

## The Lynde and Harry Bradley Foundation Investment Manager Profile and Analysis

Manager - Acacia Institutional Partners, L.P. (Acacia)

Date Hired: June, 1996

Nature of Assignment: Equity management with a diversified portfolio of small to large capitalization stocks.

Measurement: The equity portfolio will be measured against both the S&P 500 index and a composite blended index (50% S&P500; 40% Russell 2000; 10% EAFE). Performance will be measured over at least a three year period. Successful reaction to major market movements is also important.

Portfolio balance as of June 30, 2002: \$101,891,000

Net Cumulative Performance Deviation Favorable (Unfavorable) - Net of fees:

As of: June 30, 2002	S&P 500 Index	Composite Blended Index
Amount:	<u>\$61,933,698</u>	<u>\$58,348,698</u>

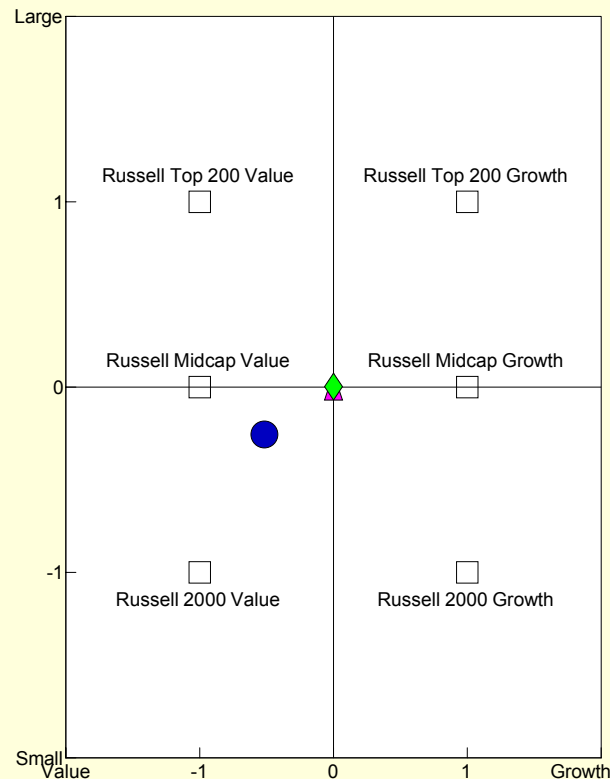
### Summary Comments:

Acacia has demonstrated very positive performance data since inception achieving a net favorable performance deviation of +\$58,348,698 based on the composite benchmark and an annualized return of +21.99%. Over the long term, Acacia has exceeded the defined benchmarks and achieved a median rank of 3.15 percentile compared to the universe database. The portfolio has positive alphas vs. both the S&P 500 Index (+14.17) and the custom style benchmark (+13.36) and has a very high Sharpe Ratio (+.8036) indicative of very positive risk adjusted returns. There was only one year (1998) when the portfolio did not exceed the S&P 500 index.

Acacia is classified as a multicap value portfolio that includes a blend of large, midcap and small cap value styles and a foreign equity component. As noted on page 3, the performance attribution relative to the style benchmark is 76.2%. This is a relatively low attribution percent and is indicative of a diversified investment strategy as compared to a rather normal one dimensional U.S. equity portfolio. The lower performance attribution also suggests less reliance can be placed on the style information contained in the graphs and tables since the calculated style benchmark was able to capture only 76.2% of the information related to the actual return series of the Acacia portfolio.

The Lynde and Harry Bradley Foundation  
 Manager Style Analysis  
 Acacia

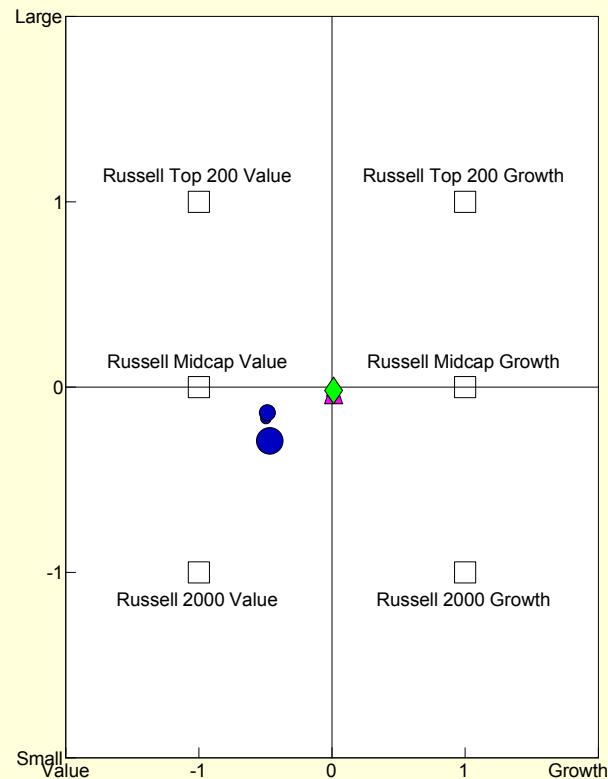
Manager Style  
 Single Computation  
 July 1996 - June 2002



Explanation:  
 Depicts the managers  
 average style for the entire  
 period of time.

- Acacia
- ▲ Blended Benchmark
- ◆ Blended Benchmark
- Russell 6-way Style Basis

Manager Style  
 20-Quarter Moving Windows, Computed Quarterly  
 July 1996 - June 2002



Explanation:  
 Depicts how the manager's  
 style has changed over the  
 defined period of time.  
 This is a "rolling window"  
 analysis, each symbol  
 represents the manager's  
 style in one window. The  
 symbols get larger over  
 time. Closely clustered  
 symbols show style  
 consistency.

- Acacia
- ▲ Blended Benchmark
- ◆ Blended Benchmark
- Russell 6-way Style Basis

**Comments Regarding Manager Style Analysis:**

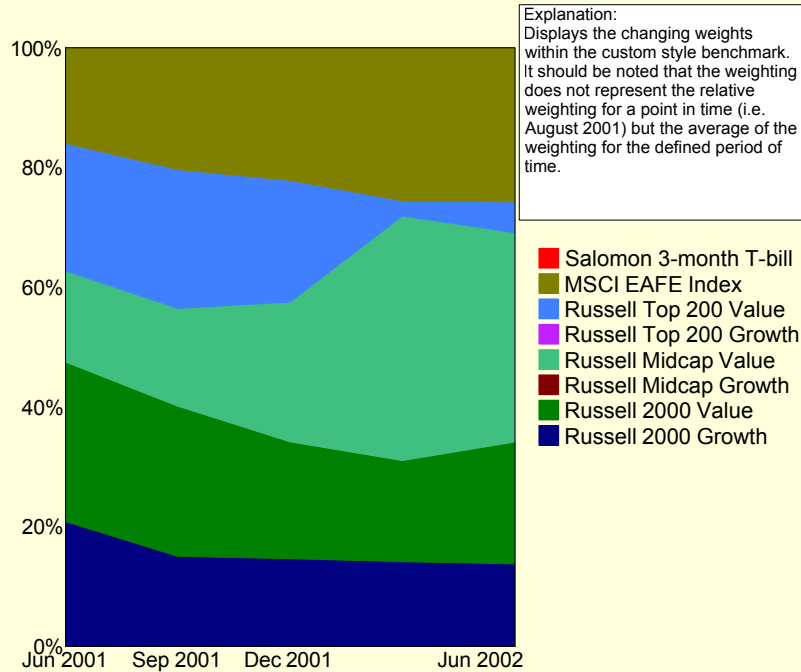
Acacia has been a very consistent overall midcap value manager. As you can see from the 36 month moving window graph, there has been little or no deviation away from the midcap value style. As noted on page 3, the portfolio includes a blend of large, midcap and smallcap value styles and a foreign equity component.

It should also be noted on page 3, that the performance attribution relative to the style benchmark is 73.9%. This is a relatively low attribution percent and is indicative of a diversified investment strategy as compared to a rather normal one dimensional U.S. domestic equity portfolio. The lower performance attribution also suggests less reliance can be placed on the style information contained in the graphs and tables since the calculated style benchmark was able to capture only 73.9% of the information about the actual return series of the Acacia portfolio.

**The Lynde and Harry Bradley Foundation  
Manager Style Analysis  
Acacia**

## Asset Allocation

20-Quarter Moving Windows, Computed Quarterly

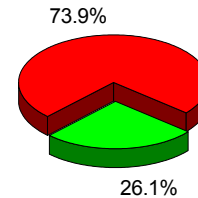


## Performance Attribution

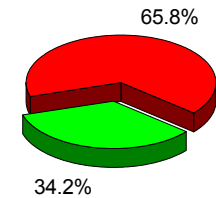
Acacia

**Explanation:**  
- R2 represents the relative appropriateness of each benchmark. The higher the R2, the better the benchmark.  
- Custom style benchmark represents the Style Advisor calculation that selects a combination of the selected indices that would best track (have the highest correlation) a given series of returns.

### Style Benchmark



### Blended Benchmark



■ Residual

■ R2 to Benchmark

## Style Table

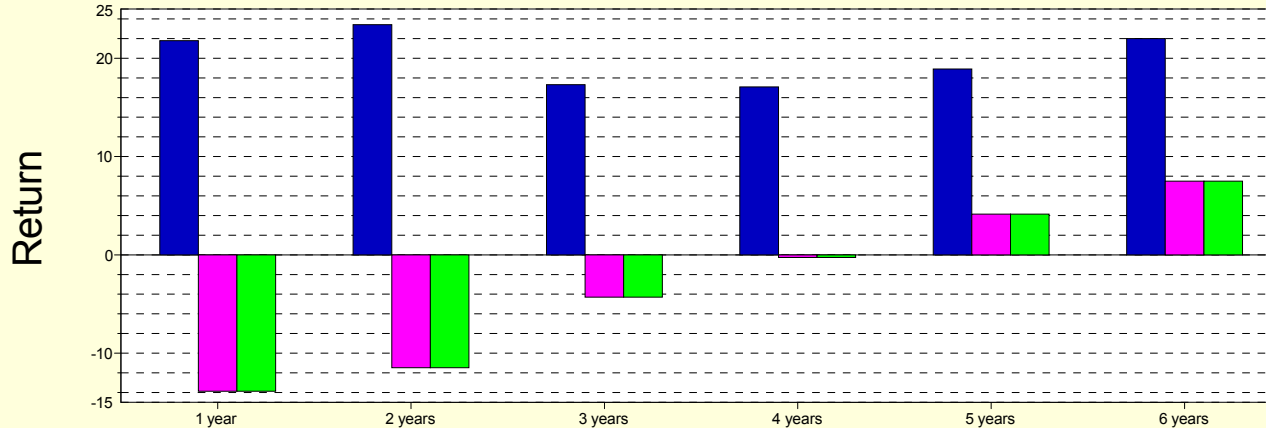
July 1996 - June 2002. Single Computation.

**Explanation:**  
The Style Table summarizes the average asset allocation of custom style benchmark. This combination of indices best describes the behavior of the manager over the entire period of time.

Blended Benchmark	Asset Allocation of Zephyr Style Benchmark								
	R2 (%)	Salomon Bros. 3-month T-bill	EAFE	Large Value	Large Growth	Mid Value	Small Value	Small Growth	R2 (%)
Acacia	65.85	0.0000	0.2456	0.1267	0.0000	0.2458	0.2629	0.1190	73.88
Blended Benchmark	100.00	0.0109	0.1106	0.2306	0.2029	0.0000	0.2082	0.2224	99.78

**The Lynde and Harry Bradley Foundation  
Manager vs. Benchmark  
Acacia**

**Manager vs Benchmark: Return through June 2002**  
(not annualized if less than 1 year)



■ Acacia  
■ Blended Benchmark  
■ Blended Benchmark

Note:  
The blended benchmark consists of 50% S&P500;  
40% Russell 2000; 10% EAFE

Note: Universe data is available only on a quarterly basis.	Manager vs Benchmark: Return through December 2001 (not annualized if less than 1 year)				
	1 year	2 years	3 years	4 years	5 years
Acacia	31.47%	16.61%	17.53%	16.80%	20.79%
S&P 500 Index	-11.88%	-10.51%	-1.03%	5.66%	10.70%
Blended Benchmark	-6.93%	-6.71%	2.25%	5.26%	9.33%
Zephyr Mid Core Manager Universe	-3.94%	2.03%	8.01%	9.70%	13.31%
Zephyr Mid Growth Manager Universe	-17.78%	-11.10%	9.66%	13.50%	15.63%
Zephyr Mid Value Manager Universe	4.81%	10.45%	8.72%	8.87%	12.76%

**Comments Regarding Manager Performance:**

**Positives:**

- Exceeded benchmarks and a median rank of 3.15% compared to the universe database.
- Positive alphas vs. the S&P 500 Index (+14.17) and the custom style benchmark (+13.36).
- Very high Sharpe Ratio (+.8036) indicative of very positive risk adjusted returns.
- Very good upside and downside performance as outlined on page 8.

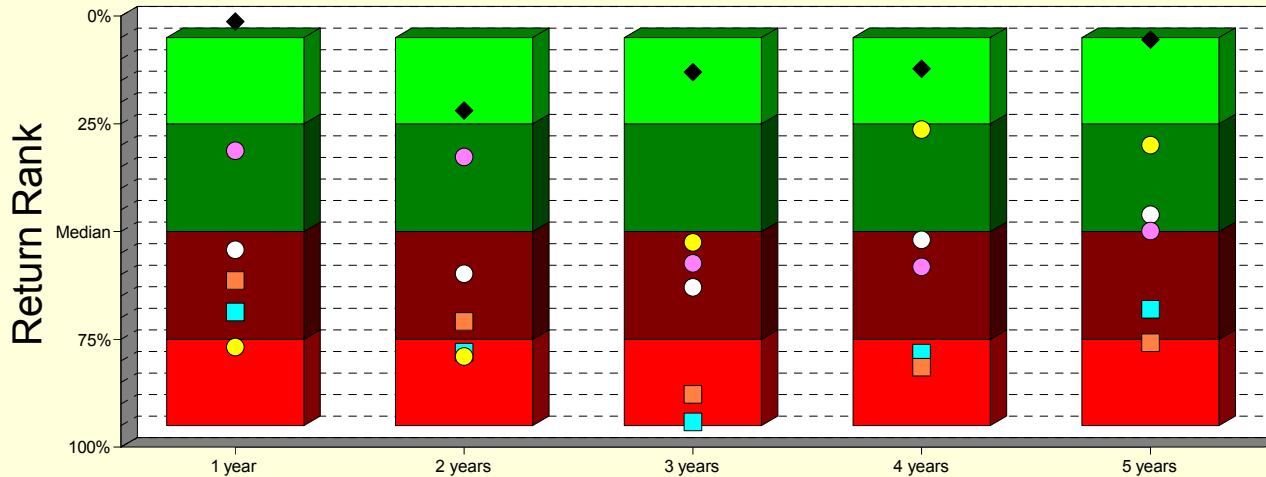
**Negatives:**

- Performance based fee arrangement resulting in higher fees. However, excess performance has more than compensated for the additional fees.
- Higher tracking error (+14.25), but mitigated by the high annualized excess return (+13.85%) over the custom style benchmark.

The Lynde and Harry Bradley Foundation  
Peer Group Comparison  
Acacia

Manager vs Universe: Return Rank through December 2001

(not annualized if less than 1 year)  
Composite Mid-Cap Manager Universe



Explanation:  
The Composite Mid-Cap Manager Universe is comprised of all the managers with a mid cap style in the Zephyr database.

- ◆ Acacia
- S&P 500 Index
- Blended Benchmark
- Zephyr Mid Core Manager Universe
- Zephyr Mid Growth Manager Universe
- Zephyr Mid Value Manager Universe
- 5th to 25th Percentile
- 25th Percentile to Median
- Median to 75th Percentile
- 75th to 95th Percentile

Manager vs Universe: Return Rank through December 2001

(not annualized if less than 1 year)

Note: Universe data is available only on a quarterly basis	Median Rank	Volatility of Rank (1)	1 year 329 mng	2 years 327 mng	3 years 305 mng	4 years 282 mng	5 years 256 mng
Acacia	11.29%	4.23	1.31%	21.95%	13.02%	12.25%	5.50%
S&P 500 Index	78.09%	9.75	68.66%	77.98%	94.14%	78.20%	68.03%
Blended Benchmark	78.93%	8.71	61.35%	70.83%	87.77%	81.47%	75.78%
Zephyr Mid Core Manager Universe	54.93%	4.37	54.24%	59.79%	62.93%	51.93%	46.10%
Zephyr Mid Growth Manager Universe	51.56%	21.44	76.78%	79.00%	52.54%	26.36%	29.97%
Zephyr Mid Value Manager Universe	52.25%	5.02	31.27%	32.70%	57.37%	58.18%	49.89%

Explanations:  
(1) Median of absolute deviations from the median rank. The higher the number the greater the volatility  
(2) Number of manager positions in the selected universe

**The Lynde and Harry Bradley Foundation  
Performance  
Acacia**

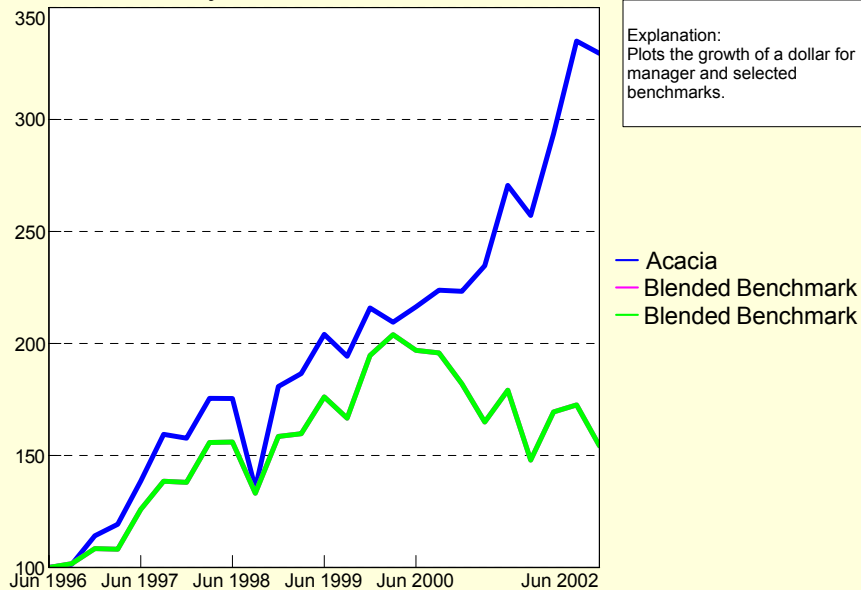
## Performance Table July 1996 - June 2002. Single Computation.

	Portfolio Performance		vs. Custom Style Benchmark						vs. Blended Benchmark					
	Annualized Return (%)	Cumulative Return (%)	Annualized Excess Return (%)	Cumulative Excess Return (%)	Info Ratio	Significance Level (%)	Explained Variance (%)	Tracking Error (%)	Annualized Excess Return (%)	Cumulative Excess Return (%)	Info Ratio	Significance Level (%)	Explained Variance (%)	Tracking Error (%)
Acacia	21.99	229.53	13.85	169.62	1.25	98.90	73.88	11.06	14.49	175.20	1.13	98.38	65.85	12.82
S&P 500 Index	8.29	61.22	0.58	5.10	0.63	91.34	99.78	0.92	0.79	6.89	0.15	63.81	93.33	5.20
Blended Benchmark	7.50	54.33	0.83	7.00	0.88	96.24	99.78	0.94	0.00	0.00	0.00	50.00	100.00	0.00

### Manager Performance History

Single Computation

July 1996 - June 2002



#### Definitions:

**Annualized Excess Return** - The amount of annualized return in excess of the defined benchmark the manager has achieved.

**Cumulative Excess Return** - The amount of return in excess of the defined benchmark the manager has achieved on a cumulative basis for the stated period.

**Information Ratio** - A measure of consistency of the excess return. The annualized excess return over a benchmark (style benchmark by default) divided by the standard deviation of excess return. Excess return is a "good thing" and standard deviation of excess return (Tracking Error) is a "bad thing". Therefore, the greater the information ratio, the better.

**Significance Level** - A confidence measurement based on the consistency of the information ratio and the time it was achieved. A manager with consistent under or over performance compared to the benchmark, would have a high significance level.

**Explained Variance** - This is referred to as R2 in StyleAdvisor and represents the how well the Style Benchmark explains the variance of the manager.

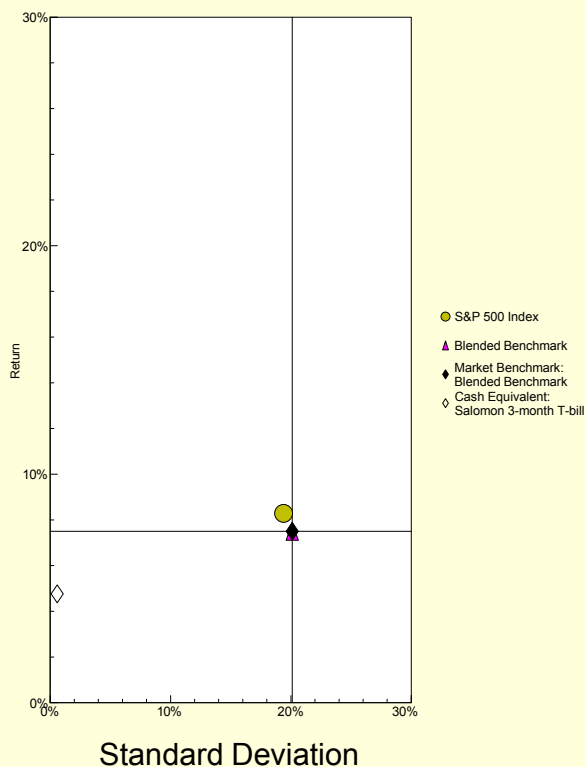
**Tracking Error** - The standard deviation of the excess return. This shows how much the fund's excess return tends to be above or below it's average excess return. The higher the Tracking Error the higher the performance volatility.

**The Lynde and Harry Bradley Foundation  
Risk-Return  
Acacia**

Risk-Return Table  
July 1996 - June 2002: Annualized Summary Statistics

	Return (%)	Std Dev (%)	Downside Risk (%)	Beta vs. S&P500	Beta vs. Style	Alpha vs. S&P 500	Alpha vs. Style (%)	R-Squared vs. Market (%)	R-Squared vs. Style (%)	Sharpe Ratio
Acacia	21.99	21.43	14.73	0.8694	1.0401	14.61	13.36	66.01	74.16	0.8036
S&P 500 Index	8.29	19.39	13.71	0.9290	1.0092	0.92	0.67	93.32	99.79	0.1815
Blended Benchmark	7.50	20.12	14.08	1.0000	1.0067	0.00	0.95	100.00	99.79	0.1359

## Manager Risk/Return Single Computation July 1996 - June 2002



### Definitions:

**Standard Deviation** - A measure of variability, or how much the fund's performance tends to be above or below its average return. It reflects the unpredictability of returns and is a useful indicator of risk. For example, a fund has annual returns of 10% with a standard of deviation of 15. Two thirds of the time, the fund will earn between -5% and +25%. The higher the standard deviation, the greater the likelihood (and risk) that the performance will fluctuate above or below the average return.

**Downside Risk** - A measure which computes the standard deviation on only the negative returns in the series to show what the variability is in these returns.

**Beta vs. Market/Style Benchmarks** - Measures the anticipated sensitivity of a portfolio to general movements in the securities market or a defined benchmark. A portfolio with a beta of 1 is as risky as the benchmark and would provide expected returns equal to those of the market during both up and down periods. A portfolio with a beta of 2 would move approximately twice as much as the benchmark.

**Alpha vs. Market/Style Benchmarks** - The risk (beta adjusted) return (positive or negative) of an asset relative to its benchmark. If two managers had the same return, but one had a lower beta, that manager would have a higher alpha.

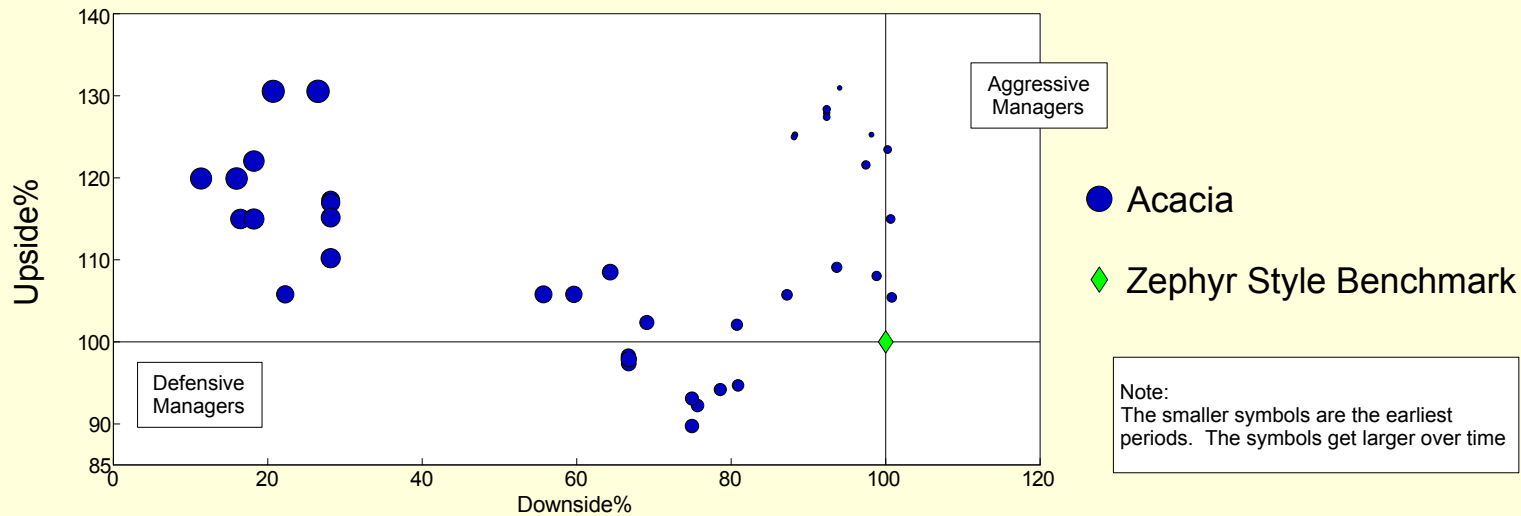
**R-Squared vs. Market/Style Benchmarks** - Used in style analysis to determine how much information about a return series that the calculated style benchmark has been able to capture. The higher the R-Squared, the better the benchmark. An R-squared of .95 is interpreted as the style explaining 95% of the manager's historic return pattern.

**Sharpe Ratio** - A statistical measure used to determine a portfolio's reward relative to its total variability. Ratio is a measure of a portfolio's excess return per unit of risk: How much incremental return does one get for the inherent volatility? The higher the ratio the better the portfolio's risk adjusted performance. The numerator is the difference between the portfolio's geometric mean return and the geometric mean return of the risk-free instrument (T-bills). The denominator is the portfolio's standard deviation.

The Lynde and Harry Bradley Foundation  
UpSide / DownSide  
Acacia

Upside Downside Market Capture

June 1996 - July 2002



36-Month Moving Windows, Computed Monthly

Up/Down Table

July 1996 - June 2002. Single Computation.

	# of Quarters		Average Return (%)		Average Return (%) vs. Market		Average Return (%) vs. Style		Quarter (%)		1-Year (%)		Market Benchmark (%)			Style Benchmark (%)		
	Up	Down	Up	Down	Up Market	Down Market	Up Market	Down Market	Best	Worst	Best	Worst	Up Capture	Down Capture	R-Squared	Up Capture	Down Capture	R-Squared
Acacia	16	8	10.85	-4.81	11.01	-1.92	11.89	-1.77	33.54	-22.81	57.09	-15.08	126.1	34.2	66.01	134.9	39.3	74.16
Blended Benchmark	14	10	8.89	-6.92	8.89	-6.92	9.57	-6.27	19.03	-17.42	44.04	-24.43	100.0	100.0	100.00	104.1	98.1	99.79

Explanation:

Graph depicts how well a manager does against the market (or style) benchmark when the benchmark goes up and when it goes down.

The upside capture ratio is plotted on the vertical axis. If the manager goes up more than the market when the market goes up - the manager will plot above the horizontal line. If they go up less - they will plot below the line.

The down capture ratio is plotted on the horizontal axis. If the manager goes down less - they will be to the left of the line.

Aggressive managers who go up more and down more will plot in the northeast quadrant. Defensive managers will be in the southeast quadrant.