



Investment Results & Portfolio Characteristics as of December 31, 2011

Mid Cap						
	Mid Cap Core	Russell Midcap	S&P MidCap	MCG Social	MC Quality Growth	Russell Midcap Growth
Performance						
4Q11	14.9%	12.3%	13.0%	15.1%	15.1%	11.2%
2011	5.2%	(1.6)%	(1.7)%	3.4%	3.4%	(1.7)%
3 Year	21.1%	20.2%	19.6%	22.1%	22.1%	22.1%
5 Year	3.6%	1.4%	3.3%	5.2%	4.7%	2.4%
10 Year	6.9%	7.0%	7.0%	-	6.9%	5.3%
Standard Deviation						
3 Year	21.8%	21.6%	21.9%	22.0%	22.0%	20.8%
5 Year	22.3%	22.6%	22.4%	22.2%	22.2%	22.6%
10 Year	18.4%	18.6%	18.5%	-	18.4% _s	19.5%
Characteristics						
Price to Earnings	11.1x	18.2x	19.5x	14.0x	14.0x	18.8x
Price to Book	3.2x	4.8x	3.3x	3.9x	3.9x	7.9x
Yield	0.9%	1.7%	1.5%	0.7%	0.7%	1.1%
Forecast Growth	11.4%	6.3%	8.6%	10.4%	10.4%	7.6%
Return on Equity	23.6%	14.6%	12.8%	25.5%	25.5%	19.3%
Weighted Average Market Cap.	\$4.0 B	\$7.8 B	\$3.4 B	\$4.6 B	\$4.6 B	\$7.9 B
Median Mkt. Cap.	\$3.5 B	\$3.9 B	\$2.6 B	\$3.6 B	\$3.6 B	\$4.2 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.

We are pleased to report that all of our Mid Cap strategies, Mid Cap Core, Mid Cap Growth Socially Responsible and Mid Cap Quality Growth, as well as our Small-Mid Cap strategy, have outperformed their respective benchmarks for the fourth quarter, as well as for the year.

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. We focus on companies with solid earnings and cash flow whose stock prices we believe are below fair value.

Our investment approach has produced strong results over the long run, and because we believe in the underlying soundness of our process, we do not deviate from our investment discipline. We believe in the value of standing behind our process and sticking to our knitting.

We utilize the same philosophy and process for each strategy and invest approximately \$2.6 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.

Fourth Quarter Performance Spotlight on Mid Cap Active Equity

For the fourth quarter, as well as for 2011, the Mid Cap Active Equity strategy outperformed the Russell Midcap and S&P MidCap indexes. Our sector selection was negative but our stock selection was strong. Our overweight position in materials helped performance but our underweight in industrials detracted.

Stock selection was strong in health care, industrials and consumer staples. Stock selection was weak in consumer discretionary and telecommunication services.

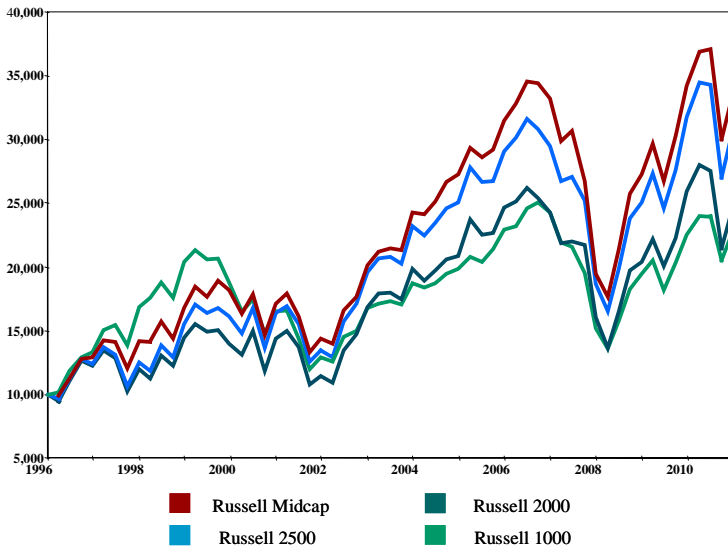


Why Mid Cap

Advantages of Mid Cap Stocks

- Proven to consistently outperform Large Caps and Small Caps in the short-term (1 year) and middle-term (5 years) and long-term (10 years)
- For rolling period in the past 30 years, Mid Caps have outperformed all other cap sizes
- Mid Caps make attractive acquisition candidates

Growth of \$10,000
December 31, 1996 to December 31, 2011



Source: PSN Informa

Mid Cap versus Small Cap

Mid Caps:

- More stable business models
- More solid market positions and performance records
- Avoid risks of small companies
- Have transitioned from entrepreneurial to professional management
- Good liquidity – an attraction for institutional money
- Have consistently offered better risk vs. return profile

Mid Cap versus Large Cap

Mid Caps:

- Frequently in the earlier stages of their business cycle
- Produce higher sales and earnings growth rates
- Tend to operate in niche markets
- Tend to be mispriced
- Financial statements tend to be more transparent

Year by Year Returns

	Large Cap Growth	Mid Cap	Small Cap	Large Cap Value	International	S&P 500	Fixed Income
2001	8.4	10.3	47.3	20.7	14.0	26.9	11.8
2002	2.5	-15.5	40.1	20.2	12.6	22.3	11.6
2003	-5.6	-15.7	39.2	18.3	7.1	18.4	7.0
2004	-5.6	-16.2	30.0	16.5	5.3	15.8	5.6
2005	-11.9	-20.5	29.8	10.9	4.9	15.3	5.5
2006	-20.4	-22.1	28.7	6.3	4.6	9.1	-0.2
2007	-21.2	-27.9	4.1	4.3	2.4	4.3	-1.6
2008							
2009							
2010							
2011							

Large Cap Growth = Russell 1000 Growth Index; Large Cap Value = Russell 1000 Value Index; Mid Cap = Russell MidCap Index; International = MSCI EAFE Index; Small Cap = Russell 2000 Index; Fixed Income = Barclays Capital Aggregate Bond Index

Market Outlook

The U.S. stock market, as measured by the S&P 500, ended virtually flat for the year of 2011 despite periods of extreme volatility. The Dow Jones Industrials, a narrower index, experienced 52 days of moves greater than up or down 1.5%, with 45 of them happening in the second six months. The year saw the Arab Spring, sovereign debt crises in Europe and the downgrading of the U.S. credit rating upon budget impasses. U.S. GDP likely rose a little below 2% in 2011. Inflation rose over 3% but interest rates remained low, making the 10 year U.S. government bond one of the best performing assets.

As we look into 2012, we believe U.S. GDP will grow 1.5 – 2.0%. U.S. Leading Economic Indicators have been steadily improving and the rate of growth of inflation is dropping, largely due to falling commodity prices. However, we expect Europe to be in mild recession and that will detract from U.S. growth. Headline inflation will fall to around 2% and interest rates will stay low as global easing continues. Countries around the world are faced with sovereign debt and budget crises, having to deal with massive entitlement program costs. In the long term those budget crises need to be faced and entitlement programs reformed (a politically challenging and perilous undertaking) since the current trajectory of budget deficits is unsustainable. In the short run, though, economies are facing the “paradox of thrift” – the right kind of stimulus is needed to spur economic growth.

We expect U.S. corporate profits to continue growing in



2012, though the rate of growth will slow from 2011. While the P/E multiple on the S&P 500 is low by historic standards, we do not expect P/E multiple expansion unless countries are seen making meaningful moves to manage budget imbalances and the global economy starts to recover. We therefore expect the U.S. market to be up in the low to mid single digits in the coming year.

Myriad risks remain. The global political environment remains volatile, particularly in the Middle East (and could impact world energy supplies). The U.S. is in a presidential election year with all its vagaries. While the Republican Party could win the Presidency and both Houses of Congress, Republicans have not proven themselves to be deficit hawks (based on the history of previous Administrations). Although decelerating Emerging Markets continue to grow at a faster rate than western economies, a hard landing in China would further derail a global recovery.

New Amsterdam News

We are pleased to announce that four new principals have been named as of January 1, 2012.

Hung Hoang, Principal & Senior Equity Analyst
John Hingher, Principal & Senior Equity Analyst
Jeffrey Hahn, Principal & Senior Equity Analyst
William Lee, Principal & Chief Financial Officer

After the addition of the four new principals, Michelle Clayman, Managing Partner & CIO, reduced her ownership to 62.5% of the firm. This move furthers our goal of diversifying ownership among the firm's valued employees. We hope to make more such announcements over the coming years.

Please join us in congratulating Hung, John, Jeff and William and feel free to call if you have any questions.

We will be attending the following conferences this year:

- *NCPERS*; May 9-11 in New York, NY
- *NASP*, June 18-20 in Baltimore, MD
- *SRI in the Rockies*; October 2-4 at Mohegan Sun Conference Center, CT
- *NCTR*; October 8-10 in Tucson, AZ
- *IFEFP*; November 11-14 in San Diego, CA
- *Schwab IMPACT*; November 13-16 in Chicago, IL

We hope to see you there!

Michelle R. Clayman, CFA
Managing Partner & CIO

Nathaniel Paull, CFA
Partner & Senior Portfolio Manager

Investment Results & Portfolio Characteristics as of December 31, 2011 (continued)

Small-Mid Cap				
	Small-Mid Cap	<i>Russell 2500</i>	<i>Russell 2000</i>	<i>S&P SmallCap</i>
Performance				
4Q11	17.5%	14.5%	15.5%	17.2%
2011	7.0%	(2.5)%	(4.2)%	1.0%
3 Year	18.9%	18.4%	15.6%	17.0%
5 Year	4.9%	1.2%	0.2%	1.9%
Standard Deviation				
3 Year	23.5%	23.4%	25.0%	24.7%
5 Year	22.6%	23.4%	24.3%	23.7%
Characteristics				
Price to Earnings	13.1x	25.8x	38.6x	23.9x
Price to Book	3.2x	5.1x	3.7%	2.6x
Yield	0.8%	1.5%	1.5%	1.2%
Forecast Growth	11.1%	8.2%	9.4%	9.3%
Return on Equity	23.6%	10.5%	8.7%	11.8%
Weighted Average Market Cap.	\$2.2 B	\$2.6 B	\$1.2 B	\$1.2 B
Median Mkt. Cap.	\$2.1 B	\$0.6 B	\$0.5 B	\$0.7 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.



Large Cap						
Performance						
	Large Cap Core	LC Social	Russell 1000	S&P 500	Large Cap Growth	Russell 1000 Growth
4Q11	8.8%	9.7%	11.8%	11.8%	9.1%	10.6%
2011	(3.0)%	(2.0)%	1.5%	2.1%	(1.2)%	2.6%
3 Year	11.9%	15.7%	14.8%	14.1%	14.3%	18.0%
5 Year	(1.5)%	0.5%	0.0%	(0.3)%	0.8%	2.5%
10 Year	3.1%	3.8%	3.3%	2.9%	3.4%	2.6%
Standard Deviation						
3 Year	18.2%	17.9%	19.0%	18.7%	18.5%	17.8%
5 Year	18.8%	18.9%	19.1%	18.7%	19.1%	18.9%
10 Year	16.0%	16.1%	16.1%	15.9%	16.1%	16.3%
Characteristics						
Price to Earnings	12.0x	13.4x	14.5x	14.1x	14.0x	15.1x
Price to Book	4.0x	4.3x	4.4x	4.0x	4.5x	6.8x
Yield	1.2%	1.1%	2.1%	2.2%	1.0%	1.6%
Forecast Growth	5.4%	6.3%	5.4%	5.3%	5.5%	6.2%
Return on Equity	26.8%	24.7%	20.4%	21.4%	29.0%	27.6%
Weighted Average Market Cap.	\$53.5 B	\$48.7 B	\$85.0 B	\$95.3 B	\$56.1 B	\$96.5 B
Median Mkt. Cap.	\$19.3 B	\$19.4 B	\$5.0 B	\$11.2 B	\$18.1 B	\$5.6 B

All Cap				
	All Cap	Russell 3000	Russell 1000	S&P 500
Performance				
4Q11	10.9%	12.1%	11.8%	11.8%
2011	(2.5)%	1.0%	1.5%	2.1%
3 Year	17.8%	14.9%	14.8%	14.1%
5 Year	3.3%	0.0%	0.0%	(0.3)%
10 Year	3.5%	3.5%	3.3%	2.9%
Standard Deviation				
3 Year	20.6%	19.4%	19.0%	18.7%
5 Year	21.1%	19.5%	19.1%	18.7%
10 Year	18.5%	16.3%	16.1%	15.9%
Characteristics				
Price to Earnings	11.3x	15.4x	14.5x	14.1x
Price to Book	3.8x	4.4x	4.4x	4.0x
Yield	0.8%	2.1%	2.1%	2.2%
Forecast Growth	8.4%	5.7%	5.4%	5.3%
Return on Equity	27.1%	19.4%	20.4%	21.4%
Weighted Average Market Cap.	\$25.3 B	\$78.4 B	\$85.0 B	\$95.3 B
Median Mkt. Cap.	\$8.8 B	\$0.9 B	\$5.0 B	\$11.2 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.