



April 15, 2021

US Small Cap Value Strategy

Market Overview

Equity markets started 2021 with gains as progress with COVID-19 vaccinations brought continued optimism for economic recovery. The market embraced risk with cyclical and smaller stocks performing well, while low volatility and defensive investments tallied muted performance.

Equities moved higher despite rising interest rates. U.S. Treasuries had their worst quarter since 1981, as the 10-year Treasury yield rose from 0.93% to 1.74%. While that is a sharp quarterly move, interest rates remain at low levels by historical standards. Signs of speculation were evident, such as significant retail option trading volume, WallStreetBets capturing headlines as it helped send shares of GameStop soaring, and aggressive SPAC issuance.

U.S. small cap stocks outperformed large caps, with the Russell 2000 gaining 12.2% compared to the S&P500, +6.2%. Value stocks outperformed growth stocks by a significant margin -- sixteen percentage points in small cap. WTI Crude rose 22% to \$59. The CBOE VIX was down 14.7% to 19.40.

All eleven Russell 2000 Value (R2V) sectors posted positive returns. Three sectors gained more than the R2V's 21.2%: Energy (+41.9%), Consumer Discretionary (+35.9%), and Materials (+22.7%). Eight sectors lagged the benchmark's overall return: Financials (+20.7%), Industrials (+19.3%), Consumer Staples (+18.6%), Communications Services (+18.5%), Health Care (+16.3%), Information Technology (+14.8%), Real Estate (+12.4%), Utilities (+4.8%).

As a bottom-up, fundamental value investor, the first step in our investment process is selecting high quality companies using qualitative and quantitative metrics. We believe characteristics of a high-quality company include: market leadership; recurring revenue or subscription model providing revenue visibility; high margins and operating leverage; high returns on capital and equity; financial flexibility; and a strong management team.

Performance (periods ending March 31, 2021):

	1Q21	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Gross)	10.44%	89.83%	14.96%	17.90%	13.18%	13.94%	14.39%
R2000V	21.17%	97.05%	11.57%	13.56%	8.93%	10.06%	10.64%
R2500V	16.83%	87.47%	10.88%	12.15%	8.70%	10.23%	11.25%
+ / - R2000V	-10.73%	-7.22%	3.39%	4.34%	4.24%	3.88%	3.75%
+ / - R2500V	-6.39%	2.36%	4.09%	5.75%	4.48%	3.72%	3.14%
	1Q21	1YR	3YR	5YR	7YR	10YR	SI*
BCA (Net)	10.27%	89.07%	14.38%	17.30%	12.56%	13.28%	13.54%
R2000V	21.17%	97.05%	11.57%	13.56%	8.93%	10.06%	10.64%
R2500V	16.83%	87.47%	10.88%	12.15%	8.70%	10.23%	11.25%
+ / - R2000V	-10.90%	-7.99%	2.81%	3.74%	3.63%	3.22%	2.90%
+ / - R2500V	-6.56%	1.60%	3.50%	5.15%	3.86%	3.05%	2.29%

*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.

1Q Performance:

Our strategy to invest in quality, resilient businesses is a winning long-term approach, but it served as a headwind to relative performance in the first quarter. Attributes that performed well in the first quarter were at odds with quality, as the market rewarded companies with low returns on equity, high leverage, and high short interest, among other factors. The portfolio rose 10.4% (gross) during the first quarter, trailing the Russell 2000 Value's advance of 21.1%, and the Russell 2500 Value's gain of 16.8%. Equities of stable businesses were left behind as the market embraced recovery beneficiaries such as energy and early-cycle consumer discretionary. The portfolio's holdings in those two sectors rose more than 15% but trailed the benchmark's sector gains. First quarter witnessed some reversals of recent returns. Software did not participate in the first quarter rally, and the portfolio's holdings were roughly flat. This came after a strong 2020 when the portfolio's software stocks rose 48% and outperformed. The portfolio has not been invested in banks in recent periods. This benefited results in 2020 when they were among the worst performers, falling 11%, but it hurt first quarter when the banks bounced back 24%. Health care was the portfolio's strongest positive contributor, gaining 39%, significantly more than the benchmark's 16% gain.

We started the quarter with 29 positions and ended with 30. The portfolio had a weighted-average discount to fair value of 19% and a \$3.4 billion weighted average market cap.

Top Contributors	Ticker	Weight	Return	Contrib.
Quotient Technology	QUOT	3.78%	73.41%	2.22%
Inovalon Holdings	INOV	3.74%	58.43%	1.67%
Hillenbrand	HI	5.75%	20.30%	1.18%

Quotient Technology (QUOT): Strong earnings reported in February sparked a nice gain in the stock. The pandemic may have accelerated a durable shift to digital promotions and couponing among its consumer packaged goods and retailer customers.

Inovalon Holdings (INOV): After being a top detractor in the fourth quarter, the healthcare cloud software provider rebounded in the first quarter following a strong earnings release and outlook. Sales momentum continues to accelerate with annual contract value rising 27%, with strength across all lines of business including life sciences, payers, retailers, and providers, indicating that demand for INOV's solutions remain robust. While COVID served as a headwind during 2020, this likely will turn into a tailwind in 2021 supported by easy comparisons and improving patient visitations. Many elements of our investment thesis remain intact, including rising recurring revenue and good profitability metrics.

Hillenbrand (HI): Excellent execution in its Batesville unit enabled impressive profit capture from revenue upside, helping the company generate strong cash flow used to accelerate debt paydown and bring leverage ratios within targeted levels ahead of schedule. The Milacron integration has helped the company build M&A integration muscle which will serve it well as it turns to more acquisitions in the future.

Top Detractors	Ticker	Weight	Return	Contrib.
LendingTree	TREE	3.96%	-22.17%	-0.84%
Bottomline Technologies	EPAY	2.98%	-14.19%	-0.49%
Verint Systems	VRNT	2.66%	-12.35%	-0.32%

LendingTree (TREE): A good fourth quarter earnings report and above-consensus revenue outlook for 2021's first quarter were both overshadowed by lower-than-expected profit margins for the first quarter as the company steps up investments, including for customer acquisition in its mortgage business. Its insurance business posted continued good results, and consumer improved sequentially and appears to have bottomed following negative COVID-19 and stimulus impacts.

Bottomline Technologies (EPAY): The business-to-business payment company's stock was weak as its earnings report in February evidenced a slowdown in its important subscription and transaction revenues. COVID-19 disruption was to blame. Subscription revenues are targeted to grow 15-20% in 2021.

Verint Systems (VRNT): This customer experience software provider completed its planned spin-off of its Cognyte Software unit on February 1. The poor contribution to return for the quarter does not reflect value from the separated unit and is therefore a bit of a statistical artifact. At the end of the quarter, the company reported good results and reaffirmed targets outlined in its January 2021 analyst day as the company continues to manage its transition to a subscription software model.

Portfolio Activity:

- Bought: Upland Software (UPLD), Orbcomm (ORBC), Juniper Industrial Holdings (JIH)
- Sold: Cerence (CRNC), SPS Commerce (SPSC), Cognyte Software (CGNT)

New Positions:

Upland Software (UPLD): Upland Software is led by a strong management team executing a known playbook. It operates in an attractive industry with a business model characterized by high recurring revenues, strong profitability and healthy cash flow. Having demonstrated resilient results during the pandemic, Upland Software recently resumed its acquisition program, building upon its 26 deals prior to 2021. Its first considerable investment in its sales and marketing organization should bear fruit over the next year and elevate organic growth to mid- to high-single-digit rates through increased customer penetration and cross-selling. Increased scale and rising free cash flow will obviate the need for additional equity capital and enable the company to begin deleveraging while continuing its acquisition program. Lastly, its reasonable valuation allows for multiple expansion.

Orbcomm (ORBC): The company is a provider of industrial Internet of Things ("IoT") solutions, including network connectivity, devices, and applications used to track, monitor, and enhance security for a variety of assets across industries. Specific use cases include tracking trucks and rail cars, optimizing irrigation control systems, and monitoring refrigerated containers to maintain integrity of the cold chain. Approximately 60% of revenues are derived from recurring service fees. Following an active period of M&A, the company has completed a two-year product portfolio rationalization and integration initiative which will foster cost efficiencies. The roll-out of a new dual mode (cellular/satellite) service offering and the general recovery of the transportation sector should contribute to growth. Free cash flow and return on capital will benefit from a fifteen-year agreement to leverage Inmarsat's satellite network, allowing the company to forego capex for its own constellation. Lastly, de-leveraging is expected to accrue value to shareholders. The time is right for multiple factors to coalesce and make Orbcomm a good investment. Note: as this commentary went to print, Orbcomm received a cash buyout offer from a private equity firm of \$11.50, a premium of 50%+.

Juniper Industrial Holdings (JIH): Juniper Industrial Holdings is a special purpose acquisition company founded by Honeywell veterans with a long track record of successful M&A transactions. During the quarter the company agreed to merge with Janus International, a leading provider of cutting-edge access control technologies and building product solutions for the self-storage and industrial sectors. Janus maintains leading market share positions with both institutional and non-institutional self-storage operators and should benefit from increasing new-build supply fundamentals in addition to demand from upgrading an aging installed base of self-storage facilities. Finally, the lack of technological innovation should serve as an additional catalyst for the company with their Noke product line which provides wireless access technology capabilities which support both revenue enhancement and cost reduction opportunities for self-storage operators. Janus is expected to grow top-line in the mid-teens with attractive EBITDA and free cash flow characteristics relative to industry peers. The deal is expected to close in the second quarter.

Sold Investments:

Cerence (CRNC): A provider of speech recognition and voice technologies for automotive applications reported a string of very strong financial results in 2020 and the stock responded accordingly. The stock reached our estimate of fair value and we exited the position with a significant gain, as the stock more than tripled.

SPS Commerce (SPSC): The company is a well-run, software-as-a-service supplier of supply chain management solutions to retailers. Despite selling to an end market suffering disruption and fast changing business dynamics, the resilience of SPS Commerce's business is indicative of its compelling solution. The stock appreciated significantly during 2020, in part due to multiple expansion. The stock reached our estimate of fair value during the first quarter, and we exited the position with a significant gain, as the stock more than doubled.

Cognyte Software (CGNT): The company is a cyber intelligence company spun-out of portfolio holding, Verint Systems, on February 1, 2021. We elected to exit the position.

Bernzott Capital Advisors Update:

We ended 1Q managing \$1.25 billion, with \$706 million in our US Small Cap Value strategy.

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.