

Kalmar Perspective



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Kalmar "Growth-with-Value" Small Cap Fund (KGSCX)

Overall **MORNINGSTAR** Rating¹
as of 9/30/11



Among 661 Small Growth Funds

The Overall Morningstar Rating[™] is based on risk adjusted returns, derived from a weighted average of the 3-, 5-, and 10-year Morningstar metrics.

Fund Risk/Return Profile as of 9/30/11

	3 Yr	5 Yr	10 Yr
Morningstar Risk	Below Avg	Below Avg	Below Avg
Morningstar Return	Above Avg	Above Avg	Above Avg

Overall Lipper Ratings as of 9/30/11²

5

Total Return

5

Consistent Return

Overall Lipper Leader designations reflect the Fund's rankings relative to its peer group as of 9/30/11. The Fund was rated a Lipper Leader among 430 funds for Total Return and among 429 funds for Consistent Return in the small-cap growth funds category.

For More Information:

443-279-2016

www.kalmarinvestments.com

Q&A with the Investment Team of Kalmar's "Growth-with-Value" Small Cap Fund (KGSCX)

Q1: The markets experienced exceptional volatility in the 3rd quarter. How has Kalmar coped with the Big Picture uncertainty and economic slowdown?

The Third Quarter was terrible for risk assets in general and equities in particular. As we lamented over the Summer, this was brought to us substantially by dysfunctional policy makers and politicians on both sides of the pond, contributing to downward spiraling uncertainty, thereby exacerbating the slowing economic outlook. The U.S. is hovering at stall speed though we expect it to struggle along at a painful pace. The Eurozone is sliding into recession while appearing close to incapable of marshaling defenses to contain the sovereign debt debacle and forestall financial contagion. Moreover, this time around the Chinese growth engine is also slowing simultaneously. Still, while we never like negative returns, Kalmar continued to protect better than our Small Cap asset class.

We have informed views, but practically speaking we can't predict whether the 17 Eurozone members will successfully pull the bacon out of the fire - or whether China will avoid a "hard economic landing". Therefore, we must work within what we can control to make the best out of the opportunities that are presented, with the objective of seeking good portfolio risk control and raising potential future returns. Thus we have: (1) Reconfirmed that the companies we own are capable of growing their competitive advantages in tough times - with their managements similarly focused on success factors they can control. (2) Stress tested our estimates of each company's forward revenue and earnings prospects against a range of possible economic outcomes, including contracting GDP in 2012. And then (3) worked as always seeking to optimize the reward-to-risk within the portfolio. Far from an easy challenge given the unknowns, but surmountable we believe by a deep investment team with over 20 years average experience implementing a proven investment philosophy. Guided by this ongoing reassessment, we added to stocks that, we believe, were unfairly beaten down and exited a couple that would be troubled by a severe downturn. So far the results have been beneficial.

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Q2: In the Third Quarter the market as a whole experienced an abrupt shift in market psychology away from economically sensitive sectors to defensive ones. How did Kalmar react to that?

Since the forward investment horizon of our "All Weather" approach is one to several years, with historical turnover of about 30% - versus about 100% for the Morningstar Small Growth Category - we don't chase the sectoral "flavor of the moment". Rather, we purposefully invest against a range of economic and market outcomes. In our opinion, focusing smart research on owning companies that have the strength to thrive against a range of circumstances, including tough times, is



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more likely to produce appealing return with lower risk than attempting to outguess market psychology shifts. We firmly believe it's not fast-card-shuffle action, but better growth businesses bought undervalued that builds wealth. Companies that have the financial strength and management capability to invest for future growth when others are struggling can gain significant competitive advantages even though their stocks may decline temporarily. And very importantly, this raises their potential to springboard ahead both as businesses and stocks when the economic outlook improves.

Q3: The market downturn was global. How has it impacted Kalmar's performance?

The decline in the U.S. was moderate compared to the Bear Market in Europe and Emerging Economies. In the sectoral shifts just discussed, companies with foreign and emerging market exposure suffered more than many others for the quarter. We have described in the past that Small Caps can provide a valuable exposure to emerging market growth and would like to reaffirm our confidence in the prospects for our holdings with significant foreign exposure.

An excellent example is Albemarle, a Louisiana-based specialty chemical company with differentiated intellectual property that derives almost 60% of its revenues from overseas. Earnings growth has been robust and the company is on pace to earn 25% more in 2011 than in 2010, plus is likely to continue growing though the slowdown. This summer on economic fears the stock suffered significant price/earnings multiple compression, sinking to approximately 10X earnings. We believe the company has special attributes that make it a legitimate "All Weather" growth business, with potential upside for its stock especially appealing at current valuations.

In contrast, several of our best performers in the past quarter have U.S. centric businesses, especially in the consumer discretionary space. Despite weak labor markets, well run retailers have been able to attract traffic gains and generate powerful earnings growth. For example, Ulta Salon, a beauty products provider, and DSW, a discount shoe retailer, have successfully attracted increasing market share away from department stores. Both companies reported same store sales increases of over 10% in the 3rd Quarter. Another star has been Oxford Industries, owner of the Tommy Bahama and Lilly Pulitzer brands. They have successfully won higher income consumers and are exceeding even our robust growth expectations. Almost all of our retailers are 100% U.S. focused and their performance has helped our portfolios from both an absolute and relative standpoint, illustrating the importance of diversification.*

Q4: Among the ways Kalmar diversifies portfolios is by the "Growth Character" of your companies. This sounds unique; how does it help in uncertain times like these?

Unlike many managers who specialize in only one "flavor" of growth, Kalmar purposefully blends different growth characters within the portfolio - ranging from churn-it-out steady growers to exciting emerging growth businesses to companies in significant positive transformation through internal improvement initiatives. Generally we own a mix of approximately a third in each. We believe this "dynamic balance" accomplishes several things: Produces a portfolio with lower overall valuation than many, which helps in thorny markets. Enables the portfolio to be productive through more phases of a full market cycle, without having to reconstitute it continually. And, when times are uncertain, allows us to tilt toward more assured-demand businesses and those with major improvement underway, thus becoming more immune to a negative macro environment without shifting outright to "defensive investments". Since markets shift back and forth between "risk-off" and "risk-on" very unpredictably, Good Offense also needs to be Good Defense. We believe Growth Character Diversification accomplishes that.

*As of 9/30/11, Albemarle, Ulta Salon, DSW, Oxford Industries represents 2.3%, 2.3%, 1.9% and 1.6% of net assets, respectively.

ABOUT KALMAR INVESTMENTS

Headquartered in Wilmington, Delaware, Kalmar manages \$3.7 billion in assets as of 9/30/11. The firm specializes in Small, Smid and Mid cap growth investing for institutional and individual investors, including some of the nation's most prominent families, charitable institutions, endowments, foundations and retirement funds. In 1997, the firm introduced the Kalmar "Growth-with-Value" Small Cap Fund.

KEY STATISTICS

- 100% Employee-owned
- 23 employees
- Intense research and team driven
- 9 Research Analysts/ Portfolio Managers
- 20 years average investment experience
- Successfully managing assets for nearly 30 years through six market cycles

"We firmly believe it's not fast-card-shuffle action, but better growth businesses bought undervalued that builds wealth."

Fund Performance as of 9/30/11

Morningstar Cat: Small Growth		Average Annualized Total Return				
Inception Date: 4/11/97	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Kalmar Fund	-12.09%	4.20%	4.47%	1.98%	7.05%	6.99%
Russell 2000® Growth Index	-15.57%	-1.12%	2.07%	0.96%	5.45%	3.82%
Russell 2000® Index	-17.02%	-3.53%	-0.37%	-1.02%	6.12%	5.76%
Morningstar Small Growth Cat.	-15.03%	-0.92%	2.48%	0.30%	5.16%	NA
Percentile Rank (based on Total Return)	NA	15%	28%	27%	16%	NA
# funds in Small Growth Cat.	NA	745	661	564	358	NA

The Fund's annual operating expense ratio, as stated in the current prospectus is 1.48%. The Fund's annual operating expense ratio can fluctuate and may differ from that found in the prospectus. The Fund imposes a 2.00% redemption fee on shares redeemed within 90 days of purchase.

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain performance data current to the most recent month-end, contact the investment advisor at 800-463-6670. To speak with a representative about the Kalmar "Growth-with-Value" Small Cap Fund, please call a fund representative at 800-282-2319.

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. This and other important information can be found in the Fund's prospectus. To obtain a free prospectus, please call 800-282-2319 or visit www.kalmarinvestments.com. Please read the prospectus carefully before investing.

Important Information

Risk Considerations: The Fund primarily invests in growth stocks with the potential for significant growth and may be more volatile because they are more sensitive to market conditions. The Fund may seek to buy these stocks at undervalued prices and this involves the risk that the securities may remain undervalued for an extended period of time and may not realize its full potential. Investments in small cap securities may involve greater risks due to higher volatility and less liquidity than larger more established companies.

Kalmar's comments reflect the investment adviser's general opinions regarding the market, economy, and any stocks mentioned or stock opinions given, were current only as of the date of this letter, and are subject to change at any time. The information provided in this letter is not sufficient upon which to base an investment decision and should not be considered a recommendation to purchase or sell a particular security.

Morningstar Small Growth Category measures the performance of the small capitalization stocks that are growing faster than the rest of the market. **Russell 2000® Index** is an unmanaged total return index of the smallest 2000 companies in the Russell 3000 Index, as ranked by total market capitalization. **Russell 2000 Growth Index** measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.

¹Star ratings are based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. 5 stars = top 10% of funds in a category; 4 stars = next 22.5% of funds; 3 stars = middle 35%; 2 stars = next 22.5%; 1 star = bottom 10%. Ratings are subject to change monthly. The Fund received 4 stars for the 3-, 5- and 10-year periods ended 9/30/11 among 661, 564 and 358 small growth funds, respectively. ©2011 Morningstar, Inc. All Rights Reserved. Morningstar and/or its content providers are the proprietors of this information; do not permit its unauthorized copying or distribution; do not warrant it to be accurate, complete or timely; and are not responsible for damages or losses arising from its use.

Morningstar Risk scores for a given time period (three, five, or 10 years) reflect the Fund's Morningstar risk score plotted on a bell curve: Monthly calculations are based on whether the Fund scores in the top 10% of its category, its risk score is considered High; if it falls in the next 22.5% Above Average; a place in the middle 35% is Average; those lower still, in the next 22.5%, are Below Average and the bottom Low. Overall Morningstar risk score is a weighted average of the available three, five, and 10 year Morningstar risk scores. Investments with less than three years of performance history are not rated. **Morningstar Return** scores for a given time period (three, five, or 10 years) reflect the Fund's Morningstar return score plotted on a bell curve: Monthly calculations are based on whether the Fund scores in the top 10% of its category, its return score is considered High; if it falls in the next 22.5% Above Average; a place in the middle 35% is Average; those lower still, in the next 22.5%, are Below Average and the bottom Low. Overall Morningstar return score is a weighted average of the available three, five, and 10 year Morningstar return scores. Investments with less than three years of performance history are not rated.

²Lipper Leader Ratings are subject to change monthly and are based on an equal-weighted average of percentile ranks for the category's metrics over 3-year, 5-year, and 10- year periods (if applicable). The highest 20% of funds in each peer group are named Lipper Leaders, the next 20% receive a rating of 4, the middle 20% are rated 3, the next 20% are rated 2, and the lowest 20% are rated 1. A fund or class must be in existence three years to be rated. Both designations reflect the fund's ranking relative to its peer group as of 9/30/11, and do not take sales charges into account. Lipper ratings are not intended to predict future results, and Lipper does not guarantee the accuracy of this information. More information is available at www.lipperleaders.com. Lipper Leader ©2011, Reuters, All Rights Reserved. Performance for the Fund reflects fee waivers in effect; in their absence, returns would have been lower, which may have adversely affected the Fund's Lipper Rankings. The Kalmar "Growth-with-Value" Small Cap Fund, in Lipper's Small Cap Growth Funds category, received the following ratings for the 3-, 5- and 10-year periods, respectively: Total Return: 4 (430 funds), 4 (372 funds), Lipper Leader (239 funds); Consistent Return: 4 (429 funds), 4 (371 funds), Lipper Leader (238 funds).

Shares of the Kalmar Pooled Investment Trust are distributed by BNY Mellon Distributors Inc., King of Prussia, PA., not an adviser affiliate.