

Table 1
Institutional U.S. Large Cap and EAFE Money Managers: Assets Under Management

This table presents summary statistics on the assets under management (AUM) and the numbers of firms in the U.S. large-cap core, value, growth, and Enhanced index (against S&P 500 and Russell 1000) and MSCI EAFE (value, growth, core who use EAFE as the benchmark) styles. Each year from the end of 2000 to September of 2009 all quantitative and fundamental firms in the U.S. large-cap universe with AUM available in the *eVest Alliance* database are used in the analysis. The total number of firms with monthly portfolio returns available for each of the time-periods can be higher than the number of firms listed in the table because (a) we exclude firms with AUM less than \$10 million in computing the statistics in this table and (b) not all firms with available returns may report statistics on AUM and other portfolio characteristics. *eVest* also reports another category referred to as *combined* implying that they use a combination of quantitative and fundamental approaches. They are excluded from this table and all subsequent analysis. As of September 2009, the total AUM reported as combined in the U.S. large cap space is about \$227 billion.

| Date | \$AUM in billions | | # of firms | | Quant AUM as % Total AUM | # Quant firms as % Total Firms |
|------------------------|-------------------|--------------|-------------|--------------|--------------------------|--------------------------------|
| | Fundamental | Quantitative | Fundamental | Quantitative | | |
| <u>All Large Cap</u> | | | | | | |
| Dec 2000 | \$850 | \$148 | 146 | 55 | 14.8% | 27.4% |
| Dec 2001 | \$1,196 | \$165 | 223 | 97 | 12.1% | 30.3% |
| Dec 2002 | \$1,032 | \$168 | 279 | 113 | 14.0% | 28.8% |
| Dec 2003 | \$1,530 | \$264 | 339 | 145 | 14.7% | 30.0% |
| Dec 2004 | \$1,756 | \$344 | 383 | 163 | 16.4% | 29.9% |
| Dec 2005 | \$2,357 | \$438 | 443 | 173 | 15.7% | 28.1% |
| Dec 2006 | \$2,698 | \$520 | 486 | 186 | 16.2% | 27.7% |
| Dec 2007 | \$2,635 | \$550 | 490 | 205 | 17.3% | 29.5% |
| Dec 2008 | \$1,361 | \$283 | 447 | 191 | 17.2% | 29.9% |
| Sep 2009 | \$1,599 | \$321 | 431 | 172 | 16.7% | 28.5% |
| <u>Large Cap Value</u> | | | | | | |
| Dec 2000 | \$278 | \$19 | 51 | 17 | 6.5% | 25.0% |
| Dec 2001 | \$484 | \$24 | 82 | 28 | 4.8% | 25.5% |
| Dec 2002 | \$432 | \$23 | 104 | 31 | 5.0% | 23.0% |
| Dec 2003 | \$688 | \$43 | 121 | 40 | 5.9% | 24.8% |
| Dec 2004 | \$818 | \$58 | 133 | 45 | 6.6% | 25.3% |
| Dec 2005 | \$1,044 | \$69 | 157 | 45 | 6.2% | 22.3% |
| Dec 2006 | \$1,237 | \$86 | 173 | 49 | 6.5% | 22.1% |
| Dec 2007 | \$1,182 | \$90 | 176 | 54 | 7.1% | 23.5% |
| Dec 2008 | \$645 | \$53 | 160 | 49 | 7.6% | 23.4% |
| Sep 2009 | \$710 | \$65 | 156 | 46 | 8.4% | 22.8% |
| <u>Large Cap Core</u> | | | | | | |
| Dec 2000 | \$108 | \$18 | 23 | 10 | 14.4% | 30.3% |
| Dec 2001 | \$191 | \$44 | 43 | 26 | 18.7% | 37.7% |
| Dec 2002 | \$166 | \$45 | 48 | 33 | 21.5% | 40.7% |
| Dec 2003 | \$246 | \$67 | 68 | 41 | 21.4% | 37.6% |
| Dec 2004 | \$267 | \$81 | 79 | 47 | 23.2% | 37.3% |
| Dec 2005 | \$453 | \$103 | 95 | 51 | 18.5% | 34.9% |
| Dec 2006 | \$539 | \$113 | 117 | 53 | 17.4% | 31.2% |
| Dec 2007 | \$511 | \$130 | 115 | 58 | 20.3% | 33.5% |
| Dec 2008 | \$220 | \$69 | 107 | 54 | 23.9% | 33.5% |
| Sep 2009 | \$234 | \$78 | 102 | 45 | 25.1% | 30.6% |

Table 1 continued on the next page...

Table 1 continued

| Date | \$AUM in millions | | # of firms | | Quant AUM as % Total AUM | # Quant firms as % # Total Firms |
|-------------------------|-------------------|--------------|-------------|--------------|-----------------------------|-------------------------------------|
| | Fundamental | Quantitative | Fundamental | Quantitative | | |
| <u>Large Cap Growth</u> | | | | | | |
| Dec 2000 | \$438 | \$21 | 69 | 11 | 4.6% | 13.8% |
| Dec 2001 | \$470 | \$13 | 90 | 20 | 2.7% | 18.2% |
| Dec 2002 | \$401 | \$11 | 117 | 20 | 2.7% | 14.6% |
| Dec 2003 | \$556 | \$20 | 137 | 27 | 3.5% | 16.5% |
| Dec 2004 | \$606 | \$29 | 159 | 33 | 4.6% | 17.2% |
| Dec 2005 | \$786 | \$45 | 178 | 33 | 5.4% | 15.6% |
| Dec 2006 | \$880 | \$55 | 182 | 39 | 5.9% | 17.6% |
| Dec 2007 | \$895 | \$63 | 184 | 47 | 6.6% | 20.3% |
| Dec 2008 | \$468 | \$36 | 169 | 45 | 7.1% | 21.0% |
| Sep 2009 | \$617 | \$38 | 163 | 36 | 5.9% | 18.1% |
| <u>Enhanced Index</u> | | | | | | |
| Dec 2000 | \$26 | \$89 | 3 | 17 | 77.6% | 85.0% |
| Dec 2001 | \$51 | \$84 | 8 | 23 | 62.3% | 74.2% |
| Dec 2002 | \$33 | \$88 | 10 | 29 | 72.5% | 74.4% |
| Dec 2003 | \$40 | \$134 | 13 | 37 | 77.2% | 74.0% |
| Dec 2004 | \$65 | \$177 | 12 | 38 | 73.2% | 76.0% |
| Dec 2005 | \$73 | \$221 | 13 | 44 | 75.1% | 77.2% |
| Dec 2006 | \$41 | \$267 | 14 | 45 | 86.6% | 76.3% |
| Dec 2007 | \$46 | \$266 | 15 | 46 | 85.2% | 75.4% |
| Dec 2008 | \$28 | \$125 | 11 | 43 | 81.5% | 79.6% |
| Sep 2009 | \$37 | \$139 | 10 | 45 | 78.8% | 81.8% |
| <u>EAFE</u> | | | | | | |
| Dec 2000 | \$253 | \$36 | 45 | 10 | 12.4% | 18.2% |
| Dec 2001 | \$391 | \$74 | 66 | 15 | 16.0% | 18.5% |
| Dec 2002 | \$322 | \$64 | 81 | 22 | 16.6% | 21.4% |
| Dec 2003 | \$456 | \$102 | 98 | 24 | 18.4% | 19.7% |
| Dec 2004 | \$620 | \$167 | 106 | 28 | 21.3% | 20.9% |
| Dec 2005 | \$748 | \$212 | 111 | 31 | 22.1% | 21.8% |
| Dec 2006 | \$957 | \$294 | 119 | 37 | 23.5% | 23.7% |
| Dec 2007 | \$1,029 | \$356 | 118 | 39 | 25.7% | 24.8% |
| Dec 2008 | \$526 | \$187 | 116 | 32 | 26.2% | 21.6% |
| Sep 2009 | \$642 | \$232 | 113 | 37 | 26.6% | 24.7% |

Table 2
Performance of Institutional Large Cap Value Money Managers

This table computes the annual excess returns (with respect to Russell 1000 Value index) of an equal-weighted portfolio of fundamental and quantitative value 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 annual R1000 value 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 Russell 1000 value index 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. The portfolios 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 | R1000V |
| | | | by AUM EW ex.ret. | by AUM EW ex.ret. | by AUM EW ex.ret. | | | |
| 1995 | -2.77 | | | | | 81 | -2.79 | 38.35 |
| 1996 | 1.81 | | | | | 89 | 2.02 | 21.63 |
| 1997 | -4.60 | | | | | 98 | -4.61 | 35.18 |
| 1998 | -1.22 | | | | | 103 | -1.91 | 15.62 |
| 1999 | 1.17 | | | | | 111 | -0.40 | 7.35 |
| 2000 | 6.82 | | | | | 120 | 6.08 | 7.02 |
| 2001 | 7.29 | 4.51 | 4.24 | 6.71 | 9.48 | 143 | 6.82 | -5.59 |
| 2002 | -0.61 | -2.00 | -2.53 | -1.51 | -1.38 | 155 | -0.58 | -15.52 |
| 2003 | 1.70 | 2.60 | 2.59 | 1.75 | 1.68 | 166 | 1.36 | 30.03 |
| 2004 | -1.57 | -1.35 | -1.51 | -1.31 | -2.22 | 177 | -1.66 | 16.49 |
| 2005 | 0.12 | 0.62 | -0.31 | 1.04 | -0.53 | 183 | 0.16 | 7.04 |
| 2006 | -3.59 | -4.27 | -3.97 | -2.85 | -3.70 | 196 | -3.82 | 22.21 |
| 2007 | 3.43 | 1.83 | 1.62 | 2.25 | 4.18 | 199 | 4.02 | -0.17 |
| 2008 | 1.50 | -2.21 | -1.00 | -0.48 | 2.75 | 193 | 1.75 | -36.85 |
| 2009 | 6.30 | 6.80 | 7.14 | 5.83 | 6.14 | 183 | 4.50 | 14.84 |
| 1995-2009 | | | | | | | | |
| Alpha | 1.26 | | | | | | 1.15 | 8.77 |
| Trk.error | 3.69 | | | | | | 6.36 | |
| IR | 0.34 | | | | | | | |
| 2001-2009 | | | | | | | | |
| Alpha | 1.74 | 0.48 | 0.52 | 1.20 | 2.03 | | 1.35 | |
| Trk.error | 3.57 | 3.56 | 3.53 | 3.28 | 4.28 | | 5.88 | |
| IR | 0.49 | 0.13 | 0.15 | 0.37 | 0.47 | | | |
| 2007-2009 | | | | | | | | |
| Alpha | 3.65 | 1.31 | 1.98 | 2.10 | 4.50 | | 3.50 | |
| Trk.error | 2.42 | 4.51 | 4.16 | 3.17 | 1.70 | | 6.39 | |
| IR | 1.51 | 0.29 | 0.48 | 0.66 | 2.64 | | | |

Table 2 coninued on the next page...

Table 2 continued...

| Panel B: Quantitative Managers | | | | | | | | |
|---------------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------|--------|--------|
| Year | EW Portfolio excess returns | VW Portfolio excess returns | Top 25% | Next 25% | Bottom 25% | # of Firms | Median | R1000V |
| | | | by AUM - EW port. ex.ret. | by AUM - EW port. ex.ret. | by AUM - EW port. ex.ret. | | | |
| 1995 | -1.15 | | | | | 17 | -0.90 | 38.35 |
| 1996 | 1.82 | | | | | 22 | 1.73 | 21.63 |
| 1997 | -0.30 | | | | | 24 | -0.67 | 35.18 |
| 1998 | 2.61 | | | | | 26 | 1.99 | 15.62 |
| 1999 | 1.43 | | | | | 28 | 0.60 | 7.35 |
| 2000 | 0.61 | | | | | 32 | 2.10 | 7.02 |
| 2001 | 2.77 | 5.89 | 6.90 | 1.12 | 2.36 | 39 | 3.18 | -5.59 |
| 2002 | 0.01 | 0.55 | 1.09 | -1.97 | 0.84 | 41 | -0.10 | -15.52 |
| 2003 | 0.36 | 1.78 | 0.94 | 0.64 | 1.52 | 49 | 0.33 | 30.03 |
| 2004 | -0.33 | 0.18 | 0.35 | -1.66 | -0.66 | 56 | -0.34 | 16.49 |
| 2005 | 2.31 | 2.39 | 1.22 | 2.50 | 1.75 | 62 | 1.61 | 7.04 |
| 2006 | -2.17 | -2.25 | -3.75 | -3.04 | -2.57 | 64 | -2.25 | 22.21 |
| 2007 | 3.60 | 1.92 | 2.82 | 4.21 | 3.72 | 67 | 3.02 | -0.17 |
| 2008 | 0.87 | 0.23 | 0.50 | 0.28 | 1.15 | 65 | 0.98 | -36.85 |
| 2009 | 0.93 | 1.79 | 1.28 | 3.50 | -2.22 | 63 | 0.13 | 14.84 |
| 1995-2009 | | | | | | | | |
| Alpha | 1.00 | | | | | | 0.71 | 8.77 |
| Trk.error | 1.57 | | | | | | 4.69 | |
| IR | 0.64 | | | | | | | |
| 2001-2009 | | | | | | | | |
| Alpha | 1.05 | 1.45 | 1.41 | 0.61 | 0.82 | | 0.71 | |
| Trk.error | 1.76 | 2.20 | 2.76 | 2.51 | 2.09 | | 3.93 | |
| IR | 0.59 | 0.66 | 0.51 | 0.24 | 0.39 | | | |
| 2007-2009 | | | | | | | | |
| Alpha | 1.87 | 1.24 | 1.53 | 2.48 | 1.14 | | 1.39 | |
| Trk.error | 1.56 | 0.94 | 1.18 | 2.09 | 2.98 | | 4.14 | |
| IR | 1.20 | 1.33 | 1.29 | 1.19 | 0.38 | | | |

Table 3
Performance of Institutional Large Cap Core Money Managers

This table computes the annual excess returns (with respect to Russell 1000 Core index) of an equal-weighted portfolio of fundamental and quantitative 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 annual R1000 returns. The annual excess return of each firm is computed by subtracting the compounded monthly returns of the Russell 1000 core index from the compounded raw returns of the firm. The cross-sectional volatility is the cross-sectional standard deviation of excess returns across firms. 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. The portfolios 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 | R1000 |
| | | | by AUM EW ex.ret. | by AUM EW ex.ret. | by AUM EW ex.ret. | | | |
| 1995 | -3.85 | | | | | 53 | -4.59 | 37.77 |
| 1996 | 1.28 | | | | | 59 | 0.78 | 22.45 |
| 1997 | -1.28 | | | | | 61 | -1.48 | 32.85 |
| 1998 | -4.14 | | | | | 64 | -4.61 | 27.02 |
| 1999 | -1.42 | | | | | 70 | -0.75 | 20.91 |
| 2000 | 8.94 | | | | | 79 | 7.82 | -7.79 |
| 2001 | 7.52 | 5.38 | 4.83 | 4.92 | 7.46 | 93 | 6.80 | -12.45 |
| 2002 | 2.39 | -1.04 | -1.76 | -1.35 | 3.61 | 108 | 1.85 | -21.65 |
| 2003 | -0.57 | -0.45 | -0.32 | -1.17 | -0.83 | 116 | -1.45 | 29.90 |
| 2004 | 0.75 | 0.49 | 1.79 | -0.89 | 0.51 | 124 | 0.62 | 11.39 |
| 2005 | 1.15 | 1.37 | 1.58 | -0.62 | 0.41 | 129 | 1.17 | 6.27 |
| 2006 | -0.86 | -1.19 | -0.55 | -0.91 | -1.34 | 134 | -0.69 | 15.46 |
| 2007 | 2.45 | 1.55 | 2.05 | 3.16 | 1.52 | 137 | 2.08 | 5.77 |
| 2008 | 3.51 | -1.22 | 0.66 | 4.09 | 4.41 | 131 | 3.46 | -37.60 |
| 2009 | -0.09 | 4.51 | 3.91 | 0.79 | -2.03 | 124 | 0.17 | 21.07 |
| 1995-2009 | | | | | | | | |
| Alpha | 1.58 | | | | | | 1.39 | 7.95 |
| Trk.error | 3.63 | | | | | | 5.19 | |
| IR | 0.44 | | | | | | | |
| 2001-2009 | | | | | | | | |
| Alpha | 2.24 | 0.93 | 1.33 | 1.21 | 2.10 | | 1.74 | |
| Trk.error | 2.60 | 2.45 | 2.12 | 2.49 | 3.09 | | 4.71 | |
| IR | 0.86 | 0.38 | 0.63 | 0.49 | 0.68 | | | |
| 2007-2009 | | | | | | | | |
| Alpha | 2.61 | 1.06 | 2.09 | 3.39 | 2.23 | | 2.16 | |
| Trk.error | 1.85 | 2.87 | 1.63 | 1.70 | 3.22 | | 4.81 | |
| IR | 1.41 | 0.37 | 1.28 | 1.99 | 0.69 | | | |

Table 3 coninued on the next page...

Table 3 continued...

| Panel B: Quantitative Managers | | | | | | | | |
|---------------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------|--------|--------|
| Year | EW Portfolio excess returns | VW Portfolio excess returns | Top 25% | Next 25% | Bottom 25% | # of Firms | Median | R1000 |
| | | | by AUM - EW port. ex.ret. | by AUM - EW port. ex.ret. | by AUM - EW port. ex.ret. | | | |
| 1995 | -0.36 | | | | | 19 | -0.80 | 37.77 |
| 1996 | 1.19 | | | | | 20 | 1.73 | 22.45 |
| 1997 | 1.68 | | | | | 23 | 2.53 | 32.85 |
| 1998 | 1.37 | | | | | 25 | 2.04 | 27.02 |
| 1999 | 5.62 | | | | | 31 | 1.42 | 20.91 |
| 2000 | 3.95 | | | | | 38 | 1.64 | -7.79 |
| 2001 | 0.96 | -0.56 | -1.43 | -3.11 | 3.25 | 42 | 1.64 | -12.45 |
| 2002 | 2.08 | 1.12 | 1.62 | 0.55 | 2.07 | 50 | 1.79 | -21.65 |
| 2003 | -0.41 | -0.40 | -0.92 | -1.08 | 0.03 | 58 | -0.82 | 29.90 |
| 2004 | 2.30 | 0.93 | 0.41 | 2.09 | 1.92 | 64 | 1.89 | 11.39 |
| 2005 | 2.73 | 0.39 | 0.84 | 2.84 | 2.33 | 69 | 2.45 | 6.27 |
| 2006 | -0.36 | -0.25 | 0.04 | -0.58 | -0.29 | 71 | 0.31 | 15.46 |
| 2007 | 0.95 | -1.19 | -0.65 | 0.25 | 1.81 | 69 | 0.69 | 5.77 |
| 2008 | 1.90 | 1.70 | 0.98 | 1.71 | 1.14 | 71 | 0.91 | -37.60 |
| 2009 | -3.57 | -5.21 | -4.43 | -3.97 | -3.34 | 66 | -3.93 | 21.07 |
| 1995-2009 | | | | | | | | |
| Alpha | 1.50 | | | | | | 1.13 | 7.95 |
| Trk.error | 2.11 | | | | | | 3.73 | |
| IR | 0.71 | | | | | | | |
| 2001-2009 | | | | | | | | |
| Alpha | 0.98 | -0.16 | -0.22 | -0.02 | 1.21 | | 0.71 | |
| Trk.error | 1.96 | 2.03 | 1.80 | 2.30 | 1.97 | | 3.70 | |
| IR | 0.50 | -0.08 | -0.12 | -0.01 | 0.62 | | | |
| 2007-2009 | | | | | | | | |
| Alpha | 0.30 | -0.95 | -0.93 | -0.13 | 0.23 | | -0.01 | |
| Trk.error | 2.92 | 3.47 | 2.78 | 2.95 | 2.80 | | 4.07 | |
| IR | 0.10 | -0.27 | -0.33 | -0.04 | 0.08 | | | |

Table 4
Performance of Institutional Large Cap Growth Money Managers

This table computes the annual excess returns (with respect to Russell 1000 Growth index) of an equal-weighted portfolio of fundamental and quantitative growth 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 annual R1000 growth 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 Russell 1000 growth index 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. The portfolios 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 | R1000G |
| | | | by AUM EW ex.ret. | by AUM EW ex.ret. | by AUM EW ex.ret. | | | |
| 1995 | -1.83 | | | | | 79 | -1.61 | 37.19 |
| 1996 | 1.05 | | | | | 92 | 1.16 | 23.12 |
| 1997 | 1.72 | | | | | 104 | 1.20 | 30.49 |
| 1998 | -5.25 | | | | | 127 | -5.62 | 38.71 |
| 1999 | 1.40 | | | | | 140 | -1.02 | 33.16 |
| 2000 | 18.52 | | | | | 161 | 17.62 | -22.43 |
| 2001 | 6.04 | 2.04 | 1.88 | 3.39 | 5.50 | 173 | 5.80 | -20.42 |
| 2002 | 5.01 | 1.45 | 2.00 | 3.17 | 5.61 | 184 | 4.67 | -27.89 |
| 2003 | 0.16 | -2.27 | -0.80 | -1.55 | 2.20 | 193 | -0.55 | 29.76 |
| 2004 | 3.63 | 2.88 | 2.99 | 3.12 | 2.71 | 195 | 3.19 | 6.30 |
| 2005 | 2.24 | 2.86 | 2.72 | 0.49 | 2.50 | 201 | 1.81 | 5.27 |
| 2006 | -0.13 | -2.55 | -2.77 | 0.21 | 0.47 | 207 | -0.02 | 9.09 |
| 2007 | 2.46 | 3.01 | 3.89 | 2.29 | 1.27 | 204 | 1.58 | 11.82 |
| 2008 | 0.45 | -1.35 | -2.24 | 1.55 | 1.14 | 203 | 0.02 | -38.43 |
| 2009 | -1.56 | 1.34 | 2.31 | -3.89 | -1.94 | 189 | -1.58 | 27.11 |
| 1995-2009 | | | | | | | | |
| Alpha | 2.97 | | | | | | 2.34 | 6.44 |
| Trk.error | 5.29 | | | | | | 8.01 | |
| IR | 0.56 | | | | | | | |
| 2001-2009 | | | | | | | | |
| Alpha | 2.39 | 0.81 | 0.98 | 1.37 | 2.55 | | 1.89 | |
| Trk.error | 2.53 | 2.26 | 2.41 | 2.45 | 2.37 | | 5.95 | |
| IR | 0.94 | 0.36 | 0.40 | 0.56 | 1.07 | | | |
| 2007-2009 | | | | | | | | |
| Alpha | 0.58 | 0.52 | | | | | 0.35 | |
| Trk.error | 2.01 | 2.20 | | | | | 5.42 | |
| IR | 0.29 | 0.24 | | | | | | |

Table 4 continued on the next page...

Table 4 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 | -0.03 | | | | | 9 | 0.16 | 37.19 |
| 1996 | -1.35 | | | | | 10 | -2.16 | 23.12 |
| 1997 | 2.35 | | | | | 14 | 2.54 | 30.49 |
| 1998 | -3.51 | | | | | 17 | -3.57 | 38.71 |
| 1999 | 5.07 | | | | | 22 | 1.45 | 33.16 |
| 2000 | 9.99 | | | | | 26 | 8.96 | -22.43 |
| 2001 | 1.50 | -1.99 | -3.63 | -1.97 | 0.79 | 30 | 1.39 | -20.42 |
| 2002 | 3.69 | 1.48 | 0.03 | 3.31 | 2.87 | 36 | 2.26 | -27.89 |
| 2003 | 0.48 | -0.27 | -0.54 | -0.69 | 1.84 | 40 | 1.23 | 29.76 |
| 2004 | 5.46 | 4.47 | 1.99 | 4.32 | 5.13 | 45 | 4.13 | 6.30 |
| 2005 | 3.38 | 2.51 | 2.59 | 2.34 | 2.23 | 50 | 2.15 | 5.27 |
| 2006 | 1.13 | -1.80 | -3.25 | 3.92 | 1.10 | 57 | 1.75 | 9.09 |
| 2007 | 0.88 | -1.22 | -0.56 | -2.28 | 0.30 | 60 | -0.53 | 11.82 |
| 2008 | 0.10 | -0.17 | -0.81 | -0.30 | 0.84 | 57 | -0.41 | -38.43 |
| 2009 | -5.15 | -5.19 | -4.27 | -2.85 | -6.44 | 54 | -4.35 | 27.11 |
| 1995-2009 | | | | | | | | |
| Alpha | 1.98 | | | | | | 1.16 | 6.44 |
| Trk.error | 3.71 | | | | | | 4.57 | |
| IR | 0.53 | | | | | | | |
| 2001-2009 | | | | | | | | |
| Alpha | 1.49 | -0.16 | -1.00 | 0.71 | 1.18 | | 1.16 | |
| Trk.error | 2.98 | 2.82 | 2.40 | 2.84 | 3.14 | | 4.37 | |
| IR | 0.50 | -0.06 | -0.42 | 0.25 | 0.38 | | | |
| 2007-2009 | | | | | | | | |
| Alpha | -1.10 | -1.90 | -1.80 | -1.65 | -1.23 | | -1.24 | |
| Trk.error | 3.28 | 2.65 | 2.07 | 1.34 | 4.06 | | 3.78 | |
| IR | -0.33 | -0.72 | -0.87 | -1.23 | -0.30 | | | |

Table 5
Performance of Institutional U.S. Enhanced Index Money Managers

This table computes the annual excess returns (with respect to S&P 500 or Russell 1000 indices, 80% use the S&P 500 index) of an equal-weighted portfolio of fundamental and quantitative enhanced index 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 | S&P 500 |
| | | | by AUM EW ex.ret. | by AUM EW ex.ret. | by AUM EW ex.ret. | | | |
| 1995 | 0.19 | | | | | 7 | -2.21 | 37.58 |
| 1996 | 2.87 | | | | | 8 | 1.06 | 22.96 |
| 1997 | 2.81 | | | | | 8 | 0.87 | 33.37 |
| 1998 | 1.51 | | | | | 9 | 1.79 | 28.58 |
| 1999 | -0.38 | | | | | 11 | 0.28 | 21.03 |
| 2000 | 2.49 | | | | | 12 | 0.26 | -8.99 |
| 2001 | 2.58 | 0.75 | 1.57 | 1.99 | 2.21 | 13 | 1.29 | -11.93 |
| 2002 | 0.78 | -1.39 | -0.41 | -1.98 | 1.66 | 15 | 0.76 | -22.08 |
| 2003 | 3.30 | 2.04 | 6.27 | 0.59 | 3.85 | 15 | 1.20 | 28.76 |
| 2004 | 0.98 | 1.60 | 2.18 | 0.15 | 0.92 | 17 | 0.44 | 10.92 |
| 2005 | 0.14 | 0.14 | 0.01 | -0.36 | -0.32 | 18 | -0.30 | 5.06 |
| 2006 | 0.36 | -0.09 | -0.82 | 0.38 | 0.32 | 17 | 0.34 | 15.77 |
| 2007 | -0.83 | -0.13 | -0.63 | -0.81 | -1.26 | 17 | -0.53 | 5.54 |
| 2008 | -3.41 | -0.84 | -0.41 | -5.25 | -3.70 | 16 | -1.17 | -37.02 |
| 2009 | 4.55 | 1.92 | 1.79 | 4.43 | 8.04 | 13 | 3.11 | 19.25 |
| 1995-2009 | | | | | | | | |
| Alpha | 0.97 | | | | | | -0.05 | 7.78 |
| Trk.error | 1.99 | | | | | | 2.42 | |
| IR | 0.49 | | | | | | | |
| 2001-2009 | | | | | | | | |
| Alpha | 0.58 | 0.25 | 0.85 | -0.63 | 0.87 | | -0.05 | |
| Trk.error | 2.35 | 1.22 | 2.26 | 2.65 | 3.32 | | 2.77 | |
| IR | 0.25 | 0.21 | 0.38 | -0.24 | 0.26 | | | |
| 2007-2009 | | | | | | | | |
| Alpha | -0.87 | 0.04 | 0.08 | -1.92 | -0.24 | | -0.60 | |
| Trk.error | 4.06 | 1.43 | 1.34 | 4.84 | 6.20 | | 2.57 | |
| IR | -0.21 | 0.03 | 0.06 | -0.40 | -0.04 | | | |

Table 5 coninued on the next page...

Table 5 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 | 0.63 | | | | | 16 | 0.37 | 37.59 |
| 1996 | 1.06 | | | | | 19 | 1.25 | 22.94 |
| 1997 | 0.25 | | | | | 24 | 0.30 | 33.36 |
| 1998 | -0.61 | | | | | 25 | 0.67 | 28.55 |
| 1999 | -1.12 | | | | | 28 | 0.35 | 21.04 |
| 2000 | 2.51 | | | | | 29 | 0.28 | -9.06 |
| 2001 | 1.43 | 0.99 | 0.21 | 0.55 | 1.24 | 33 | 1.19 | -11.95 |
| 2002 | 1.69 | 1.12 | 1.38 | 1.39 | 1.10 | 40 | 1.44 | -22.05 |
| 2003 | 0.22 | 0.01 | 0.09 | -0.27 | 0.47 | 46 | 0.13 | 28.90 |
| 2004 | 1.40 | 1.32 | 1.67 | 1.60 | 0.79 | 48 | 1.02 | 10.96 |
| 2005 | 1.65 | 1.68 | 1.57 | 1.87 | 1.83 | 51 | 1.57 | 5.21 |
| 2006 | 1.08 | 0.17 | 0.49 | 0.89 | 1.06 | 52 | 1.01 | 15.74 |
| 2007 | -0.68 | -2.20 | -1.86 | -0.83 | -0.35 | 53 | -0.29 | 5.57 |
| 2008 | 0.56 | 0.46 | 0.45 | 0.84 | 0.54 | 54 | 0.53 | -37.12 |
| 2009 | -0.98 | -1.36 | -1.65 | -0.85 | -0.76 | 50 | -1.82 | 19.68 |
| 1995-2009 | | | | | | | | |
| Alpha | 0.73 | | | | | | 0.68 | 7.81 |
| Trk.error | 1.09 | | | | | | 1.83 | |
| IR | 0.67 | | | | | | | |
| 2001-2009 | | | | | | | | |
| Alpha | 0.81 | 0.34 | 0.34 | 0.68 | 0.73 | | 0.55 | |
| Trk.error | 1.00 | 1.28 | 1.29 | 1.02 | 0.80 | | 1.71 | |
| IR | 0.81 | 0.26 | 0.27 | 0.67 | 0.91 | | | |
| 2007-2009 | | | | | | | | |
| Alpha | -0.20 | -0.84 | -0.82 | -0.06 | -0.04 | | -0.24 | |
| Trk.error | 0.82 | 1.36 | 1.28 | 0.97 | 0.66 | | 1.77 | |
| IR | -0.24 | -0.61 | -0.64 | -0.06 | -0.06 | | | |

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 | | | |

Table 7
Style exposures of U.S. large cap institutional money managers

This table reports the factor loadings of large cap institutional money managers (equal-weighted fund of managers) based on a monthly four-factor model consisting of the three Fama-French factors: market factor (Mkt-tbill), size factor (SMB) and value factor (HML) augmented by a momentum factor. All factors are downloaded from Ken French's website. NOBS refers to number of time-series observations and Adj.Rsq. refers to adjusted R-square from the time-series regressions. The model regresses excess returns (in excess of monthly treasury bill returns) of manager portfolios on the four style factors. For comparison, we also present the style exposures of the Russell benchmarks. There are 177 monthly observations in the Jan 1995-Sep 2009 period and 105 for the Jan 2001-Sep 2009 period.

| | 1995-2009 time period | | | | | 2001-2009 time period | | | | |
|---|-----------------------|-------------|--------------|------------|-----------------|-----------------------|-------------|--------------|------------|-----------------|
| Panel A: Large Cap Value Managers | | | | | | | | | | |
| | Mkt | Size | Value | Mom | Adj.Rsq. | Mkt | Size | Value | Mom | Adj.Rsq. |
| Fundamental | 0.87 | -0.09 | 0.33 | -0.07 | 0.95 | 0.88 | -0.04 | 0.26 | -0.02 | 0.98 |
| t-stat | (51.15) | (-4.53) | (14.76) | (-5.22) | | (47.91) | (-1.53) | (11.76) | (-1.52) | |
| Quantitative | 0.93 | -0.12 | 0.34 | -0.01 | 0.97 | 0.92 | -0.04 | 0.29 | 0.03 | 0.98 |
| t-stat | (66.47) | (-7.01) | (18.21) | (-0.82) | | (56.19) | (-1.86) | (14.33) | (2.31) | |
| Quant - Fund | 0.06 | -0.02 | 0.00 | 0.06 | 0.33 | 0.04 | 0.00 | 0.02 | 0.05 | 0.25 |
| t-stat | (6.16) | (-2.25) | (0.30) | (8.39) | | (3.12) | (-0.19) | (1.49) | (5.39) | . |
| Russell 1000 Value | 0.94 | -0.16 | 0.41 | -0.04 | 0.95 | 0.93 | -0.11 | 0.37 | 0.00 | 0.97 |
| t-stat | (52.90) | (-7.64) | (17.65) | (-2.97) | | (43.10) | (-3.38) | (14.01) | (-0.29) | |
| Panel B: Large Cap Core Managers | | | | | | | | | | |
| | Market | Size | Value | Mom | Adj.Rsq. | Market | Size | Value | Mom | Adj.Rsq. |
| Fundamental | 0.91 | -0.11 | 0.08 | -0.02 | 0.98 | 0.90 | -0.05 | 0.04 | 0.01 | 0.99 |
| t-stat | (83.99) | (-8.39) | (5.41) | (-2.38) | | (85.22) | (-3.44) | (3.04) | (0.77) | |
| Quantitative | 0.97 | -0.13 | 0.05 | 0.06 | 0.99 | 0.96 | -0.05 | 0.03 | 0.07 | 0.99 |
| t-stat | (98.48) | (-11.05) | (3.75) | (7.40) | | (101.10) | (-3.68) | (2.24) | (9.87) | |
| Quant - Fund | 0.07 | -0.02 | -0.03 | 0.08 | 0.50 | 0.06 | 0.00 | -0.01 | 0.06 | 0.38 |
| t-stat | (7.44) | (-2.08) | (-2.37) | (11.00) | | (4.92) | (0.13) | (-0.92) | (7.24) | . |
| Russell 1000 | 0.98 | -0.15 | 0.01 | -0.01 | 0.99 | 0.97 | -0.10 | 0.01 | -0.01 | 0.99 |
| t-stat | (151.51) | (-19.31) | (1.50) | (-2.80) | | (113.89) | (-7.74) | (0.58) | (-1.43) | |
| Panel C: Large Cap Growth Managers | | | | | | | | | | |
| | Market | Size | Value | Mom | Adj.Rsq. | Market | Size | Value | Mom | Adj.Rsq. |
| Fundamental | 0.98 | -0.08 | -0.15 | 0.05 | 0.98 | 0.98 | -0.01 | -0.18 | 0.05 | 0.99 |
| t-stat | (78.97) | (-5.52) | (-9.22) | (5.31) | | (65.34) | (-0.62) | (-9.66) | (4.93) | |
| Quantitative | 1.00 | -0.06 | -0.22 | 0.08 | 0.97 | 1.02 | 0.01 | -0.24 | 0.08 | 0.99 |
| t-stat | (68.20) | (-3.47) | (-11.45) | (6.90) | | (62.17) | (0.62) | (-11.84) | (7.16) | |
| Quant - Fund | 0.03 | 0.02 | -0.07 | 0.03 | 0.34 | 0.04 | 0.03 | -0.06 | 0.03 | 0.22 |
| t-stat | (2.49) | (1.68) | (-5.27) | (3.48) | | (3.01) | (1.48) | (-3.74) | (3.31) | . |
| Russell 1000 Growth | 1.02 | -0.17 | -0.39 | -0.02 | 0.97 | 1.02 | -0.09 | -0.39 | -0.02 | 0.99 |
| t-stat | (61.69) | (-8.79) | (-17.78) | (-1.58) | | (50.71) | (-3.13) | (-15.62) | (-1.69) | |
| Panel D: Enhanced Index Managers | | | | | | | | | | |
| | Market | Size | Value | Mom | Adj.Rsq. | Market | Size | Value | Mom | Adj.Rsq. |
| Fundamental | 1.00 | -0.18 | 0.07 | -0.03 | 0.99 | 0.98 | -0.10 | 0.06 | -0.02 | 0.99 |
| t-stat | (110.14) | (-16.20) | (5.78) | (-4.18) | | (92.42) | (-6.60) | (4.41) | (-2.33) | |
| Quantitative | 0.96 | -0.17 | 0.06 | -0.01 | 0.99 | 0.95 | -0.10 | 0.03 | 0.00 | 0.99 |
| t-stat | (111.11) | (-16.78) | (4.84) | (-1.40) | | (94.90) | (-6.44) | (2.84) | (0.39) | |
| Quant - Fund | -0.03 | 0.00 | -0.01 | 0.02 | 0.38 | -0.03 | 0.01 | -0.02 | 0.02 | 0.40 |
| t-stat | (-5.75) | (0.16) | (-1.85) | (4.64) | . | (-3.66) | (0.67) | (-2.25) | (3.50) | . |
| S&P 500 | 0.97 | -0.19 | 0.02 | -0.02 | 0.99 | 0.96 | -0.13 | 0.01 | -0.01 | 0.99 |
| t-stat | (108.22) | (-17.95) | (1.38) | (-2.83) | | (84.47) | (-7.77) | (1.01) | (-1.81) | |

Table 8
Style Factor Realizations: 2000-2009

This table provides annual returns of the four factors: Mkt, Size, Value, and Price Momentum from 2000-2009. The 2009 realization for price momentum is highlighted in bold to emphasize the extreme negative realization.

| Year | Mkt-RF | Size (SMB) | Value (HML) | Price Mom |
|------|--------|---------------|----------------|---------------|
| 2000 | -16.97 | -1.97 | 41.09 | 15.1 |
| 2001 | -15.12 | 18.89 | 18.48 | 4.47 |
| 2002 | -22.47 | 3.47 | 10.04 | 25.71 |
| 2003 | 32.12 | 27.76 | 4.65 | -24.47 |
| 2004 | 11.82 | 4.9 | 9.74 | -0.5 |
| 2005 | 4.34 | -2.24 | 8.95 | 15.46 |
| 2006 | 11.4 | 0.5 | 14.34 | -7.83 |
| 2007 | 2.63 | -8.21 | -12.48 | 21.38 |
| 2008 | -39.96 | 4.18 | 1.01 | 13.39 |
| 2009 | 31.58 | 7.9 | -5.15 | -83.36 |

Table 9
Institutional Manager Portfolio Characteristics

This table reports characteristics of portfolios reported by U.S. large cap and EAFE institutional money managers as of year-end (in 2009 it is as of September end). NFIRM refers to number of firms reporting more than \$10mm in assets under management (AUM) which is less than the number of firms with available returns for that year. Median AUM is the median firm's assets under management. All valuation characteristics are cross-sectional medians for the year. Wt.avg. Market cap and median Market cap refer to the size of the companies held by the money managers in their portfolios. Average is the time-series average of cross-sectional medians.

| Year | NFIRM | Total AUM \$ millions | Median AUM \$ millions | Dividend Yield | Trailing P/E | Forward P/E | P/B | Wt.avg. Market cap \$ millions | Median Market cap \$ millions |
|--|-------|--------------------------|------------------------------|-------------------|-----------------|----------------|-------|--------------------------------------|-------------------------------------|
| Panel A: U.S. Large Cap Value Managers | | | | | | | | | |
| <u>Fundamental</u> | | | | | | | | | |
| Sep-09 | 156 | \$710,313.4 | \$940.7 | 2.20% | 15.70 | 14.33 | 1.90 | \$59,794.5 | \$24,994.0 |
| 2000-2009 Average | 131 | \$751,886.9 | \$1,350.3 | 2.13% | 16.39 | 14.77 | 2.40 | \$60,787.2 | \$22,078.0 |
| <u>Quantitative</u> | | | | | | | | | |
| Sep-09 | 46 | \$65,237.6 | \$378.4 | 2.23% | 14.24 | 13.21 | 1.77 | \$65,932.0 | \$15,741.2 |
| 2000-2009 Average | 40 | \$53,064.6 | \$446.6 | \$0.0 | \$15.3 | \$13.7 | \$2.2 | \$72,706.1 | \$16,077.3 |
| Panel B: U.S. Large Cap Core Managers | | | | | | | | | |
| <u>Fundamental</u> | | | | | | | | | |
| Sep-09 | 102 | \$233,892.8 | \$405.1 | 1.74% | 17.87 | 15.40 | 2.43 | \$63,535.0 | \$27,144.0 |
| 2000-2009 Average | 80 | \$293,499.9 | \$819.9 | 1.58% | 19.34 | 17.07 | 3.18 | \$72,274.2 | \$25,143.0 |
| <u>Quantitative</u> | | | | | | | | | |
| Sep-09 | 45 | \$78,338.1 | \$670.7 | 2.01% | 15.80 | 13.61 | 2.22 | \$71,193.4 | \$16,037.0 |
| 2000-2009 Average | 42 | \$74,854.4 | \$713.2 | 1.74% | 17.96 | 15.69 | 2.95 | \$84,020.0 | \$20,152.9 |
| Panel C: U.S. Large Cap Growth Managers | | | | | | | | | |
| <u>Fundamental</u> | | | | | | | | | |
| Sep-09 | 163 | \$617,047.7 | \$598.0 | 1.18% | 20.65 | 17.58 | 3.29 | \$57,312.0 | \$25,000.0 |
| 2000-2009 Average | 145 | \$611,810.7 | \$682.3 | 0.93% | 24.84 | 21.52 | 4.38 | \$67,988.0 | \$26,468.2 |
| <u>Quantitative</u> | | | | | | | | | |
| Sep-09 | 36 | \$38,354.3 | \$234.9 | 1.51% | 16.66 | 15.70 | 3.20 | \$65,912.0 | \$15,615.5 |
| 2000-2009 Average | 31 | \$33,208.5 | \$266.6 | 1.09% | 22.39 | 19.64 | 4.34 | \$76,848.5 | \$16,765.0 |
| Panel D: U.S. Large Cap Enhanced Index Managers | | | | | | | | | |
| <u>Fundamental</u> | | | | | | | | | |
| Sep-09 | 10 | \$37,386.6 | \$583.6 | 2.00% | 16.97 | 14.83 | 2.30 | \$77,813.5 | \$13,508.0 |
| 2000-2009 Average | 11 | \$44,085.1 | \$1,185.5 | 1.86% | 18.57 | 16.46 | 2.81 | \$94,368.6 | \$16,311.5 |
| <u>Quantitative</u> | | | | | | | | | |
| Sep-09 | 45 | \$139,323.9 | \$749.6 | 2.08% | 16.18 | 15.02 | 2.22 | \$74,383.0 | \$11,051.7 |
| 2000-2009 Average | 37 | \$159,069.3 | \$773.1 | 1.82% | 18.10 | 16.39 | 2.90 | \$90,512.3 | \$14,392.3 |
| Panel E: EAFE Managers | | | | | | | | | |
| <u>Fundamental</u> | | | | | | | | | |
| Sep-09 | 113 | \$642,024.5 | \$1,871.6 | 2.90% | 15.80 | 14.83 | 1.80 | \$43,514.4 | \$18,419.5 |
| 2000-2009 Average | 97 | \$594,325.2 | \$1,609.3 | 2.52% | 17.44 | 15.61 | 2.23 | \$40,803.6 | \$15,586.9 |
| <u>Quantitative</u> | | | | | | | | | |
| Sep-09 | 37 | \$232,312.7 | \$1,152.0 | 3.25% | 15.60 | 13.50 | 1.55 | \$46,510.0 | \$8,820.0 |
| 2000-2009 Average | 28 | \$172,509.1 | \$1,071.1 | 2.77% | 14.99 | 14.37 | 1.96 | \$45,327.9 | \$10,656.5 |

Table 10
**Crowding: Pair-wise correlations among institutional large-cap
and EAFE money managers**

This table computes average pair-wise correlations among monthly excess returns (with respect to appropriate Russell large cap or EAFE benchmarks) of quantitative managers and fundamental managers. The correlations are computed for two time-periods: (a) January 2000 to June 2007, (b) July 2007 to September 2009. The table also reports percent of pair-wise correlations that are positive. We require a minimum of 20 monthly excess returns for the first period and 12 monthly excess returns for the second period in order to compute pair-wise correlations.

| Time-period | Quantitative | | Fundamental | | Between quantitative and fundamental | |
|--|--------------|-------|-------------|-------|---|-------|
| | Corr | % > 0 | Corr | % > 0 | Corr | % > 0 |
| <u>Large Cap Value Managers</u> | | | | | | |
| Jan 2000-June 2007 | 0.17 | 73.0% | 0.17 | 74.8% | 0.09 | 63.8% |
| July 2007-Sep 2009 | 0.23 | 73.1% | 0.22 | 74.7% | 0.19 | 71.2% |
| <u>Large Cap Core Managers</u> | | | | | | |
| Jan 2000-June 2007 | 0.21 | 77.0% | 0.12 | 67.7% | 0.08 | 63.6% |
| July 2007-Sep 2009 | 0.25 | 77.7% | 0.15 | 67.1% | 0.12 | 64.9% |
| <u>Large Cap Growth Managers</u> | | | | | | |
| Jan 2000-June 2007 | 0.27 | 83.2% | 0.32 | 84.2% | 0.23 | 79.2% |
| July 2007-Sep 2009 | 0.13 | 68.5% | 0.09 | 59.4% | 0.04 | 53.6% |
| <u>Large Cap Enhanced Index Money Managers</u> | | | | | | |
| Jan 2000-June 2007 | 0.20 | 84.0% | 0.03 | 50.7% | 0.06 | 63.0% |
| July 2007-Sep 2009 | 0.16 | 74.1% | 0.07 | 55.8% | 0.05 | 58.2% |
| <u>EAFE Money Managers</u> | | | | | | |
| Jan 2000-June 2007 | 0.13 | 70.8% | 0.12 | 65.9% | 0.07 | 59.5% |
| July 2007-Sep 2009 | 0.13 | 68.7% | 0.14 | 67.6% | 0.06 | 58.0% |

Table 11
Dispersion in Alphas

| 2001-2009 | | | | | | | | |
|------------------|-------------|-------------|-------------|---------------|-------------|-------------|----------------------------|-----------------------------|
| Style | Type | 0.10 | 0.25 | Median | 0.75 | 0.90 | Range 0.90-0.10 | Median Trk.error |
| Large cap value | Fund | -1.33 | 0.04 | 1.35 | 2.84 | 4.47 | 5.80 | 5.88 |
| | Quant | -1.29 | -0.42 | 0.71 | 1.25 | 3.82 | 5.11 | 3.93 |
| Large cap core | Fund | -0.88 | 0.53 | 1.74 | 2.95 | 4.51 | 5.39 | 4.71 |
| | Quant | -1.23 | -0.16 | 0.71 | 1.84 | 3.08 | 4.31 | 3.70 |
| Large cap growth | Fund | -0.86 | 0.46 | 1.89 | 3.24 | 4.98 | 5.84 | 5.95 |
| | Quant | -0.83 | -0.10 | 1.16 | 2.09 | 3.65 | 4.47 | 4.37 |
| Enhanced Index | Fund | -2.22 | -0.46 | -0.05 | 1.85 | 2.85 | 5.07 | 2.77 |
| | Quant | -0.41 | -0.08 | 0.55 | 1.26 | 1.75 | 2.16 | 1.71 |
| EAFE | Fund | -1.29 | 0.17 | 1.83 | 3.66 | 6.77 | 8.06 | 4.72 |
| | Quant | -2.14 | -0.11 | 0.98 | 3.24 | 4.80 | 6.94 | 3.96 |
| 2007-2009 | | | | | | | | |
| Style | Type | 0.10 | 0.25 | Median | 0.75 | 0.90 | Range 0.90-0.10 | Median Trk.error |
| Large cap value | Fund | -1.26 | 1.33 | 3.50 | 5.65 | 8.04 | 9.30 | 6.39 |
| | Quant | -1.43 | 0.21 | 1.39 | 2.79 | 5.40 | 6.83 | 4.14 |
| Large cap core | Fund | -0.96 | 1.01 | 2.16 | 3.97 | 6.20 | 7.16 | 4.81 |
| | Quant | -2.21 | -1.15 | -0.01 | 1.00 | 2.80 | 5.01 | 4.07 |
| Large cap growth | Fund | -3.37 | -1.30 | 0.35 | 2.13 | 3.81 | 7.18 | 5.42 |
| | Quant | 2.16 | 3.02 | 3.78 | 6.59 | 9.47 | 7.31 | 3.78 |
| Enhanced Index | Fund | -7.07 | -2.09 | -0.60 | 0.24 | 1.37 | 8.44 | 2.57 |
| | Quant | -1.99 | -0.84 | -0.24 | 0.29 | 1.64 | 3.63 | 1.77 |
| EAFE | Fund | -1.35 | -0.01 | 1.75 | 3.99 | 6.69 | 8.05 | 4.93 |
| | Quant | -2.79 | -1.63 | -0.08 | 1.87 | 4.50 | 7.29 | 3.91 |