

Small Cap Core Portfolio

Managed Accounts

Fourth Quarter 2011

A Focus on Quality Since 1984
Now Celebrating



1800 Avenue of the Stars, Second Floor | Los Angeles, California 90067

T 800.231.7414 or 800.638.1496 in CA | kayne.com

Founded in 1984

- Los Angeles-based investment firm founded by John Anderson and Richard Kayne
- Quality at a Reasonable Price™ philosophy instituted in 1989 with the addition of Allan Rudnick
- Small Cap strategy introduced in 1992 by Robert Schwarzkopf, CFA
- Assets under management totaled \$5.5 billion as of December 31, 2011

Proprietary Fundamental Research is Our Lifeblood

- One of the industry's broadest and deepest research organizations focusing exclusively on high-quality companies
- Extensive (long only) U.S. small, mid, and large-cap equity resources

Entrepreneurial Culture and Cohesive Organization

- Senior management team averages 21 years experience with Kayne Anderson Rudnick
- Culture of meritocracy encourages and rewards investment idea generation and promotes a collegial environment

Independently Managed

- Independently operated subsidiary of Virtus Investment Partners (NASDAQ: VRTS)

Small and Mid Cap Team

Portfolio Manager/Analyst	Responsibility	Research Experience	Years with KAR
Robert Schwarzkopf, CFA	Chief Investment Officer & Portfolio Manager	30 Years	20 Years
Doug Foreman, CFA	Director of Equities	25 Years	Less than 1 Year
Todd Beiley, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Consumer and Health Care	12 Years	9 Years
Jon Christensen, CFA	Portfolio Manager & Senior Research Analyst Sector Coverage: Materials & Processing	16 Years	10 Years
Julie Kutasov	Senior Research Analyst Sector Coverage: Financials and Producer Durables	10 Years	10 Years
Craig Stone	Senior Research Analyst Sector Coverage: Energy and Producer Durables	22 Years	11 Years
Craig Thrasher, CFA	Senior Research Analyst Sector Coverage: Financials	6 Years	3 Years
Vi Tran, CFA	Research Analyst Sector Coverage: Energy, Technology, and Utilities	2 Years	Less than 1 Year
Chris Wright, CFA	Research Analyst Sector Coverage: Consumer	1 Year	Less than 1 Year
Institutional Client Services	Responsibility	Industry Experience	Years with KAR
Daniela Bailly	Director – Consultant Relations	16 Years	9 Years
Greg Best, CFA, CAIA	Director – Institutional Sales	17 Years	Less than 1 Year
Stephanie Gillman	Director – Institutional Client Services	18 Years	12 Years
Aaron Reed	Director – Institutional Sales	21 Years	4 Years

Representative Clients

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

Corporate

Coffman Engineers
Lewitt, Hackman, et al.
Morley Group
Tennant Company

Endowments & Foundations

American College of Trust and Estate
Brethren Benefit Trust
Dumont Foundation
Leon Jaworski Foundation
Miami Children's Hospital Foundation
Nebraska Methodist Health System
San Francisco Opera Association
Santa Barbara Zoological Foundation
Scripps Research Foundation
Texas Presbyterian Foundation
William Hannon Foundation

Hospital/Health Care

The Cullen Trust for Health Care

Insurance

Dorchester Insurance Co., Ltd.
Topa Insurance

Public Funds & State Societies

Champaign Police
Chicago Transit Authority
City of Aurora Police
City of Deerfield Beach
City of North Miami
City of Sunrise Police
Elgin Police Pension Board
Rockford Police Pension Fund
The Maywood Police Pension Fund

Religious

First Presbyterian Society

Universities

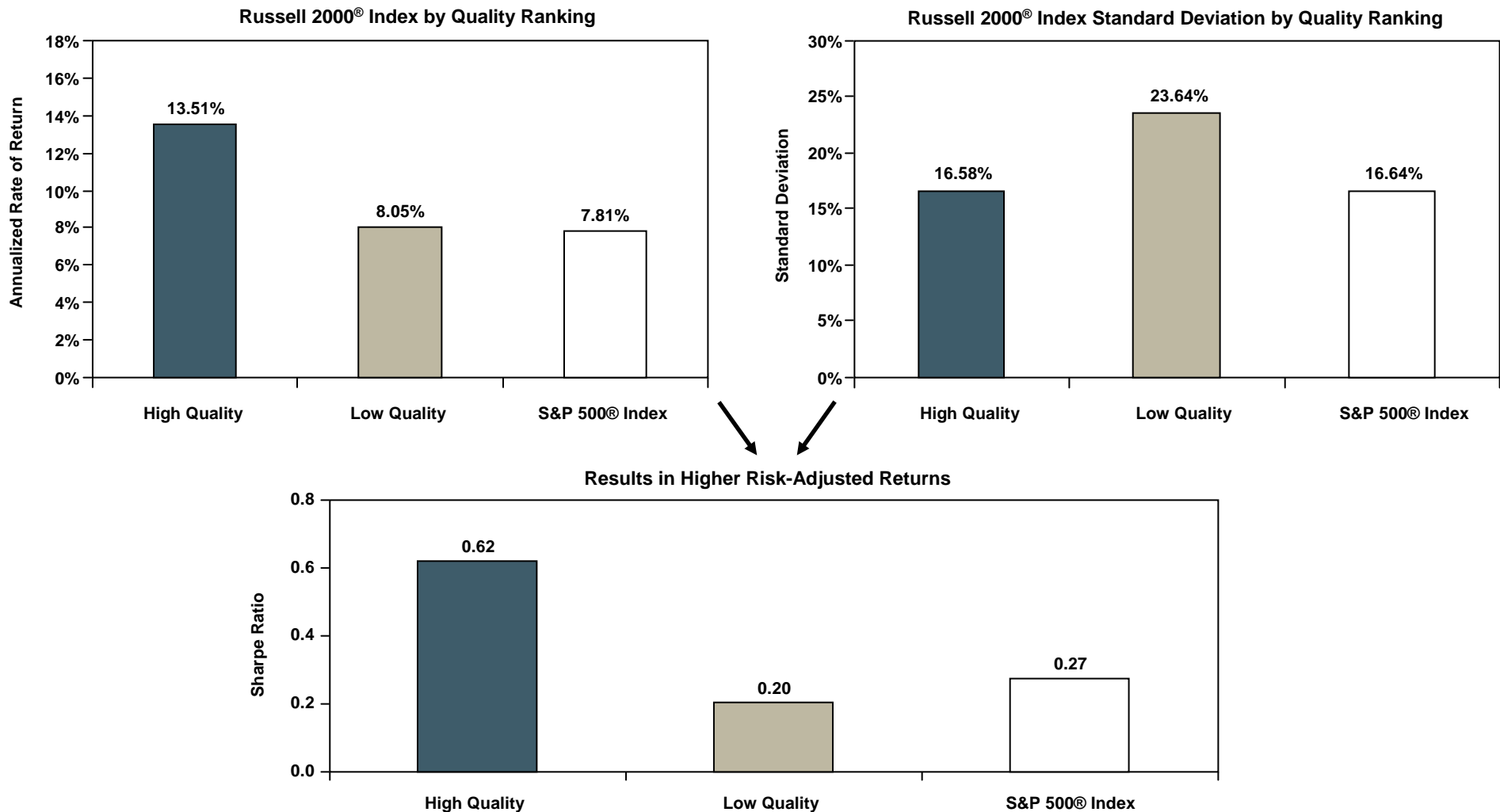
The Governors of the University of Alberta
Waynesburg University

The above is a partial list of representative clients whose names have been chosen based on their universal name recognition only. It is not known whether the client approves or disapproves of Kayne Anderson Rudnick Investment Management, LLC or the investment advisory services provided. This list is provided for informational purposes only. It does not constitute an endorsement or testimonial by these clients.



Validation of Quality

Higher Quality Outperformed With Less Risk
20 Years Ending December 31, 2011



Returns are annualized for the 20 years ending December 31, 2011. Data is obtained from FactSet Research Systems and is assumed to be reliable.

Past performance is no guarantee of future results.

S&P High Quality – Stocks in the Russell 2000® Index with an S&P quality ranking of B+ or higher.

S&P Low Quality – Stocks in the Russell 2000® Index with an S&P quality ranking of B or less.

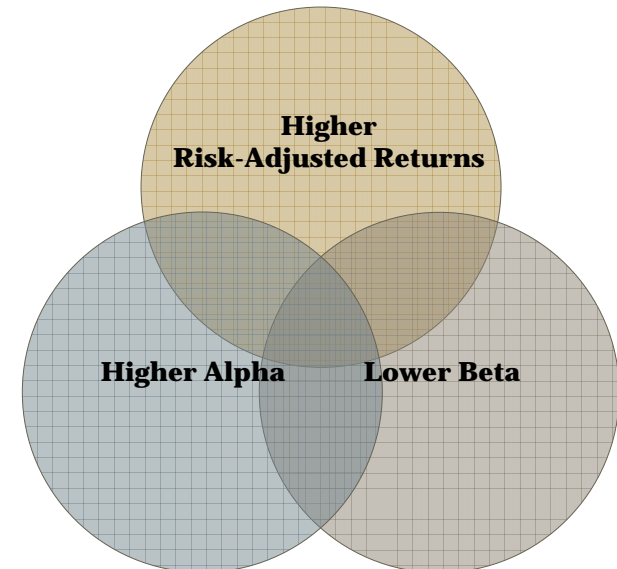
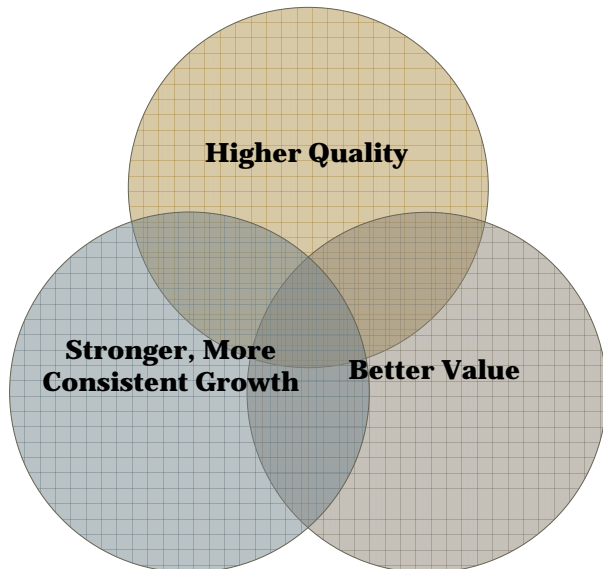
Investment Objectives

We believe that quality businesses that outgrow their markets and are purchased at discount valuations will lead to superior risk-adjusted returns over a full market cycle.

The “Next Generation of Blue Chips”
Quality at a Reasonable Price™



Small Cap Returns, S&P 500® Risk



How Are We Different?

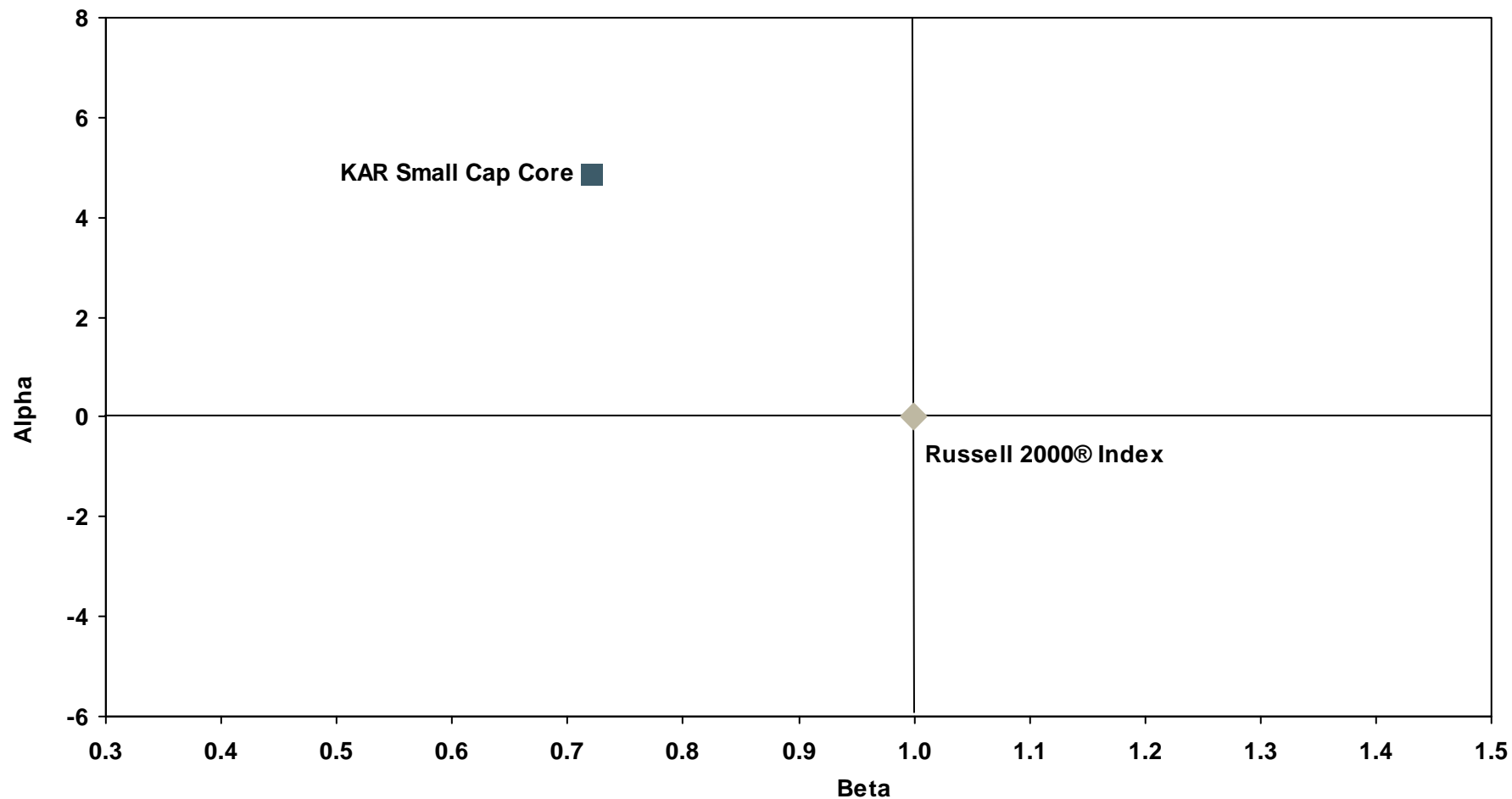
We Manage Risk and Generate Returns Differently

Investment Objective: Small Cap Returns, S&P 500® Risk	
RISK	
KAR Approach	Classic Approach
<ul style="list-style-type: none"> • 25-35 stock portfolio <ul style="list-style-type: none"> ▪ 3% to 8% positions in high-quality companies • Each company has: <ul style="list-style-type: none"> ▪ Minimal business risk ▪ Minimal balance sheet risk ▪ Minimal profit risk • 2 years of negative returns since 1992 <ul style="list-style-type: none"> ▪ 82% downside capture 	<ul style="list-style-type: none"> • 75 stock portfolio <ul style="list-style-type: none"> ▪ 1% to 2% positions • No stock can hurt more than 2% • 7 years of negative returns since 1992
RETURNS	
KAR Approach	Classic Approach
<ul style="list-style-type: none"> • Exceptional companies producing exceptional returns on capital • Buy at attractive price and let exceptional returns on capital drive exceptional growth and income over extended period of time • 36 to 60 months average holding period • Low frictional costs due to less trading • Inherent tax efficiency • 5% annual alpha (risk-adjusted excess return) 	<ul style="list-style-type: none"> • Average companies producing average return on capital • Buying cheap and selling dear required for above-average portfolio returns • 6 months average holding period • High frictional costs due to rapid trading • Poor tax efficiency due to short holding periods
Results: Strong Risk-Adjusted Returns with Higher Alpha and Lower Beta	

Data as of December 31, 2011. Past performance is no guarantee of future results. Statistics provided are calculated from the portfolio inception date of April 1, 1992.

Proof Statement

U.S. Small Cap Core Equity
Inception* to December 31, 2011



*April 1, 1992

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. For further details on the composite, please see the disclosure statement in this presentation. Past performance is no guarantee of future results. Data is obtained from FactSet Research Systems and is assumed to be reliable.

Source of Quality

U.S. Small Cap Core Equity
Competitive Advantage

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT



Network Effect: *Landstar System*

- With the largest network of independent sales agents and a large network of dedicated and non-dedicated truck capacity, Landstar is able to add value for their shipping customers by lowering their cost and for their capacity providers through access to more freight



Low-Cost Producer: *POOLCORP*

- 192 service centers in 36 states distribute 60,000 pool supplies to 47,000 customers



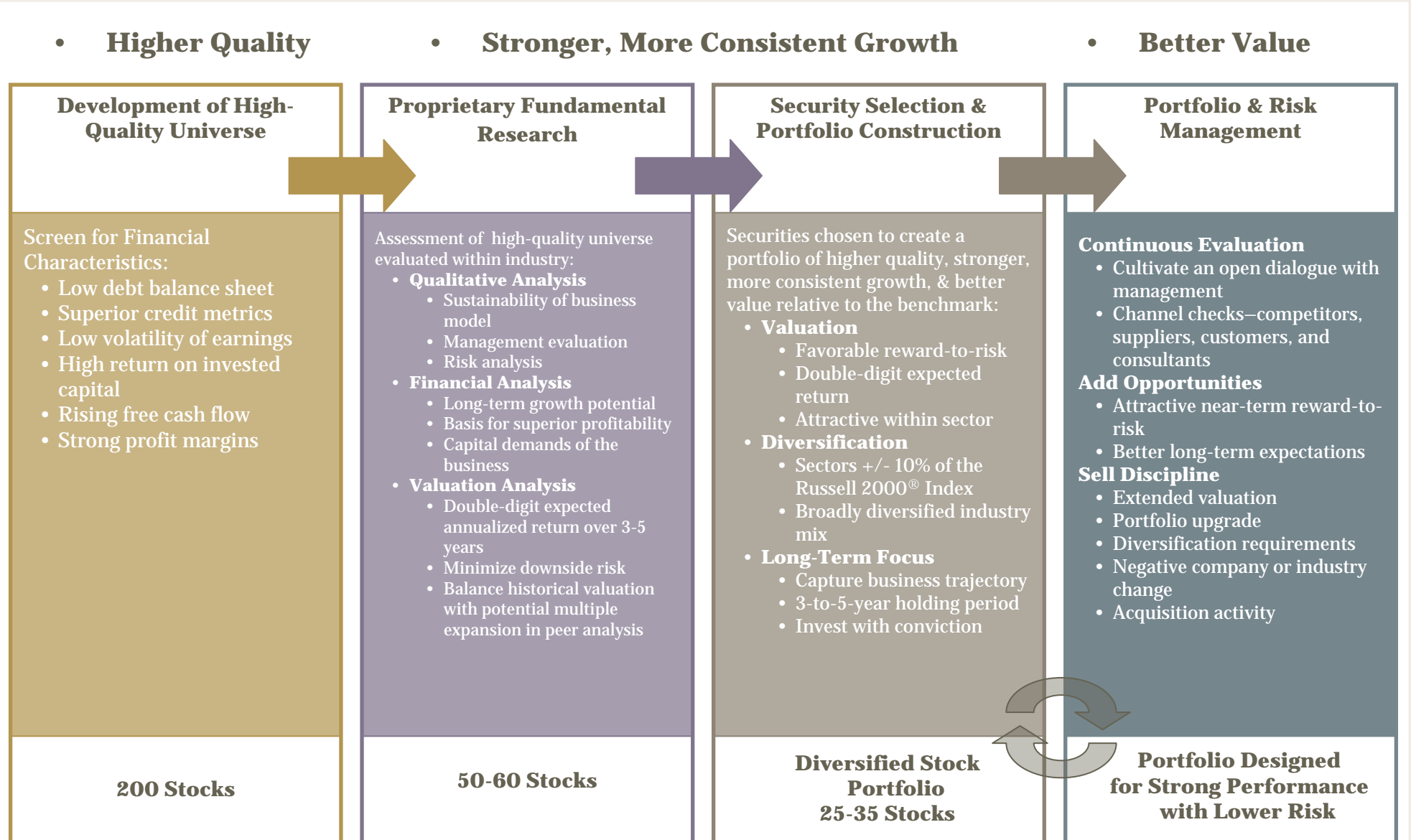
Niche Dominance: *Blackbaud*

- Leading provider of software designed specifically for non-profit organizations to help them operate more efficiently and maximize fundraising campaigns

The securities presented on this page are chosen based upon objective criteria. Companies are chosen to exemplify diversification. We typically select companies that operate in large, vast industries, but have overwhelming market share for their particular niches. All information is provided for informational purposes only and should not be deemed as a recommendation to purchase the securities mentioned. It should not be assumed that securities recommended in the future will be profitable. A complete list of portfolio holdings and specific securities transactions for the preceding 12 months is available upon request. Holdings are subject to change.

Investment Process

Discovering Quality



Extended Valuation

- Significant premium to intrinsic value
- Expected annual return provides insufficient equity risk premium

Portfolio Upgrade

- Enhance quality characteristics
- Accelerate growth profile
- Improve value metrics

Diversification Requirements

- Rebalance within sector controls
- Improve industry mix

Negative Company or Industry Changes

- Position review research report written for any of the following conditions:
 - Stock price declines 20% or more in a short time period absent a broad market decline
 - Validity deteriorates for one or more of the reasons for purchase
 - Credit-quality profile deteriorates
- Quality parameters reviewed by the Chief Investment Officer with the Portfolio Managers

Acquisition Activity

- Our holding acquired at an attractive premium
- Our holding acquires a company diminishing its business or value

Portfolio Characteristics

Higher Quality, Stronger, More Consistent Growth, & Better Value
U.S. Small Cap Core Equity — As of December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

	KAR Small Cap Core	Russell 2000® Index
Quality		
Return on Equity—Past 5 Years	20.7%	8.6%
Total Debt/EBITDA	0.5x	4.3x
Earnings Variance—Past 10 Years	22.4%	91.7%
S&P Stock Ranking (A+, A, A-, B+)	66.5%	20.1%
Growth		
Earnings Per Share Growth—Past 5 Years	8.5%	3.7%
Earnings Per Share Growth—Past 10 Years	12.5%	7.1%
Dividend Per Share Growth—Past 5 Years	11.7%	0.4%
Dividend Per Share Growth—Past 10 Years	19.2%	4.4%
Capital Generation—{ROE x (1-Payout)}	15.2%	7.3%
Value		
P/E Ratio—Trailing 12 Months	19.9x	23.0x
Dividend Yield	1.1%	1.5%
Free Cash Flow Yield [‡]	4.6%	0.9%
Market Characteristics		
\$ Weighted Average Market Cap—4 Qtr. Average	\$2.2 B	\$1.3 B
Largest Market Cap—4 Qtr. Average	\$4.9 B	\$3.9 B
Annualized Standard Deviation—Since Inception*	16.9%	21.2%

In a market of commodity businesses, we own protected proprietary businesses that generate exceptional returns on shareholders' capital without employing significant debt.

In a market of cyclical businesses requiring growth capital from fickle markets, we own companies producing self-funded strong, consistent growth sustainable into the future.

And we are able to get this high quality and strong growth at a discount valuation to the market.

*April 1, 1992

[‡]Description reflects past results and is not an indicator of future performance results.

[‡]Free cash flow data is as of September 30, 2011. Prices are as of December 31, 2011. Excludes financials.

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation.

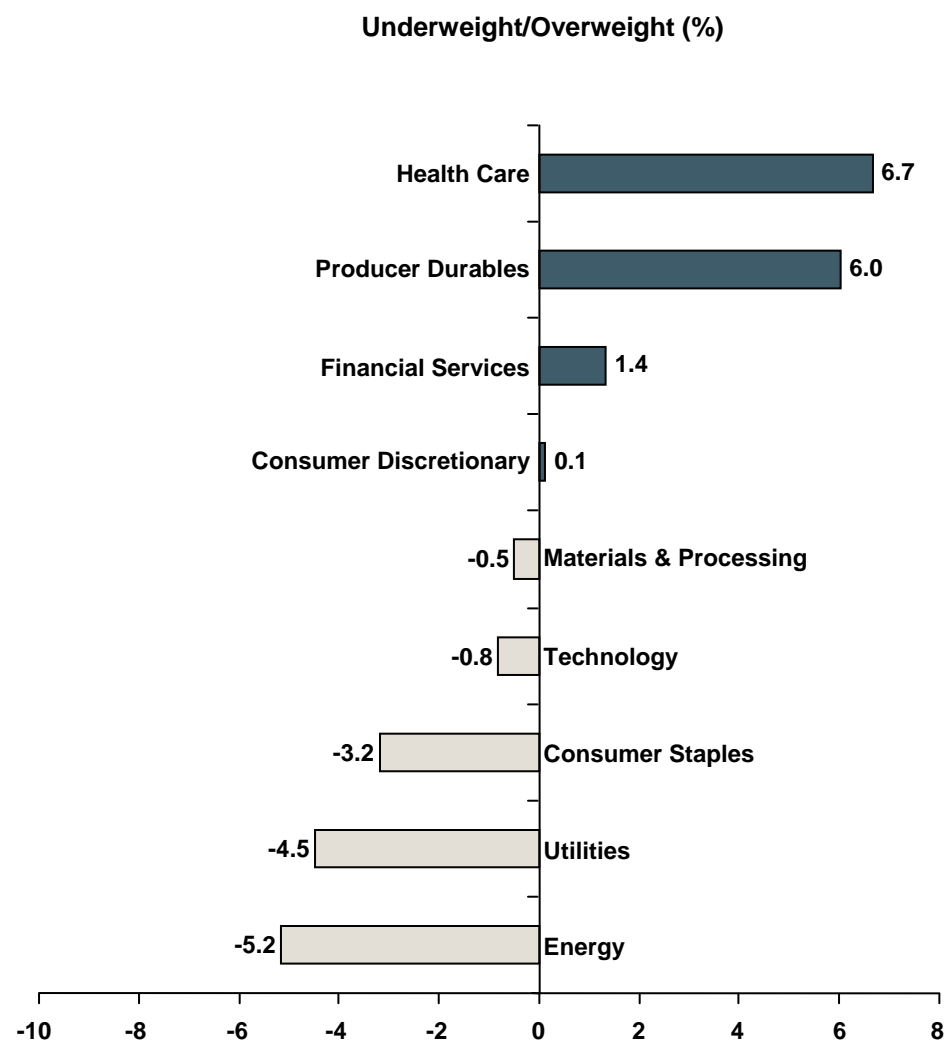
Data is obtained from Bloomberg, FactSet Research Systems, and a major consulting firm and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics. Estimates are based on certain assumptions and historical information.

Sector Weights

U.S. Small Cap Core Equity

As of December 31, 2011

	Portfolio (%)	Russell 2000® Index (%)
Health Care	19.4	12.7
Producer Durables	20.1	14.1
Financial Services	24.6	23.2
Consumer Discretionary	14.4	14.3
Materials & Processing	6.3	6.8
Technology	13.9	14.7
Consumer Staples	—	3.2
Utilities	—	4.5
Energy	1.3	6.5



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Data is obtained from FactSet Research Systems and is assumed to be reliable. A complete list of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Portfolio holdings are subject to change. The sector information represented above is based on Russell sector classifications.

Conviction-Driven Investing Provides Opportunities for Excess Return

U.S. Small Cap Core Equity — As of December 31, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

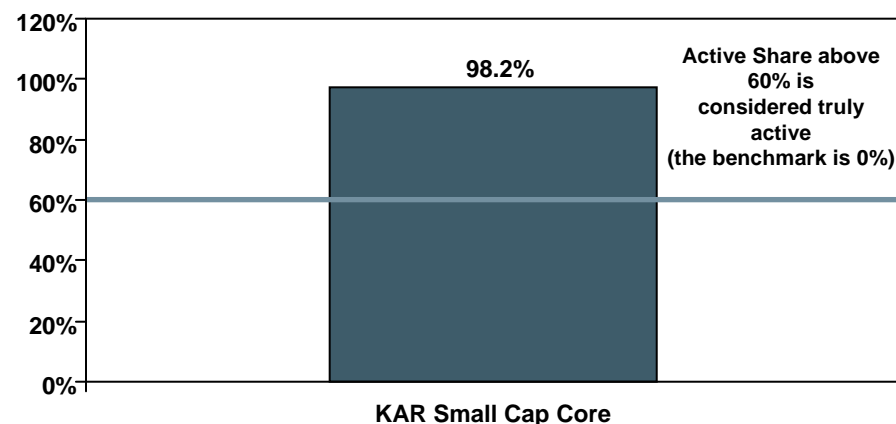
Research confidence leads to large active weights

Top 10 Holdings	Russell Sector	% of Portfolio
Copart	Producer Durables	6.2
POOLCORP	Consumer Discretionary	5.9
ANSYS	Technology	5.8
Jack Henry & Associates	Financial Services	5.5
Tempur-Pedic International	Consumer Discretionary	5.5
Cohen & Steers	Financial Services	5.2
Techne	Health Care	4.9
Brown & Brown	Financial Services	4.6
Haemonetics	Health Care	4.3
Exponent	Producer Durables	4.3

The strategy benefits from diversification while still taking significant active positions

	KAR Small Cap Core	Russell 2000® Index
# of Holdings	27	1966
Average Position Size (%)	3.7	0.1
Weight of Top Ten Holdings (%)	52.2	2.8

Investment research drives portfolio construction, which results in high active share



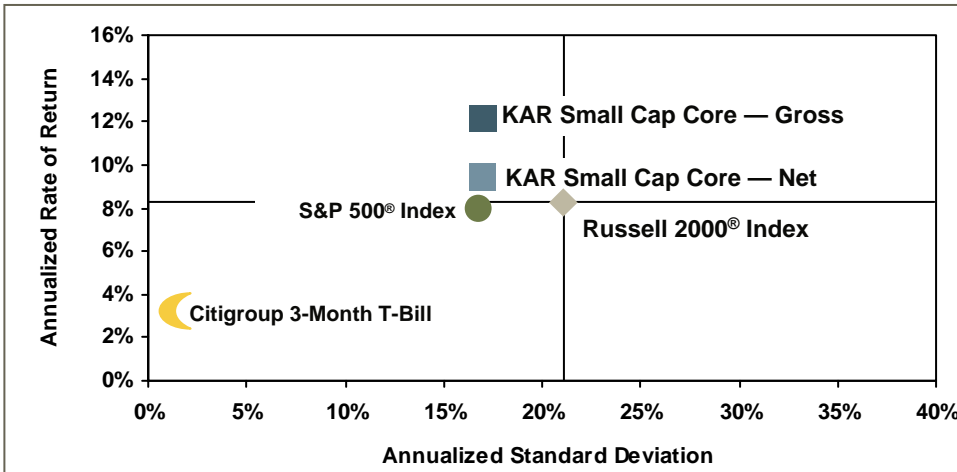
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Strong Risk-Adjusted Returns Driven by Strong Stock Selection

U.S. Small Cap Core Equity — Periods Ending December 31, 2011

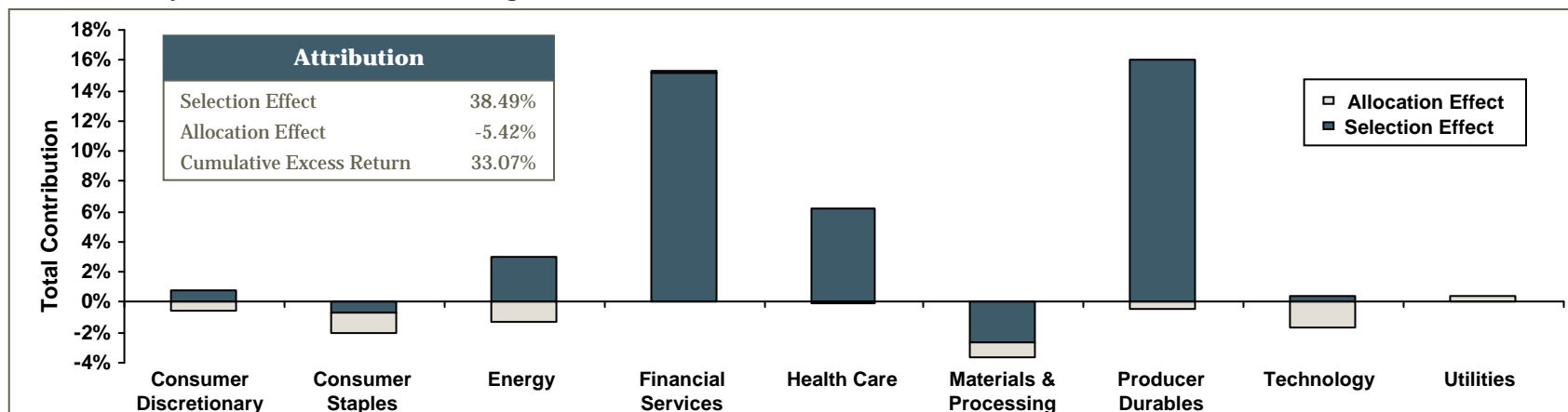
Meaningful Returns with Lower Volatility Annualized Since Inception*



Strong Risk-Adjusted Performance Metrics Annualized Since Inception*

Summary Statistics	KAR Small Cap Core	Russell 2000® Index
Alpha	4.85	0.00
Sharpe Ratio	0.53	0.24
Standard Deviation	16.94	21.15
Semi-Standard Deviation	12.55	15.60
Beta	0.72	1.00
Tracking Error	9.26	0.00

Attribution by Sector — Five Years Ending December 31, 2011



*April 1, 1992

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation. Returns for the Kayne Anderson Rudnick composite are gross of fees. For further details on the composite, please see the disclosure statement in this presentation. Past performance is no guarantee of future results. Data is obtained from FactSet Research Systems and is assumed to be reliable.

Returns

U.S. Small Cap Core Equity

Annualized Performance

Periods Ending 12/31/11	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
1 Year	9.46	7.28	-4.18	1364
3 Years	21.66	19.47	15.63	603
5 Years	5.96	4.14	0.15	581
7 Years	7.27	5.28	3.20	407
10 Years	8.89	6.51	5.62	327
Since Inception*	12.17	9.31	8.24	393

Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return (bps)
2011	9.46	7.28	-4.18	1364
2010	24.83	22.52	26.85	-202
2009	31.80	29.72	27.17	463
2008	-28.15	-29.36	-33.79	564
2007	3.25	1.71	-1.57	482
2006	13.46	11.87	18.37	-491
2005	7.87	4.63	4.55	332
2004	23.07	19.42	18.33	474
2003	35.02	31.19	47.25	-1223
2002	-13.73	-16.34	-20.48	675
2001	6.82	3.74	2.49	433
2000	20.98	17.42	-3.02	2400
1999	7.02	3.93	21.26	-1424
1998	20.98	17.42	-2.55	2353
1997	21.00	17.45	22.36	-136
1996	26.98	23.22	16.49	1049
1995	18.57	15.07	28.44	-987
1994	2.75	-0.26	-1.82	457
1993	20.00	16.54	18.90	110
1992†	9.65	7.25	10.16	-51

*April 1, 1992.

†Performance for 1992 is for nine months only.

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation.

All periods less than one year are total returns and are not annualized. Returns for the Kayne Anderson Rudnick composite are preliminary.

For further details on the composite, please see the disclosure statement in this presentation. Past performance is no guarantee of future results.

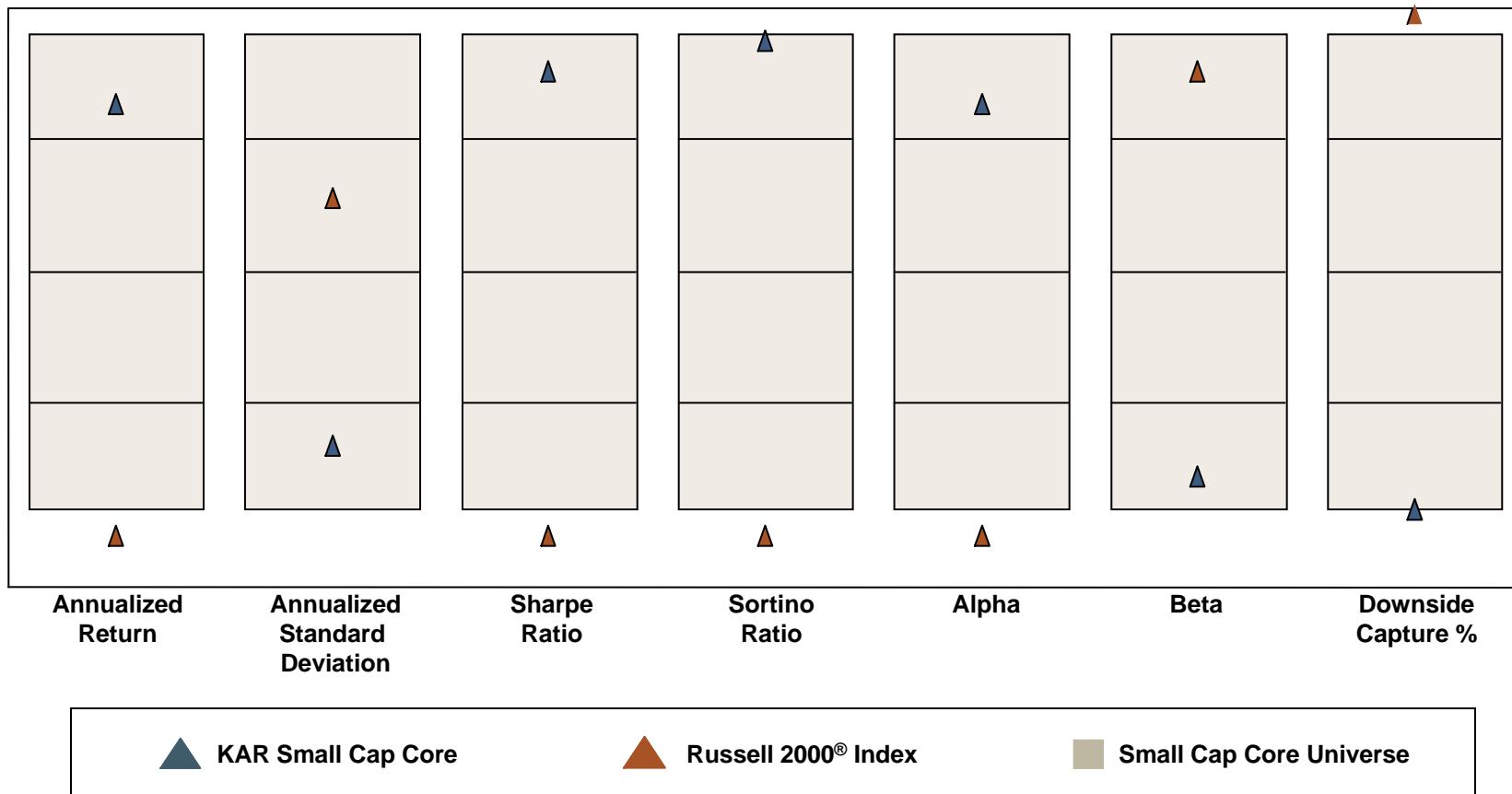
Small Cap Core Universe

U.S. Small Cap Core Equity

Inception* to September 30, 2011

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT



*April 1, 1992

This material is deemed supplemental and complements the performance and disclosure at the end of this presentation.

Returns for the Kayne Anderson Rudnick Small Cap Core composite are gross of fees. For further details on the composite, please see the disclosure statement in this presentation. Past performance is no guarantee of future results. Management fees are described in Part II of our form ADV, which is available upon request. Gross annual returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Net annual returns have been calculated after the deduction of an assumed maximum annual fee of 3%. The effect of fees on performance would grow at a compounded rate. Over a five-year period, if a \$100,000 portfolio had an annual return of 10%, it would grow to \$161,051. The net compounded effect of a 3% annual investment management fee would total \$20,796 and result in a portfolio value of \$140,255.

- Consistent philosophy, approach, and team since inception
- Exclusive focus on high quality
- Highly disciplined fundamental research process
- Portfolios structured for higher quality, stronger, more consistent growth, and better value
- Historically strong performance

The Small Cap Core Portfolio is also available as a mutual fund. We are the sub-advisor to the Virtus Small-Cap Core Fund — PKSAX (A-Shares); PKSBX (B-Shares); PKSCX (C-Shares). For more information on this fund, please visit www.virtus.com.

Biographies

Executive Management



Robert A. Schwarzkopf, CFA, is Chief Investment Officer, a Portfolio Manager for the Small and Mid Cap Equity Portfolios, and a member of the Executive Management Committee. He has approximately 30 years of equity research experience. Before joining Kayne Anderson Rudnick in 1991, Mr. Schwarzkopf was a member of the Investment Policy Committee at the Pilgrim Group of Mutual Funds and Portfolio Manager for Pilgrim Regional Bankshares. He earned a B.S. and an M.S. in Mathematics from the University of Miami. Mr. Schwarzkopf is a Chartered Financial Analyst charterholder and a member of the CFA Society of Los Angeles, Inc.



Stephen A. Rigali, CFA, is Executive Vice President and a member of the Executive Management Committee. He has approximately 30 years of experience in the investment management industry. Before joining Kayne Anderson Rudnick in 1991, Mr. Rigali was a Vice President at Shearson Lehman Brothers. Mr. Rigali earned a B.S. in Business and Economics from Loyola Marymount University. He is a Chartered Financial Analyst charterholder and a member of the CFA Society of Los Angeles, Inc.



Jeannine G. Vanian is Chief Operating Officer and a member of the Executive Management Committee. Ms. Vanian has approximately 24 years of experience in the investment management industry, including 22 years with Kayne Anderson Rudnick. Ms. Vanian attended The American University in Cairo, Egypt.

Biographies

Small and Mid Cap Team



Robert A. Schwarzkopf, CFA, is Chief Investment Officer, a Portfolio Manager for the Small and Mid Cap Equity Portfolios, and a member of the Executive Management Committee. He has approximately 30 years of equity research experience. Before joining Kayne Anderson Rudnick in 1991, Mr. Schwarzkopf was a member of the Investment Policy Committee at the Pilgrim Group of Mutual Funds and Portfolio Manager for Pilgrim Regional Bankshares. He earned a B.S. and an M.S. in Mathematics from the University of Miami. Mr. Schwarzkopf is a Chartered Financial Analyst charterholder and a member of the CFA Society of Los Angeles, Inc.



Doug Foreman, CFA, is Director of Equities with primary responsibilities for evolving all aspects of the equity investment process, including the research tools used by the equity team, and for overseeing product development. He has approximately 25 years of investment experience. Before joining Kayne Anderson Rudnick in 2011, Mr. Foreman was Director of Equities at HighMark Capital Management and before that he was Group Managing Director and Chief Investment Officer of U.S. equities at Trust Company of the West (TCW). He earned a B.S. in marine engineering from The U.S. Naval Academy and an M.B.A. with a concentration in finance from Harvard University. Mr. Foreman is a Chartered Financial Analyst charterholder.



Todd Beiley, CFA, is a Portfolio Manager and a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization consumer and health-care sectors. Before joining Kayne Anderson Rudnick in 2002, he worked as an Associate Analyst in equity research at Prudential Securities and before that was an Equity Research Associate at RNC Capital Management. He has approximately 12 years of equity research experience. Mr. Beiley earned a B.S. in Finance from Northern Arizona University and an M.B.A. from the University of Southern California. Mr. Beiley is a Chartered Financial Analyst charterholder.



Jon K. Christensen, CFA, is a Portfolio Manager and a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization materials & processing sector. Before joining Kayne Anderson Rudnick in 2001, Mr. Christensen was a Portfolio Manager and Senior Research Analyst for Doheny Asset Management and has approximately 16 years of equity research experience. He earned a B.S. in Mathematics/Applied Science from the University of California, Los Angeles, and an M.B.A. from the California State University, Long Beach. Mr. Christensen is a Chartered Financial Analyst charterholder.

Biographies

Small and Mid Cap Team



Julie Kutasov is a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization financials and producer-durables sectors. Before joining Kayne Anderson Rudnick in 2001, she worked at Goldman Sachs in a program focused on investment management for high-net worth individuals and at Arthur Andersen as a Senior Associate leading teams that provided financial-audit and business-advisory services to a variety of clients in service-related industries. Ms. Kutasov holds a Certified Public Accountant license (currently inactive) in the state of California. She has approximately 10 years of equity research experience. Ms. Kutasov earned a B.A. in Business Economics from the University of California, Los Angeles, where she graduated summa cum laude, and an M.B.A. from Harvard Business School.



Craig Stone is a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization energy and producer-durables sectors. He has approximately 22 years of equity research experience. Before joining Kayne Anderson Rudnick in 2000, Mr. Stone was a Portfolio Manager at Doheny Asset Management. He earned a B.S. in International Business from San Francisco State University and an M.B.A. from the University of Southern California.



Craig Thrasher, CFA, is a Senior Research Analyst with primary research responsibilities for the small and mid-capitalization financials sector. Before joining Kayne Anderson Rudnick in 2008, Mr. Thrasher worked at Kirr, Marbach & Company as an Equity Analyst and at Wedbush Morgan Securities in correspondent credit. He has approximately six years of equity research experience. Mr. Thrasher earned a B.S. in Business and Public Administration, concentration in Finance, from the University of Arizona, and an M.B.A. from the University of Chicago, Graduate School of Business. Mr. Thrasher is a Chartered Financial Analyst charterholder.



Vi Tran, CFA, is a Research Analyst with primary research responsibilities for the energy, technology, and utilities sectors. Before joining Kayne Anderson Rudnick in 2011, Mr. Tran worked at Payden & Rygel as a Portfolio Analyst and at Bank of America as a Treasury Management Analyst. He has approximately two years of equity research experience. Mr. Tran earned a B.S. in Business Administration from the University of Southern California and an M.B.A. from Columbia Business School, where he was selected for the Value Investing Program. Mr. Tran is a Chartered Financial Analyst charterholder.



Chris Wright, CFA, is a Research Analyst with primary research responsibilities for the consumer sectors. Before joining Kayne Anderson Rudnick in 2011, Mr. Wright worked at Alvarez & Marsal as a Senior Associate in Turnarounds and Restructuring, Trust Company of the West as a summer Analyst in Equity Research, and at Houlihan Lokey Howard & Zukin as an Associate in the Investment Banking Financial Institutions Group. He has approximately one year of equity research experience. Mr. Wright earned a B.S.E., concentration in Finance, from the Wharton School at the University of Pennsylvania and an M.B.A. from the University of California, Los Angeles where he was selected for the Student Investment Fund. Mr. Wright is a Chartered Financial Analyst charterholder.

Disclosure

U.S. Small Cap Core Equity

KAYNE ANDERSON RUDNICK

INVESTMENT MANAGEMENT

Kayne Anderson Rudnick Investment Management, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

Kayne Anderson Rudnick Investment Management, LLC, a wholly owned subsidiary of Virtus Investment Partners, Ltd., is a registered investment advisor under the Investment Advisers Act of 1940. Kayne Anderson Rudnick Investment Management, LLC manages a variety of equity and fixed-income strategies focusing exclusively on securities the firm defines as high quality.

The composite is defined as all fully discretionary, wrap fee Small Cap Core portfolios (including cash) under management for at least one full quarter. Small Cap Core portfolios are invested in equity securities with market capitalizations consistent with the Russell 2000® Index, that have market control, rising free cash flow, shareholder oriented management, strong consistent profit growth, and low debt balance sheets. The minimum account size for this composite is \$100,000. For comparison purposes, the composite is measured against the Russell 2000® Index. The Russell 2000® Index is a market capitalization-weighted index of the 2,000 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total-return basis with dividends reinvested. Benchmark returns are not covered by the report of the independent verifiers. The composite was created in October 1995. The firm maintains a complete list and description of composites, which is available upon request.

Accounts that experience a significant cash flow, defined as aggregate flows that exceed 25% of the beginning of period market value, are removed from the composite for the quarter the significant cash flow occurs. The account remains excluded until it has been invested without further significant cash flows for one full calendar quarter. Additional information regarding the firm's policies and procedures for calculating and reporting performance and for the treatment of significant cash flows is available upon request.

For periods prior to October 1, 1995, the composite calculations have been linked to the firm's Small Cap Core actual historical non-wrap fee composite performance. The minimum account size for the Small Cap Core non-wrap fee composite was \$250,000. Beginning on October 1, 1995, only eligible wrap fee portfolios are included in composite results.

The standard wrap fee schedule in effect is 3.00% on total assets. Actual management fees charged may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may be found in Part IIA of Form ADV, which is available on request. The performance information is supplied for reference. Past performance is no guarantee of future results. Results will vary among accounts. The U.S. dollar is the currency used to express performance. Performance results include the reinvestment of all income. As of October 1, 1995, pure gross returns do not reflect the deduction of any expenses, including trading costs. From April 1, 1992 to December 31, 2005, net annual returns are calculated after the deduction of an assumed maximum annual wrap fee of 3%. Beginning January 1, 2006, net annual returns are calculated using actual fees incurred. If no fee data is provided by wrap sponsors, the maximum annual wrap fee of 3% is used to calculate net of fee performance. The historical non-wrap fee composite gross annual performance, as presented, is after commissions on portfolio transactions, which under a wrap fee agreement are included in such wrap fees. Wrap fees include all charges for trading costs, portfolio management, custody, and other administrative expenses.

If applicable, the annual standard deviation presented is an asset-weighted calculation of performance dispersion for accounts in the composite for the entire year.

Year	Total Firm Assets (\$ Millions)	Total Composite Assets (\$ Millions)	Wrap Accounts as % of Composite Assets	Accounts at Year End	Pure Gross Annual Return (%)*	Net Annual Return (%)	Russell 2000® Index Annual Return (%)	Annual Standard Deviation (%)
2002	8,612	7	100%	7	(13.73)	(16.34)	(20.48)	0.58
2003	10,262	4	100%	Less than 5	35.02	31.19	47.25	N/A
2004	10,320	30	100%	16	23.07	19.42	18.33	N/A
2005	8,533	79	100%	34	7.87	4.63	4.55	0.40
2006	6,523	1,011	100%	51	13.46	11.87	18.37	0.46
2007	5,392	847	100%	39	3.25	1.71	(1.57)	0.21
2008	3,445	469	100%	49	(28.15)	(29.36)	(33.79)	0.42
2009	4,010	565	100%	54	31.80	29.72	27.17	0.71
2010	4,729	659	100%	67	24.83	22.52	26.85	0.71
2011	5,505	184†	100%	61	9.46	7.28	-4.18	0.41

*Beginning October 1, 1995, pure gross returns are supplemental to net returns.

†Data is preliminary pending subadvisory data.

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