

Small Cap Opportunities Equity – Fourth Quarter 2009 Performance Update

| | Q4 | 1 Yr. | 3 Yr. | Since Incep. (12/31/05) |
|---------------------------|--------------|--------------|--------------|----------------------------|
| Reinhart Small Cap | -1.77 | 21.14 | -5.75 | 1.21 |
| Russell 2000 | 3.87 | 27.17 | -6.07 | -0.48 |

MANAGER COMMENTARY

Reinhart's Small Cap Opportunity portfolio struggled in the fourth quarter with a negative return of -1.8%. Although the strategy still maintains a +170bps annualized lead over the Russell 2000 Index since inception four years ago, recent performance has been sub-par due to several factors:

- Neglected stocks within the small-cap universe, where the portfolio focuses its research, have not participated in recent market gains. Wall Street continues to consolidate, and many smaller companies in the portfolio have lost research coverage. Indeed, the most neglected quintile within the Russell 2000 Index lagged the most followed quintile by 680bps in the fourth quarter.
- Growth stocks outperformed value stocks in 2009, as the Russell Small Cap Growth Index accelerated 35% versus a more modest 21% gain for the Small Cap Value Index. Our strategy's private value discipline thus limited total upside in the midst of this year's growth momentum.
- Reinhart's emphasis on high quality stocks also hurt performance in 2009. Low quality led the market rally as investors' behavior grew more risk-seeking throughout the second half of the year.

All these factors combined to hinder Reinhart's Small Cap portfolio and caused us to trail the index by 6% in 2009. Despite these headwinds, we remain more confident than ever in our investment process and philosophy, knowing that these factors are actually creating the ideal environment for the strategy to outperform going forward. More fund flows into re-opened small cap managers with larger asset bases have inflated valuations in the upper market caps of the universe. Since Reinhart's median market cap is 47% below the index, we should benefit as valuations begin to normalize. Also fewer Wall Street analysts covering the space should translate into less research competition and better investment opportunities.

As a result, there are many excellent franchises at significant discounts to private value in this neglected area of the marketplace. We have identified new ideas with strong products for future growth in health care - companies that are somewhat insulated from government changes, such as ICU Medical and GreatBatch, Inc. In addition, we have researched various cyclical industries and found companies that can improve margins dramatically in 2010, including Glatfelter and John Bean Technologies.

Overall, we do believe the economy should continue its recovery, although the pace may be slower than investors hope. We also expect an improving M&A environment to provide more valuation support in the form of corporate buyouts. The Small Cap portfolio still trades at an attractive 30% discount to private value, highlighting both the neglect and the opportunity within this segment of the market. As always, we will seek to put our clients' capital to work in stocks where we have a research advantage in 2010 and beyond. There has never been a better time to invest in under-followed stocks.

INVESTMENT PHILOSOPHY

- **Size is Crucial:** Focus on the smaller side of the Russell 2000 universe.
- **Neglected Stocks Outperform:** Investment potential is greatest where research competition is minimal.
- **Forward Research:** Forward-looking research generates superior investment results.

Reinhart Partners, Inc. (Reinhart) is a privately held, independent investment advisor registered with the Securities and Exchange Commission. Reinhart provides investment management services for equity, fixed income and balanced accounts to taxable and tax-exempt clients. Reinhart has prepared and presented this report in compliance with the Global Investment Presentation Standards (GIPS®). All performance is based in US Dollars. No leverage is used in the portfolios represented in any composite. Performance is stated gross of fees and reflect the reinvestment of dividends, capital gains and interest. Trade date accounting is used in the calculation of portfolio returns. Composites are asset weighted. Account returns are time weighted. The Reinhart Partners Small Cap Opportunities Equity composite contains 14 portfolios with total assets of \$48 million. This represents approximately 2% of total firm assets. This composite includes all fully discretionary, fee-paying, per-transaction transaction cost, equity only accounts over \$500,000 in assets under management that are managed for the full calendar quarter using the Small Cap Opportunities strategy. The inception date of this composite is 12/31/05. Reinhart's standard Small Cap equity fee schedule is as follows: 1.00% flat fee on all amounts. Annual composite returns (net of fees): 2006=24.21%; 2007=11.93%; 2008=-39.55%; 2009=20.31%. Annual composite gross returns standard deviation: 2006=0.00; 2007=0.00; 2008=0.45; 2009=0.86. Results represent past performance and do not guarantee future returns. A complete list and description of the firm's composites is available upon request. For more information on our composites, please visit our website at www.reinhart-partnersinc.com.