

**NorthPointe Capital, LLC**  
**Large Cap Value**  
**3rd Quarter 2014**

Small cap indices posted a quarterly decline for the first time in eight straight quarters. The Russell 2000, a leading small cap index, fell -7.4% during the period. Large cap stocks held up somewhat better than small cap stocks. The Russell 1000 Index, a proxy for large cap stocks, declined a mere -0.2%. The Energy sector's performance stressed the equity markets as the price of oil collapsed. Global growth concerns and a stronger US dollar remain overhangs on the equity markets. Fear and Volatility returned in the 3<sup>rd</sup> quarter, as evidenced by the 40% rise in the VIX and the fact that Treasury Bonds were a top performing asset class. Health Care continued to be a leading sector of the large cap segment of the US equity market.

For the period, the NorthPointe Large Cap Value portfolio returned 0.51%, which compares to the -0.19% return of the Russell 1000<sup>®</sup> Value Index. Stock selection was robust across the majority of economic sectors and focus on higher levels of Return on Equity contributed to our performance.

Stock selection within the Information Technology, Consumer Staples, Consumer Discretionary, and Industrials sectors had positive impact. Stock selection in the Materials sector negatively impacted performance for the quarter. The strongest contributors to your portfolio over the last quarter included Skyworks Solutions, Kohl's, and Gilead Sciences. Skyworks Solutions, a global semiconductor company, witnessed its share price moving higher. The company continues to benefit from a robust 4G smartphone backdrop. The introduction of Apple's new iPhones, the 6 and 6+, should lead to increasing expectations for both revenue and earnings at the company. Gilead Sciences, a biopharmaceutical company, had two positive Phase 3 results from a HIV related drug. This news helped propel the shares higher. Gilead's Sovaldi, a drug that combats hepatitis C, continued to increase its revenue contribution to the company. Kohl's, a national department store operator, delivered increased visibility to the company's earnings outlook. New marketing strategies coupled with new merchandise have given investors increased confidence in the security. A newly designed customer loyalty program and a plan to upgrade their beauty departments both contribute to our positive investment thesis.

Quality/Profitability factors dominated performance over the last quarter. Return on Equity and Return on Assets were among the best factors. Small size, clearly, was the worst performing factor during the 3<sup>rd</sup> quarter of 2014.

We remain focused on finding 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 the market environment. We believe that your portfolio contains precisely these types of securities. 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® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000® companies with higher price-to-value ratios and higher forecasted growth values. 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 2000® Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000® companies with lower price-to-book ratios and lower forecasted 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*