

Introduction to LMCG Growth Investing

Jeff Davis, *Chief Investment Officer*

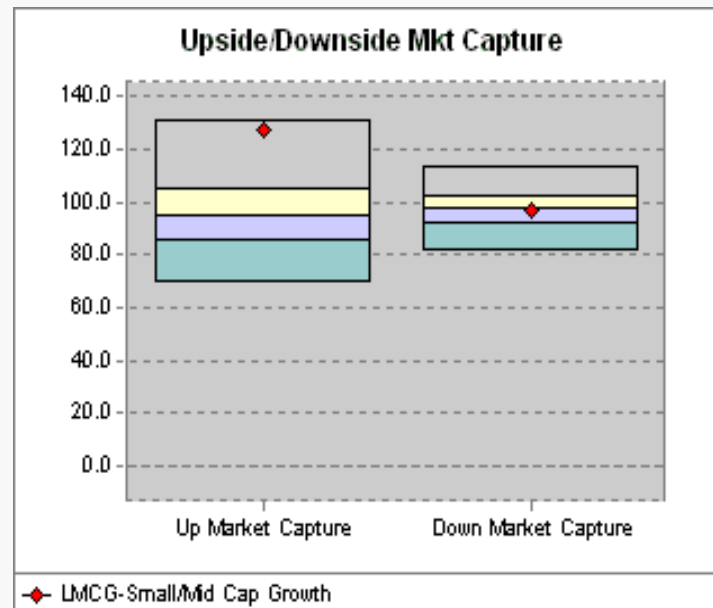
The greatest American companies have, at one time or another, been small “secular growth” stocks. Investing well in these types stocks has brought enormous rewards to investors for decades. But it isn’t easy.

This presentation reviews the performance and philosophy of our Growth Team. More specifically, Tom Holman presents evidence that having the ability to anticipate change and manage risk among companies with greater than 20% sales growth has led to compelling performance in this decade where equity returns have been disappointing.

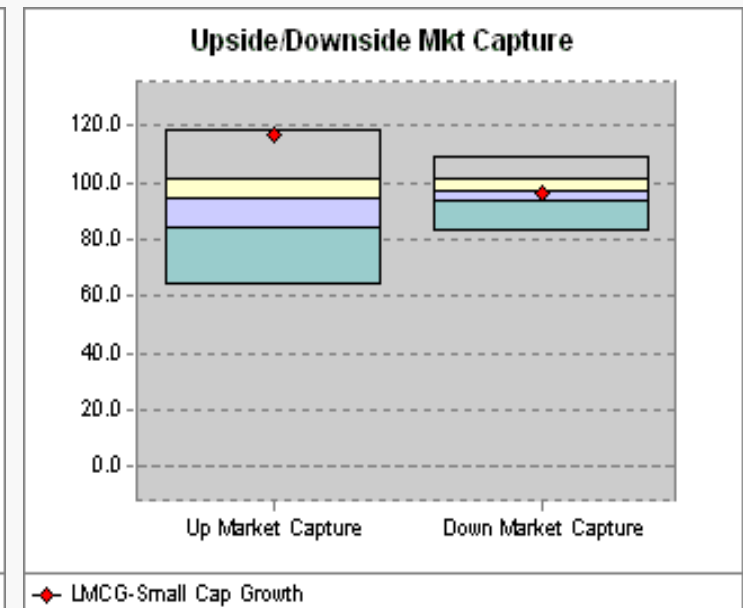
The results speak for themselves – growth investing is rarely smooth sailing, but combining sound stock picking with highly effective risk and probability management can make the ride to higher returns much better than the “loser’s game” of other approaches.

Market Capture Analysis: 3 Years Ending 9/30/09

Small/Mid Cap Growth Small Cap Growth



	<u>Up Market Capture*</u>	<u>Down Market Capture*</u>
Product	127%	97%
Median	95%	98%
Rank	(8)	(55)



	<u>Up Market Capture*</u>	<u>Down Market Capture*</u>
Product	117%	97%
Median	94%	97%
Rank	(8)	(52)

*Source: eVestment Alliance

Strong Risk-Adjusted Returns: 3 Years Ending 9/30/09

Small/Mid Cap Growth

*Excess Returns**: **5th percentile**

7.47% versus -0.06%

Sharpe Ratio: **5th percentile**

0.1% versus -0.2%

*Annualized Alpha**: **2nd percentile**

8.1% versus 0.1%

*Strong Upside/Downside Capture**:

8th and 55th percentiles

Upside: 127% versus 95%

Downside: 97% versus 98%

Small Cap Growth

*Excess Returns***: **7th percentile**

5.67% versus -0.1%

Sharpe Ratio: **6th percentile**

0.02% versus -0.19%

*Annualized Alpha***: **6th percentile**

6.41% versus 0.25%

*Strong Upside/Downside Capture***:

8th and 52nd percentiles

Upside: 117% versus 94%

Downside: 97% versus 97%

* Statistics calculated using monthly returns and against the Russell 2500™ Growth Index where applicable; rankings are for eVest Small/Mid Cap Growth universe. Source: eVestmentalliance, 9/30/09

** Statistics calculated using monthly returns and against the Russell 2000® Growth Index where applicable; rankings are for eVest Small Cap Growth universe. Source: eVestmentalliance, 9/30/09

Past performance is not indicative of future results. Please see the Small & Small/Mid Cap Growth Composite presentation included at the end of this presentation.

Why LMCG Small Cap Growth?

Offering Better Diversification

3-year correlations as of 9/30/09

	LMCG Small Cap Growth	Small Cap Growth* Peers
Russell 2000® Value Index	0.70	0.87
Small Cap Value* Peers	0.73	0.90
Small Cap Core* Peers	0.84	0.97

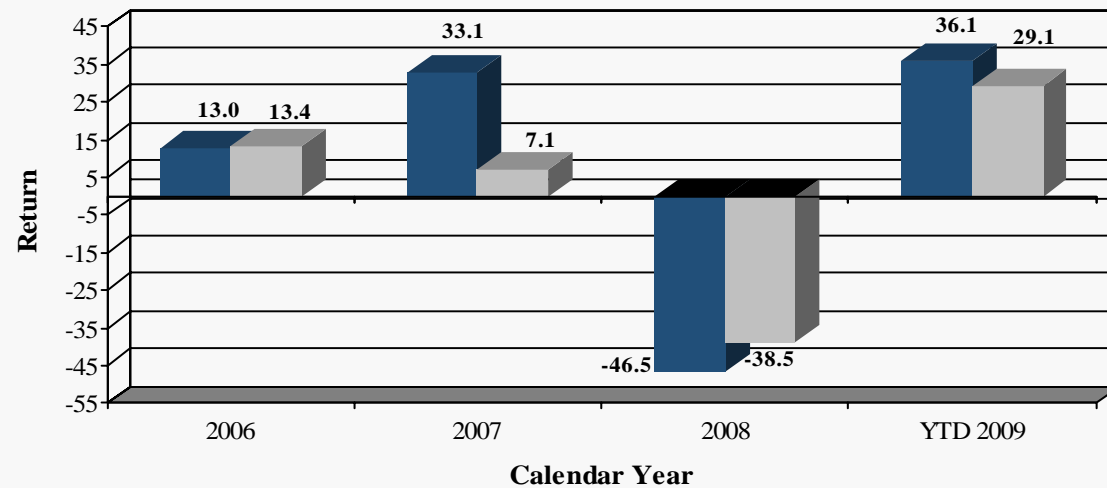
* Source: Zephyr: Zephyr defined indices which include peers defined as small cap value or small cap growth by eVestment Alliance

Composite Performance

As of September 30, 2009

	Q3 2009	YTD 2009	1 yr.	3 yr.*	5 yr.*	Since Inception*
Small Cap Growth	13.4%	36.1%	-0.2%	3.1%	5.3%	-1.5%
Russell 2000® Growth	16.0%	29.1%	-6.3%	-2.6%	2.9%	-1.7%
Value Added	-2.6%	7.0%	6.1%	5.7%	2.4%	0.2%

Performance is gross of investment management fees. *Annualized. Inception date: 10/1/00.



■ Small Cap Growth ■ Russell 2000 Growth

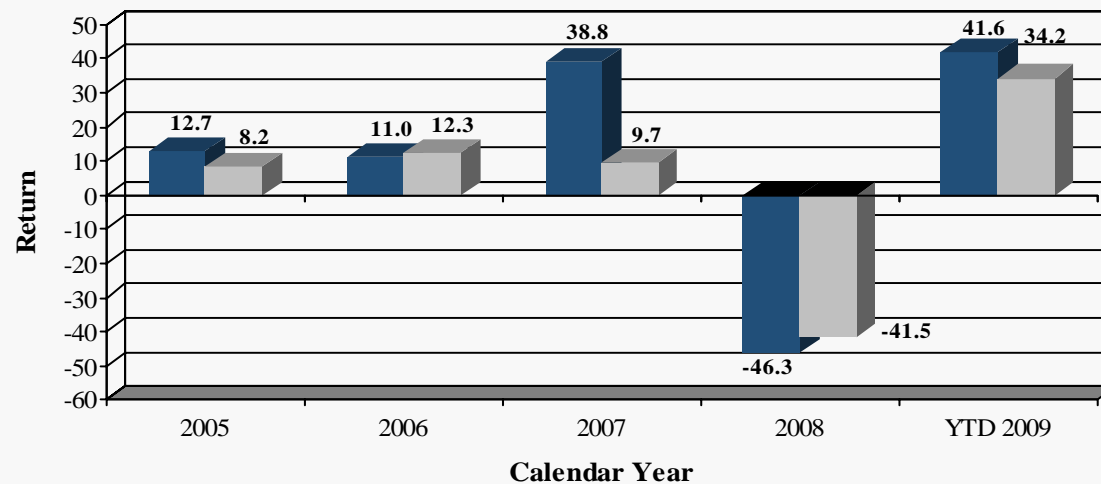
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Composite Performance

As of September 30, 2009

	Q3 2009	YTD 2009	1 yr.	3 yr.*	5 yr.*	Since Inception*
Small/Mid Cap Growth	14.0%	41.6%	4.7%	5.1%	8.4%	6.4%
Russell 2500™ Growth	17.2%	34.2%	-3.1%	-2.3%	3.7%	3.2%
Value Added	-3.2%	7.4%	7.8%	7.4%	4.7%	3.2%

Performance is gross of investment management fees. *Annualized. Inception date: 1/1/04.



■ Small/Mid Cap Growth ■ Russell 2500 Growth

Past performance is not indicative of future results. Please see the Small/Mid Cap Growth Composite presentation included at the end of this presentation.

Our Approach to Growth Investing? Proven *Secular Growth* Focus

- We define *Secular Growth* as companies capable of generating sustainable 20+% earnings growth over a 3 to 5 year time frame.
- Typically, these secular growth companies are driven by the adoption of new products or services.
- As they gain scale, secular growth companies exhibit positive operating leverage and increasing profitability.
- Secular Growth companies are rare, approximately 10-15% of the investable universe.

Myth: High Growth Investing is a “Loser’s Game”

We gathered sales growth data for companies included within the Russell 2000® Growth Index going back 30 years (1979-2008).

We then divided this universe each month for companies which exhibited 20%, 15-20%, 10-15%, 5-10% or 5% and lower sales growth for **each subsequent year** over a 3-year rolling period.

Results show that companies with a 20% realized growth rate generate the strongest annualized excess returns over the 3-year period. In addition, these high “growers” also outperform coming out of defined market bottoms.

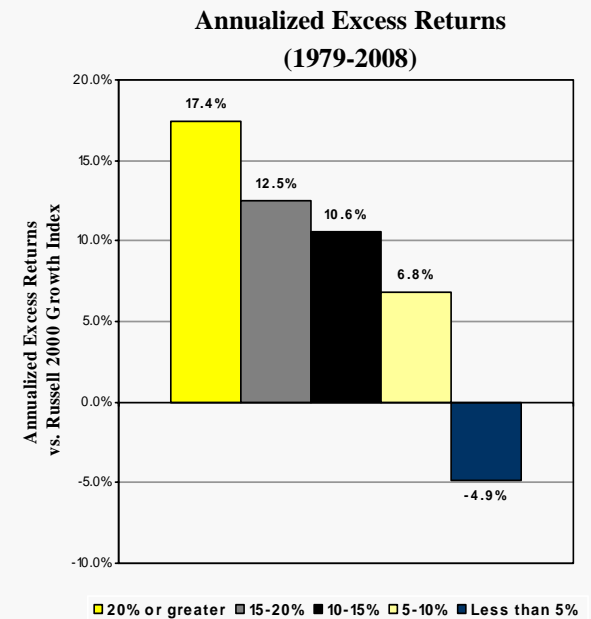
While the investment opportunities within the 20% growth segment are compelling, they are **rare** - representing 10% on average of the companies within the Russell 2000® Growth Index over 30 years.

It’s important to note that the 20% growth segment of the broader sector is also less efficient and more volatile (as many companies miss growth expectations). As a result, skilled active managers are required to uncover those companies that will eventually beat expectations and provide strong returns.

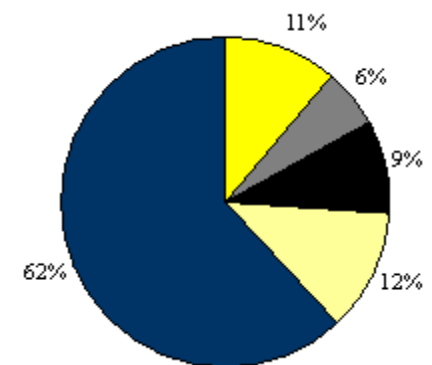
Source: Internally sourced at Lee Munder Capital Group

Why Secular Growth? Very Rewarding, Rare Opportunities

- *Secular Growth* companies are:
 - Capable of delivering sustainable 20% earnings growth over a 3 to 5 year time frame
 - Proven to generate the strongest excess returns over time
 - Comprise just over 10% of the companies in the Russell 2000 Growth



% Opportunities within Growth Range



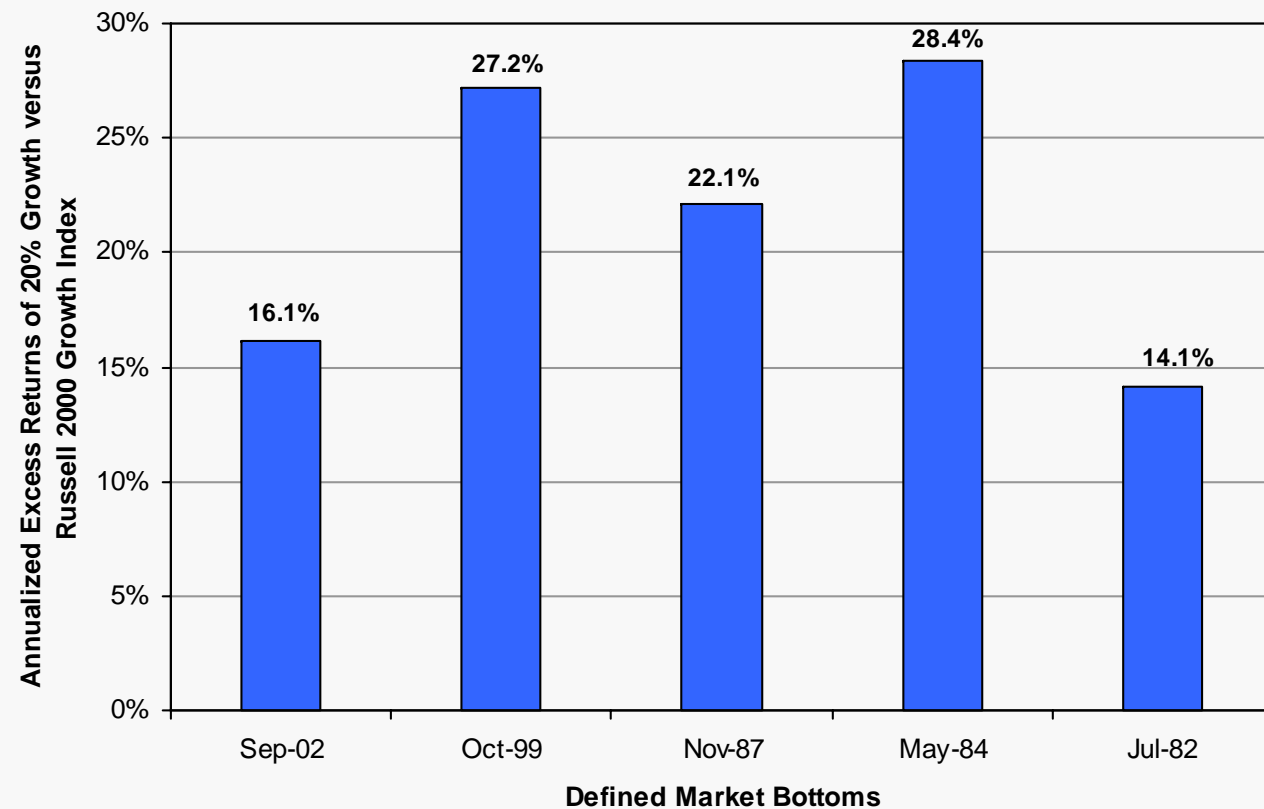
Source: Internally sourced at Lee Munder Capital Group

Past performance is not indicative of future results. Please see the Small & Small/Mid Cap Growth Composite presentation included at the end of this presentation.

Why Secular Growth?

Strong Excess Returns Out of Market Bottoms

- Companies that exhibit 20% growth on an annual basis over a 3-year period have outperformed the broader small-cap growth sector (proxy: Russell 2000® Growth Index) for the 3-year period following a market bottom.



Source: Internally sourced at Lee Munder Capital Group
Past performance is not indicative of future results.

Perception: High Growth = High Risk

A Tale of Two Cycles

Virtuous Cycle:

High sales growth driven by market adoption

Higher earnings growth driven by positive operating leverage

Multiple expansion as market recognizes company's potential

The compounding effect leads to strong share price appreciation

Disappointment Cycle:

Company is forecast to deliver high sales growth and fails to meet expectations

Lower earnings growth driven by negative operating leverage

Multiple contraction as the market is disappointed by company's execution

The compounding effect leads to sharp sell-off in share price

The key difference between the outcomes is *anticipating change* vs. *screening*

Through fundamental research, we focus on *anticipating change* by identifying companies that will achieve high growth going forward as opposed to *screening* for those companies that have posted high growth in the past or are forecast to deliver high growth in the future.

Growth Strategies

Skilled Management and Consistent Execution

The Growth team has identified companies exhibiting 20% realized growth at approximately 2x the rate of the Russell 2000® Growth Index

Exposure to Revenue Growth in Excess of 20%					
3 Year Timeframe	% in Portfolio	% in R2000G	# of Names in Portfolio	# of Names in R2000G	
9/06 to 9/09	12.1	5.8	15	58	
6/06 to 6/09	18.6	7.7	21	84	
3/06 to 3/09	17.4	9.1	21	102	
12/05 to 12/08	18.9	9.3	17	112	

The segment of portfolio and benchmark exhibiting 20% realized growth significantly outpaces the returns of the Russell 2000® Growth Index

Cumulative Returns of Revenue Growth Segment in Excess of 20%			
3 Year Timeframe	Segment of Portfolio	Segment of R2000G	Overall R2000G
9/06 to 9/09	63.8%	33.1%	-7.7%
6/06 to 6/09	16.2%	4.6%	-21.8%
3/06 to 3/09	-5.7%	-16.7%	-41.1%
12/05 to 12/08	12.4%	14.8%	-25.4%

Source: Internally sourced at Lee Munder Capital Group, LLC

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The Rest of the Story...

- Our Growth Team brings an average of over 17 years to their unique process with the majority of the time spent identifying attractive companies.
- Once a secular growth company has been found, the team assesses the stock's risk/reward profile through our proprietary valuation tool which applies probabilistic thinking to multiple scenario framework
- Lastly, the team assesses the near term dynamics of the company relative to expectations to reconcile our long term view vs. the myopic view of our peers
- The risk/reward profile and the near term dynamics are the critical elements in determining position size in portfolio construction

LMCG Small Cap Growth Strategy

We employ a fundamental, bottom-up approach to build a portfolio of attractively priced secular growth stocks. The first part of our strategy is to identify companies capable of sustaining 20% earnings growth for a multi-year period. We term such firms secular growth companies because we believe them capable of generating sustained high growth throughout the general business cycle (in contrast to cyclical companies whose fortunes are closely tied to the economy). The characteristics we use to identify secular growth companies include: a business model based on sustainable competitive advantage, solid financials, and superior management. This all may sound like platitudes to the reader; however, the vast majority of companies do not possess these characteristics. Then, to distinguish good stocks from good companies, we employ a proprietary framework that incorporates both valuation analysis as well as near-term expectations. The portfolio is built and managed utilizing risk control measures to insure sufficient diversification. The result provides investors with a portfolio of attractive priced stocks in some of the most exciting and innovative companies in the economy.

Comp. Rev. #975

**Small Cap Growth Composite
Schedule of Annual Returns
October 1, 2000 (date of inception) through December 31, 2008**

	Gross Returns (%)	Net Returns (%)	Russell 2000® Growth Index ¹ (%)	Standard Deviation ³ (bps)	Number of Accounts	Composite Assets at end of period (\$ millions)	Total Firm Assets (\$ millions)	Non-fee Paying Assets (%)
2000 ²	-22.3	-22.4	-20.2	NA	3	52.6	677.9	0
2001	-5.0	-5.9	-9.2	73	10	359.8	804.0	0
2002	-32.4	-33.0	-30.3	15	16	625.2	1,122.4	0
2003	46.1	44.9	48.6	48	21	1,295.8	2,202.6	0
2004	5.5	4.6	14.3	33	19	1,263.3	2,739.6	0
2005	4.1	3.06	4.2	16	7	364.5	2,325.5	0
2006	13.0	12.0	13.4	21	9	315.8	4,027.2	0.1
2007	33.1	32.0	7.1	5	7	357.3	4,124.5	0.1
2008	-46.5	-47.0	-38.53	17	7	192.0	2,527.4	0.1

1. Benchmark returns have been obtained from an independent source and have not been examined by independent accountants.

2. Partial year performance for the period of October 1, 2000 through December 31, 2000.

3. NA – not calculated because the period is a partial year.

Small Cap Growth Composite consists of accounts managed in the Small Cap Growth (“SCG”) strategy. SCG seeks to achieve long term appreciation through investments in high quality, high growth US equities with market capitalizations that generally fall within the range of market capitalizations of the Russell 2000 Growth Index. For comparison purposes the composite is measured against Russell 2000 Growth Index. The composite was created in October 2000.

Lee Munder Investments Ltd. has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

The firm is defined as Lee Munder Investments Ltd. (“LMIL”), a majority owned subsidiary of Lee Munder Capital Group (“LMCG”) and an investment adviser registered with the Securities and Exchange Commission. 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. The U.S. Dollar is the currency used to express performance. Performance results are presented gross and net of management fees and include the reinvestment of income. Net returns are calculated by applying the investment management fee schedule noted below to the gross returns of the accounts included in the composite. The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for calculating and reporting returns is available upon request.

The investment management fee schedule is as follows: 1% on the first \$25 million, 0.90% on the next \$25 million, and 0.80% thereafter. Actual investment advisory fees incurred by clients may vary.

Lee Munder Investments, Ltd.’s compliance with the GIPS standards has been verified for the period July 1, 2002 through June 30, 2008 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the Small Cap Growth Composite beginning July 1, 2002. The Small Cap Growth Composite was examined and verified for the period October 2000 (date of inception) through June 30, 2002 by another firm. A copy of the verification report is available upon request.

Past performance is not indicative of future results.

Small/Mid Cap Growth Composite
Schedule of Annual Returns
January 1, 2004 (date of inception) through December 31, 2008

	Gross Returns (%)	Net Returns (\$)	Benchmark ¹ (%)	Standard Deviation ² (bps)	Number of Accounts	Composite Assets at end of period (\$ millions)	Total Firm Assets (\$ millions)
2004	8.2	7.1	14.6	NA	1	55.4	\$2,739.6
2005	12.7	11.8	8.2	NA	1	107.5	\$2,325.5
2006	11.0	10.1	12.3	NA	2	99.7	\$4,027.2
2007	38.8	37.7	9.7	NA	1	179.0	\$4,124.5
2008	-46.3	-46.8	-41.5	NA	2	111.4	\$2,527.4

1. Benchmark returns have been obtained from an independent source and have not been examined by independent accountants. 2. Not statistically significant due to insufficient number of accounts in the composite for the entire year.

Small/Mid Cap Growth Composite consists of the accounts managed in the Small/Mid Cap Growth (“SMID”) strategy. SMID seeks to achieve long-term capital appreciation through investments in high quality, high growth publicly traded US equities with market capitalizations that generally fall within the range of the Russell 2500 Growth Index. For comparison purposes the composite is measured against Russell 2500 Growth Index. The composite was created in January 2004.

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