

INVESTMENT OBJECTIVE¹

The strategy seeks to provide long-term capital appreciation by investing primarily in 20-30 U.S. companies with market capitalizations similar to that of the Russell 2500 Index.

INVESTMENT PHILOSOPHY

SouthernSun invests in niche-dominant, attractively-valued companies with financial flexibility and uniquely-fitted management teams. SouthernSun believes careful, in-depth analysis of a company's financial strength, market position and human capital is the most comprehensive method of assigning proper valuations, identifying catalysts and reducing risk of investment.

We are absolute return oriented and invest with a core-value approach as we apply disciplined financial analysis and extensive on-site research to gain an "information advantage." We feel the depth and breadth of our research allows us to more quickly and clearly identify buy/sell catalysts which translates to superior long-term returns and avoidance of significant negative performance.

SMID CAP CORE EQUITY

+ Financial Strength

Financial Strength: We seek companies with discretionary cash flow, excess working capital, and organic revenue growth, believing financial flexibility promotes growth in strong environments and stability in times of adversity.

+ Human Capital

Human Capital: We favor managements with measureable, transparent goals, who are held accountable for their performance. We meet with all levels of management from the CEO to the CFO to the plant/facility manager, believing it our responsibility to determine how and if the team works effectively together.

+ Niche Dominance

Niche Dominance: We seek firms which exhibit competitive advantages through superior products, process controls, and technologies, often within niche industries like packaging process equipment, energy infrastructure, and agricultural equipment.

INVESTMENT PROCESS

Our main sources of new ideas for additional investment opportunities come from existing holdings, interviews of vendors/customers/competitors or existing holdings, trade shows or review of industry trade publications. While we do some computer screening, we have not found that to be a good source for initial investment ideas. Once we have targeted a list of possibilities, we begin our rigorous research process to evaluate the attractiveness of each opportunity, focusing on attractively-valued companies with "**financial strength**" and "**niche-dominance.**" Specifically, we evaluate the following financial and qualitative criteria:

Financial Criteria

- Discretionary Cash Flow (DCF)/Price
- Working Capital – Long Term Debt = Positive
- Private Market Value Analysis
- Organic Revenue Growth



Qualitative Criteria

- Management's use of Discretionary Cash Flow (DCF)
- Forward thinking, execution-oriented management teams
- Management's interests closely aligned with shareholders
- Competitive advantages analysis

Companies that meet these criteria then warrant even closer scrutiny by our investment team. Portfolio managers and analysts make a series of on-site company visits, facility inspections and management interviews to analyze business strategy, operational strengths and evaluate "**human capital.**" If it is determined an investment will be made, it will have a well thought out investment thesis that will be reviewed often to ensure that it is still applicable over time. Sell decisions occur when a stock reaches its target price range, if there is a significant deterioration of fundamental strength, if there is an unfavorable change in their business or regulatory environment or if there is a change in management, or its policies, is judged to pose risk to shareholder value.

¹There is no guarantee that these objectives will be met.

PORTFOLIO MANAGEMENT TEAM

CEO and CIO, Michael W. Cook, has led the SMID Cap Core strategy since its inception in 1997. He is supported by the SouthernSun Investment Team. Led by Mr. Cook, the Team currently consists of Mr. Cook and four analysts, each of whom is a generalist in terms of sector coverage. The Team provides all analysis and company-specific research for current and future portfolio holdings for each Fund. While the Team attempts to evaluate all company-specific issues brought forth by the analysts, all final investment and portfolio management decisions are approved by the portfolio manager, Mr. Cook.

STRATEGY BENEFITS

Stable, well-rounded investment team of small and mid cap specialists

- Led by Founder and CEO/CIO Michael Cook since 1989.
- Supported by 4 investment professionals with complementary industry and financial services backgrounds.

Independent thinking

- Belief that human capital and financial strength are of equal importance, and when coupled with niche dominance, create unique long-term buying opportunities in small and mid cap equities.

Hands-on, bottom-up, proprietary research

- Creative idea sourcing through “break room to board room” due diligence, a global perspective, and the desire to “sweat the small stuff.”
- Alpha is generated by stock selection, rather than by asset allocation or sector positioning.

Consistent, disciplined, time-tested approach

- Generated consistent and positive gross excess returns versus the Russell 2500 and Russell Mid Cap on a 3-year, 5-year, 10-year, and since inception basis.¹

ABOUT THE FIRM

SouthernSun Asset Management, established in 1989 and headquartered in Memphis, TN, is a research-driven investment management firm specializing in U.S. Small Cap Equity and U.S. SMID Cap Equity investment strategies. The firm is a Registered Investment Advisor, founded by CEO and CIO Michael W. Cook. As of December 31st, 2009, the firm manages over \$1.3 billion across various client channels and investment vehicles.

SouthernSun's name reflects a commitment to shed light on investment opportunities both at home and around the globe — a commitment that has driven the firm's work throughout its 20-year history. Led by Mr. Cook, the investment team believes there is little substitute for critical reasoning, attention to detail, revealing query, hard work, and patience, and has used this painstaking and intensive research process to search out companies with (1) financial strength, (2) human capital, and (3) niche dominance.

For additional information, please contact clientservice@southernSunam.com or visit our website at www.SouthernSunam.com.



¹ As of 12/31/09.

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