Reinhart Partners, Inc.
Registered Investment Advisor

All Cap Equity – Fourth Quarter 2009 Performance Update

	Q4	1 Yr.	3 Yr.	5 Yr.
Reinhart All Cap	**4.17**	**21.93**	**-1.33**	**4.35**
Russell 3000	5.90	28.34	-5.42	0.76
S&P 500	6.04	26.46	-5.61	0.42

MANAGER COMMENTARY

During the fourth quarter worldwide equity markets continued their strong positive upward trend as investors became more reassured that the massive government stimulus packages implemented in 2009 will result in solid international economic growth in 2010. In addition, investor concern of rapidly rising interest rates caused by skyrocketing government deficits remained subdued and bond market returns were slightly negative to slightly positive in the quarter. Similar to the markets, our outlook and concerns for 2010 have changed little since we wrote to you in October.

First, we continue to believe that further stock market appreciation depends on a new Goldilocks economy materializing in 2010 of solid growth, low inflation, low interest rates, and stable to rising real estate prices. Our concern with this scenario remains the stubbornly high unemployment rate which as of the writing of this letter had not improved. High unemployment makes economic growth and stable real estate prices extremely difficult without additional deficit spending by the government. Our suspicion remains that additional spending programs focused on job creation and keeping people in their houses will be forthcoming from Washington well before the mid-term elections and that the federal budget deficit will continue to rise. Unfortunately, rising deficits can only last so long before they cause rising interest rates. We will continue to analyze the employment and deficit levels closely during the coming months to garner insight as to how long the market's belief in the Goldilocks scenario will last.

Second, we continue to believe that the government spending programs will cause the short-term economic data, other than unemployment, to remain positive. Although we are skeptical that the Goldilocks scenario will endure over the next three to five years, we believe that it can occur over the next few months and that U.S. economic growth will be at least +3-5% during the first half of 2010. Thus, balanced portfolios remain positioned to benefit on an absolute basis from the strong equity markets.

Lastly, we continue to believe that preservation of capital and absolute returns are more important than relative performance and remain significantly underweighted the higher risk sectors of the capital markets and ready to increase cash levels if the economy stalls. However, we believe that short and long-term opportunities exist in the U.S. stock market and have positioned the All Cap equity portfolio to take advantage of the following powerful multi-year trends:

1. Exposure to faster growing emerging markets allows multi-national companies to prosper:

Company	U.S. Revenues	Rest of World Revenues
Apple Inc.	44%	56%
Abbot Labs	49%	51%
Corn Products Int'l	30%	70%
FMC Corp.	34%	66%
HPQ	31%	69%
IBM	35%	65%
Johnson & Johnson	50%	50%
McDonald's	34%	66%
PepsiCo	52%	48%
Procter & Gamble	39%	61%
Reinsurance Group of America	55%	45%

2. Strong balance sheets and market leadership allows the strong to become stronger:
    a. Lower pricing to gain market share: Kohl's, McDonald's, WalMart
    b. Acquire weaker competitors or complimentary business lines: Cisco, Hewlett Packard, Intel, Microsoft, Smuckers
    c. Provide capital and liquidity in markets where it is scarce: JP Morgan, RGA, Berkshire Hathaway, Sempra Energy
3. Low cost products, delivery systems, and business models:
    a. Generic drugs: Teva Phamaceuticals
    b. Drug delivery: Pharmaceutical Benefit Management companies
    c. Low cost U.S. energy sources oil and natural gas: Equitable Resources, Devon Energy, Denbury Resources
    d. Imported liquefied natural gas: Sempra Energy
    e. Consumers desire to save and increase education: McDonald's, Wal-Mart, Kohl's, CVS Pharmacy, Apollo Group Inc., Devry

We are optimistic that the coming decade will provide tremendous possibilities to those investors who are patient, ready, and willing to take advantage of market opportunities. During the last few months investor complacency and low volatility have returned to the markets. We do not believe that this serenity is permanent and remind ourselves that the eye of the hurricane is its calmest part.

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