



**Small-Cap Value  
Equity Presentation**

**The City of Cincinnati  
Employees Retirement Plan**

*Paul R. Black, President  
Sloane W. Payne, Portfolio Manager*

*June 6, 2008*

# Executive Summary

**Objective** *Manage volatility and add alpha* — Our goal is to control portfolio volatility while outperforming appropriate small-cap value benchmarks.

**Firm** *Independent* — Founded in 1976, WCM is 100% owned by active employees. The firm's principals and portfolio managers hold a significant portion of their personal savings in the firm and its investment strategies. Average experience for the firm's Investment Strategy Group members exceeds 25 years.

**Philosophy** *Small-cap value* — The small capitalization segment of the U.S. market contains thousands of under-followed and, in many cases, mispriced securities. We believe these pricing inefficiencies can be exploited through a systematic and disciplined process.

**Process** *Proven* — Our process begins with a series of quantitative screens to distill the most undervalued stocks within the small-cap universe. Only the most attractive 15% of all stocks are considered for additional analysis. We focus on establishing a margin of safety by identifying earnings persistence and balance sheet strength. We also look for catalysts which are likely to fuel significant price appreciation. Portfolios are sensibly diversified and sell disciplines are vigorously applied.

**Record** *Exceptional* — The strategy has substantially outperformed small-cap value benchmarks across a wide variety of market environments. For more than ten years since its inception, WCM's Small-Cap Value Strategy has returned 18.9% (net of fees) annualized versus 8.1% for the Russell 2000 Value Index.\*

**Assets** *Firmwide:* Approximately \$2.2 billion under management.\*  
*Small-cap value:* Approximately \$560 million under management.\*

\*As of March 31, 2008. Inception: January 1, 1998. Past performance is not indicative of future results. This supplemental information complements full disclosures at the end of the presentation.

# Company Culture Defines Success

“A balance sheet can’t reflect the value of a corporation’s culture, even though that culture can determine the difference between success and failure. We think that, more than any single reason, our culture is consistently the most important reason behind our ability to grow.”

— Peter J. Rose, Founder and CEO  
Expeditors International

“Culture isn’t just one aspect of the game; it is the game. In the end, our organization is nothing more than the collective capacity of its people to create value.”

— Lou Gerstner  
Former CEO, IBM

# Culture Drives Performance

Founded 1976, \$2.2 billion of assets under management

100% owned by current employees

Broad-based ownership structure

All investment professionals are compensated based on performance



# Representative Client List

Corpus Christi Fire Fighters' Retirement System  
Freeport Police Lake Forest Police  
Midland Firemen's Relief & Retirement Fund  
New Orleans Harbor Police  
Wichita Falls Firemen's Retirement Fund

American Airpower Heritage Foundation, Inc.  
Consuelo Zobel Alger Foundation  
Grand Rapids Community Foundation  
Herrick Foundation  
Kaweah Delta District Hospital  
Midland College Foundation Inc.  
Pennington Medical Foundation  
St. Thomas Health Services Fund

Aster Insurance, Ltd.  
Dex Media  
Preferred Professional Insurance Company  
Rockwell Collins, Inc  
State Street Global Advisors  
Veterans of Foreign Wars

Catholic Charities Endowment Fund  
Lutheran Foundation of St. Louis  
Sisters of the Holy Family of Nazareth  
United Methodist Foundation of Louisiana  
University of Dayton

As of 12/31/2007. This Representative Client List is a partial listing of clients that have authorized their name for such use. It is not known whether the listed clients approve or disapprove of WCM Investment Management or the advisory services provided.

# Small-Cap Value Philosophy

## Smaller Is Better

- Limited size preserves performance

## Simplicity and Discipline Win

- Quantitative approach yields robust results

## Momentum Matters

- Growth Managers are on to something

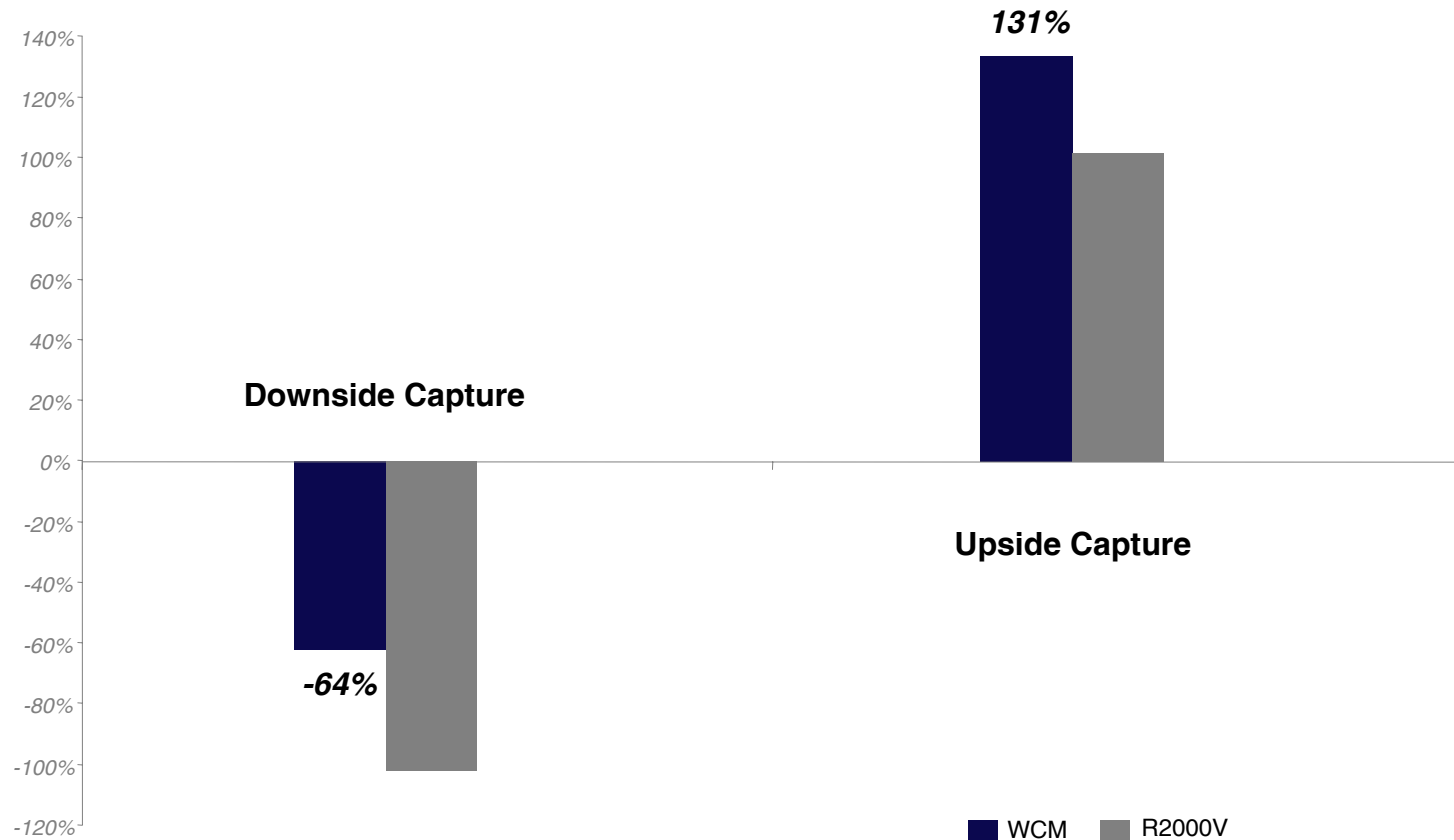
## Margin of Safety Prevails

- Focus on risk, returns follow



# Margin of Safety Prevails

10-year period ending March 31, 2008



Source: PSN. Performance calculated gross of fees, using quarterly returns. Past performance is not indicative of future results. This supplemental information complements full disclosures at the end of the presentation.



# Investment Process Summary

## STEP 1

### Quantitative Screens

Focus on the Most Undervalued 15% of Small Companies

## STEP 2

### Portfolio Weights

Emphasize Attractive Industries and Sectors

## STEP 3

### Relative Strength

Seek Stocks That Are Rising, Not Falling

## STEP 4

### Catalyst Search

Identify Catalysts to Drive Price Appreciation

## STEP 5

### Fundamental Analysis

Favor Simple Businesses with Strong Financials

## STEP 6

### Volatility Control

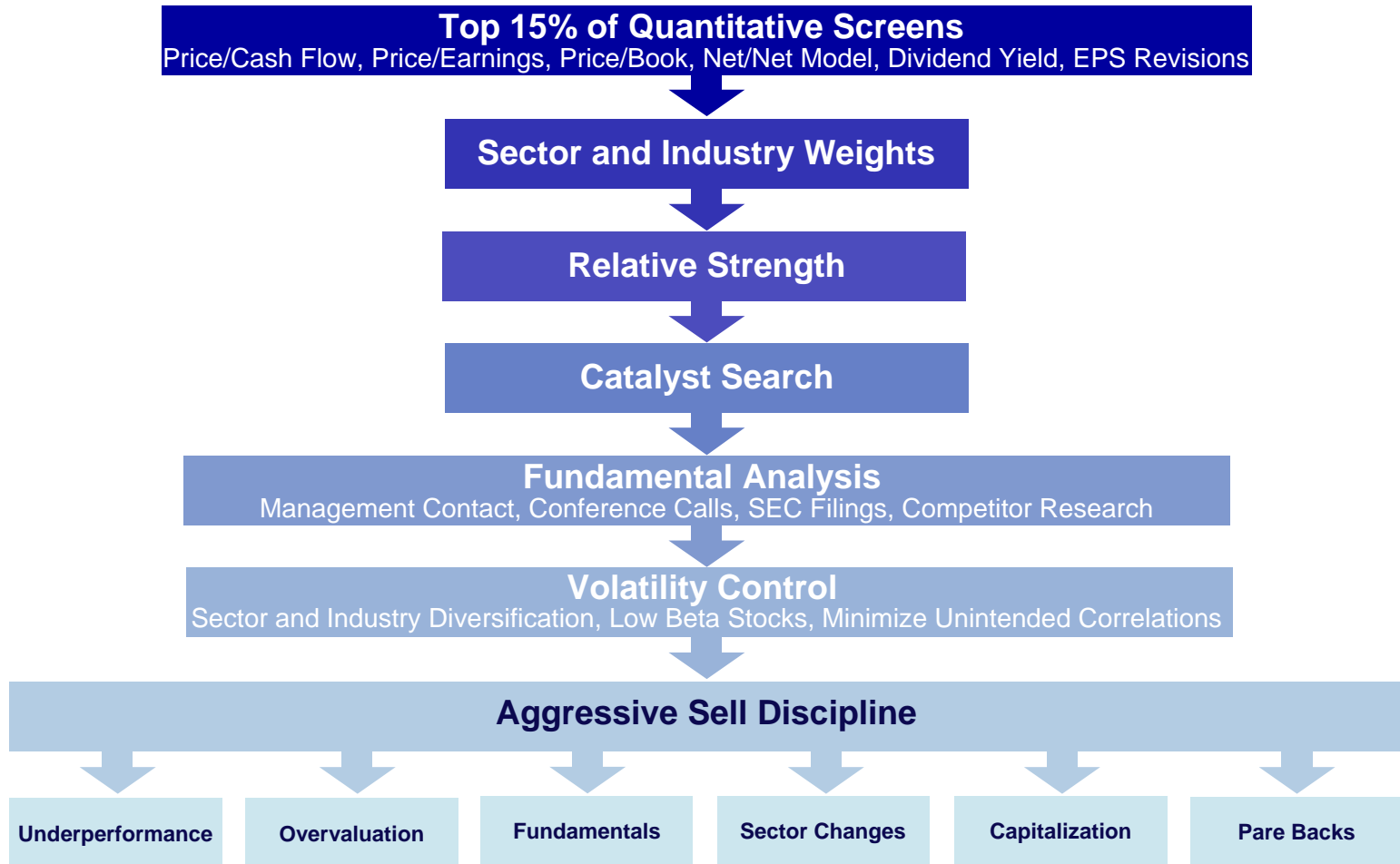
Diversify by Sector, Industry and Market Cap

## STEP 7

### Portfolio Monitoring

Adhere to Risk Control Guidelines and Vigorous Sell Disciplines

# Disciplined, Conservative Investment Process



# Sell Discipline

Company down significantly from purchase or recent highs

Company becomes overvalued

Fundamentals deteriorate

Industry or sector prospects change

Capitalization increases

Position grows too concentrated



# Portfolio Construction

Own 45 to 65 companies

Initial positions 1 – 2%

Maximum position size 7%

Maximum industry exposure 15%

Maximum sector exposure: lesser of 40% or 3X benchmark

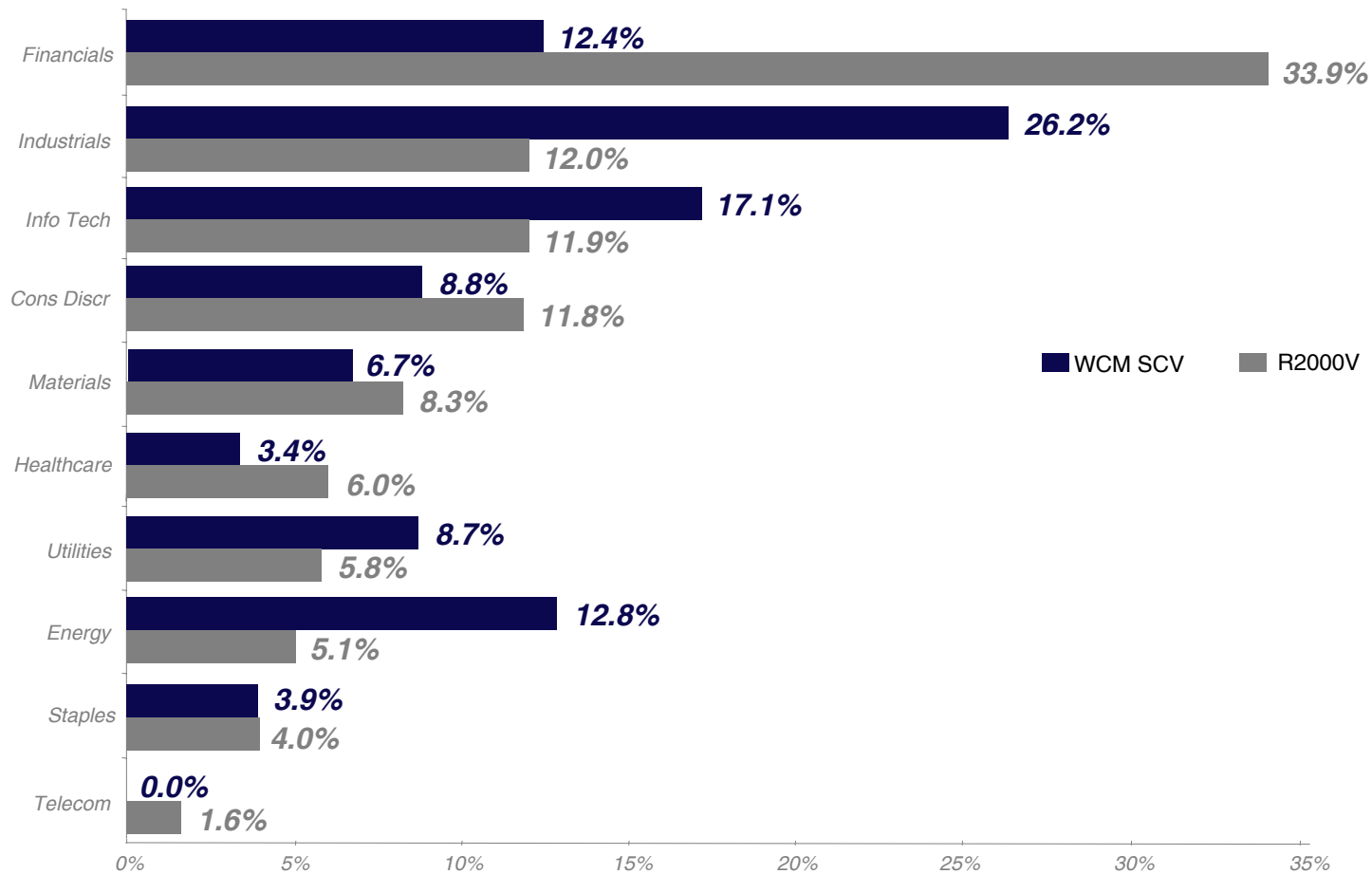
Cash – residual of investment process



# Portfolio Characteristics

## Sector Weights vs. Russell 2000 Value

As of March 31, 2008



Source: Thomson Baseline. Based on a representative portfolio. This supplemental information complements full disclosures at the end of the presentation.

# Portfolio Characteristics

## Top 10 Holdings

As of March 31, 2008

Name	Symbol	Weight
Tennant	TNC	3.9%
Sykes Enterprises	SYKE	3.7%
Aptar Group	ATR	3.0%
Otter Tail	OTTR	2.9%
Kennametal	KMT	2.8%
Snap-On	SNA	2.7%
Amcol	ACO	2.6%
Tsakos Energy Navigation	TNP	2.6%
The Buckle	BKE	2.6%
Horace Mann	HMN	2.5%
	<b>Total</b>	<b>29.19%</b>

This supplemental information complements full disclosures at the end of the presentation.



# Portfolio Characteristics

## Valuation and Market Cap

As of March 31, 2008

	<b>WCM</b>	<b>R2000V</b>
P/E Ratio (trailing 12 months)	14.0	15.0
P/B Ratio (trailing 12 months)	1.7	1.4
Dividend Yield	1.4	2.2
Weighted Average Market Cap (\$bil)	1.5	1.2
Median Market Cap (\$bil)	1.3	0.5

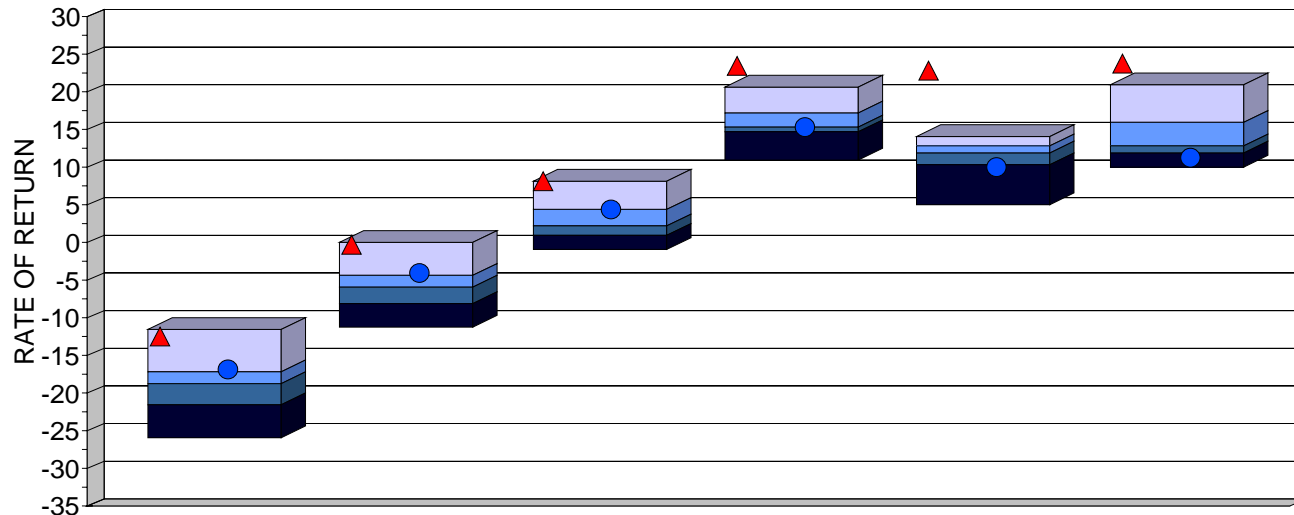
Source: Russell, Thomson Baseline. Based on a representative portfolio. This supplemental information complements full disclosures at the end of the presentation.



# Outperform Competition

## Quartile Ranking Analysis PSN

Pure Small-Cap Value universe periods ending March 31, 2008



	<u>3/2007-3/2008</u>	<u>3/2006-3/2008</u>	<u>3/2005-3/2008</u>	<u>3/2003-3/2008</u>	<u>3/2001-3/2008</u>	<u>12/1997-6/2007</u>
HIGH (0.05)	-11.55	0.07	8.13	20.61	14.18	20.88
FIRST QUARTILE	-17.08	-4.46	4.39	17.30	12.79	16.08
MEDIAN	-18.65	-5.83	2.12	15.46	11.97	12.89
THIRD QUARTILE	-21.67	-8.25	0.96	14.65	10.35	11.99
LOW (0.95)	-25.85	-11.25	-0.95	11.08	5.15	10.05
MEAN	-19.10	-6.13	2.48	15.79	11.43	13.78
VALID COUNT	48	48	48	48	40	29

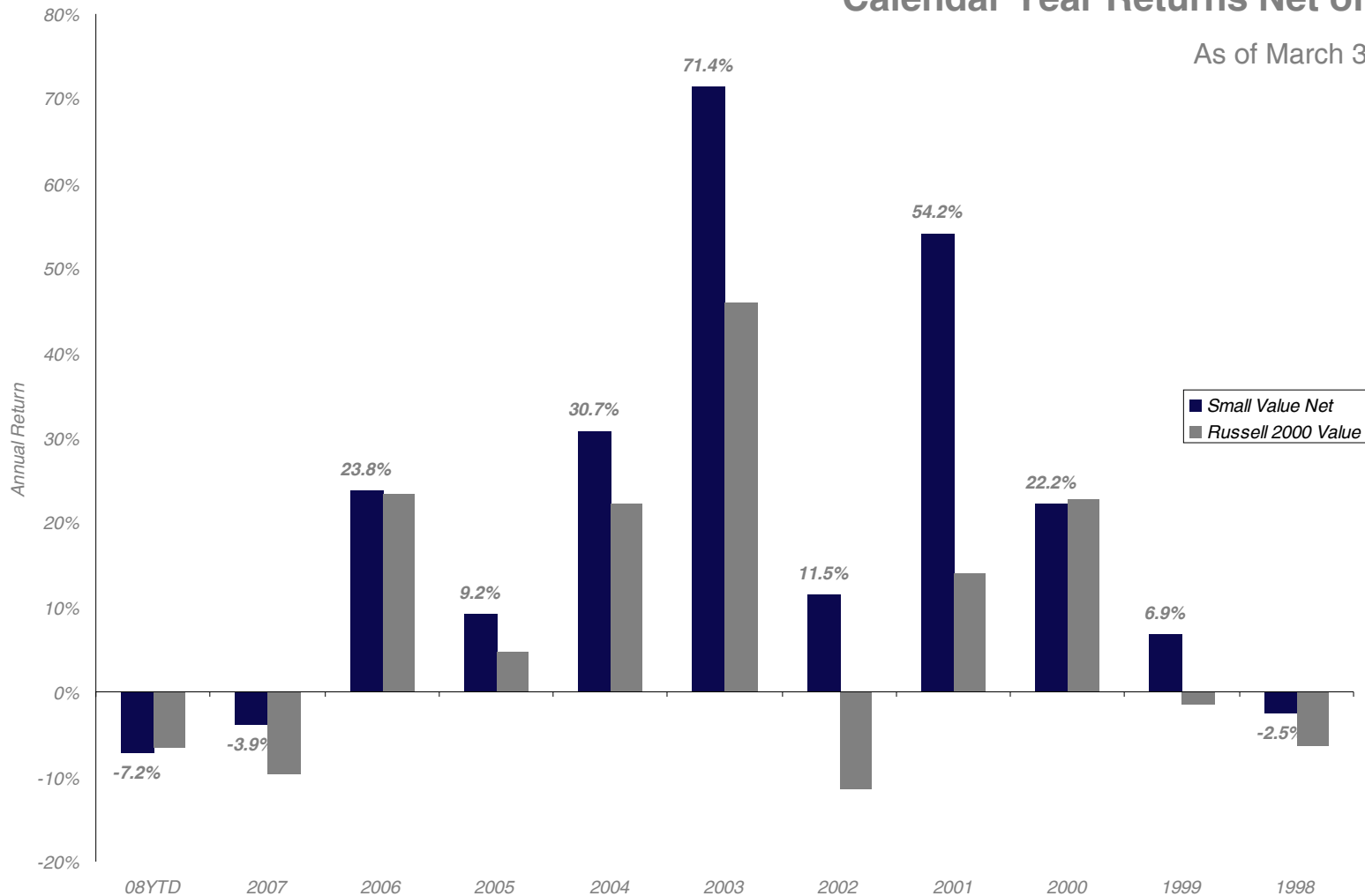
	<u>3/2007-3/2008</u>		<u>3/2006-3/2008</u>		<u>3/2005-3/2008</u>		<u>3/2003-3/2008</u>		<u>3/2001-3/2008</u>		<u>12/1997-6/2007</u>	
	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ WCM Investment Small Cap Value+	-12.47	6	-0.17	4	8.13	1	23.35	1	22.94	1	23.59	1
● Russell 2000 Value	-16.88	18	-4.22	20	4.33	25	15.44	52	9.99	82	11.19	93

Source: PSN. Performance calculated gross of fees. Past performance is not indicative of future results. This supplemental information complements full disclosures at the end of the presentation.

# Outperform Benchmark

## Calendar Year Returns Net of Fees

As of March 31, 2008

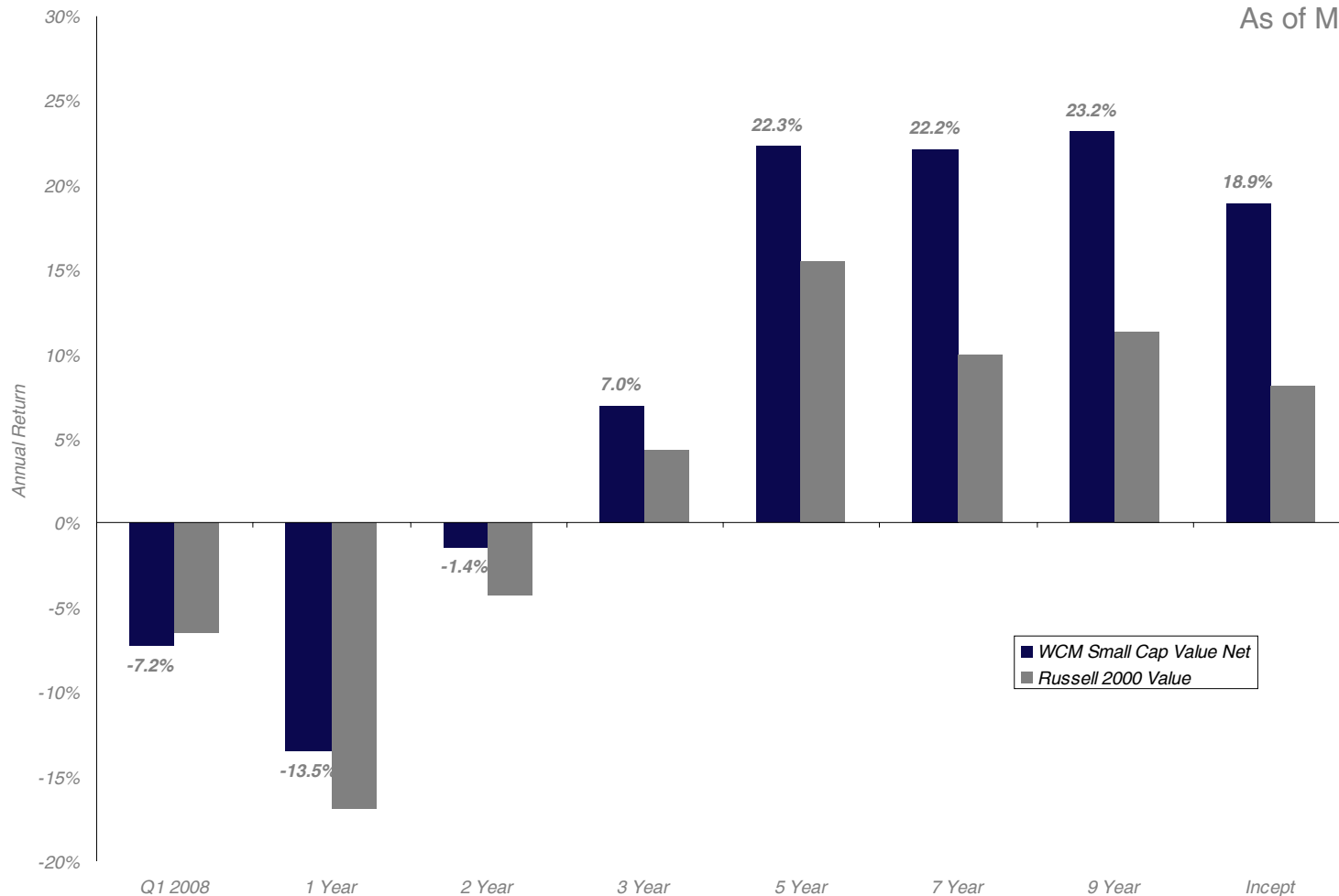


Source: WCM, Russell. Inception: January 1, 1998. Performance presented net of fees. Please refer to important disclosures at the end of the presentation. Past performance is not indicative of future results.

# Outperform Benchmark

## Annualized Returns Net of Fees

As of March 31, 2008



Source: WCM, Russell. Inception: January 1, 1998. Performance presented net of fees and annualized for periods greater than 1 year. Please refer to important disclosures at the end of the presentation. Past performance is not indicative of future results.



# Outperform Benchmark

## Gross and Net Returns (%)

As of March 31, 2008

Trailing Period Performance	Q1 2008	1 Year	2 Year	3 Year	5 Year	7 Year	9 Year	Incept
<b>WCM Small Cap Value</b>	<b>-6.9</b>	<b>-12.5</b>	<b>-0.2</b>	<b>8.1</b>	<b>23.4</b>	<b>23.0</b>	<b>23.8</b>	<b>19.5</b>
<b>WCM Small Cap Value Net</b>	<b>-7.2</b>	<b>-13.5</b>	<b>-1.4</b>	<b>7.0</b>	<b>22.3</b>	<b>22.2</b>	<b>23.2</b>	<b>18.9</b>
Russell 2000 Value	-6.5	-16.9	-4.2	4.3	15.5	10.0	11.4	8.1

Calendar Year Performance	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>WCM Small Cap Value</b>	<b>-6.9</b>	<b>-2.9</b>	<b>25.2</b>	<b>9.9</b>	<b>31.8</b>	<b>72.1</b>	<b>11.6</b>	<b>54.2</b>	<b>22.2</b>	<b>6.9</b>	<b>-2.5</b>
<b>WCM Small Cap Value Net</b>	<b>-7.2</b>	<b>-3.9</b>	<b>23.8</b>	<b>9.2</b>	<b>30.7</b>	<b>71.4</b>	<b>11.5</b>	<b>54.2</b>	<b>22.2</b>	<b>6.9</b>	<b>-2.5</b>
Russell 2000 Value	-6.5	-9.8	23.5	4.7	22.2	46.0	-11.4	14.0	22.8	-1.5	-6.5

Source: WCM, Russell. Inception: January 1, 1998. Please refer to important disclosures at the end of the presentation. Past performance is not indicative of future results.



# Investment Management Fees

## Standard SCV Fees

- 1.50% Annually on all assets

## Proposed SCV Fee

- 1.25% Annually on all assets



# Strategy Recap

## Limited Clients

- Conservative product size preserves integrity of results

## Simple

- Proven, quantitative approach yields repeatable results

## Innovative

- Growth legacy provides competitive advantage

## Risk Averse

- Focus on Margin of Safety generates performance in up and down markets



# Appendix

## Small-Cap Value Portfolio



# Stock Example: Tsakos Energy Transport (TNP)

Step 1	<b>Quantitative Screens</b>	Proprietary Rank: 98. Mkt Cap: \$750MM. Trailing PE 6.3X. Book Value 1.3x. Yield 6%.
Step 2	<b>Portfolio Weights</b>	Model calling for increased Energy exposure.
Step 3	<b>Relative Strength</b>	Rank: 55. Up <10% YOY.
Step 4	<b>Catalyst Search</b>	<ol style="list-style-type: none"><li>1. Conservative financials. Strengthening balance sheet.</li><li>2. Underappreciated business. Energy demand, not price.</li></ol>
Step 5	<b>Qualitative Analysis</b>	Fleet is 100% double hauled. 2 <sup>nd</sup> youngest tanker fleet in the industry – averaging less than 6 years. Hedged business: time charters and voyage charters, crude and products.
Step 6	<b>Volatility Control</b>	Diversifies Energy exposure (away from E & P and Natural Gas). Low correlation to portfolio's Energy stocks. Beta < 1.



# Outperform Benchmark

## Quarterly Returns (%)

	WCM Gross	WCM Net	R2000 Value		WCM Gross	WCM Net	R2000 Value		WCM Gross	WCM Net	R2000 Value
Q-1	16.0	16.0	8.4	Q-1	12.5	12.5	9.6	Q-1	13.6	13.4	13.5
Q-2	-1.5	-1.5	-3.6	Q-2	4.5	4.5	-2.1	Q-2	0.3	0.1	-2.7
Q-3	-19.1	-19.1	-17.9	Q-3	-13.4	-13.4	-21.3	Q-3	0.7	0.4	2.6
Q-4	5.6	5.6	9.1	Q-4	9.7	9.6	4.9	Q-4	9.1	8.8	9.0
<b>1998</b>	<b>-2.5</b>	<b>-2.5</b>	<b>-6.5</b>	<b>2002</b>	<b>11.6</b>	<b>11.5</b>	<b>-11.4</b>	<b>2006</b>	<b>25.2</b>	<b>23.8</b>	<b>23.5</b>
Q-1	-7.2	-7.2	-9.7	Q-1	-1.1	-1.2	-5.1	Q-1	3.3	3.0	1.5
Q-2	19.4	19.4	16.6	Q-2	26.4	26.3	22.7	Q-2	5.9	5.7	2.3
Q-3	-1.2	-1.2	-7.8	Q-3	14.3	14.2	7.7	Q-3	-5.1	-5.3	-6.3
Q-4	-2.3	-2.3	1.5	Q-4	20.5	20.3	16.4	Q-4	-6.6	-6.8	-7.3
<b>1999</b>	<b>6.9</b>	<b>6.9</b>	<b>-1.5</b>	<b>2003</b>	<b>72.1</b>	<b>71.4</b>	<b>46.0</b>	<b>2007</b>	<b>-2.9</b>	<b>-3.9</b>	<b>-9.8</b>
Q-1	18.8	18.8	3.8	Q-1	10.8	10.7	6.9	Q-1	-6.9	-7.2	-6.5
Q-2	-3.7	-3.7	2.0	Q-2	7.0	6.8	0.8				
Q-3	9.8	9.8	7.3	Q-3	-0.1	-0.3	0.1				
Q-4	-2.7	-2.7	8.1	Q-4	11.2	11.0	13.2				
<b>2000</b>	<b>22.2</b>	<b>22.2</b>	<b>22.8</b>	<b>2004</b>	<b>31.8</b>	<b>30.7</b>	<b>22.2</b>	<b>2008</b>	<b>-6.9</b>	<b>-7.2</b>	<b>-6.5</b>
Q-1	14.4	14.4	1.0	Q-1	-1.6	-1.6	-4.0				
Q-2	19.9	19.9	11.6	Q-2	6.4	6.3	5.1				
Q-3	-5.1	-5.1	-13.3	Q-3	6.7	6.6	3.1				
Q-4	18.4	18.4	16.7	Q-4	-1.6	-2.0	0.7				
<b>2001</b>	<b>54.2</b>	<b>54.2</b>	<b>14.0</b>	<b>2005</b>	<b>9.9</b>	<b>9.2</b>	<b>4.7</b>				

Source: WCM, Russell. Please refer to important disclosures at the end of the presentation. Past performance is not indicative of future results.

# Outperform Benchmark

## Risk-Adjusted Return Statistics

As of March 31, 2008

	Alpha	Beta	R-Squared	Standard Deviation	Tracking Error	Info Ratio
3 Years	3.7	.98	.91	12.5	3.7	.97
5 Years	6.4	1.06	.92	17.2	5.0	1.4
Inception	10.3	.94	.78	19.9	9.4	1.1

Benchmark: Russell 2000 Value

Source: PSN. Inception: January 1, 1998. Performance presented gross of fees and annualized for periods greater than 1 year. Past performance is no guarantee of future results. This supplemental information complements full disclosures at the end of the presentation.



# Catalyst Examples

Leverage/Deleverage Balance Sheet

Countercyclical Acquisitions/Divestitures

Improved Operating Efficiency

Proxy Battles, Board/Management Changes

Stimulative Legislative/Regulatory Developments

Underappreciated Macro-Economic/Demographic Forces

Unexploited Pricing Power

Valuation



# Investment Professionals

## **Sloane W. Payne**, *Portfolio Manager (SCV)*

Sloane is the lead portfolio manager for the firm's Small-Cap Value strategy. He has over 15 years investment experience and his primary responsibilities include portfolio management and equities research for the strategy. Prior to joining WCM, his career included positions as a portfolio specialist and manager with Fisher Investments and principal with Atticus Partners, specializing in derivatives trading and hedging strategies. Sloane holds a B.A. from Duke University.

## **Don K. Kuo**, *Assistant Portfolio Manager (SCV)*

Don has over 9 years of investment experience. He assists the lead portfolio manager for the firm's Small-Cap Value strategy. His primary responsibilities include supporting portfolio management, equities research, and client service for the strategy. His previous industry experience included positions as Research Analyst with London Pacific Advisors and Portfolio Analyst with Roger Engemann & Associates. Don graduated from the University of Kansas with a B.S. in Cellular Biology and holds an M.B.A. from the University of Missouri, Kansas City. Currently, Don is a member of the CFA Institute and the CFA Society of Los Angeles, Inc.

## **Paul R. Black**, *Portfolio Manager*

Paul's primary responsibilities include portfolio management and equity research. His 25-year career in the investment business includes positions as portfolio manager with Wells Fargo Private Banking Group and Bank of America. Paul is a member of the Investment Strategy Group. He helps define the firm's investment strategy and has an active role in the selection of securities. Paul also sets the firm's direction and acts as a client liaison for communication of investment decisions and strategy. Paul holds a B.S. in Finance from California State University, San Diego. He is currently a member of both the CFA Institute and the CFA Society of Orange County.

## **Peter J. Hunkel**, *Portfolio Manager*

Pete's primary responsibilities include portfolio management and equity research. He is a member of the Investment Strategy Group. His 10 year career in the investment business includes positions as the Senior Analyst and Chief Operating Officer for Centurion Alliance and as a Portfolio Analyst for the Templeton Private Client Group. He is a graduate of San Jose State University and the Monterey College of Law. Pete holds a CIMA designation and is a member of IMCA.



# Investment Professionals

## **James C. Owens**, *Portfolio Manager*

Jim's primary responsibilities include portfolio management, securities research and client service. He is a member of the Investment Strategy Group. His 34-year career in the investment business includes positions as Portfolio Manager and Research Analyst for Wells Fargo Investment Advisors, as well as Portfolio Manager for the Bank of Newport Trust. As a Portfolio Manager, Jim helps define investment policy and helps select equity holdings. He received a B.A. in Economics from the University of California, Santa Barbara and an M.A. from California State University, Fullerton. Jim is a member of both the CFA Institute and the CFA Society of Orange County and is board president for the Rehabilitation Institute of Southern California.

## **Kurt R. Winrich, CFA**, *Portfolio Manager*

Kurt's primary responsibilities include portfolio management and equity research. He has over 24 years of experience in the investment business. Kurt is a member of the Investment Strategy Group. He graduated from Stanford University with an M.S. and B.S. in Electrical Engineering. Prior to joining WCM Kurt was the head of computer-aided design and analysis at Hughes Electronics Santa Barbara Research Center. He is a CFA Charterholder and is a member of both the CFA Institute and the CFA Society of Orange County. Kurt is also a member of the Dean's Advisory Board for the Business School at Concordia University, Irvine.

## **David A. Brewer**, *CCO, COO*

David has over 22 years of investment experience. As Chief Compliance Officer, he administers WCM's compliance program to ensure full conformity with the Advisers Act. As such, he establishes, maintains, and monitors the firm's policies and procedures. David is also the Chief Operating Officer. He is responsible for the design, operation and improvement of the systems that provide the highest level of client support. He holds a B.A. in Business Economics from Westmont College, and is a member of both the CFA Institute and the CFA Society of Orange County.

## **Sanjay Ayer CFA**, *Business Analyst*

Prior to joining WCM, Sanjay worked at Morningstar in Chicago, IL, where he acted as publishing analyst for the gaming, cruise and online travel industries. He also worked as a performance analyst with J&W Seligman in New York. Sanjay graduated Phi Beta Kappa from Johns Hopkins University with a B.S. degree in Economics and Applied Mathematics. He is a member of both the CFA Institute and the CFA Society of Orange County.

# Investment Professionals

## **Robert W. Gwin III**, *Business Analyst*

Rob's primary responsibility is to produce original equity research for the firm's investment team. He graduated from Vanderbilt University with a B.E. in Chemical Engineering. Rob also holds an M.B.A. from The Anderson School at UCLA. Prior to joining WCM, Rob worked in various corporate finance and corporate valuation roles after spending five years working in business process consulting at Accenture (formerly Andersen Consulting).

## **Richard A. Kieding**, *Business Analyst*

Dick has over 47 years of investment management experience, including 10 years as a Principal Partner with Santa Barbara Securities and Branch Manager for Dean Witter & Co., Inc. He maintains a strong commitment to original research. Dick graduated from the University of California, Santa Barbara with a B.A. in Political Science and is a member of the CFA Institute. His life-long commitment to helping the poor has taken him around the U.S. and the world.

## **Michael B. Trigg**, *Business Analyst*

Mike has 8 years of experience in the investment management industry. He is responsible for producing original research on existing and prospective investments for the Investment Strategy Group. Prior to joining WCM, Mike worked at Morningstar, Inc. in Chicago, IL, where he managed their model Growth Portfolio and covered a variety of companies in the technology industry. He also worked as an analyst at the Motley Fool, an online investment service. Mike earned his B.S. degree in Finance with honors from Saint Louis University.



# Professionals

## **Patrick Duff Daniels**, *Managing Director*

Duff has over 18 years of experience in the investment business, having worked with both individual and institutional clients. His experience includes portfolio management and relationship management roles with Van Deventer & Hoch Investment Counsel and Bank of America Private Bank. Duff is responsible for consultant and plan sponsor relationships. He holds a B.A. from Santa Clara University. He is a member of the CFA Institute and the CFA Society of Orange County.

## **Matt MacArthur**, *Managing Director*

Matt has over 21 years of investment management experience including domestic and international equity markets. He has worked with both institutions and high net worth individuals. His primary responsibilities include the communication of the firm's investment decisions and strategy to clients, analysts and consultants. Matt attended the University of Arizona and received his B.A. degree from Master's College. He earned the CIMA designation from the Wharton School of University of Pennsylvania.

## **William E. Orke**, *Managing Director*

Bill has over 23 years of experience in the investment industry, including roles as an analyst, managing director and portfolio manager. Bill's primary responsibilities include the communication of the firm's investment decisions and strategy. He graduated from the University of Minnesota with a B.A. degree in Economics. Bill completed the Certified Investment Management Analyst (CIMA) program from the Wharton School University of Pennsylvania. He is a member of the Investment Management Consultants Association.



# Contact Us

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# Disclosure

Year End	Total Firm Assets (millions)	Composite Assets			Annual Performance Results			
		U.S. Dollars (millions)	% of Non-Fee-Paying Accounts	Number of Accounts	Composite Gross	Composite Net	Russell 2000 Value	Composite Dispersion
2008 YTD	2,229	478	<1%	74	( 6.90%)	( 7.24%)	( 6.53%)	-
2007	2,621	484	<1%	69	( 2.87%)	( 3.95%)	( 9.78%)	0.8%
2006	3,290	89	2%	27	25.22%	23.84%	23.48%	0.4%
2005	3,883	38	3%	17	9.91%	9.20%	4.70%	0.9%
2004	2,178	33	3%	24	31.79%	30.72%	22.24%	0.5%
2003	893	9	14%	11	72.09%	71.42%	46.03%	N.A.
2002*	369	1	37%	Five or fewer	11.64%	11.53%	(11.42%)	N.A.
2001*	-	<1	100%	Five or fewer	54.17%	54.17%	14.02%	N.A.
2000*	-	<1	100%	Five or fewer	22.23%	22.23%	22.83%	N.A.
1999*	-	<1	100%	Five or fewer	6.89%	6.89%	( 1.49%)	N.A.

N.A.- Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. \*Information presented prior to July 1, 2002 pertains to portfolios managed by the Portfolio Manager while affiliated with a prior firm. The presentation conforms to GIPS® guidelines regarding the portability of investment results.

**Small Cap Value Equity Composite** contains fully discretionary small cap value equity accounts. For comparison purposes the composite is measured against the Russell 2000 Value Index. The minimum account size for this composite is \$100 thousand in equities.

WCM Investment Management, Inc. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

WCM is an equity portfolio, fixed income portfolio and balanced portfolio investment manager, registered with the U.S. Securities and Exchange Commission that invests solely in U.S. dollar-denominated securities, and is defined as an independent investment management firm that is not affiliated with any parent organization. Total Firm Assets are defined to include all client assets, whether fee-paying or non-fee paying, whether fully-discretionary or non-discretionary. However, advice-only accounts – where the client must implement any and all actions – are excluded. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Prior to January 1, 2005, one wrap account was included in this composite. As of December 31, 2004, the wrap account comprised 3% of the composite. Gross returns for the wrap account were reduced by the entire wrap fee; net returns were reduced by all fees and transaction cost incurred. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding policies for calculating and reporting returns is available upon request.

The management fee schedule is as follows: 1.50% over \$3 million. Fees are negotiable. The Small Cap Value Equity Composite was created July 1, 2002. Performance presented prior to July 1, 2002 occurred while the Portfolio Manager was affiliated with a prior firm and the Portfolio Manager was the only individual responsible for selecting the securities to buy and sell. WCM Investment Management's compliance with the GIPS standards has been verified for the period January 1, 1993 through December 31, 2006 by Ashland Partners & Company LLP. A copy of the verification report is available upon request.