

Key Elements of Successful Investing of 130/30 Short- Extension Portfolios

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Key Elements of a Successful 130/30 Investment Process

1. Deriving consistent Alpha.
2. Achieving Alpha that is derived from multiple predictive venues, not large sector bets or style bets such as Large – Small or Growth – Value.
3. Having equally current and updated opinions (or ranking) on all stocks in the investable universe.
4. Having an adaptable stock selection process (a dynamic, learning model).
5. Having a portfolio construction (optimization) process that evaluates the impact of both long and short positions on the portfolio's risk adjusted returns.

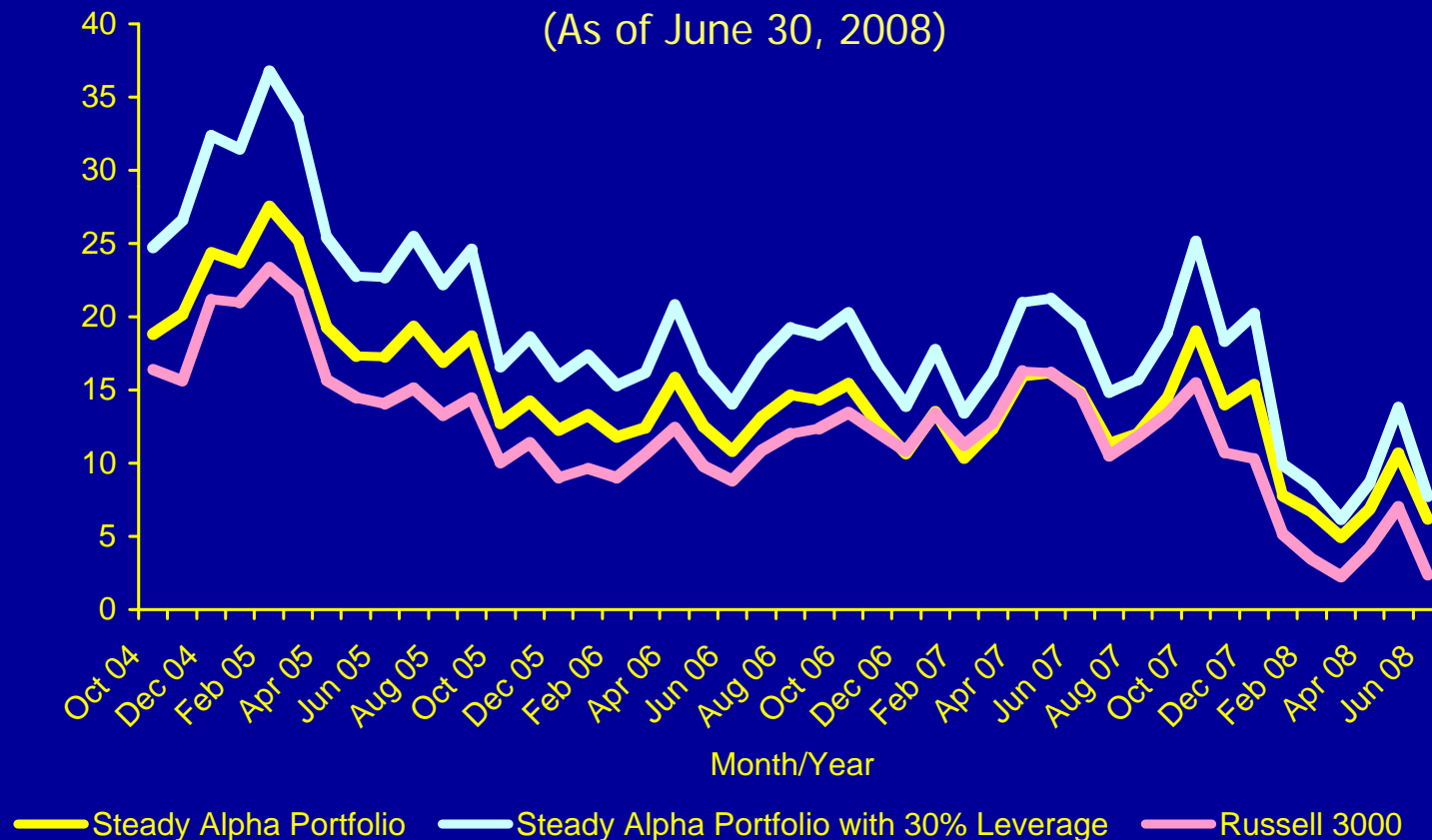
1. Consistent Alpha (Versus a higher, but unpredictable Alpha)

- Since relative returns to the benchmark are enhanced by a magnitude of 1.3*, an unpredictable Alpha may cause an intolerable level of tracking error and risk (volatility) to the investor.

* Assuming that the short position provide 0% excess returns.

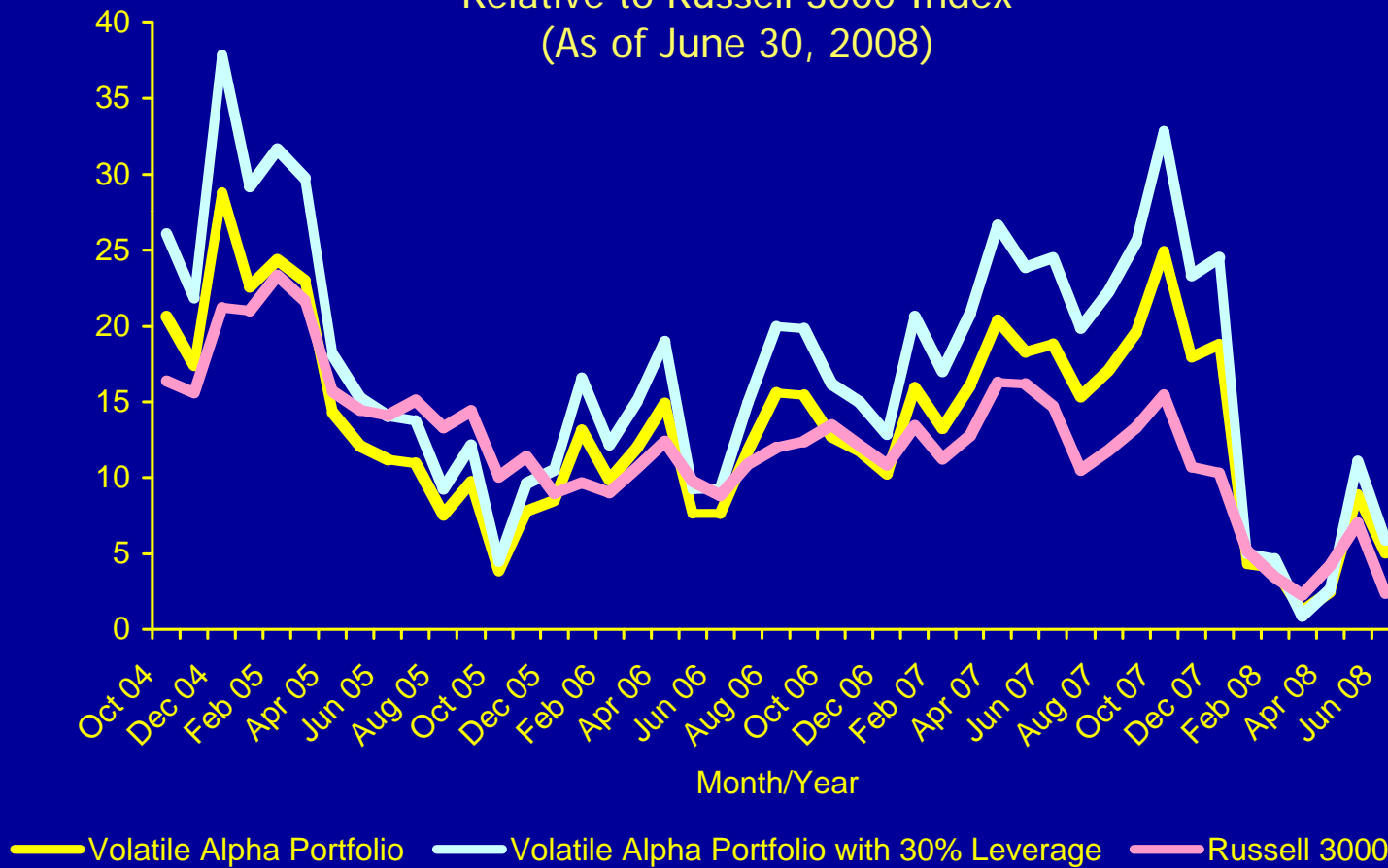
1. Consistent Alpha

Two Year Rolling Monthly Returns
Relative to Russell 3000 Index
(As of June 30, 2008)



1. Volatile Alpha

Two Year Rolling Monthly Returns
Relative to Russell 3000 Index
(As of June 30, 2008)



2. Achieving Alpha that is derived from multiple predictive venues

- An independent, predictive model for every economic sector and/or industry and/or market cap segment is desirable.
- Consider the outcome of 130/30 portfolios leveraging Energy stocks and selling short Financial stocks in July 2008.

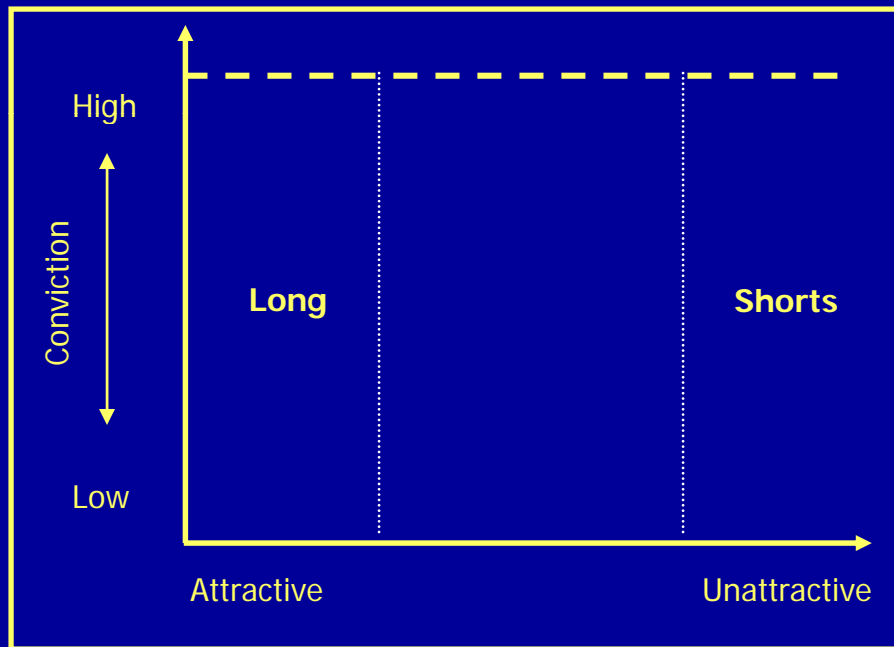
(Financial stocks were up 30% in two weeks and Energy stocks declined by 14% in July 2008...)

3. Having equally current and updated ranking on all stocks in the Universe

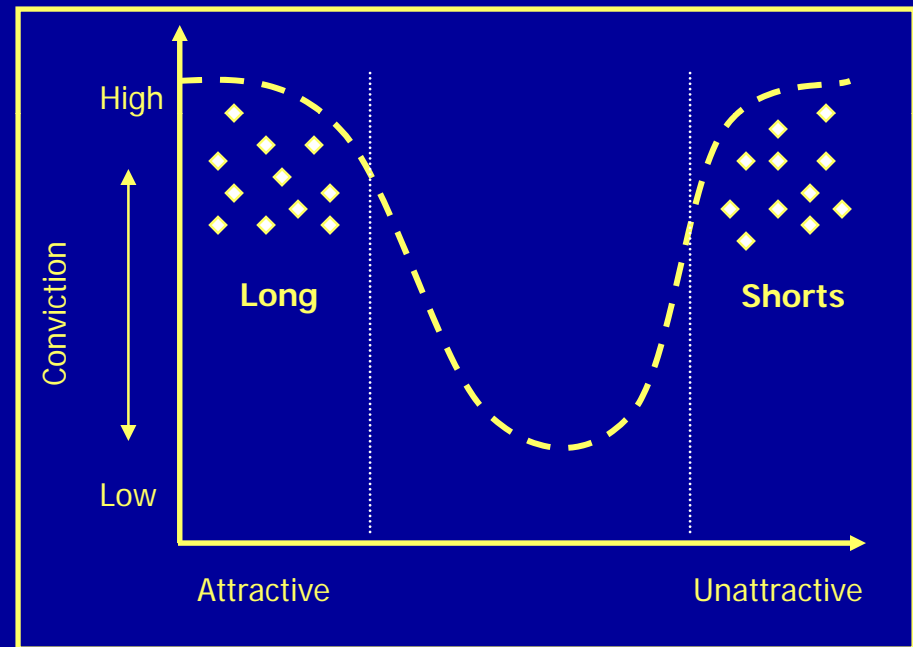
- Information on company fundamentals changes constantly. The investment process must account for these changes in order to attempt to achieve the highest excess returns.
- The best long and short ideas may be in the areas where investors are *not* current on company information.

3. Having equally current and updated ranking on all stocks in the Universe

Structured Stock Selection Process



Not Structured Stock Selection Process



4. Having an adaptable stock selection process (a dynamic, learning model).

- Changes in the macro economic environment cause investors to modify their evaluation metrics of companies relative to each other.
- Investors' sentiment changes over time.
- A successful stock selection model should apply techniques to identify the appropriate metrics for the current environment and utilize these metrics to invest in attractive stocks and sell short unattractive stocks.

5. Having a comprehensive portfolio construction (optimization) process

- The objective is to maximize risk adjusted returns.
- Stocks that are not the most attractive buy ideas may significantly reduce risk when purchased.
- Stocks that are not the least attractive may significantly reduce risk when sold short.
- Only a mathematical optimization process which evaluates all or most combination of stocks, may provide optimal portfolios.

Summary

Key elements of a successful 130/30 portfolio:

1. Consistent Alpha.
2. Diversified excess return sources.
3. Current and updated ranking model.
4. Adaptable, dynamic investment process.
5. Comprehensive portfolio construction (optimization) process.

Disclosure

The views expressed in this presentation represent the opinions of Turner Investment Partners, Inc. and are not intended as a forecast or guarantee of future results. Any companies, industries or securities mentioned should not be considered investment recommendations.

Founded in 1990, Turner as of June 30, 2008 managed about \$26.8 billion in separately managed accounts and mutual funds for individual investors and institutions.

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