



NorthPointe Capital 2nd Quarter 2011 Large Cap Value

The first half of 2011 is now in the history books. The record shows moderately positive returns for domestic equities. By way of example, the Russell 1000 Index returned 6.37 percent for the first six months of the year. Focusing solely on a single data point would fail to accurately describe the wild ride that has thus far been 2011. From optimism to natural disaster to regime change to federal budgets to Greek austerity, 2011 has experienced a healthy dose of market defining events. Turning back to the record, small caps failed to best large caps in the 2nd quarter. The Russell 2000 Index returned -1.61% versus the .12% of the large cap Russell 1000 Index. For the year to date, it is a virtual tie between the size segments. The Russell 2000 Index has returned 6.21%, which compares to the previously mention 6.37% return of the large cap index. From a style perspective, growth has seemingly trumped value. Both in the 2nd quarter and year to date, growth has robustly outperformed value across the various size segments.

We remain cautiously optimistic for the second half of the year. On the negative side of the ledger, disappointing economic news has given us pause. High unemployment and continued pressure on housing remain substantial issues. However, our optimism stems from the attractive valuations and robust fundamentals of your portfolio holdings. The story we see unfolding from a bottom up perspective is quite different from the macro led headlines. Record high yield bond issuance, increase M&A activity, the Presidential cycle, and a potential inflection point in loan demand support a constructive second half. A continuing trend of declining stock level correlation has set the stage for the successful stock picker. It is our belief that our stock picking skills will be on visible display in the second half.

For the period NorthPointe Capital Large Cap Value returned -0.06%, which favorably compares to the -0.50% return of the Russell 1000[®] Value Index. Please find further detail below on the performance of your portfolio during quarter. The adaptive nature of our investment process extended its visibility from the second half of 2010 into the first half of the 2011. We have felt that 2011 will prove to be a high value added year and thus far it has played out that way.

During the 2nd quarter, your holdings were most impacted positively by stock selection within the Financials and Information Technology Sectors. SL Green Realty, a New York centric commercial REIT, was a standout holding in the financial sector. SL Green delivered above consensus first quarter earnings results and its Manhattan oriented portfolio provided strong reason for optimism in its shares going forward. International Business Machines was a solid performer in a generally robustly performing collection of technology holdings. IBM delivered strong revenues and earnings for the first quarter. Business was strong across multiple operating segments, with software, hardware, and services contributing to performance.

Your performance was negatively impacted by our stock selection within the Consumer Staples Sector. Archer Daniels Midland was the main culprit to disappointing performance

within the Consumer Staples sector. Quarterly results and lack of visibility left investors frustrated. ADM continues to be a portfolio holding because we perceive value in the shares.

The portfolio is positioned to perform in a stock market that rewards investing in undervalued companies—those that are experiencing improving fundamentals. Strategies that focused on high gross margins, high return on equity, and high historical earnings growth were among the most successful this past quarter, while metrics based on small size and deep value tended to be the underperformers. Please remember that we conduct our research within four separate and distinct macroeconomic sectors. Our signals added value this past quarter. Model performance was especially robust within the Interest Rate Sensitive, Cyclical, and Stable Growth models. By staying close to our foundation and our investment philosophy, the way forward seems clear to us. We will seek to add value through stock selection. We remain optimistic that our adaptive and proactive approach will guide the portfolio to stronger returns. We remain steadfast in our belief that a sound value equity investment philosophy should possess an element of earnings momentum focus.

We have strived to deliver competitive, active large-cap value performance through the consistent use of quantitative stock selection and portfolio construction techniques. Given the high-profile nature of large-cap value stocks, achieving outperformance can be a challenge. We continue to feel that the best route to success is adherence to our investment decision-making process. We truly appreciate and value your business. If you should desire any further information or clarity, please do not hesitate to contact to us. We have always taken great pride in being available for our clients.

Sincerely,

Peter Cahill, CFA
CIO, Portfolio Manager

Past performance is no guarantee of future results. The value of investments may go down as well as up and investors may not get back their original investment. Performance is shown gross of fees and charges. The opinions expressed herein are those of NorthPointe Capital, LLC as of the date of this report and are subject to change at any time. Although the third party information has been obtained from and is based on sources the Firm believes to be reliable, the Firm does not guarantee the accuracy of the information, and it may be incomplete or condensed. This report is for informational purposes only, and is not intended as a recommendation with respect to the purchase or sale of any security. A list of all recommendations made within the last 12-months is available upon request. It should not be assumed that any of the securities transactions or holdings discussed will prove to be profitable, or that investment decisions or recommendations made in the future will be profitable or will equal the performance of the securities discussed herein. The securities discussed do not reflect the entire portfolio and in the aggregate may represent only a small percentage of the portfolio's holdings.

The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values.