



Chartwell Investment Partners

Institutional and Private Asset Management

Investment Commentary – Growth Team

Who We Are and What We Do – A Refresher

Chartwell Investment Partners has managed Growth equity portfolios from the day the firm was founded in 1997 through today. It has been 12 tumultuous years for securities markets. For the majority of those years, we have performed well for our clients. For all of those years, we have operated with an enduring commitment to fundamental hands-on research as the foundation for portfolio construction.

Being disciplined growth investors has served our clients well over the long-term. There have been times when an erratic market made disciplined investors such as us look out of touch, or at least out of synch. This latest year and most recent quarter are one of those times that we have generated results well below what we commit to you and what we demand of ourselves.

Not since the 2003-2004 period, in the aftermath of the tech bubble, have we underperformed for a greater length of time. In fact, prior to 2008, we had outperformed our benchmark in 19 of 23 years, or 83% of the time.[Exhibit 1a] As we entered 2008, our trailing 1yr and 3yr results ranked in, or just outside, the top third of our small cap growth peers.[Exhibit 1b]

Exhibit 1a:

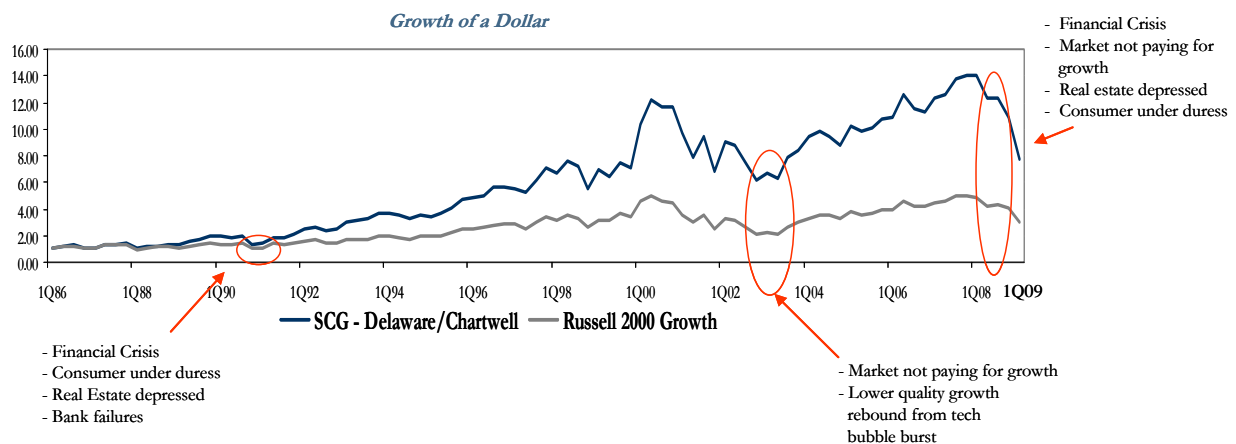
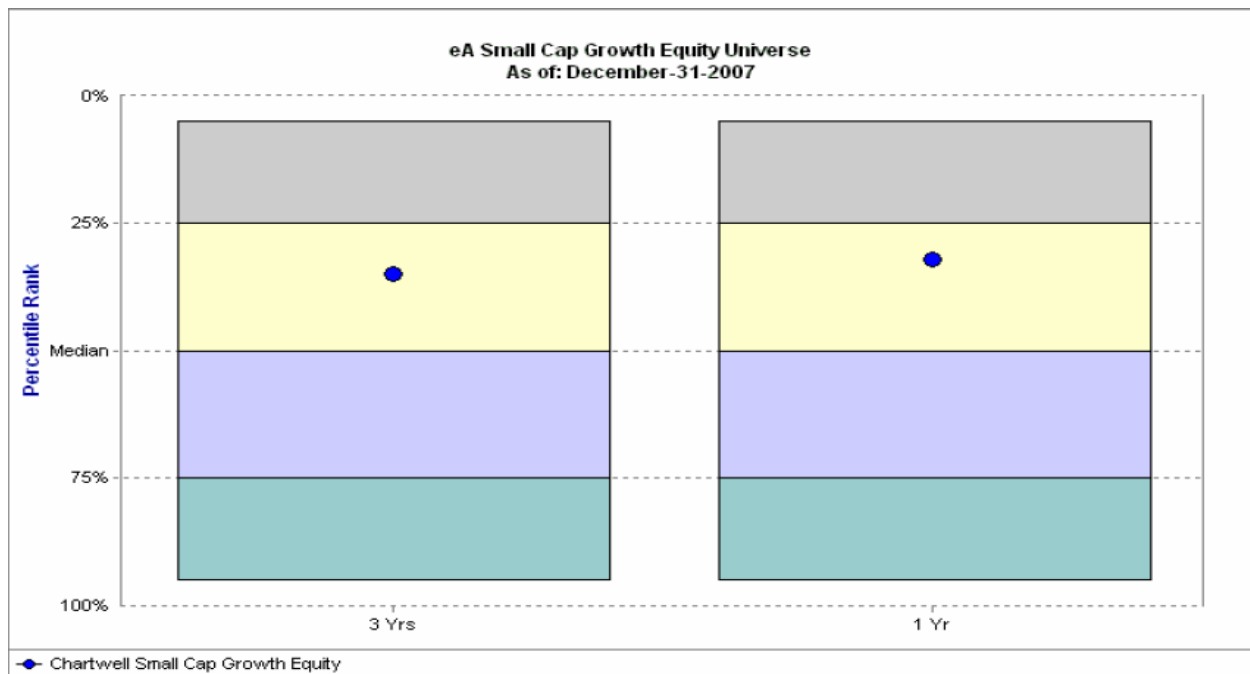


Exhibit 1b:



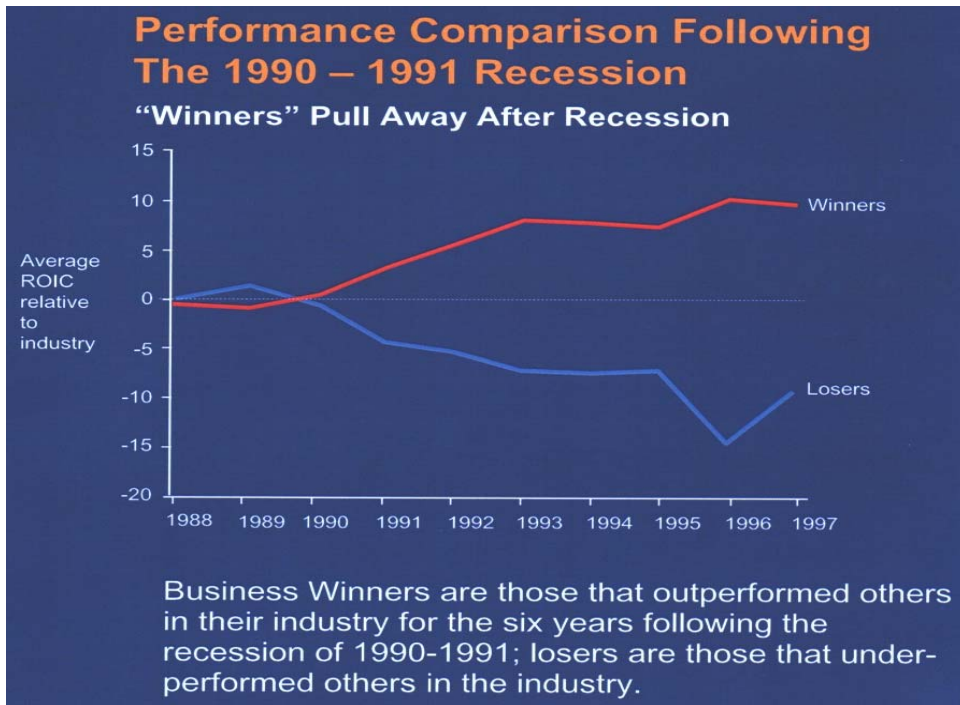
We think our competitive performance over that long period of time rested squarely on the time tested investment philosophy that carries through to today unaltered. Simply put, the philosophy of Chartwell's Small Cap growth product is to invest in selected small cap companies that generate strong increases in earnings per share. More significantly, these companies continually broaden, deepen and enhance their fundamental capabilities, competitive positions, product and service offerings and customer bases. We invest in, not merely own, stocks of these distinguished companies for an intermediate time horizon. We initiate investments opportunistically, when the stocks are attractively valued, **yet concentrate holdings in companies best positioned for most rapid growth.**

This model has been applied with a team of experienced analysts over two full decades, in good markets and bad, through bubbles and manias, buoyed by robust economies and pressured by deep recessions. We are tenacious and stubborn in our view of what constitutes a good company and a good business opportunity and it has made us resist the mood swings and macro shocks that are periodically disruptive to investment strategies and results.

We are in the middle of one of these disruptive episodes now and it has been disruption on a historic scale – it is more than a mood swing. Ironically, it leaves us optimistic about the future and where our investment style may fit within reformed markets. To be sure, there will be a clear separation of winners from losers in sectors and industries, among large companies and small. These differences will be lasting and profitable.

A study by a global consulting firm of companies exiting the last major recession bolsters our confidence. [Exhibit 2] It took time, but when measured by return on invested capital, the best businesses produced the strongest capital returns over quite a few years post-recession. We think that can translate to superior investment performance for public equities and it is how we are building our portfolios. (More on that later)

Exhibit 2:



*Source: Accenture

Looking Back Before Looking Forward – Past May Not be Prologue

One thing is clear to us as committed growth investors; it has been a decade that favored committed value investors. Not a complaint; just an observation. [Exhibit 3]

Exhibit 3:

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BEST PERFORMING	R1000V 35.18	R1000G 38.71	RMidG 51.29	R2000V 22.83	R2000V 14.02	RMidV (9.64)	R2000G 48.54	RMidV 23.71	RMidV 12.65	R2000V 23.48	R1000G 11.81	R2000V (28.92)
	R3000V 34.83	R3000G 35.02	R2000G 43.09	RMidV 19.18	RMidV 2.33	R2000V (11.43)	R2000V 46.03	R2000V 22.25	RMidG 12.10	R3000V 22.34	RMidG 11.43	R3000V (36.25)
	RMidV 34.37	RMidG 17.96	R3000G 33.83	R3000V 8.04	R3000V (4.33)	R3000V (15.18)	RMidG 42.71	R3000V 16.94	R1000V 7.05	R1000V 22.25	R3000G 11.40	R1000V (36.85)
	R2000V 31.78	R1000V 15.63	R1000G 33.16	R1000V 7.01	R1000V (6.59)	R1000V (15.52)	RMidV 38.07	R1000V 16.49	R3000V 6.85	RMidV 20.22	R2000G 7.05	R3000G (38.44)
	R1000G 30.49	R3000V 13.50	R1000V 7.35	RMidG (11.75)	R2000G (9.23)	RMidG (27.41)	R3000V 31.14	RMidG 15.48	R1000G 5.28	R2000G 13.35	R1000V (0.17)	R1000G (38.44)
	R3000G 26.74	RMidV 5.08	R3000V 6.85	R3000G (22.42)	R3000G (19.63)	R1000G (27.88)	R3000G 30.97	R2000G 14.31	R3000G 5.17	RMidG 10.68	R3000V (1.01)	RMidV (38.44)
	RMidG 22.54	R2000G 1.23	RMidV (0.11)	R1000G (22.42)	RMidG (20.15)	R3000G (28.03)	R1000V 30.03	R3000G 6.93	R2000V 4.71	R3000G 9.46	RMidV (1.42)	R2000G (38.54)
WEAKEST PERFORMING	R2000G 12.95	R2000V (6.45)	R2000V (1.49)	R2000G (22.43)	R1000G (20.42)	R2000G (30.28)	R1000G 29.75	R1000G 6.30	R2000G 4.15	R1000G 9.07	R2000V (9.78)	RMidG (44.32)

Growth
 Value

Last year was also a year that favored value investing. We see this in the raw performance comparison of growth versus value, and it reveals itself in characteristics such as long term growth rates and performance quintiles. [Exhibit 4] It is important to note that in 2007, the

reverse was true. Growth beat value, and our portfolios outperformed the indexes and many peers.

Exhibit 4:

Performance Attribution

Russell 2000 Growth
12/29/2006 to 12/31/2007

	Russell 2000 Growth	
Earnings Growth	Average Weight	Total Return
Earnings Growth Bin 1: 20.0 - 79.0	32.13	11.31
Earnings Growth Bin 2: 10.0 - 20.0	43.08	5.93
Earnings Growth Bin 3: 0.0 - 10.0	4.99	(10.31)
[N/A]	19.80	5.43

Performance Attribution

Russell 2000 Growth
12/31/2007 to 12/31/2008

	Russell 2000 Growth	
Earnings Growth	Average Weight	Total Return
Earnings Growth Bin 1: 20.0 - 97.9	31.26	(44.04)
Earnings Growth Bin 2: 10.0 - 20.0	41.98	(33.06)
Earnings Growth Bin 3: 0.0 - 10.0	5.10	(23.54)
[N/A]	21.66	(42.71)

Something more subtle, but qualitatively important, was the broad spread of pain throughout the major sectors. There was nowhere to hide, except in value (as previously demonstrated) or so-called defensive categories of the indexes.[Exhibit 5] Indeed, the only sectors to outperform the broad small cap growth index in 2008 were Health Care, Consumer Staples, Financial Services (oddly enough), Business Services, and REITs (even odder than financial services).

As an example, we would have benefited from a stronger weight in Health Care. We could not see the secular growth, especially with a new activist national government on its way having health care reform on its mind. Instead, we retained a large weight in Technology, a traditional category of growth and where we own companies that we believe have considerable runway ahead. Our selections did not perform well for the year, but we have carried many of them over into 2009 and benefited from several meaningful rebounds, while Health Care investing this year has been treacherous.

Exhibit 5:

Performance Attribution
Small Cap Growth vs. Russell 2000 Growth
12/31/2007 to 12/31/2008

Attribution Analysis - Relative

Chartwell/Prudential Sector	Average Weight	Total Return	Contribution To Return	Total Effect
CONSUMER STAPLES	(0.70)	41.70	1.10	1.14
[Cash]	5.32	1.39	0.04	1.14
BUSINESS SERVICES	4.38	7.18	(0.31)	0.97
FINANCIAL SERVICES	2.85	0.00	0.13	0.67
CONSUMER CYCLICAL	(1.89)	60.89	1.22	0.60
CONSUMER SERVICES	(1.58)	(1.36)	1.27	0.28
UTILITIES	0.29	(14.72)	(0.10)	(0.16)
ENERGY	0.12	(5.52)	(0.63)	(0.28)
REITS	(1.29)	(17.54)	(0.74)	(0.39)
TECHNOLOGY	1.61	(5.05)	(3.36)	(1.77)
BASIC INDUSTRY	(3.94)	(34.82)	(1.05)	(2.43)
HEALTH CARE	(6.55)	(9.54)	(0.32)	(3.17)
CAPITAL SPENDING	1.39	(32.52)	(4.47)	(3.82)
Total	0.00	(7.22)	(7.22)	(7.22)

Where We Stand so Far in 2009

We are sticking with our convictions in 2009. It feels like another test. The market remains unstable because the economy remains unstable. Through May 21st, our portfolio has advanced 0.7% against the benchmark advance of 2.6%. [Exhibit 6] Again, we should be ahead if we are doing this right and we expect to rebuild in the quarters and years ahead.

Exhibit 6:

Performance Attribution
Small Cap Growth vs. Russell 2000 Growth
12/31/2008 to 5/21/2009

Attribution Analysis - Relative

Chartwell/Prudential Sector	Average Weight	Total Return	Contribution To Return	Total Effect
CONSUMER SERVICES	(0.01)	9.09	1.21	1.12
UTILITIES	(0.86)	52.26	0.68	0.64
CAPITAL SPENDING	0.77	5.71	0.20	0.44
REITS	(1.41)	40.02	0.34	0.43
ENERGY	(0.10)	3.72	0.43	0.37
CONSUMER CYCLICAL	(1.42)	1.23	0.08	0.08
CONSUMER STAPLES	0.98	(15.24)	0.24	0.05
BASIC INDUSTRY	(2.20)	(1.65)	(0.16)	(0.13)
HEALTH CARE	(4.39)	(0.29)	0.03	(0.28)
[Cash]	3.71	0.07	0.00	(0.42)
FINANCIAL SERVICES	4.23	(2.09)	(0.86)	(0.44)
BUSINESS SERVICES	2.33	(13.76)	(2.01)	(1.51)
TECHNOLOGY	(1.63)	(9.24)	(2.10)	(2.24)
Total	0.00	(1.90)	(1.90)	(1.90)

Attribution analysis captures the entire period, but the first five months of the year can be split into two segments (pre and post - March 9th). [Exhibit 7] In the initial months of the year, before the new administration made clear its plans for our economic rescue, our portfolio performed well ahead of a continuing weak benchmark. Risk aversion had reached a peak. Seemingly a bell rang on that day in March, and markets and sentiment changed dramatically. If you recall, as markets were selling off, CEOs of two major banks spoke up to calm investors' fears by indicating their institutions had been profitable for the first two months of the year. That was it. Two months of profits. Investors could see the way forward, and government stimulus was following behind.

Exhibit 7:

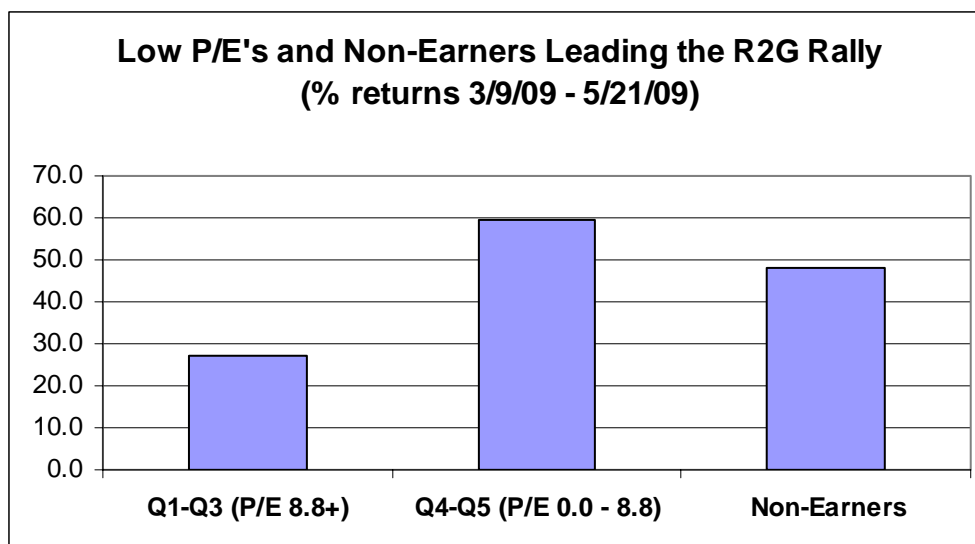
**Performance Attribution
Small Cap Growth vs. Russell 2000 Growth
12/31/2008 to 3/09/2009**

**Performance Attribution
Small Cap Growth vs. Russell 2000 Growth
3/09/2009 to 5/21/2009**

Chartwell/Prudential Sector	SCG Return	R2G Return	Total Effect	Chartwell/Prudential Sector	SCG Return	R2G Return	Total Effect
CAPITAL SPENDING	(19.12)	(33.98)	1.08	CONSUMER STAPLES	58.84	42.86	0.45
[Cash]	0.04	0.00	0.88	CONSUMER SERVICES	54.10	49.71	0.29
CONSUMER SERVICES	(19.63)	(23.35)	0.50	REITS	145.31	31.17	0.28
UTILITIES	21.51	(22.08)	0.49	BASIC INDUSTRY	63.63	55.68	0.06
HEALTH CARE	(19.84)	(23.22)	0.34	ENERGY	64.33	63.30	(0.01)
CONSUMER CYCLICAL	0.00	(43.54)	0.32	UTILITIES	30.03	35.71	(0.17)
FINANCIAL SERVICES	(24.05)	(32.85)	0.31	CONSUMER CYCLICAL	0.00	74.94	(0.39)
BUSINESS SERVICES	(21.42)	(24.91)	0.27	HEALTH CARE	15.34	20.79	(0.89)
ENERGY	(32.98)	(34.84)	0.16	FINANCIAL SERVICES	19.23	37.96	(1.02)
REITS	(47.76)	(32.80)	(0.02)	CAPITAL SPENDING	27.19	47.18	(1.14)
BASIC INDUSTRY	(40.21)	(36.10)	(0.28)	[Cash]	0.04	0.00	(1.62)
CONSUMER STAPLES	(37.29)	(19.61)	(0.44)	TECHNOLOGY	27.89	37.71	(1.80)
TECHNOLOGY	(19.78)	(18.79)	(0.48)	BUSINESS SERVICES	11.11	34.58	(2.04)
Total	(22.57)	(25.69)	3.12	Total	29.99	38.01	(8.02)

The rally, in the most depressed and levered sectors, was as sharp as most have ever experienced. We lagged. Our carefully selected portfolio of companies built to survive the recession and thrive in the eventual recovery did not keep pace in April. They had not declined as much at the start of the year, but they did not bounce back nearly as much. It would seem that discounts for risk were nearly eliminated. The rally in low P/E stocks and companies without earnings presents this quite clearly. (Exhibit 8)

Exhibit 8:



Source: Factset

As for the rest of the year, there are many months to go and we believe strongly that our long history of positive stock selection will carry the portfolio to the objective – results ahead of the index and competitive with our small cap growth peers.

The Way Forward - Research Lights the Path

Where does all this lead? Deep within the core of financial markets are long cycles of expansion and contraction, ebb and flow. After the last mild recession, the economy expanded first organically and then perhaps artificially, supported by an unregulated mix of speculation and leverage. We find ourselves and our companies in the aftermath of a maelstrom that saw the collapse, and near collapse, of major corporations around the world and continuing job losses at all levels of the economy. Our new government is ending one war and escalating a commitment to win a second war. We just experienced a near pandemic outbreak of the flu and the Atlantic coast hurricane season begins next month. Batten down the hatches.

The worst may be over, but the economic threat level is still “Orange” at least. The best may be a long way off. We have set the portfolio for a more transparent and less complex world. Franchises matter. Profits matter. Cash matters. Prudent usage of financial leverage matters. Corporate governance matters.

Importantly, research should and will be an important component of any successful strategy. That is where our experienced team of sector analysts comes in, and it’s where we continue to add resources that will help us perform well in the years ahead. It’s that research that leads to the portfolio we currently hold and why we have invested in companies like Superior Energy Services, or WMS Industries, or Tetra Tech, or Informatica, or SBA Communications, and others like them.

There is a strong theme in this portfolio [see following page]. Look across the names and you will see our time-tested investment process. At its core is hands-on, fundamental research that uncovers growing companies able to win at the expense of competitors. They are led by deep management teams, adept at delivering high-quality, long-term earnings growth to their shareholders. We are confident that this approach with these types of companies will win the day, as it has won many days in the past.

As always, we greatly appreciate the confidence you have in Chartwell. If you have any questions, feel free to give us a call.

Sincerely,



Edward N. Antoian, CPA, CFA
Managing Partner, Chief Investment Officer
610-407-4829



John A. Heffern
Managing Partner, Senior Portfolio Manager
610-786-4951

Percent of Total Holdings
Small Cap Growth
5/21/2009

Chartwell/Prudential Sector	Portfolio Weight	Chartwell/Prudential Sector	Portfolio Weight
TECHNOLOGY	23.27	BUSINESS SERVICES	8.05
Informatica Corp.	2.08	FTI Consulting Inc.	2.04
NICE-Systems Ltd. (ADS)	1.77	Geo Group Inc.	1.90
Micros Systems Inc.	1.88	CACI International Inc. (CI A)	1.34
Concur Technologies Inc.	1.82	Navigant Consulting Inc.	0.86
Axsys Technologies Inc.	1.29	Stanley Inc.	0.77
Microsemi Corp.	1.20	Information Services Group Inc.	0.76
NetLogic Microsystems Inc.	1.13	CBIZ Inc	0.38
Net 1 U.E.P.S. Technologies Inc.	1.12	ENERGY	6.71
Monolithic Power Systems Inc.	1.10	Superior Energy Services Inc.	2.19
FormFactor Inc.	1.03	Concho Resources Inc.	1.12
Vocus Inc.	1.03	EXCO Resources Inc.	1.11
Atheros Communications Inc.	1.02	Foundation Coal Holdings Inc.	1.01
Syntel Inc.	0.98	Matrix Service Co.	0.76
Parametric Technology Corp.	0.89	Rex Energy Corp.	0.26
Integral Systems Inc.	0.84	Clean Energy Fuels Corp.	0.26
Blackboard Inc.	0.81	CAPITAL SPENDING	6.47
Switch & Data Facilities Co. Inc.	0.79	Tetra Tech Inc.	2.16
Constant Contact Inc.	0.77	Compass Diversified Holdings	1.15
Sybase Inc.	0.77	Waste Connections Inc.	1.09
Ariba Inc.	0.55	Mettler-Toledo International Inc.	0.95
Netezza Corp.	0.47	EnergySolutions Inc.	0.57
Harmonic Inc.	0.37	Powell Industries Inc.	0.56
HEALTH CARE	18.85	BASIC INDUSTRY	6.31
Eurand N.V.	1.79	Atlas Air Worldwide Holdings	1.83
Sirona Dental Systems Inc.	1.44	Titan International Inc.	0.91
Psychiatric Solutions Inc.	1.15	UAL Corp.	0.79
Alexion Pharmaceuticals Inc.	1.03	Allegiant Travel Co.	0.71
Haemonetics Corp.	1.02	Insituform Technologies Inc. (CI A)	0.57
Sun Healthcare Group Inc.	0.99	Solutia Inc.	0.55
Volcano Corp.	0.95	Genesee & Wyoming Inc. (CI A)	0.53
IPC The Hospitalist Co. Inc.	0.95	RBC Bearings Inc.	0.42
Catalyst Health Solutions Inc.	0.91	FINANCIAL SERVICES	5.25
Immucor Inc.	0.91	Stifel Financial Corp.	1.55
NuVasive Inc.	0.88	Allied World Assurance Co. Holdings Ltd.	0.87
Myriad Genetics Inc.	0.85	Signature Bank	0.83
BioMarin Pharmaceutical Inc.	0.83	Danvers Bancorp Inc.	0.73
Masimo Corp.	0.82	Tower Group Inc.	0.72
OSI Pharmaceuticals Inc.	0.82	Prosperity Bancshares Inc.	0.55
HMS Holdings Corp.	0.59	CONSUMER STAPLES	3.40
Merit Medical Systems Inc.	0.53	FGX International Holdings Ltd.	2.06
Almost Family Inc.	0.52	Jarden Corp.	1.33
Isis Pharmaceuticals Inc.	0.48	UTILITIES	2.66
Icon PLC (ADS)	0.48	SBA Communications Corp.	1.88
United Therapeutics Corp.	0.45	Starent Networks Corp.	0.98
Regeneron Pharmaceuticals Inc.	0.37	[Cash]	2.44
Gentiva Health Services Inc.	0.32	U.S. Dollar	2.44
Onyx Pharmaceuticals Inc.	0.30	REITS	0.74
Savient Pharmaceuticals Inc.	0.28	HFF Inc. CI A	0.74
CONSUMER SERVICES	15.86		
WMS Industries Inc.	2.10		
VistaPrint Ltd.	1.54		
Texas Roadhouse Inc. (CI A)	1.51		
Warnaco Group Inc.	1.39		
Lumber Liquidators Inc.	1.12		
K12 Inc.	0.99		
Capella Education Co.	0.98		
Children's Place Retail Stores Inc.	0.96		
Global Cash Access Holdings Inc.	0.95		
California Pizza Kitchen Inc.	0.92		
Ezcorp Inc. (CI A)	0.85		
Cheesecake Factory Inc.	0.76		
Finish Line Inc. (CI A)	0.64		
Corinthian Colleges Inc.	0.61		
Aeropostale Inc.	0.57		

Period	Composite Assets		Composite Accounts at Period-End	Gross Return	Net Return	Russell 2000 Growth	Composite Dispersion	Total Firm Assets (\$ millions)
	Dollars (\$ millions)	Percent of Firm Assets						
Q1 '09	446	12.5	26	(8.79)	(9.04)	(9.74)	n/a	3,557
2008	503	13.5	27	(45.50)	(46.50)	(38.54)	0.152	3,738
2007	1,060	17.6	30	13.74	12.74	7.05	0.088	6,019
2006	1,133	20.9	34	13.35	12.35	13.35	0.135	5,433
2005	1,117	21.9	40	7.13	6.13	4.15	0.091	5,101
2004	1,113	17.4	43	7.67	6.67	14.31	0.153	6,400
2003	1,521	22.4	43	41.62	40.62	48.54	0.455	6,800
2002	891	19.8	38	(26.49)	(27.49)	(30.26)	0.176	4,500
2001	979	18.1	31	(6.39)	(7.39)	(9.23)	0.275	5,400
2000	1,087	21.1	30	(7.47)	(8.47)	(22.43)	1.010	5,150
1999	1,240	33.5	27	48.01	47.01	43.09	1.610	3,700
1998	990	35.7	24	4.38	3.38	1.23	1.035	2,770
Q2 - Q4 '97	478	36.8	9	30.64	29.89	26.18	n/a	1,300

Chartwell Investment Partners claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® has not been involved with or reviewed Chartwell Investment Partners' claim of compliance.

Chartwell Investment Partners is an independent investment management firm established in 1997 and manages a variety of equity, fixed income, and balanced assets for primarily institutional clients as well as equity assets for WRAP/SMA clients.

The gross returns were calculated on a time weighted basis, including all dividends and interest, accrual income, realized and unrealized gains or losses and are net of all brokerage commissions, execution costs and do not give effect to investment advisory fees, which would reduce such returns. The net returns presented above were calculated by applying the highest investment advisory fee paid by a client of Chartwell. The investment advisory fee schedule is as follows:

Up to \$20 million	1.00%
Over \$20 million	0.80%

This composite was created in April 1997 and includes all fee paying, discretionary accounts with comparable investment objectives and a market value in excess of \$500,000. The Chartwell Small Cap Growth strategy focuses on U.S. equity securities that offer above average capital appreciation prospects. Market capitalizations of \$200 million and above are included in this strategy. Non-fee paying accounts are excluded from the composites. Trade date accounting is utilized and cash equivalents are included in performance returns. Returns are calculated by geometrically linking the monthly and quarterly returns respectively. Valuations are computed and performance reported in U.S. Dollars. Composite dispersion is calculated using the asset-weighted standard deviation method, which determines the dollar-weighted mean return using the beginning-of-year market values. There is no use of leverage or derivatives. The results of individual accounts and for different periods may vary. Other performance calculation methods might produce different results. Investors should not rely on prior performance data as a reliable indication of future performance.

To receive a complete list and description of Chartwell Investment Partners composites and/or a presentation that adheres to the GIPS®, please contact Lynette Treible by phone (610) 407-4870, e-mail treible@chartwellip.com, or by mail to 1235 Westlakes Drive, Suite 400, Berwyn, PA 19312.