

### Independent Accountant's Report

Board of Directors  
Bernzott Capital Advisors  
888 West Ventura Blvd., Suite B  
Camarillo, CA 93010-8383

#### **Report on Firm-Wide Verification and Performance Examination**

We have examined Bernzott Capital Advisors' (the "Company") (1) compliance with all the composite construction requirements of the Global Investment Performance Standards (GIPS®) on a firm-wide basis for the periods January 1, 1995 through September 30, 2011, and (2) design of its policies and procedures to calculate and present performance results in compliance with the GIPS standards as of September 30, 2011. We have also examined the accompanying performance presentation and Performance Footnote Disclosure Presentation of the Company's **Small Cap Composite** for the periods October 1, 2001 through September 30, 2011.

#### **Management and Accountant's Responsibility**

The Company's management is responsible for compliance with the GIPS standards and the design of its policies and procedures and for the Quarterly Performance and Performance Footnote Disclosure Presentations. Our responsibility is to express an opinion based on our examination.

#### **Opinion**

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with the above-mentioned requirements; evaluating the design of the Company's policies and procedures referred to above; examining, on a test basis, evidence supporting the accompanying composite performance presentation; and performing the procedures for a verification and a performance examination set forth by the GIPS standards and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, Bernzott Capital Advisors has, in all material respects:

- Complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods January 1, 1995 through September 30, 2011; and
- Designed its policies and procedures to calculate and present performance results in compliance with the GIPS standards as of September 30, 2011.

Also, in our opinion, the Performance Footnote Disclosure Presentations of the Company's **Small Cap Composite** for the periods October 1, 2001 through September 30, 2011, is presented, in all material respects, in conformity with the GIPS standards.

This report does not relate to any composite presentation of the Company other than the Company's **Small Cap Composite**.

*Ashland Partners + Company LLP*  
Ashland Partners & Company LLP  
January 16, 2012

# BERNZOTT CAPITAL ADVISORS

## SMALL CAP COMPOSITE

### QUARTERLY PERFORMANCE PRESENTATION

*Asset-Weighted Returns Gross of Management Fees (annualized for periods greater than one year)*

*Results have been calculated in U.S. Dollars*

	<u>Quarter</u>	<u>1</u> <u>Year</u>	<u>2</u> <u>Years</u>	<u>3</u> <u>Years</u>	<u>4</u> <u>Years</u>	<u>5</u> <u>Years</u>	<u>6</u> <u>Years</u>	<u>7</u> <u>Years</u>	<u>8</u> <u>Years</u>	<u>9</u> <u>Years</u>	<u>10</u> <u>Years</u>
4Q - 2001	6.91%										
1Q - 2002	8.04%										
2Q - 2002	2.72%										
3Q - 2002	(0.86%)	17.62%									
4Q - 2002	1.70%	11.89%									
1Q - 2003	(0.80%)	2.74%									
2Q - 2003	17.50%	17.51%									
3Q - 2003	6.22%	25.91%	21.70%								
4Q - 2003	12.23%	38.95%	24.69%								
1Q - 2004	7.11%	50.02%	24.15%								
2Q - 2004	(3.68%)	22.99%	20.22%								
3Q - 2004	3.30%	19.61%	22.72%	20.99%							
4Q - 2004	12.06%	19.42%	28.82%	22.91%							
1Q - 2005	(4.00%)	7.04%	26.72%	18.16%							
2Q - 2005	8.32%	20.37%	21.67%	20.27%							
3Q - 2005	(0.24%)	16.25%	17.91%	20.52%	19.79%						
4Q - 2005	(2.82%)	0.81%	9.72%	18.71%	16.97%						
1Q - 2006	11.98%	17.59%	12.19%	23.60%	18.02%						
2Q - 2006	(2.24%)	6.13%	13.03%	16.25%	16.57%						
3Q - 2006	5.33%	12.05%	14.13%	15.93%	18.35%	18.20%					
4Q - 2006	11.72%	28.82%	13.96%	15.75%	21.16%	19.25%					
1Q - 2007	1.38%	16.63%	17.11%	13.65%	21.82%	17.74%					
2Q - 2007	0.97%	20.46%	13.07%	15.45%	17.29%	17.34%					
3Q - 2007	(9.19%)	3.85%	7.87%	10.60%	12.78%	15.29%	15.68%				
4Q - 2007	(11.18%)	(17.44%)	3.13%	2.35%	6.38%	12.21%	12.16%				
1Q - 2008	(5.60%)	(23.12%)	(5.31%)	1.78%	3.07%	11.11%	9.66%				
2Q - 2008	(1.33%)	(24.88%)	(4.87%)	(1.34%)	3.69%	7.29%	8.93%				
3Q - 2008	2.66%	(15.07%)	(6.09%)	(0.39%)	3.53%	6.56%	9.57%	10.68%			
4Q - 2008	(17.73%)	(21.33%)	(19.41%)	(5.77%)	(4.17%)	0.15%	5.76%	6.62%			
1Q - 2009	(6.50%)	(22.08%)	(22.61%)	(11.27%)	(4.80%)	(2.54%)	4.73%	4.44%			
2Q - 2009	17.48%	(7.23%)	(16.52%)	(5.66%)	(2.85%)	1.41%	4.72%	6.46%			
3Q - 2009	15.09%	4.01%	(6.01%)	(2.84%)	0.69%	3.63%	6.13%	8.76%	9.83%		
4Q - 2009	(0.87%)	25.32%	(0.71%)	(6.63%)	1.19%	1.12%	3.96%	8.36%	8.79%		
1Q - 2010	8.87%	45.92%	6.63%	(4.39%)	0.48%	3.69%	4.24%	9.81%	8.90%		
2Q - 2010	(7.56%)	14.81%	3.21%	(7.16%)	(0.91%)	0.45%	3.53%	6.11%	7.47%		
3Q - 2010	9.10%	8.84%	6.39%	(1.31%)	(0.04%)	2.27%	4.48%	6.51%	8.76%	9.71%	
4Q - 2010	10.32%	21.13%	23.21%	6.10%	(0.35%)	4.90%	4.21%	6.26%	9.88%	10.10%	
1Q - 2011	7.05%	19.11%	31.83%	10.63%	1.01%	3.96%	6.11%	6.25%	10.93%	9.99%	
2Q - 2011	2.94%	32.63%	23.40%	12.21%	1.50%	5.03%	5.22%	7.26%	9.11%	10.01%	
3Q - 2011	(13.38%)	5.30%	7.05%	6.03%	0.31%	1.00%	2.77%	4.59%	6.36%	8.37%	9.27%

Past performance is not indicative of future results. The Independent Accountant's Report and the Performance Footnote Disclosure are an integral part of this presentation.

## Explanation of Small Cap Equity Performance

## Performance Footnote Disclosure - 3Q2011

Bernzott Capital Advisors claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Bernzott Capital Advisors has been independently verified for the periods of Jan. 1, 1995 through September 30, 2011. Verification assesses whether the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Small Cap Value Equity composite has been examined for the periods of Jan. 1, 1995 through September 30, 2011. The verification and performance examination reports are available upon request.

	# of Portfolios in Composite at period end	Total Composite Assets (\$ millions) at period end	Composite Equity Only Assets (\$ millions) at period end <sup>1</sup>	Composite Dispersion <sup>2</sup> %	Total Small Cap Equity Assets <sup>2</sup> (\$ millions)	Total Firm-wide Assets Under Management (\$ millions)	Composite Assets as a % of Small Cap Assets at period end	Composite Assets as a % of Firm-wide Assets at period end	Bernzott Gross of Fees	Bernzott Net of Fees	Russell 2000 Value	Russell 2500 Value
1995 <sup>1</sup>	2	< \$1.0	< \$1.0	n/a	\$ 0.8	\$ 3.0	n/a	n/a	26.61%	25.24%	25.75%	29.76%
1996	8	\$ 1.7	\$ 1.2	n/a	\$ 2.2	\$ 6.3	77.3%	27.0%	28.53%	27.14%	21.37%	22.21%
1997	17	\$ 4.3	\$ 3.0	4.7%	\$ 5.4	\$ 11.1	79.6%	38.7%	32.57%	31.21%	31.78%	33.09%
1998	33	\$ 7.1	\$ 5.9	3.2%	\$ 8.6	\$ 17.7	82.6%	40.1%	11.52%	10.49%	-6.45%	-1.92%
1999	53	\$ 14.6	\$ 10.5	5.6%	\$ 16.6	\$ 31.3	88.0%	46.7%	-1.56%	-2.43%	-1.49%	1.49%
2000	54	\$ 19.0	\$ 14.1	9.0%	\$ 21.0	\$ 37.8	90.5%	50.3%	28.59%	27.53%	22.83%	20.79%
2001	70	\$ 32.1	\$ 24.3	6.2%	\$ 36.1	\$ 49.6	88.9%	64.7%	19.21%	18.37%	14.02%	9.74%
2002	152	\$ 53.3	\$ 38.4	4.2%	\$ 74.1	\$ 100.8	71.9%	52.9%	11.89%	11.13%	-11.42%	-9.87%
2003	177	\$ 123.3	\$ 98.3	4.7%	\$ 170.6	\$ 195.0	72.3%	63.2%	38.95%	37.92%	46.03%	44.93%
2004	273	\$ 168.4	\$ 138.2	4.0%	\$ 232.9	\$ 299.4	72.3%	56.3%	19.42%	18.51%	22.25%	21.58%
2005	403	\$ 436.4	\$ 299.0	2.2%	\$ 507.1	\$ 515.9	86.1%	84.6%	0.81%	-0.05%	4.71%	7.74%
2006	338	\$ 592.4	n/a	3.4%	\$ 703.6	\$ 800.4	84.2%	74.0%	28.82%	27.72%	23.48%	20.18%
2007	363	\$ 564.8	n/a	2.9%	\$ 622.3	\$ 736.9	90.8%	76.7%	-17.44%	-18.18%	-9.78%	-7.27%
2008	320	\$ 344.9	n/a	4.8%	\$ 405.1	\$ 405.1	85.1%	85.1%	-21.33%	-21.85%	-28.92%	-31.99%
2009	278	\$ 442.5	n/a	5.8%	\$ 481.8	\$ 481.8	91.8%	91.8%	25.32%	24.41%	20.58%	27.68%
2010	94 *	\$ 302.0 *	n/a	1.2%	\$ 319.7	\$ 470.8	94.4%	64.2%	21.13%	20.23%	24.50%	24.82%
3Q2011 YTD	90	\$ 195.7	n/a	n/a	\$ 202.0	\$ 357.0	96.9%	54.8%	-4.55%	-5.07%	-18.51%	-16.29%

<sup>1</sup> Equity product inception: January 1, 1995. <sup>2</sup> The difference between this column and the "total composite assets at period end" is the accounts that do not meet the size parameter for the composite and any new acct under mgmt that has not met the waiting period under mgmt to join the composite. <sup>3</sup> 1995 and 1996 dispersion values are presented as n/a since five or fewer accounts are in the composite for the entire annual periods presented. Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year, and is shown as n/a. Additionally, 2011 dispersion is shown as n/a until the calendar year is complete. <sup>4</sup> Presented composite performance prior to October 1, 2006 is based upon equity only returns including allocated cash. Composite performance following October 1, 2006 is based on total account returns. \* - To accommodate the needs of our high net worth non-institutional clients, Bernzott Capital Advisors has and will purchase equities across the capitalization spectrum, and not limit those purchases to the small cap universe. Effective October 1, 2010, the composite was redefined to only include those clients with a specific small cap mandate. This redefinition and client accommodation has resulted in a decline of AUM in the Small Cap Value equity composite without impacting firm wide AUM.

### GIPS Compliance Requirements:

Bernzott Capital Advisors is an equity portfolio investment manager that invests in U.S.-based securities. Bernzott Capital Advisors is defined as an independent investment management firm that is not affiliated with any organization.

The Small Cap Value Equity Composite includes all fully discretionary portfolios that invest in small capitalization U.S. stocks that are considered to have risk-adjusted returns purchased, at reasonable prices. The composite includes concentrated portfolios of market leading companies with consistent operating performance, significant recurring revenue, solid operating margin, moderate leverage and strong returns on capital. A size parameter of \$250,000 is applied for composite membership. As of October 1, 2006, composite asset performance is derived from total account performance and eligible accounts are added to the composite after accounts are under management for two complete quarters. Prior to October 1, 2006, the composite was constructed from fully discretionary small cap equity only portfolios and fully discretionary small cap equity segment carve outs of accounts included in the firm composite. Prior to October 1, 2006, accounts were included in the composite their first full quarter under management.

The Bernzott's benchmark is the Russell 2000 Value Index (taken from published sources). The Russell 2500 Value Index is provided as a secondary benchmark.

Gross-of-Fees returns reflect only the deduction of trading costs. Net performance returns reflect the deduction from gross performance of all trading costs, actual management fees and embedded fees.

Since January 1, 2005 non-fee-paying accounts represent <1% of the composite assets. For the period January 1, 2004 through December 31, 2004 non-fee-paying accounts represent 1% of the composite assets. For the period January 1, 1998 through December 31, 2003 non-fee-paying accounts represent 2% of the composite assets.

Bernzott performance is stated in US dollars.

Prior to 10/1/06 the annual composite dispersion was an asset-weighted standard deviation calculation for the equity only portion of the account in the composite for the entire year and calculations did not take into account the effect of cash. Following that date, the annual composite dispersion is an asset-weighted standard deviation calculation using total account returns. 1995 and 1996 dispersion values are presented as n/a since five or fewer accounts are in the composite for the entire annual periods presented.

Returns are presented gross and net of management fees and include the reinvestment of all income. Bernzott's standard institutional account fee schedule to-date is 90 bp on the first \$10 million, 80 bp on the next \$15 million, 75 bp on the next \$25 million, and 65 bp on the next \$50 million. Bernzott's standard private client account fee schedule to-date is 100 bp on the first \$2 million, 75 bp on the next \$3 million, 50 bp on the next \$5 million. Actual investment advisory fees incurred by clients may vary.

Bernzott's composite was created July 1, 1999 and composite membership parameters were revised December 1, 2006 effective October 1, 2006.

A complete list of Bernzott's composites is available upon request.

The policies of valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Bernzott does not utilize leverage, derivatives or short positions.

Bernzott does not have any significant company events to disclose.

A size parameter of \$250,000 is applied for composite membership. The minimum account size was implemented January 1, 2001. As of October 1, 2006, composite asset performance is derived from total account performance. Prior to October 1, 2006, the composite was constructed from fully discretionary small cap equity only portfolios and fully discretionary small cap equity segment carve outs of accounts included in the firm composite. Prior to January 1, 2004, the composite was known as the Small/Mid Cap Domestic Equity Composite. There was no change in the investment process as a result of the composite name change.

Prior to October 1, 2006, carve-out portfolio segments were included in this composite and cash was allocated to the composite on a set percentage of 5%. As of October 1, 2006, portfolio segments are not included in this composite and all cash and cash equivalents are included in performance.

An account will be removed from the composite membership if a cash outflow reduces the account value below the minimum size parameter. Additional information regarding the treatment of significant cash flows is available upon request.

### Supplemental Information - Market Proxy : Russell 2000 Value

		Bernzott					Cumulative				Annualized			
		Annualized Std Dev	R 2000v Annualized Std Dev	Alpha	Beta	R-Squared	Bernzott Gross	Bernzott Net	Russell 2000 V	Russell 2500 V	Bernzott Gross	Bernzott Net	Russell 2000 V	Russell 2500 V
1 Yr	9/30/10-9/30/11	13.00	18.33	9.42	0.68	0.91	5.30	4.53	-5.99	-4.70	5.30	4.53	-5.99	-4.70
2 Yrs	9/30/09-9/30/11	14.46	21.93	4.89	0.63	0.91	14.61	12.93	5.13	9.35	7.05	6.27	2.54	4.57
3 Yrs	9/30/08-9/30/11	20.12	28.56	7.21	0.68	0.93	19.21	16.65	-8.12	0.24	6.03	5.27	-2.78	0.08
4 Yrs	9/30/07-9/30/11	18.99	26.09	3.47	0.69	0.89	1.24	-1.66	-19.38	-15.59	0.31	-0.42	-5.24	-4.15
5 Yrs	9/30/06-9/30/11	18.28	23.92	2.86	0.71	0.86	5.13	1.23	-14.47	-8.18	1.00	0.24	-3.08	-1.69
6 Yrs	9/30/05-9/30/11	17.15	22.37	2.72	0.71	0.86	17.81	12.44	-2.49	2.04	2.77	1.97	-0.42	0.34
7 Yrs	9/30/04-9/30/11	16.29	21.47	2.84	0.70	0.85	36.95	29.64	14.82	23.79	4.59	3.78	1.99	3.10
8 Yrs	9/30/03-9/30/11	16.95	20.64	2.77	0.70	0.82	63.80	53.90	44.29	54.20	6.36	5.54	4.69	5.56
9 Yrs	9/30/02-9/30/11	15.47	20.32	2.98	0.69	0.81	106.25	92.31	89.97	102.38	8.37	7.54	7.39	8.15
10 Yrs	9/30/01-9/30/11	14.93	20.43	4.68	0.65	0.78	142.60	124.68	87.19	101.13	9.27	8.43	6.47	7.24
11 Yrs	9/30/00-9/30/11	15.07	20.16	6.14	0.64	0.73	202.72	178.39	97.69	106.19	10.59	9.75	6.39	6.80
12 Yrs	9/30/99-9/30/11	14.63	19.49	5.65	0.63	0.69	228.56	199.62	128.05	138.66	10.42	9.58	7.11	7.52
13 Yrs	9/30/98-9/30/11	14.57	19.14	5.62	0.63	0.68	258.47	223.91	141.34	158.71	10.32	9.46	7.01	7.59
14 Yrs	9/30/97-9/30/11	14.54	19.29	6.82	0.63	0.69	307.60	264.80	110.47	134.71	10.56	9.68	5.46	6.28
15 Yrs	9/30/96-9/30/11	14.38	18.92	7.04	0.63	0.68	460.80	396.63	200.23	234.25	12.18	11.28	7.60	8.38
16 Yrs	9/30/95-9/30/11	14.06	18.50	7.75	0.62	0.66	610.46	522.35	240.71	285.51	13.04	12.11	7.96	8.80
16.75 Yrs (Inception)	1/1/95-9/30/11	13.88	18.14	7.57	0.62	0.65	723.88	615.84	316.32	381.72	13.42	12.47	8.89	9.84

\* Equity product inception: January 1995.

Past performance is not indicative of future results.

Schmetter & Associates, LLC (S&A) serves as an independent sales and marketing representative for Camarillo, California based Bernzott Capital Advisors. S&A receives an annual fee and 25% of the investment management fees on assets placed under management at Bernzott Capital Advisors by each client introduced to Bernzott by S&A. Schmetter & Associates, LLC is not a broker/dealer. All fees paid to S&A are in hard dollars. No additional amount is added to Bernzott's investment advisory fee as a result of S&A's role in the solicitation of new business.

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