January 16, 2019

U.S. Small Cap Value Strategy

Eye on the Prize

Amid investor concerns of an economic slowdown, rising interest rates and ongoing trade negotiations with China, the broad market averages turned negative in 4Q18. Specifically, in 4Q18, the Dow was -11.3%, the S&P 500 was -13.5%, the Nasdaq was -17.3% and the Russell 2000 was -20.5%. For the Dow, this was the worst quarterly performance since 1Q09, for the S&P 500 and the Nasdaq it was the worst quarterly performance since 4Q08 and for the Russell 2000 it was the worst quarterly performance since 3Q11.

In 4Q18, 10 of the 11 S&P 500 sectors posted negative returns. The only sector to post a positive return was Utilities (+0.5%). Next "best" were Real Estate (-4.7%) and Consumer Staples (-6.0%). The three laggards were Information Technology (-17.7%), Industrials (-17.7%) and Energy (-24.4%). Financials (-14.4%) struggled due to a flattening yield curve and slowing loan growth.

Volatility in December 2018 was particularly pronounced. On Christmas Eve, the S&P 500 reached a 20% decline from its record-high only to rally sharply two days later, on the same day the Dow soared 1,086 points, the highest single point gain in history. In 4Q18, there were 28 trading days with 1-2% daily market moves including 12 that exceeded 2%. In 2018, there were 64 trading days with 1-2% daily market moves including 20 that exceeded 2%. This compares to 2017 with just eight trading days with 1-2% daily market moves and zero that exceeded 2%.

In 4Q18, from a style perspective, large outperformed small (Russell 1000 beat the Russell 2000 by 640 bps), value outperformed growth (Russell 1000 Value beat the Russell 1000 Growth by 420 bps) and high quality (S&P rated B+ or better) beat low quality (S&P rated B or lower) by 840 bps. Among small cap value stocks specifically, large (>$1 billion), average P/E, low beta, high ROE, high debt-to-capital, high dividend yield and low long-term EPS growth companies performed best in the quarter. This is consistent with the sector returns highlighted above as bond proxy sectors outperformed.

Given the broad market average declines in 4Q18, investors may fall victim to recency bias (overemphasizing recent events) and make significant changes to their portfolios (i.e., asset allocations and/or specific holdings) rather than staying focused on achieving their long-term objectives. Another bias, confirmation bias, is looking for information to support your decision and ignoring information that contradicts it. For instance, investors may erroneously focus on short-term negative information such as the government shutdown or other political headlines to support their investment decisions and choose to ignore positive information such as rising wages, low U.S. unemployment and the distinct possibility monetary policy will ease in 2019. All in all, after a weak performance quarter there may be, in football terminology, a tendency to "call an audible" or make "half-time adjustments" rather than keeping your "eye on the prize" aka staying focused on tried and true principles, thus achieving long-term investment goals.

We underperformed in 4Q18 relative to the Russell 2000 Value benchmark but outperformed for the year. That said, we do not make tactical adjustments or otherwise change our approach based on the strategy's performance in any particular quarter or year. Along those lines, we will continue to purchase a concentrated portfolio of high quality companies at a discount to fair value and hold these companies over a long-term investment horizon (3-5 years).

As noted above, market volatility was elevated in both the most recent quarter and in 2018. Perhaps in contrast to other investors, we are excited about the recent market volatility. First, it allowed us to add new positions to the portfolio in both December 2018 (see below) and January 2019. Also, it has increased the number of potential investment candidates on our Watch List. Lastly, with the portfolio trading at over a 30% discount to fair value at the end of December 2018, it has us very excited about the portfolio's return potential.

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

Performance (periods ending December 31, 2018):

	DEC-18	QTD	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Gross)	-10.64%	-20.04%	-5.16%	12.68%	7.28%	12.14%	13.95%	13.52%
R2000V	-12.09%	-18.67%	-12.86%	7.37%	3.61%	9.57%	10.40%	9.66%
R2500V	-11.05%	-17.12%	-12.36%	6.59%	4.16%	10.00%	11.62%	10.44%
+/- R2000V	1.45%	-1.37%	7.70%	5.31%	3.67%	2.57%	3.55%	3.86%
+/- R2500V	0.41%	-2.92%	7.20%	6.09%	3.12%	2.14%	2.33%	3.08%

	DEC-18	QTD	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Net)	-10.69%	-20.19%	-5.79%	12.05%	6.65%	11.46%	13.22%	12.65%
R2000V	-12.09%	-18.67%	-12.86%	7.37%	3.61%	9.57%	10.40%	9.66%
R2500V	-11.05%	-17.12%	-12.36%	6.59%	4.16%	10.00%	11.62%	10.44%
+/- R2000V	1.40%	-1.52%	7.07%	4.68%	3.04%	1.89%	2.82%	2.99%
+/- R2500V	0.36%	-3.07%	6.57%	5.46%	2.49%	1.46%	1.60%	2.21%

**The Bernzott U.S. Small Cap Value strategy inception date is January 1, 1995.*
Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month end please visit www.bernzott.com or call (800) 856-2646. See last page for full GIPS compliant disclosure.

4Q 2018 Performance:

The U.S. Small Cap Value composite's 4Q18 return was -20.2% (net) compared to the benchmark Russell 2000 Value's return of -18.7%. In 4Q18, the strategy's -152 bps of underperformance was primarily driven by Information Technology (-383 bps), Consumer Discretionary (-313 bps) and Industrials (-258 bps) offset by underweighting in Financials (+361 bps), underweighting in Energy (+314 bps) and underweighting in Real Estate (+168 bps). The top three contributors were Hill-Rom (HRC), Tri-Mas (TRS) and Clean Harbors (CLH). The top three detractors were Shutterstock (SSTK), Compass Minerals (CMP) and Catalent (CTLT). We initiated one position in the quarter: Stericycle (SRCL); please see the summary below. We ended the quarter with 29 positions. We continue to believe the portfolio is well positioned for long-term appreciation with a weighted-average discount to fair value of 31.9% at the end of 4Q18.

4Q18: Top 3 Contributors	Ticker	Weight	Return	Contrib.
Hill-Rom Holdings, Inc.	HRC	1.53%	-6.17%	-0.08%
TriMas Corporation	TRS	1.30%	-10.24%	-0.12%
Clean Harbors, Inc.	CLH	0.95%	-10.65%	-0.16%

Hill-Rom (HRC): HRC, a global diversified medical technology company, reported 4Q18 results ahead of both consensus and last year driven by strong domestic results offset in part by weak international results. Management has stated it is a priority to improve overseas results in fiscal 2019. Adjusted EPS was up double digits for the 13th consecutive quarter. The company also provided fiscal 2019 guidance, including core revenue growth of 4-5%, ahead of analyst expectations. Margin expansion was again on display with Adjusted Gross Margin +30 bps vs. last year and Adjusted Operating Margin +120 bps vs. last year. HRC has done an excellent job of managing its balance sheet following the transformative Welch-Allyn acquisition in 2015; this will allow it to easily pursue its strong pipeline of M&A opportunities (largely tuck-ins and bolt-ons). We would expect the company to complete one or more deals in fiscal 2019. We trimmed our position in the quarter as the company approached our estimate of fair value.

TriMas (TRS): TRS posted better than expected results and raised full year guidance. Organic revenue was +7.2% with growth across all three segments. Packaging (42% of revenue and 63% of EBIT) showed continued strength (+7% constant currency) led by health, beauty, & home care, along with industrial end-markets, in both North America and Asia. Margins were down versus last year due to mix and higher input and transportation costs, but still came in at 23.2%, which compares to the company's long-term guidance of 22%-24%. Aerospace (21% of revenue and 21% of EBIT) had modest revenue growth and reported its highest revenue quarter ever. Higher demand more than offset the impact of the decision to exit less profitable products. Specialty Products (37% of revenue and 15% of EBIT) was +12%. The segment saw growth with general industrial markets and oil-and-gas related products. The prior realignment actions allowed the company to gain operating leverage (EBIT margins +240bps and EBIT +46%Y/Y) as the company captures incremental demand. While the company has been executing well, the stock was sold at the beginning of 2019 on valuation.

Clean Harbors (CLH): CLH is a diversified company providing environmental, energy, and industrial services in North America. With CLH approaching our estimate of fair value, we exited our position in conjunction with initiating our position in Stericycle (SRCL).

4Q18: Top 3 Detractors	Ticker	Weight	Return	Contrib.
Shutterstock, Inc.	SSTK	4.47%	-34.28%	-1.69%
Compass Minerals International, Inc.	CMP	3.77%	-37.25%	-1.60%
Catalent, Inc.	CTLT	4.32%	-31.57%	-1.47%

Shutterstock (SSTK): SSTK reported 3Q18 results that were slightly below Street expectations. Investors were assuredly disappointed with the Enterprise business (41% of revenue), which "only" grew 14% Y/Y. This was a sharp slowdown from 35% growth in 2Q18 and 31% growth in 1Q18. The slowdown was partially attributable (although not quantified) to some technology implementation issues, which management now believes to be fixed. Results since the end of 3Q18 were indicative that the company was performing better. E-commerce (59% of revenue) had a solid quarter, with revenue +8.4% Y/Y. SSTK continues to pursue marketing activities that generate a strong ROI, with a focus on increasing conversion and customer lifetime value. Meanwhile, the competitive environment remains unchanged. Likely adding to investor jitters was the disclosure of a material weakness in internal controls over revenue recognition of sales transactions related to certain enterprise license arrangements outside of SSTK's standard product catalog. The identified deficiencies resulted in immaterial issues, which did not result in a material misstatement of financial statements in previous periods. The company is in the process of identifying and implementing a remediation plan. While full year EBITDA guidance was reduced by only ~$2.5mm (-2.3% at the midpoint), the "market" hacked off $250mm of the company's enterprise value since reporting 3Q18 results During 4Q18, we met with the management team at the company's headquarters in New York City. We remain confident in the SSTK's market position, growth opportunities, and ability to drive meaningful margin improvement and free cash flow over time. Valuation is very attractive and we added to our position during the quarter.

Compass Minerals (CMP): CMP, a provider of road salt and specialty plant nutrition, had a very challenging 2018. While the decent top-line performance continued in 3Q18 driven primarily by plant nutrition demand in Brazil and attractive pricing for plant nutrition in North America, the salt segment performed below expectations. This was primarily due to lower-than-expected production at the Goderich mine following the 11-week strike, which ended in July 2018. The operational struggles, along with continued failure to meet expectations, compelled the Board of Directors to relieve CEO Fran Malecha of his position. Dick Grant, lead independent director, will serve as Chairman of the Board and Interim CEO until a permanent CEO is named. We welcome a change in leadership. The annual North American highway deicing bidding process was completed during the third quarter and resulted in a year-over-year increase of 18 percent for average highway deicing contract pricing. However, on January 8, 2019 the company announced winter weather in 4Q18 was average throughout its North American-served market and highway deicing sales were below expectations due to the timing of snow events. More importantly, however, to long-term investors, the company announced salt production at the Goderich mine has improved and efforts to improve production are driving better mining results. We understand the snow events will fluctuate, but operational improvements and prudent capital allocation is what will drive long-term success for shareholders. CMP possesses irreplaceable assets and it has done a good job investing in the future to contain costs and increase cash flow. We believe a new CEO along with continued improvement at the Goderich mine will prove to be beneficial to patient shareholders. We added to our position in the quarter.

Catalent (CTLT): CTLT, the leading global provider of advanced dosage delivery technologies and drug development solutions, reported mixed fiscal 1Q19 results (revenue was 5% below consensus and EPS was in-line with consensus) but management reiterated fiscal 2019 guidance. Nonetheless CTLT's stock was under significant pressure as investors chose to focus on the quarterly results (the smallest quarterly contributor of the year). 1Q19 revenue growth was +1.5% (+3.0% constant currency) as strength in its Biologics segment offset weakness in the three other operating segments. The Softgel segment was negatively impacted by an ibuprofen API supply shortage that will likely persist for a few quarters. From a reporting standpoint, the Clinical Supply Services segment was negatively impacted by ASC 606. 1Q19 Adjusted EBITDA was +26.5% (+28.2% constant currency) and Adjusted EBITDA margin was 20.8%, +410 bps vs. last year. It should be noted that part of the margin improvement was related to the ASC 606 accounting change. Leverage of 3.5x net debt/Adjusted EBITDA, for the formerly private equity backed and acquisitive CTLT, is the lowest in corporate history. During the 1Q19 earnings call, management discussed its pipeline of 37 new consumer products that will produce over $50 million of revenue this year (up 4x vs. last year). The Biologics segment also has 20 approved commercial products up from 12 last year. In addition, the company has the "largest development pipeline since inception" with over 1,000 active projects. In January 2019, the company announced a $200 million investment (over three years) into its Biologics sites in Madison, Wisconsin and Bloomington, Indiana, signaling strong demand. We believe CTLT can continue to deliver on its long-term targets of annual revenue growth of 4-6% and annual EBITDA growth of 6-8% with Biologics becoming the engine for long-term shareholder value creation. We maintained our position in the quarter but would consider adding to the position on further weakness.

2018 Performance:

The U.S. Small Cap Value composite's 2018 return was -5.8% (net) compared to the benchmark Russell 2000 Value's return of -12.9%. In 2018, the strategy's +707 bps of outperformance was primarily driven by Information Technology (+420 bps), underweighting in Energy (+279 bps) and underweighting in Real Estate (+133 bps) offset by Materials (-147 bps), Consumer Discretionary (-132 bps) and Industrials (-53 bps). The top three contributors were Bottomline Technologies (EPAY), Medpace Holdings (MEDP) and Callaway Golf (ELY). The top three detractors were Compass Minerals (CMP), Michaels Companies (MIK) and Mistras Group (MG). We began the year with year with 25 positions. We added five positions, sold one position, and ended the year with 29 positions.

YTD Top 3 Contributors	Ticker	Weight	Return	Contrib.
Bottomline Technologies (de), Inc.	EPAY	4.86%	38.05%	2.40%
Medpace Holdings, Inc.	MEDP	2.73%	46.33%	0.99%
Callaway Golf Company	ELY	3.84%	9.81%	0.92%

Bottomline Technologies (EPAY): EPAY turned in strong fiscal 2018 results and kicked off fiscal 2019 on a solid note with subscription & transaction revenue for fully transitioned products +20% Y/Y, marking the fifth consecutive quarter of 20%+ growth. Business strength was broad based in 1Q19 with strong demand for the company's cloud-based business payment offerings. In 1Q19, EPAY signed 26 new Paymode-X customers and seven new legal spend management customers, including another new insurer on Partner Select. The company believes that it has strong visibility on 15%-20%+ subscription and transaction growth for years to come, thanks to a strong product set and favorable market conditions. EPAY is still in the very early innings of the digital transformation of business payments. It is a huge opportunity with B2B payment volume estimated at >$20 trillion in the U.S. alone. 63% of businesses still make 50%+ of their payments by paper check. EPAY should be able to continue to leverage and build upon its scale, technology set, product capabilities, and recognized business payments brand to attract and grow customer relationships. Meanwhile, EPAY is winning about 75% of the Digital Banking platform opportunities that it is engaged in. The company is having success for a number of reasons: 1) scale and experience; 2) deep domain expertise; and 3) product leadership. The deals EPAY wins are for 10, 15 years, or more. The lifetime value of a new major relationship are in the tens of millions of dollars (in some cases upwards of $50mm). The current selling environment is also very favorable as banks are looking at technology as a principal offering that they're providing to their customers. We trimmed 350bps of the stock over the course of the year (most recently in 4Q ~$67/sh), as the strong run-up in the price continually made EPAY an outsized position. We recently met with the CFO during his visit to Los Angeles in December 2018. We continue to feel strongly about the company's dominant market position, business strategy, and sizable market opportunities. We would look to add back to the position on continued share price weakness.

Medpace Holdings (MEDP): MEDP, a full-service CRO focused primarily on small- and mid-sized bio-pharma clients, delivered strong 3Q18 results ahead of both consensus and last year. The company also raised fiscal 2018 guidance for the second consecutive quarter. 3Q18 results were impressive across the board: Net new business awards +34% vs. last year. Service revenue +25.6% vs. last year (and +2.3% ahead of consensus). Ending backlog +4% sequentially and +19% year-over-year. Adjusted EBITDA +52.5% vs. last year and Adjusted EBITDA margin 34.4%, +600 bps vs. last year. Headcount +14.1% vs. last year. Adjusted EPS +100% vs. last year. Oncology remains the largest therapeutic area (26%). MEDP continues to primarily service small (68%) and mid-size (25%) biopharma clients. The balance sheet remains in good shape with net debt/Adjusted EBITDA down to 0.7x vs. 1.2x in 2Q18 and 2.1x at 4Q17. Capex will be elevated this year but still reasonable at $25 million or 5.3% of revenue. We trimmed the position on continued strength in the quarter.

Callaway Golf (ELY): ELY continues to thrive in a relatively stable golf environment. Through 3Q18, revenue in the U.S. was +29% thanks to strong market conditions, including double digit growth in the core equipment business. The company maintains ~25% market share and is #1 in total clubs, woods, irons, and putters. In golf balls, the company has the #2 position with 16.5% dollar share, which was +250bps Y/Y. The TravisMathew brand is performing at "an exceptionally high level" and continues to grow at 20%+. Internationally, Japan and the rest of Asia are +22% and +21% respectively year-to-date. Market conditions have been choppy in Europe (largely due to weather), but revenue was still +2.4% YTD. ELY remains the #1 hard goods brand in that region with ~24% market share. 2018 guidance has been increased for three consecutive quarters, with revenue now expected to be $1.235 bn at the midpoint, which is $110mm higher than initial guidance issued in February. On November 30, 2018 Callaway announced that it would acquire Jack Wolfskin for $476mm, ELY's largest acquisition to-date. The market's reaction was decisively negative, with the stock -9% immediately following the news. Jack Wolfskin is an international outdoor apparel, footwear, sports equipment and lifestyle company based in Germany. The deal was priced at 14.4x 2019 EBITDA, which is very expensive, although that incorporates depressed EBITDA, as Jack Wolfskin's business requires a bit of a turnaround. Fortunately, the current management team has a lot of experience in that area, having successfully turned around both the club and ball businesses at ELY over the past eight years. Moreover, management's M&A track record is unblemished thus far and we remain highly confident in their operational acumen. We trimmed 225 bps of our ELY position over the course of the year (most recently in early 4Q18 ~$24/sh) on valuation but are holding our remaining ~2.5% position as it now trades at an attractive discount to our estimate of fair value.

YTD Top 3 Detractors	Ticker	Weight	Return	Contrib.
Compass Minerals International, Inc.	CMP	3.84%	-39.70%	-1.89%
The Michaels Companies, Inc.	MIK	3.17%	-43.49%	-1.74%
Mistras Group, Inc.	MG	2.75%	-38.98%	-1.37%

Compass Minerals (CMP): Please see commentary above.

The Michaels Companies (MIK): MIK reported better than expected 3Q18 results with revenue +$23 mm ahead of consensus and SSS of +3.8% (+4.3% constant currency and +1.1% on a calendar-shifted basis) vs. consensus +2.2%. The improvement vs. past quarters was a result of increased marketing support and a strong focus on value in key items. Comps were driven by an increase in average ticket, partially offset by a slight decline in transactions. E-commerce sales were nearly double last year, albeit off of a small base. Traffic was up double digits, while conversion rates also improved. Buy-online-pickup-in-store ("BOPUS") continues to perform well and accounts for 1/3 of ecommerce transactions in the quarter. In terms of categories, seasonal business had a strong quarter, along with technology and tools, and storage. Custom framing delivered another quarterly positive comp as well. MIK continues to do very well with enthusiast customers, while the casual customer remains sluggish. Gross margins were impacted by a one-time inventory write-down related to a product purchased from a third-party supplier that did not meet MIK's quality standards (MIK is pursuing legal action), along with higher distribution-related costs, partially offset by occupancy cost leverage, and less promotional activity and benefits from ongoing sourcing initiatives. The company has repurchased $430mm of stock year-to-date and has ~$398mm remaining on its current authorization. Valuation remains very attractive and we added to our position during the quarter.

Mistras Group (MG): MG, a provider of asset protection solutions, reported 3Q18 results that exceeded last year but fell short of analyst estimates. The company also lowered full year 2018 Adjusted EBITDA to $78 million, the low-end of prior guidance range of $78 to $83 million. Operationally, MG has faced headwinds this year including the loss of a $40 million contract (disclosed in January 2018) and walking away from unprofitable/non-strategic business in the UK. Despite these headwinds, total revenue was +1.4% in the quarter and should show positive growth for the year as well. Also, margins are improving. In the quarter, gross margin was 28.7% or +210 bps vs. last year and Adjusted EBITDA +22.1% vs. last year and Adjusted EBITDA margin 11.4% was +190 bps vs. last year. For the year, management expects Adjusted EBITDA margin to be +160 bps vs. last year. Furthermore, in December 2018, the company announced the Onstream Pipeline Inspection Services acquisition for $143 million or 9x 2019E EBITDA. While the transaction increases the company's leverage to a still manageable 2.8x from the current 1.9x it adds a business with high recurring revenue, mid-teens revenue growth, over 40% Adjusted EBITDA margins and a technology that it can cross sell to existing customers and to the U.S. market which is estimated to be 3x to 4x larger than the Canadian market (80% of Onstream's current revenue is generated in Canada). Overall, we believe it's an attractive, accretive transaction. We added to our MG position in the quarter.

4Q 2018 Portfolio Activity:

- Initiated one (1) position: Stericycle (SRCL).
- Sold one (1) position: Clean Harbors (CLH).
- Trimmed eight (8) positions: Bottomline Technologies, Callaway (ELY), Cinemark (CNK), Clean Harbors (CLH), Generac (GNRC), Hill-Rom (HRC), Medpace (MEDP) and Total System Services (TSS)
- Added to six (6) positions: Compass Minerals (CMP), LogMeIn (LOGM), Michaels (MIK), Mistras Group (MG), Quotient Technology (QUOT) and Shutterstock (SSTK).

2018 Portfolio Activity:

- Initiated five (5) positions: Cornerstone OnDemand (CSOD), ExlService Holdings (EXLS), LogMeIn (LOGM), Quotient Technology (QUOT) and Stericycle (SRCL).
- Sold one (1) position: Clean Harbors (CLH).
- Trimmed thirteen (13) positions: Bottomline Technologies (EPAY), Callaway (ELY), Cinemark (CNK), Clean Harbors (CLH), EPAM Systems (EPAM), Generac (GNRC), Hillenbrand (HI), Hill-Rom (HRC), Medpace (MEDP), Mobile Mini (MINI), Synopsys (SNPS), Total System Services (TSS) and TriMas (TRS).
- Added to ten (10) positions: Artisan Partners (APAM), Cinemark (CNK), Compass Minerals (CMP), ExlService Holdings (EXLS), LogMeIn (LOGM), Michaels (MIK), Mistras Group (MG), Owens-Illinois (OI), Quotient Technology (QUOT) and Shutterstock (SSTK).

New Positions

Stericycle (SRCL): $3.6 bil M/C – founded in 1989 and based in Lake Forest, IL, SRCL is the largest domestic provider of regulated waste management and ancillary compliance services including industrial hazardous waste collection and document destruction services (Shred-It). Recurring revenue accounts for 90% of revenue. The company has over 1 million customers with the largest customer just over 1% and customer retention has been approximately 90%. SRCL's vast network of processing facilities, transfer sites and incinerators provide it with an enviable competitive position. In 3Q17, SRCL initiated a "business transformation" to improve operational and financial performance over a five year period. This will include a major ERP implementation that is currently underway. SRCL's EBITDA margins, while down from peak margins enjoyed five years ago, are still attractive at north of 21% and we anticipate margin expansion going forward. SRCL is led by an experienced management team including Charlie Alutto (CEO since 2013, at SRCL since 1997), CFO Dan Ginnetti (CFO since 2014, at SRCL since 2003) augmented by recent hire in September 2018, President/COO Cindy Miller from UPS (Global Freight Forwarding, $3 billion business) to lead/oversee the aforementioned business transformation. The Shred-It segment provides a platform for growth. Capex is currently somewhat elevated with the ERP implementation but should decline to less than 4% of revenue as those investments subside in 2020. Management has made a commitment to delever the balance sheet and return net debt/Adjusted EBITDA to 3.0x by 2020. Although SRCL may face some top-line growth challenges in the near-term due to a pricing "reset" related to its Small Quantity (SQ) customers, we felt the current price more than takes these concerns/issues into account. We initiated our position in December 2018 with the stock trading at an attractive discount to our assessment of fair value.

Bernzott Organization Update:

Bernzott Capital Advisors ended 4Q 2018 managing $792 million with $469 million in our U.S. Small Cap Value strategy.

Thank you for your continued interest and support.

Past performance does not guarantee future results. See last page for full GIPS compliant disclosure.

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 December 31, 2016. 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 December 31, 2016.
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 %	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[1] ($ 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
2009	278	$ 442.5	n/a	5.8%	20.03	25.98	24.96	$ 481.8	$ 481.8	91.8 %	91.8 %	**25.32%**	**24.41%**	**20.58%**	**27.68%**
2010	94 *	$ 302.0 *	n/a	1.2%	20.85	28.77	27.53	$ 319.7	$ 470.8	94.4 %	64.2 %	**21.13%**	**20.23%**	**24.50%**	**24.82%**
2011	80	$ 195.2	n/a	1.3%	17.95	26.42	24.57	$ 198.0	$ 372.0	98.6 %	52.5 %	**9.02%**	**8.24%**	**-5.50%**	**-3.36%**
2012	34	$ 169.2	n/a	1.0%	14.41	20.17	18.67	$ 192.0	$ 395.2	88.1 %	42.8 %	**16.81%**	**16.04%**	**18.05%**	**19.21%**
2013	35	$ 237.4	n/a	0.8%	12.52	16.05	15.29	$ 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	12.98	11.14	$ 274.7	$ 528.7	98.2 %	51.0%	**6.69%**	**5.98%**	**4.22%**	**7.11%**
2015	38	$ 259.7	n/a	0.5%	12.80	13.65	12.19	$339.8	$577.2	75.9 %	44.7%	**-6.91%**	**-7.46%**	**-7.47%**	**-5.49%**
2016	35	$ 385.3	n/a	0.3%	13.34	15.72	13.36	$405.9	$655.3	93.8%	58.1%	**17.65%**	**16.97%**	**31.74%**	**25.2%**
2017	36	$404.2	n/a	0.2%	12.70	14.20	11.98	$512.7	$854.4	78.9%	47.3%	**28.21%**	**27.41%**	**7.84%**	**10.36%**
2018	40	$443.6	n/a	0.3%	13.60	16.00	13.77	$469.4	$792.1	94.5%	56%	**-5.11%**	**-5.74%**	**-12.86%**	**-12.36%**

*Equity product inception: January 1, 1995. 1The 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.2 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.

For institutional client accounts in the US Small Cap Value strategy, the management fee schedule is as follows: 0.90% on the first $10 Million; 0.80% on the next $15 Million; 0.75% on the next $25 Million and 0.65% on the balance.

For private client accounts, the management fee schedule is as follows: 1% on the first $2 Million; 0.75% on the next $3 Million; 0.50% on the balance.

Special circumstances unique to a specific client may result in the negotiation of fees different than those set forth herein. We generally aggregate separate accounts of a single relationship for billing purposes. We may serve certain non-profits qualified under Section 501(c)3 IRC at a discount and we waive fees for employees and related parties.

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 one individual responsible for business development. This individual receives 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.

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