



### Investment Philosophy

We are a fundamental, “bottom up” manager with a long-term time horizon. Our investment philosophy focuses on buying high quality companies at the right price, typically a 30-40% discount to estimated fair value. Our approach emphasizes rigorous research, a disciplined stock selection process, a strong valuation orientation, a concentrated portfolio (25-35 holdings) and a well-defined sell discipline.

#### Portfolio Overview

Turnover	40% or less avg.
Time Horizon	3-5 years
Universe	\$500mm - \$5Bn
Concentrated	25 - 35 positions
Sector Weights	No restrictions
Typical Holding	2 - 5%
Maximum Holding	8%
Cash	5 - 10% avg.

#### Risk Metrics\*

Beta	0.74
R-Squared	0.84
Standard Deviation	13.1%
Sharpe Ratio	1.20
Information Ratio	0.45
Alpha	5.9%
Up Market Capture	89%
Down Market Capture	72%

\*3 YRS ending 03/31/14 vs. Russell 2000 Value

#### Firm

Founded in 1994	
All Employees are Shareholders	
AUM (Firm)	\$507mm
AUM (Small Cap)	\$260mm

#### Investment Team

Kevin Bernzott	1994 (20 yrs exp.)
Tom A. Derse, CFA	2004 (14 yrs exp.)
Scott T. Larson, CFA	2007 (18 yrs exp.)
Ryan Ross, CFA	2014 (4 yrs exp.)

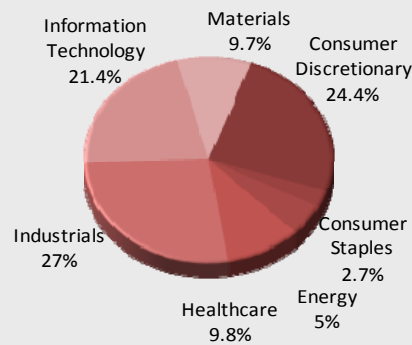
#### Small Cap Equity Composite Performance (3/31/14)

	YTD	1YR	3YRS	5YRS	7YRS	10YRS	Inception*
<b>Bernzott Small Cap Value Equity (Gross)</b>	-3.0%	16.2%	15.7%	21.9%	7.1%	9.0%	14.8%
<b>Bernzott Small Cap Value Equity (Net)</b>	-3.2%	15.4%	15.0%	21.1%	6.3%	8.2%	13.9%
<b>Russell 2000 Value</b>	1.8%	22.7%	12.7%	23.3%	5.4%	8.1%	11.3%
<b>Russell 2500 Value</b>	3.5%	21.8%	13.9%	24.8%	6.5%	9.0%	12.2%

#### Top 10 Holdings (03/31/14)

Teleflex	5.6%
Total System Services	5.1%
Hillenbrand	4.6%
Gentex	4.6%
Broadridge Financial	4.6%
Mistras Group	4.4%
Clean Harbors	4.1%
Dresser Rand	4.1%
Int'l Game Technology	4.1%
SP Plus Corp.	4.0%
<b>% of total portfolio</b>	<b>45.2%</b>

#### Sector Breakdown 03/31/14



#### Portfolio Characteristics (03/31/14)

Number of holdings	30
Weighted Avg Market Cap	\$3.3Bn
Median Market Cap	\$3.7Bn
Largest Cap	\$8.3Bn
Smallest Cap	\$.4Bn
EBIT Margin	13.2%
ROE (Trailing 5Yr)	16.4%
LT EPS Growth (5Yr)	12.5%
P/E Ratio (Forward)	17.9
Divident Yield (Current)	1.4%
Discount to Fair Value	-22.0%

#### Quarterly Commentary:

1Q results were clearly disappointing. The U.S. Small Cap Value composite's return was -3.19% (net) compared to the benchmark R2000V's return of +1.78%. Underperformance was driven primarily by weakness in Consumer Discretionary and Information Technology offset in part by strength in Healthcare and Materials. Within Consumer Discretionary, two significant detractors were Weight Watchers (WTW) -123 bps and Int'l Game Technology (IGT) -107 bps. After several quarters of disappointing results and much weaker than expected 2014 guidance we decided to sell our position in WTW at a loss. In contrast to WTW, we took advantage of the price weakness in IGT and added to our position. Within Information Technology, we saw broad weakness with five of our six holdings during the quarter. In total, these six holdings together contributed -105 bps to performance. Moreover, the portfolio has no exposure to Financials, Telecommunications and Utilities. All three comprise 46.4% of the index weighting and together returned 2.3% during 1Q14. This translated to 1.1% or 60% of the benchmark's 1.77% first quarter return.

While performance was negatively impacted by stock selection, we did see a continuation of low quality company outperformance in 1Q. Recent cooling in the IPO market and corrections to prices of high-beta, high-multiple tech stocks may indicate investors are now redirecting their attention from momentum to fundamentals and from growth to value. Such a shift should benefit our strategy. Furthermore, we feel our high quality portfolio is well positioned to “weather the storm” should market volatility increase.

**Explanation of Equity Performance**

**Performance Footnote Disclosure - 1Q2014**

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, 2013. 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 US Small Cap Value composite has been examined for the periods of Jan. 1, 1995 through September 30, 2013. 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>4</sup>	Composite Dispersion % <sup>3</sup>	Composite 3 Yr Standard Deviation	Russell 2000 Value 3 Yr Standard Deviation	Russell 2500 Value 3 Yr Standard Deviation	Total US Small Cap Equity Assets (\$ millions) <sup>2</sup>	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	n/a	n/a	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	n/a	n/a	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%	8.88	9.41	8.89	\$ 5.4	\$ 11.1	79.6%	38.7%	32.57%	31.21%	31.78%	33.09%
1998	33	\$ 7.1	\$ 5.9	3.2%	11.09	15.10	14.88	\$ 8.6	\$ 17.7	82.6%	40.1%	11.52%	10.49%	-6.45%	-1.92%
1999	53	\$ 14.6	\$ 10.5	5.6%	13.29	16.32	16.14	\$ 16.6	\$ 31.3	88.0%	46.7%	-1.56%	-2.43%	-1.49%	1.49%
2000	54	\$ 19.0	\$ 14.1	9.0%	14.23	16.61	16.55	\$ 21.0	\$ 37.8	90.5%	50.3%	28.59%	27.53%	22.83%	20.79%
2001	70	\$ 32.1	\$ 24.3	6.2%	13.24	14.65	14.62	\$ 36.1	\$ 49.6	88.9%	64.7%	19.21%	18.37%	14.02%	9.74%
2002	152	\$ 53.3	\$ 38.4	4.2%	11.28	17.39	16.27	\$ 74.1	\$ 100.8	71.9%	52.9%	11.89%	11.13%	-11.42%	-9.87%
2003	177	\$ 123.3	\$ 98.3	4.7%	9.86	18.42	16.97	\$ 170.6	\$ 195.0	72.3%	63.2%	38.95%	37.92%	46.03%	44.93%
2004	273	\$ 168.4	\$ 138.2	4.0%	10.73	17.51	15.68	\$ 232.9	\$ 299.4	72.3%	56.3%	19.42%	18.51%	22.25%	21.58%
2005	403	\$ 436.4	\$ 299.0	2.2%	11.28	14.09	12.81	\$ 507.1	\$ 515.9	86.1%	84.6%	0.81%	-0.05%	4.71%	7.74%
2006	338	\$ 592.4	n/a	3.4%	10.91	12.33	10.85	\$ 703.6	\$ 800.4	84.2%	74.0%	28.82%	27.72%	23.48%	20.18%
2007	363	\$ 564.8	n/a	2.9%	12.01	12.59	11.03	\$ 622.3	\$ 736.9	90.8%	76.7%	-17.44%	-18.18%	-9.78%	-7.27%
2008	320	\$ 344.9	n/a	4.8%	16.99	19.14	18.38	\$ 405.1	\$ 405.1	85.1%	85.1%	-21.33%	-21.85%	-28.92%	-31.99%
2009	278	\$ 442.5	n/a	5.8%	20.01	25.62	24.61	\$ 481.8	\$ 481.8	91.8%	91.8%	25.32%	24.41%	20.58%	27.68%
2010	94 *	\$ 302.0 *	n/a	1.2%	20.55	28.37	26.97	\$ 319.7	\$ 470.8	94.4%	64.2%	21.13%	20.23%	24.50%	24.82%
2011	80	\$ 195.2	n/a	1.3%	17.70	26.05	24.23	\$ 198.0	\$ 372.0	98.6%	52.5%	9.02%	8.24%	-5.50%	-3.36%
2012	34	\$ 169.2	n/a	1.0%	14.21	19.89	18.41	\$ 192.0	\$ 395.2	88.1%	42.8%	16.81%	16.04%	18.05%	19.21%
2013	36	\$ 237.8	n/a	1.5%	12.34	15.82	15.07	\$ 267.9	\$ 512.9	88.8%	46.4%	34.38%	33.52%	34.52%	33.33%
2014Q1	35	\$ 228.3	n/a	--	--	--	--	\$ 259.5	\$ 507.8	88.0%	45.0%	-3.03%	-3.19%	1.78%	3.52%

<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. <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 US Small Cap Value 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 US Small Cap Value 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 Jan. 1, 2004 through Dec. 31, 2004 non-fee-paying accounts represent 1% of the composite assets. For the period Jan. 1, 1998 through Dec. 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 Annualized Std Dev	R 2000v Annualized Std Dev	Alpha	Beta	R-Squared	Cumulative				Annualized			
							Bernzott Gross	Bernzott Net	Russell 2000 V	Russell 2500 V	Bernzott Gross	Bernzott Net	Russell 2000 V	Russell 2500 V
1 Yr	3/31/13-3/31/14	13.39	7.45	-1.76	0.82	0.73	16.15	15.41	22.65	21.76	16.15	15.41	22.65	21.76
2 Yrs	3/31/12-3/31/14	12.05	9.37	2.62	0.81	0.74	42.21	40.38	44.84	47.54	19.25	18.48	20.35	21.47
3 Yrs	3/31/11-3/31/14	15.66	19.54	5.85	0.74	0.84	55.01	51.94	43.28	47.68	15.73	14.96	12.74	13.88
4 Yrs	3/31/10-3/31/14	15.34	19.56	5.76	0.70	0.86	84.63	79.63	72.84	81.15	16.57	15.77	14.66	16.01
5 Yrs	3/31/09-3/31/14	15.88	20.24	5.27	0.69	0.86	169.39	160.20	185.31	202.84	21.92	21.08	23.33	24.81
6 Yrs	3/31/08-3/31/14	17.90	24.49	5.65	0.70	0.88	109.91	101.38	74.35	85.76	13.16	12.38	9.71	10.87
7 Yrs	3/31/07-3/31/14	18.28	23.43	2.76	0.72	0.86	61.38	53.51	44.92	55.03	7.08	6.31	5.44	6.46
8 Yrs	3/31/06-3/31/14	17.51	22.08	3.47	0.72	0.85	88.21	77.49	59.96	73.86	8.23	7.44	6.05	7.16
9 Yrs	3/31/05-3/31/14	17.02	21.15	3.24	0.71	0.84	121.31	106.90	97.98	111.42	9.23	8.41	7.88	8.67
10 Yrs	3/31/04-3/31/14	16.67	20.45	2.93	0.71	0.82	136.88	119.71	117.36	136.94	9.01	8.19	8.07	9.01
11 Yrs	3/31/03-3/31/14	16.81	20.87	3.21	0.71	0.82	255.40	227.26	257.53	282.85	12.22	11.38	12.28	12.98
12 Yrs	3/31/02-3/31/14	16.17	21.39	5.12	0.67	0.79	265.13	233.87	174.32	202.84	11.40	10.57	8.77	9.67
13 Yrs	3/31/01-3/31/14	15.70	21.61	5.89	0.64	0.75	371.58	328.16	239.46	267.87	12.67	11.84	9.86	10.54
14 Yrs	3/31/00-3/31/14	15.35	20.89	6.25	0.65	0.72	488.41	429.99	350.49	316.16	13.50	12.65	10.52	10.72
15 Yrs	3/31/99-3/31/14	15.64	20.68	6.16	0.64	0.70	562.28	491.49	359.25	380.54	13.43	12.58	10.70	11.03
16 Yrs	3/31/98-3/31/14	15.71	21.04	6.17	0.63	0.70	495.72	427.02	258.07	295.81	11.80	10.95	8.30	8.98
17 Yrs	3/31/97-3/31/14	15.61	20.82	6.63	0.64	0.70	760.48	653.79	412.55	472.43	13.50	12.62	10.09	10.81
18 Yrs	3/31/96-3/31/14	15.29	20.31	7.10	0.63	0.68	972.45	829.28	494.45	574.71	14.09	13.18	10.41	11.19
19 Yrs	3/31/95-3/31/14	15.03	19.84	7.40	0.63	0.66	1290.99	1092.73	652.45	761.13	14.86	13.94	11.21	12.00
19.25 Yrs (Inception)	1/1/95-3/31/14	14.93	19.71	7.34	0.63	0.66	1332.28	1124.25	680.33	815.08	14.83	13.90	11.26	12.19

\* Equity product inception: January 1995.

**Past performance is not indicative of future results.**

Prior to April 2013, Schmetter & Associates, LLC, (S&A) served as an independent institutional sales and marketing representative for Camarillo, California based Bernzott Capital Advisors. S&A continues to receive an annual fee and 20-25% of collected revenue from specified institutional clients. S&A is not a broker/dealer. All fees are paid to S&A by Bernzott Capital in hard dollars. No additional amount is ever billed to any client as a result of such payments.