

Gradient Analytics Quantitative Strategies Outperform Under Recent Market Pressure

Scottsdale AZ (August 28, 2007) While many of the quantitative strategies and models employed by money managers appear to have faltered in this summer's market correction, Gradient Analytic's *Comprehensive Model* has performed very well in 2007. Gradient's *Comprehensive Model*, which dynamically adjusts the weights on all of the models in the *Gradient Factor Suite*, effectively balanced itself ahead of the market's recent down-turn.

In a portfolio simulation the equally-weighted long-short portfolio of all large cap firms with the highest and lowest rated *Comprehensive Model* scores generated a return of 7.95% from January 1, 2007 through July 31, 2007. The comparable mid-cap portfolio simulation generated a 2.62%, small-cap 8.2% return and micro-cap 8.08%.

"We are pleased with they way our *Factor Suite* models have performed thus far into 2007. In particular, the dynamic weighting in our *Comprehensive Model* appears to have successfully helped users navigate the highly volatile market which has of late severely challenged other quantitative funds, strategies and models. The recent test of our models in the market correction illustrates both the strength of our individual models and the tremendous value of the convergence of these signals in the *Comprehensive Model*."

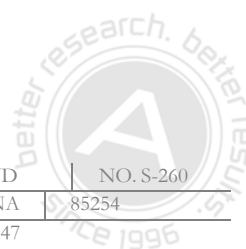
Scott Vorhauer, EVP Products & Operations

Gradient's suite of models which are incorporated into its *Comprehensive Model* include,

- the category-creating *Equity Incentive Model* (EIM) which uses hand-collected data unavailable in any other aggregated source
- an *Earnings Quality Model* (EQMv2) which builds on Gradient's introduction to money managers of the first earnings quality quantitative model in 2002
- a Technical Model focused on momentum and mean reversion trends, and
- Growth and Valuation signals from the Fundamental Model (FXM).

In the tumultuous climate of July the category-creating (and one of a kind) Equity Incentive Model (EIM) received the most weight in determining the final comprehensive score for technology, consumer services, and transportation firms. The EIM also continued to receive the highest component rating in August for technology and transportation firms. In July Gradient's Earnings Quality Model (EQMv2) received the most weight in determining Gradient's Comprehensive Model score for health care firms and the EIM received the second most weight.

In August, while the EIM, EQMv2 and fundamental factors continue to contribute very meaningfully to the Comprehensive Model scores across all sectors, the weights associated with Technical Model have increased most dramatically - most notably for



Financials, Consumer Non-Durables, Health Care and Energy where it now receives the most weight in determining the Comprehensive Model scores.

Information on Gradient's quantitative models and strategies can be obtained from Scott Vorhauer, EVP Products & Operations (svorhauer@gradientanalytics.com)

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