

Portfolio Perspectives

First quarter 2010

U.S. growth portfolios

Total returns after fees

Periods ended March 31, 2010

	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)	1.7%	1.7%	54.8%	-6.2%	1.8%	-10.7%	8.7%
Turner Core Growth Equity (inception date: April 1, 1990)	3.8	3.8	46.7	-3.9	2.9	-2.5	9.4
Turner Growth Equity (inception date: January 1, 1996)	4.8	4.8	46.8	-3.6	1.8	-6.3	4.9
Turner Large Cap Growth Equity (inception date: November 1, 1996)	5.2	5.2	44.0	-5.7	-0.4	-7.7	4.0
Russell 1000 Growth Index	4.6	4.6	49.8	-0.8	3.4	--	--
Russell Top 200 Growth Index	3.5	3.5	45.1	-0.2	3.2	--	--
Turner Midcap Growth Equity (inception date: August 1, 1996)	7.5%	7.5%	66.6%	-0.3%	4.7%	-2.7%	11.4%
Russell Midcap Growth Index	7.7	7.7	63.0	-2.0	4.3	-1.7	7.2
Turner Micro Cap Growth Equity (inception date: March 1, 1998)	9.6%	9.6%	54.4%	-3.7%	3.5%	6.9%	19.1%
Turner Small Cap Growth Equity (inception date: December 1, 1993)	8.0	8.0	59.8	-2.5	4.8	1.3	12.0
Turner Small Cap GrowthPlus Equity (inception date: September 1, 1996)	8.6	8.6	63.2	-1.7	5.1	-1.6	6.8
Turner SMID Growth Equity (inception date: November 1, 2004)	9.8	9.8	74.0	0.2	6.8	--	8.1
Russell 2000 Growth Index	7.6	7.6	60.3	-2.4	3.8	-1.5	--
Russell 2500 Index	9.2	9.2	65.7	-3.2	4.0	4.8	--
Russell 2500 Growth Index	8.8	8.8	63.9	-1.7	4.7	--	--

Performance in quarter

The stock picking for our U.S. growth portfolios was generally good in the first quarter, with seven of the 10 portfolios outperforming their benchmarks after fees. Our portfolios specializing in smaller stocks generated the highest returns. And in all of our individual portfolios covering different market-capitalization segments, the smaller the capitalization of a holding, the better it tended to perform.

A classic defensive sector, consumer staples, and a classic growth sector, technology, produced good relative results in many of our portfolios. Our holdings in consumer-electronics, data-networking, supermarket, and drug-store shares proved profitable. In some cases, *not* owning the lagging stocks of certain software and hardware companies helped. Our holdings in the consumer-discretionary sector, especially in Internet-search and gaming shares, tended to perform unsatisfactorily. Those consumer stocks were

weighed down by nagging investor concerns about the health of the economic recovery.

Elements of current investment strategy

- **Hold slightly fewer stocks than before.** We think this will be a stock picker's year, and we are intent on owning only those select shares that we think have the greatest return potential -- that is, shares of companies capable of sustaining superior earnings growth.
- **In technology, continue to emphasize semiconductor, data-networking, and wireless-communications shares.** Corporate spending for semiconductors and networking equipment continues to accelerate, and we think those stocks have further to run.
- **In our analysis, early-cycle stocks in industries such as retailing, home construction, and finance** may begin to run out of steam later this year. We would replace them with later-cycle stocks in industries like industrial equipment, power generation, aerospace, and defense.

Global/international growth portfolios

Total returns after fees

Periods ended March 31, 2010

	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)	2.9%	2.9%	61.5%	1.6%	7.8%	--	7.8%
Turner Concentrated International Growth Equity (inception date: January 1, 2007)	-0.5	-0.5	49.2	-5.0	--	--	-3.6
Turner Global Growth Equity (inception date: January 1, 2005)	3.0	3.0	51.7	-2.3	4.9	--	3.8
Turner International Growth ADR Equity (inception date: May 1, 2002)	1.8	1.8	62.4	-2.4	7.2	--	7.9
Turner International Growth Equity (inception date: February 1, 2006)	3.3	3.3	66.8	-2.6	--	--	2.4
MSCI World Growth Index	3.2	3.2	50.0	-3.0	4.0	--	--
MSCI World Growth ex-U.S. Index	2.0	2.0	51.4	-4.7	5.1	--	--

Performance in quarter

The international stock markets generally lagged the U.S. market in the first quarter, and four of our five global/international portfolios lagged in performance after fees as well. We think the portfolios that underperformed did so mainly because it was a quarter in which international stocks with low price/book ratios performed best -- the kind of value-oriented stocks that the portfolios don't emphasize. Also, our holdings in emerging-markets stocks, which had done well in 2009, performed relatively weakly.

Investor psychology in the international markets turned more cautious and conservative in the quarter, which led to value stocks being in favor. Investors fretted about the implications of Greece's budget and credit problems and the continued sluggishness of developed nations' economies, where consumer and business spending were lackluster and unemployment high. Also worrisome were the actions by Chinese regulators to restrict new lending as a means of quelling accelerating inflation, especially in property prices in China. Investors viewed those actions as a potential dampener on China's economy, which has been a prime driver of the global economy.

Poor returns in producer-durables and energy stocks helped to mute our results. Property-development, semiconductor-capital-equipment, and petroleum stocks were particular detractors. On the plus side, the utilities sector, especially wireless-communications stocks, did well, but it's a modestly weighted sector and thus was unable to add much extra return to overall results. Also adding value were our Japanese holdings.

Elements of current investment strategy

- **As always, own stocks of global companies that are earnings leaders** (the earnings growth of the companies we own is generally at least 20% higher than the average) and attractive PEG (price/earnings-to-earnings-growth) ratios.
- **In our global portfolios, overweight U.S. stocks**, which we think have superior return potential. We think U.S. stocks in aggregate should continue rising in 2010, driven by two primary catalysts. First, we think U.S. corporate earnings should climb at double-digit rates in both 2010 and 2011. Second, we think U.S. economic growth should exceed expectations.
- **Continue to expect financial-services, materials/processing, and energy stocks** to offer above-average return potential, despite their recent lackluster performance. We think financial stocks are emerging from the abyss of 2008, a recovery that suggests to us that some of the remaining skeptical investors think that the worst is over for the financial-services sector and are beginning to put some of their cash on the sidelines to work in the sector. And we think the demand for commodities like iron ore, molybdenum, steel, and oil from emerging nations should remain strong.
- **Expect to increase weighting in emerging-markets stocks** when the sell-off in them subsides. We think emerging-market economies should grow at above-average rates, which should be a boon to their stocks in the long run.

Core/value portfolios

Total returns after fees

Periods ended March 31, 2010

	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)	10.1%	10.1%	44.8%	-8.5%	1.1%	--	9.2%
Turner Small Cap Core Equity (inception date: February 1, 1994)	3.5	3.5	46.1	-8.5	-0.8	3.2%	10.6
Turner Small Cap Value Equity (inception date: April 1, 2002)	6.5	6.5	48.3	-6.7	1.7	--	8.0
Russell Midcap Index	8.7	8.7	67.7	-3.3	4.2	--	--
Russell 2000 Index	8.9	8.9	62.8	-4.0	3.4	3.7	--
Russell 2000 Value Index	10.0	10.0	65.1	-5.7	2.8	--	--

Performance in quarter

In the first quarter the Turner Midcap Equity portfolio outperformed handily after fees, while the Turner Small Cap Core Equity and Turner Small Cap Value Equity portfolios underperformed markedly after fees.

Turner Midcap Equity's results were enhanced by good stock selection in some sizable market sectors. Overall, five of the nine market sectors in which the portfolio was invested outperformed their corresponding index sectors. The materials/processing sector, a 10% weighting, contributed the most extra return (and generated the highest overall return of any sector in the portfolio). In that sector, the best performers were iron-ore, metal-alloy, and specialty-chemicals shares. The primary detractor from performance was the financial-services sector, which accounted for 18% of holdings. Here, financial-transaction-processing, investment-services, securities-exchange, and insurance shares produced unsatisfactory relative results. The four sectors that underperformed did so only marginally, which helped the portfolio's overall result.

The returns of Turner Small Cap Core Equity and Turner Small Cap Value Equity were constrained by the narrow nature of the small-cap stock rally in the quarter. In both portfolios, holdings in most market sectors failed to produce strong returns. The consumer-discretionary, materials/processing, and energy sectors were notable

detractors. Both portfolios were overweighted in retailing, metals, and natural-gas stocks, which produced subpar relative returns. Also, the portfolios held a small weighting in Chinese industrial stocks, which declined sharply as investor sentiment turned for the worse on emerging-markets stocks, which had a decidedly negative impact on performance.

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 appealing candidates for investment in all sectors.
- **Continue to trim the number of holdings** in our portfolios, to own only those stocks that we believe have the best return potential. We anticipate that our mid-cap portfolios may hold about 70 stocks and our small-cap portfolios may own 85-90 stocks throughout the year.
- **Emphasize semiconductor stocks in the technology sector;** we think the fundamentals of semiconductor companies should be among the strongest as the economy continues to improve.
- **Replace natural-gas stocks with oil-services stocks in the energy sector.** We think natural-gas stocks may languish, in light of the current abundance of natural-gas supplies and soft prices. Conversely, we think supplies of oil may remain tight, to the benefit of oil prices.

Quantitative portfolios

Total returns after fees

Periods ended March 31, 2010

	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)	7.1%	7.1%	53.3%	-1.8%	3.5%	--	8.5%
Russell 3000 Index	5.9	5.9	52.4	-4.0	2.4	--	6.7
Turner Quantitative Large Cap Value Equity (inception date: April 1, 2004)	6.4%	6.4%	44.2%	-6.2%	1.6%	--	3.5%
Russell 1000 Value Index	6.8	6.8	53.6	-7.3	1.0	--	3.0
Turner Quantitative Micro Cap Equity (inception date: July 1, 2004)	6.6%	6.6%	45.8%	-8.3%	1.5%	--	2.6%
Turner Quantitative Small Cap Growth Equity (inception date: July 1, 2004)	7.9	7.9	63.4	-4.6	3.7	--	4.0
Turner Quantitative Small Cap Value Equity (inception date: January 1, 2004)	9.3	9.3	58.0	-3.3	4.0	--	6.2
Russell Microcap Growth Index	6.4	6.4	62.5	-7.4	0.0	--	--
Russell 2000 Growth Index	7.6	7.6	60.3	-2.4	3.8	--	--
Russell 2000 Value Index	10.0	10.0	65.1	-5.7	2.8	--	--

Performance in quarter

On balance, the relative performance of our quantitative portfolios was favorable in the first quarter. Three of the five portfolios beat their indexes after fees -- Turner Quantitative Broad Market Equity, Turner Quantitative Micro Cap Equity, and Turner Small Cap Growth Equity.

In general, stocks with the smallest capitalizations and highest betas performed best in the quarter. In each capitalization segment, the smallest stocks tended to generate the highest returns. Our quantitative model generally proved effective at exploiting the inefficiencies of the small-cap market, as well as selecting good-performing stocks in the consumer sectors. For instance, many of the apparel and restaurant stocks that the model identified for investment outperformed. Generally, the sectors in which growth factors in the model (such as earnings) had modest weightings tended to do well. One model factor, among others, that did work was price momentum; stocks with a recent history of rising prices (and often unpromising fundamentals) kept rising.

The model worked less well, however, at identifying winners in the large-cap market and the energy and financial-services sectors. In financial services, for instance, our larger portfolios were underweighted in major banking stocks, which outperformed. Also, debt-to-capital ratio, a model factor that had worked well recently, didn't prove predictive of performance in this quarter; the stocks of financial companies with the worst balance

sheets tended to perform best. Since most of our portfolios had sizable weightings in the sector, the model's inability to identify the best financial performers detracted from results significantly.

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.
- **Continue to weight growth factors such as earnings substantially in our model** -- consistent with our view that 2010 will be a year in which above-average earnings (the hallmark of growth stocks) and savvy stock selection related to earnings matter.
- **As long as the Federal Reserve doesn't raise interest rates dramatically or inflation accelerates sharply** (both of which seem unlikely), we think the stock market may continue to move generally upward in 2010. However, the market has been so relentlessly positive in the past 12 months that we think a correction (a decline of 10% or more) is likely at some point. Our analysis indicates that stocks present better return potential than bonds do and that U.S. stocks may outperform emerging-market stocks in the near term.
- **Expect banking stocks to outperform**, as banks should benefit from a steep yield curve in making loans and from their improving balance sheets.

Long/short portfolios

Total returns after fees

Periods ended March 31, 2010

	Three months	Year-to-date	One year	Three years annualized	Five years annualized	10 years annualized	Since inception annualized
Turner Long/Short Equity (inception date: January 1, 2007)	-4.0%	-4.0%	6.9%	6.6%	--	--	7.2%
Turner Select Opportunities Equity (inception date: January 1, 2008)	5.9	5.9	18.5	--	--	--	5.1
Turner Spectrum Equity (inception date: November 1, 2008)	1.5	1.5	13.5	--	--	--	10.7
S&P 500 Index	5.4	5.4	49.7	-4.2	1.9	-0.7	--
Barclays Capital U.S. Aggregate Bond Index	1.6	1.6	7.6	--	--	--	--
Lipper Long/Short Equity Average	1.7	1.7	28.7	--	--	--	--
Turner Market Neutral Equity (inception date: April 1, 2008)	-0.4%	-0.4%	13.2%	--	--	--	13.5%
S&P 500 Index	5.4	5.4	49.7	-4.2	1.9	-0.7	8.7
Turner Global Consumer Long/Short Equity (inception date: January 1, 2005)	1.8%	1.8%	21.6%	11.7%	11.7%	--	10.2%
Turner Global Financial Services Long/Short Equity (inception date: January 1, 2005)	1.9	1.9	4.7	7.1	7.3	--	6.4
Turner Global Medical Sciences Equity (inception date: January 1, 2008)	1.7	1.7	12.6	--	--	--	10.0
S&P 500 Consumer Discretionary Index	10.5	10.5	69.8	-3.6	0.5	--	--
S&P 500 Financials Index	11.2	11.2	83.0	21.2	-8.6	--	--
S&P 500 Healthcare Index	3.4	3.4	34.5	--	--	--	--

Performance in quarter

Our multi-strategy long/short portfolio, Turner Spectrum Equity, consisting of six long/short portfolios, produced a positive return after fees that trailed both the S&P 500 Index and the Barclays Capital U.S. Aggregate Bond Index in the first quarter.

Of Spectrum's investments in the nine market sectors, long positions in the consumer-discretionary, health-care, and technology sectors, a 54% weighting, performed best. Among individual long positions, the largest weightings were in Psychiatric Solutions in the health-care sector, Global Payments and T. Rowe Price Group in the financial-services sector, Google in the consumer-discretionary sector, and Micron Technology in the technology sector.

Among individual short positions, the biggest weightings were in Macy's and Baidu in the consumer-discretionary sector, Becton Dickinson in the health-care sector, and SunTrust Banks and Federated Investors in the financial-services sector. Among sector positions, the producer-durables and financial-services sectors, a 35% weighting, detracted most from results.

Since its inception, a hallmark of Spectrum has been its ability to protect capital during market downturns. Since its inception in November 2008, Spectrum's maximum

peak-to-trough decline in performance -- its maximum drawdown -- has been 3.31%, compared with 23.21% for the S&P 500 Index. And in January, for instance, when the S&P 500 Index fell 3.60%, Spectrum has down just 0.07%.

As of March 31, Spectrum's broadly diversified portfolio of 194 long positions and 131 short positions had a 29% weighting in small-cap stocks, a 38% weighting in mid-cap stocks, and a 32% weighting in large-cap stocks.

Elements of current investment strategy

- **Continue to emphasize in our long positions growth stocks** with attractive PEG (price/earnings-to-earnings-growth) ratios and earnings prospects that are superior, in our estimation. We anticipate that the cyclical stocks we own will change over time as the economic recovery matures, with a greater emphasis on stocks such as industrial-equipment and aerospace shares.
- **Invest mainly in U.S. stocks**, with a weighting of about 85%, as of March 31.
- **Maintain weightings of more than 20%** in the financial-services and consumer-discretionary sectors, which have an ample number of stocks with high-return potential, in our estimation.
- **Keep modest net long exposure** (less than 19%, as of March 31).

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 the strategy was from November 1, 2008 to November 30, 2008, and the maximum drawdown of the S&P 500 Index was from November 1, 2008 to February 28, 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.



First quarter 2010

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 \$18 billion in stocks in separately managed accounts and mutual funds for institutions and individuals, as of March 31, 2009.

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