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Bernzott Capital Advisors

October 16, 2018

U.S. Small Cap Value Strategy

Joined at the Hip

Despite ongoing tariff and trade tensions, the broad market averages were positive again in 3Q18: the Dow was +9.6%, the S&P 500 was +7.7% (biggest quarterly gain since 4Q13), the Nasdaq was +7.4% and the Russell 2000 was +3.6%.

GDP grew at a very strong 4.2% annualized rate in 2Q18 (reported in July 2018) and expectations are for GDP growth of 3% in 3Q18. Manufacturing activity is robust with the Institute for Supply Management's Purchasing Manager's Index reaching a 14-year high in August 2018. Consumer confidence is also high with the Conference Board's Consumer Confidence Index hitting an 18-year high in September 2018.

In 3Q18, eight of the 11 S&P 5090 sectors were in positive territory. The three best performing sectors were Health Care (+14.0%), Industrials (+9.5%) and Information Technology (+8.4%). The three laggards were Materials, Energy and Real Estate, all near the flat-line. Real Estate (-3.2%) and Utilities (-0.9%) declined in September 2018 as the 10-year rose above 3% for the first time since May 2018. Although rates moved up, the Financials sector declined 2.4% for the month to close out the quarter. Volatility has also declined as the VIX fell 25% in the quarter and it's down 68% since it peaked in February 2018 but it remains up 10% on a year-to-date basis.

From a style perspective, large outperformed small (Russell 1000 beat the Russell 2000 by 384 bps), a reversal from the first two quarters of the year; growth once again outperformed value (Russell 1000 Growth beat the Russell 1000 Value by 347 bps) and high quality (S&P rated B+ or better) beat low quality (S&P rated B or lower) by 51 bps, a reversal from last quarter. Among small cap value stocks specifically, large (>$1 billion), high P/E, high beta, high ROE, low debt-to-capital and high long-term EPS growth companies performed best in the quarter.

Our portfolio of carefully selected companies has a growth element to it. This isn't accidental. We are not deep value investors focused on buying struggling businesses in secular decline or in need of a dramatic turnaround. Rather, we seek to buy high quality companies with strong growth prospects. Furthermore, as value investors, the price we pay for these temporarily mispriced companies is very important to us.

In the 1992 Berkshire Hathaway shareholder letter Warren Buffett wrote:

Most analysts feel they must choose between two approaches customarily thought to be in opposition: "value" and "growth." Indeed, many investment professionals see any mixing of the two terms as a form of intellectual cross-dressing. We view that as fuzzy thinking (in which, it must be confessed, I myself engaged some years ago). In our opinion, the two approaches are joined at the hip: Growth is always a component in the calculation of value, constituting a variable whose importance can range from negligible to enormous and whose impact can be negative as well as positive.

Given the focus on small cap companies and the importance we place on valuation, we consider our flagship product a Small Cap Value strategy. However, given the portfolio's underlying characteristics, the strategy has been classified as Small Cap Value, Small Blend, Small Cap Core, SMID Cap Value and even Small Cap Growth. No matter the label it is given or the box it is placed in, our goal with the strategy remains the same: the patient and disciplined application of our investment process to generate superior, risk-adjusted returns for our clients over a long-term time horizon.

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

Performance (periods ending September 30, 2018):

	SEP-18	3Q18	YTD	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Gross)	**0.87%**	**11.13%**	**18.57%**	**25.17%**	**21.44%**	**14.60%**	**17.99%**	**14.27%**	**14.75%**
R2000V	-2.48%	1.60%	7.14%	9.33%	16.12%	9.92%	15.26%	9.52%	10.73%
R2500V	-1.56%	2.67%	5.75%	10.25%	14.52%	9.99%	15.33%	10.53%	11.44%
+ / - R2000V	3.35%	9.53%	11.43%	15.84%	5.32%	4.68%	2.73%	4.75%	4.02%
+ / - R2500V	2.43%	8.46%	12.82%	14.92%	6.92%	4.61%	2.66%	3.74%	3.31%

	SEP-18	3Q18	YTD	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Net)	**0.81%**	**10.94%**	**17.96%**	**24.32%**	**20.70%**	**13.90%**	**17.25%**	**13.52%**	**13.86%**
R2000V	-2.48%	1.60%	7.14%	9.33%	16.12%	9.92%	15.26%	9.52%	10.73%
R2500V	-1.56%	2.67%	5.75%	10.25%	14.52%	9.99%	15.33%	10.53%	11.44%
+ / - R2000V	3.29%	9.34%	10.82%	14.99%	4.58%	3.98%	1.99%	4.00%	3.13%
+ / - R2500V	2.37%	8.27%	12.21%	14.07%	6.18%	3.91%	1.92%	2.99%	2.42%

**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.

3Q 2018 Performance:

The U.S. Small Cap Value composite's 3Q18 return was +10.9% (net) compared to the benchmark Russell 2000 Value's return of 1.6%. In 3Q18, the strategy's 934 bps of outperformance was primarily driven by strength in Information Technology (+545 bps), Consumer Discretionary (+144 bps) and Health Care (+117 bps) offset by underweighting in Utilities (-21 bps). The top three contributors were Bottomline Technologies (EPAY), Callaway Golf (ELY) and Shutterstock (SSTK). The top three detractors were Michaels (MIK), Douglas Dynamics (PLOW) and Gentex (GNTX). We initiated two new positions in the quarter: Quotient Technology (QUOT) and LogMeIn (LOGM); 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 13.6% at the end of 3Q18.

3Q18: Top 3 Contributors	Ticker	Weight	Return	Contrib.
Bottomline Technologies (de), Inc.	EPAY	4.97%	45.66%	1.95%
Callaway Golf Company	ELY	3.87%	28.01%	1.03%
Shutterstock, Inc.	SSTK	4.90%	21.73%	1.01%

Bottomline Technologies (EPAY): EPAY capped off its fiscal 2018 with another very strong quarter. 4Q18 revenue was +14%, with subscription and transaction revenue +20%. Business strength was broad based with strong demand for the company's cloud-based business payment offerings: Paymode-X, Digital Banking and Legal Spend Management. EPAY signed 25 new Paymode-X customers. New user growth was +46% vs. last year, with the company having a record number of new customers join the network. EPAY signed three new banking solutions customers during the quarter; these deals will generate $18mm in annual revenue. Lastly, three new legal spend management customers were added in the quarter. Management believes it is in the very early innings of the digital transformation to business payments with 63% of business still making 50%+ of payments by paper check and with B2B payment volume >$20 trillion. Meanwhile, the selling environment for Digital Banking is fantastic and the company's leading market position is allowing it enjoy an approximate 75% win rate. While we are pleased with the performance of the business, we trimmed the position during the quarter as the position had become outsized. It remains one of our largest holdings.

Callaway Golf (ELY): At risk of sounding like a broken record, ELY posted another blowout quarter. Constant currency revenue was +28% Y/Y, EBITDA was +63% Y/Y, and EPS was +85% Y/Y. Growth in the core business was once again up double digits, driven by new products, particularly the Rogue line of irons, as well as the new Chrome Soft golf balls with Graphene. While it is worth pointing out that the timing of launches this year is weighted more towards the first half of the year, results were nonetheless still very impressive. In the U.S., ELY continues to maintain the #1 market share in total hard goods, clubs, woods, irons, and putters. The company maintains the #2 ball position with market share +290bps Y/Y (and hitting a record). Overall conditions in the U.S. were solid, with the market (according to DataTech) +10.5% YTD. Management anticipates favorable conditions will continue for the remainder of the year. Meanwhile, Asia had another strong quarter (Japan +22% and Korea+30% YTD, excluding F/X). Europe was +8% Y/Y, despite a wet and cold start to the year. In terms of product, golf clubs were +19% Y/Y driven by (Rogue) irons, which were +35% Y/Y. Golf balls were +35% Y/Y, led by the Chrome Soft golf balls. Gear & Accessories was +64% Y/Y, led by TravisMathew, which is performing at "an exceptionally high level." Full year guidance was increased (again), largely reflective of strong first half results. We trimmed our position during the quarter due to valuation but ELY remains a top ten position.

Shutterstock (SSTK): SSTK posted solid 2Q18 results and reiterated its full year guidance. Total revenue growth (on an organic basis and excluding F/X) in 2Q18 was +17.7% Y/Y accelerating from +13.7% in 1Q18. The company also announced it would pay a $3.00/share special dividend at the end of August 2018. E-commerce (59% of revenue) was +11.6% Y/Y, marking the strongest growth rate for that segment since 4Q15. Paid downloads were +5.9% Y/Y and revenue per download was +10% (ex-F/X). Enterprise (41% of revenue) was +35% Y/Y (vs. 31% in Q1) thanks to an enhanced customer experience, features and functionality, along with improved site performance. The sales teams performed well in both attracting new customers as well as driving additional utilization. Also, during the quarter, the company announced a new partnership with IBM Watson Content Hub, which will offer their marketing customers access to SSTK's library and to add images using Shutterstock Pro. Operating margins expanded as management is keenly focused on managing costs and leveraging the investments made over the past few years. Adjusted EBITDA margins were 15.4%, +170bps Y/Y. The company believes that mid-20s EBITDA margins are achievable longer-term. The balance sheet remains in pristine condition following the payout of the special dividend, with ~$185mm in cash and no debt. Furthermore, even after strong stock performance in the quarter and YTD, valuation remains reasonable on a normalized free cash basis. SSTK is currently our largest position.

3Q18: Top 3 Detractors	Ticker	Weight	Return	Contrib.
The Michaels Companies, Inc.	MIK	3.01%	-15.34%	-0.46%
Douglas Dynamics, Inc.	PLOW	4.81%	-8.02%	-0.42%
Gentex Corporation	GNTX	4.01%	-6.36%	-0.25%

The Michaels Companies (MIK): MIK posted in-line 2Q18 results. Full year EBIT guidance was reduced by approximately 2% to account higher-than-expected distribution costs. Even after including this adjustment, full year EPS guidance was increased $0.10 (~4%) to account for a slightly lower tax rate and a significantly lower share count due to $250mm of (accelerated) share repurchases in the quarter. Revenue was -1.8% Y/Y, but +0.8% excluding the closure of 94 Aaron Brothers locations. SSS were -0.5% (ex-F/X; and compared to guidance of "approximately flat") due to lower transactions, partially offset by an increase in average ticket. Underlying these tepid results is a core arts and craft products market that remain soft. MIK has done well with the enthusiast customer but the more casual customer has not been "as robust and consistent" due in part to a lack of a compelling or "hot" trend to bring them into the stores. The company is making adjustments to its strategy to better position itself with the casual customer. MIK plans to maintain it overall marketing spend, but will likely shift dollars away from traditional print circulars to other media such as TV and digital. While the company is only a few weeks into Q3, "we are encouraged by the recent sales results." The balance sheet is in good shape with net debt / LTM EBITDA at 3.3X. As mentioned, MIK repurchased $250mm in stock in the quarter. In September, the company announced a new $500mm share repurchase program, bringing the current repurchase authorization to $600mm. Subsequent to the earnings release, we hosted a follow-up call with the CFO and VP, Investor Relations, who reinforced our confidence in the business and our investment thesis. Valuation remains attractive and we maintained our position in the quarter.

Douglas Dynamics (PLOW): PLOW posted strong 2Q18 results. Total revenue hit a record $163mm, which was +17% Y/Y. Snowfall this year was near historical averages vs. below average the last two years. Growth was driven by strength in preseason orders for snow and ice control equipment. Work Truck Attachments revenue (legacy Douglas + Henderson) was +21% Y/Y. Henderson was up slightly Y/Y. As expected, and a topic discussed since 1Q17, chassis availability remains an issue. Management believes that this is not the new normal, but remains unsure how long "temporary" is. Despite this issue, demand and order trends remain "very strong and this industry-wide constraint does not dissuade our long-term growth prospects…." In terms of the Solutions business (Dejana), revenue was +6.5% Y/Y. PLOW narrowed its wide guidance range, modestly. The midpoint for revenue was increased by $7.5mm, while the midpoint for EBITDA and EPS remain unchanged. The biggest news in the quarter was the announcement that CEO Jim Janik (61) will be stepping down at the end of the year. Jim has been at PLOW for 26 years, including 18 as the CEO. Jim will remain involved with the company as Executive Chairman. In this new role, he will continue to play a key role in the development of the company's strategy, M&A, investor relations, and executive talent development. Jim's replacement is Bob McCormick (57), who joined the company in 2004 as the CFO and most recently as COO since Aug. 2017. Our investment team has met Bob we were thoroughly impressed. The company's culture, empowerment of employees, and DDMS are core to PLOW's operational excellence and will certainly continue. We met with PLOW subsequent to the quarter (Jim, along with the company's CFO) and remain highly confident in the company's market position, operational acumen, growth opportunities, and disciplined capital allocation. We continue to maintain a full position.

Gentex (GNTX): While the reported net sales of $455 million was a 3% year-over-year increase and a bit below consensus, there were some externalities which accounted for the lower-than-expected units shipped and revenue. Light vehicle production in North America declined and an OEM shutdown related to a supplier fire caused additional revenue headwind. Margins are expected to be a bit lower due to tariffs on China which will cost GNTX approximately $5 million to $8 million. The $5 to $8 million hit is likely a worst case scenario, but uncertainty from Washington possibly causes some investor restraint. Long-term prospects continue to look good as there were 17 new nameplate launches of the inside and outside electrochromic mirrors in the second quarter. Approximately 60% of the net auto-dimming inside mirror launches contained advanced features. Full Display Mirror (FDM) has produced most of the excitement regarding new products recently. The company remains confident it will complete the launches necessary to achieve the target of 500,000 Full Display Mirror shipments in calendar year 2019. The company also announced the seventh OEM to feature the FDM and GNTX is also confident that it will receive an additional award from an eighth OEM around the end of 2018. The balance sheet is rock solid with zero debt and over $600 million in cash and investments. We continue to maintain a full position.

YTD Top 3 Contributors	Ticker	Weight	Return	Contrib.
Bottomline Technologies (de), Inc.	EPAY	5.38%	109.35%	4.20%
Callaway Golf Company	ELY	4.10%	74.24%	2.51%
Shutterstock, Inc.	SSTK	4.68%	34.14%	1.51%

Bottomline Technologies (EPAY): Please see commentary above.

Callaway Golf (ELY): Please see commentary above.

Shutterstock (SSTK): Please see commentary above.

YTD Top 3 Detractors	Ticker	Weight	Return	Contrib.
The Michaels Companies, Inc.	MIK	3.05%	-32.70%	-1.21%
Owens-Illinois, Inc.	OI	3.18%	-15.16%	-0.59%
Artisan Partners Asset Management Inc.	APAM	3.22%	-11.60%	-0.48%

The Michaels Companies (MIK): Please see commentary above.

Owens-Illinois (OI): OI, the world's largest glass bottle manufacturer, reported mixed 2Q18 results and reiterated 2018 guidance, albeit at the lower-end of management's guidance range due to a lower-than-expected tailwind from currency. Investors and analysts may have been relieved by this outcome as the stock rallied, up nearly 12% in the quarter. Net sales in the quarter were +1.4% (pricing +1.7%). Segment operating profit +1.2% and segment operating margin was 14.4%, flat to last year. The Europe segment benefitted from strong utilization but the Americas segment faced several headwinds in the including a transportation strike in Brazil, a batch disruption in Mexico and rising freight (transportation) costs in the U.S. The Asia-Pacific segment's operating profit was under pressure due to the planned asset investment program which will improve segment profitability in 2H18. In mid-September 2018, one of OI's largest institutional investors, Atlantic Investment Management ("Atlantic"), filed a 13D and took an activist position. They believe the company is significantly undervalued and requested the company sell its European operations. We look forward to OI's upcoming Analyst Day in mid-November 2018 and hearing more about the continued operational improvements and future growth plans of the company. Valuation remains attractive and we continue to maintain a full position.

Artisan Partners (APAM): APAM posted solid 2Q18 results. AUM at quarter-end was $114.bn, slightly down from the all-time record (4Q17) of $115.5bn. Revenue was flat vs. 1Q18 and +8.2% Y/Y. The company had $339 mm in net outflows, the lowest level since 1Q17. As has been mentioned in the past, APAM's long-term track record is exceptional, and that, along with its operational/capital allocation practices, are key to our investment thesis. 92% of the firm's AUM has outperformed over the past five years and 98% has outperformed over the past ten years. Meanwhile, the three newest strategies are off to exceptional starts. Collectively, the High Income Fund, Developing World Fund and Thematic Team manage $6 bn in AUM and generate $50 mm in run-rate revenue. The High Income Fund's inception was four years ago and it is ranked #4 out of 507 funds by Lipper. YTD it has $500 mm in net inflows. The Developing World Team just passed the 3-year mark and has $2.5 bn in AUM, the most of any Artisan strategy at the 3-year mark. Performance has been strong there, with the fund generating 182bps of alpha, net of fees since inception. Lastly, the Thematic team, while only 14 months out of the gate is up to $96 mm in AUM after generating annualized average returns that bested its benchmark by 2370 bps. The balance sheet remains in excellent shape and APAM has a modest net cash position. While no formal decision has been made, the company appears to be heading towards a variable dividend, which will likely commence in 2019. To be clear, though, APAM is not changing its fundamental policy of paying out all of its earnings in the form of dividends. Buybacks will be considered as part of the holistic capital allocation discussion. Valuation remains attractive and we continue to maintain a full position.

3Q 2018 Portfolio Activity:

- Initiated two (2) positions: Quotient Technology (QUOT) and LogMeIn (LOGM).
- Trimmed eight (8) positions: Bottomline Technologies (EPAY), Callaway Golf (ELY), EPAM Systems (EPAM), Hill-Rom (HRC), Medpace (MEDP), Synposys (SNPS), Total System Services (TSS) and TriMas (TRS).
- Added to four (4) positions: Compass Minerals (CMP), ExlService Holdings (EXLS), Mistras Group (MG) and Quotient Technology (QUOT).

New Positions

Quotient Technology (QUOT): $1.3 bil M/C – founded in 1998 and based in Mountain View, CA, the company is a provider of an industry leading digital marketing platform that drives sales by delivering personalized and targeted coupons and ads to shoppers. QUOT is 100% penetrated in Fortune 500 Consumer Packaged Goods ("CPGs"). Clients consist of 700 CPGs representing ~2,000 brands. Collectively, QUOT generates 18 mil monthly visitors to its mobile properties (e.g., coupons.com). QUOT also has > 60 mil shoppers registered to savings programs powered by its Retailer iQ platform, the equivalent of half of all U.S. households. QUOT has strong relationships with major retailers as Retailer iQ is embedded in the retailers' consumer facing apps and point-of-sale ("POS") and loyalty programs. We believe it would be very difficult for a competitor to incentivize a major retailer to remove Retailer iQ and replace it with a similar, alternate platform. Additionally, QUOT has strong relationships with CPGs, some of which span 20 years. QUOT has limited direct competition and largely competes with free-standing inserts (i.e., coupons in the Sunday newspaper). The company should benefit from large addressable and as CPGs shift spending from offline channels to digital. CPGs spend >$225 bil annually in promotions, media, shopper marketing, trade and other in-store advertising. Historically, the vast majority of these dollars have been spent in offline channels (e.g., Sunday newspapers, printed circulars) , which are becoming less effective as consumers spend more time online/mobile, giving way to the importance of using data to drive personalized and targeted, content to shoppers. Digital coupons, primarily funded by CPGs, have been found to be more effective and represent ~1% of total U.S. CPG coupon distribution volume. The balance sheet is in good shape (~$180 mil in net cash) and the company has a $100 mil share repurchase plan in place. The Founder / Executive Chairman is the 9th largest shareholder with a 4.5% stake (~$60 mil). We initiated a position in August 2018 with the stock trading at an attractive discount to our assessment of fair value.

<u>LogMeIn:</u> $4.3 bil M/C – founded in 2003 and based in Boston, MA, the company offers cloud-based communication and collaboration, identity and access, and customer engagement and support solutions. LOGM's solutions allow users to work remotely, secure online or cloud-based services, support & manage remote computers and other Internet-enabled devices, and collaborate with other users. The company has the #1 or #2 position across all three of its segments. In total, LOGM has > 2mm paying users, 4 mm daily active users, 24 mm free users, and gets > 6bn interactions across its platforms on an annual basis. Virtually 100% of revenue is subscription-based and retention rates are ~75%. Adjusted EBITDA margins are in the high 30s and the company has room to improve those. LOGM competes in large fragmented markets that should enable to company to grow in at least the mid-single digit range for the foreseeable future. The company generates a ton of cash and plans to return 75% of FCF to shareholder ($900mm between 2018-2020) in the form of a dividend (current yield ~1.4%) and share repurchases. The co-founder/chairman owns ~$55mm of stock. We initiated a position in August 2018 with the stock trading at an attractive discount to our assessment of fair value.

<u>Bernzott Organization Update:</u>
Bernzott Capital Advisors ended 3Q 2018 managing $951 million with $578 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.

Explanation of Equity Performance
Performance Footnote 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
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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