



January 21, 2021

US Small Cap Value Strategy

The markets continued their ascent in 4Q, powering through political turbulence around the election, as better than anticipated corporate earnings and progress with vaccines fueled investor optimism.

The Dow (+10.72%), S&P 500 (+12.1%), Nasdaq (+15.7%) and R2000 (+31.4%), US Treasury Bond Index (+0.05%), Gold (+0.7%), WTI Crude (+23.9%) were all up. Only the CBOE VIX was down (-14.8%).

All 11 S&P 500 sectors posted positive returns. The best performers were Energy (+25.78%), Financials (+22.52%), and Materials (+13.92%). The R2000V saw Materials (+47.2%), Energy (+46.3%), Information Technology (+44.1%), Financials (+37.8%), Consumer Discretionary (+28.8%), Real Estate (+22.3%), Healthcare (+23.3%), and Utilities (+18.1%).

As a bottom-up, fundamental value investor, the first step in our investment process is selecting quality companies using qualitative and quantitative metrics. Attractive attributes we seek include: market leadership; recurring revenue or subscription model providing revenue visibility; high margins; high returns on capital and equity; and financial flexibility.

Past performance is not indicative of future results. Refer to reverse for a full disclosure presentation and complete annualized performance.

Performance (periods ending December 31, 2020):

	QTD	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Gross)	24.61%	15.82%	11.72%	16.02%	11.10%	13.59%	14.10%
R2000V	33.36%	4.63%	3.72%	9.65%	6.25%	8.66%	9.93%
R2500V	28.51%	4.88%	4.34%	9.43%	6.84%	9.33%	10.70%
+ / - R2000V	-8.76%	11.18%	7.99%	6.37%	4.84%	4.93%	4.17%
+ / - R2500V	-3.90%	10.94%	7.38%	6.59%	4.26%	4.26%	3.40%

	QTD	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Net)	24.41%	15.18%	11.09%	15.39%	10.46%	12.90%	13.24%
R2000V	33.36%	4.63%	3.72%	9.65%	6.25%	8.66%	9.93%
R2500V	28.51%	4.88%	4.34%	9.43%	6.84%	9.33%	10.70%
+ / - R2000V	-8.95%	10.55%	7.37%	5.74%	4.21%	4.24%	3.31%
+ / - R2500V	-4.10%	10.31%	6.76%	5.96%	3.63%	3.57%	2.55%

*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 Performance:

Our relative underperformance was primarily driven by Healthcare (-2.81%), Financials (-2.71%) and Materials (-2.21%). Positives were Real Estate (+1.01%), Utilities (+0.68%) and Consumer Discretionary (+0.22%). Top contributors: Cerence (CRNC), Hillenbrand (HI), and Shutterstock (SSTK). Top detractors: Inovalon (INOV), LendingTree (TREE), and Compass Minerals (CMP). We bought API Group (APG), Encore Capital Group (ECPG), and World Fuel Services (INT). There were no sales.

We started the quarter with 26 positions and ended with 29. The portfolio had a weighted-average discount to fair value of 21% and a \$3.6 billion weighted average market cap.

Top Contributors	Ticker	Weight	Return	Contrib.
Cerence	CRNC	2.34%	105.10%	1.92%
Hillenbrand	HI	4.95%	41.10%	1.90%
Shutterstock	SSTK	4.95%	38.30%	1.90%

Cerence (CRNC): A provider of speech recognition and voice technologies for automotive applications, reported another in a string of strong earnings reports this year. In addition to impressive bottom line results, bookings rose 70%, and its pipeline was up more than 2x compared to last year despite challenging auto market conditions. A promising new product outlook helped support the stock's advance.

Hillenbrand (HI): The stock rose following its 3Q earnings report in which the company demonstrated good margin performance and rising backlog. The company is executing well with its \$1.9 billion 2019 acquisition of Milacron, exceeding its first year synergy targets. Strong cash flow enabled a reduction in leverage to 2.7x from 3.8x at the time of the purchase. The company has proven to be a sound capital allocator in M&A over the last decade.

Shutterstock (SSTK): Improved financial results and signs of recovering digital advertising markets both contributed to good stock performance for this provider of stock content. Its transition to a subscription business continues to progress.

Top Detractors	Ticker	Weight	Return	Contrib.
Inovalon Holdings	INOV	3.78%	-31.31%	-1.69%
LendingTree	TREE	4.07%	-10.51%	-0.58%
Compass Minerals	CMP	4.86%	5.21%	0.31%

Inovalon Holdings (INOV): After being a top contributor in 2Q, weakness in this healthcare cloud software provider's legacy product line contributed to disappointing revenues and earnings, sending the stock down this quarter. Presumably, the market seized on the negatives and chose to look past favorable developments such as annualized contract value which rose over 30% and high renewal rates and customer retention. Many elements of our investment thesis remain in force, despite the short-term set back, including rising recurring revenue and good profitability metrics.

LendingTree (TREE): A disappointing earnings outlook for 4Q, followed by GCI Liberty's sale of its long-held, non-core equity interest in TREE, both weighed on the stock price. While its insurance business was strong, the company experienced softness from consumer lending and credit card firms which have restrained marketing spending, hesitant to extend new credit. TREE remains well positioned to capitalize on improved trends expected in 2021.

Compass Minerals International (CMP): The stock gained 5%, normally not a bad outcome, but that stacks up poorly against many Materials stocks such as steel producers, which rebounded strongly after a couple of years of poor performance.

YTD Performance:

Our relative outperformance was primarily driven by Information Technology (+6.8%), underweighting Financials (+5.55%), Healthcare (+3.21%), and underweighting Energy (+2.38%). Detractors were Industrials (-4.4%), Communication Services (-1.79%), and Consumer Staples (-1.56%). Top contributors: Cerence (CRNC), Shutterstock (SSTK), and Willscot Mobile Mini Holdings (WSC). Detractors: Cinemark (CNK), SP Plus (SP), and Mistras Group (MG).

YTD Top Contributors	Ticker	Weight	Return	Contrib.
Cerence	CRNC	2.73%	327.63%	5.58%
Shutterstock	SSTK	4.84%	69.54%	3.35%
Willscot Mobile Mini	WSC	4.12%	88.83%	3.19%

Past performance does not guarantee future results.

Cerence (CRNC): Cerence, a provider of speech recognition and voice technologies for automotive applications, reported a succession of strong earnings reports in 2020. 3Q earnings were strong, bookings rose 70%, and its pipeline was up more than 2x compared to last year despite challenging auto market conditions. A promising new product outlook helped support the stock's advance.

Shutterstock (SSTK): Strong financial results and signs of recovering digital advertising markets both contributed to good stock performance for this provider of stock content. Its transition to a subscription business continues to progress.

Willscot Mobile Mini Holdings (WSC): Reported solid financial results highlighted by rate increases in its modular segment and good cash flow. The merger of WillScot and Mobile Mini was completed in 3Q. The two business models are both based on strong recurring revenues from long duration leases and similar asset characteristics, such as long lives, low maintenance, high margin, short payback periods and strong cash flow generation. By combining the fleets, totaling over 365,000 units, the offering becomes more strategic and valuable to customers, and the diversification of the portfolio improves. The company is off to a good start following the merger.

YTD Top Detractors	Ticker	Weight	Return	Contrib.
Cinemark	CNK	0.70%	-73.22%	-3.30%
SP Plus	SP	2.96%	-32.33%	-2.82%
Mistras Group	MG	0.48%	-77.44%	-2.35%

Cinemark (CNK): As discussed in our 3Q commentary, Cinemark was sold in early 2Q as social distancing and potentially enduring changes to content distribution (e.g. collapsing theatrical windows and expanding streaming distribution) significantly clouded the outlook for this movie theater operator's earnings.

SP Plus (SP): Parking operator SP Plus's stock price finished 2020 -32%, but rallied +60% in 4Q. The company experienced significant negative impact due to reduced commuter, event, and travel volumes. April was the seeming nadir and results continue to improve sequentially. Impressively, the company reported positive free cash flow despite the drop in earnings. Technology initiatives, such as contactless payments and remote monitoring, have boosted its already strong market position.

Mistras Group (MG): As discussed in our 3Q commentary, Mistras was sold in early 2Q as falling oil prices and the pandemic conspired to weaken the company's earnings outlook.

Portfolio Activity:

- Bought: APi Group (APG), Encore Capital Group (ECPG), and World Fuel Services (INT).
- Sold: none.

New Positions:

APi Group (APG): A business services provider of safety, specialty and industrial services primarily in North America. The company was brought public via a SPAC in 2019 under the leadership of Martin Franklin and James Lillie, formerly of Jarden. Working alongside CEO Russ Becker and CFO Tom Lydon, we expect them to expand profit margins from 10-12+% and increase the percentage of total revenue that is recurring from 40-50+% over the next several years. The board members from Jarden also bring tremendous capital markets experience and we expect APG to continue to consolidate a highly fragmented safety industry.

Encore Capital Group (ECPG): A debt recovery business operating in the US and Europe, is positioned to benefit from an anticipated 2H rise in consumer delinquencies and lender charge-offs. This cycle has been unusual with government stimulus payments and forbearance programs forestalling typical economic rhythms. This has created short-term uncertainty for the company's outlook and weighed on the valuation which, we believe, gives rise to the stock's investment appeal with trends shifting in its favor. Other positives include recently crystallized CFPB collection guidelines, the company's success reducing collection costs by use of digital channels, and its strong balance sheet ready to capitalize on an increase in supply of defaulted portfolios to purchase later in 2021.

World Fuel Services (INT): A distributor of transportation fuels in aviation, land and marine markets, INT has unsurprisingly experienced weakness in 2020 but is set to return to mid-teens ROIC from current single digit levels, and the stock should appreciate as this occurs. The stock is an economic reopening beneficiary. Meanwhile, the company should see payoff from its inward focus in the recent couple years on integrating prior acquisitions, cost reduction, and "high-grading" its business, reducing low margin activities. Its balance sheet is its strongest in a decade, now in a net cash position after significant counter-cyclical free cash flow generation, and M&A activity may resume, a positive. The stock's valuation is below historical levels.

Bernzott Capital Advisors Update:

We ended 4Q managing \$1.22 billion, with \$789 million in our US Small Cap Value strategy.

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

BCA-21-01

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, 2018. 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, 2018. 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
2011	81	\$195.6	\$178.7	1.3%	17.70%	26.19%	24.23%	\$198.0	\$372.0	98.79%	52.58%	9.02%	8.24%	-5.50%	-3.36%
2012	39	\$170.9	\$159.7	1.0%	14.21%	20.15%	18.41%	\$192.0	\$395.2	89.01%	43.24%	16.81%	16.04%	18.05%	19.21%
2013	35	\$237.4	\$222.3	0.8%	12.33%	16.32%	15.08%	\$267.0	\$513.6	88.91%	46.22%	34.38%	33.53%	34.52%	33.33%
2014	35	\$269.1	\$260.0	0.4%	10.25%	12.77%	11.25%	\$274.7	\$528.7	97.96%	50.90%	6.73%	6.06%	4.22%	7.11%
2015	37	\$257.9	\$246.5	0.5%	12.62%	13.11%	12.03%	\$339.9	\$577.2	75.88%	44.68%	-6.91%	-7.46%	-7.47%	-5.49%
2016	34	\$385.3	\$365.7	0.3%	13.16%	15.38%	13.17%	\$405.9	\$655.3	94.92%	58.80%	17.62%	16.99%	31.74%	25.20%
2017	37	\$404.5	\$385.3	0.2%	12.47%	13.97%	11.81%	\$512.7	\$854.4	78.90%	47.34%	28.18%	27.54%	7.84%	10.36%
2018	42	\$444.1	\$421.3	0.3%	13.41%	15.76%	13.58%	\$470.0	\$793.8	94.49%	55.95%	-5.15%	-5.68%	-12.86%	-12.35%
2019	38	\$569.2	\$543.3	1.3%	15.14%	15.90%	14.43%	\$618.2	\$1,046.4	92.07%	54.39%	26.95%	26.21%	22.39%	23.56%
2020	30	\$685.8	\$670.9	0.5%	25.31%	26.49%	25.40%	\$792.7	\$1,225.4	86.51%	55.96%	15.82%	15.82%	4.63%	4.88%

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 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.