NorthPointe Capital, LLC
Large Cap Value
2nd Quarter 2017

Most broad stock market indices traded in a tight range during the second quarter with an upward bias, leading to modest gains at quarter end. The financial press continued to discuss how investors have become complacent, pointing to low levels of volatility in the market. Such volatility is determined by the pricing of S&P 500 index options and is often referred to as the "fear" index. While we won't go as far as to label investors as complacent, there does appear to be an optimistic outlook for the near term investment horizon. Indeed, in mid-May, concerns around President Trump and potential obstruction of justice charges led to the largest single day decline of the quarter. Albeit, the severity of this drop was limited to approximately 2 to 3% for the broad indices and the loses were recouped within a matter of days. While the indices have produced modest gains in the past quarter thereby promoting the complacency theory, a look at the underlying sectors proves otherwise. The price of crude oil fell nearly 10% during the second quarter, which punished the Energy sector down almost 20%. Conversely, a resurgence in biotech stock prices drove the Health Care sector higher.

Large cap stocks outperformed small caps as the Russell 1000® Index gained 3.06% compared to the 2.46% gain in the Russell 2000® Index. Growth stocks outperformed value stocks due to the greater exposure to the strong Health Care and Information Technology sectors and less exposure to the struggling Energy sector.

For the second quarter of 2017, the NorthPointe Large Cap Value Composite returned 1.25%, which compares to the 1.34% return of the Russell 1000® Value Index. The portfolio experienced underperformance in the months of April and May before strongly rebounding in the month of June.

Stock selection was strong in the Energy, Consumer Discretionary, and the Information Technology sectors. Selection was weak in the Financial sector. The Energy sector added 47 basis points of value due to portfolio positioning and stock selection. The portfolio remains underweight Exploration and Production companies and overweight Oil Refiners. Within Financials, shares of Amtrust Financial Services, a company that provides workers compensation and specialty insurance products, continued to struggle. Despite raising cash through a sale of investments and a capital raise from insiders, investors have lingering questions regarding the reserve status and financial disclosure of the company. While the stock may still trade at a price below the true value of the company, we remained true to our investment process and sold the stock when our model ranking dropped to a sell. The drop in our model ranking is attributable to a slew of earnings estimate cuts driven by the dilution of equity and the cost of additional reinsurance. Last quarter, we noted the 2017 earnings estimates should settle in at $2.20. Currently the consensus earnings estimate for 2017 stands at $1.61. These negative revisions caused our estimate revision factor to fade to our lowest ranking triggering the sale.

June was a banner month for the portfolio thanks in large part to the performance of our model. Our Interest Rate Sensitive and Cyclical models had very strong months driving the bulk of the portfolio's outperformance in June. The alpha, our model's expected return, was positive and statistically significant for the month. We

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view this model performance a likely signal that near term performance has inflected. We have embedded below two charts that highlight our model's results for June.

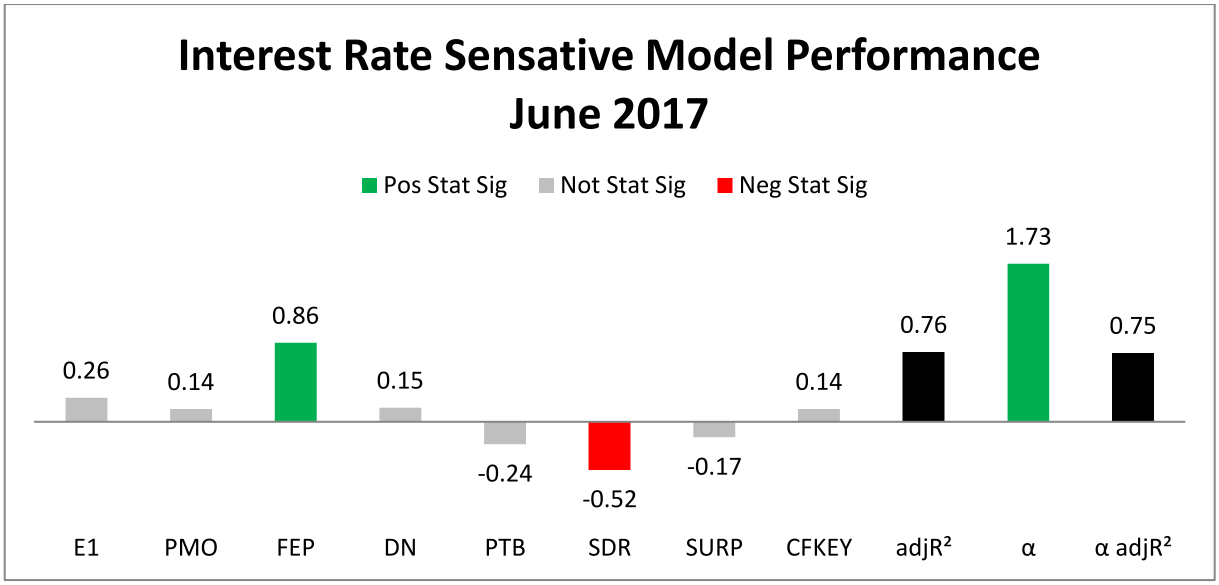

Chart reflects the compounded monthly regression coefficients for June 2017 in our Interest Rate Sensitive sub-model of the Large Cap universe. Two separate regressions are used – the first is a multifactor regression of factor performance on returns in excess of the Russell 1000 index including the eight model factors as well as industry indicator variables. The second regression regresses returns to our Alpha value on returns in excess of the Russell 1000 index when similarly controlled for industry indicator variables. Statistical significance is determined using a threshold of +/-1.96 on the regression coefficient t-statistic. All values internally calculated using FactSet.

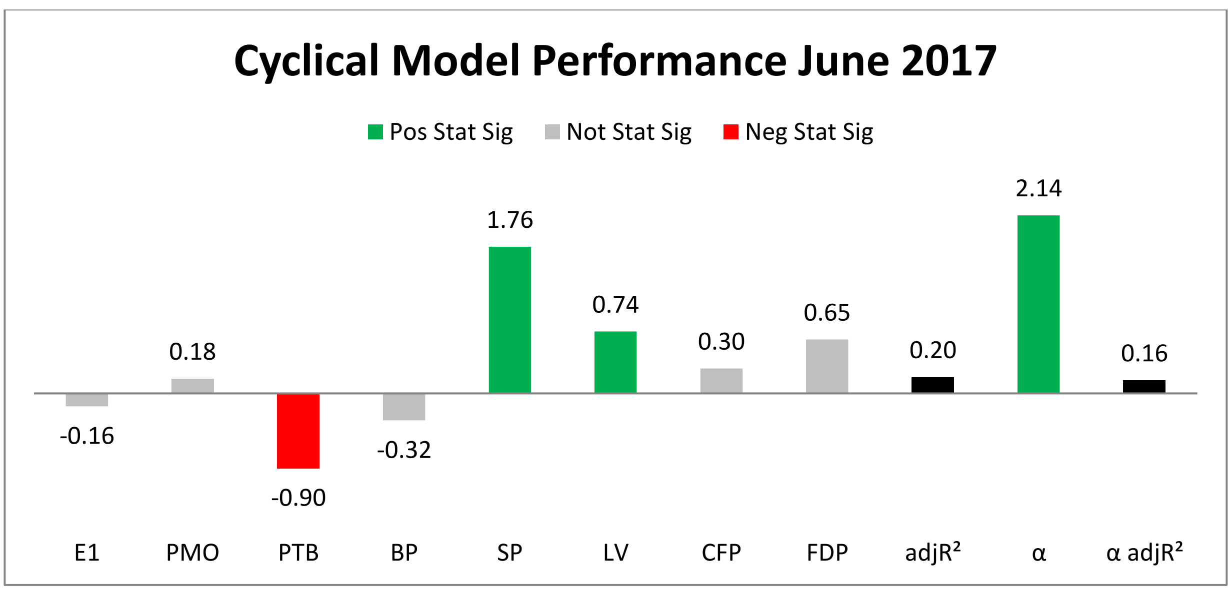

Chart reflects the compounded monthly regression coefficients for June 2017 in our Cyclicals sub-model of the Large Cap universe. Two separate regressions are used – the first is a multifactor regression of factor performance on returns in excess of the Russell 1000 index including the eight model factors as well as industry indicator variables. The second regression regresses returns to our Alpha value on returns in excess of the Russell 1000 index when similarly controlled for industry indicator variables. Statistical significance is determined using a threshold of +/-1.96 on the regression coefficient t-statistic. All values internally calculated using FactSet.

We appreciate the opportunity to provide you an update on the NorthPointe Capital Large Cap Value Strategy. 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 selling at a multiple of 14.32 times its twelve month forecasted earnings, which compares to the 15.82 multiple for the strategy's benchmark. The fund has a ROE ratio, Return on Equity, of 10.5% vs. 10.8% for the benchmark. The portfolio historically has a premium ROE to the benchmark. The annual rebalancing of the Russell Indices, that occurred on June 23rd, caused the ROE of the portfolio to fall below that of the benchmark. This current slight discount is expected to be flipped to our historical premium in the weeks ahead as we continue to implement our investment process. Of interest to us is the estimated three to five year earnings growth rate of the portfolio. The portfolio is expected to growth earnings at 12.23% versus 9.36% for the value benchmark. The attractive valuation and earnings potential of your portfolio lead us to believe the portfolio is correctly positioned. We embrace our responsibility to add value to your portfolio and look forward to doing so in the upcoming months. If you should desire any further information, please do not hesitate to contact us.

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 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.

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