

NorthPointe Capital, LLC
Large Cap Value
1st Quarter 2014

Despite mild pullbacks in late January and mid-March, most major indices managed to generate low single digit returns for the first quarter of 2014. Large capitalization stocks outperformed small caps during the first quarter as the Russell 1000[®] Index returned 2.05% as compared to the 1.12% from the smaller company Russell 2000[®] Index. Value stocks outperformed growth stocks as the 3.02% return in the Russell 1000[®] Value Index beat the 1.12 % gain in the Russell 1000[®] Growth Index. This outperformance was driven by a substantially lower exposure to the underperforming Consumer Discretionary sector, along with stronger relative stock performance of value oriented technology and health care shares.

Investors remain concerned with the consequences of monetary policy changes by the Federal Reserve as well as what impact the harsh winter might have on corporate profitability. Headlines from overseas events can also cause large daily swings in the broader stock indices. After strong market gains in 2013, can investors be blamed for being a bit skittish? While we certainly are not immune to what is happening in the world around us, we continue to spend our efforts researching investments at the company specific level. We will continue to rely on our investment process, which aims to identify attractive individual securities by way of leveraging our proven alpha model along with a thorough fundamental review. Our consistent and disciplined use of the NorthPointe Alpha Model, coupled with our qualitative overlay, has benefited our historical results. We will continuously strive to adhere to and improve our process going forward.

For the period, the NorthPointe Large Cap Value portfolio returned 3.44%, which compares to the 3.02% return of the Russell 1000[®] Value Index. Success in three primary sectors and strength in traditional valuation factors contributed to our performance.

Stock selection within the Industrials, Information Technology, and Consumer Staples sectors had positive impact. Stock selection in the Health Care sector negatively impacted performance for the quarter, as recent portfolio additions have yet to add value. The strongest contributors to your portfolio over the last quarter included Skyworks Solutions, United Rentals, and Pilgrim's Pride. Skyworks Solutions, a global semiconductor company, initiated a dividend, surpassed expectations on both the top and bottom line, and raised forward guidance during the quarter. United Rentals, a company that rents commercial equipment to construction and industrial companies, benefitted from continued momentum in the construction end markets. Pilgrim's Pride, a food company involved in the production and distribution of value-added chicken products, beat fourth quarter expectations on earnings and revenues. The exhibited fundamental progress of Pilgrim's Pride caused Wall Street analysts to upgrade the stock.

Valuation factors dominated performance over the last quarter with traditional valuation metrics leading the way. Price to trailing earnings was the strongest performing single factor with price to

cash flow, price to book, and enterprise value to EBITDA rounding out the list of top performers. Return on Equity and Return on Assets were the weakest performers.

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