

Table 6
Performance of Institutional EAFE Money Managers

This table computes the annual excess returns of an equal-weighted portfolio of fundamental and quantitative EAFE (value, growth, and core) money managers each year from 1995 to 2009. The returns for 2009 are 9-month returns ending in September 2009. Each year's portfolio excess return is an equal-weighted average of the annual excess returns of individual firms. If an individual firm has multiple products under the same style, the firm's return is an equal-weighted average of all the product returns. When each product has multiple return series (separate account composite, erisa, non-erisa, net fee accounts), all return series are averaged (equal-weight) at the monthly frequency except the net fee accounts. The monthly returns for each product are compounded to compute annual product returns. The time-series average excess return (alpha) is computed as the geometric average of raw annual portfolio returns less the geometric average of benchmark returns. The tracking error is the standard deviation of annual excess returns. The annual excess return of each firm is computed by subtracting the compounded monthly returns of the benchmark from the compounded raw returns of the firm. The number of firms is the number of firms with available 12 monthly returns each year. IR is the information ratio computed as the ratio of average excess returns and the tracking error and is a measure of the reward-to-risk ratio. EW refers to equal weighting of returns of firms and VW refers to value weighting by beginning-of-year assets under management (AUM). Since AUM is only sparsely available for quantitative managers before 2000, value weighted portfolio returns are reported only starting 2001. Top 25%, Next 25% and Bottom 50% refer to portfolios of firms by assets under management. These portfolios are formed bases on AUM at the beginning of the year and they are equal-weighted.

| Panel A: Fundamental Managers | | | | | | | | |
|--------------------------------------|--------------------------------|--------------------------------|----------------------|----------------------|----------------------|---------------|--------|--------------|
| Year | EW Portfolio excess returns | VW Portfolio excess returns | Top 25% | Next 25% | Bottom 25% | # of Firms | Median | MSCI EAFE |
| | | | by AUM EW ex.ret. | by AUM EW ex.ret. | by AUM EW ex.ret. | | | |
| 1995 | 2.15 | | | | | 68 | 2.51 | 11.22 |
| 1996 | 9.11 | | | | | 78 | 8.87 | 6.05 |
| 1997 | 7.18 | | | | | 85 | 6.41 | 1.77 |
| 1998 | -3.86 | | | | | 91 | -3.11 | 19.97 |
| 1999 | 16.74 | | | | | 97 | 10.65 | 26.97 |
| 2000 | 5.90 | | | | | 98 | 4.59 | -14.16 |
| 2001 | 4.76 | 4.65 | 5.29 | 1.91 | 6.17 | 105 | 3.92 | -21.45 |
| 2002 | 3.62 | 1.80 | 2.28 | 1.73 | 4.72 | 111 | 2.09 | -15.94 |
| 2003 | 1.13 | -0.57 | -0.55 | -0.93 | 2.06 | 116 | 0.25 | 38.59 |
| 2004 | -0.07 | 0.20 | 1.68 | -1.58 | 0.45 | 122 | -0.89 | 20.25 |
| 2005 | 2.06 | 1.41 | 1.43 | 1.34 | 2.17 | 129 | 2.19 | 13.54 |
| 2006 | 0.81 | 0.39 | 0.61 | -0.18 | 1.05 | 133 | 0.53 | 26.35 |
| 2007 | 2.18 | 1.18 | 1.73 | 2.33 | 2.21 | 137 | 1.25 | 11.19 |
| 2008 | 1.61 | 1.95 | 3.45 | 1.31 | 0.67 | 139 | 0.61 | -43.39 |
| 2009 | 2.99 | 0.60 | 0.68 | 2.52 | 4.47 | 134 | 1.99 | 28.97 |
| 1995-2009 | | | | | | | | |
| Alpha | 3.84 | | | | | | 2.80 | 4.85 |
| Trk.error | 4.75 | | | | | | 6.81 | |
| IR | 0.81 | | | | | | | |
| 2001-2009 | | | | | | | | |
| Alpha | 2.42 | 1.67 | 2.37 | 1.16 | 2.88 | | 1.83 | |
| Trk.error | 1.49 | 1.50 | 1.71 | 1.47 | 2.00 | | 4.72 | |
| IR | 1.62 | 1.11 | 1.38 | 0.78 | 1.44 | | | |
| 2007-2009 | | | | | | | | |
| Alpha | 2.40 | 1.09 | 2.73 | 2.14 | 2.24 | | 1.75 | |
| Trk.error | 0.69 | 0.68 | 1.40 | 0.65 | 1.91 | | 4.93 | |
| IR | 3.46 | 1.60 | 1.95 | 3.29 | 1.17 | | | |

Table 6 continued on the next page...

Table 6 continued...

| Panel B: Quantitative Managers | | | | | | | | |
|---------------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------|--------|--------|
| Year | EW Portfolio excess returns | VW Portfolio excess returns | Top 25% | Next 25% | Bottom 25% | # of Firms | Median | R1000G |
| | | | by AUM - EW port. ex.ret. | by AUM - EW port. ex.ret. | by AUM - EW port. ex.ret. | | | |
| 1995 | 1.04 | | | | | 12 | 0.43 | 11.22 |
| 1996 | 6.15 | | | | | 15 | 4.26 | 6.05 |
| 1997 | 7.05 | | | | | 18 | 4.43 | 1.77 |
| 1998 | -1.11 | | | | | 20 | -1.18 | 19.97 |
| 1999 | 5.27 | | | | | 22 | 2.19 | 26.97 |
| 2000 | 3.20 | | | | | 26 | 0.42 | -14.16 |
| 2001 | 2.26 | 0.77 | 0.43 | 0.77 | 3.12 | 30 | 1.09 | -21.45 |
| 2002 | 3.69 | 2.13 | 1.45 | 4.56 | 5.14 | 33 | 2.62 | -15.94 |
| 2003 | 1.93 | 1.93 | 1.12 | 0.85 | 2.06 | 35 | 1.03 | 38.59 |
| 2004 | 2.61 | 1.28 | -0.35 | 2.61 | 1.94 | 37 | 1.69 | 20.25 |
| 2005 | 2.80 | 1.98 | 2.78 | 2.84 | 1.34 | 39 | 1.55 | 13.54 |
| 2006 | 2.67 | 1.82 | 1.70 | 1.38 | 3.21 | 42 | 1.28 | 26.35 |
| 2007 | 0.79 | -1.09 | -1.02 | 0.56 | 1.39 | 45 | 0.09 | 11.19 |
| 2008 | 0.34 | 0.25 | 0.57 | -0.67 | 0.50 | 46 | -0.05 | -43.39 |
| 2009 | 0.03 | -0.68 | -0.53 | -1.21 | 0.25 | 45 | -0.54 | 28.97 |
| 1995-2009 | | | | | | | | |
| Alpha | 2.63 | | | | | | 1.42 | 4.85 |
| Trk.error | 2.28 | | | | | | 4.65 | |
| IR | 1.15 | | | | | | | |
| 2001-2009 | | | | | | | | |
| Alpha | 1.96 | 0.94 | 0.73 | 1.29 | 2.25 | | 0.98 | |
| Trk.error | 1.24 | 1.20 | 1.21 | 1.80 | 1.53 | | 3.96 | |
| IR | 1.58 | 0.78 | 0.61 | 0.72 | 1.47 | | | |
| 2007-2009 | | | | | | | | |
| Alpha | 0.45 | -0.60 | -0.11 | -0.55 | 0.78 | | -0.08 | |
| Trk.error | 0.39 | 0.68 | 0.82 | 0.91 | 0.60 | | 3.91 | |
| IR | 1.17 | -0.88 | -0.14 | -0.61 | 1.31 | | | |