



NorthPointe Capital, LLC

Large Cap Value

2nd Quarter 2012

The market reversed course from the rally of the first quarter and declined slightly in the second quarter. The small cap Russell 2000 Index returned -3.47%, compared to the return of -3.12% for the large cap Russell 1000 Index. From a style perspective value beat growth. The Russell 1000 Value declined -2.20%, while the Russell 1000 Growth declined -4.02%. Traditional defensive sectors were the leading sectors, with Health Care, Telecommunications, and Utilities outperforming the market. Energy, Materials, Financials, and Technology shares were the steepest decliners.

For the period, NorthPointe's Large Cap Value portfolio returned -1.58%, which compares to the -2.20% return of the Russell 1000® Value Index. For the year to date, the portfolio returned 10.56%, which compares to the 8.68% return of the Russell 1000® Value Index. Please find further detail below on the performance of your portfolio during quarter.

During the 2nd quarter, your holdings were most impacted positively by stock selection within the Energy, Financial and Materials Sectors. The outperformance in Energy holdings was the result of portfolio holdings being positioned to withstand the decline in oil prices. Marathon Petroleum, Phillips 66, and World Fuel Services were the greatest contributors. Within Financials, Allied World Assurance Company, a specialty insurance and reinsurance company, delivered an upside surprise to first quarter earnings and was the key contributor to outperformance within the sector. The surprise seemed to be driven by higher the expected writing of net premiums. Allied World's valuation remains attractive in our view, and thus remains a portfolio holding. The portfolio's Materials holdings returned -.11% for the quarter, which favorably compares to a -7.22% return of the Materials holdings of the benchmark. Ashland, a specialty chemical company, saw fundamental expectations increase on the strength of their specialty ingredients and performance materials unit.

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 domestic revenues, high price momentum, high dividend yield, and positive estimate revisions were among the most successful this past quarter, while metrics based on high beta, low PEG ratios, and low price to sales tended to be the underperformers. Please remember that we conduct our research within four separate and distinct macroeconomic sectors. Our signals added solid value this past quarter. Model performance has produced significant value added for the year thus far.

No doubt the world is filled with seemingly historic levels of uncertainty. Our job is to find certainty. Our job is to find unique large cap companies that can grow their business, that sell at attractive valuation levels and that are not well understood. These types of investments should perform irrespective of how global macro events unfold. We believe that your portfolio

contains precisely these types of securities. Fundamentals may be put on hold in the very short term, but history has shown time and time again that eventually fundamentals win out. Our stock selection has been and will continue to be our instrument for delivering value. We truly appreciate and value your business. If you should desire any further information or clarity, please do not hesitate to contact 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 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

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.

The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership.