

Portfolio Perspectives

Fourth quarter 2009

U.S. growth portfolios

Total returns after fees

Periods ended December 31, 2009

	Three months	Year-to-date	One year	Three years (annualized)	Five years (annualized)	10 years (annualized)	Since inception (annualized)
Turner Concentrated Growth Equity (inception date: January 1, 1998)	5.1%	49.1%	49.1%	-6.3%	-0.3%	-8.8%	8.8%
Turner Core Growth Equity (inception date: April 1, 1990)	6.6	38.3	38.3	-4.5	1.6	-2.0	9.3
Turner Growth Equity (inception date: January 1, 1996)	6.0	39.4	39.4	-4.7	-0.1	-5.5	4.6
Turner Large Cap Growth Equity (inception date: November 1, 1996)	6.0	34.9	34.9	-6.9	-2.4	-6.9	3.7
Turner Strategic Growth Equity (inception date: December 1, 2001)	6.8	45.1	45.1	-2.7	1.4	--	--
Russell 1000 Growth Index	7.9	37.2	37.2	-1.9	1.6	-4.0	--
Russell Top 200 Growth Index	8.4	34.0	34.0	-1.3	1.4	-4.8	--
Turner Midcap Growth Equity (inception date: August 1, 1996)	6.6%	48.6%	48.6%	-1.6%	2.7%	-1.6%	11.0%
Russell Midcap Growth Index	6.7	46.3	46.3	-3.2	2.4	-0.5	6.7
Turner Micro Cap Growth Equity (inception date: March 1, 1998)	4.1%	26.5%	26.5%	-5.7%	1.3%	8.3%	18.7%
Turner Small Cap Growth Equity (inception date: December 1, 1993)	5.2	38.8	38.8	-3.9	2.8	2.2	11.6
Turner Small Cap GrowthPlus Equity (inception date: September 1, 1996)	4.5	36.7	36.7	-3.1	1.9	-0.9	6.3
Turner Small/Midcap Growth Equity (inception date: June 30, 2007)	5.8	55.2	55.2	--	--	--	-7.8
Russell 2000 Growth Index	4.1	34.5	34.5	-4.0	0.9	-1.4	--
Russell 2500 Index	5.1	34.4	34.4	-4.9	1.6	4.9	--
Russell 2500 Growth Index	5.6	41.7	41.7	-3.1	2.0	--	--

Performance in quarter

Our U.S. growth portfolios produced total returns after fees ranging from 4.1% to 6.8% in the fourth quarter. Those returns were soundly positive, but only three of our 10 growth portfolios beat their benchmarks.

Generally, our consumer-discretionary, materials/processing, and health-care holdings in stocks in industries such as e-commerce, airline, metals, mining, health-care services, and biotechnology produced the best relative results. The primary detractors from performance tended to be in major sectors such as technology and consumer-staples -- e.g., semiconductor, data-networking, beauty-products, and beverage stocks, which had done well in the previous two quarters but lagged in the fourth quarter, due mainly to investor profit-taking. Indeed, in our analysis, profit-taking

in certain sectors largely explained the underperformance by most of our portfolios in the quarter.

Elements of current investment strategy

- **Continue to emphasize three types** of growth stocks: classic growth stocks with superior fundamentals; cyclical stocks in fields such as energy services, home construction, metals, mining, and industrial equipment; and stocks of companies gaining market share.
- **Anticipate that 2010**, like 2004, will be a year in which stock selection matters, as earnings among companies are likely to vary widely and differentiate the winning stocks from the losing stocks. We think corporate earnings in aggregate could climb at double-digit rates in both 2010 and 2011.
- **As the economy continues to recover**, inflation remains subdued, and the details of health-care reform materialize, financial-services, materials/processing, energy, and health-care stocks should benefit, in our analysis.

Global/international growth portfolios

Total returns after fees

Periods ended December 31, 2009

	Three months	Year-to-date	One year	Three years (annualized)	Five years (annualized)	10 years (annualized)	Since inception (annualized)
Turner Concentrated Global Growth Equity (inception date: April 1, 2005)	6.1%	59.9%	59.9%	1.1%	--	--	7.6%
Turner Concentrated International Growth Equity (inception date: January 1, 2007)	2.3	42.2	42.2	-3.7	--	--	-3.7
Turner Global Growth Equity (inception date: January 1, 2005)	7.5	44.0	44.0	-2.7	3.4%	--	3.4
Turner International Growth ADR Equity (inception date: May 1, 2002)	7.7	45.5	45.5	-2.5	5.9	--	7.9
Turner International Growth Equity (inception date: January 31, 2006)	7.4	47.2	47.2	-2.9	--	--	1.7
MSCI World Growth Index	6.1	33.8	33.8	-3.1	2.9	--	--
MSCI World Growth ex-U.S. Index	4.3	31.2	31.2	-3.8	4.6	--	--

Performance in quarter

Our global/international portfolios generally benefited from a rising global stock market and good stock picking. Four of our five global/international portfolios outperformed their indexes after fees.

In most cases, the majority of our sector positions outperformed their corresponding index sectors. Stocks in the consumer-discretionary, consumer-staples, materials/processing, and financial-services sectors tended to consistently contribute extra return. Winning stocks included business-services, e-commerce, Internet-search, supermarket, food-processing, metals, mining, banking, credit-services, and insurance shares. Many of these stocks, especially the international stocks, offered attractive PEG (price/earnings to earnings-growth) ratios, which enabled us to buy growth at reasonable prices.

Our energy holdings generally underperformed, generating modest gains or losses. Our holdings in energy exploration-and-production stocks that had done well earlier in the year were subject to profit-taking, as energy prices weakened and investors became concerned that the stocks were in danger of outpacing their fundamentals. (We disagree; we think our energy holdings continue to have above-average return potential, partly because we expect oil prices to rise in 2010 and overall energy supplies to remain tight; as a result the energy sector should gain more pricing power, which could serve as a positive catalyst for its shares.)

Elements of current investment strategy

- **Hold market weightings in international stocks** (more than 50% of our portfolios' total weighting). Throughout 2009 we had gradually increased our weighting in international stocks, particularly emerging-markets stocks.
- **Expect financial-services, materials/processing, and energy stocks** to realize above-average return potential in the near term. Banking, investment-management, insurance, metals, mining, and energy-services stocks should benefit from improving global economies, increased investor inflows into stocks around the world, demand for commodities from both the developed and developing nations, and rising oil prices.
- **Increase holdings** in data-networking stocks in the technology sector to capitalize on an anticipated increase in capital spending and in insurance stocks in the financial-services sector in light of their improving fundamentals, in our analysis.
- **Remain heavily invested in a combination** of high-quality growth stocks with good earnings outlooks and early-cycle stocks in industries such as semiconductors, semiconductor-capital equipment, retailing, business services, home construction, and finance.

Core/value portfolios

Total returns after fees

Periods ended December 31, 2009

	Three months	Year-to-date	One year	Three years (annualized)	Five years (annualized)	10 years (annualized)	Since inception (annualized)
Turner Midcap Core Equity (inception date: January 1, 2003)	3.8%	16.9%	16.9%	-9.6%	-0.2%	--	8.0%
Turner Small Cap Core Equity (inception date: February 1, 1994)	6.1	21.2	21.2	-8.7	-1.9	5.4%	10.5
Turner Small Cap Value Equity (inception date: April 1, 2002)	4.7	18.4	18.4	-7.8	-0.2	--	7.4
Russell Midcap Index	5.9	40.5	40.5	-4.6	2.4	--	--
Russell 2000 Index	3.9	27.2	27.2	-6.1	0.5	3.5	--
Russell 2000 Value Index	3.6	20.6	20.6	-8.2	0.0	--	--

Performance in quarter

In the fourth quarter the relative performance of the Turner Small Cap Core Equity and the Turner Small Cap Value Equity portfolios improved markedly over the previous quarter, while the Turner Midcap Core Equity portfolio produced a soundly positive return that lagged its benchmark after fees.

Both the Turner Small Cap Core Equity and the Turner Small Cap Value Equity portfolios outperformed by more than one percentage point after fees. We attribute their improved performance mainly to our investment process returning to favor. Our prime investment factors of business momentum (for instance, rising profits) and undervalued assets are proving more predictive of good performance than they were early in 2009, when cheap, low-quality stocks outperformed and our portfolios underperformed. Also, few of our holdings suffered big losses in the quarter, as our risk controls worked effectively in containing any downside damage.

In our small-cap portfolios, results were enhanced by superior returns in major sectors like producer durables and materials/processing. In those sectors, power-equipment, air-freight, environmental-equipment, mining, and aluminum shares produced the best relative results. Technology and utilities stocks tended to detract from performance.

Turner Midcap Core Equity's performance was impaired by so-so stock selection in several major market sectors:

technology, utilities, and consumer discretionary. In general, hardware, Internet-security, telecommunications, electric-utility, retailing, gaming, and household-products shares disappointed. On the plus side, our energy, materials/processing, and producer-durables holdings performed well.

Elements of current investment strategy'

- **Keep our sector weightings** close to those of the indexes. Our rationale: we don't want to be overexposed to any single sector, and we are finding attractive opportunities in all sectors.
- **Focus especially on stocks** that we believe have the best return potential. In 2010, we anticipate our small-cap portfolios may contain about 90 stocks; our mid-cap portfolios, about 70 stocks. We think 2010 should be a year that rewards stock pickers, so we want to ensure that we own only those stocks that we believe have the best return potential. Picking the shares of companies that can increase earnings at an above-average rate should be the key to outperformance in stock investing in 2010, in our judgment. Also, we think our mid-cap and small-cap stock universes should benefit from an increased level of mergers and acquisitions.
- **Expect the financial-services sector** to produce better relative returns if the stock market continues to go up. We are increasing our positions in banking and real-estate stocks and trimming our positions in insurance stocks.

Quantitative portfolios

Total returns after fees

Periods ended December 31, 2009

	Three months	Year-to-date	One year	Three years (annualized)	Five years (annualized)	10 years (annualized)	Since inception (annualized)
Turner Quantitative Broad Market Equity (inception date: November 1, 2002)	6.0%	28.9%	28.9%	-3.1%	2.0%	--	7.8%
Russell 3000 Index	5.9	28.3	28.3	-5.4	0.8	--	--
Turner Quantitative Large Cap Value Equity (inception date: April 1, 2004)	4.1	12.1	12.1	-7.5	0.3%	--	2.6
Russell 1000 Value Index	4.2	19.7	19.7	-9.0	-0.3	--	--
Turner Quantitative Micro Cap Equity (inception date: July 1, 2004)	1.9%	11.6%	11.6%	-9.4%	-0.7%	--	1.6%
Turner Quantitative Small Cap Growth Equity (inception date: July 1, 2004)	4.6	32.6	32.6	-5.6	1.1	--	2.8
Turner Quantitative Small Cap Value Equity (inception date: January 1, 2004)	2.9	18.6	18.6	-4.8	1.5	--	4.9
Russell Microcap Growth Index	-0.8	39.2	39.2	-9.2	-3.1	--	--
Russell 2000 Growth Index	4.1	34.5	34.5	-4.0	0.9	--	--
Russell 2000 Value Index	3.6	20.6	20.6	-8.2	0.0	--	--

Performance in quarter

On balance the relative performance of our quantitative portfolios was favorable in the fourth quarter: three of the five portfolios outperformed their indexes after fees.

In general, stocks with high betas performed well in the quarter, reflecting the strong relative performance of growth stocks. We had been gradually adjusting our model to increase the weightings in factors related to beta, which generally paid off. In each capitalization segment, the largest stocks tended to perform best.

Overall, our model worked well, with its top-ranked stocks generally producing superior returns. Our top-ranked health-care and technology stocks, for instance, performed well in relative terms generally. The model's stock selection proved less effective in cyclical sectors such as financial services and producer durables. Our financial-services holdings in particular seemed to be adversely affected by a sell-off in that sector, as investors were concerned that banks may still have too many problem loans and illiquid securities on their books and that the economy could fizzle in 2010. By and large, our

performance was enhanced by the absence of large losses in our holdings.

Elements of current investment strategy

- **Expect the stock market** to reflect an increasingly high correlation between good stock returns and companies with high fundamental rankings by our quantitative model, to the benefit of our portfolios.
- **Our model indicate** that the financial-services and health-care sectors offer attractive valuations and the technology sector has above-average prospective earnings power.
- **Keep on weighting growth factors** such as earnings substantially in our model -- consistent with our view that 2010 will be a year in which earnings matter.
- **As long as the Federal Reserve doesn't raise interest rates dramatically** or inflation accelerates sharply (both of which we think are unlikely), we think the stock market may continue to have a generally upward bias over the next 12 months. (But at the same time, we think the market is likely to endure a correction at some point.) Our analysis shows that stocks present better return potential than bonds do and that U.S. stocks may improve their relative performance versus emerging-markets shares.

Long/short portfolios

Total returns after fees

Periods ended December 31, 2009

	Three months	Year-to-date	One year	Three years (annualized)	Since inception (annualized)
Turner Long/Short Equity (inception date: January 1, 2007)	-3.6%	18.1%	18.1%	9.3%	9.3%
Turner Select Opportunities (Inception date: January 1, 2008)	1.3	9.5	9.5	--	2.8
Turner Spectrum (inception date: November 1, 2008)	1.5	15.4	15.4	--	11.8
S&P 500 Index	6.0	26.5	26.5	-5.6	-5.6
Barclays Capital U.S. Aggregate Bond Index	0.2	5.9	5.9	--	--
Lipper Long/Short Equity Average	2.7	16.0	16.0	--	--
Turner Market Neutral Equity (inception date: March 31, 2008)	4.6%	22.2%	22.2%	--	15.8%
S&P 500 Index	6.0	26.5	26.5	--	--
Turner Global Consumer Long/Short Equity (inception date: January 1, 2005)	-2.4%	8.4%	8.4%	11.6%	10.3%
Turner Global Financial Services Long/Short Equity (inception date: January 1, 2005)	2.1	7.3	7.3	7.9	6.4
Turner Global Medical Sciences Inception date: January 1, 2008)	4.9	19.0	19.0	--	10.4
S&P 500 Consumer Discretionary Index	9.1	41.3	41.3	-7.0	--
S&P 500 Financials Index	-3.3	17.3	17.3	-24.6	--
S&P 500 Healthcare Index	9.1	19.7	19.7	--	--

Performance in quarter

Our flagship long/short portfolio, Turner Spectrum, consisting of six long/short strategies, produced a modest positive return after fees that lagged the S&P 500 Index but beat the Barclays Capital U.S. Aggregate Bond Index in the fourth quarter. Stock selection was generally good in the long positions, but in a rising market the short positions on balance detracted from performance.

Of the nine market sectors in which Spectrum's long positions were invested, seven of them beat their corresponding index sectors. Contributing the most extra return were holdings in the financial-services, health-care, and materials/processing sectors. In those sectors, shares such as Och-Ziff Capital Management Group, General Growth Properties, Verisk Analytics Vermillion, and Human Genome Sciences produced good relative results. The primary long detractors from performance were in the consumer-discretionary and technology sectors -- stocks such as Fuqi International, Goodyear Tire & Rubber, Palm, and STEC.

Among short positions, health-care, financial-services, and technology stocks enhanced performance, while materials/processing and energy stocks hurt results. Top short performers included AMAG Pharmaceuticals, Isis Pharmaceuticals, Schnitzer Steel Industries, and VMware.

Unrewarding short positions included Lubrizol, Allegheny Technologies, and Carbo Ceramics.

We continue to be pleased with Spectrum's ability to generate below-average levels of volatility and protect capital in down markets. Since inception, Spectrum's maximum peak-to-trough decline in return -- its maximum drawdown -- has been 3.31%, compared with 23.24% for the S&P 500 Index.

Elements of current investment strategy

- **Continue to emphasize in our long positions** growth stocks and early-cycle stocks. We anticipate that over time we will gradually add cyclical stocks in certain industries that do better as the economic recovery progresses, such as shares in the materials and heavy-equipment industries.
- **Remain broadly diversified**; our positions include sizable weightings in large-cap, mid-cap, and small-cap stocks.
- **Invest mainly in North American stocks**, with a weighting of 89% versus a weighting of 11% in international stocks, as of December 31, 2009.
- **Maintain gross exposure** of more than 20% in consumer-discretionary, financial-services, and health-care sectors.
- **Keep modest net exposure**, less than 30%, to capitalize on what we perceive as a continuing upward bias in the stock market.

Disclosures

1. Past performance is no guarantee of future results. The views expressed represent the opinions of Turner Investment Partners and are not intended as a forecast or guarantee of future results or investment recommendations.

2. All returns are calculated and expressed in U.S. dollars and reflect the reinvestment of dividends.

3. References to the prospects of specific market sectors or industries relate to the financial fundamentals of those sectors or industries; it should be noted that a market sector's or industry's fundamentals and earnings growth are no assurance that stock prices in that sector or industry will increase.

4. The indexes mentioned are unmanaged statistical composites of stock-market performance. Investing in an index is not possible.

5. Historical patterns are not necessarily accurate predictors of future events.

6. Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic, and political risks and different accounting standards.

7. Strategies that take a focused or sector-specific approach are subject to greater risks from downturns affecting a sector or industry.

8. Small-capitalization and mid-capitalization companies often have additional risks, including a lack of product diversification, potentially insufficient capital resources, and greater exposure to business and economic factors.

9. The Russell Top 200 Growth Index measures the performance of those Russell Top 200 companies with higher price/book ratios and higher forecasted growth values. The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price/book ratios and higher forecasted growth values. The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price/book ratios and lower forecasted growth values.

The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price/book ratios and higher forecasted growth values. The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index. The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price/book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index.

The Russell Microcap Growth Index measures the performance of those Russell Microcap companies with higher price/book ratios and higher forecasted growth values. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price/book ratios and higher forecasted growth values. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price/book ratios and lower forecasted growth values. The Russell 2500 Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index.

The MSCI World Growth Index measures the performance of growth stocks in developed countries throughout the world. The index includes reinvestment of dividends, net of foreign withholding taxes. The MSCI World Index is a market-capitalization-weighted index that measures the performance of stock markets in 22 countries. The MSCI World ex-U.S. Index is a market-capitalization-weighted index that measures the performance of stock markets in 21 countries outside the U.S. The MSCI World Growth ex-U.S. Index is an unmanaged, free float-adjusted, market-capitalization-weighted index composed of growth stocks of companies located in countries throughout the world, excluding the U.S. It is designed to measure equity market performance in global developed and emerging markets outside the U.S. The index includes reinvestment of dividends, net of foreign withholding taxes.

The S&P 500 Index tracks the performance of 500 widely held large-cap U.S. stocks in the industrial, transportation, utility, and financial sectors. The S&P Healthcare Index is a capitalization-weighted index of all the stocks in the S&P 500 Index that are involved in the business of health-care related products or services. The S&P Financials Index is a capitalization-weighted index of all the stocks in the S&P 500 Index that are involved in the business of financial related products or services. The S&P Consumer Discretionary Index is a capitalization-weighted index of all the stocks in the S&P 500 Index that are involved in the business of consumer-related products or services.

10. For Turner Spectrum, gross exposure is calculated by adding the percentage of the fund's equity invested in short sales to the percentage of the fund's equity invested in long positions. Net exposure takes into account the benefits of offsetting the long and short positions and is calculated by subtracting the percentage of the fund's equity capital invested in short positions from the percentage of the fund's equity capital used for long positions. For example, if a fund is 125% long and 50% short, its net exposure would be 75%.

Disclosures

11. Maximum drawdown measures the single largest peak-to-trough decline in an investment or index's net asset value over a period of declining performance that has occurred since inception of the investment. Different indices and investments will experience their drawdowns over different time periods. However, comparing maximum drawdowns over a common time period, i.e., the inception date of the partnership to date, between multiple investments or indices provides a common basis for comparing two or more sets of data. The maximum drawdown for a particular index may be different than the maximum drawdown presented herein if it were to include the entire period of such index's existence rather than the period set forth in these risk metrics. During the period presented, the maximum drawdown of Turner Spectrum was from October 2008 to November 2008, and the maximum drawdown of the S&P 500 Index was from October 2008 to February 2009.

12. Turner Investment Partners claims compliance with the Global Investment Performance Standards (GIPS). To receive a complete list and description of Turner's composites and/or presentations that adhere to the GIPS® standards, please contact Debi Rossi at drossi@turnerinvestments.com or write to her at Turner Investment Partners, 1205 Westlakes Drive, Berwyn, Pennsylvania 19312.



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Portfolio Perspectives is published quarterly for institutional clients, consultants, and investors by Turner Investment Partners, 1205 Westlakes Drive, Berwyn, Pennsylvania 19312. Founded in 1990, Turner Investment Partners manages more than \$17 billion in stocks in separately managed accounts and mutual funds for institutions and individuals, as of December 31, 2009.

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