

# Rorer Asset Management, LLC

1 Liberty Place, Suite 5100, Philadelphia, PA 19103

For more information call: (215) 568-2126



## LARGE CAPITALIZATION-VALUE

### PERFORMANCE AS OF 12/31/2002

YEAR	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Composite Gross Returns	-19.57%	-15.93%	9.56%	14.44%	29.19%	28.45%	20.74%	40.31%	0.61%	17.93%
Composite Net Returns	-22.10%	-18.54%	6.37%	11.15%	25.57%	24.86%	17.32%	36.49%	-2.37%	14.57%
S&P 500	-22.11%	-11.89%	-9.12%	21.05%	28.58%	33.36%	22.97%	37.59%	1.32%	10.08%
Accounts in Style	30783	35063	26823	14875	7921	4916	3214	1651	712	204
Assets in Style (MIL)	\$6,952	\$10,003	\$10,011	\$6,246	\$3,677	\$2,277	\$1,366	\$625	\$211	\$79
Standard Deviation of Account Returns (Gross)	0.60%	0.90%	0.70%	1.10%	0.60%	0.80%	0.50%	0.90%	0.50%	0.54%
Percentage of Firm Assets in Style	77.62%	82.03%	86.72%	85.30%	83.25%	82.83%	80.54%	75.12%	65.53%	56.03%
Total Firm Assets Under Management (MIL)	\$8,956	\$12,194	\$11,544	\$7,322	\$4,417	\$2,749	\$1,696	\$832	\$322	\$141
Nonwrap Assets Under Management (MIL)	\$1,991	\$2,878	\$2,958	\$2,030	-	-	-	-	-	-

### QUARTERLY TOTAL RETURNS GROSS OF FEES (%)

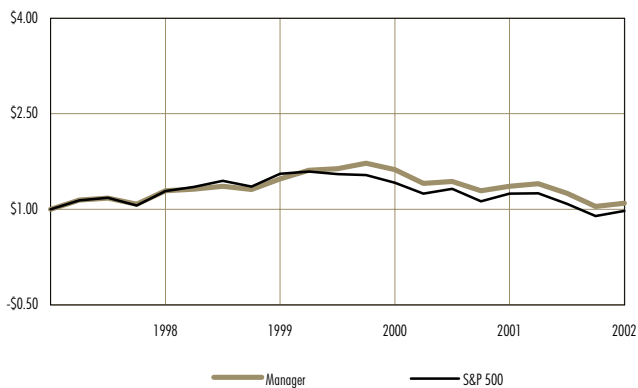
First Quarter	2.82	-13.16	8.92	1.81	14.44	-0.55	8.01	12.07	-1.06	5.77
Second Quarter	-10.74	2.19	1.71	3.47	2.74	12.05	1.03	5.69	-0.20	0.85
Third Quarter	-16.39	-10.25	5.25	-3.86	-8.09	11.33	4.80	10.31	3.95	4.25
Fourth Quarter	4.81	5.56	-6.04	13.00	19.55	3.54	5.58	7.39	-1.98	6.05

### QUARTERLY TOTAL RETURNS NET OF FEES (%)

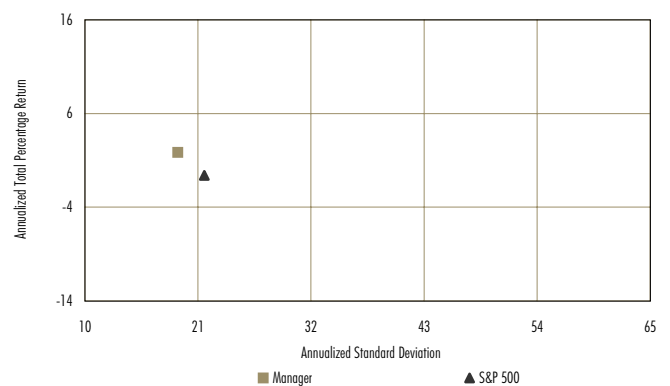
First Quarter	2.07	-13.91	8.17	1.06	13.69	-1.30	7.26	11.32	-1.81	5.02
Second Quarter	-11.49	1.44	0.96	2.72	1.99	11.30	0.28	4.94	-0.95	0.10
Third Quarter	-17.14	-11.00	4.50	-4.61	-8.84	10.58	4.05	9.56	3.20	3.50
Fourth Quarter	4.06	4.81	-6.79	12.25	18.80	2.79	4.83	6.64	-2.73	5.30

PERIOD	1-YEAR	2-YEAR	3-YEAR	5-YEAR	10-YEAR
<b>ANNUALIZED TOTAL RETURN (%)</b>					
Gross Returns	-19.57%	-17.77%	-9.52%	1.84%	10.96%
Net Returns	-22.10%	-20.34%	-12.28%	-1.18%	7.74%
S&P 500	-22.11%	-17.16%	-14.56%	-0.59%	9.34%
Negative Quarters for Gross Returns	2	4	5	7	11

### GROWTH OF \$1 BASED ON GROSS RETURNS



### 5-YEAR GROSS RETURN VS. RISK



### ASSETS UNDER MANAGEMENT AS OF 12/31/2002

CATEGORY	ACCOUNTS	ASSETS (MIL)
Taxable	19,799	\$4,033
Other, Tax Exempt	14,636	\$2,202
Corporate	2,267	\$1,156
Taft-Hartley	66	\$598
Public	102	\$391
Foundations	377	\$371
Endowments	157	\$205
<b>Total</b>	<b>37,404</b>	<b>\$8,956</b>

### PROFESSIONAL STAFF

Other	45
Marketing/Client Service	21
Traders	19
Administration	12
Portfolio Managers	10
Analysts	8
<b>Total</b>	<b>115</b>

### CHARACTERISTICS AS OF 12/31/2002

5-Year Composite Stand. Deviation	19.04 %
Price/Book Ratio	2.60
10-Year Beta	0.81
Dividend Yield	1.50 %
Price/Earnings Ratio	16.70
Average Market Capitalization	\$80.00 Billion
Average Annual Turnover Rate	50.00 %

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## LARGE CAPITALIZATION—VALUE

### TOP SECURITY HOLDINGS AS OF 12/31/2002

Bank of America	Marsh & McLennan Companies, Inc.
ConocoPhillips	MBNA Corporation
HCA—Healthcare Co.	Microsoft Corporation
Hewlett Packard	PepsiCo, Inc.
Johnson & Johnson	Viacom Inc.

### INSTITUTIONAL CLIENTS

American Dental Association	Road Carriers Local Number 707
Service Employees International Union 32B-J	St. Mary's Hospital
Cox Health Systems	Svedala Industries, Inc.
Monongalia Hospital	United Church Homes
National Foundation for Youth	

### OWNERSHIP

Rorer Asset Management, LLC is a registered investment advisor. On January 6, 1999, Rorer Asset Management, LLC, became an affiliate of Affiliated Managers Group, Inc. (AMG), an asset management holding company whose stock is listed on the New York Stock Exchange. Rorer's partnership gives AMG 65% interest while the senior management team of Rorer controls the remaining 35%. The merger of the two firms has allowed Rorer to extend ownership to 20 key employees in an effort to reward and retain members of the management team. The affiliation also allows Rorer to remain autonomous with regard to its investment decisions, policies, and procedures.

### INVESTMENT PHILOSOPHY

Rorer's equity management is a "highly disciplined" approach to stock selection and portfolio management. Two proprietary computer models developed in 1984 are used as the basis for determining value and earnings momentum. The valuation model stresses "relative valuation" and focuses on five financial based ratios: price-to-earnings, price-to-book, price-to-cash flow, price-to-revenue, and dividend yield. Each measure compares the current valuation with the company's five-year historical norm relative to the market. The earnings momentum model evaluates near-term consensus estimate revisions from I/B/E/S International Inc., and positively scores companies which are experiencing upward revisions and positive earnings surprises. Fundamental analysis and investment strategies are the final determinants for portfolio selection. Strong sell disciplines are designed to realize an upside price objective, reduce portfolio volatility, and reduce specific issue risk.

### ADDITIONAL INFORMATION

Performance data is gathered by Pershing's IMC Group from either Mobius Group or the portfolio manager's organization. The "Manager Disclosure" is approved by the portfolio manager's organization, and Pershing takes no responsibility for it. The "Accounts in Style" statistics, provided either by Mobius or the portfolio manager's organization, may reflect the number of individual portfolios, the number of programs, or a combination of both within the composite. All performance information is shown in U.S. dollars. Investment results reflect the reinvestment of dividends and interest income, as well as realized and unrealized gains and losses on investments and other earnings, and represent total performance, including cash and cash equivalents. The returns are not actual returns for the wrap fee program (the "Program"), but instead are returns of accounts (which may include institutional accounts) as provided by the portfolio managers to Mobius Group or directly to Pershing. Since portfolio managers may use different methods for selecting accounts to be included in their performance composites and for calculating performance, returns of different portfolio managers may not be comparable. All material is compiled from sources believed to be reliable, but is not independently verified. Actual results of Program accounts may have been materially different from the results shown herein because of greater diversification of securities held by institutional accounts, differences in transaction and related costs, the inception date of accounts, any restrictions, and other factors. Program accounts may not be invested in initial public offerings, while accounts included in the performance composites may have been. Accordingly, Program account performance may be worse than the results shown. Performance figures that are gross of fees do not take into account the wrap fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The compound effect of such fees and expenses should be considered when reviewing cumulative gross returns. Actual investment advisory fees may vary. The dispersion of annual returns is measured by an asset-weighted standard deviation. The index benchmark is used for comparative purposes only and is not intended to parallel the risk or investment style of the accounts (portfolios) included in the composite. The indices are unmanaged and do not reflect the deduction of any fees or expenses, and are not available for direct investment. Index returns consist of income, dividends, and capital appreciation (or depreciation). The investment portfolio used to create the index benchmark is different from the investment portfolios of the accounts in the composite. The portfolio manager does not claim to know whether the institutional clients—if listed above—approve or disapprove of its services. The Institutional Clients are selected using a nonperformance-based criteria, such as size of assets under management, names the portfolio manager believes are recognizable, or a combination of both. There may be differences in the investment style of portfolio managers, even though they may be grouped under the same investment style. The selection of a portfolio manager should not be based on performance alone. Other factors should be taken into consideration, including investor objectives, risk tolerance, and investment time horizon. Please confer with your investment consultant before making any decision with regard to the selection of portfolio managers and investment styles. Past performance is not an indication of future results. As a result of recent market activity, current performance may vary from the figures shown.

Net-of-fees performance assumes a maximum wrap fee of 3.00% per annum for equity and balanced accounts, and 2.15% per annum for fixed income accounts.

The S&P 500 Index is a capitalization-weighted index of the 500 largest domestic stocks.

**MANAGER DISCLOSURE:** The computations of gross and net returns both assume the reinvestment of all dividends, interest, and capital gains. Rorer's Large-Cap Relative Value Equity Wrap Composite represents all discretionary broker-dealer sponsored managed accounts. Rorer uses a proprietary, quantitative model to screen more than 1,000 companies included in the S&P 500 and Russell 1000 indices to identify the best companies in terms of value and earnings momentum for a portfolio of 25 to 40 stocks. Effective 1/1/1993, accounts are excluded from this composite when they are restricted from owning the entire Rorer Model Portfolio. Accounts added to this composite have been with Rorer for one full calendar quarter. Rorer's minimum account size as noted in their Form ADV is \$100,000. However, Rorer reserves the right to accept accounts below this minimum. As of 1/1/2000, there is no minimum asset size for inclusion in the composite. From 1/1/1993 through 12/31/1999, a minimum asset size of \$100,000 was required for inclusion in the composite. During this period, portfolios were excluded from the composite until market value was greater than or equal to the dollar minimum for two preceding consecutive calendar quarter ends. Prior to 1/1/1993, a minimum asset size was not required for inclusion. Terminated accounts are removed from this composite after the final full quarter under Rorer's management. After-tax results will vary from the returns presented here for those accounts that are subject to taxation. Where securities are mentioned above, they do not represent all the securities that will be purchased, sold, or recommended for advisory clients. Not all securities discussed will be in all client accounts. It should not be assumed that investments in these securities were or will be profitable.