

Understanding

THE OPPORTUNITIES



MTB Investment Advisors

WE MAKE DISCOVERIES.

At MTB Investment Advisors, our goal is to identify first-rate ideas for professional decision-makers like you. Using a combination of precision and creative insight, we seek to identify early-on quality investments in the equity and fixed income markets.

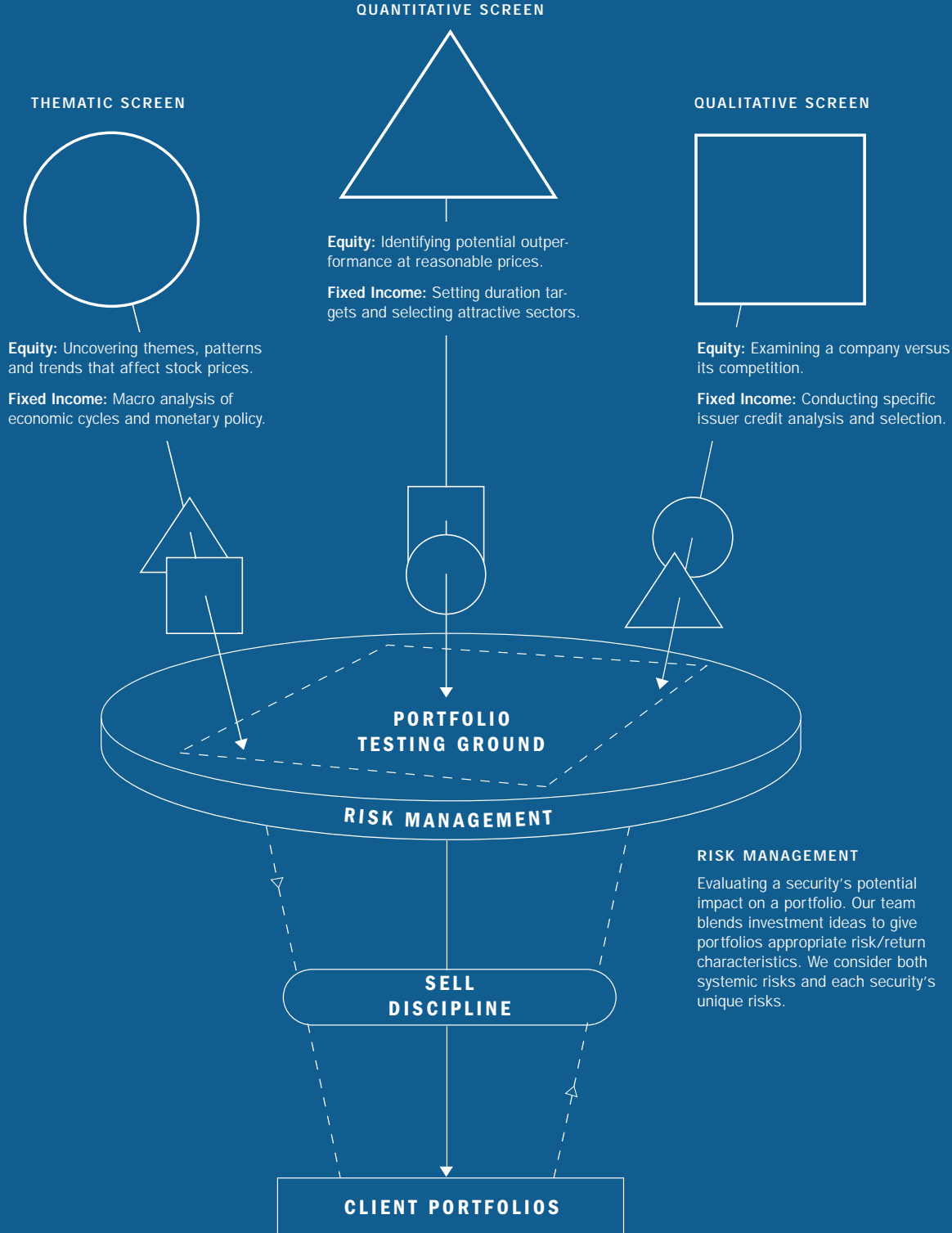
We use a disciplined, yet opportunistic, methodology — a process that is both systematic and continuous. A security will only be considered for your portfolio when it successfully passes through independent, but interrelated screens and a final risk assessment.

With guidance from our Economist and Chief Investment Officer, our team of equity and fixed income analysts examine a variety of issues, ranging from the macro to the micro. Our investment professionals have the skill and experience to sort through an abundance of available information and hone in on high-potential investment ideas. Then, based on a clear understanding of your objectives, we put those ideas to work in a separately managed account for your business or institution. Ultimately, these same decisions may flow into the model portfolios used in our advisory work with mutual funds.

MTB Investment Advisors, Inc. (formerly known as Allied Investment Advisors, Inc.) is a registered investment advisory firm, that was formed on June 30, 1995. Headquartered in Baltimore, MTB Investment Advisors serves institutions across the United States including corporations, not-for-profits, foundations and endowments, unions and municipalities. The firm is the principal investment advisory subsidiary of Manufacturers and Traders Trust Company ("M&T Bank"), which was founded in 1892.

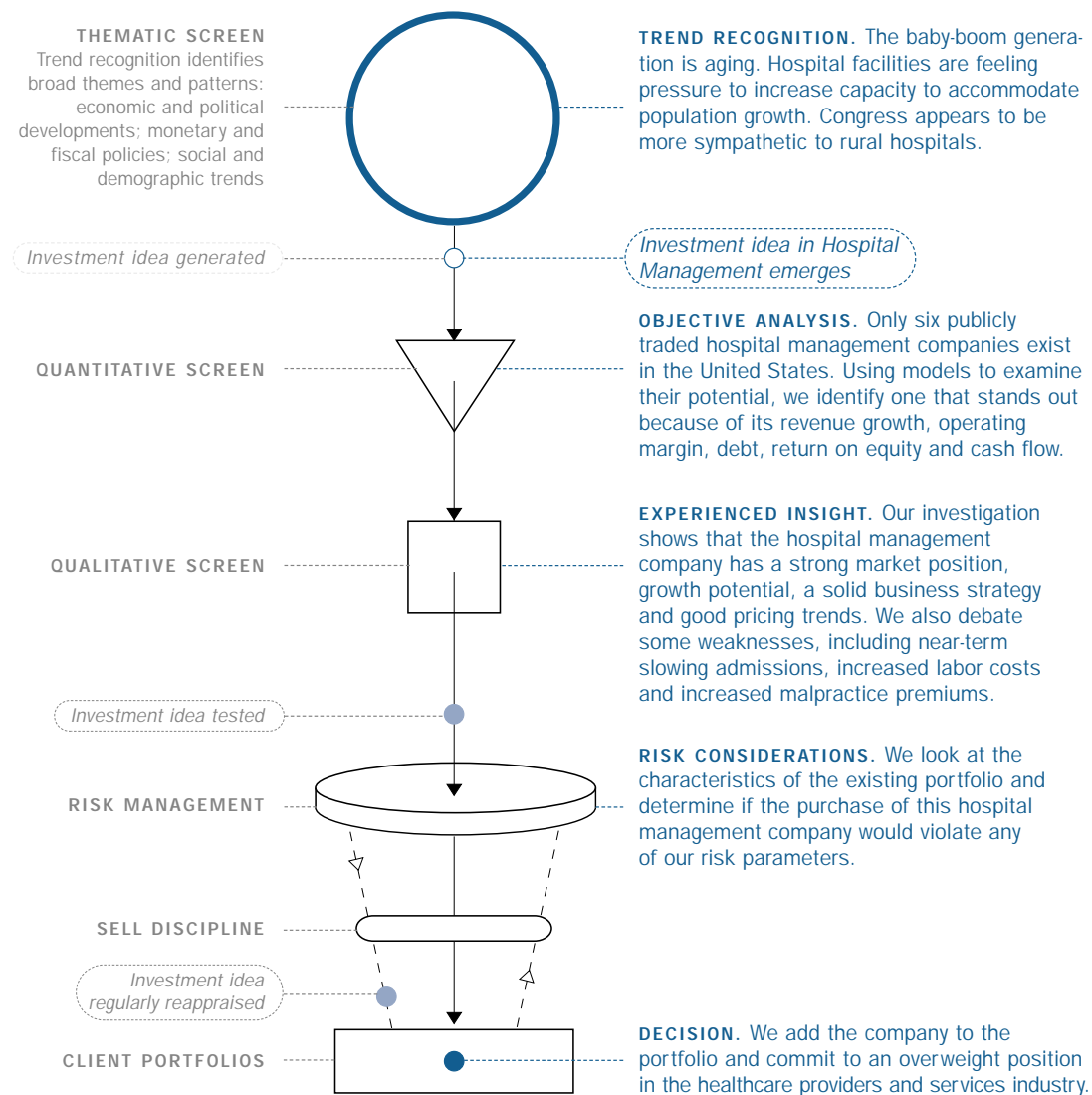
Creative Insights
RIGOROUS SCRUTINY

*MTB Investment Advisors
Investment Process*

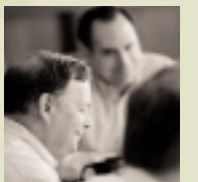


A Vision FROM THE TOP DOWN

*The Thematic Screen:
Evolution of An Investment Idea*



Our team of research analysts and portfolio managers uncovers significant trends by examining economic, monetary, demographic, political and social developments.



Our thematic screen allows us to identify sectors or securities that may outperform. In this top-down, systematic analysis, our team takes a broad perspective. We consider a variety of macro issues, including the overall economic environment and the government's fiscal strategies. In particular, our fixed income team monitors the monetary policy of the Federal Reserve Board. We also examine demographic, political and social developments. Our objective is to identify themes, patterns and trends.

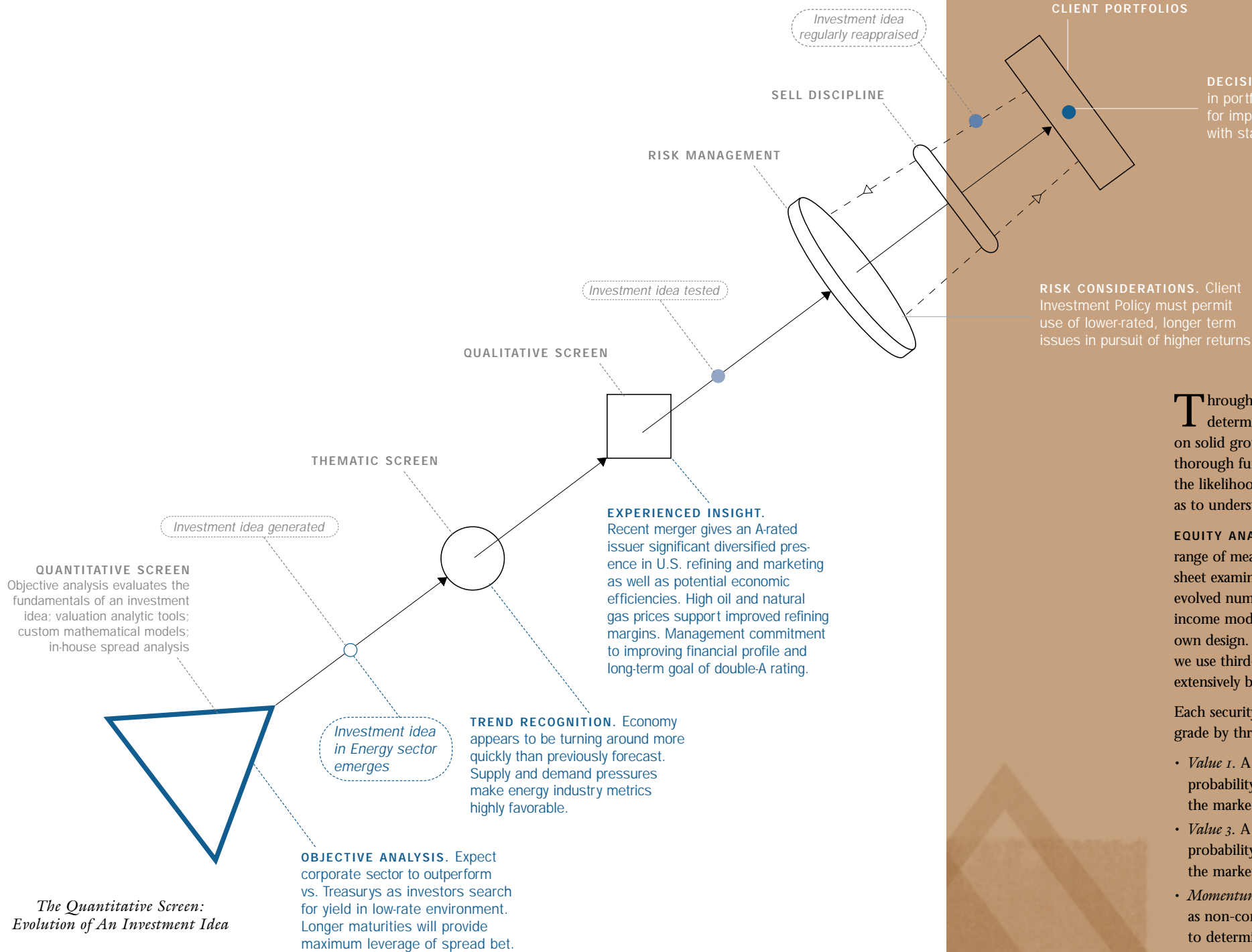
THEMES. What currents do we see in the culture and economy? For instance, demographics reveal the graying of America. Other themes include the evolution of the Information Age, growing industry consolidation, increasing supply and demand imbalances, an expanding focus on security, and the importance of the global marketplace.

PATTERNS. What confluence of factors feeds into each of these themes? For example, as baby boomers age, their consumption patterns are likely to change. We look into the products they might buy and the services they might need. We consider how—and when—they will draw on their savings and retirement assets.

TREND RECOGNITION. What sectors and industries might be affected by the patterns and themes we have uncovered? The “graying of America,” for instance, may lead to an increased demand for health care services and pharmaceuticals. Older baby boomers may become more interested in safeguarding their assets than in spending. How can we effectively manage duration in this environment? Which organizations (such as those specializing in asset-gathering, annuity writing or custodianship) could be the beneficiaries?

An Analysis

FROM THE BOTTOM UP



The Quantitative Screen: Evolution of An Investment Idea



We conduct a thorough fundamental analysis of every security we consider, using powerful analytic tools, custom mathematical models, and in-house spread analysis.



DECISION. Bonds are positioned in portfolios where the potential for improved returns is compatible with stated risk parameters.

RISK CONSIDERATIONS. Client Investment Policy must permit use of lower-rated, longer term issues in pursuit of higher returns.

Through our quantitative screen, we determine if our investment ideas stand on solid ground. Every security undergoes a thorough fundamental analysis to evaluate the likelihood that it may outperform as well as to understand the associated risks.

EQUITY ANALYSIS. We apply a complete range of measurement tools for a full balance sheet examination. In addition to highly evolved numerical models, such as the residual income model RIM, we also use models of our own design. To conduct cash flow analyses, we use third-party databases. Our findings are extensively back tested against historical data.

Each security is then scored and assigned a grade by three of our custom models.

- *Value 1.* A value model measuring the probability of a stock outperforming the market over the next 30 days.
- *Value 3.* A value model measuring the probability of a stock outperforming the market over the next 90 days.
- *Momentum Model.* Tracking factors such as non-consensus earnings estimates to determine the impact of a security's deviation from earnings projections.

A weekly report is distributed to our entire investment team so they can identify any significant statistical changes. A change in the scores may trigger a change in the portfolios.

FIXED INCOME ANALYSIS. Building on our understanding of the economic and monetary environment, we search for attractive sectors based on business cycle fundamentals and historical yield spreads. We monitor yield spreads to evaluate the potential returns of particular fixed income sectors over a given holding period. For example, we might see the widening of yield spreads between 10-year AAA corporate bonds and 10-year U.S. Treasuries as a signal to add corporate issues to the portfolio. However, in making our determination, we will always examine a sector's annualized returns to ascertain how likely it is to revert to historic norms.

Our team also determines appropriate duration targets and portfolio structures. In addition, we consider the impact of particular sectors and securities relative to the maturity structure and liquidity needs of each portfolio. Our analysts and portfolio managers maintain an ongoing dialogue and regularly re-evaluate every investment decision.

An Appraisal

FROM THE INSIDE OUT



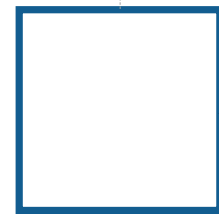
*The Qualitative Screen:
Evolution of
An Investment Idea*

The MTBIA team approach blends real-world experience with well-honed skills. Our specialists have the professional tenure to be meticulous and discerning in the subjective assessment of an investment idea.

Our equity analysts and portfolio managers invest time getting to know an industry; we glean information about the competitive landscape from conferences, trade shows and publications. We familiarize ourselves with the specific companies and issuers we consider for our portfolios, developing communication channels with management and learning about their business structure, and their plans for the future. Collectively we project how long we think the company can sustain a competitive advantage.

A similarly thorough analysis of issuers is conducted by our fixed income team. They develop an in-depth understanding of the political, legislative, economic and organizational considerations associated with each security we consider. As we uncover potentially attractive spread opportunities, we also seek to identify the risks inherent in the situation.

QUALITATIVE SCREEN:
Experienced insight assesses the real-world value of an idea; examine an organization's business model; get to know competition; evaluate its credit quality.

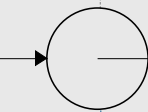


Investment idea in Information Technology emerges

EXPERIENCED INSIGHT.
We discover a company that is the low-cost producer in its industry. In addition to its strong management team, the company's technology platform, manufacturing excellence and direct sales approach give it a cost advantage over the competition. However, elements of its business model may hinder the development of new products and services.

Investment idea generated

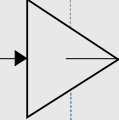
THEMATIC SCREEN



TREND RECOGNITION.
Information technology is becoming a commodity. The company is a driving force in this evolution and is expanding its presence worldwide.

Investment idea tested

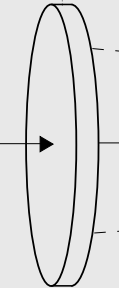
QUANTITATIVE SCREEN



OBJECTIVE ANALYSIS.
Our analysis shows that the company's projected earnings growth is above the industry's historical average. Current multiple and forecast growth is conservative, but price multiples may expand as technology spending recovers.

Investment idea regularly reappraised

RISK MANAGEMENT



RISK CONSIDERATIONS.
The company's stock price is at the mid- to upper-level in the computers and peripherals sector.

SELL DISCIPLINE

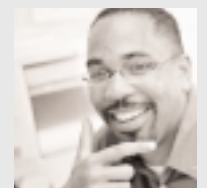
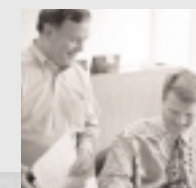


DECISION. The company will be our core position in computer hardware. Target prices for buying and selling this company are predicated on peer group market multiples.

CLIENT PORTFOLIOS

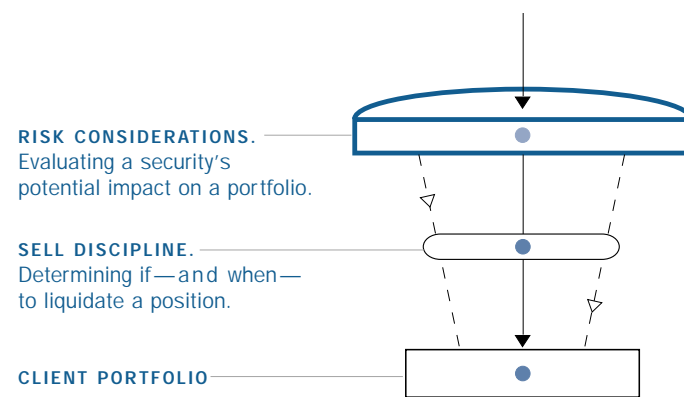


Our collaborative approach combines skill with real-world understanding. We bring to bear all our years of experience to the evaluation of an investment idea.



Risk Management

THE FINAL TEST



RISK ASSESSMENT. An investment idea is only as good as the contribution it makes to a portfolio. Regardless of its appeal after our thematic, quantitative and qualitative screens, an idea will not be pursued if it compromises the integrity of our portfolios. Ultimately, we balance our desire to enhance returns with a healthy regard for the protection of principal or capital. We want to know how an investment idea might affect the overall risk posture of our portfolios. In addition, we consider the downside risk inherent in the security itself. We also factor in financial, interest rate and inflation risk.

Equity Risk Controls

- Diversifying across economic sectors
- Maintaining defined asset allocation mix*
- Setting position limits
- Preserving portfolio characteristics
- Maintaining style discipline
- Respecting income or liquidity needs and requirements
- Managing tax implications (where appropriate)

Fixed Income Risk Controls

- Managing to client objectives and investment policy
- Structuring portfolio duration
- Ongoing reviews of credit quality
- Setting position limits
- Respecting income or liquidity needs and requirements
- Managing tax implications (where appropriate)

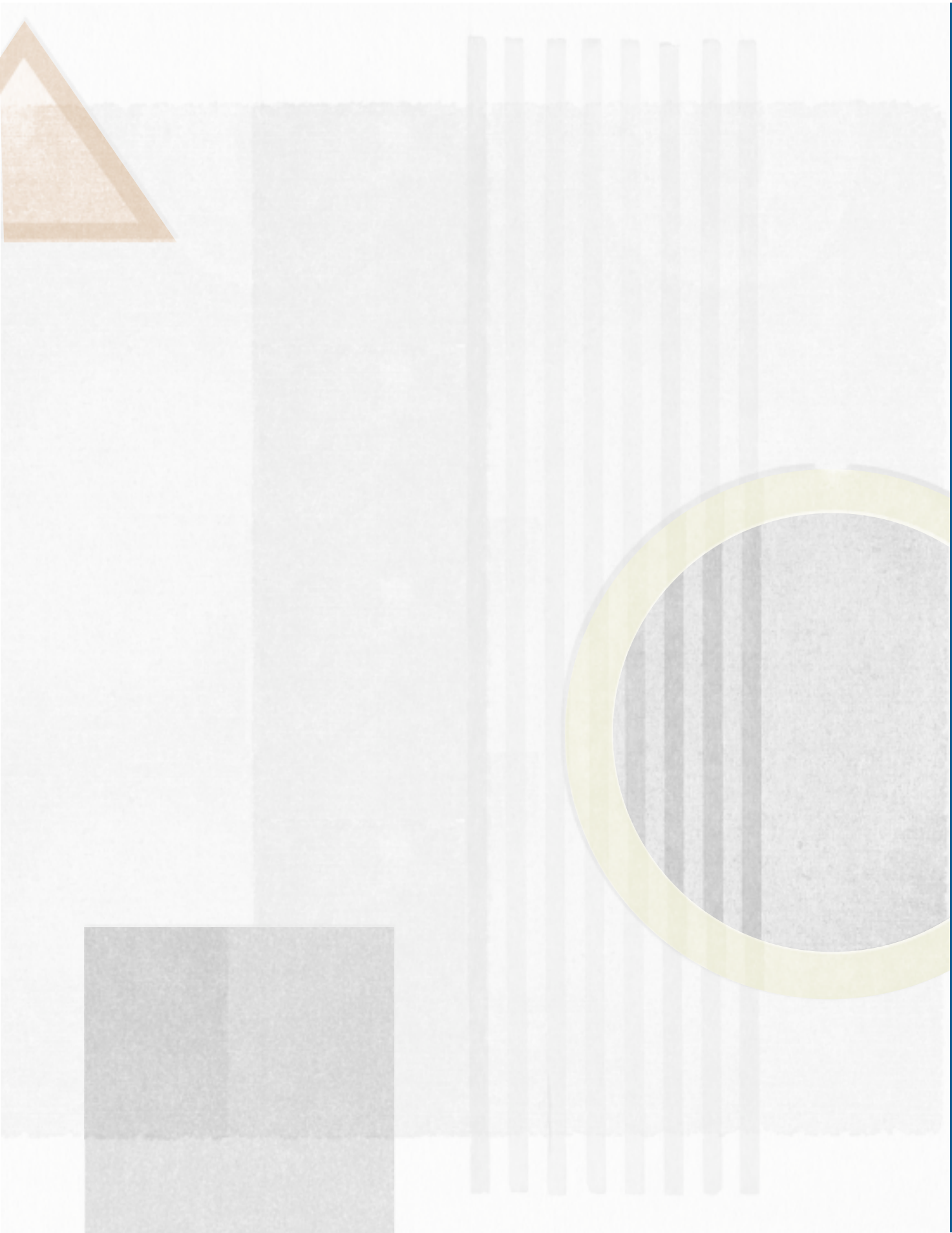
SELL DISCIPLINE. No investment idea lasts forever. We regularly monitor our portfolios to determine if—and when—we should liquidate a position. We are as rigorous in applying our sell discipline, as we are our analytical methodologies. The principal tenets of our sell discipline include:

- Security achieves intrinsic value through appreciation
- Original purchase rationale is violated
- Spreads have exceeded their historical norms
- Credit downgrades are expected
- Security no longer meets style, duration or credit quality characteristics
- Similar returns with less risk are available
- Better opportunities are identified
- Tax implications warrant selling

At MTB Investment Advisors, we are committed to a process that is disciplined, measurable and accountable. It is a multi-dimensional approach that flows through three screens—a thematic macro view, an objective, quantifiable analysis, and an experienced, subjective evaluation. Our strict risk control measures must then validate any discoveries we make.

The same individuals responsible for preserving the integrity of our portfolios support every part of our process. Practical and creative, pragmatic and inventive—our investment team provides professional decision-makers with original ideas, a rigorous methodology and real-world financial solutions.

* Asset allocation and diversification do not assure a profit or protect against loss.



WE SHARE DISCOVERIES.

The information contained herein is intended only as a demonstration of the firm's methodology. Opinions expressed herein are subject to change without notice. Nothing herein should be construed as investment advice or as a recommendation of any specific investment or strategy. Whether an investment is appropriate for a portfolio depends upon numerous factors, including investment objective, time horizon, tolerance for risk and tax considerations. Investment markets are volatile, and no investment strategy can guarantee that the desired results will be achieved.

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