

# MODERATE GROWTH AND INCOME

## PORTFOLIO INFORMATION

### STRATEGY

The **Moderate Growth & Income Portfolio** is designed for investors seeking current income and the potential for their income level to grow over time. To achieve these objectives the portfolio will typically have a substantial allocation to dividend paying stocks; therefore, investors in this portfolio should be able to assume a certain degree of portfolio volatility. Under normal conditions, the portfolio is expected to have between 50% and 70% of its assets invested in a diversified basket of dividend paying stocks, with the balance of the portfolio invested in various other income-paying securities. The portfolio management team may depart from the targeted allocation range when they feel that certain sectors of the financial markets are over or under valued.

Objective **Asset Allocation Moderate Growth & Income**

Report Date **as of 8/31/08**

Inception date **10/01/03**

Baseline Benchmark **60% S&P 500  
40% LB TREAS**

### PORTFOLIO MANAGERS

**Michael Jones, CFA** Chief Investment Officer

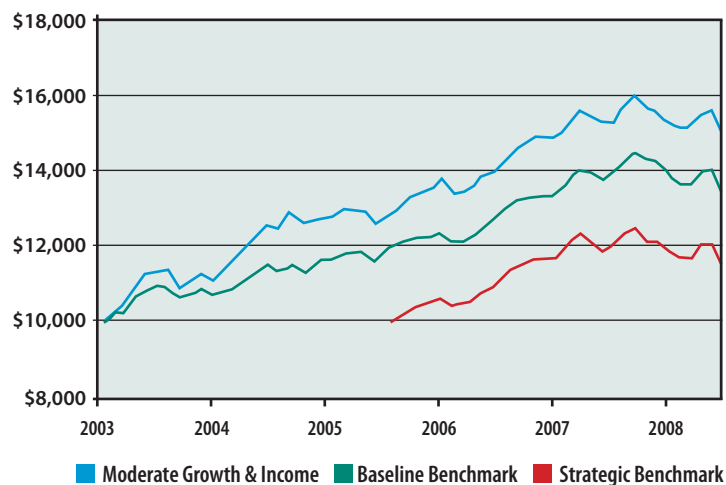
**Doug Sandler, CFA** Chief Equity Officer

**Tim Anderson, CFA** Chief Fixed Income Officer

**Paul Louie** Dir. Small/Mid Cap & Income Port. Management

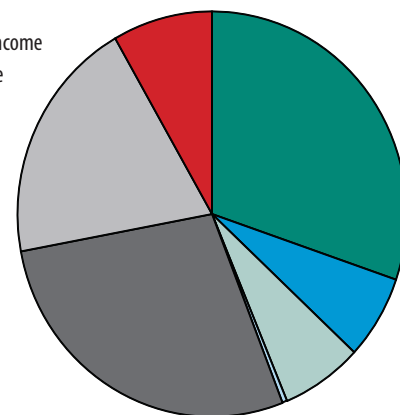
**Chris Konstantinos** Portfolio Risk Manager

## CUMULATIVE RETURNS (gross of fees)



## ASSET ALLOCATION

- ▶ 30.26% Large Cap Equity
- ▶ 6.71% Small/Mid Cap Equity
- ▶ 6.74% International Equity
- ▶ 0.40% Emerging Markets
- ▶ 27.93% Traditional Fixed Income
- ▶ 19.68% Alternative Income
- ▶ 8.28% Cash



## COMPOSITE PERFORMANCE as of 6/30/08 (Updated Quarterly)

	QUARTER 2 2008 <sup>1</sup>	YEAR TO DATE <sup>1</sup>	ONE YEAR	THREE YEAR	SINCE INCEPTION 9/01/03
<b>GROSS</b>	-1.32%	-3.89%	-3.05%	5.24%	8.85%
<b>NET</b>	-1.56%	-4.51%	-4.41%	3.82%	7.39%
<b>BASELINE BENCHMARK<sup>2</sup></b>	-2.31%	-6.24%	-4.03%	4.68%	6.29%
<b>STRATEGIC BENCHMARK<sup>3</sup></b>	-2.29%	-5.84%	-6.11%	N/A%	N/A%

1. Numbers are not annualized. Returns are denominated in US Dollars. Performance results prior to April 1, 2008, were achieved by Riverfront's investment professionals while at Wachovia Securities and is based on a Composite of discretionary accounts. There has been no break in performance, and significantly all of the management team is employed at Riverfront. Riverfront Investment Group claims compliance with the Global Investment Performance Standards (GIPS®). For further details concerning the GIPS® Performance Presentation for this portfolio, please see [www.riverfrontig.com](http://www.riverfrontig.com), or contact your Financial Advisor.

For additional information on benchmarks, please see page 2.

## PORTFOLIO CHARACTERISTICS

Number of holdings	<b>54</b>
Annualized Standard Deviation	<b>6.23</b>
Beta	<b>1.04</b>
Alpha	<b>2.24</b>
Sharpe Ratio	<b>0.91</b>

## EQUITY STATISTICS

Median Market Cap (in millions)	<b>\$49,455</b>
Forward P/E	<b>12.51x</b>
Price to Book	<b>4.13x</b>
3-5 Year Earnings Growth	<b>10.39%</b>
Average Return on Equity	<b>31.01%</b>

Risk factors are calculated since inception of portfolio.

Beta - Measures a portfolio's volatility relative to a benchmark. A result greater than 1.0 implies that the portfolio is more volatile than the benchmark; a result less than 1.0 suggests that the portfolio is less volatile than the benchmark. Betas may change over time.

Alpha - Measures the risk (beta) adjusted rate of return on a portfolio in excess of what would be predicted by an equilibrium model, such as the Capital Asset Pricing Model (CAPM). If two managers had the same return, but one had a lower beta, that manager would have a higher alpha. Alphas may change over time.

Sharpe Ratio - Indicates whether the returns of a portfolio are due to sound investment decisions or are a result of excess risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been. The numerator of the ratio is the difference between the portfolio's annualized return and the annualized return of comparable risk-free instruments (T-bills). The denominator is the portfolio's annualized standard deviation (volatility).

## Composite Performance Benchmark Disclosure

(Continued from front)

2. The Baseline Benchmark is currently a static blend consisting of 60% S&P 500 and 40% Lehman US Treasury Index. The benchmark has been in effect since 7/1/2008 and was changed retroactively. Prior to July 1, 2008, the benchmark was calculated using two measurement periods. 1. From 1/1/06 to 6/30/08 the benchmark was a static blend consisting of 61% Dow Jones Industrial Index and 39% Lehman US Treasury Index. 2. From 10/1/2003 to 12/31/2005, the benchmark was a static blend consisting of 60% S&P 500 Index and 40% US Treasury Index. The recent change to the benchmark was due to the S&P 500 more accurately representing the equity portion of the composite, the desire to use a more widely recognized equity index and to be more consistent with our balanced portfolio peers. The underlying stock selection and portfolio management process remain unchanged. Had the benchmark prior to July 1, 2008 remained in place, the benchmark returns would have been: 2008: -7.34%, 2007: 9.12%, 2006: 12.61%, 2005: 4.16%, 2004: 7.98%, 2003: 7.0%.

3. The Strategic Benchmark is currently a static blend consisting of 28% Dow Jones Industrial Index, 6% Russell Mid-Cap Value, 4% Russell Small-Cap Value, 10% EAFE, 2% MSCI Emerging Markets, 27% Merrill US Corporate & Government Master Index, 15% Merrill U.S. High Yield Master II Index, 6% Merrill USD Emerging Market Sovereign & Corporate and 2% Cash (Lehman US Treasury Bills 1-3 M). From 1/2/06 to 12/31/07 The Strategic Benchmark was a static blend consisting of 25% Dow Jones Industrial Index, 7.5% Russell Mid-Cap Value Index, 7.5% Russell 2000 Value Index, 10% EAFE, 4% Dow Jones Wilshire REIT, 5.5% Merrill USD Emerging Market Sovereign & Corporate, 11.5% Merrill US High Yield Master II Index, 27% Merrill US Corporate & Government Master Index and 2% Cash (Lehman US Treasury Bills 1-3 M). From inception (10/1/03) until 12/31/05 the Strategic Benchmark was a static blend of 60% S&P 500, and 40% Merrill US Corporate and Government Master Index. The Strategic Benchmark performance given is the time-weighted performance of these benchmarks.

Baseline Benchmark versus Strategic Benchmark  
 Baseline: The Baseline Benchmark for the portfolios illustrates how the equity and the fixed-income components in a portfolio are performing relative to the market in general. The equity component is measured against the S&P 500 and the fixed income portion of the portfolio is measured against the Lehman U.S. Treasury Index.

Strategic: The Strategic Benchmark takes into account the firm's recommended asset allocation to various sectors within the equity and fixed income allocation of each portfolio. This more complex benchmark helps to define where positive and/or negative performance is coming from within the portfolios.

The following three statistics can be used to analyze the composition of a portfolio's performance: (1) Value Added – Strategic: The difference between the Strategic Benchmark and the Baseline Benchmark determines the value added to the portfolio by the manager's adoption of an asset allocation strategy; (2) Value Added Tactical / Security Selection: The difference between the Portfolio Returns and the Strategic Benchmark indicates the value added to the portfolio's performance by the managers' security selection and tactical tilts toward or away from the asset allocation strategy (as defined by the Strategic Benchmark); and (3) Total Value Added: The difference between the Portfolio Returns and the Baseline Benchmark determine the Total Value Added to the portfolio performance versus its benchmark.

The Composite includes all fee-paying, fully discretionary portfolios managed in this respective style. The performance provided for the Composite is prepared using full accrual, trade-dated accounting conventions. The performance returns are asset-weighted and calculated using beginning-of-month market values plus time-weighted cash flows. Portfolios are valued monthly and are linked geometrically to product quarterly and annual returns. Total returns, including realized and unrealized gains plus income are used when calculating investment performance. Gross performance returns are calculated before the deduction of trading expenses or advisory fees. The fees for the composite are calculated on an account-by-account basis to produce a net return for each account, which is then weighted with all of the accounts' net returns in the composite to arrive at the net-of-fee return for the composite.

Past performance is no guarantee of future results. Please contact your Financial Advisor if there are any changes in your financial situation or investment objectives, or if you wish to impose, add or modify any reasonable restrictions to the management of your account.

Riverfront is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Riverfront manages a variety of asset allocation portfolios utilizing stocks, bonds, and ETFs. The company also offers an ETF exclusive product and two institutional equity portfolios. Riverfront manages several portfolios comprised of various equity and fixed-income securities. Any discussion of the individual securities that comprise the portfolios is provided for informational purposes only and should not be deemed as a recommendation to buy or sell any individual security mentioned.

## TOP FIVE HOLDINGS

SPDR Lehman High Yield Bond Fund	<b>9.44</b>
iShares JPMorgan USD Emerging Markets Bond Fund	<b>6.20</b>
iShares Lehman Credit Bond Fund	<b>5.65</b>
Federal National Mortgage Assn 4.75% of 12/15/10	<b>4.21</b>
iShares iBoxx \$ High Yield Corporate Bond Fund	<b>2.97</b>

The above information represents the top 5 largest positions in the Asset Allocation – Moderate Growth & Income Portfolio as of 8/31/08 based on the aggregate dollar value (US Dollars). The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the portfolio, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned. A complete list of past recommendations and a portfolio summary are available upon request.

Investments in international and emerging markets securities include exposure to risks including currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability. In a rising interest rate environment, the value of fixed-income securities generally declines.

The portfolio may hold individual exchange-traded funds. As a portfolio manager and a fiduciary for our clients, Riverfront will consider the investment objectives, risks, charges and expenses of a fund carefully before investing our clients' assets. This and other information is found in the prospectus. Investors wishing to review a prospectus may contact their financial advisor. Riverfront will read the prospectus carefully before investing our clients' assets.

**Riverfront Investment Group, LLC**

[www.riverfrontgroup.com](http://www.riverfrontgroup.com)