October 16, 2017

U.S. Small Cap Value Strategy

The Big Fundamental

The end of the third quarter of 2017 was marked by renewed optimism that major tax reform might soon become a reality. The result was a replay of sorts of what unfolded in the fourth quarter of 2016 following the election as interest rate sensitive, small caps and high tax rate stocks outperformed bond surrogate, large cap and low tax rate stocks.

For the quarter, the broad market averages continued to be strong with the Dow +4.94%, the S&P 500 +4.48%, the Nasdaq +5.79% and the Russell 2000 +5.33%. From a sector perspective, 10 of 11 S&P 500 sectors were positive in the quarter with Information Technology the strongest (+8.3%) in the quarter. The lone laggard was Consumer Staples (-2.0%). Growth outperformed Value (again) but Value did outperform by 200 bps in September 2017. Low quality stocks (rated B or lower by S&P) outperformed high quality stocks (rated B+ or higher) in the quarter.

Small caps turned the tables on large caps this quarter on the strength of the aforementioned tax reform discussion. Within the Russell 2000 Value, by quintile, the best performing stocks in the third quarter were non-earners with less than $250 million in market capitalization, the highest beta and lowest return on equity.

From a portfolio perspective, two of our companies made important announcements in the quarter: Advisory Board (ABCO) announced the sale of its Health Care and Education businesses and Landauer (LDR) announced it is being acquired by Fortive (FTV). We also initiated a new position in The Michaels Companies (MIK). Please see below for further discussion.

Tim Duncan played 19 years in the NBA for the San Antonio Spurs. During his career, Duncan's achievements were notable: a five-time NBA champion, two-time NBA MVP, 15-time NBA All-Star and 15-time All-Defensive selection. But what is probably more remarkable is the way he played. In a word - he was deliberate. During an era dominated by Michael Jordan's electrifying dunks and Allen Iverson’s amazing cross-overs, Duncan was stoically lulling opponents to sleep with mid-range bank shots while at the same time consistently grabbing rebounds (sixth all-time in NBA history) and protecting the rim (fifth all-time in blocked shots in NBA history). His simple, yet effective style of play made him perhaps the greatest power forward to ever play the game and earned him the nickname "The Big Fundamental" from none other than Shaquille O'Neal. O'Neal said "...his fundamental skills were perfect." We can certainly appreciate Tim Duncan's approach to the game and you can see it in our investment process. We are disciplined and methodical in our approach. We are concentrated, bottom-up investors and focus on company fundamentals. We buy high quality companies that help us protect on the downside. We are patient investors and have a long-term time horizon. We believe this investment approach should lead to continued strong performance in the future.

We thank you for your trust and support and look forward to speaking with you soon.

Performance (periods ending September 30, 2017):

	3Q17	YTD	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Gross)	**10.37%**	**21.45%**	**27.02%**	**12.65%**	**15.63%**	**15.12%**	**9.92%**	**14.31%**
R2000V	5.11%	5.68%	20.55%	12.12%	13.27%	12.81%	7.14%	10.79%
R2500V	3.83%	5.86%	15.75%	9.94%	13.25%	12.96%	7.59%	11.49%
+ / - R2000V	5.26%	15.77%	6.47%	0.53%	2.36%	2.31%	2.78%	3.52%
+ / - R2500V	6.54%	15.59%	11.27%	2.71%	2.38%	2.16%	2.33%	2.82%

	3Q17	YTD	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Net)	**10.19%**	**20.85%**	**26.24%**	**11.99%**	**14.92%**	**14.38%**	**9.19%**	**13.42%**
R2000V	5.11%	5.68%	20.55%	12.12%	13.27%	12.81%	7.14%	10.79%
R2500V	3.83%	5.86%	15.75%	9.94%	13.25%	12.96%	7.59%	11.49%
+ / - R2000V	5.08%	15.17%	5.69%	-0.13%	1.65%	1.57%	2.05%	2.63%
+ / - R2500V	6.36%	14.99%	10.49%	2.05%	1.67%	1.42%	1.60%	1.93%

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

3Q 2017 Strategy Overview:

The U.S. Small Cap Value composite's 3Q17 return was +10.2% (net) compared to the benchmark Russell 2000 Value's return of +5.1%. In 3Q17, the strategy's +510 bps of outperformance was primarily driven by strength in Industrials (+418 bps), Information Technology (+174 bps) and Healthcare (+126 bps) offset in part by weakness in Financials (-132 bps).

The top three contributors were SP Plus (SP), Bottomline Technologies (EPAY) and Landauer (LDR). The top three detractors were Knowles (KN), Cinemark (CNK) and Hill-Rom (HRC). During the quarter we initiated a new position in The Michaels Companies (MIK); please see the summary below. We ended the quarter with 26 positions.

We continue to believe the portfolio is well positioned for long-term appreciation with a weighted-average discount to fair value of 12.9% at the end of 3Q17.

3Q17: Top 3 Contributors	Ticker	Weight	Return	Contrib.
SP Plus Corporation	SP	5.24%	29.23%	1.42%
Bottomline Technologies (de), Inc.	EPAY	5.27%	23.91%	1.18%
Landauer, Inc.	LDR	4.27%	29.34%	1.18%

SP Plus Corporation (SP): Parking management company SP Plus reported another good quarter as operational execution that we anticipated has come to fruition. The company experienced nice y/y bumps in both revenue and EPS. The EPS increase was largely a result of taking out costs, including controlling expenses in the unique self-insured health plan. On the revenue side, the airport division continued to produce strong results with contract wins at Jackson, Mississippi and Columbus, Ohio. As was mentioned last quarter, the New York City market remains a bit soft with pressures on volume. The company stated it has made progress towards stabilizing performance in that market and has recently seen improving revenue trends. Hospitality wins include large hotels in Los Angeles, Minneapolis, Baltimore and Madison. More operational good news includes the retention number which came in at 92%. Despite the solid numbers, the company did not raise guidance, which we believe reflects the general conservative nature of management. We believe the company will continue to execute and the guided EPS midpoint of $1.60 may be on the low side. We trimmed our position slightly as it had become outsized following the strong performance.

Bottomline Technologies (de), Inc. (EPAY): EPAY continues to demonstrate excellent momentum in all three of its core businesses. In fiscal 4Q17, subscription and transaction revenue (64% of total revenue) was +20% Y/Y on a constant currency basis. EPAY signed 18 new payers on its Paymode-X network. The company also landed its first joint deal with Visa, signing a top 10 bank as a channel partner for Paymode-X with Visa Payables. In terms of legal spend management, the company added seven new insurers to its platform, along with two new insurers to its PARTNERSELECT program (including a top five property & casualty insurer). Lastly, EPAY continues to execute very well as its Digital Banking business transitions from a license revenue model to a SaaS model. During the most recent quarter, EPAY signed five Digital Banking 3.0 customers. Most notably, Citizen's Bank selected EPAY for the payments and cash management solutions suite, along with cyber-fraud and risk management web payment fraud. The deal is a multi-year 8-figure contract. Citizens publicly announced their selection of EPAY to signal the investment that the bank has made to become a best-in-class treasury management services provider. Fiscal 2018 guidance is solid, which includes total revenue +7% and more importantly, subscription and transactions revenue expected to be +15%. Despite a nice run up in the stock we believe EPAY remains undervalued and currently have a full position.

Landauer, Inc. (LDR): In fiscal 3Q17, LDR delivered solid results ahead of consensus and raised 2017 EPS guidance due to a one-time tax benefit and equity earnings from joint ventures; outside of these changes 2017 guidance was essentially unchanged. The Verifii launch remains on track for a late 2017 commercial launch. On September 6, 2017, LDR announced that Fortive Corporation (FTV) and LDR have entered into a definitive merger agreement pursuant to which FTV will acquire LDR by making a cash tender offer to acquire all shares of LDR at $67.25 per share. The transaction is expected to close by the end of 2017.

3Q17: Top 3 Detractors	**Ticker**	**Weight**	**Return**	**Contrib.**
Knowles Corporation	KN	3.24%	-9.76%	-0.36%
Cinemark Holdings, Inc.	CNK	3.64%	-6.20%	-0.23%
Hill-Rom Holdings, Inc.	HRC	2.87%	-6.82%	-0.18%

Knowles Corporation (KN): KN posted in-line 2Q17 results, but offered weak 3Q17 guidance due to the timing of shipments for Apple’s iPhone X product launch, along with and a correction in Chinese inventory. Moreover, a slower recovery in demand from Chinese handset OEMs could reduce full year revenue growth by 1% - 2% versus prior expectations for mid-single digit revenue growth. Despite this, EBIT should remain relatively unchanged, though, thanks to gross margin benefits and the full-year benefit of the cost savings initiatives put in place last year. While there is a pause with the company’s Chinese OEM customers, handset customers are continuing to add more microphones in new handsets than in prior-generation models. Meanwhile, sales from “our large IoT customer” (presumably Amazon) were up more than 4X vs. the same period last year. IoT revenue is expected to be nearly 10% of revenue this year, up from $0, two and a half years ago. There is the potential for significant growth continuing into 2018 as Apple, Google, Chinese OEMs and others focus on this market; a lot of new products have 3 - 5+ microphones (Amazon Echo has 7 microphones). Despite these short-term / timing issues, KN remains as well positioned as ever as the largest provider of MEMS microphones in the world and the only supplier in the industry with a broad-based audio portfolio as well as design and manufacturing control over the MEMS, ASIC, packaging, signal processing and software. We continue to maintain our position.

Cinemark Holdings, Inc. (CNK): CNK posted respectable 2Q17 results, especially in light of a weaker than expected film lineup (relative to last year, which was an all-time record). The company posted another record for concessions per capita and outperformed the North American box office for the 30th time out of the last 34 quarters. Despite a 3.5% decline in the North America industry box office in 2Q17, 1H17 revenue was +1% vs. a record setting 2016. Attendance has been relatively stable at ~1.3 bn admissions over the past five years. In addition to a weak box office, MoviePass has been making a lot of noise in the past few months. MoviePass is a startup subscription plan service that offers all-you-can watch movies for $9.95/month. The company recently changed ownership and subsequently lowered its pricing plan in order to attract customers (150,000 people signed up within two days of the price change). While MoviePass still pays theaters for every movie that its customers see, there is concern that if enough people sign up, the company could garner sufficient power to start asking for a share of the admissions and concessions revenue. Lastly, we believe that CNK’s shares have taken some collateral damage from AMC Entertainment Holding (NYSE: AMC), -59% this year. AMC is a highly leveraged business that has made a series of acquisitions in the last 18 months. The integration of those acquisitions appears to have gone very poorly and is reflected in that company’s most recent quarterly results. We believe that CNK is a superior operator, as noted by its perpetual share gains, as well as its EBITDA margins that are +700bps vs. AMC. We used the pullback in the quarter to increase our position.

Hill-Rom Holdings, Inc. (HRC): HRC, a global medical technology company, was down after it reported mixed fiscal 3Q17 results and lowering 2017 guidance in late July 2017. Specifically, the guidance reduction reflected the Volker divestiture and the “phasing” of certain international orders which is expected to lower 4Q17 revenue by $20 million and EPS by $0.02. We do not see this minor guidance reduction as any indication that the long-term investment thesis has been impaired. We believe HRC continues to execute at a high level and offers an attractive combination of diversified revenue, margin expansion and future growth through select M&A transactions.

YTD Top 3 Contributors	**Ticker**	**Weight**	**Return**	**Contrib.**
The Advisory Board Company	ABCO	5.19%	61.14%	2.63%
Catalent, Inc.	CTLT	4.95%	48.01%	2.19%
SP Plus Corporation	SP	5.11%	39.99%	1.92%

The Advisory Board Company (ABCO): After a lengthy, well-telegraphed process, ABCO announced the sale of its Health Care and Education businesses for ~$54.29 per share. Optum (part of UnitedHealth Group; NYSE:UNH) is acquiring the health care business and Vista Equity Partners is acquiring the Education business. The deals are expected to close at the end of 2017 or early 2018. Our fair value estimate for ABCO was $53 and we are very pleased with the outcome. We trimmed our position during the quarter.

Catalent, Inc. (CTLT): CTLT, the leading global provider of advanced dosage delivery technologies, delivered very strong fiscal 4Q17 earnings and provided 2018 guidance above consensus expectations. Quarterly results were impressive with revenue +16%, Adjusted EBITDA +12% and Adjusted Net Income +25% vs. last year. Near the end of September 2017, CTLT announced the acquisition of privately-held Cook Pharmica LLC for $950 million, increasing CTLT's exposure to the fast-growing biologics market. Overall, business fundamentals and the long-term outlook remain positive. We trimmed our position during the quarter.

SP Plus Corporation (SP): Please see commentary above.

YTD Top 3 Detractors	Ticker	Weight	Return	Contrib.
Mistras Group, Inc.	MG	2.50%	-20.36%	-0.66%
Compass Minerals International, Inc.	CMP	2.86%	-14.73%	-0.52%
Manning & Napier, Inc.	MN	2.86%	-20.36%	-0.40%

Mistras Group, Inc. (MG): MG, a provider of asset protection solutions, reported weak results for the second consecutive quarter and also lowered 2017 guidance. As discussed last quarter, MG has continued to face difficult market conditions caused by low oil prices have caused customers to reduce or defer spending on maintenance in the near-term. That said, management expects the Fall 2017 and Spring 2018 turnaround seasons to be modestly higher than prior years. Management has responded to the difficult environment by cutting costs to improve cash flow, reducing debt and opportunistically considering M&A. In early August 2017, MG announced a series of leadership changes: Founder/Chairman/CEO Dr. Sotirios Vahaviolos will transition to Executive Chairman; President/COO Dennis Bertolotti was promoted to President/CEO and CFO Jonathan Wolk was promoted to Senior EVP/COO and will continue to serve as CFO until a new CFO is appointed. We continue to believe the company's services offer an attractive value proposition and believe that the long-term outlook for the business remains promising. We added to our position in the quarter.

Compass Minerals International, Inc. (CMP): For 2Q17, CMP reported sluggish Plant Nutrition sales in South America, along with increased costs in the Salt segment. These events were slightly offset by a strong quarter for the North American Plant Nutrition business. Subsequent to reporting 2Q17 results, CMP announced it expects FY17 EPS of $2.50-$2.80 versus prior guidance of $3.00-$3.50. The change in guidance was mainly a result of a partial ceiling fall at its Goderich, Ontario rock salt mine. The incident resulted in damage to the mine's main conveyance system and will temporarily affect production capacities. In addition, the company reiterated lagging volume in its Brazil Plant Nutrition business. In the short-run, CMP often battles outside forces such as weather and pricing. However, the company owns unique assets, and cash flow should greatly increase as capex is reduced over the next several years. As long-term investors, we look past short-term events and evaluate the ability of the company to drive cash flow over a significant period of time. We believe that weather patterns will normalize over time and our patience will be rewarded. We maintained our position.

Manning & Napier, Inc. (MN): As mentioned in our 1Q17 letter, we exited our position earlier this year after we reevaluated our investment thesis following changes in management and capital allocation strategies.

3Q 2017 Portfolio Activity:

- Initiated one (1) new position: The Michaels Companies (MIK).
- Added to six (6) positions: Artisan Partners (APAM), Cinemark (CNK), EPAM Systems (EPAM), Knowles (KN), The Michaels Companies (MIK) and Mistras Group (MG).
- Trimmed six (6) positions: Advisory Board (ABCO), Catalent (CTLT), Hill-Rom (HRC), Landauer (LDR), Synopsys (SNPS) and SP Plus.

New Position

The Michaels Companies (MIK): $3.7bn market capitalization – founded in 1973 and headquartered in Irving, Texas, the company owns and operates 1,364 stores (including 1,225 Michaels stores) making it the largest arts and crafts specialty retailer in North America (~11% market share, ahead of Jo-Ann and Hobby Lobby with ~7% each). Solid revenue growth (4.3%), operating margins (14.3%) and ROIC (27%) over the last five years. Leverage is reasonable at 3.1x (ex-operating leases) with cost of debt 3.75% and capex intensity ~2.6% of revenue. MIK has repurchased $500 mil in stock over the last five quarters and recently authorized another $500 mil. Experienced team with CEO from ULTA (joined 2013). We were able to initiate the position at an attractive absolute valuation and at a discount to public comparables.

Bernzott Organization Update:

Bernzott Capital Advisors ended 3Q 2017 managing $790 million with $510 million in our U.S. Small Cap Value strategy.

The Bernzott U.S. Small Cap Value Fund is available on most major mutual fund platforms including Fidelity and Schwab. As of September 30, 2017, the Fund had approximately $93 million in assets. For more information on the Fund please visit: http://bcafunds.com/.

Thank you for your continued interest and support.

Explanation of Equity Performance

Performance Footnote Disclosure - 3Q2017

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, 2015. 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, 2015.
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	0.8%	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	$258.2	n/a	0.5%	12.8	13.7	12.19	$339.8	$577.1	75.9 %	44.7%	**-6.91%**	**-7.46%**	**-7.47%**	**-5.49%**
2016	37	$380.9	n/a	0.3%	13.15	15.72	13.36	$405.9	$655.2	93.8%	58.1%	**17.65%**	**16.97%**	**31.74%**	**25.2%**

*[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 account under management that has not met the waiting period 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.

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. BCA currently employs two individuals responsible for business development. They receive a % of collected revenue from specified institutional clients. All fees paid by Bernzott Capital are in hard dollars. No additional amount is ever billed to any client as a result of such payments.