NorthPointe Capital, LLC
Large Cap Value
3rd Quarter 2016

The broader market indices recovered from the volatility at the end of the previous quarter and spent most of the third quarter gradually climbing higher. That calm disappeared in early September as investors became concerned, once again, about the prospect of an interest rate increase by the Federal Reserve. However, in the final weeks of the quarter, the indices moved higher, essentially returning to the levels of early September.

Small cap stocks dramatically outperformed large caps as the Russell 2000® Index recorded a quarterly gain of 9.05%, more than doubling the 4.03% increase of the Russell 1000® Index. Value and growth stocks had similar returns, with the Russell 1000® Growth Index return of 4.58% beating the 3.48% gain in the Russell 1000® Value Index. Value stocks underperformed due to less exposure to the strong performing Information Technology and Health Care sectors.

For the third quarter of 2016, the NorthPointe Large Cap Value Composite returned 2.45%, which compares to the 3.48% return of the Russell 1000® Value Index. During the third quarter, stock selection was subpar in the Energy, Consumer Discretionary, and Financial Sectors. Stock selection was the root cause of the portfolio's underperformance. Given this fact, it seems appropriate to comment on a few stocks that negatively impacted the portfolio.

The first company to mention is Skechers USA. Skechers is a global manufacturer and retailer of footwear. The stock declined nearly 23% during the third quarter, the price decline was driven by sales and margin pressure attributable to competitive threats and fashion trends. While earnings numbers have come down, Skechers remains a portfolio holding. Selling at eleven times forward earnings, this valuation level presents a favorable risk reward investment in our opinion.

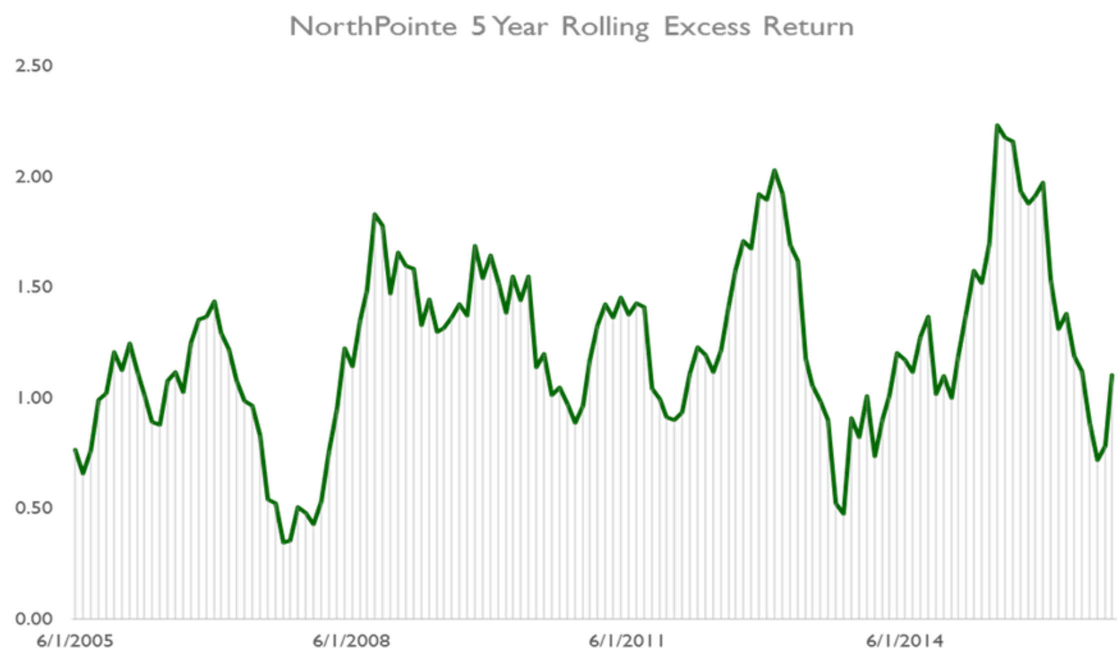
Reynolds American is a manufacturer and sellers of cigarettes and other tobacco products in the United States. Reynolds missed second quarter wall street expectations on both the top and bottom line. The miss was driven by volume as the company's share gains and overall industry expectations were not met. The stock remains a portfolio holding due to the strength of the balance sheet, favorable valuation, and the trend in earnings. While the stock did decline nearly twelve percent, there were a couple of positive items announced on the earnings call. Reynolds increased its dividend by nearly ten percent, which brings the dividend yield to a respectable four percent. Also, the Reynolds board approved a new $2 billion share buyback program that will be completed by the end of 2018.

Finally, Public Storage declined over twelve percent during the quarter. Public Storage is a real estate investment trust, which acquires and operates self-storage facilities in the United States and Europe. The self-

39400 Woodward, Suite 190, Bloomfield Hills, MI 48304

storage segment of the real estate market has come under pressure due to weakness in demand. The demand weakness led to decelerating revenue growth, a year over year decline in occupancy, and pricing pressures. While continued weakness in the industry may already be priced in to the stock's valuation, Public Storage is currently under close scrutiny and could become a candidate for sale.

The portfolio has experienced a challenging year thus far in 2016. There is no way to sugar coat it. Our results are not to our standards nor to our client's expectations. We believe underperformance is not to be glossed over. Our responsibility to add value, to produce alpha, for our client portfolios has been and always will be our number one priority. While short term performance is subpar, historical reflection provides perspective. It is through thoughtful reflection that the path to future outperformance becomes visible. The chart embedded below displays the historical rolling five year annualized gross excess return for the strategy, which dates back to its inception in 2000. We think this chart is instructive for a couple of reasons. First, the chart clearly demonstrates that performance has been challenged in the past. Second, it is also clear that performance is resilient in a demonstrative way. While we have experienced challenging periods in the past, the portfolio has tended to rebound rather quickly. It has rebounded because our team stays true to our process and resists the urge to do something different.



Source: STP Investment Services. Since inception composite results (gross) for the Large Cap Value composite. Results depict annualized 5-year excess return versus the Russell 1000® Value Index. The Russell 1000® Value is the benchmark for this strategy. Please see additional Disclosure Statement at the end of the presentation for important information.

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A couple of timeless investing lessons ought to be embraced. For starters, successful investment management requires adherence to a disciplined process. Our strict adherence to our investment process has always been the vehicle that rights the ship. It is during times of stress that the temptation to be reactionary rather than thoughtful is at its greatest. Adherence to discipline allows an investment manager from often compounding the underperformance by giving in to impulsive decision making. Another lesson remembered is that while in our view an adaptive methodology to stock selection is the best approach for delivering consistent excess returns, even an adaptive methodology takes a step backwards while adjusting. Over the sixteen years that we have been managing this strategy we have seen many challenging markets and economic backdrops, our adaptive approach to stock selection has allowed us to meet this challenge time and time again. We are witnessing such an adaption right now with our stock selection methodology. With energy investing for instance, the market has started to reward stocks whose underlying businesses are experiencing positive momentum, while the import being placed on balance sheet strength has diminished. Understanding these developments and embracing the dynamic nature of the stock market has allowed us to adapt our stock selection to this reality and appropriately reposition the portfolio to capitalize on this opportunity.

We appreciate the forum to address our performance. We are confident in our ability to add value going forward. We remain focused on finding unique large cap companies that can grow their business and whose stock price trades below its intrinsic value. The current portfolio is currently selling at a multiple of 14.51 times its twelve month forecasted earnings, which compares to the 15.46 multiple for the strategy's benchmark. The fund has a ROE ratio, return on Equity, of 13.6% vs. 10.0% for the benchmark. The portfolio management team believes the portfolio is positioned to perform strongly. The portfolio contains 81 securities at quarter end that have been brought together in a disciplined fashion. Our stock selection will continue to be our instrument for finding alpha. We value your business. If you should desire any further clarity, please do not hesitate to contact us.

Sincerely,

Peter Cahill, CFA
CIO, Portfolio Manager

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39400 Woodward, Suite 190, Bloomfield Hills, MI 48304

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 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