

U.S. Small Cap Growth Nichols Asset Management, LLC

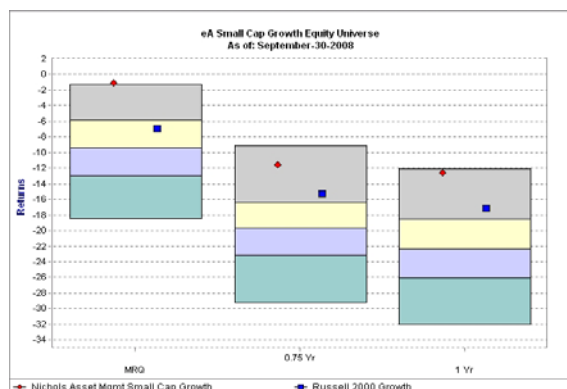
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- Emerging manager featuring reunited, experienced small cap growth team
- Firm AUM: \$94M; U.S. Small Cap Growth AUM: \$1M - inception 4/1/07
- Bottom-up process incorporates fundamental research and a model using non-traditional metrics to provide ongoing insight during all phases of investment process
- Measured exposure to “emerging,” “stable,” and “opportunistic” growth companies to balance risk exposures under various market conditions

	<u>Q308</u>	<u>YTD</u>	<u>1 YEAR</u>	<u>SINCE INCEPTION</u>
NICHOLS SMALL CAP GROWTH*	-1.06%	-11.60%	-12.59%	-0.30%
RUSSELL 2000 GROWTH	-6.99%	-15.29%	-17.07%	-7.82%
VALUE ADDED	5.93%	3.69%	4.48%	7.52%

*Inception 4/1/07, Gross of Fees. See disclosure on page 2.



Nichols Asset Mgmt vs. Peer Group & Benchmark

Nichols = Red, Russell 2000 Growth = Blue

*Source: eVestment Alliance (through 9/30/08)

<u>Top 10 Holdings – 9/30/2008</u>		
Stock	Portfolio Weight%	E/S/O
Chattem Inc	3.37	E
Masimo Corp	2.98	E
Comtech Telecom	2.96	E
MWI Veterinary	2.96	E
WebSense	2.91	O
WMS Industries	2.91	S
TCF Financial	2.89	O
Ultimate Software	2.84	E
Phase Forward	2.83	E
Bio Reference Labs	2.75	S
	29.42%	

Including Nichols' E/S/O categorization:

E=Emerging Growth Stock, S=Stable Growth Stock,

O=Opportunistic Growth Stock

Investment Team:	Charlie Nichols, CIO	Roland Gillis, CFA	Chris Ely, CFA	Dave Smith, CFA
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Nichols Asset Management is an independent, employee-owned emerging manager. The firm unites four individuals, three of whom have years of experience together as a small cap growth equity team. Roland Gillis, most recently a partner at Putnam, worked on Keystone's small cap growth team with Chris Ely and Dave Smith. Mr. Ely and Mr. Smith continued their collaboration at Loomis Sayles. The three reunited with former business associate Charlie Nichols, who had been successfully running a small cap growth sector fund, to launch Nichols' small cap growth product (seeded 4/1/07, AUM ~ \$1M).

Nichols' investment philosophy is a result of the years of experience possessed by the team. The firm divides growth stocks into 3 sleeves: emerging, stable, and opportunistic. The portfolio is balanced 40-40-20 between these 3 categories of stocks, ensuring both significant downside protection as well as upside participation. The wisdom of this philosophy has been demonstrated during these volatile times, as the portfolio has exhibited strong relative performance.

The investment process leverages the years of experience running small cap growth portfolios possessed by the team combined with a fundamental model used as a component throughout the research process that aggregates and visually displays the vast quantities of data available.

Charles Nichols II: Chief Investment Officer

Charles Nichols has over 25 years experience in the investment business and technology fields. In early 1992, Mr. Nichols founded Nichols Asset Management. From 1982-1990, Mr. Nichols was a Wall Street telecommunications and technology analyst. In 1988-1989, Mr. Nichols was Vice President and telecommunications analyst at Prudential Securities and a Vice President and equity analyst at Bear Stearns & Company, responsible for research of the long distance, telecommunications equipment, and networking industries. From 1983 through 1987, Mr. Nichols was First Vice President and equity analyst at E.F. Hutton, responsible for coverage of the telecommunications equipment, networking, and long distance services industries. Mr. Nichols has also worked for Montgomery Securities and Wood Gundy as an analyst. Mr. Nichols received a B.S. in Economics & Finance from the University of Denver in 1978.

Christopher R. Ely, CFA: Partner, Portfolio Manager & Analyst

Chris Ely has more than 25 years of investment experience as an analyst and portfolio manager. Most recently, he served as Executive Vice President of Loomis Sayles & Co., LP, and a member of its Board of Directors. Mr. Ely led the Specialty Growth team managing portfolios of small and mid-sized growth companies for institutions, mutual funds and high net worth clients. Mr. Ely and his team grew this business from its inception in July 1996 to a peak of over \$3 billion of assets under management. Prior to Loomis Sayles, Mr. Ely was a portfolio manager and analyst at Keystone Investments (Evergreen) where in his last position he was lead portfolio manager of the firm's small cap growth fund, S-4, and separately managed accounts utilizing the same investment style. He has appeared on CNBC and is an occasional guest on Bloomberg Radio's "On The Money". Mr. Ely earned his B.A. in Mathematical Economics from Brown University in 1978 and his MBA from Babson College in 1984. He holds a CFA and is a member of the Boston Security Analysts Society.

Roland W. Gillis, CFA: Partner, Portfolio Manager & Analyst

Roland Gillis has 30 years of investment experience, most recently as a Partner of Putnam Investments where he was Managing Director and Director of their Specialty Growth Equity team. Mr. Gillis was the lead Portfolio Manager on the Putnam Voyager Fund from 1995-2000. He was responsible for investments in high-quality, rapidly growing small- and mid-cap companies. Mr. Gillis was the Portfolio Leader of the Discovery Growth Fund and a Portfolio Member on the Small Cap Growth Fund. Additionally, he managed Putnam Information Sciences Trust, an offshore small cap technology fund, since 1996. Prior to joining Putnam in 1995, Mr. Gillis was a Vice President, Portfolio Manager, and analyst with the Keystone Investments (Evergreen) from 1982-1994. From 1980-1982 Gillis was an analyst with Loomis Sayles & Company. Mr. Gillis received his MBA from Thunderbird, The Garvin School of International Business, and his B.A. from Northeastern University. Mr. Gillis has a CFA.

David L. Smith, CFA: Partner, Portfolio Manager & Analyst

Dave Smith has more than 23 years experience as a securities analyst and portfolio manager. He comes to NAM from Sirios Capital Management, LP where he was Director, Technology Sector. Prior to joining Sirios, Mr. Smith served for nine years as a Vice President and Portfolio Manager on the Specialty Growth team at Loomis Sayles & Co., LP. There, he was instrumental in helping to build Loomis Sayles' specialty growth group to a peak of \$3 billion in assets under management. From 1990 through 1996, Mr. Smith was a Vice President, Portfolio Manager and analyst at Keystone Investments (Evergreen) working on the small cap growth team and its flagship Keystone S-4 Fund. Mr. Smith earned an MBA from the Johnson School at Cornell University in 1990, a B.A. in Political Science (honors) from the University of Massachusetts/Amherst in 1982 and holds a CFA.

Patricia M. Nichols: President & Chief Compliance Officer

Patricia M. Nichols has over 22 years experience in various aspects of the money management field. Prior to joining Nichols in 1994, Ms. Nichols was a fixed income investment and marketing manager at PanAgora Asset Management. Since 1983, she has managed institutional money ranging from money markets and derivatives to mortgages, corporate, and treasury bonds as well as equity futures. At Back Bay Advisors from 1988-1990, she consistently outperformed her benchmark. At E.F. Hutton Asset Management from 1983-1987, she shared responsibility for redirecting the hedging strategy to profitability. In addition, she successfully expanded the reverse repo and bonds borrowed portfolio to \$2.2 billion; accounting for 12% of the daily portfolio income which helped boost the \$6.6 billion fund to the top of the Lipper Large Government fund rankings. Mrs. Nichols has extensive experience in the area of portfolio analytics and derivative products. Ms. Nichols has series 7, 3, and 63 registrations with the NASD. Ms. Nichols received her B.A. in Economics in 1979 from the University of Denver.

DISCLOSURE

This document has been prepared solely to describe the investment approach utilized by Nichols Asset Management, LLC for small cap growth portfolios. As of September 2008, accounts totaling approximately \$1 million are managed by Nichols Asset Management, LLC in the style described in this document.

These materials do not purport to contain all of the information relevant to evaluating the capabilities of Nichols Asset Management, LLC.

An investment in small cap growth stocks can involve significant risk due to market fluctuations, portfolio allocations, individual stock selection and/or other factors and may not be appropriate for all investors.

Although this document has been prepared using data from public and private sources believed to be reliable, we make no representations or warranties as to its accuracy or completeness. All information contained herein is subject to change without notice.

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General Footnote

Past performance is no guarantee of future results. These composites are composed of both taxable and tax-exempt accounts managed in a similar fashion. Details on the number of accounts in any composite for various time periods, returns gross and net of fees, and the size of each account in the composite and flows into and out of the composite are available upon request. In addition the percent of assets under management that this particular composite accounts for are available upon request for any time frame. These performance numbers are unaudited by Nichols Asset Management. They are calculated on a discounted cash flow time weighted method gross and net of fees. We do not claim AIMR compliance.

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