

# US Small Mid Cap Opportunistic Value Equity Management

Third Quarter 2008

## Strategy Overview

### Key Facts

**Assets Under Management**  
\$179 million

**Benchmark**  
Russell 2000 Index

**Inception**  
October 1996

**Investment Vehicles**  
Separate Account, Commingled Vehicle

### Key Stats & Risk Management

Typical Holdings 80-110  
Targeted Alpha 4-6%  
Tracking Error 4-8%

### Team

David A. Daglio, CFA, Lead Manager, Mark P. Dishop, CFA, Portfolio Manager and 6 dedicated research analysts. The team manages \$2.5 billion in total assets.

### Objective

US Small Mid Cap Opportunistic Value Equity seeks to outperform the Russell 2000 Index over a long-term investment horizon.

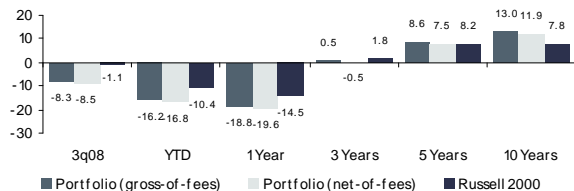
### Strategy Highlights

- High alpha goal balanced by valuation sensitivity. Price relationship to Intrinsic Value drives our purchase and sale decisions. We seek to invest in stocks with high appreciation potential, but only where estimated risk is within an acceptable level.
- Independent thinking seeks to create early mover advantage. Our non consensus, sometimes contrarian view enables the ability to invest "ahead of the crowd" and capture the first stages of capital appreciation.
- Business momentum catalyst provides revaluation trigger. For each one of our holdings, disciplined fundamental analysis performed by our dedicated research team seeks to identify future developments likely to positively change the prospects and perception of the company.

## Performance Review

### Annualized Performance Results

(% as of 9/30/08)



### Annual Composite Performance

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Gross-of-Fees Return (%)	5.3	10.9	7.9	15.9	91.2	-40.4	31.4	11.6	29.9	-1.0
Net-of-Fees Return (%)	4.3	9.8	6.8	14.7	89.4	-41.0	30.1	10.5	28.6	-2.0
Russell 2000 (%)	-1.6	18.4	4.6	18.3	47.3	-20.5	2.5	-3.0	21.3	-2.6

## Quarterly Review

### Portfolio Characteristics

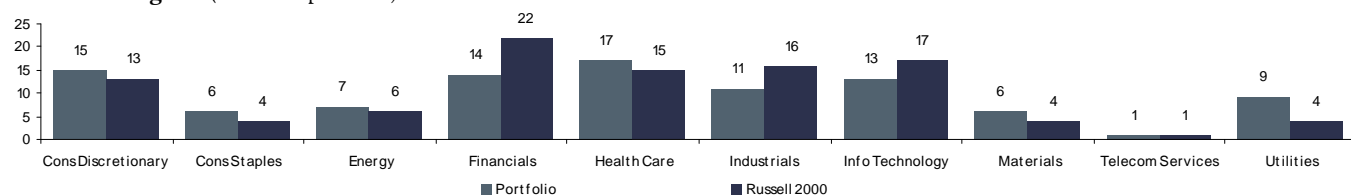
	Portfolio	Index
Price/Earnings Ratio (FY2)	11.9x	12.8x
Est. 3-5 Yr. EPS Growth Rate	13.1x	15.2x
Hist. 5 Year Avg. P/B	2.2x	2.3x
Price/Cash Flow	6.4x	7.6x
Price/Book Value Ratio	1.3x	1.7x
Price/Sales Ratio*	0.6x	0.8x
Weighted Avg. Market Cap	\$2.3B	\$1.0B

\*Weighted Harmonic Average

### Five Largest Holdings

Holding Name	Sector	Portfolio
Hanover Insurance Group	Financials	3.0
Portland General Electric	Utilities	3.0
MDS	Health Care	2.6
Temple-Inland	Materials	2.6
OfficeMax	Consumer Discretionary	2.4
<b>Total</b>		<b>13.6%</b>

### Sector Weights (as a % of portfolio)



All data is as of 9/30/08. Not an offer to sell, or a solicitation of an offer to purchase, any securities. Past performance is not a guarantee for future performance. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Please refer to the back page for other important disclosures.

# US Small Mid Cap Opportunistic Value Equity Management

## Disclosure

Period	Gross-of-Fees Return (%)	Net-of-Fees Return (%)	Russell 2000 Return (%)	Number of Portfolios (#)	Standard Deviation (%)	Total Composite Assets (\$mm)	Total Firm Assets (\$mm)
1998	-1.01	-2.00	-2.55	6	N/M	\$507	\$22,314
1999	29.89	28.63	21.26	8	0.49	\$881	\$24,119
2000	11.56	10.46	-3.03	12	1.01	\$1,081	\$28,939
2001	31.42	30.13	2.49	13	1.61	\$1,495	\$23,491
2002	-40.39	-41.01	-20.49	15	1.50	\$814	\$20,670
2003	91.22	89.42	47.25	13	0.91	\$1,414	\$34,300
2004	15.85	14.71	18.33	12	0.80	\$800	\$49,492
2005	7.89	6.82	4.55	7	0.81	\$316	\$59,997
2006	10.92	9.83	18.37	7	0.53	\$311	\$72,747
2007	5.34	4.30	-1.56	6	N/M	\$231	\$53,308

N/M = not meaningful

### Compliance Statement

The Boston Company Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®).

### Definition of the Firm

The firm is defined as The Boston Company Asset Management, LLC (TBCAM), a registered investment adviser established in 1970 and wholly-owned indirect subsidiary of The Bank of New York Mellon Corporation. Effective January 1, 2008, The Boston Company Asset Management LLC includes the following subsidiary, The Boston Company Asset Management NY, LLC. This Composite may also include assets managed by TBCAM personnel serving as dual officers of affiliated companies other than wrap accounts managed in a dual officer capacity. As of December 31, 2007, total firm assets were \$53.3 billion of which \$24.3 billion represented assets managed in a dual officer capacity. Assets under management represent discretionary and non-discretionary assets and exclude assets over which TBCAM monitors under a safekeeping rule.

### Composite Description

The US Small Mid Cap Opportunistic Value Equity Composite creation date is October 1, 1996. The Composite is composed of all fee-paying, discretionary accounts managed by TBCAM in this investment style. The US Small Mid Cap Opportunistic Value Equity Composite represents an equity strategy that primarily invests in small capitalization U.S. value companies. Small capitalization companies are those with a market capitalization within the same general range as the issuers included in the benchmark. The strategy can invest in American Depositary Receipts. Prior to March 1, 2007, the US Small Mid Cap Opportunistic Value Equity Composite was known as the Small/Midcap Opportunistic Value Equity Composite. Prior to March 31, 2006, the Composite was known as the Select Value Equity Composite.

Returns include realized and unrealized gains and losses plus income. The performance of the Composite is expressed in U.S. dollars and is net of withholding taxes on dividends and interest income where applicable. Additional information regarding policies for calculating and reporting returns is available upon request.

### Benchmark

The Composite's benchmark is the Russell 2000® Index. The benchmark is used for comparative purposes only and is not covered by the Report of Independent Accountants. The Russell 2000® Index is a benchmark of the small cap segment of the U.S. equity market and includes the 2,000 smallest companies in the Russell 3000® Index.

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To receive a complete list and description of TBCAM composites and/or a presentation that adheres to the GIPS standards, please contact [marketing@tbcam.com](mailto:marketing@tbcam.com).

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