July 13, 2018

U.S. Small Cap Value Strategy

Defense Wins Championships

The broad market averages all increased in 2Q18: the Dow was +0.7%, the S&P 500 was +3.4%, the Nasdaq was +6.3% and the Russell 2000 was +7.8%. In mid-May 2018, concerns about "trade wars" caused treasury yields to decline, resulting in investors rotating out of Information Technology, Energy and Consumer Discretionary and into more defensive sectors such as REITs, Utilities and Consumer Staples.

In 2Q18, the best performing S&P 500 sector was Energy (+13.5%) followed by Consumer Discretionary (+8.2%), Technology (+7.1%) and REITs (+6.1%). The top two laggards were Industrials (-3.2%) and Financials (-3.2%). The decline in the Financials sector was not expected, as many expected a steeper yield curve from recent rate increases would lead to higher bank profits. Instead the yield curve has done the opposite and flattened. Other sectors of note include crude oil (+14.5%), Gold (-5.5%) and the U.S. dollar (+5.3%), its first gain in five quarters.

From a style perspective, small once again outperformed large (Russell 2000 beat the Russell 1000 by 420 bps in the quarter after beating it by 61 bps in 1Q18), growth once again outperformed value (Russell 1000 Growth beat the Russell 1000 Value by 460 bps in the quarter after beating it by 425 bps in 1Q18) and low quality (S&P rated B or worse) outperformed high quality (S&P rated B+ or higher) by 500 bps in the quarter after falling short by 78 bps in 1Q18. Among small cap stocks, microcap, low ROE, high P/E and non-earners performed best in the quarter.

Paul William "Bear" Bryant is best known as the head coach for the University of Alabama football team. During his 25-year tenure as head coach, Alabama won six national championships. Among his famous quotes is: "Offense sells tickets, but defense wins championships." We couldn't agree more. Over the past 10 years, the Russell 2000 Value has had 12 negative quarters. Our strategy has outperformed the benchmark in 11 of these 12 negative quarters by an average of 500 bps (gross) as summarized in the table below:

Quarter	BCA (1)	R2000V	Variance	Quarter	BCA (1)	R2000V	Variance
Jun-08	-1.30%	-3.50%	2.20%	Jun-12	-1.90%	-3.00%	1.10%
Dec-08	-17.70%	-24.90%	7.20%	Sep-14	-2.40%	-8.60%	6.20%
Mar-09	-6.50%	-19.60%	13.10%	Jun-15	1.80%	-1.20%	3.00%
Jun-10	-7.60%	-10.60%	3.00%	Sep-15	-11.40%	-10.70%	-0.70%
Jun-11	2.90%	-2.60%	5.60%	Mar-17	6.90%	-0.10%	7.00%
Sep-11	-13.40%	-21.50%	8.10%	Mar-18	1.30%	-2.60%	3.90%

(1) Gross of Fees, eVestment Alliance Analytic Services

In addition, the strategy's three year down market capture is 66.0% and the five year down market capture is 63.6%. We believe downside protection comes not from rotation into "defensive" sectors but rather is the byproduct of an investment process which emphasizes the selection of high quality businesses at attractive prices. Given the market's current elevated valuation levels, we believe our strategy, with a proven track record of protecting on the downside, should perform particularly well in today's volatile market environment.

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

Performance (periods ending June 30, 2018):

	2Q18	YTD	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Gross)	**5.35%**	**6.69%**	**24.30%**	**12.58%**	**13.90%**	**13.86%**	**13.36%**	**14.40%**
R2000V	8.30%	5.44%	13.10%	11.22%	11.18%	11.10%	9.88%	10.78%
R2500V	5.80%	3.00%	11.49%	9.76%	10.78%	11.07%	10.10%	11.44%
+ / - R2000V	-2.95%	1.25%	11.20%	1.36%	2.72%	2.76%	3.48%	3.62%
+ / - R2500V	-0.45%	3.69%	12.81%	2.82%	3.12%	2.79%	3.26%	2.96%

	2Q18	YTD	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Net)	**5.17%**	**6.33%**	**23.47%**	**11.92%**	**13.21%**	**13.15%**	**12.62%**	**13.51%**
R2000V	8.30%	5.44%	13.10%	11.22%	11.18%	11.10%	9.88%	10.78%
R2500V	5.80%	3.00%	11.49%	9.76%	10.78%	11.07%	10.10%	11.44%
+ / - R2000V	-3.13%	0.89%	10.37%	0.70%	2.03%	2.05%	2.74%	2.73%
+ / - R2500V	-0.63%	3.33%	11.98%	2.16%	2.43%	2.08%	2.52%	2.07%

**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.

2Q 2018 Performance:

The U.S. Small Cap Value composite's 2Q18 return was +5.2% (net) compared to the benchmark Russell 2000 Value's return of 8.3%. In 2Q18, the strategy's 313 bps of underperformance was primarily driven by underweighting in Financials (-174 bps), Real Estate (-145 bps) and Energy (-141 bps) offset by strength in Information Technology (+227 bps) and Industrials (+138 bps). The top three contributors were Bottomline Technologies (EPAY), Callaway Golf (ELY) and Knowles (KN). The top three detractors were Owens-Illinois (OI), Artisan Partners (APAM) and Cinemark (CNK). We initiated two new positions in the quarter: Cornerstone OnDemand (CSOD) and ExlService Holdings (EXLS); please see the summary below. We ended the quarter with 27 positions. We continue to believe the portfolio is well positioned for long-term appreciation with a weighted-average discount to fair value of 15.6% at the end of 2Q18.

2Q18: Top 3 Contributors	Ticker	Weight	Return	Contrib.
Bottomline Technologies (de), Inc.	EPAY	5.4%	28.6%	1.4%
Callaway Golf Company	ELY	4.2%	15.8%	0.7%
Knowles Corporation	KN	3.2%	21.5%	0.7%

Bottomline Technologies (EPAY): EPAY continues to post strong results across all three of its core business segments. In fiscal 3Q18, subscription and transaction revenue (67% of total revenue) was +20% Y/Y. EPAY signed 24 new payers on its Paymode-X network, 7 new legal spend management customers, and 4 new digital banking solution customers. One of the highlights was a North American financial institution with $200 bil in assets that signed up for EPAY's full Digital Banking suite. Margins continue to improve and were 17.8%, including 20.8% in established products. Transitioning product (i.e., digital banking) margins were 7.0% compared to 2.1% last year and guidance of breakeven. Margins will continue to ramp over time as Digital Banking deals go live. FY19 guidance was reiterated and includes $300mm in subscription & transaction revenue and EBITDA >$100mm. Taken altogether, total revenue is expected to be +9%, EBITDA +13%, and EPS +19% Y/Y. The B2B payment volume in the U.S. is >$20 trillion and 63% of businesses still make 50%+ of the payments by paper check. The CEO continued: "The market for business payments is large and growing. We're in the very early innings of the opportunity in front of us…No one is better positioned to capitalize on this opportunity than Bottomline." While we are pleased with the performance of the business, we trimmed our position during the quarter as it had become outsized position. It remains our largest holding.

Callaway Golf (ELY): ELY posted blowout 1Q18 results, which included constant currency revenue +27%, EBITDA +80%, and EPS +117%. Growth in the core business was up double digits, driven by new products, particularly the Rogue line of woods and irons, as well as the new Chrome Soft golf balls with Graphene. These results were particularly impressive given tough weather conditions in N. America and Europe (e.g., rounds played -22% in the U.K.). TravisMathew also had an "outstanding" quarter as well. In the U.S., ELY had the #1 market share in total clubs, woods, irons, and putters. The company had the #2 ball, with market share +220bps Y/Y. Rouge irons are the #1 selling model by a "wide margin" and the driver is the #1 selling model YTD. Revenue in the U.S. was +32% Y/Y. Asia business was strong, led by Japan, which had revenue +42% Y/Y (ex-F/X). Growth is being driven by the success of recent product launches, higher sell-in levels due to continued brand momentum, as well as strong market conditions. Korea also had a very good quarter with revenue +26% Y/Y (ex-F/X). The Rest of Asia was +28% Y/Y (ex-F/X). Europe was +2.5% Y/Y constant currency revenue growth, despite the weak weather conditions noted above. Gross margins continue to move higher, reaching 49.7% compared to 47.8% last year. The improvement reflects continued price increases and scale in the core business, the addition of the TravisMathew business, which was accretive to ELY's gross margins, and favorable impact from F/X. Full year guidance was increased, largely reflective of strong 1Q18 results and a likely continuation of momentum in 2Q18. In terms of use of utilization of free cash flow, the company plans to continue to reinvest in the business, look for thoughtful and strategic acquisitions, and return cash to shareholders through buybacks. We modestly trimmed our position during the quarter.

Knowles (KN): KN reported in-line 1Q18 results with revenue +6% vs. last year. Precision device revenue (18% of total) was +33% Y/Y (+23% organic), achieving a quarterly record for sales. The business strength remains consistent with last quarter, with strong demand for capacitors, in particular from defense, automotive, and industrial markets. Audio segment revenue (82% of total) was +2% Y/Y as the sales of MEMS mics were higher vs. last year, driven by strength in Internet of Things (IoT) and Ear, along with customer growth in key N. American and Korean customers. Results were slightly below expectations, though, as Apple shipments dropped significantly during the quarter. Apple revenue was still +>10%, but lower than expected. Market share with them remains strong and KN expects Y/Y growth from Apple throughout the remainder of the year. The CEO stated he believes sales to Chinese customers bottomed in 1Q18; based on current bookings, revenue from China OEMs is expected to more than double on a sequential basis in 2Q18. The improvement is being driven by share gains, demand for higher performance mics, as well as the continued multi-mic adoption across China. The IoT market has been driven largely by Amazon and Google smart speakers thus far, but there are dozens of other applications and an "ever increasing" number of new customers. The current base of revenue for the Ear market is still relatively small, but management noted that "we see great potential to become a large market for us as many new products are expected to be introduced this year." KN expects 20% of MEMS mic sales will be into the Ear and IoT markets in 2018, up from only 7% in 2016. No formal full year guidance was provided, but commentary from the earnings call, particularly related to 2019, was very bullish. KN is seeing a "dramatic acceleration" in design activity and design wins with its smart mic and multicore solutions. The CEO stated, "…we anticipate accelerating adoption of our intelligent audio products will drive revenue growth this year and set up 2019 to be a breakout year for this business… the market for mics, over the next 24 to 36 months, is going to grow at a pretty rapid rate." We continue to maintain a full position.

2Q18: Top 3 Detractors	**Ticker**	**Weight**	**Return**	**Contrib.**
Owens-Illinois, Inc.	OI	3.1%	-22.3%	-0.8%
Artisan Partners Asset Management Inc.	APAM	3.2%	-7.8%	-0.3%
Cinemark Holdings, Inc.	CNK	4.1%	-6.1%	-0.2%

Owens-Illinois (OI): OI, the world's largest glass bottle manufacturer, reported in-line 1Q18 results and reiterated 2018 guidance marking the ninth consecutive quarter of meeting or exceeding consensus expectations. Despite the continued operational improvements, reduction in net leverage, decline in asbestos payments and forecasted improvement in free cash flow, OI's stock nonetheless dropped over 20% in the quarter as the U.S. dollar strengthened vs. the Euro in the quarter. OI generates approximately 70% of its revenue from outside of North America including approximately 37% in Europe. We will continue to focus on the company's constant currency results and track the ongoing efforts of CEO Andres Lopez to push forward his "transformation" of the company. With OI trading at a single digit multiple of earnings we added to our position in the quarter.

Artisan Partners (APAM): APAM posted solid 1Q18 results. 1Q18 AUM was $114.8 bil, slightly down from the all-time record (4Q17) of $115.5bn. Revenue was +0.6% Q/Q and +15.2% Y/Y. The company had $600 mil in net outflows along with $100 mil in market depreciation, although net outflows were at their lowest level since 1Q17. On the positive side, the Global Value team had >$1 bil in net inflows from U.S. and non-U.S. clients across its two strategies. The newest strategies, Developing World, Credit and Thematic, continue to attract new client money as well. Net outflows largely came from defined contribution clients, primarily in APAM's mid-cap strategies, as they "….balanced away…after years of strong market returns." While quarterly performance is important, the key to our investment thesis is that APAM's long-term track record is exceptional. Since inception, 11 of the company's strategies that were launched prior to 2017 have outperformed their benchmarks, net of fees. Also, 93% of the firm's AUM is ranked in the 1st quartile by Lipper. Furthermore, the two newest strategies are off to strong starts. Global Discovery, launched in Sept. 2017 is outperforming by 465bps since inception. The Thematic strategy, launched in May 2017 is outperforming by 2,610bps since inception. For the second consecutive quarter, management mentioned the possibility of a variable, rather than fixed, dividend policy. A formal decision on the dividend policy will be made later this year. Valuation remains attractive and we continue to maintain a full position.

Cinemark Holdings (CNK): CNK posted mixed 1Q18 results with revenue coming in ahead of both consensus and last year while profits trailed expectations. Given the timing and profile of 1Q18's film lineup in comparison to 1Q17 ("the highest grossing first quarter of all time") industry experts were initially expecting the domestic box office to decline mid to high-teens. Actual results for 1Q18, however, were much better than expected due to the unexpected success of Black Panther. CNK domestic segment attendance was down only 4.1%, which was +150 bps better than the overall North America industry. CNK has surpassed the North American industry in 33 of the past 37 quarters. In 1Q18, domestic revenue +3.3% with average ticket $7.83 (+2.2%) and average concession per patron $4.57 (+4.6%), the 45th consecutive quarter of increased concession per patron. Unfortunately the Black Panther movie did not resonate as well with international audiences. As a result, CNK's International segment saw results more in line with what industry experts and management anticipated prior to the beginning of 1Q18 (i.e. tough year-over-year comparison) impacting results in the quarter. Although down 240 bps vs. last year, firm-wide Adjusted EBITDA margin were still strong at 24.8%. The dividend yield is ~3.6%. Leverage remains reasonable at ~2.1x net debt / 2018E EBITDA and valuation is attractive both as a multiple of EBITDA and FCF. We continue to see CNK as a superior operator with best-in-class margins. We added to our position in the quarter.

YTD Top 3 Contributors	Ticker	Weight	Return	Contrib.
Bottomline Technologies (de), Inc.	EPAY	5.6%	43.7%	2.1%
Callaway Golf Company	ELY	4.2%	36.1%	1.4%
Douglas Dynamics, Inc.	PLOW	4.9%	28.5%	1.2%

Bottomline Technologies (EPAY): Please see commentary above.

Callaway Golf (ELY): Please see commentary above.

Douglas Dynamics (PLOW): PLOW posted strong 1Q18 results. While snowfall was inconsistent during 1Q18, the late-season storms, meant that snowfall totals for the winter matched the 10-year average as a whole. The company generated record 1Q18 revenue that was +16 % Y/Y (EBITDA +36%). The growth was, in part, due to better snowfall amounts in North America compared to the last two years, which positively impacted the Attachment segment (i.e., the legacy Douglas ice control business). This bodes well for the current preseason sales period, especially with field inventories that are healthy and lower than last year. Unfortunately, chassis availability continues to plague the Henderson business (also part of the Attachment segment) as overall demand has increased for Class A trucks across all OEMs. Management noted, "We believe this challenge will persist for the entire industry though 2018…" Despite this external bottleneck, demand and order trends remain strong and the long-term growth prospects for Henderson remain unchanged. Revenue for the Solutions segment was +30% Y/Y due to "improved demand dynamics." Backlog also continues to grow. Not surprisingly, margins improved Y/Y thanks to strong operational leverage. Management discussed steel and aluminum pricing (which is on the rise) and proposed tariffs, noting that prices increases had a moderate impact on 1Q18 results. The tariffs (if imposed) may not be too impactful, as historically, PLOW has relied on domestic steel and aluminum. Regardless, the company expects to substantially recover price inflation in materials and components with surcharges. In fact, preseason orders already have a temporary surcharge included. Full year guidance was maintained. The dividend was increased by 10% in March, marking the 10th increase since the IPO eight years ago. The payout ratio remains conservative (~50% payout), and the yield is 2.2% at the current share price. We continue to maintain a full position.

YTD Top 3 Detractors	Ticker	Weight	Return	Contrib.
Owens-Illinois, Inc.	OI	3.3%	-24.1%	-0.9%
Artisan Partners Asset Management Inc.	APAM	3.3%	-19.2%	-0.7%
The Michaels Companies, Inc.	MIK	3.1%	-20.5%	-0.7%

Owens-Illinois (OI): Please see commentary above.

Artisan Partners (APAM): Please see commentary above.

The Michaels Companies (MIK): MIK posted a modest revenue and earnings beat in 1Q18. Custom framing delivered a positive comp, thanks to actions taken last year that aimed to improve pricing and make changes to the organizational and sales structures. Paper crafting tools and accessories and seasonal categories also delivered nice growth. Ecommerce had another strong quarter of growth, albeit off of a small base. Offsetting these categories was softness in core crafting categories, including unfinished surfaces, jewelry making, and kids crafting basics. The quarter was also negatively impacted, as expected, by an earlier Easter (-60bps). From a customer segmentation perspective, the "enthusiast" continues to show very healthy positive comps. However, the casual customer is proving to be more elusive and taking longer than MIK had hoped, in terms of inciting demand. The stock sold off, despite management maintaining full year guidance. The CEO stated, "as we turn to Q2 and the rest of the year, financial expectations and plans have not materially changed… Let me just reinforce this. Q1 and Q2, both how Q1 unfolded and what we're forecasting for Q2 is very much aligned to what we saw when we gave guidance for the full year. We don't give quarterly guidance, except the upcoming quarter. So the dislocation between estimates on The Street and what we're now seeing on Q2 is disappointing to us, but we haven't changed anything for the full year, and nothing's changed in terms of our operating view." The balance sheet is in good shape. MIK executed some interest rate swaps and refinanced its term loan. 55% of the company's debt is now fixed, compared to 19% prior to these transactions. Capex will be elevated vs. last year due to investments in technology projects, including investments to support the insourcing of e-commerce fulfillment and investments in new and relocated stores. ROIC remains exceptional, though at ~27% over the last four quarters. Regarding the stock price, the CEO noted, "we think that the stock price is an incredibly attractive opportunity right now." We agree. Subsequent to earnings, MIK announced a $250 mil accelerated share repurchase agreement. Valuation is very attractive and we added to our position in the quarter.

2Q 2018 Portfolio Activity:

- Initiated two (2) positions: Cornerstone OnDemand (CSOD) and ExlService Holdings (EXLS).
- Trimmed eight (8) positions: Bottomline Technologies (EPAY), Callaway Golf (ELY), Hillenbrand (HI), Hill-Rom (HRC), Medpace (MEDP), Mobile Mini (MINI), Total System Services (TSS) and TriMas (TRS).
- Added to six (6) positions: Cinemark (CNK), ExlService Holdings (EXLS), The Michaels Companies (MIK), Mistras Group (MG), Owens-Illinois (OI) and Shutterstock (SSTK).

__New Positions__

Cornerstone OnDemand (CSOD): $2.8 bil M/C – founded in 1999 and based in Santa Monica, CA, the company is a leading global provider of learning and human capital management software, delivered as Software-as-a-Service ("SaaS"). One of the world's largest cloud computing companies with 33+ mil users across >3,000 clients using the system in 192 countries and 43 different languages. CSOD helps organizations recruit, train and manage their employees. Market leader (~33% share and listed in the Magic Quadrant for Talent Management Suites by Gartner for four consecutive years), significant recurring revenue (80%+), strong retention rates (95%+), solid balance sheet with net cash position, large insider ownership (CEO/founder owns ~8% stake worth >$200 mil), and multiple activists are involved. $50 bil market opportunity with 400 mill addressable "seats," of which there are only 100 mil SaaS users, including 33 mil by CSOD. Meaningful cross-sell opportunity with current products and installed base (60% penetration with four core products would generate $600 mil in incremental annual run-rate revenue vs. $439 mil in 2017). Company recently completed a strategic review that will focus on growing recurring revenue and accelerating growth of operating margins and free cash flow; also received capital infusion and partnership from well-regarded tech investor, Silver Lake and LinkedIn, subsidiary of Microsoft (MSFT). We initiated a position in April 2018 at an attractive discount to our assessment of fair value.

ExlService Holdings (EXLS): $2.0 bil M/C – founded in 1999 and based in New York, NY, the company is a leading operations management and analytics company that helps businesses enhance revenue growth and improve profitability. The operations management services segment (~70% of revenue) typically involves EXLS administering and managing the business operations of a client, such as claims processing, clinical operations, or financial transaction processing, on an ongoing basis. The Analytics operating segment (~30% of revenue) provides services that focus on driving improved business outcomes for clients by generating data-driven insights across all parts of their business. Customers include 12 of the top 15 life & accident insurers, 9 of top 15 US property & casualty insurers, 5 of the top 10 healthcare insurers, and 7 of top 10 US Banks. EXLS has 92 customers that generate >$1 mil of revenue. 80% of revenue is recurring in nature. Solid, consistent ~15% EBIT margins with room for modest expansion. The company has had positive revenue growth for 16 consecutive years. The Operations Management market is growing 6%-7% expected to exceed $225 bil by 2020 and the Analytics market is growing 15%+ and expected to exceed $200 bil by 2020. Founder/CEO is the 6th largest shareholder and owns ~$65 mil of stock. ~10% of market cap in net cash. We initiated a position in April 2018 at an attractive discount to our assessment of fair value.

Bernzott Organization Update:

Bernzott Capital Advisors ended 2Q 2018 managing $895 million with $541 million in our U.S. Small Cap Value strategy.
Thank you for your continued interest and support.

Explanation of Equity Performance
Performance Footnote Disclosure - 2Q2018

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 end4	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 Assets1 ($ 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
2008	320	$ 344.9	n/a	4.8%	17.23	19.41	18.54	$ 405.1	$ 405.1	85.1 %	85.1 %	**-21.33%**	**-21.85%**	**-28.92%**	**-31.99%**
2009	278	$ 442.5	n/a	5.8%	20.03	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%**

*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 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.

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