

Cramer Rosenthal McGlynn, LLC is a leading value-oriented investment firm with more than \$11 billion in assets under management. Since our firm was founded in 1973, our client list has grown to include corporate and public pension plans, endowments and foundations, hospitals, community and religious organizations, Taft-Hartley and multi-employer funds as well as individual and family trusts. The intellectual coherence of our investment philosophy is a genuine strength. Companies we buy and hold are characterized by three attributes: **change, neglect and valuation**. The hunt for this trio of attributes provides a solid foundation for every stage of our investment process.

Current News

- We are pleased to announce the launch of the CRM 130/30 Value Fund (the "Fund")¹. The Fund invests in a disciplined long/short framework that is designed to enhance alpha and offer more flexibility than a traditional long only fund by providing the ability to express negative opinion through shorting. The Fund invests in a diversified portfolio of U.S. mid to large cap equities with a target average exposure of 130% long and 30% short. Ideas for the Fund are all generated by the same investment team and fundamentally driven investment process that supports our other strategies. As a firm, we have been managing long/short equity funds for over a decade and believe we have the experience to identify attractive and unattractive stocks across a broad range of companies.

Topical Commentary

The fourth quarter offered a turbulent ride for the equity markets, as the news headlines from the financial sector seemed to successively trump one another day-by-day with higher loss totals and liquidity mark-to-market charges, as the easy lending excesses unraveled with increasing speed and correlation. The repercussions reached all the way into the CEO suite for many institutions. Access to liquidity sources moved to the forefront, and those firms that needed to raise capital paid a steep price. We also witnessed a dramatic change in the private equity landscape as acquiring firms chose to walk away from deals, by paying break-up fees or litigation, versus the option of closing on the deals that were negotiated months before. Indeed, this latter phenomenon served to reopen the door for strategic corporate buyers who

¹ Please note that shares of a mutual fund may only be offered through a prospectus. Investors should carefully read a prospectus and consider the investment objectives, risks, charges and expenses before investing in a mutual fund. To request a copy of a prospectus for any CRM Mutual Fund product, please call 800.276.2883 or visit www.crmfunds.com.

(Continued on page 2)

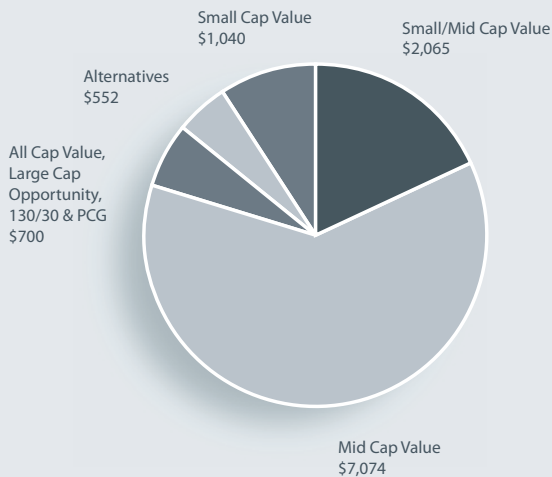
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Fourth Quarter 2007 Newsletter

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Assets Under Management as of December 31, 2007 (In Millions)



Assets Under Management (In Millions)

Total Assets.....\$11,431

Representative Clients

Archdiocese of New York
 Archer Daniels Midland Company
 Arizona State Retirement System
 Cedars-Sinai Medical Center
 Diversified Investment Advisors
 Foresters
 Indiana University
 International Paper
 Highmark, Inc.
 Kentucky Workers' Comp. Funding Commission
 The McGraw-Hill Companies, Inc.
 Prudential Financial, Inc.
 United States Holocaust Memorial Museum
 University of Cincinnati

CRM selected the clients listed above based on a variety of objective criteria including the size of the account, type of account, management style and geographic location of the client. CRM does not know whether the listed clients approve or disapprove of CRM or the advisory services provided by CRM.

had been shut out by the easy money competition. The Fed did respond to provide liquidity, with both Fed Funds rate cuts and a novel term funds auction plan to supplement its traditional discount window availability, balancing the need to address slowing growth and inflationary pressures. Along with financials, consumer-related sectors performed the worst, as investors became more convinced that the general economy would slow from its strong first half 2007 pace. Materials and energy were the best performing sectors, as investors embraced dual benefits of global growth and safe haven status. As we enter 2008, investors' key objectives are on trying to quantify both the magnitude and timing of financial losses and any broader economic slowing, so as to judge when it is time to again take a more aggressive market stance. Thus, we continue to see the markets ripe with uncertainty and change. Below, we focus on the electric utility sector, with a historical perspective that highlights our investment themes in the area today.

Since its deregulation in the late 1990's, the electric utility industry has been fertile ground for implementing CRM's investment philosophy of focusing on change and neglect. Prior to deregulation, utilities earned regulated rates of returns on all the assets associated with providing electricity to customers, from the power plants that generate the power, to the transmission and distribution lines that bring the power to homes and businesses. While the wire portion of the business remains regulated, the generation assets are now largely unregulated, with no caps on how much these assets can earn and no guarantee of a minimum rate of return. With this sea of change in how the industry operated, it should come as no surprise that enormous disruption followed. The California energy crisis, the bankruptcy of California utility Pacific Gas and Electric (PG&E) and the rise and fall of Enron were some of the higher profile examples, but the complete list is much longer and stretches across the line dividing companies which remained primarily regulated (PG&E) and those which were completely unregulated (Calpine). During this disruptive period there was enormous investment risk and opportunity, and, as discussed in our previous newsletters, our firm's investments in companies such as PG&E and TXU demonstrate these principles.

While time has passed since deregulation first took place, we continue to find many areas of change and neglect within the utility industry. Over the past few years, casual observers of the utility space often ignored the group due to several years of stock performance above historical norms and price to earnings ratios that appeared high relative to historical numbers. While such observations may have been correct, the conclusions drawn from them could not have been more erroneous.

There have been two major trends driving the change as a source of outperformance for many utility companies over the past two years. On the regulated utility side, the need to expand and enhance the reliability of the transmission and distribution grid has led to an enormous opportunity for utilities to grow their regulated rate base and thus grow earnings at levels high above historical norms. Examples of companies which benefitted from this trend include Sempra Energy, Cleco Corporation and Allegheny Energy. The second major trend has been the re-pricing of long term power contracts within utilities which still own generation assets. At the time of deregulation in the late 1990's many utilities did not completely sell their generation assets but rather retained the assets in newly formed subsidiaries, which were not under the jurisdiction of local regulators. Many increased their ownership of generation assets through acquisitions while others simply retained the assets. When these transfers took place and these new entities were established, many companies sought to duplicate the steady, predictable earnings stream by selling their output under long term fixed-price contracts back to regulated utilities. These long term contracts often extended for periods up to 10 years, and today many are set to expire in 2009 to 2013. Given what has happened over the past several years in commodity prices, the prices these companies are receiving for the output of their power plants today is far below current market prices.

As an example, a core holding for the firm, PPL currently receives about \$48 per megawatt-hour (unit of electricity) for the output of the bulk of its generation fleet under a long term contract that expires in 2009. The local utility, which needs to replace that source of supply, recently held auctions to procure power for the 2010 year and prices associated with that auction were over \$100 per megawatt-hour. The higher prices PPL will likely receive for that output will lead its earnings per share to rise from about \$2.50 per share in 2007 to \$4.50 - \$5.00 in 2010 and still higher in 2011. Investors who looked at PPL's stock, which was trading at \$37 per share in the beginning of 2007, may have thought it looked expensive for a utility at 15x 2007 earnings. Focusing on the true earnings power of the company in the future led one to a dramatically different conclusion. Today the stock is in the low \$50's and we feel there is further upside. Further, the case of PPL mirrors other of our investment opportunities including El Paso Electric, Allegheny Energy and Exelon.

Though we still see opportunities to invest in these themes, awareness of the growth opportunities in regulated utilities and the re-pricing of below market contracts are now better recognized by investors today. That said, we believe that there is fresh change brewing within the industry which promises to bring another round of investment risk and opportunity.

Some form of carbon legislation will likely be drafted and debated in 2008 and 2009. While ultimate implementation will likely not take place until 2010 or beyond, the investment community will begin to price in these risks and opportunities well before ultimate implementation. Whether there ultimately is a carbon tax or a "cap and trade" system for carbon allowances, it appears that generators with lower carbon "footprints" will benefit at the expense of the more heavy emitters. This bodes well for owners of nuclear generation assets and, to a lesser extent, natural gas fired generation assets. While costs will likely rise for coal producers, some may be able to pass those higher costs on to their ultimate customers, while others may see margins contract.

Finally, the high natural gas prices, the uncertainty surrounding potential carbon legislation, and the incredibly long and uncertain process for building new nuclear generation assets have limited development of new generation assets. Of course, there are examples of new generation assets under construction, but it appears we are moving away from the oversupply situation, which resulted from the last construction boom, to a period of tighter reserve margins and therefore higher power prices in the future. This phenomenon will vary greatly from region to region, and utility investors, as always, will need to be wary of the political element when analyzing the risks and opportunities which will arise.

Product Summary

PRODUCT/INCEPTION	ASSETS 12/31/2007 (In Millions)	VEHICLE	MINIMUM INVESTMENT	ANNUAL MANAGEMENT FEE/EXPENSE RATIO	STATUS
All Cap Value January 2002	\$69	Separate Account	\$10 Million	1.00% on the first \$10m 0.75% on the next \$15m 0.65% thereafter	Open
		Mutual Fund, CRIEX (Institutional)	\$1 Million	1.25% on all assets	Open
		Mutual Fund, CRMEX (Investor)	\$2,500	1.50% on all assets	Open
		Mutual Fund, CRAEX (Advisor)	\$1,000	1.25% on all assets	Open
Large Cap Opportunity January 2005	\$168	Separate Account	\$10 Million	1.00% on the first \$10m 0.75% on the next \$15m 0.65% on the next \$25m 0.55% on the next \$50m 0.50% thereafter	Open
		Mutual Fund, CRIGX (Institutional)	\$1 Million	1.15% on all assets	Open
		Mutual Fund, CRMGX (Investor)	\$2,500	1.40% on all assets	Open
		Mutual Fund, CRAGX (Advisor)	\$1,000	1.15% on all assets	Open
Mid Cap Value January 1998	\$7,074	Separate Account	\$10 Million	1.00% on the first \$10m 0.75% on the next \$15m 0.65% on the next \$25m 0.55% on the next \$50m 0.50% thereafter	Closed
		Mutual Fund, CRIMX (Institutional)	\$1 Million	0.80% on all assets	Closed
		Mutual Fund, CRMMX (Investor)	\$2,500	1.01% on all assets	Closed
Small/Mid Cap Value April 1973	\$2,065	Separate Account	\$10 Million	1.00% on the first \$25m 0.70% on the next \$25m 0.60% on the next \$50m 0.40% thereafter	Open
		Collective Trust Fund	\$1 Million	0.90% on all assets	Open
		Mutual Fund, CRIAX (Institutional)	\$1 Million	0.97% on all assets	Open
		Mutual Fund, CRMAX (Investor)	\$2,500	1.20% on all assets	Open
Small Cap Value October 1995	\$1,040	Separate Account	\$10 Million	1.00% on all assets	Open
		Mutual Fund, CRISX (Institutional)	\$1 Million	0.86% on all assets	Open
		Mutual Fund, CRMSX (Investor)	\$2,500	1.11% on all assets	Open
130/30 Value January 2008	\$4	Separate Account	TBD	TBD	Open
		Mutual Fund, CRITX (Institutional)	\$1 Million	1.75% on all assets	Open
		Mutual Fund, CRMTX (Investor)	\$2,500	2.00% on all assets	Open
Long/Short All Cap – January 1993 Windridge – April 2002	\$147	Limited Partnerships	\$1 Million	1.00%+20% carried interest	Open
	\$340	Limited Partnerships	\$1 Million	1.00%+20% carried interest	Open

For more information regarding investing in any one of these current products please contact the CRM Marketing Team at 212.326.5325.

Shares of a mutual fund are only offered through a prospectus. Investors should carefully read a prospectus and consider the investment objectives, risks, charges and expenses before investing in a mutual fund. To request a copy of the prospectus for one of the mutual funds listed above please call 800.276.2883.

Strategy Inception: January 2002
Assets in Strategy: \$69 Million
As of December 31, 2007

Composite Characteristics²

	Composite	R3000V	R3000
Wtd Avg Mkt Cap Nlog (m)	\$7,320	\$35,910	\$31,770
Wtd Median Mkt Cap (m)	\$4,960	40,725\$	\$37,821
P/E '08	14.4 x	13.2 x	15.4 x
Price/Book	2.5 x	1.9 x	2.7 x
Dividend Yield	1.4%	2.7%	1.8%
Number of Holdings	41	1,919	2,929

Top Ten Holdings²

% of Composite

C.R. Bard, Inc.	4.8
Questar Corporation	4.8
NCR Corporation	3.9
Goodrich Corporation	3.6
The Bank of New York Mellon Corp.	3.5
Trane Inc.	3.5
Teradata Corporation	3.5
Kaydon Corporation	2.8
People's United Financial, Inc.	2.8
Parametric Technology Corporation	2.7
Total	35.9%

Sector Allocation²

	Composite	R3000V	R3000
Autos & Transportation	1.6	1.7	2.4
Consumer Discretionary	8.3	7.6	12.3
Consumer Staples	11.8	6.5	7.0
Financial Services	17.7	29.5	18.6
Health Care	13.3	7.4	12.1
Integrated Oils	0.0	12.1	6.4
Materials & Processing	12.7	5.7	5.4
Other	4.5	5.6	3.9
Other Energy	0.0	3.4	5.5
Producer Durables	3.6	3.4	5.4
Technology	14.5	4.0	13.7
Utilities	12.0	13.1	7.3

All Cap Value

Portfolio Commentary¹

The leading contributors this quarter were Trane, Textron, The Bank of New York Mellon, C.R. Bard and PPL Corporation. We purchased shares of HVAC manufacturer Trane during the quarter, as the company changed its name from American Standard Companies after completing the sale of its bath and kitchen division and the spin-off of its vehicle-control systems unit WABCO. The significant corporate restructuring and spin-off was a classic example of the dynamic change we seek as investors, particularly when combined with compelling valuation and cash flow generating ability, driven at Trane by its leading position in world-wide commercial air conditioning. Our new investment was positively impacted, as the company is to be acquired by Ingersoll-Rand at the end of the first quarter of 2008. Textron was a top performing stock, as the Cessna division's business jet sales continue to be propelled by strong domestic and international demand. Further, Bell Helicopter metrics continue to improve and the company made a synergistic purchase of United Industrial Corp., deploying some of its healthy free cash flow into more defense related areas within Bell Systems. We modestly trimmed our position size given the strength in the quarter. The Bank of New York Mellon rallied this quarter following better than expected results as the company benefited from the market's dislocation with foreign exchange and securities lending results near record levels. In addition, management provided initial revenue synergy targets following its first quarter as a combined institution, which further solidified the strength of the merger. Shares of C.R. Bard also rallied this quarter after the company provided an upbeat 2008 outlook at its analyst day. The event helped alleviate concerns about a rebound in its surgical business and the launch of meaningful new products. We believe that investors continue to underestimate the revenue growth and margin improvements from these new products and several accretive tuck-in acquisitions. Shares of Pennsylvania utility PPL performed well as investors continue to price in the increased earnings power that will come with the expiration of its provider of last resort (PLR) contract and the leverage to higher power and capacity prices in its region.

The leading detractors for the quarter were MBIA, Citigroup, LSI Corporation, Dollar Tree Stores and IMS Health. We sold bond insurer MBIA mid-way through the quarter as our investment case, which was predicated on excess capital and share repurchases, quickly deteriorated. While the timing of our sale allowed us to avert further significant losses from MBIA's subsequent further deterioration, this transaction also allowed us to protect capital and redistribute assets into other suitable opportunities. Shares of Citigroup declined this quarter as losses from subprime and CDO exposures were higher than expected and the off-balance sheet component was greater than initially disclosed by management. The position was subsequently sold as we expect the company to further raise capital to shore-up its balance sheet. While semiconductor stocks in general had a challenging fourth quarter due to concerns about a weakening economy, LSI declined more than the overall group as investors worried that the anticipated margin expansion following the sale of the mobility division could be delayed as management reinvests some of the savings in R&D. At 10x our free cash flow estimate, we believe the market is missing the attractive growth characteristics of LSI's core storage end market and streamlined product portfolio. Dollar Tree underperformed as retail shares in general sold off on concerns over consumer spending. While the company is not immune to slower consumer spending, we believe it has a number of company specific initiatives that should drive strong earnings gains over the next several years. IMS Health reported a disappointing third quarter which eroded our investment case. The company is suddenly facing revenue pressures across most of its geographies and we do not anticipate that the positive operating margin leverage we had incorporated into our forecasts will materialize. Therefore, we sold our position in IMS Health.

The market volatility in the fourth quarter presented us with a number of opportunities to

initiate new positions that met our change, neglect and valuation parameters. In addition to Trane, we purchased the shares of Invesco as we expect the new strategic direction and cost savings programs implemented by the new management team to return the company to (at least) peer profitability. In addition, the recent re-domiciling from the U.K. and new listing on the New York Stock Exchange should help to open the company up to a new group of U.S. investors and allow Invesco to be evaluated relative to its more traditional asset management peers. We re-initiated a position in Ralcorp Holdings, a food manufacturer that we have successfully owned in the past. We believe that significant cost synergies are available in the company's upcoming acquisition of the Post cereals unit from Kraft. This acquisition, plus any moderation in commodity costs, should provide Ralcorp with meaningful upside in earnings power. We purchased shares of Sempra Energy, which owns two major utilities in southern California along with other energy infrastructure assets such as LNG terminals and natural gas pipelines. The company is in the middle of an enormous investment cycle in its regulated utility and energy infrastructure businesses. We believe the shares are undervalued relative to the earnings power of the company once these projects are completed. We initiated a position in The Cooper Companies following what we perceive to be an unwarranted sell-off in the stock after the company provided "disappointing" but clearly conservative guidance for 2008. Cooper will benefit in 2008 and beyond with the launch of several new products in the daily disposable and silicone hydrogel market, two high growth areas in the contact lens market.

In addition to selling our MBIA, Citigroup and IMS Health positions, we also exited CACI International and URS Corporation. We sold our shares in CACI as the company hit our price target, but continues to face a difficult funding environment restraining its long-term growth potential. URS completed its merger with Washington Group and the shares reached out price objective, which we believe fully reflected the merger synergies.

Fourth Quarter 2007 Dollar¹

TOP CONTRIBUTORS

Trane Inc.
 Textron Inc.
 The Bank of New York Mellon Corp.
 C.R. Bard, Inc.
 PPL Corporation

TOP DETRACTORS

MBIA Inc.
 Citigroup Inc.
 LSI Corporation
 Dollar Tree Stores, Inc.
 IMS Health, Inc.

Year to Date 2007 Dollar¹

TOP CONTRIBUTORS

Goodrich Corporation
 Questar Corporation
 Textron Inc.
 Kaydon Corporation
 Rockwood Holdings, Inc.

TOP DETRACTORS

MBIA Inc.
 LSI Corporation
 Central Garden & Pet Co.
 The Dress Barn, Inc.
 Citigroup Inc.

PRELIMINARY PERFORMANCE

Through December 31, 2007

	Gross	Net	R3000V	R3000
4Q	-4.53%	-4.84%	-5.91%	-3.34%
YTD	4.78	3.82	-1.01	5.14
1-Yr	4.78	3.82	-1.01	5.14
3-Yr	10.86	9.96	8.97	8.89
5-Yr	19.10	18.17	14.69	13.63

Past performance is not a guarantee of future results.

The information presented for the Composite relates to a composite of CRM client separate accounts. CRM manages each component included in this composite using the same strategy. For information regarding this composite, please reference Important Disclosures, Performance Disclosure on page 16.

¹ It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this commentary/list. Please reference Important Disclosures, Product Disclosure on page 16.
² Please reference Important Disclosures, Product Disclosure on page 16.

Strategy Inception: January 2005
Assets in Strategy: \$168 Million
As of December 31, 2007

Composite Characteristics²

	Composite	R1000	R1000V
Wtd Avg Mkt Cap (m)	\$53,980	\$97,610	\$117,400
Wtd Median Mkt Cap (m)	\$13,985	\$43,264	\$52,342
P/E '08	14.2 x	15.3 x	13.2 x
Price/Book	2.8 x	2.8 x	2.0 x
Dividend Yield%	1.6%	1.9%	2.7%
Number of Holdings	51	999	618

Top Ten Holdings²

	% of Composite
Questar Corporation	4.1
C.R. Bard, Inc.	4.0
Trane Inc.	3.6
NCR Corporation	3.5
United Technologies Corporation	3.1
The Bank of New York Mellon Corp.	2.7
Invesco Ltd.	2.6
Roche Holding Ltd.	2.6
Teradata Corporation	2.6
Sony Corporation	2.3
Total	31.1%

Sector Allocation²

	Composite	R1000	R1000V
Autos & Transportation	2.9	2.3	1.5
Consumer Discretionary	8.8	11.9	7.1
Consumer Staples	10.6	7.4	6.9
Financial Services	14.2	18.5	29.2
Health Care	11.3	12.0	7.5
Integrated Oils	1.1	7.0	13.1
Materials & Processing	5.5	4.9	5.2
Other	3.2	4.2	6.0
Other Energy	1.7	5.5	3.3
Producer Durables	6.9	5.2	3.1
Technology	20.3	13.6	3.6
Utilities	13.5	7.5	13.5

Large Cap Opportunity

Portfolio Commentary¹

The top contributors for the fourth quarter were Trane, Invesco, State Street Corporation, The Bank of New York Mellon Corp and Textron. We purchased shares of HVAC manufacturer Trane during the quarter, as the company changed its name from American Standard Companies after completing the sale of its bath and kitchen division and the spin-off of its vehicle-control systems unit WABCO. The significant corporate restructuring and spin-off was a classic example of the dynamic change we seek as investors, particularly when combined with compelling valuation and cash flow generating ability, driven at Trane by its leading position in world-wide commercial air conditioning. Our new investment was positively impacted, as the company is to be acquired by Ingersoll-Rand at the end of the first quarter of 2008. Invesco benefited this quarter from the company's redomicile from the U.K. and new primary listing on the New York Stock Exchange. The movement from an ADR to primary listing on the NYSE opened the company up to a new group of U.S. investors and allowed Invesco to be evaluated relative to its more traditional asset management peers. Shares of State Street rebounded from a bumpy third quarter, driven by a healthy earnings report and a solid 2008 outlook for transaction processing, ETF growth and foreign exchange trading. Further this outlook helped to quell misplaced rumors of weakness in the company's operations, as State Street has a fairly limited exposure to any subprime mortgage related fall-out. We did trim our position size into the strong performance. The Bank of New York Mellon rallied this quarter following better than expected results as the company benefited from the market's dislocation with foreign exchange and securities lending results near record levels. In addition, management provided initial revenue synergy targets following its first quarter as a combined institution, which further solidified the strength of the merger. Textron was a top performing stock, as the Cessna division's business jet sales continue to be propelled by strong domestic and international demand. Further, Bell Helicopter metrics continue to improve and the company made a synergistic purchase of United Industrial Corp., deploying some of its healthy free cash flow into more defense related areas within Bell Systems.

The top detractors were led by MBIA, IMS Health, Citigroup, LSI Corporation and Kohl's Corporation. We sold bond insurer MBIA mid-way through the quarter as our investment case, which was predicated on excess capital and share repurchases, quickly deteriorated. While the timing of our sale allowed us to avert further significant losses from MBIA's subsequent further deterioration, this transaction also allowed us to protect capital and redistribute assets into other suitable opportunities. IMS Health reported a disappointing third quarter, which subsequently eroded our investment case. The company is suddenly faced with revenue pressures across most of its geographies, therefore we do not anticipate that the positive operating margin leverage we had incorporated into our forecasts will materialize. Shares of Citigroup declined this quarter as losses from subprime and CDO exposures were higher than expected and the off-balance sheet component was greater than initially disclosed by management. The position was subsequently sold as we expect the company to further raise capital to shore-up its balance sheet. While semiconductor stocks in general had a challenging fourth quarter due to concerns about a weakening economy, LSI declined more than the overall group as investors worried that the anticipated margin expansion following the sale of the mobility division could be delayed as management reinvests some of the savings in R&D. At 10x our free cash flow estimate, we believe the market is missing the attractive growth characteristics of LSI's core storage end market and streamlined product portfolio. Our new position in Kohl's underperformed as retail shares in general sold off on concerns over the viability of the consumer to continue spending. While Kohl's is not immune to such a slowdown in spending, we believe it has a number of company specific initiatives, including strong square footage expansion plans and its continued joint venture arrangements with brands such as Vera Wang, the Food Network and Fila, that should drive strong earnings gains over the next several years.

We initiated a position in Sony as we believe the company continues to execute above its annual operating plan, is becoming more capital efficient through divesting non-core assets, and is poised to further enhance profitability through momentum in its gaming division. We believe new high-definition content and a lower price point will lead to increased adoption of its next-generation media platform, the Playstation 3, which, combined with lower input material costs, will allow it to reverse the significant losses it is currently incurring and drive additional margin improvement. We purchased shares of diversified specialty food company, McCormick & Company, as the shares pulled back on weakness during the quarter. The company recently announced the acquisition of Lawry's from UniLever, which is expected to be immediately accretive to earnings. Lawry's has overlap in the same seasoning lines and less exposure to food service customers, which provide additional upside. We purchased the shares of People's United this quarter as we expect its merger with Chittenden will further its transition into a commercial bank and enhance returns. In addition, the bank has a solid balance sheet with no subprime lending and over \$2 billion of excess capital which we expect will allow them to take advantage of the current market dislocation. We purchased shares of Sempra Energy, which owns two major utilities in southern California along with other energy infrastructure assets such as LNG terminals and natural gas pipelines. The company appears to be in the middle of an enormous investment cycle in its regulated utility and energy infrastructure businesses. We believe the shares are undervalued relative to the earnings power of the company once these projects are completed. Similar to our investment in Kohl's, we purchased shares of J.C. Penney during the quarter. We believe the company is well positioned to be a leader out of this soft consumer environment, driven by solid merchandising plans, store growth opportunities and strong underlying free cash flow growth.

In addition to the referenced sales of MBIA and Citigroup, we also exited our positions in Principal Financial Group, Wachovia Corporation and Medtronic. Principal Financial was sold as the position reached our established price target. We sold our shares of Wachovia as mortgage data, particularly in California, became increasingly negative and our evaluation that the bank will likely need to raise capital. Medtronic was sold after a product recall in its cardiac rhythm management business raised concerns about potential for lost market share and reduced the probability of an acceleration of growth in that business line.

Fourth Quarter 2007 Dollar¹

TOP CONTRIBUTORS

Trane Inc.
Invesco Ltd.
State Street Corporation
The Bank of New York Mellon Corp.
Textron Inc.

TOP DETRACTORS

MBIA Inc.
IMS Health, Inc.
Citigroup Inc.
LSI Corporation
Kohl's Corporation

Year to Date 2007 Dollar¹

TOP CONTRIBUTORS

Dresser-Rand Group Inc.
Textron Inc.
Trane Inc.
Questar Corporation
PPL Corporation

TOP DETRACTORS

MBIA Inc.
LSI Corporation
The Dress Barn, Inc.
Citigroup Inc.
Tween Brands Inc.

PRELIMINARY PERFORMANCE

Through December 31, 2007

	Gross	Net	R1000	R1000V
4Q	-1.86%	-2.05%	-3.23%	-5.80%
YTD	9.25	8.36	5.77	-0.17
1-Yr	9.25	8.36	5.77	-0.17
3-Yr	12.30	11.27	9.08	9.32

Past performance is not a guarantee of future results.

The information presented for the Composite relates to a composite of CRM client separate accounts. CRM manages each component included in this composite using the same strategy. For information regarding this composite, please reference Important Disclosures, Performance Disclosure on page 16.

¹ It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this commentary/list. Please reference Important Disclosures, Product Disclosure on page 16.

² Please reference Important Disclosures, Product Disclosure on page 16.

Mid Cap Value

Strategy Inception: January 1998
Assets in Strategy: \$7,074 Million
As of December 31, 2007

Composite Characteristics²

	Composite	RMidV	RMid
Wtd Avg Mkt Cap Nlog (m)	\$7,860	\$7,010	\$7,590
Wtd Median Mkt Cap (m)	\$8,877	\$7,411	\$8,145
P/E '08	13.8 x	14.3 x	16.4 x
Price/Book	2.7 x	1.8 x	2.7 x
Dividend Yield	1.5%	2.3%	1.4%
Number of Holdings	50	485	794

Top Ten Holdings²

% of Composite

Questar Corporation	4.5
C.R. Bard, Inc.	4.5
Trane Inc.	3.6
Goodrich Corporation	3.1
NCR Corporation	3.0
Invesco Ltd.	2.7
The Bank of New York Mellon Corp.	2.6
PPL Corporation	2.6
Teradata Corporation	2.6
People's United Financial, Inc.	2.6

Total **31.8%**

Sector Allocation²

	Composite	RMidV	RMid
Autos & Transportation	5.9	3.7	3.6
Consumer Discretionary	10.9	10.7	15.4
Consumer Staples	4.8	6.2	4.5
Financial Services	19.5	29.2	19.4
Health Care	7.2	1.8	7.5
Integrated Oils	0.0	2.5	1.0
Materials & Processing	9.4	9.4	9.1
Other	3.7	2.7	2.0
Other Energy	3.3	5.4	9.5
Producer Durables	3.2	5.5	7.6
Technology	14.9	6.1	10.9
Utilities	17.2	16.8	9.5

Portfolio Commentary¹

The top contributors for the fourth quarter were Trane, State Street Corporation, Invesco, Allegheny Energy and The Bank of New York Mellon Corp. We purchased shares of HVAC manufacturer Trane during the quarter, as the company changed its name from American Standard Companies after completing the sale of its bath and kitchen division and the spin-off of its vehicle-control systems unit WABCO. The significant corporate restructuring and spin-off was a classic example of the dynamic change we seek as investors, particularly when combined with compelling valuation and cash flow generating ability, driven at Trane by its leading position in world-wide commercial air conditioning. Our new investment was positively impacted, as the company is to be acquired by Ingersoll-Rand at the end of the first quarter of 2008. Shares of State Street rebounded from a bumpy third quarter, driven by a healthy earnings report and a solid 2008 outlook for transaction processing, ETF growth and foreign exchange trading. Further this outlook helped to quell misplaced rumors of weakness in the company's operations, as State Street has a fairly limited exposure to any subprime mortgage related fall-out. We did trim our position size into the strong performance. Invesco benefited this quarter from the company's redomicile from the U.K. and new primary listing on the New York Stock Exchange (NYSE). The movement from an ADR to primary listing on the NYSE opened the company up to a new group of U.S. investors and allowed Invesco to be evaluated relative to its more traditional asset management peers. Shares of utility company Allegheny rose as investors began to appreciate the higher earnings potential that will come from recontracting some major power contracts at today's higher prices. In addition, we expect that the company will be a major beneficiary from the need to build-out transmission capacity in its territory. The Bank of New York Mellon rallied this quarter following better than expected results as the company benefited from the market's dislocation with foreign exchange and securities lending results near record levels. In addition, management provided initial revenue synergy targets following its first quarter as a combined institution, which further solidified the strength of the merger.

The top detractors were led by MBIA, Oshkosh Truck Corporation, Dollar Tree Stores, IMS Health and Carlisle Companies. We sold bond insurer MBIA mid-way through the quarter as our investment case, which was predicated on excess capital and share repurchases, quickly deteriorated. While the timing of our sale allowed us to avert further significant losses from MBIA's subsequent further deterioration, this transaction also allowed us to protect capital and redistribute assets into other suitable opportunities. Shares in Oshkosh Truck underperformed as investors worried about the weakening end market exposure in construction equipment and the lack of expected new contract wins from the military's Military Resistant Ambush Protected ("MRAP") vehicle program. We believe the shares overly discount the slowdown in construction markets and expect the company to be a significant beneficiary of military spending as the armed forces' vehicles are replenished and refurbished. Despite generating sales growth at the high end of its peer group, discount retailer Dollar Tree saw its share price fall on a general decline in the overall retail industry. The company has a number of firm specific initiatives that we believe will support long-term growth opportunities, over and above industry expectations. We took advantage of this weakness to increase our position in the stock. IMS Health reported a disappointing third quarter, which subsequently eroded our investment case. The company is suddenly faced with revenue pressures across most of its geographies, therefore we believe that the positive operating margin leverage we had incorporated into our forecasts should not materialize. Accordingly, we sold our position. We trimmed our position in Carlisle Companies given our concern over weakening fundamentals in its commercial roofing business. However, we maintain a position in the shares, as we believe that the company's attractive valuation combined with a debt free balance sheet and a new 'change-agent' CEO make for appealing risk/rewards at current levels.

We purchased shares of J.C. Penney, as the shares declined with the market's general

neglect and fears over consumer spending. We think the company is well positioned to be a leader out of this soft consumer environment, driven by solid merchandising plans, store growth opportunities and strong underlying free cash flow growth. In June, Pactiv, a leading supplier of plastic packaging to both foodservice companies and consumers (including plates and trash bags), completed a highly accretive acquisition of Prairie Packaging, a major provider of plastic cups and cutlery. Most recently, investor concerns over higher resin prices and slowing demand for consumer goods provided us with an attractive buying opportunity for the shares. We believe investors are underestimating the synergies and new business to be won as a result of the Prairie acquisition, as well as Pactiv's ability to pass through raw material costs. Shares of specialty metals producer Allegheny were purchased following a pullback in the stock. Near term inventory de-stocking in its commodity stainless steel markets has temporarily hurt the company's earnings, but we believe this phenomenon is nearly over and long term secular growth in aerospace, power and medical markets make Allegheny's shares attractive at a discounted valuation. We also purchased shares of WABCO, the spin-out from American Standard. WABCO develops heavy truck braking and control technologies, and its sales are heavily weighted to European and Asia markets, where growth appears to be surging ahead. Higher unit growth rates and higher content per vehicle driven by increasing worldwide safety standards promises to help push WABCO's sales and free cash flow above expectations for the foreseeable future. We purchased shares of Kinetic Concepts, the dominant medical supplier of negative pressure wound therapy devices in the U.S. Potential competition concerns have led to a depressed valuation of the shares, which provided us with an attractive entry point. We believe investors are overestimating the negative impact that will come from other players entering the market and are underestimating the potential for Kinetic Concepts to continue to grow its earnings both domestically and internationally.

In addition to the referenced sales, we trimmed our Textron and exited our Omnicare holdings. Textron was a top performing stock, as the Cessna division's business jet sales continue to be propelled by strong domestic and international demand. Further, we have found Bell Helicopter metrics continue to improve and the company made a synergistic purchase of United Industrial Corp., deploying some of its healthy free cash flow into more defense related areas within Bell Systems. Omnicare was sold after the company reported disappointing results for the third quarter and we became concerned regarding its negotiations with Medicare prescription drug plans for 2008.

Fourth Quarter 2007 Dollar¹

TOP CONTRIBUTORS

Trane Inc.
State Street Corporation
Invesco Ltd.
Allegheny Energy, Inc.
The Bank of New York Mellon Corp.

TOP DETRACTORS

MBIA Inc.
Oshkosh Truck Corporation
Dollar Tree Stores, Inc.
IMS Health, Inc.
Carlisle Companies, Inc.

Year to Date 2007 Dollar¹

TOP CONTRIBUTORS

Goodrich Corporation
PPL Corporation
Textron Inc.
Questar Corporation
Trane Inc.

TOP DETRACTORS

MBIA Inc.
iStar Financial Inc.
LSI Corporation
IMS Health, Inc.
Omnicare, Inc.

PRELIMINARY PERFORMANCE

Through December 31, 2007

	Gross	Net	RMidV	RMid
4Q	-1.73%	-1.86%	-5.97%	-3.55%
YTD	11.16	10.53	-1.42	5.60
1-Yr	11.16	10.53	-1.42	5.60
3-Yr	13.17	12.51	10.11	11.09
5-Yr	21.09	20.41	17.92	18.21

Past performance is not a guarantee of future results.

The information presented for the Composite relates to a composite of CRM client separate accounts. CRM manages each component included in this composite using the same strategy. For information regarding this composite, please reference Important Disclosures, Performance Disclosure on page 16.

¹ It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this commentary/list. Please reference Important Disclosures, Product Disclosure on page 16.
² Please reference Important Disclosures, Product Disclosure on page 16.

Small/Mid Cap Value

Strategy Inception: April 1973
Assets in Strategy: \$2,065 Million
As of December 31, 2007

Composite Characteristics²

	Composite	R2500V	R2500
Wtd Avg Mkt Cap Nlog (m)	\$3,550	\$1,860	\$2,160
Wtd Median Mkt Cap (m)	\$3,536	\$2,163	\$2,523
P/E '08	13.6 x	13.9 x	16.5 x
Price/Book	2.5 x	1.6 x	2.3 x
Dividend Yield	1.1%	2.3%	1.4%
Number of Holdings	52	1,611	2,430

Top Ten Holdings²

	% of Composite
Questar Corporation	4.5
C.R. Bard, Inc.	4.1
Goodrich Corporation	3.1
NCR Corporation	3.0
Carpenter Technology Corporation	2.8
People's United Financial, Inc.	2.6
Teradata Corporation	2.5
BioMarin Pharmaceutical Inc.	2.5
Oshkosh Truck Corporation	2.3
Kinetic Concepts, Inc.	2.3
Total	29.7%

Sector Allocation²

	Composite	R2500V	R2500
Autos & Transportation	6.0	3.7	3.9
Consumer Discretionary	12.6	11.1	16.4
Consumer Staples	3.6	3.4	2.3
Financial Services	14.5	32.2	20.5
Health Care	14.7	4.7	11.9
Integrated Oils	0.0	0.0	0.1
Materials & Processing	16.8	12.8	11.4
Other	1.7	1.4	1.0
Other Energy	2.6	5.1	6.3
Producer Durables	6.1	5.1	7.8
Technology	13.7	8.0	11.9
Utilities	7.7	12.5	6.5

Portfolio Commentary¹

The top contributors for the quarter were BioMarin Pharmaceutical, Trane, Carpenter Technology Corporation, Amphenol Corporation and C.R. Bard. Shares of BioMarin rose as investors began to realize the potential for its lead pipeline candidate, Kuvan, which received FDA approval in December. Kuvan is a drug therapy used to treat a rare genetic disease known as PKU. We continue to see upside in the shares due to favorable pricing and high operating margins, which will come from marketing this orphan drug. We purchased shares of HVAC manufacturer Trane during the quarter, as the company changed its name from American Standard Companies after completing the sale of its bath and kitchen division and the spin-off of its vehicle-control systems unit WABCO. The significant corporate restructuring and spin-off was a classic example of the dynamic change we seek as investors, particularly when combined with compelling valuation and cash flow generating ability, driven at Trane by its leading position in world-wide commercial air conditioning. Our new investment was positively impacted, as the company is to be acquired by Ingersoll-Rand at the end of the first quarter of 2008. Specialty metals company Carpenter Technology was a top performer given ongoing corporate restructuring actions and share buybacks, combined with an improving near term outlook in the business. Shares of Amphenol had strong performance both in the quarter and for all of 2007, as the company continues to see strong demand for its interconnect products across a wide range of industrial, military and consumer product manufacturing customers. As electronic content continues to increase in everything from military and commercial aircraft to industrial manufacturing plants, automobile dashboards, consumer laptops and cell phones, Amphenol's products get 'designed-in' and the company continues to gain global market share. Therefore, we continue to believe in the long-term prospects for Amphenol's global growth. Shares of C.R. Bard rallied this quarter after the company provided an upbeat 2008 outlook at its analyst day. The event helped alleviate concerns about a rebound in its surgical business and the launch of meaningful new products. We believe that investors continue to underestimate the revenue growth and margin improvements from these new products and several accretive tuck-in acquisitions.

The top detractor this quarter was bond insurer MBIA, which we sold mid-way through the quarter as our investment case, which was predicated on excess capital and share repurchases, quickly deteriorated. While the timing of our sale allowed us to avert further significant losses from MBIA's subsequent further deterioration, this transaction also allowed us to protect capital and redistribute assets into other suitable opportunities. The other top detractors during the quarter were Oshkosh Truck Corporation, Dollar Tree Stores, IMS Health and Carlisle Companies. Shares in Oshkosh Truck underperformed as investors worried about the weakening end market exposure in construction equipment and the lack of expected new contract wins from the military's MRAP program. We believe the shares overly discount the slowdown in construction markets and expect the company to be a significant beneficiary of military spending as the armed forces' vehicles are replenished and refurbished. Despite generating sales growth at the high end of its peer group, discount retailer Dollar Tree saw its share price fall on a general decline in the overall retail industry. The company has a number of firm specific initiatives that we believe will support long-term growth opportunities, over and above industry expectations. We took advantage of this weakness to increase our position in the stock. IMS Health reported a disappointing third quarter, which subsequently eroded our investment case. The company is suddenly faced with revenue pressures across

most of its geographies, therefore the positive operating margin leverage we had incorporated into our forecasts should not materialize. Therefore, we sold our position. We trimmed our position in Carlisle Companies given our concern over weakening fundamentals in its commercial roofing business. However, we maintain a position in the shares, as we believe that the company's attractive valuation combined with a debt free balance sheet and a new 'change-agent' CEO make for appealing risk/rewards at current levels.

In addition to our new position in Trane, we also initiated a position in The Cooper Companies following an unwarranted sell-off in the stock, The sell-off happened after the optical products company provided "disappointing", but clearly conservative guidance for 2008. Cooper will benefit in 2008 and beyond with the launch of several new products in the daily disposable and silicone hydrogel market, which are two of the high growth areas in the contact lens market.

In addition to closing out positions in MBIA and IMS Health, we also exited our positions in URS Corp., Airgas, and CACI International as the shares reached our established price targets.

Fourth Quarter 2007 Dollar¹

TOP CONTRIBUTORS

BioMarin Pharmaceutical Inc.
Trane Inc.
Carpenter Technology Corporation
Amphenol Corporation
C.R. Bard, Inc.

TOP DETRACTORS

MBIA Inc.
Oshkosh Truck Corporation
Dollar Tree Stores, Inc.
IMS Health, Inc.
Carlisle Companies, Inc.

Year to Date 2007 Dollar¹

TOP CONTRIBUTORS

Dresser-Rand Group Inc.
Goodrich Corporation
Questar Corporation
BioMarin Pharmaceutical Inc.
Carpenter Technology Corporation

TOP DETRACTORS

MBIA Inc.
LSI Corporation
Central Garden & Pet Company
Tween Brands Inc.
The Dress Barn, Inc.

PRELIMINARY PERFORMANCE

Through December 31, 2007

	Gross	Net	R2500V	R2500
4Q	-4.56%	-4.76%	-6.97%	-4.32%
YTD	9.98	9.25	-7.27	1.38
1-Yr	9.98	9.25	-7.27	1.38
3-Yr	12.72	11.98	6.28	8.38
5-Yr	19.47	18.66	16.17	16.99

Past performance is not a guarantee of future results.

The information presented for the Composite relates to a composite of CRM client separate accounts. CRM manages each component included in this composite using the same strategy. For information regarding this composite, please reference Important Disclosures, Performance Disclosure on page 16.

¹ It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this commentary/list. Please reference Important Disclosures, Product Disclosure on page 16.
² Please reference Important Disclosures, Product Disclosure on page 16.

Small Cap Value

Strategy Inception: October 1995
Assets in Strategy: \$1,040 Million
As of December 31, 2007

Composite Characteristics²

	Composite	R2000V	R2000
Wtd Avg Mkt Cap Nlog (m)	\$1,240	\$960	\$1,090
Wtd Median Mkt Cap (m)	\$1,330	\$1,063	\$1,190
P/E '08	11.4 x	13.9 x	16.6 x
Price/Book	2.0 x	1.5 x	2.2 x
Dividend Yield	1.1%	2.1%	1.3%
Number of Holdings	53	1301	1930

Top Ten Holdings²

% of Composite

Barnes Group Inc.	3.6
Greif, Inc.	3.4
Compass Minerals International, Inc.	3.2
Tween Brands Inc.	3.1
Investors Bancorp, Inc.	3.1
Interline Brands, Inc.	3.0
Range Resources Corp.	2.9
REGAL-BELOIT CORPORATION	2.9
Insight Enterprises, Inc.	2.8
G&K Services, Inc.	2.6
Total	30.6%

Sector Allocation²

	Composite	R2000V	R2000
Autos & Transportation	7.3	4.3	3.6
Consumer Discretionary	24.0	13.2	17.0
Consumer Staples	4.8	3.4	2.2
Financial Services	16.0	32.5	20.4
Health Care	8.1	5.6	13.9
Integrated Oils	0.0	0.1	0.2
Materials & Processing	19.5	11.9	10.0
Other	0.0	0.5	0.7
Other Energy	4.1	5.0	6.0
Producer Durables	4.6	6.1	7.5
Technology	7.0	9.8	14.2
Utilities	4.6	7.6	4.3

Portfolio Commentary¹

The top contributors to this quarter's performance were BioMarin Pharmaceutical, Range Resources Corporation, Compass Minerals International, Korn/Ferry International and Greif. BioMarin, a commercial stage biotech company focusing on highly profitable drugs for orphan indications, once again led our quarterly contributors. The company received approval and favorable pricing for Kuvan, which is a drug therapy used to treat a rare genetic disease known as PKU. Range Resources, an independent energy exploration and production company, continues to generate strong performance. The company is both demonstrating and being rewarded for its improved operating results in the emerging Devonian Marcellus Shale play. Specialty chemical company Compass Minerals is benefitting from strong demand for its specialty potash, which is primarily used as fertilizer for high-value crops and turf, and a favorable pricing cycle. In addition, the abnormally high snowfall in key markets is driving the strong demand for the company's deicing salt. Korn/Ferry saw its shares rebound during the quarter as the company generated better than expected results despite worries over weakness in its domestic financial services segment. Finally, packaging company Greif continued to benefit from strong worldwide demand for its specialty metal drums.

An overall uncertain economic environment continues to negatively impact sentiment surrounding consumer oriented shares, which populated our detractor list. The most significant detractors this quarter were Insight Enterprises, Tween Brands, ArvinMeritor, The Dress Barn and Integrated Device Technology. Technology distributor Insight Enterprises was hurt by lower than expected sales results in the third quarter. The shortfall was solely attributable to some larger sales being pulled into the previous quarter's results. Overall the results from the company's recent acquisition of Software Spectrum continue to exceed our expectations and we have maintained our position in the stock. Specialty retailer Tween Brands saw its shares fall again during the quarter despite posting earnings that exceeded the street's expectations. We have maintained our position in Tween as the company continues to build a dominant niche retail brand. ArvinMeritor shares fell on lower light vehicle production schedules. We expect the company's restructuring of its light vehicle operations to meaningfully enhance its long-term operating profile. Women's apparel retailer The Dress Barn saw weaker results at its Dress Barn segment which offset the strong gains in its Maurice division. With the company's strong market position, excellent balance sheet and aggressive share repurchase program, we believe shareholders will ultimately be rewarded for the unique growth opportunities within Maurice. Finally, while semiconductor stocks in general had a challenging fourth quarter due to concerns about a weakening economy, Integrated Device Technology declined more than the group as investors worried that slower growth at a key communication customer would impede near-term margin expansion. We believe the market underestimates both the company's attractive growth characteristics outside the communication market and strong free cash flow, which is being utilized for share repurchases.

We continue to see elevated levels of change and low expectations across industry segments. We purchased shares of medical device maker Cyberonix, as we believe that the investment community is not properly valuing the earning potential of its core business of treating epilepsy. We believe the shares are attractively priced based on the value of this franchise alone and that any success new management can obtain in developing the potential for treating depression will provide additional upside to shareholders. We added shares

of Rockwood Holdings as the share price sagged post the stock sales by exiting private equity firms. We like the growth characteristics and defensive characteristic of its lithium, metal coatings and ceramics businesses and feel that fears of Rockwood's construction business are overstated. Rockwood has good international sales exposures and strong free cash flow. Watson Wyatt's benefits division is a beneficiary of favorable pension legislation in both the U.K. and the U.S. (Pension Protection Act). Additionally, the company has a number of other divisions including investment consulting, human capital consulting and technology administrations, which are enjoying strong growth as Watson Wyatt leverages its client relationships to provide a broad array of secularly attractive services. Thor Industries is a leading manufacturer of RV's and buses. After a multi-year cyclical correction, Thor is well positioned to gain market share through strategic acquisitions and benefit from lean industry inventories. TeleTech Holdings provides outsourced customer relationship management services to Fortune 1000 companies. The firm is benefiting from long-term trends toward outsourcing of non-core functions. However, investor expectations have become severely depressed given the company's exposure to financial services firms. We expect TeleTech's strong international focus to offset any temporary slowdown in its domestic business.

During the quarter we sold a number of stocks that hit our price targets, including Airgas and Hancock Holding. We sold distributor School Specialty on our concerns that declining real estate values would hamper statewide tax collections used to fund local school districts. We also sold restaurant operator Ruby Tuesday and medical device manufacturer Greatbatch over concerns that our investment cases were going to take longer to play out than originally anticipated.

Fourth Quarter 2007 Dollar¹

TOP CONTRIBUTORS

BioMarin Pharmaceutical Inc.
Range Resources Corporation
Compass Minerals International, Inc.
Korn/Ferry International
Greif, Inc.

TOP DETRACTORS

Insight Enterprises, Inc.
Tween Brands Inc.
ArvinMeritor, Inc.
The Dress Barn, Inc.
Integrated Device Technology, Inc.

Year to Date 2007 Dollar¹

TOP CONTRIBUTORS

Range Resources Corporation
Barnes Group Inc.
SkillSoft PLC
BioMarin Pharmaceutical Inc.
Kaydon Corporation

TOP DETRACTORS

Tween Brands Inc.
ArvinMeritor, Inc.
The Dress Barn, Inc.
Oxford Industries, Inc.
ACI Worldwide Inc.

PRELIMINARY PERFORMANCE

Through December 31, 2007

	Gross	Net	R2000V	R2000
4Q	-4.82%	-5.02%	-7.28%	-4.58%
YTD	-2.44	-3.21	-9.78	-1.57
1-Yr	-2.44	-3.21	-9.78	-1.57
3-Yr	7.87	7.03	5.27	6.80
5-Yr	17.43	16.55	15.80	16.25

Past performance is not a guarantee of future results.

The information presented for the Composite relates to a composite of CRM client separate accounts and one registered mutual fund managed by CRM. CRM manages each component included in this composite using the same strategy. For information regarding this composite, please reference Important Disclosures, Performance Disclosure on page 16.

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² Please reference Important Disclosures, Product Disclosure on page 16.

Investment Philosophy & Process

Our track record, spanning more than 30 years, is testament to our success in serving clients and providing strong investment performance. Clients benefit from consistent application of one cohesive philosophy and process, implemented by a team with diverse experience in appraising the intrinsic value of companies.

Investment Philosophy

Investing at the Intersection of Change and Neglect

The intellectual coherence of our investment philosophy is a genuine strength.

Companies we buy and hold are typically characterized by three attributes:

change, neglect and valuation.

Change

The financial markets are rich with change. Every day the markets present investors with mergers, divestitures, restructurings, new management teams or new products and expanded markets.

Neglect

Especially in its early stages, change tends to be greeted with uncertainty, expressed as investor neglect — manifested through low analytical coverage, negative to neutral stock ratings and low institutional ownership.

Valuation

When change meets neglect, the intrinsic value of a company may exceed the current stock price. At the intersection of change and neglect with attractive valuation, CRM finds the potential for substantial outperformance.

The conviction to invest before the rewards of change are realized requires an investment process grounded in intensive original research.

Investment Process

Identify change

CRM seeks to identify change at an early stage that is material to the operations of a publicly traded company, capitalizing on the opportunity to invest while others wait for certainty. Based on the experience of our research team, we excel at “connecting the dots”, - that is, we identify many situations where positive change in one company may lead to a broader set of investment opportunities. A divestiture in one industry, for example, may lead to a new opportunity in another industry. Or a supplier of a company turns out to be an attractive investment in its own right.

Appraise the business

Once potential positive change is identified, we appraise the business by producing a financial model based principally upon projected cash flow. We evaluate the business in the context of what the market is willing to pay for comparable companies, and also what a strategic buyer would pay for the entire company. CRM further measures institutional ownership and tracks the degree of recognition by investors and sell-side analysts.

Conduct research

We visit companies on site and cross reference management claims about future profitability through an extensive network of research contacts built over decades. We amass information from numerous sources, looking for evidence of a catalyst or critical variable that will bring a stock out of the shadows into the mainstream of investor enthusiasm. Our goal at this stage of the investment process is to build a solid investment case, ensuring that future buy and sell decisions are driven by clear milestones as opposed to human emotion.

Take action

Intensive due diligence enables us to move swiftly in situations where change and neglect coincide to create attractive valuations. Every CRM portfolio reflects a series of separate, well-reasoned decisions to invest in individual companies. We are cognizant of benchmark structure, but this awareness does not drive portfolio construction. Our investments seek to capture underlying fundamental change at the company level—hinging not on variables that can spiral out of control, such as commodity prices, interest rates or geopolitical events, but on developments that company management can control and execute. This strategy allows us to define clear milestones, providing guidance in sell discipline implementation.

Sell

Clearly defined investment milestones — an earnings target met or missed, a new product unveiling precisely when anticipated or still languishing on the drawing board long past the deadline — make it possible either to sell without emotion or take advantage of price declines to increase holdings. CRM's entire process is focused not only on building the investment case but also on understanding how the case might deteriorate. Virtually on the day we identify a new idea, we start thinking about our exit strategy.

Product Disclosure

Portfolio Commentary & Contributors/Detractors

It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities mentioned. Upon request, CRM will furnish a list of all securities purchased, sold or held in any of the portfolios referred to in this newsletter during the twelve month period preceding the date of the list of securities for that portfolio included in this newsletter.

Composite Characteristics

Information pertaining to Composite Characteristics includes weighted average market capitalization, median market capitalization and other preliminary numbers that have been derived from FactSet Research Systems and Russell/Mellon Analytical Services. The P/E '08 figure for the CRM Composites is calculated internally. As these numbers are preliminary, they are subject to change.

Top Ten Holdings

It should not be assumed that the Top Ten Holdings presented for each portfolio in this newsletter will, in the future, be profitable or will equal any references to performance in this commentary. Upon request, CRM will furnish a list of all securities purchased, sold or held in any of the portfolios referred to in this newsletter during the twelve month period preceding the date of the list of securities for that portfolio included in this newsletter.

Sector Allocation

The Sector Allocation presented for each portfolio in this newsletter may not be representative of the portfolios' current or future investments. The source of the information for all Sector Allocations is FactSet Research Systems, Russell Sectors.

Important Disclosures

Performance Disclosure

Past performance is no guarantee of future results.

The performance information for each portfolio relates to composites of client accounts with particular investment strategies. Valuations and returns are computed and stated in U.S. Dollars, are dollar-weighted and reflect the reinvestment of dividends and other earnings. Performance is calculated monthly, and the gross performance results for each portfolio are presented before management fees but after all trading commissions. The net performance results are presented after deducting a management fee based on the management fee schedule that is listed in the Product Summary section. In addition, the composite for the Small Cap Value includes the performance of a registered mutual fund, and the fees for the fund are listed in the Product Summary section.

The performance information includes a comparison to various benchmarks, which are rebalanced annually. The benchmarks used for each portfolio are as follows:

- Small Cap Value: Russell 2000 Value Index and the Russell 2000 Index
- Small/Mid Cap Value: Russell 2500 Value Index and the Russell 2500 Index
- Mid Cap Value: Russell Midcap Value Index and the Russell Midcap Index
- Large Cap Opportunity: Russell 1000 Index and the Russell 1000 Value Index
- All Cap Value: Russell 3000 Value Index and the Russell 3000 Index

The Small Cap Value composite consists of all fully discretionary, fee-paying, taxable accounts by CRM managed using the same strategy as the other accounts in the composite. The Small/Mid Cap Value, Mid Cap Value, Large Cap Opportunity and All Cap Value composites consist of all fully discretionary, fee-paying, tax-exempt accounts managed by CRM using the same strategy as the other accounts in the composite. Accounts which were active during the quarter but are no longer with the firm are included in each composite.