3rd Quarter 2009 Newsletter Issue No. 65

NEW AMSTERDAM PARTNERS LLC

Investment Results & Portfolio Characteristics as of September 30, 2009

Large Cap						
Performance						
	Large Cap Core	**LC Social**	*Russell 1000*	*S&P 500*	**Large Cap Growth**	*Russell 1000 Growth*
3Q09	10.7%	14.7%	16.1%	15.6%	12.3%	14.0%
YTD	18.2%	25.0%	21.1%	19.3%	20.9%	27.1%
1 Year	(5.9)%	(6.7)%	(6.1)%	(6.9)%	(3.8)%	(1.9)%
3 Year	(6.0)%	(4.6)%	(5.1)%	(5.4)%	(3.5)%	(2.5)%
5 Year	0.3%	0.8%	1.5%	1.0%	0.5%	1.9%
10 Year	2.7%	1.9%	0.4%	(0.2)%	2.5%	(2.6)%
Standard Deviation						
3 Year	18.2%	19.3%	19.8%	19.4%	18.5%	19.5%
5 Year	15.1%	15.9%	16.2%	15.8%	15.3%	16.0%
10 Year	16.3%	16.9%	16.4%	16.2%	16.4%	19.3%
Characteristics						
Price to Earnings	17.1x	16.0x	20.9x	20.4x	18.9x	21.5x
Price to Book	4.1x	4.1x	4.2x	4.4x	4.5x	5.1x
Yield	1.6%	1.4%	1.9%	2.0%	1.2%	1.6%
Forecast Growth	5.8%	6.0%	4.5%	4.2%	6.1%	6.5%
Return on Equity	21.0%	18.7%	14.7%	16.1%	22.9%	23.2%
Weighted Average Market Cap.	$36.9 B	$41.4 B	$68.8 B	$76.7 B	$43.0 B	$70.0 B
Median Mkt. Cap.	$21.4 B	$21.0 B	$3.9 B	$8.2 B	$21.5 B	$4.3 B

Note: Past performance is not indicative of future results. Performance is preliminary, annualized for periods greater than one year and calculated NET of fees. Results include the reinvestment of dividends and other earnings. Please be aware that these are composite returns and individual account returns may vary from composite returns. The returns of each strategy may be more volatile than those of the indexes. Dispersion and volatility numbers are available upon request. A full disclosure report is included with the distribution of this newsletter. Our performance disclosure statement is also posted on our website (http://www.napllc.com/disclosures.asp) and a hard copy is available upon request. Russell Index data disclosures are an integral part of any disclosure presentation and are included therein.

The third quarter proved to be a challenging environment for our products. However, we are pleased to report that year to date our Large Cap Socially Responsible Active Equity and All Cap Active Equity portfolios remain ahead of their respective benchmarks.

Prior to the sharp market rally which took hold in early March and has since propelled the broad market 60% higher, our performance had been relatively strong; one reason our upside participation has been limited is because the rally has been primarily fueled by lower quality names—those with the lowest ROE, lowest cash flow relative to net income, and highest debt levels. Since the rally began, low ROE companies have doubled the performance of high ROE companies, just as stocks with negative earnings have doubled the performance of those with positive earnings, and companies with low quality rankings significantly have outpaced their higher quality counterparts as the table in the next column demonstrates.

S&P Quality Rank	3/6/09* – 9/30/09 Russell 3000 Total Return
A+	36.7%
A	69.6%
A-	63.7%
B+	53.6%
B	67.5%
B-	69.7%
C+	75.6%
D	420.1%

**The stock market bottomed on March 6, 2009*

Additionally, value stocks have sharply outperformed growth stocks by more than 1200 basis points in this rally. These factors have all proven a formidable headwind to our high quality focused, growth-at-a-reasonable price process.

New Amsterdam Partners continues to use our proven process, strategy and proprietary technology to successfully invest our clients' assets with a long-term perspective. We use a valuation model to identify companies with better than average forecast growth and profitability selling at reasonable valuation multiples. We then subject the high expected return companies to rigorous fundamental scrutiny. While, as the recent past has shown, there can be periods where poor quality companies with negative earnings lead the market, over the long term that is unsustainable. That is why we focus on companies with solid earnings and cash flows whose stock prices we believe are below fair value.

We utilize the same philosophy and process for each strategy and invest approximately $3.0 billion in the U.S. equity market on behalf of our clients.

We are deeply appreciative of the trust and loyalty that our clients have shown us, and we are working hard to keep your portfolios in line with the strong long term track record that we've been able to deliver.

Our Strategies

- Large Cap Active Equity
- Large Cap Growth Active Equity
- Large Cap Socially Responsible Active Equity
- Mid Cap Active Equity
- Mid Cap Socially Responsible Active Equity
- Small Cap Active Equity
- All Cap Active Equity

Year to Date Performance Spotlight on Large Cap Socially Responsible Active Equity

Year to date the portfolio outperformed both the Russell 1000 and the S&P 500 Indexes. Our sector selection was positive and stock selection was strong. Our underweight positions in financials and industrials along with an overweight in information technology added to performance. Our overweight position in health care detracted from performance. Our stock picking in industrials, financials and energy added value. Our stock picking was weak in information technology, materials and health care.

Portfolio restrictions have had a positive impact on performance, as our LCS composite has outperformed our LCAE composite by more than 6.0% over the first nine months of the year. The divergence in performance is primarily attributable to differences within the consumer discretionary sector, where names held in lieu of excluded names outperformed, and to an information technology overweight, which is in place to offset underweights in industrials, where names with military/defense exposure are excluded, and materials, where companies with poor environmental records are excluded.

Large Cap Socially Responsible Active Equity
Top Ten Composite Holdings

Security	%	Security	%
Prudential Finl Inc	3.0	EBay Inc	2.9
EMC Corp	3.0	EOG Res Inc	2.8
Praxair Inc	3.0	CME Group Inc	2.8
Hewlett Packard Co	3.0	Lowes Cos Inc	2.8
Express Scripts Inc	3.0	Nike Inc	2.6

Market Outlook

The US stock market posted another strong quarter with the S&P 500 up 15.6%, the Russell 1000 up 16.1% and the Russell Midcap up 20.6%. The rise was fueled by the improving economic outlook, with GDP growth forecast to be positive in the second half – a big swing from the -6.4% GDP growth in the first quarter of 2009 to a possible average of +2.5% in the second half. July and August saw a continuation of the "relief" or "junk" rally that started in the second quarter. This mitigated in the month of September although the Russell 1000 Value Index outperformed the Russell 1000 Growth Index for the quarter, helped by a continued rally in low quality financial stocks (some of which continue to be troubled).

Looking forward, the economy should continue to bounce back for the remainder of 2009, and we expect GDP growth of 2 – 3 % in 2010. Fueling growth will be an increase in global demand and low inventory levels going into the recovery. Threats to economic growth, however, lie in an anemic employment situation (dampening consumer spending) and the delayed "shadow housing market" effect of more real estate foreclosures which still pose a threat to financial institutions. We expect inflation and interest rates to stay low in the short term. Global government stimulus programs will help avert the risk of deflation and policy actions will keep interest rates down until economies worldwide are clearly on an upswing. Longer term, inflation may raise its ugly head. Much will depend on whether the private economy can stand on its own once recovery is underway and if there is the political will to cut back stimulus spending and shrink government debt.

In the near term, we believe the outlook for corporate earnings and the stock market is good. Corporate earnings (although down year over year through the second quarter) have improved sequentially and been better than expected. This has come about mainly through cost cutting. Low capacity utilization and inventory levels mean that any upturn in revenues will boost further margins and profits. Rising earnings will likely lift the market and the substantial amount of cash still on the sidelines will provide support as fears abate, and risk appetite returns on the part of retail investors (who have largely stayed on the sidelines during the rally).

Although the recent rally has been fueled by lower quality names, we think it important to stay focused on companies with strong earnings and cash flow generation capabilities and solid balance sheets. While the worst does seem to be behind us, many companies still face a lack of access to credit or further writedowns (such as financial stocks heavily exposed to further real estate losses). Although our strategy has lagged in the recent past, our long run risk-adjusted returns remain strong and we believe will continue to be so.

New Amsterdam News

We will be attending the *IFEBP* conference November 8-11 in Orlando, FL. See you there!

Michelle R. Clayman, CFA
Managing Partner & CIO

Nathaniel Paull, CFA
Partner & Senior Portfolio Manager

Investment Results & Portfolio Characteristics as of September 30, 2009 (continued)

Mid Cap				
	Mid Cap Core	MC Social	*Russell Midcap*	*S&P MidCap*
Performance				
3Q09	15.8%	15.2%	20.6%	20.0%
YTD	18.9%	21.5%	32.6%	30.1%
1 Year	(10.1)%	(10.8)%	(3.6)%	(3.1)%
3 Year	(5.7)%	(6.2)%	(4.1)%	(1.4)%
5 Year	1.7%	0.8%	3.9%	4.5%
10 Year	5.4%	-	6.1%	7.5%
Standard Deviation				
3 Year	21.0%	23.2%	23.9%	23.2%
5 Year	17.9%	19.2%	19.7%	19.3%
10 Year	17.9%	-	18.7%	18.5%
Characteristics				
Price to Earnings	14.9x	16.6x	21.9x	23.8x
Price to Book	3.1x	3.0x	3.1x	2.9x
Yield	1.3%	1.1%	1.7%	1.4%
Forecast Growth	6.9%	7.3%	5.4%	6.1%
Return on Equity	21.8%	20.1%	6.6%	3.6%
Weighted Average Market Cap.	$3.8 B	$3.9 B	$5.8 B	$2.8 B
Median Mkt. Cap.	$3.1 B	$3.2 B	$3.2 B	$2.1 B

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Small Cap				
	Small Cap	*Russell 2500*	*Russell 2000*	*S&P SmallCap*
Performance				
3Q09	15.3%	20.1%	19.3%	18.7%
YTD	19.0%	27.9%	22.4%	19.5%
1 Year	(10.8)%	(5.7)%	(9.6)%	(10.6)%
3 Year	(1.3)%	(3.8)%	(4.6)%	(4.0)%
5 Year	4.6%	3.3%	2.4%	2.8%
10 Year	-	6.3%	4.9%	7.1%
Standard Deviation				
3 Year	20.1%	23.8%	24.3%	24.2%
5 Year	18.1%	20.1%	21.0%	20.6%
10 Year	-	20.0%	21.5%	20.2%
Characteristics				
Price to Earnings	13.8x	21.6x	22.1x	22.5x
Price to Book	3.6x	3.1x	3.6x	2.6x
Yield	0.9%	1.4%	1.4%	1.2%
Forecast Growth	9.6%	6.3%	7.5%	7.2%
Return on Equity	24.6%	-0.8%	-5.1%	4.3%
Weighted Average Market Cap.	$2.3 B	$2.0 B	$0.9 B	$1.0 B
Median Mkt. Cap.	$2.1 B	$0.5 B	$0.4 B	$0.6 B

All Cap				
	All Cap	*Russell 3000*	*Russell 1000*	*S&P 500*
Performance				
3Q09	15.5%	16.3%	16.1%	15.6%
YTD	22.5%	21.2%	21.1%	19.3%
1 Year	(4.5)%	(6.4)%	(6.1)%	(6.9)%
3 Year	(4.0)%	(5.1)%	(5.1)%	(5.4)%
5 Year	(1.1)%	1.6%	1.5%	1.0%
10 Year	2.8%	0.7%	0.4%	(0.2)%
Standard Deviation				
3 Year	20.5%	20.1%	19.8%	19.4%
5 Year	17.9%	16.5%	16.2%	15.8%
10 Year	19.5%	16.6%	16.4%	16.2%
Characteristics				
Price to Earnings	17.3x	21.0x	20.9x	20.4x
Price to Book	4.1x	4.2x	4.2x	4.4x
Yield	1.2%	1.9%	1.9%	2.0%
Forecast Growth	7.2%	4.7%	4.5%	4.2%
Return on Equity	26.8%	13.2%	14.7%	16.1%
Weighted Average Market Cap.	$24.5 B	$63.4 B	$68.8 B	$76.7 B
Median Mkt. Cap.	$6.5 B	$0.7 B	$3.9 B	$8.2 B

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