

**NorthPointe Capital, LLC**  
**Large Cap Value**  
**2nd Quarter 2014**

Small cap indices declined throughout the first half of the current quarter while the larger company indices remained within a tight trading range. However, small caps bucked the “Sell in May” adage as a mid-May recovery drove the broader indices higher through the end of the second quarter. Large capitalization stocks outperformed small caps during the second quarter as the Russell 1000® Index returned 5.1% as compared to the 2.05% from the smaller company Russell 2000® Index. Value stocks and growth stocks had nearly identical performance during the quarter, the Russell 1000® Value Index returned 5.10 %, while the Russell 2000® Growth Index climbed 5.13%.

While concerns about the strength of the U.S. economy abound, the stock market continues to grind higher. Are earnings estimates are too high for the second half of 2014? Perhaps - perhaps not. The answer to this question will not determine the performance of our portfolio. We continue to focus on investments at the individual company level. Our success will be determined by the individual companies and we continue to believe that time spent focusing on individual company fundamentals will lead to successful investment results.

For the period, The NorthPointe Large Cap Value strategy returned 5.64%, which compares to the 5.10% return of the Russell 1000® Value Index. Success in two primary sectors and strength in traditional valuation factors contributed to our performance.

Stock selection within the Information Technology and Consumer Staples sectors had positive impact. Stock selection in the Energy sector negatively impacted performance for the quarter, as the portfolios overweighting in Oil refiners detracted from results. The strongest contributors to your portfolio over the last quarter included Micron Technology, Skyworks Solutions, and Pilgrim’s Pride. Micron Technology, a DRAM focused semiconductor company, posted strong quarterly results. The company surpassed Wall Street expectations on both the top and bottom lines. In our view, Micron remains an underappreciated investment that is leveraged to rapidly increasing earnings. Skyworks Solutions, a global semiconductor company, once again raised forward guidance during the quarter. Increased visibility and incremental design wins propelled the guidance higher. Pilgrim’s Pride, a food company involved in the production and distribution of value-added chicken products, continued to benefit from their protein focused business model. Surging beef prices have continued to benefit this chicken producer.

Valuation factors dominated performance over the last quarter with traditional valuation metrics leading the way. Price to cash flow was the strongest performing single factor with price to trailing earnings, price to book, and enterprise value to EBITDA rounding out the list of top performers. Return on Equity, low debt to 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*