July 14, 2016

U.S. Small Cap Value Strategy

Fear, Uncertainty and Doubt (FUD)

A fairly quiet second quarter turned volatile in late June as investors were surprised the United Kingdom (UK) referendum resulted in an overall vote to leave, rather than stay in the European Union (EU). Nonetheless, a three-day rally to close out the quarter helped stocks regain nearly all BREXIT vote-related losses and post positive results in the quarter. The S&P 500 market index increased 1.9%, its third-consecutive quarterly gain. The Dow Jones Industrial Average was +1.4% while the Nasdaq Composite finished -0.6%. Small-caps delivered solid performance in the quarter as the Russell 2000 increased 3.4%, the Russell 2000 Growth increased 3.2% and the Russell 2000 Value increased 4.3%.

Eight out of the ten S&P 500 sectors were positive during the quarter. Energy increased 10.8% (+14.3% year-to-date) as oil prices surged 26.1% (+30.5% year-to-date). Defensive "bond surrogate" sectors, utilities and telecom, continued to outperform as each increased 5.9% in the quarter and are now up over 21% year-to-date. Healthcare was also strong, increasing 5.8% bouncing back from poor 1Q16 results. Consumer Staples increased 3.9% benefitting from the ongoing "flight to quality" and the late quarter bid by Mondelez (MDLZ) to acquire Hershey (HSY). The Financials sector was +1.5% in the quarter but the low interest rate environment and flattening yield curve are not conducive to returns in the near-term. The lone laggards in the quarter from a sector standpoint were Consumer Discretionary (-1.3%) and Information Technology (-3.3%).

Post-BREXIT, a risk-off sentiment has pressured interest rates globally. The U.S. 10 year Treasury note yield reached a record low of 1.375% on Tuesday, July 5. Negative interest rates are now seen with regularity throughout the world. For instance, Switzerland's 50 year government bond yield recently fell below zero. Not surprisingly, in this type of interest rate environment, bonds have performed very well. Per Bank of America/Merrill Lynch, long-term treasury bonds were up 6.8% in the quarter and 20.1% year-to-date. Global currency issues and concerns about inflation have also fueled a strong rally in Gold which increased 6.8% in the quarter and 24.6% year-to-date.

Fear, Uncertainty and Doubt or FUD first appeared as far back as the 1920's but is commonly attributed to former IBM employee, Gene Amdahl, who used the term in 1975 after he left IBM to start his own firm, Amdahl Corp., saying "FUD is the fear, uncertainty, and doubt that IBM sales people instill in the minds of potential customers who might be considering Amdahl products." We believe FUD can also be applied to the current market environment as investors have been gripped by Fear, Uncertainty and Doubt. For example, the BREXIT decision has created uncertainty despite the fact the exit process for the new UK government to leave the EU will take over two years. Similarly, we recognize the low-interest rate environment and the fears it causes for investors, particularly those with income needs. However, the "yield sectors" like utilities, telecom, consumer staples and REITS not only sport premium multiples relative to modest growth prospects, but also exhibit a variety of unattractive low quality traits such as low returns on capital, significant leverage and high capital intensity. This combination of elevated valuations with weak fundamentals could make these sectors among the most dangerous places to invest rather than the safe havens they are widely considered to be today.

Our strategy exceeded its primary benchmark by over 50 bps in the quarter (on a net basis) despite a lack of exposure to Energy and the aforementioned yield sectors, highlighting our stock selection capabilities. We are not agnostic to the macro environment and recognize in the near-term it can create FUD. That said, we continue to believe the disciplined application of our time-tested, bottom-up investment process of buying high quality companies at a significant discount to fair value, which according to eVestment Alliance, LLC has helped us beat the average manager in our asset class by over 1200bps over the last five years, will continue to deliver strong returns over the long-term.

Performance (periods ending June 30, 2016)

	QTD	YTD	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Gross)	**5.04%**	**7.06%**	**-5.06%**	**8.45%**	**10.55%**	**14.08%**	**7.76%**	**13.66%**
R2000V	4.31%	6.08%	-2.58%	6.36%	8.15%	13.53%	5.15%	10.06%
R2500V	4.37%	7.84%	0.22%	8.14%	9.59%	15.18%	6.52%	11.12%
+ / - R2000V	0.73%	0.98%	-2.48%	2.09%	2.40%	0.55%	2.61%	3.60%
+ / - R2500V	0.67%	-0.78%	-5.28%	0.31%	0.96%	-1.10%	1.24%	2.54%

	QTD	YTD	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Net)	**4.86%**	**6.70%**	**-5.65%**	**7.77%**	**9.84%**	**13.31%**	**7.00%**	**12.76%**
R2000V	4.31%	6.08%	-2.58%	6.36%	8.15%	13.53%	5.15%	10.06%
R2500V	4.37%	7.84%	0.22%	8.14%	9.59%	15.18%	6.52%	11.12%
+ / - R2000V	0.55%	0.62%	-3.07%	1.41%	1.69%	-0.22%	1.85%	2.70%
+ / - R2500V	0.49%	-1.14%	-5.87%	-0.37%	0.25%	-1.87%	0.48%	1.64%

*The Bernzott U.S. Small Cap Value strategy inception date is January 1, 1995. See last page for full GIPS compliant disclosure.

2Q 2016 Strategy Overview:

The U.S. Small Cap Value composite's 2Q16 return was +4.86% (net) compared to the benchmark Russell 2000 Value's return of +4.31%. In 2Q16, the strategy's +55 bps of outperformance was primarily driven by relative strength in Healthcare (+178 bps), Materials (+98 bps) and Consumer Discretionary (+79 bps) offset by weakness in Financial (-167 bps) and our underweight position in Utilities (-80 bps). The top three contributors were Innophos (IPHS), Landauer (LDR) and Masimo (MASI). The top three detractors were Daktronics (DAKT), SP Plus (SP) and Artisan Partners (APAM). During the quarter we bought three new positions: Advisory Board (ABCO), Catalent (CTLT) and Bottomline Technologies (EPAY). We also sold Daktronics (DAKT) due to deteriorating fundamentals. We ended the quarter with 28 positions up from 26 at the end of 1Q16.

2Q 2016 Hits and Misses:

What worked

Innopohos (IPHS) +50% in 2Q16, +38% YTD 2016. The dramatic increase in the stock price can be attributed to several factors. Operationally, the company reported improvement in gross margins due to implemented cost controls. Likewise, the company reported EBITDA margin expansion. This also marked the first full quarter under the leadership of CEO, Kim Ann Mink, who brought on a new CFO and a VP of Supply Chain and Purchasing. This new team has likely inspired confidence in investors. Additionally, in this environment of low interest rates, income seekers may be looking to companies such as IPHS which pay a healthy dividend that management is committed to supporting. Admittedly, the company continues to operate in a soft demand environment throughout most of the markets served, and the company expects the softness to continue throughout remainder of 2016. Still, the business continues to produce cash, debt is reasonable, and the new management has proved themselves worthy so far. While we believe the stock remains undervalued given the positive margin trends, an anticipated return to a normal demand environment and an upgrade in the C Suite, we did trim the position given the out-sized gains in the quarter.

Landauer (LDR) +25% in 2Q16, +27% YTD 2016. LDR reported strong 2Q16 results vs. both last year and consensus. Adjusting for a divestiture (Radon) and FX, constant currency revenue growth was +5.8%. Adjusted EBITDA was +25.0% and Adjusted EBITDA margin was 29.5% or +540 bps vs. last year. The company announced it divested its Medical Products segment for $12 million (less than 10% of revenue) to focus on its Radiation Measurement and Medical Physics segments. Commercialization efforts continue for Verifi, the company's next-generation dosimetry platform that should launch in calendar-year 2017. We trimmed the position given its strong performance in the quarter, although we remain positive on LDR's operational improvements and long-term prospects.

Masimo (MASI) +25% in 2Q16, +26% YTD 2016. MASI delivered another "beat and raise" quarter in 2Q16. Revenue was +10.8% vs. last year as the company benefitted from a late flu season and a large Middle East order. EBIT was +36.1% and EBIT margin was 21.8% or +410 bps vs. last year on both strong top-line growth and controlled expense growth. MASI continues to execute at a high-level. We trimmed our position significantly in the quarter as it approaches our estimate of fair value.

What didn't work

Daktronics (DAKT) -24% in 2Q16, -30% YTD 2016. Following only 11 months of ownership, we exited our position in June 2016. Our decision was driven by meetings and discussion with management in the first half of 2016 and collective analysis and deliberation following DAKT's weak fiscal 4Q16 results announced on June 1, 2016. The company's operational execution remains weak, competitive threats are intensifying, and management appears to lack specific actionable plans for us to believe that DAKT's fundamentals will improve in a reasonable timeframe.

Artisan Partners (APAM) -9% in 2Q16, -19% YTD 2016. APAM continues to feel the effects of poor investment performance in 2015. While AUM has been relatively steady at ~$98 billion this year, that is still down from $112 billion as of May 31, 2015. Net flows have improved modestly, but remain negative (-$1.3 billion in 1Q16 vs. -$2.2 billion in 1Q15). As of 1Q16, only 44% of APAM's AUM outperformed its respective strategy over the latest twelve months. However, 97% of AUM has outperformed their respective benchmarks over a 10-year period. Over time, we expect investment performance to normalize thanks to the company's unique, autonomous, performance-based investment culture that maintains highly cohesive and tenured investment professionals. In the interim, the balance sheet remains in excellent shape and APAM has minimal net debt, with greater than $100 million in excess cash and $100 million available on its revolver. APAM will continue to maintain its longstanding policy of returning 100% of net income to shareholders through dividend payouts. Valuation remains attractive and we continue to maintain a full position.

SP Plus (SP) -6% in 2Q16, -6% YTD 2016. SP experienced a bit of noise in its recently financial results that likely caused some investors to pause. Most notable was a year-over-year decline in EPS, largely driven by non-operational items including a casualty loss reserve and health benefit claims cost. SP employs a self-insured health program and the company is still gaining experience with the claims patterns. Additionally, the Affordable Care Act is relatively new and the participation rates of employees continues to change. This may result in a period of lumpiness for its health plan. On the positive side, the company wrote record new business in 2015 and reported an even faster pace to start 2016. Retention rates ticked up to 90% on the way to its goal of at least 92%. The company announced a $30 million stock repurchase authorization based on record cash flow in 2015 and the expectation cash flow will improve more in 2016. The company has guided EBITDA growth in the high single-digit range and has stated it does not see any significant headwinds for the remainder of the year. Despite quarter-to-quarter unevenness in the reported numbers, we believe the underlying business is quite simple, the cash flow will continue to grow and investors will eventually recognize and appreciate the value of the company. Early in the quarter we trimmed our position due to size but added to it late in the quarter when valuation became more attractive.

2Q 2016 Portfolio Activity:

- Established three new positions: Advisory Board (ABCO), Bottomline Technologies (EPAY) and Catalent (CTLT).
- Exited one position: Daktronics (DAKT).
- Added to four positions: Air Methods (AIRM), Mobile Mini (MINI), SP Plus (SP) and TriMas (TRS).
- Trimmed seven positions: Clean Harbors (CLH), Gentex (GNTX), Innophos (IPHS), Landauer (LDR), Masimo (MASI), SP Plus (SP) and Synopsys (SNPS).

New Positions

Advisory Board Corp. (ABCO) - $1.6 billion market capitalization - founded in 1979 and based in Washington D.C., ABCO provides best practice research, business intelligence and software applications, and consulting services for healthcare facilities and higher education institutions. The company has thousands of relationships with C-level executives, and customers include all of the U.S. News & World Report honor roll hospitals and 89% of the U.S. News & World Report top 100 universities. ABCO has an exceptional track record as an independent public company over the last 15 years and benefits from multi-year contracts with 90%+ renewal rates with built-in price escalators that provide significant recurring revenue with high visibility. Both the healthcare and education businesses provide valuable services with meaningful ROI to their customers, who are increasingly relying on ABCO's products and services to increase revenue and reduce operational expenses. ABCO end markets should experience a long runway of secular growth, enabling the company to grow through both new clients and increased services/revenue per client. The business generates strong operating margins with opportunities to improve those slowly, over time. The balance sheet is very manageable at 3.4x EBITDA (projected to be less than 3x by end of the 2016). The stock was a "fallen angel" that had been down ~40% after the company issued 2016 guidance that disappointed investors. Valuation is attractive at ~12.5x normalized FCF.

Bottomline Technologies (EPAY) - $900 million market capitalization - founded in 1989 and based in Portsmouth, New Hampshire, EPAY provides mission-critical software solutions that help customers optimize financially-oriented operations. EPAY has three main solutions that account for the majority of its revenue and growth prospects: 1) Legal Spend Management, which integrates insurance companies' claims management with the legal invoice management process; 2) Payment Networks (Paymode-X) that offers a low cost B2B electronic payment network; and 3) Digital Banking, which offers payment, cash management, and online banking solutions to financial institutions (i.e., banks and credit unions). Collectively, nearly 80% of revenue is recurring in nature, coming from offerings paid for on a subscription or transaction basis. The stock was recently shunned by short-term oriented investors (-20% after reporting fiscal 3Q16 earnings on April 28) after EPAY issued FY2017 guidance that reflected slower than expected revenue growth and lower than expected operating margins due to the conversion of its Digital Banking platform from a license model to a SaaS model. Our due diligence concluded that GAAP accounting rules were to blame, as opposed to fundamental problems in the company's business. The company generates strong operating margins (~17%), and has an opportunity for those to continue to grow meaningfully over time, especially once the Digital Banking business normalizes. Valuation is attractive at ~13.7x normalized FCF. On an EV/EBITDA multiple basis, the stock is trading at 9.4x, a 40%+ discount to similar FinTech analytics/subscription businesses and where EPAY has historically traded.

Catalent (CTLT) – $2.9 billion market capitalization - founded in 2007 (the predecessor company was founded in 1933) and based in Somerset, New Jersey, CTLT provides advanced delivery technologies and development solutions for drugs, biologics, and consumer health products worldwide. CTLT is the market leader has #1 position in softgels (~43% of revenue), #1 position in modified release (~19% of revenue), #1 position in Medication Delivery Solutions (~14% of revenue) and #2 in Development & Clinical Services (~24% of revenue). CTLT currently manufactures 70 billion doses annually across 7,000 branded, generic and consumer products. It's regulatory and operational excellence is a barrier to entry. CTLT has the technical expertise and IP; it owns the Liqui-Gel trademark (CTLT gives Pfizer exclusive use of the trademark in exchange for exclusive production of Advil Liqui-Gels). CTLT has significant customer relationships including 82 of top 100 pharma companies, 19 of top 20 generic companies, 40 of top 50 biotech companies and 23 of top 25 consumer health companies. CTLT has high recurring revenue and significant revenue visibility. ~2% of the Oral Technologies & Medical Delivery Solutions revenue (~75% of total revenue) runs-off each year as products reach end of life. About 70% of revenue is long-cycle, long-duration business with long-term contracts of 3 to 10 years (with 1 to 3 year renewals). Historically growth has been stable with revenue 4.6% CAGR and EBITDA 8.4% CAGR from 2009 to 2015. Margins have also been strong with EBITDA margin expanding 460 bps from 2009 to 2015 to 24.2%. CTLT's stock price has come under pressure this year following the temporary Beinheim facility shut down in November 2015 (since re-opened) and a rumored sale of the company that did not materialize. Valuation is attractive at 14.5x normalized 2017E FCF.

Bernzott Organization Update:

Bernzott Capital Advisors ended 2Q 2016 managing $564 million with $329 million in our U.S. Small Cap Value strategy.

The Bernzott U.S. Small Cap Value Fund (ticker BSCVX) is available on most major mutual fund platforms including Fidelity and Schwab. As of June 30, 2016, BSCVX had $34.1 million in assets. For more information on BSCVX please visit: http://bcafunds.com/.

On May 6, 2016, Joseph Karpinski was named Director at the firm. Mr. Karpinski will work with Bart O'Connor on business development efforts in the institutional marketplace. Prior to joining Bernzott, Mr. Karpinski was a senior consultant at Arthur J. Gallagher.

Thank you for your continued interest and support.

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 March 31, 2014. 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 March 31, 2014.
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[4]	Composite Dispersion [3] %	Composite 3 Yr Standard Deviation	Russell 2000 Value 3 Yr Standard Deviation	Russell 2500 Value 3 Yr Standard Deviation	Total US Small Cap Value Assets[2] ($ millions)	Total Firm-wide Assets Under Management ($ millions)	Composite Assets as a % of US 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[1]	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	35	$ 237.4	n/a	0.75%	12.34	15.82	15.07	$ 267.0	$ 513.6	89.0 %	46.2 %	**34.38%**	**33.52%**	**34.52%**	**33.33%**
2014	35	$ 269.9	n/a	0.4%	10.41	12.79	11.25	$ 274.7	$ 528.7	98.2 %	51.0%	**6.69%**	**5.98%**	**4.22%**	**7.11%**
2015	38	$258.16	n/a	0.5%	12.8	13.7	12.19	$339.83	$577.12	75.9 %	44.7%	**-6.91%**	**-7.46%**	**-7.47%**	**-5.49%**

*[1] Equity product inception: January 1, 1995. [2] 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. [3] 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. [4] 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

** Equity product inception: January 1995*		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	6/30/15-6/30/16	17.68	15.94	-2.17	1.06	0.92	**-5.06**	**-5.65**	**-2.58**	**0.22**	**-5.06**	**-5.65**	**-2.58**	**0.22**
2 Yrs	6/30/14-6/30/16	14.26	15.11	3.09	0.87	0.85	**4.54**	**3.24**	**-1.83**	**1.21**	**2.25**	**1.61**	**-0.92**	**0.60**
3 Yrs	6/30/13-6/30/16	13.35	14.49	3.03	0.84	0.83	**27.56**	**25.17**	**20.30**	**26.46**	**8.45**	**7.77**	**6.36**	**8.14**
5 Yrs	6/30/11-6/30/16	13.59	15.84	3.86	0.79	0.85	**65.10**	**59.85**	**47.94**	**58.06**	**10.55**	**9.84**	**8.15**	**9.59**
7 Yrs	6/30/09-6/30/16	13.55	17.39	3.99	0.72	0.85	**151.41**	**139.85**	**143.04**	**168.91**	**14.08**	**13.31**	**13.53**	**15.18**
10 Yrs	6/30/06-6/30/16	15.90	19.83	3.62	0.74	0.85	**111.06**	**96.69**	**65.25**	**88.12**	**7.76**	**7.00**	**5.15**	**6.52**
15 Yrs	6/30/01-6/30/16	14.26	18.89	5.42	0.66	0.77	**373.90**	**324.99**	**205.63**	**252.73**	**10.93**	**10.13**	**7.73**	**8.77**
21 Yrs (Inception)	01/01/95-6/30/16	13.71	17.43	6.81	0.65	0.68	**1470.07**	**1223.38**	**684.32**	**865.00**	**13.66**	**12.76**	**10.05**	**11.12**

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 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.