



**FOR MOST ASSET MANAGERS, MARKET ACTIVITY IN 2008 WASN'T JUST volatile, it was downright brutal. With the deterioration of several of Wall Street's most venerable institutions—Lehman Bros. and Merrill Lynch among them—and the freezing of credit markets, investors panicked with each trading session.**

Part of the story could be told on the **BE ASSET MANAGERS** list, which has had some of the biggest shifts in its nine-year history. Most of the list's returning firms realized significant declines, including last year's list leader EARNEST Partners L.L.C., which saw its assets under management fall nearly 37%. However, there was one bright spot: Houston-based Smith Graham & Co. Investment Advisors L.P. produced a 5.3% gain in assets under management, while Chairman and CEO Gerald B. Smith positioned the firm to acquire the fixed-income and small- and midcap-value equity assets of New York-based Ark Asset Management Co. The acquisition is expected to add \$2.8 billion in assets to Smith Graham's portfolio. When the deal was announced in March, Smith said, "I don't see any major upside to the market any time soon. So I think firms are just going to have to operate at a different level and focus on their cost structures and managing their business in a very difficult environment for the next year or so." In other words, think differently.

This Year	Last Year	Company	Location	Chief Executive	Staff	Assets Under Management (in billions)
1	2	RhumbLine Advisers	Boston, MA	J.D. Nelson	15	\$14.667
2	1	EARNEST Partners L.L.C.	Atlanta, GA	Paul E. Viera	50	14.195
3		Progress Investment Management Co. L.L.C.	San Francisco, CA	Thurman V. White Jr.	30	5.009
4	3	Ariel Investments L.L.C.	Chicago, IL	John W. Rogers Jr.	74	4.362
5	4	Capri Capital Partners L.L.C.	Chicago, IL	Quintin E. Primo III	45	4.267
6	5	Advent Capital Management L.L.C.	New York, NY	Tracy V. Maitland	47	2.930
7	8	Smith Graham & Co. Investment Advisors L.P.	Houston, TX	Gerald B. Smith	15	2.900
8	7	Utendahl Capital Management L.P.	New York, NY	John O. Utendahl/Penny Zuckerwise	16	2.171
9	6	NCM Capital*	Durham, NC	Maceo K. Sloan	26	2.063
10	10	Piedmont Investment Advisors L.L.C.	Durham, NC	Isaac H. Green	23	1.831
11	9	Holland Capital Management L.L.C.	Chicago, IL	Monica L. Walker	22	1.329
12		Pugh Capital Management Inc.	Seattle, WA	Mary Pugh	9	1.242
13	11	Brown Capital Management Inc.	Baltimore, MD	Eddie C. Brown	24	1.207
14		Hughes Capital Management Inc.	Alexandria, VA	Frankie D. Hughes	6	1.080
15	14	Profit Investment Management	Silver Spring, MD	Eugene A. Profit	12	0.931

AS OF DEC. 31, 2008. SOURCE: B.E. RESEARCH AND SECURITIES AND EXCHANGE COMMISSION, REVIEWED BY KBL L.L.P., CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS. \*INCLUDES SUBSIDIARIES AND ENTITIES IN WHICH THE FIRM HAS COMMON CONTROL.