

### Small Cap Opportunities Equity – First Quarter 2009 Performance Update

	Q1	1 Yr.	2 Yr.	3 Yr.
<b>Reinhart Small Cap</b>	<b>-16.08</b>	<b>-45.01</b>	<b>-25.17</b>	<b>-13.65</b>
Russell 2000	-14.95	-37.50	-26.26	-16.80

#### MANAGER COMMENTARY

The first quarter of 2009 continued the downward trend of 2008 as economic indicators worsened in the U.S. and abroad. With unemployment rising towards 9% and lack of stabilization in real estate, the market remained skeptical of any corporate earnings growth. However, there were some signs of hope amidst the gloom. Manufacturing orders improved sequentially during March, existing home sale volumes were flat, and Asia seemed to recover after a dismal start to the year. With valuations and investor sentiment at such low levels, these data points were enough to ignite a market rally in the month of March. Although we remain concerned about the overall health of the economy, current valuations do suggest there has never been a better time to be a long-term investor.

Overall, the Small Cap Opportunity strategy declined -16.1% for the first quarter, slightly lagging the Russell 2000 Index by 1.1%. Most of the under-performance came from health care, where several companies in the portfolio disappointed. However, we believe this sector will ultimately reward our clients, as companies in medical technology and healthcare services are able to drive future earnings growth in a tough economy. Many of the names we own offer a truly unique service or product that can penetrate the marketplace and drive returns-on-capital throughout the upcoming years. We would highlight Somanetics in cerebral oximetry, Neogen in food safety testing, Orthovita in orthobiologics, and eResearch in ECG drug testing - just to name a few.

Despite a tough six-month period, overall performance of the strategy since inception (12/31/05) remains strong, as the strategy has outperformed the index by +280bps annualized. We remain optimistic about the future of this portfolio for several reasons:

- The average holding now trades at an attractive 38% discount to our estimate of private value.
- We have utilized this downturn to upgrade the portfolio by purchasing companies with significant secular growth outlooks, while still maintaining our valuation discipline.
- The strategy continues to emphasize under-followed, smaller companies with significant potential. The disconnect between intrinsic value and current market prices has grown increasingly wide in this sub-sector of the small cap universe, an opportunity we will take full advantage of for clients.

In regards to sector research, we remain underweight real estate and overweight healthcare. The portfolio is well-diversified by industry as we continue to add value through fundamental research and private valuation analysis from the bottom up. Overall we believe in our stable of neglected companies, especially given the competitive advantages within their respective business niches. And most of them do not get a lot of attention - our average company has a mere market cap of \$340M with only 3-4 analysts covering the stock. But we know that once investors start playing to win again (instead of just trying not to lose) this under-followed investment strategy will generate superior returns again.

#### 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.

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