Reinhart Partners, Inc.

Registered Investment Advisor

Private Market Value Equity – Fourth Quarter 2009 Performance Update

	Q4	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Reinhart Private Market Value	**4.61**	**35.16**	**-0.09**	**5.01**	**7.86**
Russell Mid Cap Value	5.21	34.21	-6.62	1.98	7.58
Russell Mid Cap	5.92	40.48	-4.59	2.43	4.98
S&P 500	6.04	26.46	-5.61	0.42	-0.95

MANAGER COMMENTARY

Reinhart's Private Market Value strategy finished 2009 in a sprint to the finish line, with a +4.6% gain in the 4th quarter and a 35% return for the year! We crossed the tape one point ahead of the Russell Midcap Value Index with a strong December. This performance represents the highest annual return the strategy has experienced in 14 years since inception, and demonstrates that solid stock selection pays off in any market environment. In fact, if we had to describe the kind of year in which Reinhart's conservative *PMV* strategy might lag the index, 2009 would fit the script perfectly:

- Very strong equity returns with midcap indices rallying over 30%
- A risk-seeking environment in which high quality stocks lag (Morningstar's high certainty quartile gained only 17% vs. a 48% increase for the riskiest quartile)
- Market volatility that declines each quarter, making it difficult to exploit value inefficiencies

Despite these headwinds, *PMV* managed to out-perform the index for the fourth consecutive year and now leads the Russell Midcap Value Index by over 300bps annualized for the trailing five year period. Since all of our investment decisions are made with an eye towards minimizing risk, *PMV* also provided a smoother ride for clients and avoided 24% of the index's average monthly loss during this period.

Although we hesitate to throw cold water on good news, we must admit a growing caution when assessing valuations and the risk/reward profile of the equity market. Indeed, with the portfolio's average discount to private value at only 19% in early January, this barometer suggests caution is in order. We continue to position each client portfolio accordingly, and remain almost 500bps under-weight the industrial sector, where stocks look to be well-ahead of the fundamentals. In contrast, the portfolio is almost 400bps over-weight healthcare, where stocks have lagged and we continue to find attractive investment opportunities.

Going forward, we do believe the economy is slowly improving and are assessing those industries where the supply/demand balance could improve in 2010. As we evaluate companies and do our research from the bottom-up, we have been adding to positions within certain areas of the material and technology sectors. We remain selective due to higher valuations, and continue to focus on franchises with strong competitive advantages and the ability to improve returns-on-capital. This high quality approach is reflected in the portfolio's superior 16% ROE, which stands well above the midcap average.

Overall, we know that market volatility could return in the coming months as investors perceptions of economic strength fluctuate with each new data point. But we are identifying new companies to invest with while awaiting better valuations, and would thus welcome any market correction as an opportunity to put our clients' capital to work in high-conviction names. Clearly any reversal in the three macro factors mentioned above would aid Reinhart's relative returns in 2010.

INVESTMENT PHILOSOPHY

- ***Emphasis on Quality First:*** Finding sustainable competitive advantages one stock at a time.
- ***Private Market Value:*** Our proprietary methodology for determining a company's intrinsic value.
- ***Disciplined Process:*** Consistent and quantifiable system based on sound investment tenets.

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 Mid Cap Private Market Value composite contains 17 portfolios with total assets of $144 million. This represents approximately 5% 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 Mid Cap Private Market Value strategy. The inception date of this composite is 09/30/95. Reinhart's standard equity fee schedule is as follows: 1.00% on the first $3 million; 0.75% on the next $22 million; and 0.50% on amounts over $25 million. Annual composite returns (net of fees): 4Q 1995=4.05%; 1996=13.69%; 1997=28.57%; 1998=4.86%; 1999=13.55%; 2000=12.42%; 2001=9.65%; 2002=-11.05%; 2003=28.74%; 2004=15.86%; 2005=5.61%; 2006=20.02%; 2007=-0.21%; 2008=-26.89%; 2009=34.39%. Annual composite gross returns standard deviation: 1996-2001=0.00 annually; 2002=0.06, 2003=0.24, 2004=0.22; 2005=0.41; 2006=0.14; 2007=0.41; 2008=0.70; 2009=0.57. 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.

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