Geneva Capital Management Ltd.

Mid Cap Equity Fund
Fourth Quarter, 2008

The fourth quarter of 2008 will go down as one of the worst broad based stock market declines in our country's financial history. The Lehman Brothers bankruptcy manifested into the cardiac arrest of the worldwide credit markets, which led to a massive flight to quality and liquidity. Markets around the world were severely punished as unrelenting bad news flooded the airwaves, and governments became buyers of last resort for a host of different assets. For the quarter, our portfolio slightly underperformed a -27.36% return for the Russell Midcap Growth Index.

During the fourth quarter, four stocks were sold from the portfolio: Electronic Arts (ERTS), Joy Global (JOYG), Patterson Dental (PDCO) and Akamai Technologies (AKAM). ERTS was eliminated after two quarters of poor execution and faces significant headwinds from a demand perspective. JOYG has benefited from the commodity boom and is a holding we have trimmed repeatedly in the past. However, they recently finished an enormous expansion of their facilities just as demand began to drop precipitously, and we feel this will pressure margins going forward. PDCO, a dental distribution company, has seen large equipment sales fall significantly, and with the economic slowdown, we are concerned that dentists will not purchase such equipment. AKAM, our final sale during the quarter, faces significant margin compression as web traffic has fallen dramatically over the past quarter. This was a small position for us and we felt it prudent to move to companies with more stable and predicable earnings growth.

Two new holdings were added to the portfolio during the quarter: Sigma Aldrich (SIAL) and Resmed (RMD). SIAL develops, manufactures and distributes chemicals to the healthcare industry for research and testing. The volatile market in the fourth quarter gave us the opportunity to buy this stock at a very attractive PEG ratio and it ended up being one of the greatest contributors to performance in the fourth quarter. RMD is a leading manufacturer of equipment for the diagnosis and treatment of sleep apnea. Their largest competitor was acquired and they continue to take share in this growing underserved market. We are expecting them to grow earnings in the mid-teens in 2009, which is substantial growth given the horrible economic backdrop.

The uncertainty which remains in the market today is palpable, which reinforces our conviction in our discipline of investing in high quality, self-financing companies with superior management teams who are aptly prepared to navigate these difficult waters. This discipline has served our clients well in 2008 and throughout our twenty-two year history.