Presentation for the University of Florida

“Strategies for Success in Institutional Asset Management”

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Sawgrass Asset Management, L.L.C.

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Asset Management is a Great Business

Industry Overview

Sawgrass Niche

Strategies for Success

Future Trends
History of Pension Assets

Billions of dollars

Source: The Money Market Directory
Total Assets of Plan Sponsors
The Money Market Directory (as of 12/31/04)

- Corporate: $3,131
- Government: $2,915
- Union: $377
- Endowment: $315

Total Tax-Exempt Assets: $6,738 Billion

Source: The Money Market Directory
Sawgrass Target Markets

- Florida Plan Sponsors
- National Consultants
- Sub-Advisory Relationships
Sawgrass Asset Management, L.L.C.

- Jacksonville Beach, Florida
- Registered Investment Advisor
- Independent Employee-Owned Firm
- Over $1.1 billion in Total Assets
- Solely Dedicated to Asset Management
- 22 Years of Continuity in Staff and Products
- 14 Investment Professionals; 6 CFA’s
Investment Philosophy

Sawgrass is an Active Growth Equity Manager

We believe it is possible to add value over time by consistently applying a valid discipline that identifies attractive companies using the following criteria:

• Strong earnings momentum
• Rising earnings expectations
• Reasonable valuation
**Investment Process**

- **Objective Screening Process**
  - Earnings Momentum
  - Earnings Estimates
  - Reasonable Valuation

- **Evaluate Earnings Growth Potential**

- **Analyze Subjective Criteria**
  - New Products
  - New Technology
  - Management Stability

- **Seek Best Stocks in Every Sector**

- **Relatively Small Sector Differences**

- **Relatively Large Specific Stock Differences**

- **Diversified Portfolio with Above Market Growth Characteristics**

**Sawgrass Universe**

Over 1,500 Stocks

**Research**

Approximately 200 Stocks

**Portfolio Contruction**

50-80 Stocks

**Client Portfolio**
Research

Ask the Right Questions

• Why is the company SUCCESSFUL?
• Is this success SUSTAINABLE?

Get the Right Answers, Through

• Business Analysis
• Earnings Momentum Evaluation
Since Inception

Sawgrass Long-Term Risk Profile

01/1987 to 07/2005

Annualized Return

18 Year Record of Lower Risk & Higher Return

Russell 2000 Growth

Sawgrass Small Cap Equity

Russell 2000 Growth - Total Return
Since Inception, We Have Added Value in Every Major Market Peak….

…While Minimizing Losses in the Recent Downturn
Consistent Results Through Unpredictable Markets

Sawgrass Small Cap Composite
Percent of Time Outperforming Russell 2000 Growth

Sawgrass Asset Management, L.L.C.
## Consistent Value-Added Over Varying Market Environments

<table>
<thead>
<tr>
<th></th>
<th>Jan 90 ➤ Mar 99</th>
<th>Apr 99 ➤ Mar 00</th>
<th>Apr 00 ➤ Dec 02</th>
<th>Jan 90 ➤ Dec 02</th>
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</thead>
<tbody>
<tr>
<td></td>
<td><em>Before the Bubble</em></td>
<td><em>Building the Bubble</em></td>
<td><em>Unwinding the Bubble</em></td>
<td><em>Full Period</em></td>
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<tr>
<td>Total Return</td>
<td>14.7</td>
<td>84.3</td>
<td>-14.4</td>
<td>11.9</td>
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<td>Index Return</td>
<td>10.0</td>
<td>58.6</td>
<td>-25.1</td>
<td>4.3</td>
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<td><strong>Active Return</strong></td>
<td><strong>4.7</strong></td>
<td><strong>25.7</strong></td>
<td><strong>10.8</strong></td>
<td><strong>7.6</strong></td>
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<tr>
<td>Stock Selection</td>
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<td>5.7</td>
<td>4.3</td>
<td>3.2</td>
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<td>Risk Factors</td>
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<td>7.6</td>
<td>2.1</td>
<td>3.1</td>
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<tr>
<td>Industries</td>
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<td>8.6</td>
<td>0.9</td>
<td>0.2</td>
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<tr>
<td>Beta</td>
<td>-0.3</td>
<td>3.6</td>
<td>4.2</td>
<td>1.1</td>
</tr>
</tbody>
</table>

*Annualized Contributions

Source: Monthly BARRA Perfan
Strategies for Success

- Master the Four P’s and Add a Fifth
- Get the Order Right – People First!
- Focus – Be the Best in Your Niche
- Stay Disciplined – Consistent Process
- Have Fun and Give Something Back
In the Long Run - Fundamentals Do Matter

12+ Years Annualized

Profitable & Non-Profitable Russell 2000 Growth Total Return

Profitable* Russell 2000 Growth Total Return Index
6/30/2005 = 403.75 (——)

Non- Profitable* Russell 2000 Growth Total Return Index
6/30/2005 = 138.73 (-----)

Russell 2000 Growth Total Return Index
6/30/2005 = 210.45 (-----)

*Profitable/Non-Profitable means companies have positive/negative earnings during the last 12 months. Invests in these companies for the following 63-days (Business). Cap-Weighted index is using Ned Davis Research market capitalization data. Bond stocks are treated as 100% growth.

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Risky Strategies Peaked in January 2004

**Price**

- Lowest Price: 0%
- Highest Price: 191%
- Diff = 156%

**Beta**

- Highest Risk: 166%
- Lowest Risk: 32%
- Diff = 133%

**Valuation (P/E)**

- Most Expensive: 162%
- Least Expensive: 70%
- Diff = 92%

**Profitable/Unprofitable**

- Unprofitable Last 4 Qtrs: 149%
- Profitable Last 4 Qtrs: 62%
- Diff = 86%

Source: FactSet, Analysis of Russell 2000 Growth Universe

Info from 3/03 to 1/04
High Quality Has Begun to Outperform Again

**Price**

![Bar chart showing price difference between lowest and highest price.]

- Lowest Price: Diff = 6%
- Highest Price: Diff = 14%

**Beta**

![Bar chart showing beta difference between highest and lowest risk.]

- Highest Risk: Diff = 16%
- Lowest Risk: Diff = 42%

**Valuation (P/E)**

![Bar chart showing valuation difference between most and least expensive.]

- Most Expensive: Diff = 23%
- Least Expensive: Diff = -18%

**Profitable/Unprofitable**

![Bar chart showing profitable/unprofitable difference.]

- Unprofitable Last 4 Qtrs: Diff = 12%
- Profitable Last 4 Qtrs: Diff = 27%

Source: FactSet, Analysis of Russell 2000 Growth Universe

Info from 1/04 to 6/05
Current Small Cap Growth Attributes

Sawgrass Small Cap Growth Equity vs. Russell 2000 Growth Index

**Growth**
Last 12 Months EPS Growth (%)

**Momentum**
3 Month Change in Earnings Ests (%)

**Profitability**
Return on Average Equity (%)

**Valuation**
Price/EPS Est (x)

As of 6/30/05
Trends for the Future

- Technology Marches On
- People Still Key
- Defined Benefit is Not Dead
- Alternatives are Mainstream Now