

Firm Information:

Location: Atlanta, GA
Year Founded: 1993
Total Employees: 48

	Firm	Product
Assets (\$mil):	16,903	3,177
Accounts:	299	65

Key Personnel:

Paul E. Viera
 CEO and Partner
 Matthew Bronfman
 Partner
 Michael A. Connor
 Partner
 R. Mark Fields, CPA
 Partner
 Trey Greer
 Partner

Overview

EARNEST Partners LLC (EARNEST) is a money management firm located in Atlanta, GA. The professionals of EARNEST have been managing money for institutional investors since 1993. Today, EARNEST provides asset management services for corporations, public funds, jointly-trusted plans, endowments and high net worth individuals.

Process

At the heart of the EARNEST investment process is the desire to find what the firm believes are well-run companies selling at a discount to its true value. The small-cap value strategy focuses on companies with market caps that range between \$250 million and \$3 billion. The investment process originates with a quantitative screening process called Return Pattern Recognition. With Return Pattern Recognition, EARNEST attempts to identify the combination of performance drivers, which include valuation measures, operating trends, market trends, growth measures, profitability measures, and macroeconomics, that precede outperformance for each stock. Out of those stocks whose current pattern of performance drivers suggests outperformance, the manager selects a trial portfolio that has a high probability of beating the index. Using a method called downside deviation, the manager incorporates risk control into its screening process and essentially "stress tests" the portfolio. That is, before selecting a stock, the manager measures how much each security may potentially negatively impact the portfolio under adverse conditions.

Following the initial screening and risk safeguards, the investment team performs fundamental analysis on the candidates for the model portfolio. Its analysis includes an evaluation of each company's financials, a review of industry reports, and discussions with management. Upon inclusion, stocks may typically have lower relative valuation metrics when compared to its historical or peer averages. However, many of these

holdings may display strong long-term growth characteristics as well.

A stock may be sold from the portfolio for any one of several reasons. For instance, a stock may be sold if bad news surfaces, or if a better opportunity is identified. A stock may not always be sold based only on increasing market cap. This is reviewed, however, as market cap increases. If an issue continues to look attractive on a risk/reward basis, the team may continue to hold it.

The strategy will hold approximately 60 securities in the portfolio. Historically, turnover has averaged 35% annually.

Summary

EARNEST believes small-cap stocks are an attractive investment. Small-cap companies can be analyzed in greater detail because they typically offer focused corporate strategies and straightforward financial statements.

The strategy tends to outperform value managers and lag growth managers when growth is working and trail value managers when deep value is working. The team's historical focus on key performance measures has bolstered its performance and has led to significant outperformance relative to its peers. Historically, EARNEST's performance has participated strongly in up-market periods, while limiting losses in down-market periods relative to the index.

The strategy may be used to offset a growth manager in a multi-manager arrangement. Additionally, EARNEST's relative value approach makes them suitable for use as a stand-alone manager.

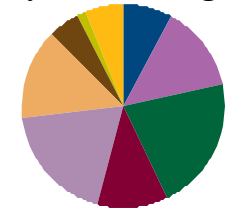
The prices of small-company stocks are generally more volatile than large company stocks. They often involve higher risks because smaller companies may lack the management expertise, financial resources, product diversification and competitive strengths to endure adverse economic conditions.

Top 10 Holdings*

Security Name	Pct of Portfolio
BUCYRUS	4.50%
INTERNATIONAL CABOT OIL & GAS	4.00%
CORE LABORATORIES INC	3.70%
AMERIGROUP CORP	3.10%
FLIR SYSTEMS INC	2.90%
LUFKIN INDS INC	2.70%
PHILLIPS-VAN HEUSEN CORP	2.60%
TIMKEN COMPANY	2.40%
CASH AMERICA INTER-	2.30%
GLOBAL PAYMENTS INC	2.30%

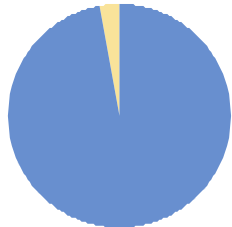
*The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified were or will be profitable.

Equity Sector Weightings



Consumer Discretionary	7.84%
Energy	13.45%
Financials	21.38%
Health Care	11.59%
Industrials	18.69%
Information Technology	14.64%
Materials	4.97%
Telecommunication Services	1.27%
Utilities	6.17%

Asset Allocation



Domestic Equity	97.26%
Cash Alternatives	2.74%

Portfolio Characteristics

P/E Ratio: 16.54 P/B Ratio: 1.91 Div Yield: 1.21 EPS: 13.12 Avg Mkt Cap: 1,995 Turnover: 8.94 # of Securities: 55