

Small/Micro-Cap Value Equity Management

Presentation



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Morgan Dempsey Small/Micro-Cap Value

Manager:	Brian G. Rafn
Strategy:	Institutional Small/Micro-Cap Value
Benchmark:	Russell 2000 Value
Methodology:	Fundamental, bottom-up analysis
Inception:	10/01/2002
Minimum Investment:	\$1,000,000
Fee:	1.00%

Strategy Overview:

We use bottom-up, fundamental analysis to find companies selling at a discount to their intrinsic value. We take a unique and unconventional approach to both portfolio construction (page 3) and security selection (page 4). This process has been refined over 17+ years by Brian G. Rafn who serves as Portfolio Manager and Research Analyst.

As of 12/31/08, we were the highest ranked small-cap value manager (of 312) in the Evestment Alliance database for each of the last 1, 3, and 5 year periods. We were also recently ranked the top small-cap “Bull & Bear Master” by Informa Information Systems (Effron/PSN).

Morgan Dempsey Small/Micro-Cap Value Why Now?

The Qualities We Focus on Are More Important Now Than Ever

We pursue durable, profitable businesses where management's interests are aligned with our own. We believe a cash liquid balance sheet with limited leverage and strong free cash flow are the most important factors in determining if a company can execute its plan going forward or thrive while competitors struggle. We avoid organizations which employ creative accounting, leveraged returns or meaningless growth through acquisitions.

We are Proven Performers in Both Up and Down Markets

Morgan Dempsey was recently named the top small-cap "Bull & Bear Master" by Informa Investment Solutions (PSN) for their ability to outperform regardless of market conditions. We have produced double-digit positive returns in 6 of the last 7 years. The year we didn't (2008), we were the top ranked small-cap value manager in the country according to Evestment Alliance with a net loss of just -13.99%.

Smaller Stocks Have Typically Led the Way Coming Out of Recessions

In the two years following the last 10 recessionary periods (post WWII), the annualized returns of micro-caps have outperformed large-caps an astonishing 90% of the time. Moreover, the average annualized return for micro-caps over these periods was 26.35%.

What Makes Our Approach Unique - Portfolio Construction

Concentrated in Highest Conviction Ideas

- Top 10 holdings typically average ~ 40% of portfolio weight
- Our best researched, highest conviction ideas aren't diluted. Why invest in your 100th best idea?
- We would rather own a few outstanding companies than a portfolio of average businesses
- We believe over diversification leads to less knowledge of individual holdings and therefore *increases* investment risk

Benchmark Agnostic

- We pursue the best ideas in the most promising areas of the market, regardless of benchmark sector weightings
- We are paid to be active managers, not benchmark huggers

We Buy Micro-Caps in Addition to Small-Caps

- Ability to invest in smaller companies significantly increases opportunities to find value
- Able to gain significant information advantage in inefficient/under followed markets
- Micro-caps have historically been one of the strongest performing asset classes (Ibbotson Associates SBBI)
- Smaller opportunities are technically off-limits to larger investment firms burdened by assets

Mix of Short-Term and Long-Term Ideas Smooth Returns

- We require a catalyst, but have patience in our long term convictions
- 6 of last 7 years have produced double-digit positive returns

What Makes Our Approach Unique - Security Selection

Fortress Balance Sheets

- It all starts with the balance sheet - the vast majority of companies do not meet our strict criteria
- Ample free cash flow, little leverage, minimal goodwill, conservative GAAP accounting, understandable and well run
- Allows company to thrive in good times, survive in bad times

Founder/Owner Operators

- Majority of portfolio invested with Founder/Owner Operators
- If you want to be treated like an owner, invest with owners
- Interests and risk tolerance are aligned. Long term operating histories provide additional predictability

Avoiding Trouble - Strong Risk Controls

- Focus on conservative GAAP accounting. Great companies aren't build through creative accounting
- Easy to understand companies - Avoid turnarounds, serial roll-ups, litigation, debt, other problems
- Avoiding problems in the first place minimizes resources needed to manage portfolio effectively

Intense Forensic Accounting & Long Term Familiarity

- Intense, fundamental, bottom-up research - Brian has focused on small/micro for 17 years
- Core holdings have been followed for many years. Model performance going back decades
- We target companies with dynamic intrinsic values allowing our holdings to grow & build value over time
- We are long term holders. Five year annualized turnover typically < 30%
- Globalized markets have created a vacuum of coverage in the small/micro-cap space
- Close communication with management provides unique access

Investment Process Overview

Idea Generation

Company financial reports & web sites
Consumer usage & adoption
NYSE/ASE/NASDAQ new lows

Databases: Bloomberg, Value Line
Investor Business Daily Stocks < \$10
Value Line Small/Mid-Cap 1700 Edition

Newspaper/trade journal/magazine articles
IPO failures & M&A spin-off divestitures



9000 US Stocks < \$3 Billion (Focus on ideas between \$70M - \$1.2B)

Margin of Safety 3

Fortress Balance Sheets

Emerging Catalyst

Discount to
Intrinsic Valuation



350-750 ideas for further qualitative/quantitative review

Management & Control
Owner/Operator/Founder

Competitive Advantage

Free Cash Flow
Growth

Tangible Asset Base

Conservative GAAP
policy & disclosure

Organic Earnings Power

Company Strategy
Management / Labor

Superior Internal
Rates of Return

Historical Price
Trends

Franchise Reserves

Business Model

Heritage & Culture

Value Franchise Model 15

Portfolio Construction

80-120 potential portfolio candidates

Mix of small and micro-cap names
2/3 short term ideas (emerging catalyst)
1/3 longer term ideas (catalyst >2 years)

Concentrated in best ideas

Top 10 holdings ~ 40%

Top 20 holdings ~ 60%

Sector limits of 35%

Industry limits of 20%

Position limits of 8%

Agnostic to benchmark weightings

New position size = 1% - 2% of portfolio

Low turnover (< 30% annually)

45-75 positions in final portfolio

Sell Discipline & Risk Controls

Risk Controls:

We perform the majority of our risk management before a stock purchase is ever made. We have high standards for inclusion in our portfolio and want to be long-term partners with the companies we invest in. Our largest weighted holdings have been followed closely for many years.

Stock is reviewed for sale if:

- Deterioration of fundamentals is detected
- Stock reaches 95%–105% of intrinsic value
- Individual stock position reaches 8%
- Issue swap for a better valuation arbitrage
- Failure of the thesis that led to the original purchase

The decision to sell an investment may be based upon other criteria than those shown above, including the portfolio manager's judgement and client goals.

What Investors Should Expect

Client Portfolios

- Fully invested at all times
- Diversified via 45–75 stocks
- Diversified with max position size of 8%, industry limits of 20% and sector limits of 35%
- Average annual turnover of 15%–40%
- Top seven positions weighted at 4%–8% each

Performance Objectives

- Focus on strong balance sheets, minimizing the risk of catastrophic loss from bankruptcy or good will impairment endemic in small company stocks.
- Generate superior returns versus Russell 2000 Value over a longer term market cycle

Market Correlation

- The selective/concentrated nature of our portfolio gives us the potential to outperform in nearly all cycles
- Our emphasis on companies with robust balance sheets and tangible assets provides our portfolio an additional level of protection during market downturns
- We expect poor relative performance in periods of extreme speculation when valuations tend to be ignored

Stock weightings, numbers, allocations and turnover are subject to change based upon specific security and sector changes, client objectives and portfolio manager judgement.

Top Ten Holdings as of December 31, 2009

6.3%	- National Presto Ind.	NPK
5.3%	- Jos. A. Bank Clothiers, Inc.	JOSB
5.0%	- Aptar Group, Inc.	ATR
4.8%	- J&J Snack Foods Corp.	JJSF
4.6%	- Gorman Rupp Co.	GRC
4.5%	- Granite Construction, Inc.	GVA
4.4%	- Utah Medical Products, Inc.	UTMD
2.6%	- L.B Foster Co.	FSTR
2.5%	- Balchem Corporation	BCPC
2.5%	- Lufkin Industries	LUFK

Total Number of Holdings: 71

1 year turnover: 12%

Median Market-Cap: \$540 million

Weighted Market-Cap: \$867 million

A complete listing of all security holdings is available upon request.

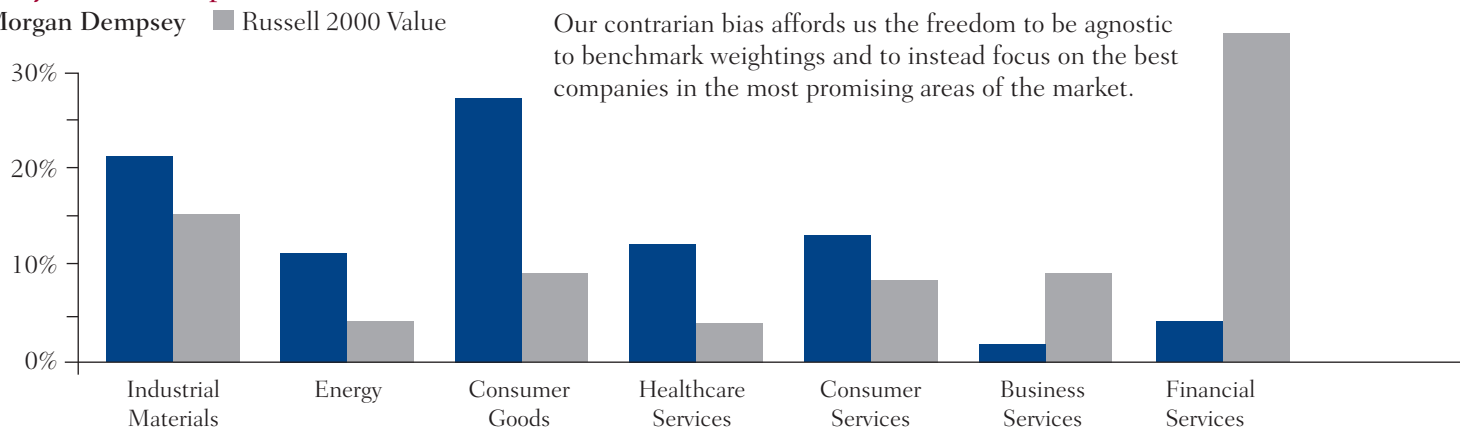
Portfolio Characteristics as of December 31, 2009

Portfolio Characteristics

Total Number of Holdings	71	Median Market Capitalization	\$540 million
Top 10 holdings	42%	Weighted Market Capitalization	\$867 million
Turnover (TTM)	12%		

Industry Sector Comparison

■ Morgan Dempsey ■ Russell 2000 Value



Please note: References to specific portfolio security industry sectors are not intended as recommendations to buy or sell the securities within the industry sectors. These data are based on the characteristics and data of all accounts included in the composite of accounts for which performance data is presented. The Russell 2000 Value measures the performance of small capitalization U.S. stocks, and is a market-value-weighted index

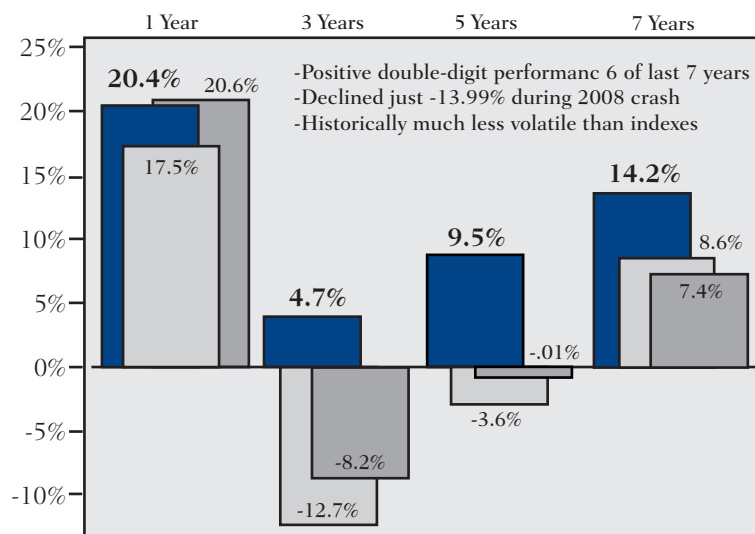
The list of top 10 holdings shows the 10 largest holdings of all fully discretionary accounts managed by Morgan Dempsey Capital Management, LLC. using the Small/Micro-Cap Value equity strategy. This list is current as of the date indicated and does not indicate that the portfolios held any security listed on any prior date or will hold any security listed at any subsequent date. It should not be considered a recommendation to purchase or sell any particular security. The securities listed do not represent an entire portfolio as of the date indicated or as of any other date, and may represent in aggregate only a small percentage of portfolio holdings. It should not be assumed that any security listed was or will prove to be profitable. A complete listing is available upon request.

Investment Performance as of December 31, 2009

Small/Micro-Cap Value Equity - Net of Fees - Time Weighted Returns

MDCM Small/Micro-Cap Value Equity Composite Performance

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year	Russell 2000 Value	Russell Micro-Value
2009	-10.44%	14.61%	13.08%	3.76%	20.44%	20.57%	17.50%
2008	-3.56%	3.76%	-0.84%	-13.31%	-13.99%	-28.93%	-34.93%
2007	8.04%	11.15%	-0.71%	-7.04%	10.83%	-9.78%	-13.13%
2006	13.70%	-6.97%	2.25%	9.63%	18.57%	23.48%	21.81%
2005	1.17%	5.20%	8.34%	0.14%	15.47%	4.71%	3.15%
2004	7.21%	2.85%	0.28%	10.87%	22.59%	22.25%	20.92%
2003	-8.32%	18.74%	5.98%	14.14%	31.68%	46.03%	63.46%



■ Morgan Dempsey Small/Micro Value

■ Russell Micro Value

■ Russell 2000 Value

Net Annualized Performance
 Periods ending December 31, 2009

Disclosures: See performance disclosure page for full compliance statement.

Morgan Dempsey Capital Management Investment Performance Disclosure

1. Compliance Statement: Morgan Dempsey Capital Management, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

2. Definition of Firm: Morgan Dempsey Capital Management, LLC is an independent investment management and advisory firm registered under the Investment Advisors Act of 1940. MDCM was established in 1994. The assets reflected in this investment performance beginning with the 3rd quarter 2002 were managed by Brian Rafn, V.P portfolio manager, director of research of MDCM.

3. Composite Description: The small cap value equity composite includes all fully discretionary, fully invested, fee-paying accounts that are managed in the firm's small cap value equity model. The composite includes only U.S. small cap value stocks. The composite does not include any accounts which employ leverage, nor does it include any

wrap accounts. The minimum account size for inclusion into the small cap value equity composite is \$100,000.00.

4. Benchmark: For comparison purposes, a benchmark of the Russell 2000 Value Index is used. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer of the small-cap value market. The variability of this index will differ materially from the variability of returns in any client account. Based on ongoing empirical research of investment manager behavior, the methodology used to determine growth probability approximates the aggregate small-cap value managers opportunity set. Securities in the Value Index generally have a lower price-to-book and price-earnings ratios than those in the Growth Index.

5. Calculation Methodology: The composite performance results are net and gross of fees and are expressed in U.S. Dollars for the full historical period. They are time-

Year	# of Portfolios	Composite Assets	Firm Assets	Composite Dispersion	Composite Gross of Fees	Composite Net of Fees	Benchmark Performance
2003	1	363,200	137,315,376	0.00%	32.87%	31.68%	46.03%
2004	3	2,225,425	72,707,427	0.00%	23.82%	22.59%	22.25%
2005	6	3,140,055	68,492,815	0.95%	16.60%	15.47%	4.71%
2006	7	3,904,553	190,286,996	0.20%	19.74%	18.57%	23.48%
2007	8	4,556,445	186,950,509	0.43%	11.94%	10.83%	-9.78%
2008	10	4,642,480	145,295,212	2.37%	-13.11%	-13.99%	-28.93%
2009	12	6,547,423	172,535,243	0.84%	21.64%	20.44%	20.57%

weighted rates of return presenting total returns, net of commissions and transaction costs. Performance results reflect the reinvestment of dividends and other earnings and are presented gross and net of investment management fees and taxes. Additional information regarding the policies for calculating and reporting returns is available upon request.

6. List of Composites: The composite was created June 30, 2002. A complete list and description of firm composites is available upon request.

7. Total firm assets represent total discretionary assets managed by MDCM. The number of portfolios in the composite is as of year end. The quarterly standard deviation is calculated as the average dispersion from the mean return of all accounts included in the Composite for the quarter. The annual standard deviation is the calculated average dispersion of accounts in the Composite for the full year. Note 1:n/a (<5 portfolios). During 2002 and the first quarter of 2003 results relate to one account and the account used was not the same from year to year.

8. The above table reflects past performance. Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above due to many factors. Clients may suffer an investment loss. Returns reflect the reinvestment of dividends and other earnings.

9. Gross performance result calculations include the deduction of securities transaction charges but not investment advisory fees. The results include the reinvestment of all dividends and other income. Actual portfolio returns are reduced by the amount of such fees. Over time, the deduction of fees reduce the value of a portfolio on a compounded basis.

10. Net performance result calculations include the deduction of securities transaction charges and investment advisory fees. The results include the reinvestment of all dividends and other income.

11. Historical net performance numbers are calculated using the highest management fee charged by MDCM. (1.00%).

12. Fees: Standard management fees for the composite are as follows: first \$10,000,000=1.00% MDCM will negotiate fees for a structured small account program. MDCM will negotiate fees for accounts of substantial size.

13. Percentage of composite represented by non-fee paying accounts = 0.00%.

14. One-on-One Presentation: This report is used exclusively for one-on-one presentations to qualified individuals, pension funds, universities and other institutions.

About Morgan Dempsey

Morgan Dempsey was founded in 1994 as a spin off from NISA, a Milwaukee based investment firm. Morgan Dempsey and predecessor firms have provided investment management services to existing clients since 1972.

We serve a diverse group of clients which include:

- Institutions
- High net worth individuals
- Retirement Plans
- Personal Trusts
- Corporate Trusts
- USBank Corp Asset Management Group's SMA/UMA platform

We are an experienced group of professionals committed to delivering a focused investment strategy to our clients that meets their needs for risk adjusted returns. The firm is 100% employee owned by the investment professionals who work here and no investment professional has left the firm in the previous five years.

Brian G. Rafn

PRINCIPAL/DIRECTOR OF RESEARCH/PORTFOLIO MANAGER

Mr. Rafn joined Morgan Dempsey in October of 2003. He has over 20 years of experience in securities analysis, portfolio management, trading and trust accounting. Currently he is responsible for the securities analysis, portfolio management, and investment policy related to the Small/Micro-Cap Value Strategy.

Principal/Director of Research/
Portfolio Manager
Morgan Dempsey Capital Management
2003–Present

Owner
Sparta Capital
2001–2003

Vice President/Director of Research
Kyle Company
1992–2001

Senior Bond Trader
Harris Bank & Trust Company Inc.
1987–1992

Financial Consultant
Smith Barney Harris Upham Cos
1986–1987

University of Wisconsin-Parkside
MBA—Finance *1984*
BS—Accounting *1982*
BA—Economics *1982*

Marc Dion, CFA

PRINCIPAL/PORTFOLIO MANAGER

Mr. Dion joined Morgan Dempsey in February 15, 2004 returning to the Milwaukee area from Omaha, NE. He is a seasoned investment professional with over 20 years of experience in the financial services industry. Marc is responsible for the Mid-Cap and Dividend Income strategies.

Principal/Portfolio Manager

Morgan Dempsey Capital Management

2004–Present

Chief Investment Strategist

First National Bank of Omaha

2001–2003

Sr. Portfolio Manager

Davidson Investment Advisors

1999–2001

Chief Investment Officer

Ziegler Asset Management, Inc.

1991–1999

Director of Research, Director of the
Investment Institute

Richard Schillfarth & Assoc.

1987–1991

Chartered Financial Analyst

University of Wisconsin–Madison

MBA-Finance 1986

M.A. American History 1981

B.A. History

Kalamazoo College –Michigan

David W. Durham

PRINCIPAL

Mr. Durham joined Morgan Dempsey in April of 2008 with over 11 years of experience in the investment and trust industry. Prior to joining Morgan Dempsey, David was a Senior Vice President with U.S. Bank where he sat on the Management Committee, lead the Business Development Officers and managed the national sales effort. David is responsible for the overall management of the firm, compliance and client services.

Principal

Morgan Dempsey Capital Management

2008-Present

Senior Vice President

Management Committee and National Sales

Manager Institutional Trust and Custody

U.S. Bank

2001–2008

Vice President

National Sales Manager - Institutional

Separately Managed Accounts FIRMCO

Firststar/US Bank

2000-2001

Lieutenant Colonel USMCR

United States Marine Corps

1989–Present

AG Edwards Company

St. Louis, MO

1997–2000

Lipscomb University, Nashville, TN

Bachelor of Arts—1989

R. Thomas Dempsey

MANAGING DIRECTOR

Mr. Dempsey is one of the firm's founders with over 30 years of investment experience.

Founder/Managing Director

Morgan Dempsey Capital Management

1994 to Present

First Vice President/Financial Consultant

Smith Barney, Inc.

1983–1994

Vice President

Firststar Corp. Commercial Banking Group

1980–1983

Assistant Vice President

First Bank, N.A., Commercial Banking

1974–1980

Marquette University, BS, 1975

Beverly J. Pliskie

HEAD OF OPERATIONS & TRADING

Mrs. Pliskie joined Morgan Dempsey in April of 2004. She has over 10 years of experience in the financial services industry.

Morgan Dempsey Capital Management

2004–Present

Client Service/Operations

Reinhart-Partners

1997–2004

Administrative Assistant/Client Service Rep

Robert W. Baird & Co.

1996–1997