

Private Market Value Equity – Fourth Quarter 2010 Performance Update

	Q4	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Reinhart Private Market Value	11.63	24.59	7.38	8.44	8.93
Russell Mid Cap Value	12.24	24.75	1.01	4.08	8.07
Russell Mid Cap	13.07	25.48	1.05	4.66	6.54
S&P 500	10.76	15.07	-2.85	2.29	1.41

MANAGER COMMENTARY

The U.S. equity market enjoyed another strong performance in the fourth quarter of 2010, as corporate earnings improved and the Fed continued its track of monetary easing. Reinhart's Midcap Private Market Value strategy participated in this rally, gaining +11.6% during the fourth quarter, only slightly behind the +12.2% gain for the Russell Midcap Value Index. Although performance was in-line in almost every sector, we did lag about 60bps due to our overweight within energy, where surging oil prices drove equity returns higher.

For the year, we are happy to report a gain of +24.6%, consistent with the Russell Midcap Value Index (which was up +24.75% in 2010). The portfolio captured over 99% of the upside in a very strong market, despite having a lower risk / higher quality profile throughout the year. We were able to deliver solid returns to our clients through excellent stock selection within health care, technology, and material stocks. We were also diligent in our research process to avoid problem companies, with only two stocks in the portfolio down more than 10% during 2010. On the flip-side, our conservative approach only generated two stocks that were up more than 50%, revealing the underlying strength and breadth of gains throughout the portfolio. The companies we own are executing well and successfully utilizing their competitive advantages to gain market share and improve margins in the midst of an unsettled U.S. economy.

Looking forward, we remain overweight business services and health care, where valuations are attractive. In addition, we utilized the recent worries about an inventory correction within the PC and wireless end-markets to purchase several new positions within the technology sector during Q4. As always, we are monitoring and researching the best companies, waiting for the right time to invest our clients' capital with a favorable risk/reward profile. We also recently trimmed back several positions on strong gains, and realize the upside potential within equities has diminished somewhat given valuations. In fact, the average discount of our holdings within the PMV portfolio is now at 18%. Although this level is still neutral, it does suggest caution is in order.

We continue to see a growing trend in merger & acquisition activity, which increased over 25% in the U.S. during 2010. The drivers of this activity include low interest rates, the desire of corporations to boost top-line growth in a challenging economy, and high levels of corporate cash on the sidelines. As a result, we expect M&A activity to continue accelerating during 2011. This trend should serve as a tail-wind for mid and small cap equities where buy-outs are more common. This should only enhance our relative returns, which already rank in the top decile on both a trailing 3 & 5 year basis (compared to all midcap value managers within the Morningstar database). Understanding private valuations and the impact on equities has always been a core strength of Reinhart, and we believe this competency will serve our clients well in the months and years to come.

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 26 portfolios with total assets of \$222 million. This represents approximately 7% of total firm assets. This composite includes all fully discretionary, fee-paying, non-wrap-fee, 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%; 2010=23.93%. 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; 2010=0.45. Results represent past performance and do not guarantee future results. 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.