Law Group

\*Including affiliates as of June 30, 2008

## Managers



### Harvey Fram, Managing Director, CFA

- Managing Director and Portfolio Manager for NYLIM Equity Investors
- Also responsible for the development and implementation of large-cap enhanced, mid-cap core, and small-cap core equity strategies
- Previously a quantitative equity research analyst at ITG, a leading technology-based equity brokerage firm; prior to that, he was a portfolio manager for international equity derivatives at the Palladin Group, a hedge fund
- 17 years of investment experience
- MBA from Wharton School at University of Pennsylvania



### Migene Kim, Director, CFA

- Director and Portfolio Manager for NYLIM Equity Investors
- Previously a quantitative research analyst at INVESCO's Structured Products Group; prior to that, an analyst at the Market Risk Management Group of Chase Manhattan Bank
- 13 years of investment experience
- MBA in Financial Engineering from the MIT Sloan School of Management; undergraduate degree in Mathematics from the University of Pennsylvania



### Mona Patni, Vice President

- VP and Portfolio Manager for NYLIM Equity Investors
- Previously a Principal consultant in the Financial Services division at PricewaterhouseCoopers
- 7 years of investment experience
- MBA from NYU Stern School of Business; undergraduate degree in Computer Science Engineering from the University of Bombay

## Contact Information

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NYLIM is a registered U.S.-based investment management firm that provides financial services to individual and institutional investors. The firm is defined as the following divisions of NYLIM: NYLIM Equity Investors, NYLIM Fixed Income Investors, and Retail Markets. Performance records for each of these entities are included from the predecessor entities' legal inception date or ten years, whichever is shorter. Tracking Error is one possible measurement of the dispersion of a portfolio's returns from its stated benchmark. More specifically, it is the standard deviation of such excess returns. Tracking error figures are representations of statistical expectations falling within "normal" distributions of return patterns. Normal statistical distributions of returns suggests that approximately two thirds of the time the annual gross returns of the accounts will lie in a range equal to the benchmark return plus or minus the tracking error if the market behaves in a manner suggested by historical returns. Targeted tracking error therefore applies statistical probabilities (and the language of uncertainty) and so cannot be predictive of actual results. The tracking error that will actually be achieved may inherently lie outside of the range suggested by a "normal" statistical distribution of returns. The actual tracking error is the result of many factors (including but not limited to market volatility, company specific anomalies, instability of correlation between benchmark holdings, timing differences between the calculation of the portfolio value and the valuation of the benchmark by the index provider). In addition, past tracking error is not indicative of future tracking error and there can be no assurance that the tracking error actually reflected in your accounts will be at levels either specified in the investment objectives or suggested by our forecasts.

The sector exposures listed are from a representative portfolio as of 6/30/2008 and do not constitute a recommendation to invest in any such sector. Sector exposures are subject to change without prior notice. The Barra Aegis System™ is a comprehensive portfolio management suite that supports a quantitative investment process.

New York Life Investment Management LLC (NYLIM) claims compliance with the Global Investment Performance Standards (GIPS™). NYLIM is a registered U.S.-based investment management firm that provides financial services to individual and institutional investors.

The NYLIM Large-Cap Core 130/30 composite reflects all similar equity accounts and the equity portion of all similar balanced equity accounts including allocated cash. All accounts are fully discretionary and fee paying. For the entire period, the investment guidelines and objectives of the portfolios represented herein remained the same. Composite results are U.S. dollar-based.

The NYLIM Large-Cap Core 130/30 standard investment management fee schedule is as follows:

#### Commingled Fund

First \$25 Million	0.80%
Next \$25 Million	0.70%
Next \$50 Million	0.50%
Balance	0.40%

(Minimum account size: \$1 million)

The benchmark is the Russell 1000 Index, a representative measure of the broad large-cap equity market. The index is included to provide a detailed basis of comparison, is unmanaged, and reflects past performance, which is not indicative of future results. For comparison purposes, the unmanaged index is fully invested and returns are gross of investment management fees.

To receive a complete list and description of NYLIM's composites and/or a presentation that adheres to the GIPS standards, contact Steve Sexeny at 781-619-2440 or email [steve\\_sexeny@nylim.com](mailto:steve_sexeny@nylim.com).