



Presentation of the  
**Callander Fund - Asset**

From November 7 to 10, 2011

This presentation has been prepared by Silvercrest Asset Management Group, Fund Manager of the Callander Fund – Asset.



**SILVERCREST**  
ASSET MANAGEMENT GROUP

## **Speakers**

Roger W. Vogel, CFA  
Managing Director – Equities

Ian W. Smith  
Managing Director – Asset Allocation

# Agenda

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# Silvercrest Asset Management Group

# Silvercrest Asset Management Group Profile

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- Founded in 2002 by principals of DLJ Asset Management
- Employee owned and controlled, unaffiliated with any large financial institution
- 84 employees in three locations
  - New York, NY: 72 employees
  - Charlottesville, VA: 7 employees
  - Boston, MA: 5 employees
- \$9.3 billion in assets under advisement as of September, 2011\*
- Client roster encompasses individuals, families, and institutions
- Manage equities, fixed income, hedge fund of funds in a sub-advisory capacity
- Provide extensive family office services
- In-house economic and investment research capabilities
- Culture of quality, risk management and preservation of capital

*\* Including assets under management at Silvercrest subsidiaries and assets under advisement.*

## Firm Summary

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30, September 2011  
(in millions)

### Assets Under Management:

Equity (High Net Worth & Institutional)	\$	3,659.9
Fixed Income (Taxable/Tax Exempt)	\$	2,333.9
Cash	\$	299.2
Other Assets	\$	19.3
Total	\$	<u>6,312.3</u>

### Silvercrest Equity Strategies

Large Cap	\$	1,084.4
Small Cap	\$	375.8
Smid	\$	26.4
Multicap	\$	566.6
Equity Income	\$	395.0
Focused Value	\$	101.0
Total Equity	\$	<u>2,549.2</u>

### Small Cap Representative Client List:

Mid-Western based Land Trust	\$	57.4
North Eastern Religious Organization	\$	41.8
Houston based Professional Practice Retirement Plan	\$	23.6
Georgia based Health System	\$	19.9
New York based Charitable Foundation	\$	10.7

## Silvercrest Equity Team

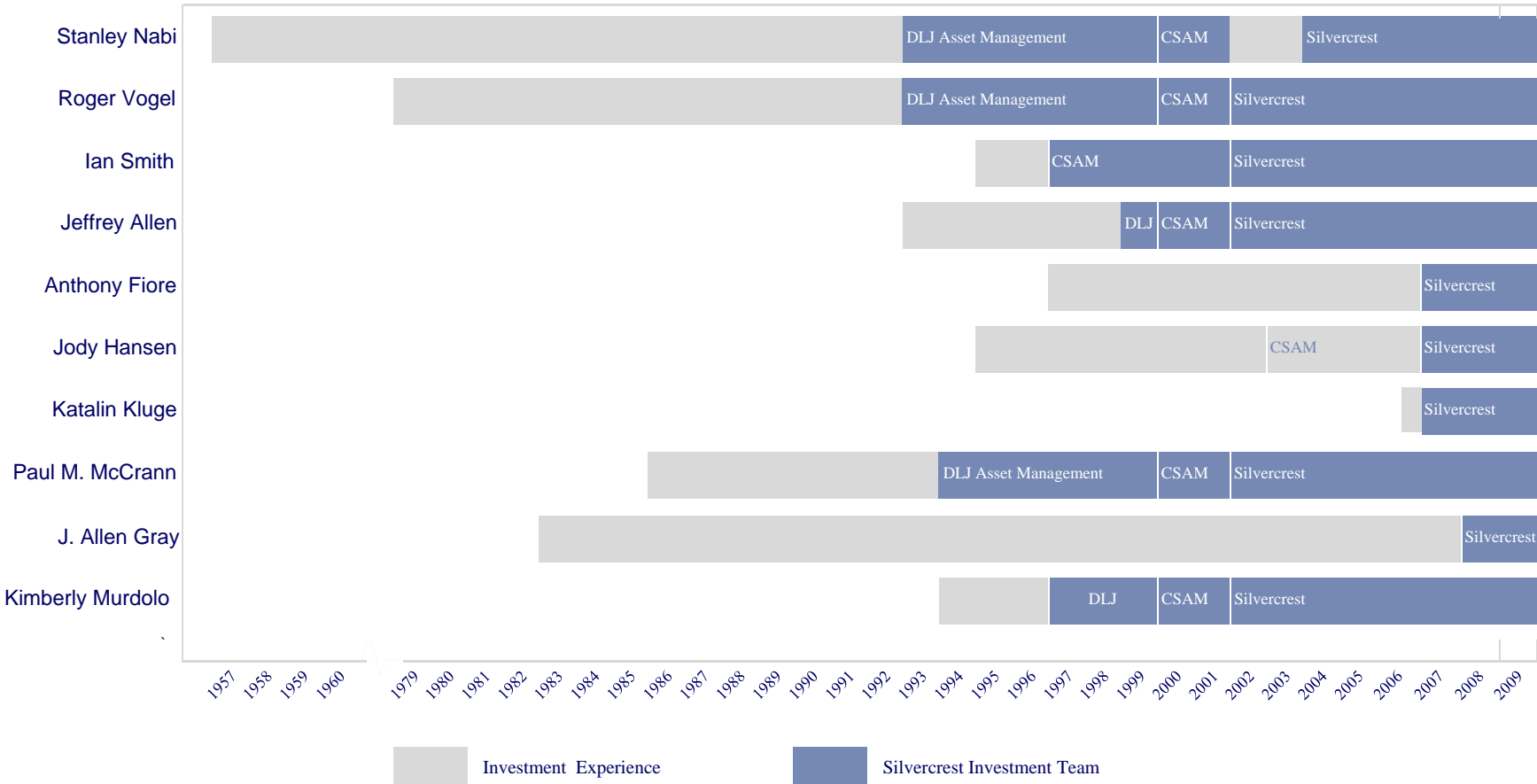
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Investment team, including research and client service, consists of:

- Stanley A. Nabi, CFA: Vice Chairman
- Roger W. Vogel, CFA: Portfolio Manager and Research
- Ian W. Smith: Asset Allocation & Quantitative Research
- Jeffrey Allen, CFA: Research
- Anthony Fiore, CFA: Research
- Jody Hansen, CFA: Research
- Katalin Kluge, CFA: Research
- Paul McCrann: Head Trader
- J. Allen Gray: Consultant & Client Relations
- Kim Murdolo: Client Support

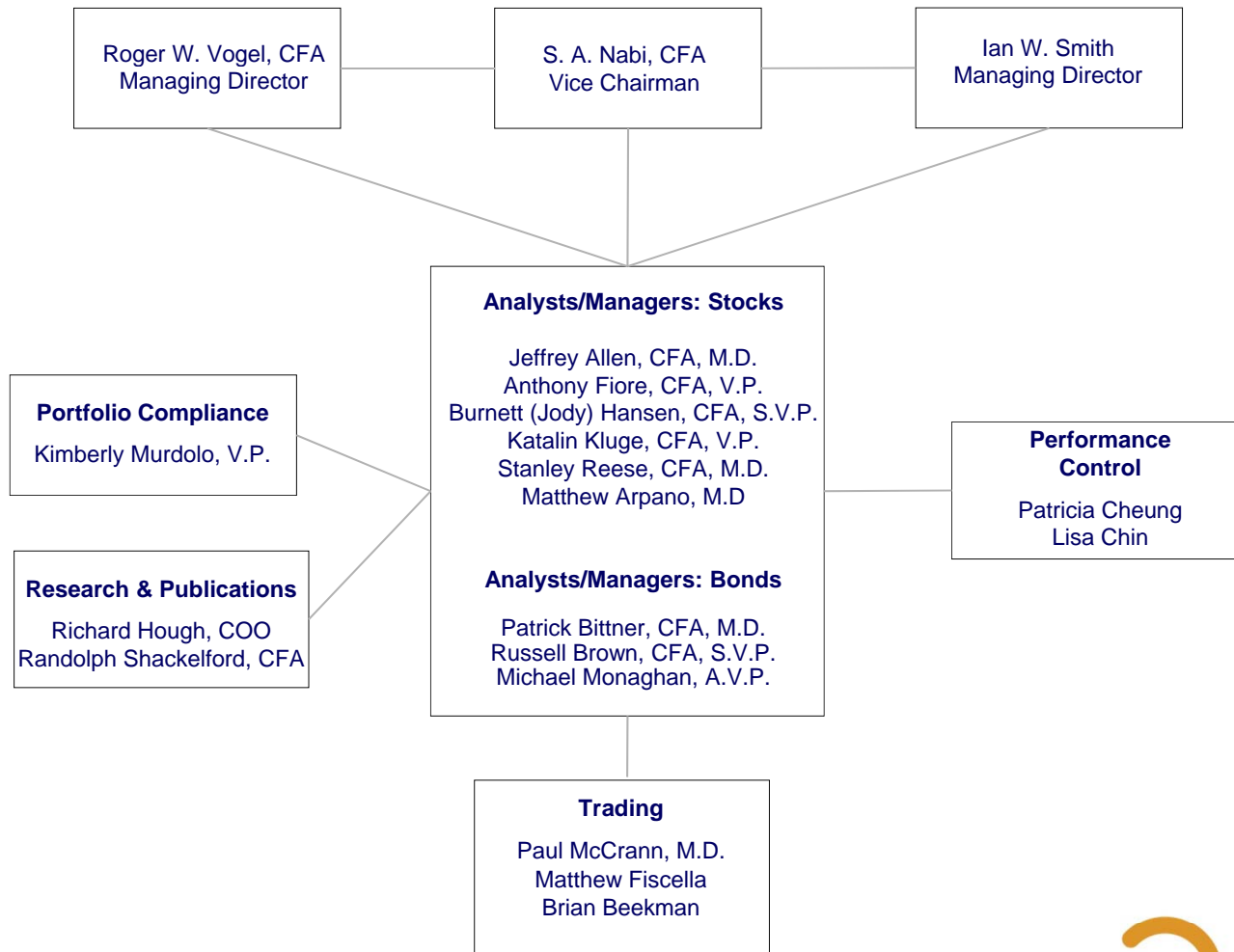
# Equity Management Team

Silvercrest Equity Team Experience



# Investment Management Team

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## Equity Investment Management Team

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**Roger W. Vogel, CFA**, joined Silvercrest Asset Management as a Managing Director and co-manager of the firm's large and small cap value capabilities. Prior to Silvercrest, Mr. Vogel was Managing Director at Credit Suisse Asset Management co-managing both small cap and large cap portfolios. He arrived at Credit Suisse as a result of the DLJ merger where he worked since 1993 in a similar capacity. Previously, Mr. Vogel was a portfolio manager at Chemical Bank and Manufacturers Hanover Trust. He attended New York University.

**Stanley A. Nabi, CFA** joined Silvercrest Asset Management as Vice Chairman and functions as the firm's chief strategist. Mr. Nabi joined Silvercrest from Credit Suisse Asset Management where he headed their \$5-billion value equity team. He arrived at Credit Suisse as a result of that firm's merger with Donaldson, Lufkin & Jenrette (DLJ), where he served as Vice Chairman. Previously, Mr. Nabi was Director of Equity Research and Chief Investment Strategist at Bessemer Trust. He had been a General Partner and Chief Investment Officer at Lazard Frères, where he was hired and trained by the legendary financier André Meyer. Mr. Nabi has served as President and Director of the New York Society of Securities Analysts, Director of the Financial Analysts Federation (now AIMR), Associate Editor of Financial Analysts Journal, investment advisor to the National Bureau of Economic Research, and Adjunct Professor of finance and investments at Fordham University's Graduate School of Business. He is presently a consultant to the United States Steel and Carnegie Pension Fund as well as a Chartered Financial Analyst. Mr. Nabi is a graduate of Columbia University where he studied securities analysis under Professor David Dodd, co-author of Security Analysis, still considered to be the definitive work on fundamental equity research.

**Ian W. Smith** is a Managing Director and portfolio manager of equity and fixed income portfolios at Silvercrest Asset Management. Prior to Silvercrest, Mr. Smith was a Vice President at Credit Suisse Asset Management (CSAM), where he managed accounts specializing in global asset allocation. He arrived at CSAM as a result of that firm's merger with Warburg, Pincus Asset Management where he had worked since 1997. Previously, he worked in institutional client services within the international equity group at Scudder, Stevens & Clark. Mr. Smith holds a B.S. in Business Management from the University of Southern California. He is a member of the New York Society of Security Analysts and NYSSA's Private Wealth Management Committee.

## Equity Investment Management Team

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**Jeffrey C. Allen, CFA**, is a Managing Director and analyst for the firm's large cap and small cap value equity capabilities. Prior to Silvercrest, Mr. Allen was a Vice President at Credit Suisse Asset Management, where he was the analyst for the small cap value product. He arrived at Credit Suisse as a result of that firm's merger with DLJ, where he had worked since 1999 as a generalist equity analyst in DLJ Asset Management's large cap and small cap value equity areas. Previously, he worked in the corporate finance division of J.P. Morgan Chase & Co. He received a B.S. in business administration from Villanova University in 1990 and an MBA in finance from New York University in 1997.

**Burnett (Jody) Hansen, CFA**, joined Silvercrest Asset Management in 2007 as Senior Vice President and analyst for the firm's large-cap and small-cap value products. Prior to Silvercrest, Mr. Hansen followed the financial sector and led the global financial-services team at Credit Suisse Asset Management (CSAM) for four years. Before CSAM, he worked at First Manhattan Co. and Morgan Stanley, where he held similar responsibilities. His prior experience includes being a principal in the strategic consulting practice at Price Waterhouse, a strategy consultant at the Center for Applied Research, and an officer at two New England banks. Mr. Hansen holds a B.A. in English literature from Yale University and an M.B.A. in finance and decision sciences from the University of Pennsylvania's Wharton School. He is a Chartered Financial Analyst and a member of the editorial board of CFA Magazine.

**Katalin Kluge, CFA**, joined Silvercrest as an Equity Research analyst in 2007, after receiving her MBA in Finance from New York University's Stern School of Business. Previously, Ms. Kluge had run a translation business in Paris, France. She worked as a Hedge Fund Summer Associate in New York. Ms. Kluge also holds an M.A. in French Literature from the Sorbonne, Paris.

## Equity Investment Management Team

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**Anthony M. Fiore, CFA**, is a Vice President and analyst for the firm's large and small cap value products. Prior to Silvercrest, Mr. Fiore was a senior equity analyst at Standard & Poor's, where he covered the machinery, industrial conglomerates, and diversified commercial services industries. Previously, Mr. Fiore was a generalist equity analyst and portfolio manager at State Street Global Advisors in the firm's Global Fundamental Strategies group. He received a B.S. in Business Administration from the University of Vermont with a concentration in Finance.

**Stanley H. Reese, CFA**, joined Silvercrest Asset Management as a Managing Director and as Chairman of the firm's Investment Policy Committee. Prior to Silvercrest, Mr. Reese was the Managing Director in charge of Scudder, Stevens & Clark's \$14 billion Private Investment Counsel business until Scudder's sale to Deutsche Bank in the Spring of 2002. Mr. Reese joined Scudder in 1980 and served as an investment consultant, portfolio manager and member of the firm's Investment Committee before assuming management responsibility for the private client group in 1999. Mr. Reese received his B.S. from the University of Amsterdam (he is a native of Holland) and his MBA from Columbia University.

## Equity Investment Management Team

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**Matthew Arpano** joined Silvercrest as a Managing Director and portfolio manager of equity and fixed income portfolios. Previously, Mr. Arpano was an Executive Director at Morgan Stanley's Private Wealth Management group in New York. He began his investment career in 1992 at Morgan Stanley. Mr. Arpano earned an M.B.A. from the University of Miami in 1992. He was graduated summa cum laude from the University of Rhode Island, where he was an economics major and an Academic All-American baseball player. Mr. Arpano serves on the Board of Directors for the University of Miami Alumni Association. He is also a member of the Economics Club of New York.

**Paul McCrann**, Managing Director, is in charge of stock trading. Prior to Silvercrest, Mr. McCrann was a Director at Credit Suisse Asset Management, where he served in a similar capacity. He arrived at Credit Suisse as a result of that firm's merger with DLJ where he had worked since 1999. Previously, Mr. McCrann served as an institutional sales/trader at Dillon Reed for two years. Mr. McCrann began his career at Bessemer Trust NA, where he worked for eight years on the equity trading desk. Paul graduated from the City University of New York in 1988, cum laude.

**Richard R. Hough, III**, is the Chief Operating Officer of Silvercrest Asset Management Group LLC. Mr. Hough has primary responsibility for marketing and corporate strategy and development. Prior to Silvercrest, Mr. Hough was a founding Director of Children's Scholarship Fund and where he was responsible for marketing, relationship management and research and statistical analysis. Previously, Mr. Hough worked as a managing editor and a speechwriter and policy analyst. Mr. Hough received a B.A. in philosophy and politics from Princeton University.

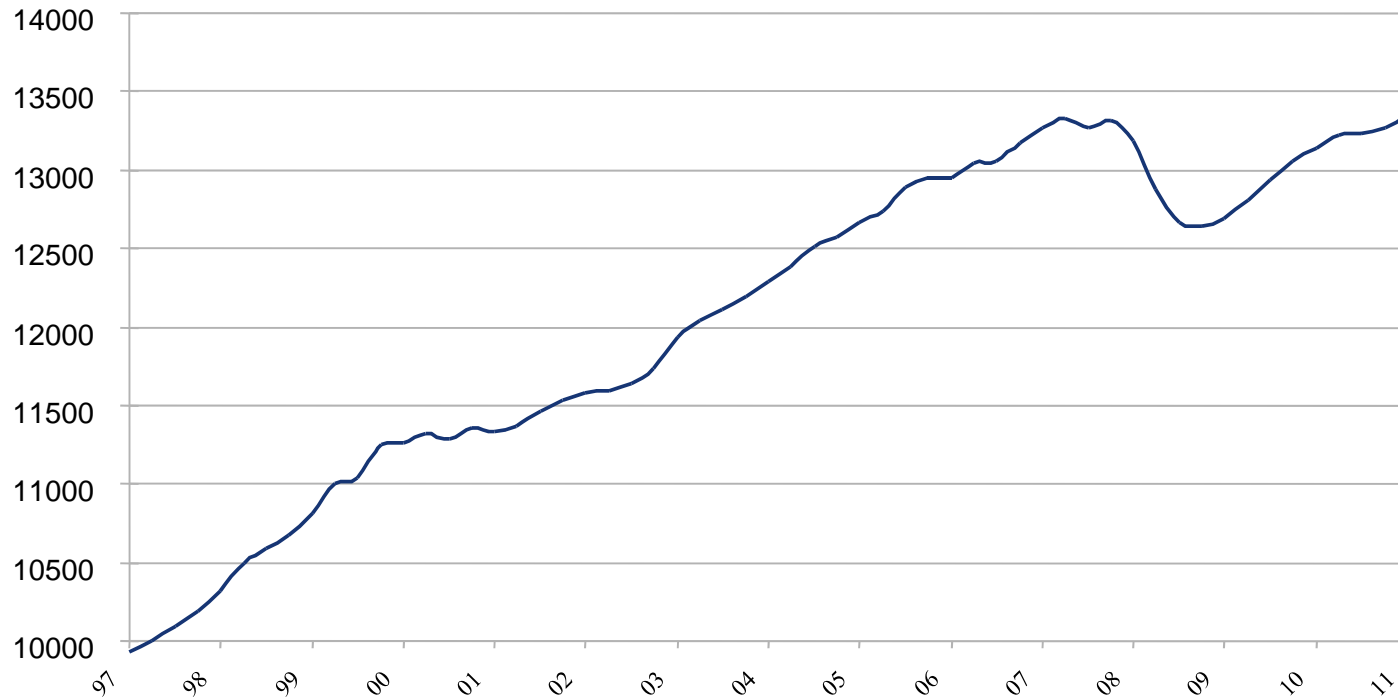
# Macro Overview

# U.S. Real Gross Domestic Product

Real GDP has finally surpassed its prior peak reached in the 4<sup>th</sup> quarter of 2007 and is now formally in expansion mode. The intervening lag in employment, with about 6.5 million less holding jobs, confirms the strong gains in productivity; it also underscores the tight cost controls implemented by corporate managements.

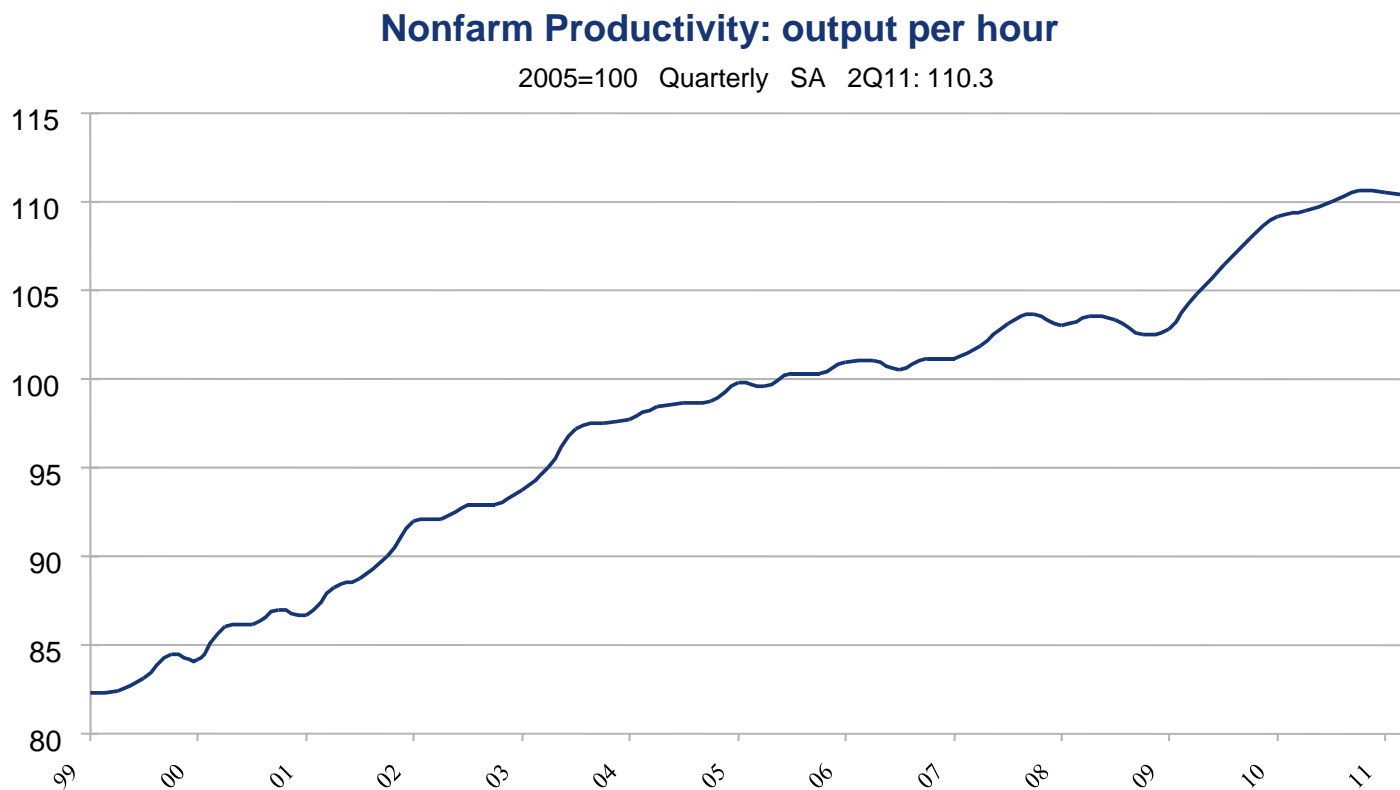
## U.S. Real Gross Domestic Product

Billions of Chained 2005 Dollars Quarterly SA 3Q11: \$13,352.8



## Non-Farm productivity: output per hour

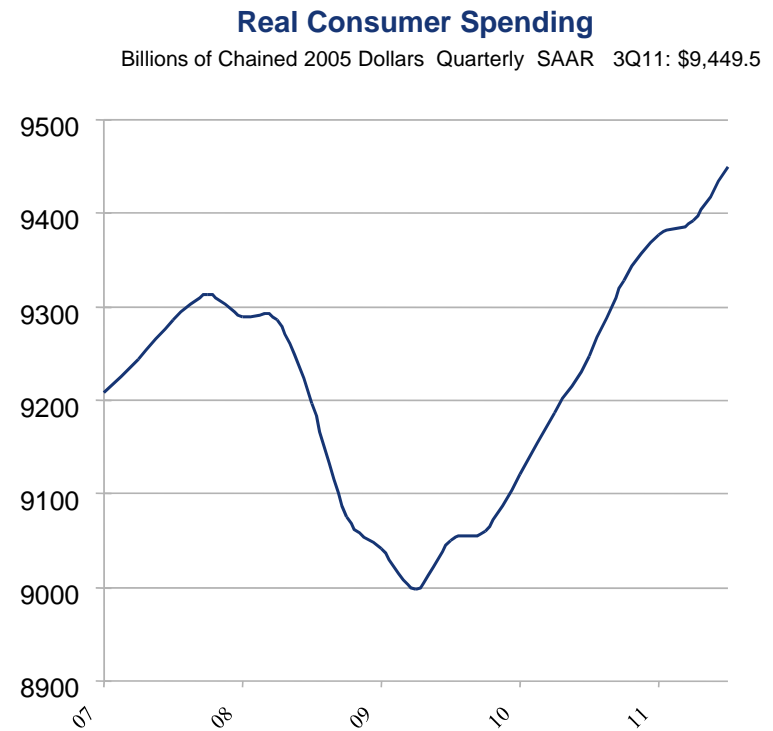
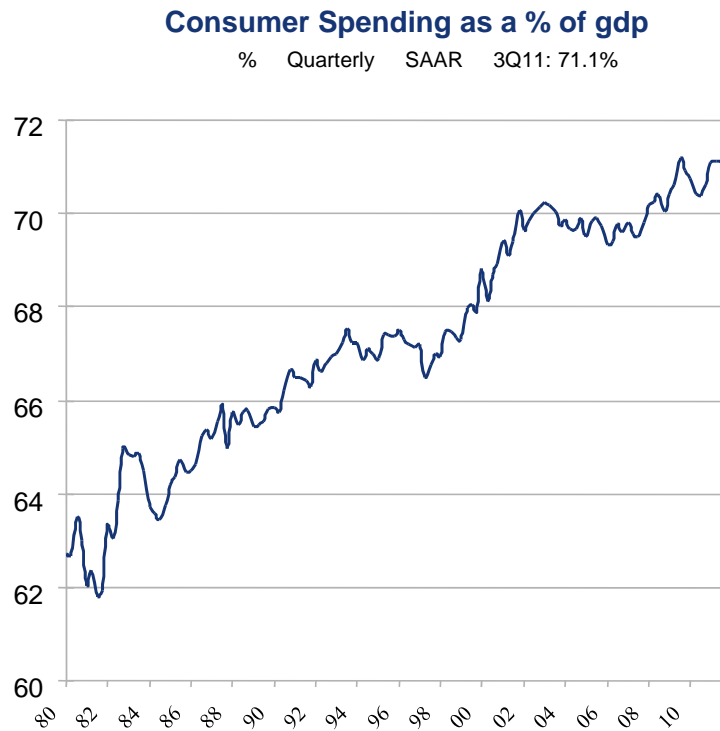
Strong gains in productivity and restrained wages have favorably impacted profits and margins. Note: Productivity has declined in the latest two quarters reported, and it may well indicate that the peak in productivity for this cycle may have been registered.



Source: Silvercrest; Bureau of Economic Analysis, Department of Commerce

# Consumer Spending

Sluggish employment growth and limited gains in wages and incomes have failed to impede the recovery in consumer spending.



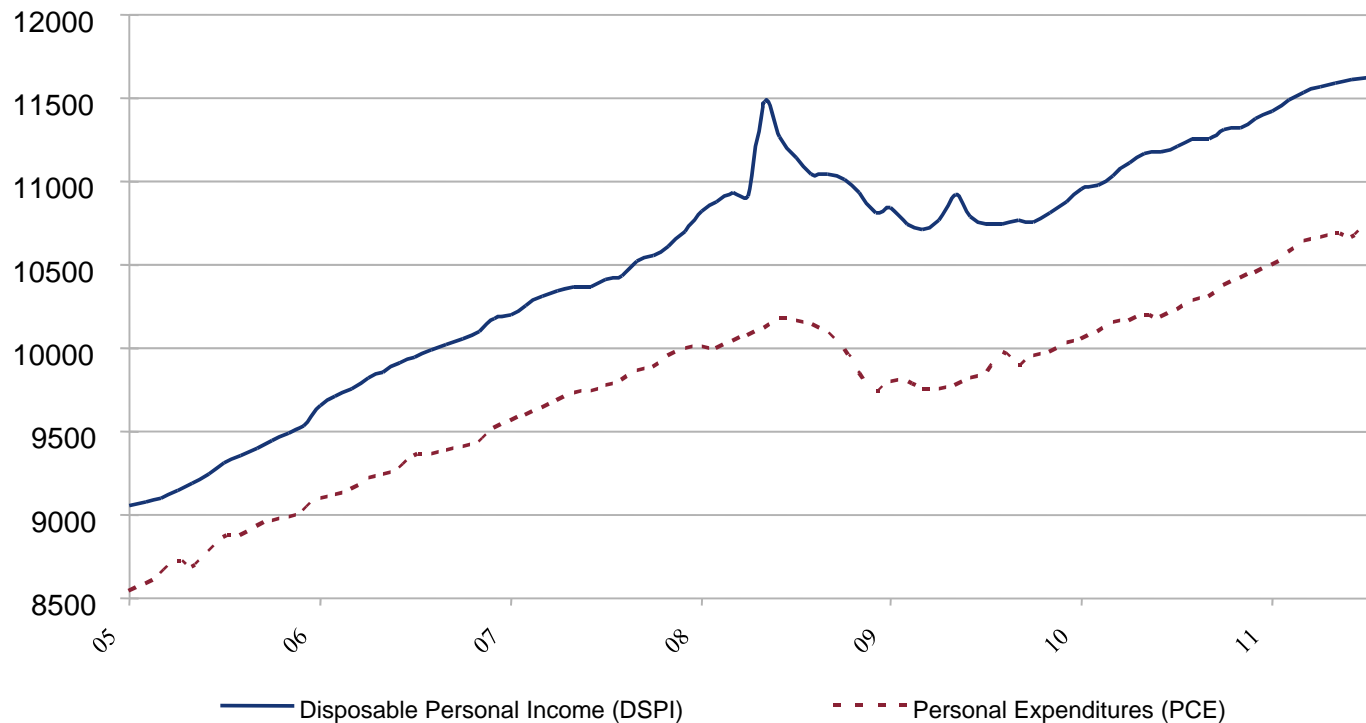
Source: Silvercrest; Bureau of Economic Analysis, Department of Commerce

# Consumer Income & Spending

Consumer spending is once again tracking the rise in Disposable Personal Income. Will events in the capital markets disturb the tight formation?

## U.S. Nominal Consumer Income & Spending

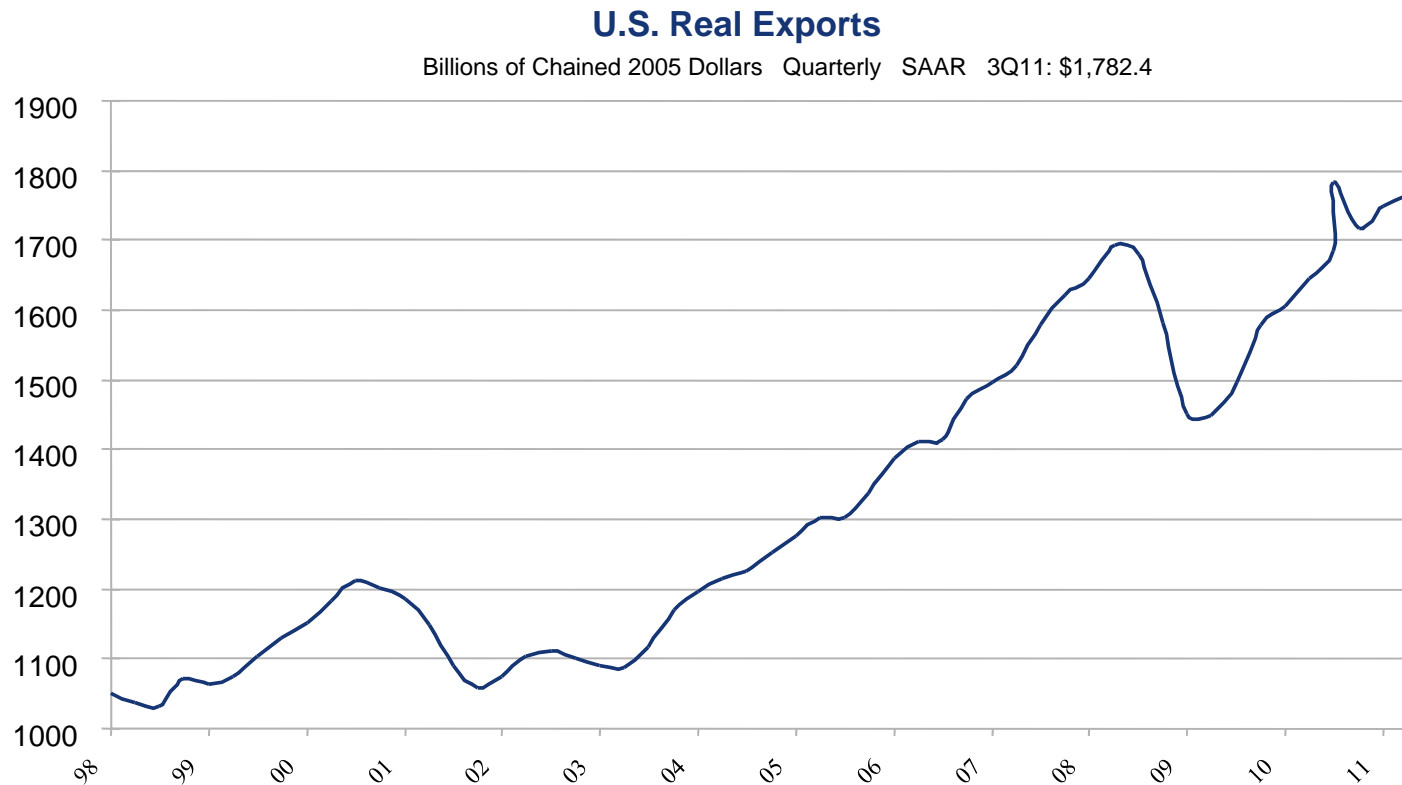
\$Billions Monthly SAAR August11: \$11,619 (DSPI), 10,768 (PCE)



Source: Silvercrest; Bureau of Economic Analysis, Department of Commerce

# U.S. Real Exports

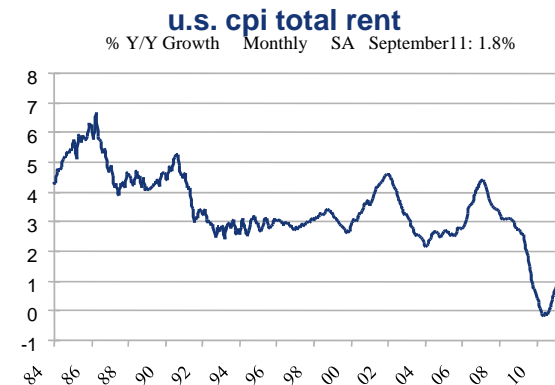
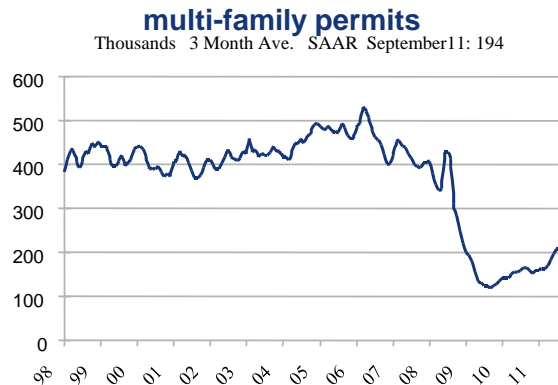
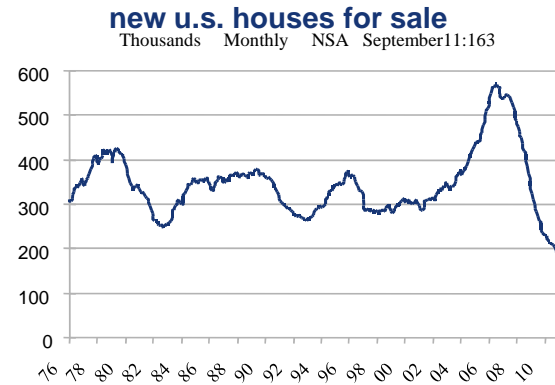
The sharp rebound in exports to a record high leads to two observations: supportive global demand, particularly by emerging economies, and some revival in U.S. competitiveness.



Source: Silvercrest; Bureau of Economic Analysis, Department of Commerce

# U.S. Housing

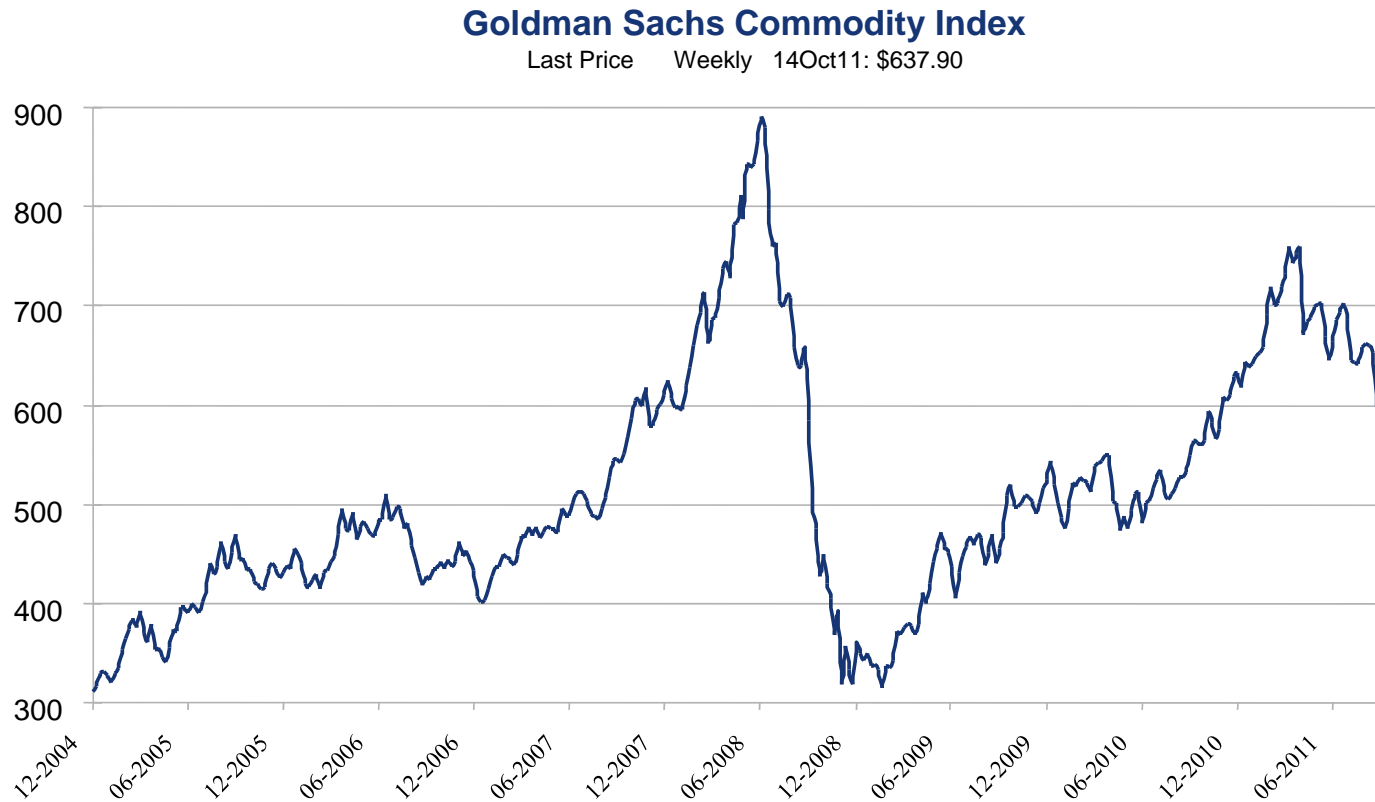
The troubled housing sector appears to be emerging from its recent trough, with new homes for sale at a record low, multi-family home permits up more than 50%, housing starts apparently bottoming, and rents rebounding. The weak recovery of recent months appears to be gaining momentum.



Source: Silvercrest; Census Bureau, Department of Commerce

# Goldman Sachs Commodity Index

Both industrial and agricultural commodities have retreated from their recent spike, easing fear of parabolic inflation triggered by rising demand from emerging economies.



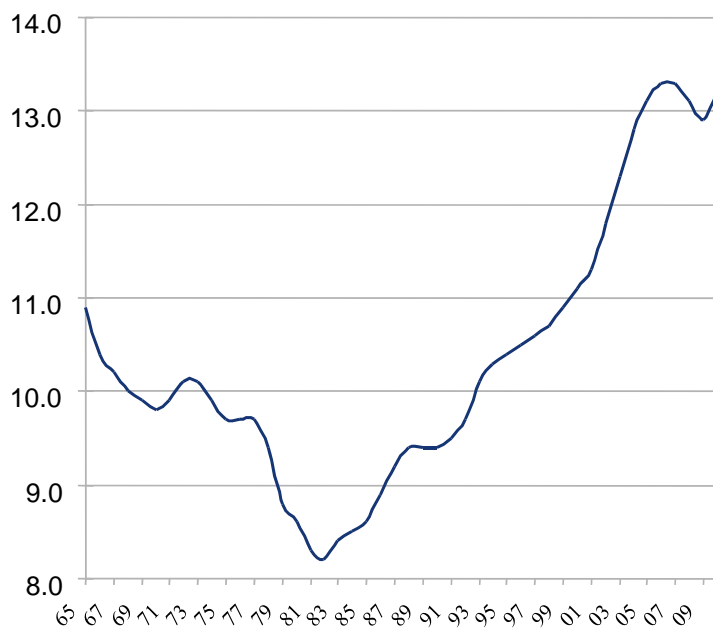
Source: Silvercrest; Bloomberg

# Average Age of U.S. Manufacturing Plants and Equipment

The current strong spending on plant and equipment in the U.S. is likely sustainable for an extended period due to the elevated age of facilities in place and the apparent revival in manufacturing which is being driven by rising exports and signs of repatriation.

## U.S. Average Age of Manufacturing Plants

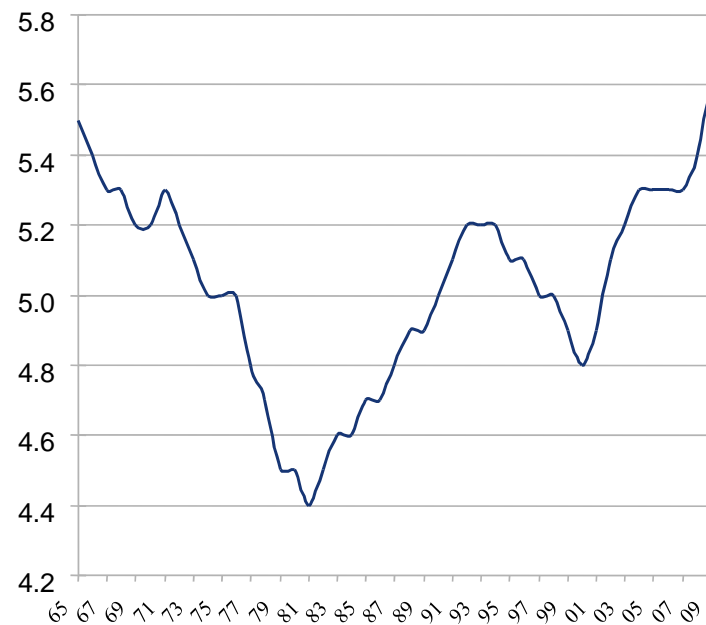
Historical-Cost Average Annual 2010: 13.2



Source: Silvercrest; BEA

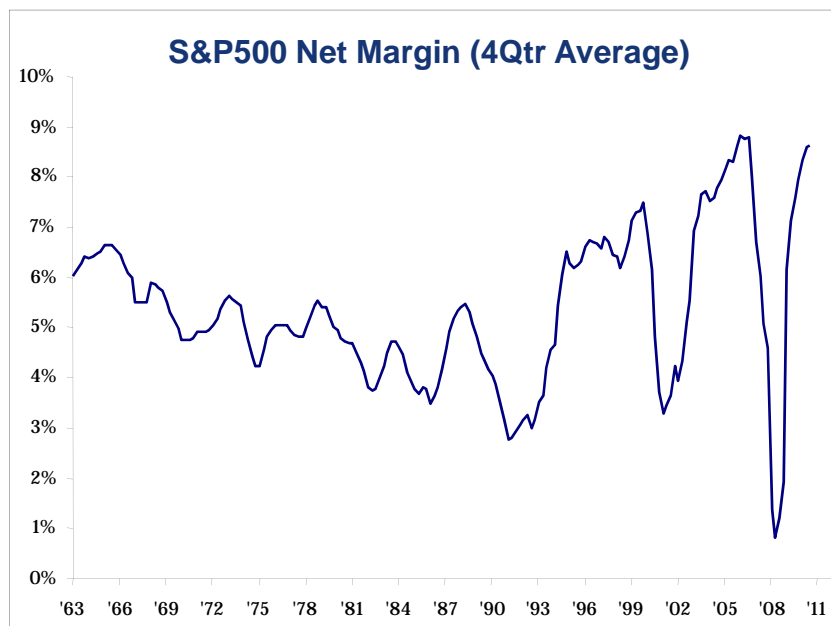
## U.S. Average Age of Equipment

Historical-Cost Average Annual 2010: 5.7

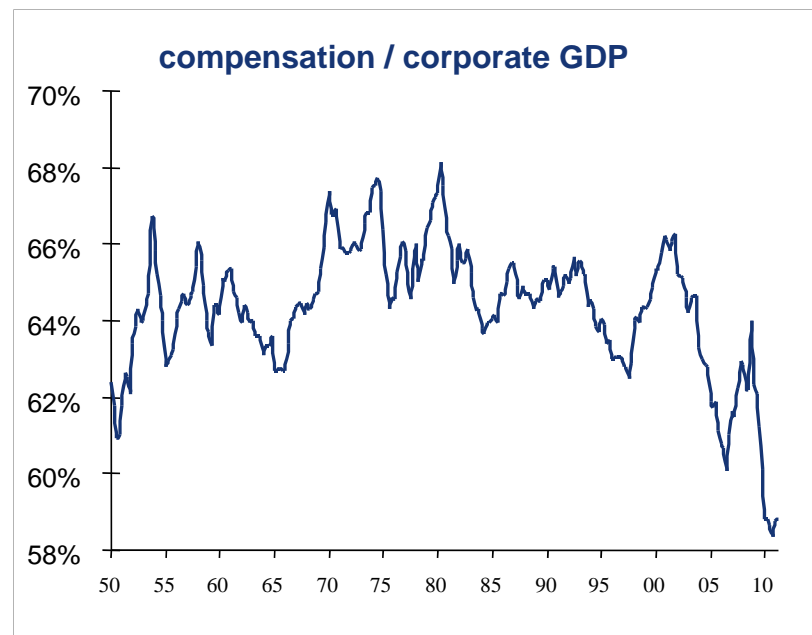


# Corporate Margins

Profit margins have surpassed the prior record but appear to be peaking, presenting a challenge to corporate managements, particularly when viewed relative to corporate compensation (wages) as a % of corporate GDP.



Source: Strategas



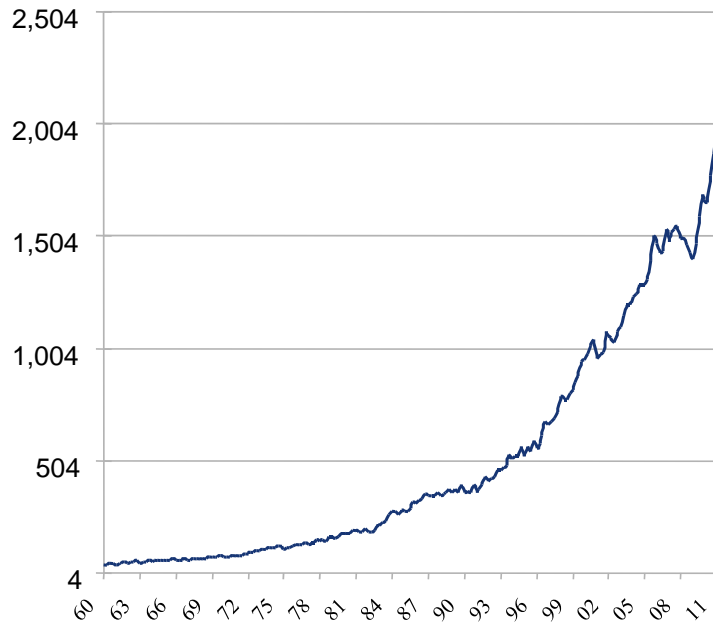
Source: Silvercrest; Bureau of Economic Analysis, Department of Commerce

# Corporate Cash & Profits as a % of GDP

Robust profits have allowed U.S. non-financial corporations to accumulate cash at a record pace, whether measured in absolute terms or as a ratio of Gross Domestic Product.

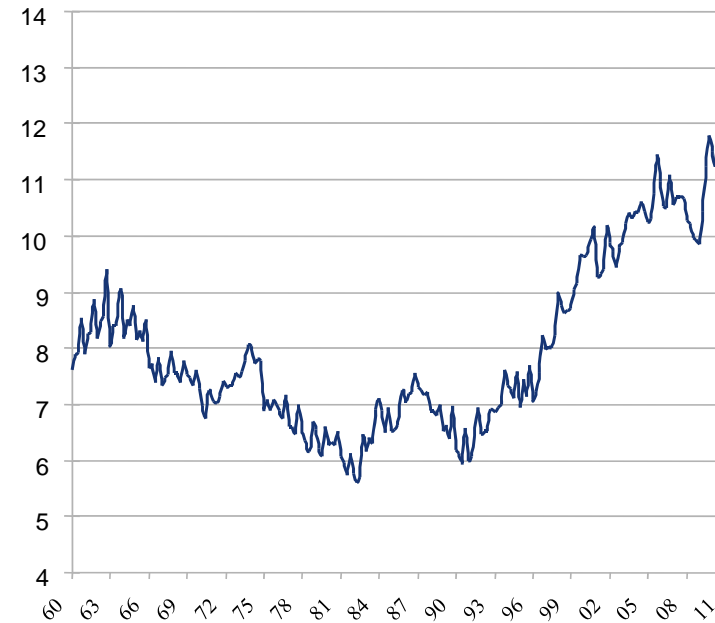
**U.S. Nonfinancial Corporate liquid assets**

\$Billions Quarterly 2Q11: \$2,054



**U.S. Nonfinancial Corporate as a % of Nominal GDP**

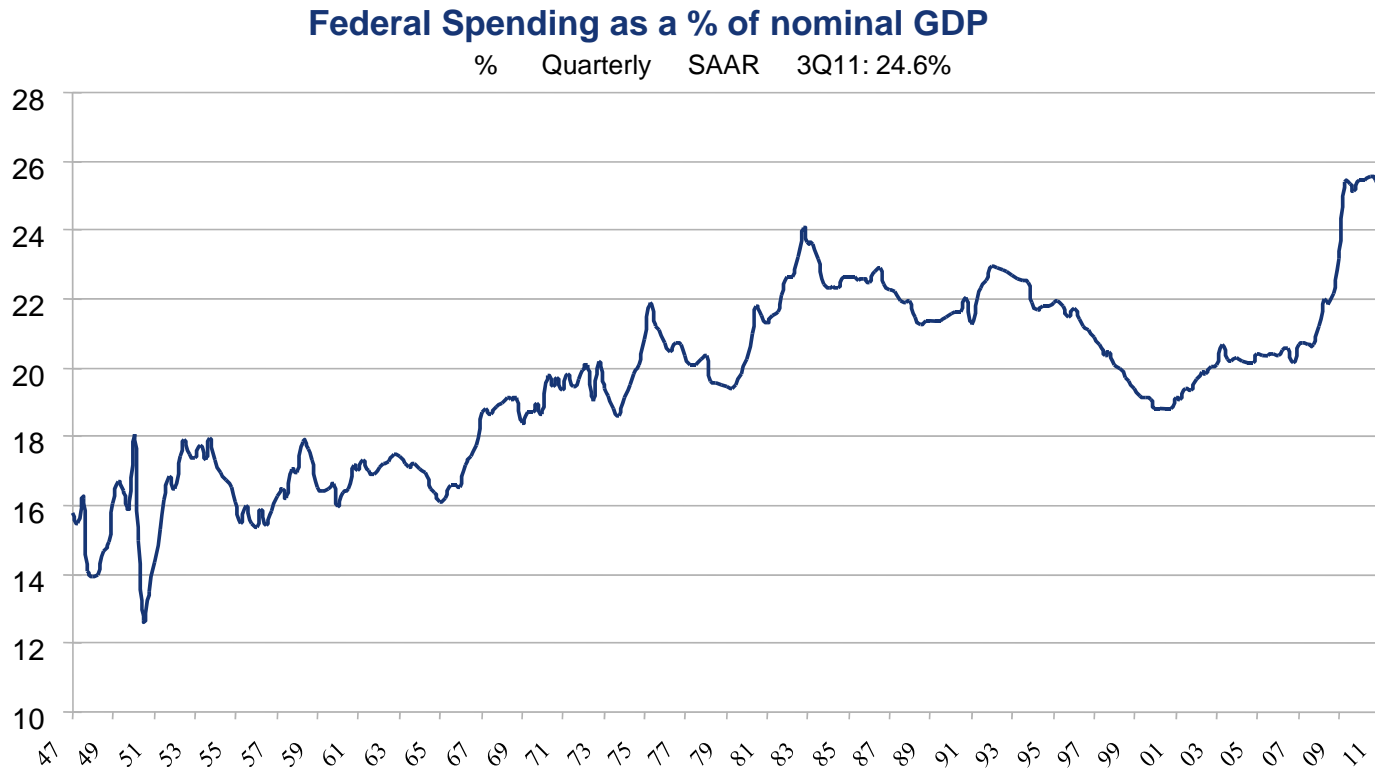
% Quarterly 2Q11: 13.7%



Source: Silvercrest, BEA

# Federal Spending as a % of GDP

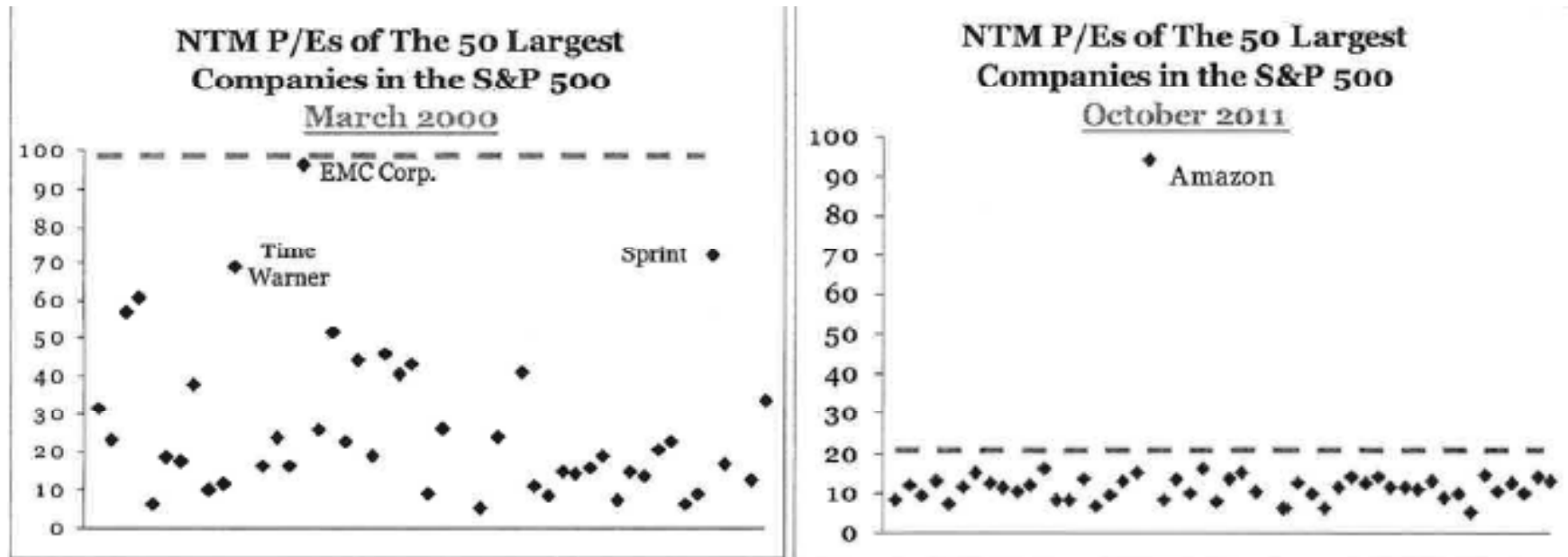
Federal Spending as a percentage of Gross Domestic Product is at the highest level since World War II. Reversion to a more normal ratio of about 20% requires extreme, almost heroic, efforts and very delicate rebalancing, if deleterious consequences are to be avoided.



Source: Silvercrest; Bureau of Economic Analysis, Department of Commerce

## Price / Earnings Comparison versus FY2000

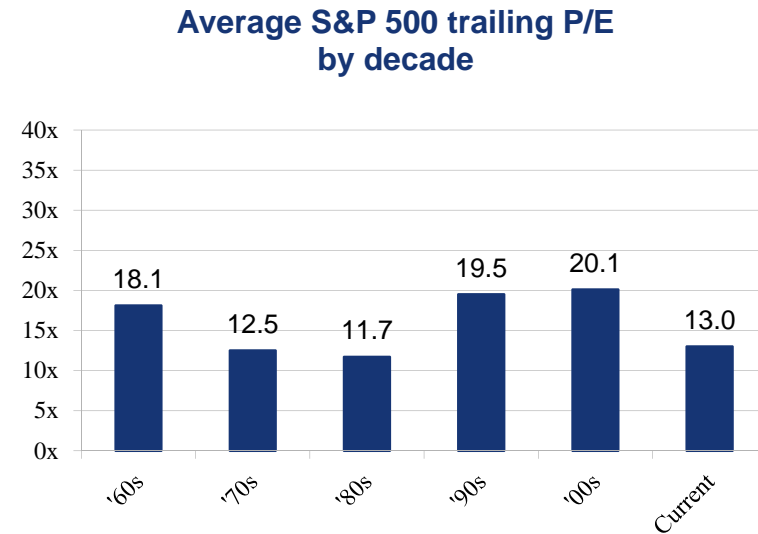
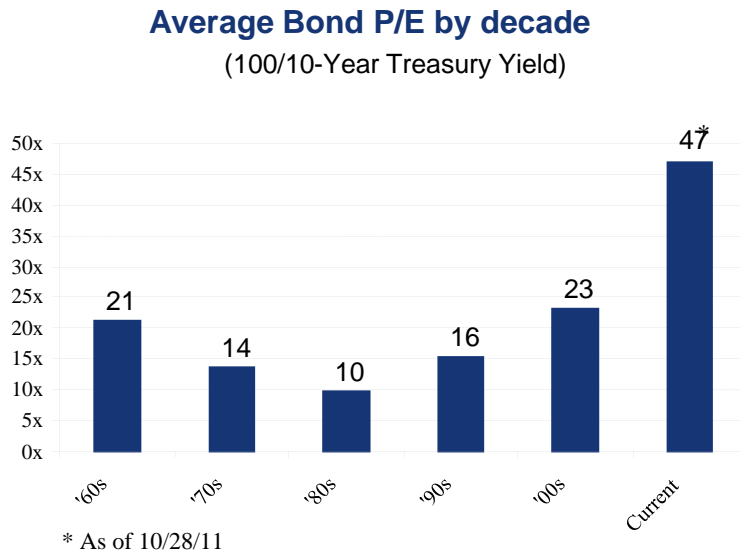
Compression in Price/Earnings ratios often occurs near the trough of a market, in part reflecting capitulation. Investors are not differentiating between growth and value, according both nearly similar multiples.



Source: Strategas

# Price / Earnings

The risk profile of the fixed income sector is depicted in the charts below. U.S. Treasury bonds are currently valued at an implied P/E nearly triple that of stocks (S&P 500) even after applying a risk premium of 500 bps. With corporate profits certain to register further gains, at least over the next 6 months, this disparity is likely to attract investors' attention.



## Price / Book

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Financials represent a major portion of the S&P 500 Index (about 14%). They have been the poorest performing major sector of the market, causing valuations to be particularly depressed. Can the stock market mount a significant rally without a meaningful participation by this group?



Source: Strategas

## Wage structure

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Hourly compensation in the U.S. is near the lowest among the major industrialized countries. This is favorable to U.S. competitiveness.

### Hourly compensation in U.S. dollars all employees, manufacturing

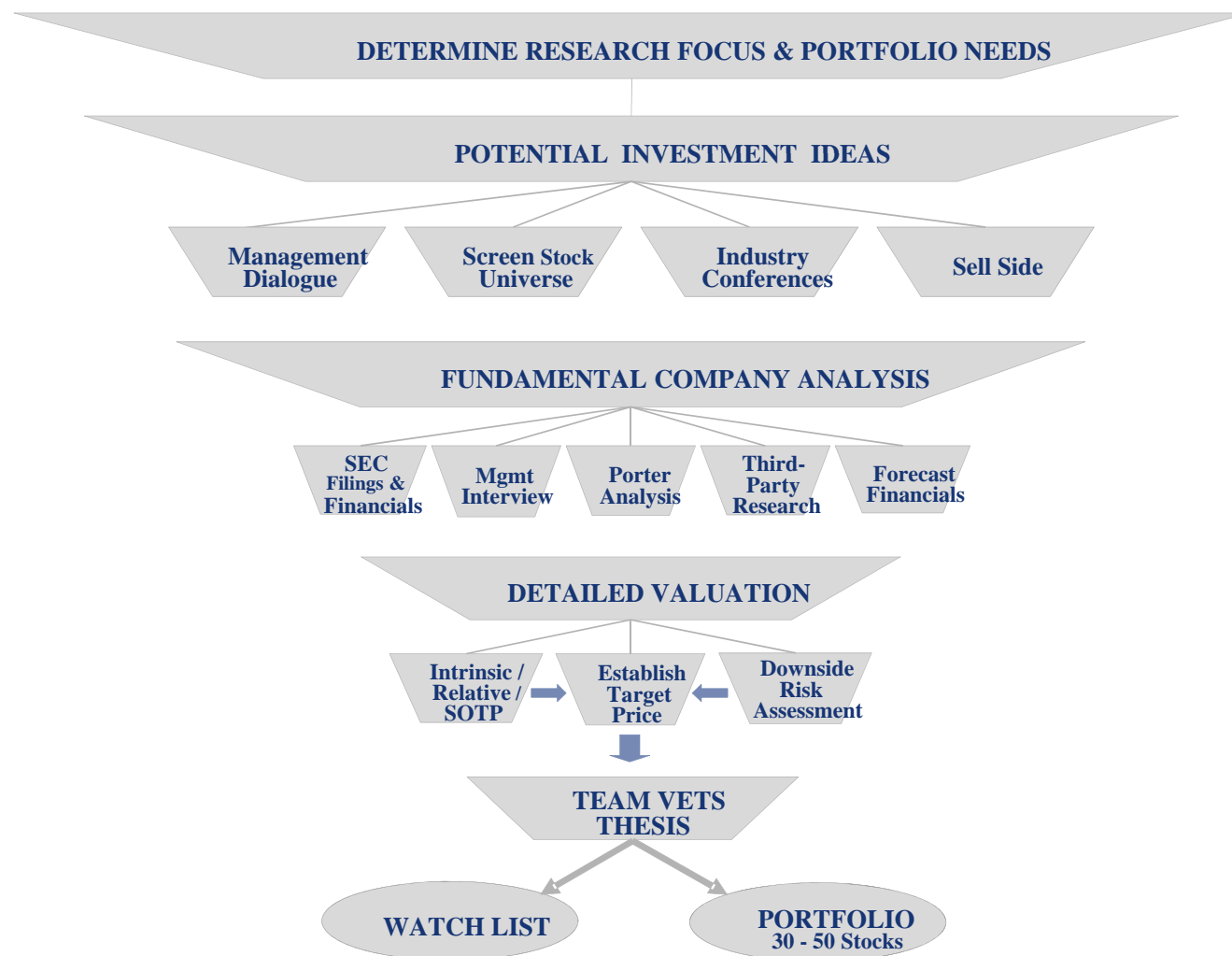
<b>OECD</b>	<b>1996</b>	<b>2011*</b>
Germany	28.99	44.89
Sweden	23.88	44.61
Australia	19.36	42.54
France	27.80	38.67
Japan	23.93	36.89
Italy	20.88	33.74
<b>USA</b>	<b>22.11</b>	<b>33.53</b>
Canada	19.01	32.52
UK	16.88	30.72

\* Estimates using 2009 wage rates and exchange rates as of 9/30/2011.

Source: Silvercrest; US Bureau of Labor Statistics

# Investment Process

# Silvercrest Equity Process - Overview



## Silvercrest Equity Process – Buy Quality at a Discount

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This is not a “down & dirty” approach to value investing.

### What is quality?

- Higher return on invested capital (ROIC) over a cycle = better business
- Balance sheet flexibility – self financing
- Durability – consistency of returns
- Transparency – understandable
- Management – trustworthy, capable

### How do we measure it?

- Trend analysis: stable, improving
- Appropriate leverage
- Cash flow versus net income
- Consistency
- Track record

# Silvercrest Equity Process – Buy Quality at a Discount

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## What is quality worth?

- Relative value (FCF Yield, P/E, P/S, P/BV, EV/EBITDA, EV/Sales)
- Intrinsic value (discount models)
- Sum of the parts

## When do we buy?

- Discount to fair value as measured by Silvercrest discount model
- Take advantage of opportunities that may arise from:
  - Market (mis)perceptions
  - Lack of research sponsorship

# Risk Management - Sell Disciplines Are Strictly Observed

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## Valuation

- Excessively Valued
  - Best case scenario over-recognized in stock price → Trim/Sell
- Under performance
  - Stock under performs benchmark more than 10% → Review

## Risk Protection

- Sector allocation
  - Becomes excessive due to strong returns → Trim
- Stock diversification
  - Stock reaches maximum position size → Trim/Sell

## Changes to Company

- Investment Thesis Changes
  - Changes to management or business prospects → Review/Trim

# Investment Philosophy

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## Summary

We seek to assemble a diversified portfolio of high-quality small and mid-size companies that can potentially deliver 3-5 year growth in the mid single- to low double-digit range of cash flow, EPS, sales and/or book value. Careful attention to valuation enables us to take advantage of marketplace mis-pricings in order to invest in these companies at opportune moments, giving us the potential to benefit from an upward revaluation compounded by our companies' intrinsic growth. With strong financial profiles and high market shares, our companies are also logical candidates for acquisition by either larger firms or financial buyers. We believe this approach gives us a reasonable chance to earn a low to mid double-digit return with volatility at or below that of the benchmark indices.

# Investment Strategy

## Portfolio Characteristics

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Benchmarks:	Russell 2000 Index
Return Target*:	Moving Average of 200-300 bps in excess of the Index over a full market cycle
Tracking Error*:	6.9% over the trailing five years ending September 30, 2011
Information Ratio*:	0.23 over the trailing five years ending September 30, 2011
Style:	Small/Mid Cap Value
Source of return:	Earnings growth, assuming constant P/E
Universe:	About 3000 companies, small and mid-cap
AUM:	Similarly managed: \$435 million as of 30 September, 2011
Derivatives:	No

\* There are no official targets for returns and risk. These figures are for reference purposes only. Information ratio: Active premium (product return-index return) divided by the tracking error. Tracking error: Avg of the squared deviations between Fund returns and the benchmark returns.

## Portfolio Positioning – Market Capitalization

a/o 25 October, 2011

- At initiation, all investments have a market capitalization of \$2 billion or below
- The portfolio is overweight Mid Cap stocks relative to the Russell 2000 Index
  - Overweight due to successful investments that have grown to be mid capitalization stocks

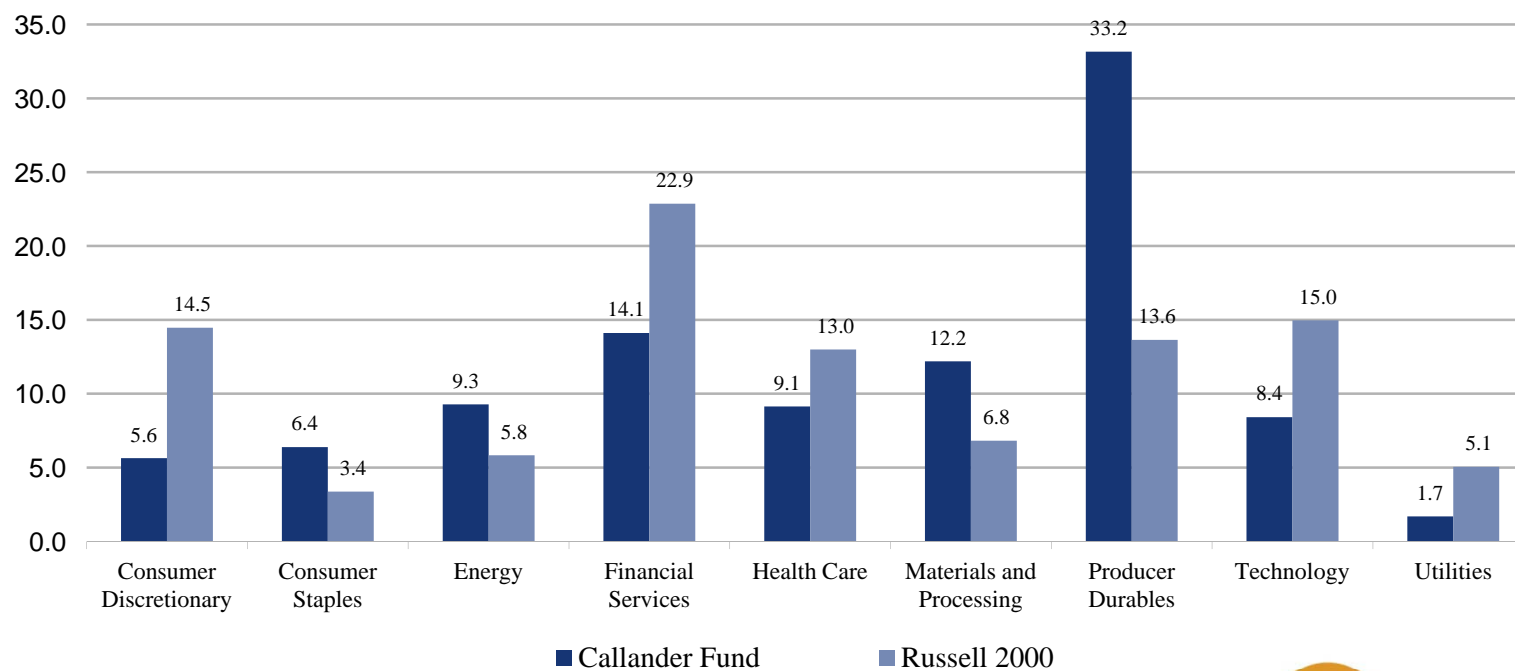
### Market Cap Allocation

Market Cap	Cap Range	Portfolio	Russell 2000	Russell 2500
Mid Cap	\$2bn to \$10bn	45%	15%	58%
Small Cap	\$300mil to \$2bn	52%	75%	38%
Microcap	Below \$300mil	4%	10%	4%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>

Weighted Avg. Market Cap. (\$ Million)	\$2,419	\$1,166	\$2,558
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## Portfolio Positioning – Sector Allocation

- Maximum position 5%
- 30-50 holdings
- Current positioning:
  - Overweight Producer Durables and Materials & Processing sectors
  - Underweight Consumer Discretionary and Financial Services sectors



## Portfolio Holdings – Top Ten Holdings

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- The portfolio is broadly diversified by security
- Top ten holdings represent 38% of the portfolio

a/o 25 October, 2011

<b>Top Ten Holdings</b>	<b>Pct. Equity</b>
Kennametal Inc.	4.2
HCC Insurance Holdings Inc.	4.1
Coherent Inc.	4.0
Team Inc.	3.9
Constellation Brands Inc.	3.8
PerkinElmer Inc.	3.8
Belden Inc.	3.7
Carpenter Technology Corp.	3.7
EMCOR Group Inc.	3.6
Owens & Minor Inc.	3.4
<b>TOTAL</b>	<b>38.1</b>

# Portfolio Holdings 25 October, 2011

	Weight	FUND COST	10/25/11 PRICE	P/L	P/E RATIO FY 1	P/E RATIO FY 2	P/E RATIO NTM	PRICE/BOOK VALUE	PROJ 5 YR EPS
<b>Consumer Discretionary</b>									
Mathews International Corp. Cl A	2.89%	\$38.99	\$34.73	-10.93%	14.2	12.8	12.7	2.0	10.5
O'Charley's Inc.	0.99%	\$19.79	\$5.95	-69.93%	NM	NM	NM	0.7	10.0
Steinway Musical Instruments Inc.	1.75%	\$16.54	\$25.27	52.76%	23.0	14.4	15.5	1.3	15.0
	<b>5.64%</b>								
<b>Consumer Staples</b>									
Constellation Brands Inc. Cl A	3.85%	\$5.78	\$19.79	242.12%	9.6	9.0	9.2	1.5	13.0
J.M. Smucker Co.	2.53%	\$35.88	\$76.08	112.03%	14.9	13.6	14.2	1.6	8.0
	<b>6.38%</b>								
<b>Energy</b>									
Cimarex Energy Co.	3.40%	\$16.13	\$61.21	279.52%	10.0	9.7	9.8	1.8	10.0
Exterran Holdings Inc.	0.76%	\$41.62	\$9.08	-78.18%	NM	NM	NM	0.3	25.0
Goodrich Petroleum Corp.	0.87%	\$25.65	\$15.32	-40.28%	NM	25.1	35.7	3.7	17.5
Helmerich & Payne Inc.	2.72%	\$8.12	\$49.07	504.21%	12.5	10.3	10.3	1.6	9.0
Nabors Industries Ltd.	1.53%	\$1.55	\$15.80	916.65%	10.9	6.5	7.0	0.8	9.0
	<b>9.28%</b>								
<b>Financial Services</b>									
W.R. Berkley Corp.	3.22%	\$10.17	\$33.13	225.61%	15.4	12.9	13.3	1.2	12.5
The Hanover Insurance Group Inc.	2.53%	\$31.56	\$36.51	15.69%	86.9	9.3	11.2	0.7	15.0
HCC Insurance Holdings Inc.	4.07%	\$16.80	\$29.32	74.50%	11.6	9.9	10.1	1.0	10.0
IBERIABANK Corp.	2.81%	\$59.88	\$50.63	-15.44%	23.8	16.9	17.8	1.0	11.0
Kansas City Life Insurance Co.	1.14%	\$49.25	\$31.54	-35.96%	NM	NM	NM	0.5	
Phoenix Cos. Inc.	0.34%	\$9.70	\$1.21	-87.52%	4.0	3.5	3.5	0.1	
	<b>14.11%</b>								
<b>Healthcare</b>									
Cambrex Corp.	1.90%	\$12.77	\$5.48	-57.09%	11.7	10.5	10.7	1.3	
Owens & Minor Inc.	3.43%	\$25.80	\$30.86	19.61%	15.8	14.4	14.6	2.2	10.0
PerkinElmer Inc.	3.80%	\$21.58	\$19.58	-9.27%	11.7	10.3	10.5	1.1	7.0

# Portfolio Holdings 25 October, 2011

	Weight	FUND COST	10/25/11 PRICE	P/L	P/E RATIO FY 1	P/E RATIO FY 2	P/E RATIO NTM	PRICE/BOOK VALUE	PROJ 5 YR EPS
<b>Materials &amp; Processing</b>									
Belden Inc.	3.69%	\$23.78	\$29.56	24.30%	12.5	10.3	10.7	1.9	8.0
Carpenter Technology Corp.	3.66%	\$23.05	\$52.75	128.90%	20.3	14.7	18.1	3.1	20.0
Reliance Steel & Aluminum Co.	3.38%	\$3.66	\$40.57	1007.66%	9.0	7.7	7.9	1.0	
Sensient Technologies Corp.	1.47%	\$18.60	\$35.19	89.22%	14.7	13.8	14.0	1.7	10.0
	<b>12.20%</b>								
<b>Producer Durables</b>									
Alliant Techsystems Inc.	1.65%	\$18.03	\$59.38	229.25%	6.8	6.7	6.7	1.7	7.5
Curtiss-Wright Corp.	3.04%	\$11.81	\$31.27	164.76%	11.7	10.6	10.8	1.2	7.5
EMCOR Group Inc.	3.61%	\$10.49	\$22.40	113.47%	12.3	10.3	10.7	1.2	15.0
Great Lakes Dredge & Dock Corp.	0.71%	\$4.76	\$4.66	-2.19%	20.7	9.7	10.8	1.0	10.7
IDEX Corp.	2.72%	\$2.87	\$35.01	1121.93%	13.9	12.6	12.8	1.9	15.0
Jacobs Engineering Group Inc.	2.80%	\$6.31	\$38.01	502.56%	14.6	12.7	12.6	1.5	15.0
John Bean Technologies Corp.	1.73%	\$10.28	\$15.62	51.90%	11.1	9.9	10.1	4.0	12.0
Kennametal Inc.	4.16%	\$14.74	\$37.51	154.41%	10.4	9.2	10.0	1.9	15.0
Littelfuse Inc.	1.30%	\$57.05	\$46.70	-18.15%	11.3	11.0	11.1	2.0	12.0
Manitowoc Co.	2.40%	\$7.93	\$8.65	9.01%	25.1	8.9	10.1	2.3	157.5
Mine Safety Appliances Co.	2.54%	\$35.14	\$30.46	-13.31%	15.1	13.0	13.3	2.3	15.0
Team Inc.	3.86%	\$2.13	\$24.38	1046.96%	15.2	13.0	14.3	2.2	20.0
Towers Watson & Co. CI A	2.66%	\$26.75	\$63.77	138.37%	13.0	12.1	12.7	1.8	12.0
	<b>33.17%</b>								
<b>Technology</b>									
ACI Worldwide Inc.	1.61%	\$28.45	\$29.06	2.15%	18.5	15.1	15.7	3.5	18.0
Coherent Inc.	3.98%	\$28.62	\$47.75	66.85%	14.1	12.8	12.6	1.8	17.0
FEI Co.	1.59%	\$32.65	\$35.84	9.78%	15.3	13.8	14.1	1.9	13.5
Intermec Inc.	1.23%	\$9.43	\$7.40	-21.53%	21.1	12.3	13.4	1.0	12.0
	<b>8.41%</b>								
<b>Utilities</b>									
Portland General Electric Co.	1.69%	\$24.18	\$24.37	0.80%	12.2	12.8	12.7	1.1	5.0
	<b>1.69%</b>								
	<b>100%</b>								
PORTFOLIO WEIGHTED AVERAGES					13.7	11.3	11.8	1.4	15.2
RUSSELL 2000							12.7	1.5	10.3
RUSSELL 2000 VALUE							11.4	1.1	10.4

# Performance Review

# Performance Attribution

a/o 28 October, 2011

- This year-to-date, the Fund's performance is modestly ahead of the performance of the Russell 2000 index
- Outperformance driven by stock selection, particularly in the Consumer Discretionary and Technology sectors

## Performance Attribution<sup>1</sup> Callander Fund-Asset vs. Russell 2000 12/31/2010 to 10/28/2011

Sector	Callander Fund-Asset <sup>1</sup>			Russell 2000			Variation			Attribution Analysis			
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection Effect	Interaction Effect	Total Effect
<b>Materials &amp; Proces'g.</b>	12.33	4.73	0.36	7.61	-6.05	-0.47	4.72	10.79	0.84	-0.22	0.82	0.53	1.13
<b>Producer Durables</b>	35.92	-2.37	-0.37	13.78	-5.12	-0.56	22.14	2.75	0.19	-0.52	0.51	0.73	0.72
<b>Consumer Discr.</b>	3.87	6.26	0.21	14.64	-3.27	-0.47	-10.77	9.52	0.68	0.17	1.64	-1.24	0.58
<b>Financial Services</b>	12.76	-1.60	0.00	21.53	-4.04	-0.84	-8.78	2.44	0.84	0.17	0.73	-0.36	0.53
<b>Technology</b>	6.07	3.94	0.51	16.32	-3.00	-0.26	-10.25	6.94	0.77	-0.03	1.45	-0.94	0.48
<b>Consumer Staples</b>	6.66	2.92	0.18	2.83	5.63	0.15	3.83	-2.71	0.04	0.23	-0.05	-0.13	0.05
<b>Health Care</b>	10.14	1.17	0.16	12.69	2.99	0.28	-2.55	-1.83	-0.12	-0.11	-0.17	-0.05	-0.33
<b>Utilities</b>	0.07	2.37	0.04	4.17	9.35	0.36	-4.10	-6.98	-0.32	-0.47	-0.17	0.11	-0.53
<b>Energy</b>	12.18	-15.50	-2.55	6.43	-0.75	-0.36	5.76	-14.75	-2.20	0.13	-1.14	-0.92	-1.92
<b>Total</b>	<b>100.00</b>	<b>-1.46</b>	<b>-1.46</b>	<b>100.00</b>	<b>-2.17</b>	<b>-2.17</b>	<b>--</b>	<b>0.71</b>	<b>0.71</b>	<b>-0.65</b>	<b>3.61</b>	<b>-2.28</b>	<b>0.71</b>

<sup>1</sup> Gross of fees and fund expenses.

## Performance Attribution, continued

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a/o 28 October, 2011

- Top five contributors to total return this year-to-date:
  - Carpenter Technology
  - W.R. Berkley Corp.
  - Coherent Inc.
  - Towers Watson
  - J.M. Smucker Co.
  
- Five largest detractors from total return this year-to-date:
  - Cimarex Energy
  - Exterran Holdings
  - PerkinElmer Inc.
  - Intermec Inc.
  - Nabors Industries

# Why invest in the Callander Fund – Asset ?

## Why invest in the Callander Fund - Asset

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- The Investment Team has provided consistent leadership for over 20 years
- Consistently applied investment discipline
- High quality portfolio of U.S. equities trading at a discount to their intrinsic value
- U.S. corporate cash balances at historic highs
- Mergers and acquisition activity could drive small cap outperformance

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## Information form

Luxembourg Mutual Fund – Part 1 (12/20/2002 Law) – UCITS III

### Orders to

#### E.F.A. (European Fund Administration SA)

Subsidiary of Banque de Luxembourg, State Bank and Savings Fund & KBL European Private Bankers SA  
2, rue d'Alsace – P.O. Box 1725 – L1017 Luxembourg

Ms. Marie Schumacher T. +352 48 48 80 826  
Mr. Ludovic Skowron T. +352 48 48 80 582  
Fax T. +352 48 65 61 8002

Clestream: 10023  
Euroclear: 00281

\*Orders have to be entered by fax before 2 p.m. (Luxembourg time) with the beneficiary owner clearly indicated.

### Subscriptions – redemption terms

Settlement day  
*Subscriptions and redemptions D+5*  
Delivery versus payment

Subscriptions of units may only be effected on the basis of the prospectus accompanied by the management regulations and sub-fund descriptions or on the basis of the simplified prospectus.

Callander Fund	Currency	ISIN	Bloomberg	Telekurs	WKN
Asset C1	USD	LU0012008875	CAEB	CH595132	971194
Asset C2	EUR (Hedged)	LU0167130078	CAC2	CH1591816	136478
Japan New Growth C1	JPY	LU0097747421	CALJNGI	CH802617	590936
Japan New Growth C2	EUR (Hedged)	LU0192479029	CALJNII	CH1857062	A0B50J
Japan New Growth I1	JPY	LU0522165918	CALJNI1 LX	CH11455782	A1C1F0
Japan New Growth I2	EUR (Hedged)	LU0522167377	CALJNI2 LX	CH11455783	A1C1F1
China Universe C1	USD	LU0192479375	CALCHUS	CH1857144	A0B50G
China Universe C2	EUR (Hedged)	LU0192479615	CALCHEU	CH1857150	A0B50H
DIAM Asia Pacific ex Japan C1	USD	LU0551507535	CALDAC1 LX	11876603	A1C9BM
DIAM Asia Pacific ex Japan C2	EUR (Hedged)	LU0551508004	CALDAC2 LX	11876607	A1C9BN
DIAM Asia Pacific ex Japan I1	USD	LU0551508186	CALDAI1 LX	11876615	A1C9BP
DIAM Asia Pacific ex Japan I2	EUR (Hedged)	LU0551508343	CALDAI2 LX	11876624	A1C9BQ
Central Europe C1	EUR	LU0073519844	CALEEUR	CH583137	987308
South Eastern Europe C1	EUR	LU0373272714	CALSOEE	CH4338268	A0Q434
Swiss Growth Small and Mid Cap C1	CHF	LU0012160239	CALSWII	CH596596	172935
Swiss Growth Small and Mid Cap C2	EUR (Hedged)	LU0272061077	CALSWI2	CH2744635	A0LFAT
Global Security C1	USD	LU0298334862	CALGSC1	CH3067196	A0MR0L
Global Security C2	EUR (Hedged)	LU0298335679	CALGSC2	CH3067239	A0MR0M

The Net Asset Value is calculated on each business day in Luxembourg based on the latest known prices.

## Custodian and promotor

### Banque de Luxembourg

14, boulevard Royal, L-2449, Luxembourg  
Luxembourg

## Fees (as a NAV percentage)

Annual management fees (C1, C2)	2%
Initial minimum subscription (C1, C2)	none
Annual management fees (R1, R2)	2.5%
Initial minimum subscription (R1, R2)	none
Annual management fees (I1, I2)	1.2%
Initial minimum subscription (I1)	2.5 billion JPY
Initial minimum subscription (I2)	20 million EUR
Maximum subscription fees (all shares)	4%
Maximum redemption fees (all shares)	1%
Maximum conversion fees (all shares)	1%
Performance fees - High Water Level (all sub-funds except Japan)	10%

## Information resources

### Newspapers and magazines

Bourse de Luxembourg  
Boersen Zeitung  
European City Guide  
Expansion  
International Herald Tribune  
Milano Finanza  
Thomson Reuters  
WertpapierMitteilungen

### Platforms

Allfunds Bank  
Europerformance  
Lipper Analytical Services  
MFEX  
Morningstar  
Reuters – BDLLUX04  
Standard & Poors

[www.callanderfund.com](http://www.callanderfund.com)



## countries of distribution



Luxembourg



France



Switzerland



Germany



United Kingdom



Austria



Spain



Italy



Sweden



Liechtenstein



Singapore

In Italy and the United Kingdom, the commercialisation is only permitted to institutional investors. The Callander Fund – Japan New Growth is registered for sale in Liechtenstein and Singapore.

Callander Fund units cannot be sold, transferred or issued to the public in the United States.

# Notes

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[www.callanderfund.com](http://www.callanderfund.com)