

NorthPointe Capital, LLC
Large Cap Value
4th Quarter 2011

Equity markets surged in the fourth quarter of 2011. Major equity indices posted double digit returns, as concerns over the European debt crisis dissipated and underlying strength in the U.S. economy provided confidence. The small cap Russell 2000[®] Index returned 15.47%, which bested the 11.84% return of the large cap Russell 1000[®] Index. For the year 2011, large cap outperformed small caps, as the Russell 1000[®] returned 1.50% versus the decline of -4.18% for the Russell 2000[®]. Value stocks outperformed growth stocks in the final quarter, although growth did manage to narrowly win the year. Energy and Industrials were the top performing sectors in the 4th quarter, while the defensively oriented Consumer Staples, Telecom, and Utilities trailed the broader market.

For the period your portfolio returned 12.62%, which compares to the 13.11% return of the Russell 1000[®] Value Index. Please find further detail below on the performance of your portfolio during quarter.

During the 4th quarter, your holdings were most impacted positively by stock selection within the Financial and Utilities Sectors. The outperformance in financial holdings was the result of strong returns within the commercial banking and insurance industries. The holdings of select life insurance companies provided the lift in insurance shares, while select regional banks provided the outperformance in commercial banking. ONEOK, a domestic natural gas distributor, was purchased early in the quarter and delivered standout performance within the Utilities Sector. ONEOK's third quarter earnings release caused street analysts to raise their earnings estimates and price target, helping to propel the shares higher.

Your performance was negatively impacted by our stock selection within the Consumer Discretionary and Information Technology Sectors. Whirlpool was a detractor to performance in the Consumer Discretionary area. While Black Friday was generally considered a successful day for retailers, the appliance category told a different story and negatively impacted Whirlpool. The announcement by Sears of their intention to close more the 100 Sears and Kmart stores pressured the stock as well. Whirlpool is under active review and may be considered a candidate for sale. Rovi Corp, a software company specializing in providing solutions for the management of entertainment content, lowered guidance for 2012. There were many stock specific reasons for the lowered outlook. Rovi has been sold out of the portfolio.

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 low price to earnings multiples, exposure to the reversal anomaly, and small market capitalization were among the most successful this past quarter, while metrics based on high historical growth, high gross margin, high return on assets tended to be the underperformers.

Please remember that we conduct our research within four separate and distinct macroeconomic sectors. Our signals added incremental value this past quarter. Model performance was strongest within the Interest Rate Sensitive models, which is highly consistent with the value added in the portfolio.

We have strived to deliver competitive, active large-cap value performance through the consistent use of quantitative stock selection and portfolio construction techniques. Uncertainty seems to be the pundit's word of choice when describing the investment outlook for 2012. We agree. This is precisely why we have positioned your portfolio to be successfully driven by our stock selection. Home to our confidence is our ability to pick stocks. Our stock selection has been and will continue to be our instrument for delivering value. 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 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