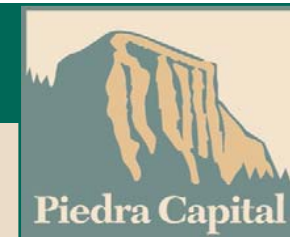


PIEDRA CAPITAL, LTD.

PRUDENT GROWTH™



Period Ending July 31, 2008

PERFORMANCE PRUDENT GROWTH™ COMPOSITE

TEN LARGEST HOLDINGS

	JUL	YTD	1 YR.	3 YRS.	5 YRS.	7 YRS.	10 YRS.	INCEPT.		<u>% OF PORTFOLIO</u>
Prudent Growth™									ALLIANCE DATA SYSTEMS CORP. (ADS)	4.2%
Gross of Fees									QUEST DIAGNOSTICS, INC. (DGX)	4.2%
Prudent Growth™									TEREX CORPORATION (TEX)	4.2%
Net of Fees									AMETEK, INC. (AME)	3.5%
Russell® Midcap Growth Index									KIRBY CORPORATION (KEX)	3.4%
S&P Midcap 400									JOY GLOBAL, INC. (JOYG)	3.4%
									VERISIGN, INC. (VRSN)	3.4%
									ROSS STORES, INC. (ROST)	3.3%
									KANSAS CITY SOUTHERN (KSU)	3.3%
									NORTHERN TRUST CORP. (NTRS)	3.2%

MARKET COMMENTARY

Another month of concern over an economic slowdown and the uncertainty of a new administration sent both the portfolio and the benchmark down. Our sector allocation was generally positive, with Health Care and Utilities (0% weighting) providing the biggest punch. Stock selection was primarily influenced by Industrials, Health Care, and Technology. Our names in the Industrials sector added 0.71% to the monthly return as Kansas City Southern (KSU) had a strong month and soaring energy prices made rail transport more appealing. Stock selection in Health Care and Technology was weak for the month as Pharmaceutical Product Development (PPDI) announced that their book-to-bill ratio would be shrinking for the rest of 2008; Cognizant Technology Solutions (CTSH) also struggled as the weaker dollar made their Indian expenses rise.

PIEDRA CAPITAL, LTD.

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MARKETING INFORMATION

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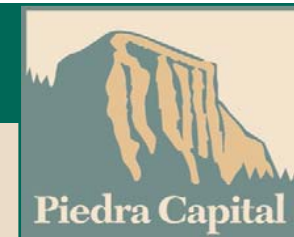
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WWW.PIEDRACAPITAL.COM

PIEDRA CAPITAL, LTD.

PRUDENT GROWTH™



INVESTMENT PERFORMANCE DISCLOSURES

Piedra Capital, Ltd. (PCL) is an independent registered investment adviser. PCL's **PRUDENT GROWTH™** discipline emphasizes medium-sized growth stocks utilizing a bottom-up selection process. The **PRUDENT GROWTH™** strategy focuses on 1) earnings growth faster than the market; 2) reasonable price relative to earnings prospects; 3) strong revenue growth; and 4) conservative financials. PCL has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). PCL has been verified for the periods July 1, 1993 - December 31, 2007 by Ashland Partners & Company, LLP. A copy of the verification report is available upon request.

The **PRUDENT GROWTH™** composite was created on July 1, 1993. Beginning January 1, 2000 the minimum account size for this composite is \$200,000. Results are based on fully discretionary accounts under management, including those no longer with the firm. Non-fee paying portfolios are not included in the composite from June 1997 to present. In Dec. 1993, non-fee paying portfolios represented 2% of composite assets, and from Dec. 1994 to Dec. 1996, non-fee paying portfolios represented less than 1% of composite assets. Composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of 50% of the portfolio assets. The temporary removal of such an account occurs at the beginning of the measurement period in which the significant cash flow occurs and the account re-enters the composite the first full month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual fees. One institutional account has made special arrangements to pay a minimal quarterly base fee, and if earned, a fulcrum fee. If the fulcrum fee is earned, the additional payment will be included in the portfolio's net performance in the quarter in which it is paid. The investment management fee schedule is as follows: For retail portfolios, 1.00% on the first \$5.0MM, 0.85% on the next \$5.0MM, and 0.63% on all amounts over \$10.0MM. For institutional portfolios, 0.75% on the first \$10.0MM, 0.55% on the next \$10.0MM, 0.45% on the next \$20.0 MM, and 0.40% on all amounts over \$40.0MM. Actual investment advisory fees paid by clients may vary. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite for the entire year. Balanced portfolio segments are included in this composite and performance reflects the equity segment returns plus 100% cash returns using beginning of period values on an adjusted capital basis. These segments comprise the following percentages of the composite assets: 2007: 3%; 2006: 2%; 2005: 2%.

In 1999, for comparative purposes PCL selected the S&P 400 Mid Cap (S&P 400) index as our stated benchmark. Effective October, 2002, PCL decided to change the comparative benchmark to the Russell Mid Cap® Growth Index (RMCG). The S&P 400 index was originally chosen due to the unusual period in the market that rendered the logical choice, the RMCG unacceptable. At the time, the Y2K and dot.com phenomenon had created a severe distortion of the valuation factors related to the RMCG. Due to the valuation considerations and the lack of diversification within the RMCG, it was apparent that the RMCG was not an appropriate comparative benchmark for our **PRUDENT GROWTH™** strategy. Due to the change in the characteristics of the RMCG index since this period and the return to the normal premiums that would typically be expected in a growth index, we believe it is the index that meets the test of being representative of the **PRUDENT GROWTH™** strategy. Comparative data for both indices is provided and further information is available upon request. Russell® is a trademark of the Frank Russell Company.

To receive a complete list and description of the firm's composites, visit the firm's website, www.piedracapital.com or contact Terre Williams at (505) 823-4800 Ext. 3 or by email, twilliams@piedracapital.com. Additional information regarding policies for calculating and reporting returns is available upon request.

PERFORMANCE PRESENTED FOR PERIODS AFTER 12/31/2007 IS PRELIMINARY AND IS SUBJECT TO CHANGE.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Year End	COMPOSITE ASSETS			ANNUAL PERFORMANCE				
	U.S. Dollars (\$ Mil)	% of Firm Assets	Number of Accounts	Composite (Gross)	Composite (Net)	S&P 400 Mid Cap	Russell MidCap® Growth	Composite Dispersion
2007	217	60%	72	7.3%	6.8%	8.0%	11.4%	0.3%
2006	303	60%	93	4.9%	4.3%	10.3%	10.6%	0.6%
2005	312	68%	85	16.2%	15.6%	12.5%	12.1%	0.7%
2004	503	85%	91	2.5%	2.0%	16.5%	15.5%	0.4%
2003	427	63%	80	44.1%	43.4%	35.6%	42.7%	1.7%
2002	277	76%	74	-23.4%	-23.7%	-14.5%	-27.4%	0.9%
2001	387	87%	80	-3.7%	-4.1%	-0.6%	-20.2%	2.1%
2000	238	78%	74	16.7%	16.1%	17.5%	-11.7%	2.4%
1999	152	60%	66	29.4%	28.3%	14.7%	51.3%	5.7%
1998	40	63%	52	25.0%	23.8%	19.1%	17.9%	7.4%