

# Celebrating Outperformance: SSI 130/30 Extended Alpha Strategy



## On July 1, 2007, SSI Successfully Launched Its 130/30 Extended Alpha Strategy

### Highlights

#### Performance Leader:

Top quartile performance, exceeding the 500 bps alpha target in first 12 months

#### Two Sources of Alpha:

Generates alpha from both longs and shorts with over 50% of value added coming from stock selection

#### Defensive Characteristics:

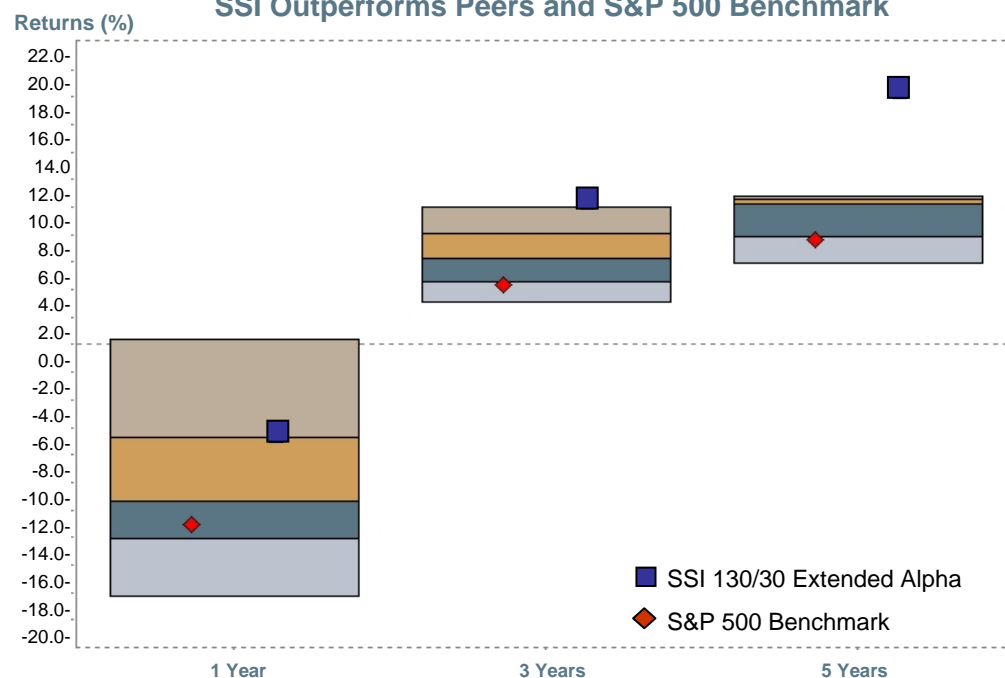
Outperformance during down markets

#### Sustainable Alpha:

Quantitative and fundamental components contribute alpha in varying market environments

### Performance Leader

#### SSI Outperforms Peers and S&P 500 Benchmark



Returns	1 Yr	3 Yrs	5 Yrs
SSI 130/30 Extended Alpha	(6.65%)	10.38%	18.41%
S&P 500	(13.12%)	4.41%	7.58%
Median	(11.40%)	6.28%	10.29%
Number of Managers	58	10	3

Source: eVestment Alliance Universe of Extended US Equity Managers.

SSI's 130/30 Extended Alpha Strategy launched on July 1, 2007. 1 Yr performance represents SSI's live performance. 3 Yrs and 5 Yrs performance includes simulated returns. Please see disclosure regarding performance on back of this document.

### Two Sources of Alpha

	SSI 130/30	Long Contribution	Short Contribution	S&P 500	Alpha
3Q07	2.79%	0.98%	1.81%	2.03%	0.76%
4Q07	2.65%	-0.82%	3.47%	-3.33%	5.98%
1Q08	-8.75%	-11.64%	2.89%	-9.44%	0.69%
2Q08	-3.04%	-3.55%	0.51%	-2.73%	-0.31%
1-Year Trailing	-6.65%	-15.19%	8.55%	-13.12%	6.48%

### Defensive Returns

May 1998-June 2008	Up	Down	Total
Periods	71	51	122
% of Time SSI Generates Positive Alpha	60.6%	80.4%	
Avg. Monthly Alpha	0.5%	1.2%	

Includes live and simulated returns. Please see disclosure regarding performance on back of this document.

## Investment Strategy

SSI's 130/30 Extended Alpha Strategy targets a return of 500 bps above the S&P 500 Index with a tracking error of approximately 4%. The portfolio is constructed to be 130% long and 30% short, maintaining a beta near 1. Utilizing both quantitative and fundamental analysis to determine the best portfolio candidates, SSI's portfolio team purchases approximately 70-90 long equity positions and 20-40 short equity positions. The strategy, co-managed by Ken Raguse, CFA and Iain Clayton, CFA, is supported by an assistant portfolio manager, 3 sector managers and a trader.

130/30 Statistics (July 1, 2007 – June 30, 2008)	SSI 130/30 Extended Alpha	
	Target	Actual
Annualized Alpha (Benchmark: S&P 500)	5.00%	6.47%
Tracking Error	4.00%	4.51%
Beta	1.00	0.90
Information Ratio	>1	1.43

## About SSI

SSI Investment Management (SSI) specializes in alpha generating investment strategies. Founded in 1973, SSI is recognized as a pioneer and innovator in systematic investment strategies and the integration of a disciplined quantitative process with fundamental analysis. SSI has successfully managed long-only products since 1981 and its expertise in short selling has been honed by the Firm's 35 years of experience in the alternative marketplace. The Firm has 30 employees, including 12 investment professionals. The Senior Investment Team has worked together for more than 14 years with no turnover during that period. SSI is 100% employee-owned and based in Los Angeles, California.

## Contact Information

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## Performance Disclosure

The 130/30 Extended Alpha ("Strategy") began July 1, 2007. The portfolio is an estimated 130% long (with 70-90 positions) and 30% short (with 20 to 40 positions). All returns are based in U.S. dollars and reflect, on a percentage basis for each of the periods indicated: (a) the net increase (decrease) of the Strategy, dollar-weighted, including adjustments for unrealized gains and losses, the reinvestment of dividends and other earnings, the deduction of costs, except for SSI's management fees, time-weighted to adjust for additions and withdrawals, and (b) the net increase (decrease) of the Index. SSI believes a performance comparison versus the total return of the S&P 500 ("Index") is appropriate. However, the volatility of this strategy could be greater than the volatility of the S&P 500 due to the inclusion of slight margin and short positions. The return, if any, above the Index is dependent upon SSI's discretionary management. The other indices shown are not necessarily comparable to SSI's Strategy. These are widely recognized market indices that are shown for informational purposes only. The performance returns from May 1998 through June 2007 are back-tested and generated solely based on SSI's quantitative model used for the Long/Short Equity Market Neutral Strategy. Simulated performance results have many inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are often significant differences between simulated results and actual results subsequently achieved. One of the limitations of simulated performance results is that they are prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. The results may not reflect the impact that any material market or economic factors might have had on SSI's use of the simulated model, if the model had been used during the period to actually manage client assets. SSI was not managing money within this strategy during the period of the simulation. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of simulated performance results and all of which can adversely affect actual trading results. A client's actual return will be reduced by the advisory fees and any other expenses which may be incurred in the management of an investment advisory account. See SSI's Form ADV, Part II for a complete description of the investment advisory fees customarily charged by SSI. As an example, an account with an initial \$1,000,000 investment on January 1, 2003, earning a recurring 5% semi-annual gross return (10.25% annualized), and paying a .375% semi-annual management fee (0.75% annual fee) would have grown to \$1,310,225 on a gross of fees basis and \$1,300,392 on a net of fees basis by December 31, 2005 (3 years).

THIS MATERIAL IS INTENDED ONLY FOR QUALIFIED INVESTORS. IT DOES NOT CONSTITUTE AN OFFER TO PURCHASE AN INTEREST IN ANY PRIVATELY OFFERED FUND MANAGED BY SSI. SSI INVESTMENT MANAGEMENT INC. BELIEVES THAT RESULTS WERE GENERATED WITH AN INVESTMENT PHILOSOPHY AND METHODOLOGY SIMILAR TO THAT DESCRIBED HEREIN. FUTURE INVESTMENTS, HOWEVER, WILL BE MADE UNDER DIFFERENT ECONOMIC CONDITIONS, IN DIFFERENT SECURITIES AND USING DIFFERENT INVESTMENT STRATEGIES. IT SHOULD NOT BE ASSUMED THAT FUTURE INVESTORS WILL EXPERIENCE RETURNS, IF ANY, COMPARABLE TO THOSE DISCLOSED HEREIN. THE INFORMATION GIVEN IS HISTORIC AND SHOULD NOT BE TAKEN AS ANY INDICATION OF FUTURE PERFORMANCE. THE PERFORMANCE DATA WAS PREPARED BY SSI INVESTMENT MANAGEMENT INC. AND WAS NOT COMPILED, REVIEWED OR AUDITED BY AN INDEPENDENT ACCOUNTANT. ANY INVESTMENT IS SUBJECT TO RISK OF LOSS. THE USE OF LEVERAGE INCREASES THE INVESTMENT GAIN OR LOSS IN DIRECT PROPORTION TO THE DEGREE OF LEVERAGE USED.