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INVESTMENT STRATEGY OUTLOOK – LARGE CAP EQUITY

September 30, 2014

The FMI Large Cap portfolios declined approximately -1.5% in the three months ended September 30 compared to a gain of 1.13% for the benchmark Standard & Poor's 500 Index (S&P 500). Process Industries, Consumer Non-Durables and Electronic Technology all detracted from performance. Potash, Danone and TE Connectivity were all down in the period. Devon and Schlumberger, both energy-related stocks, declined along with the price of oil. GlaxoSmithKline, which has been a disappointing investment, was sold in the quarter, as our thesis that both the industry and the company had changed proved not to be the case. On the flip side, Consumer Services, Distribution Services and Producer Manufacturing were positive contributors. Time Warner, AmerisourceBergen and Berkshire Hathaway gained in the quarter. The bid by Twenty-First Century Fox for Time Warner gave us the opportunity to exit this stock. Despite a few tough days, the market overall has continued its remarkable and almost uninterrupted run, now exceeding 66 months. We haven't been willing to pay up for stocks... at least not the ones the market favors today. Gilead, Amgen, and Facebook, all very expensive momentum stocks, were among the top ten contributors to the benchmark this quarter. Our research team continues to scour the landscape for good values but these remain fairly rare. We are finding a few special situations and relative values to tide us over until a deeper turbulence surfaces.

As this bull market stretches on, we are encountering some common questions from our shareholders, clients and consultants. Below we take our best shot at addressing them before reviewing a couple of investments.

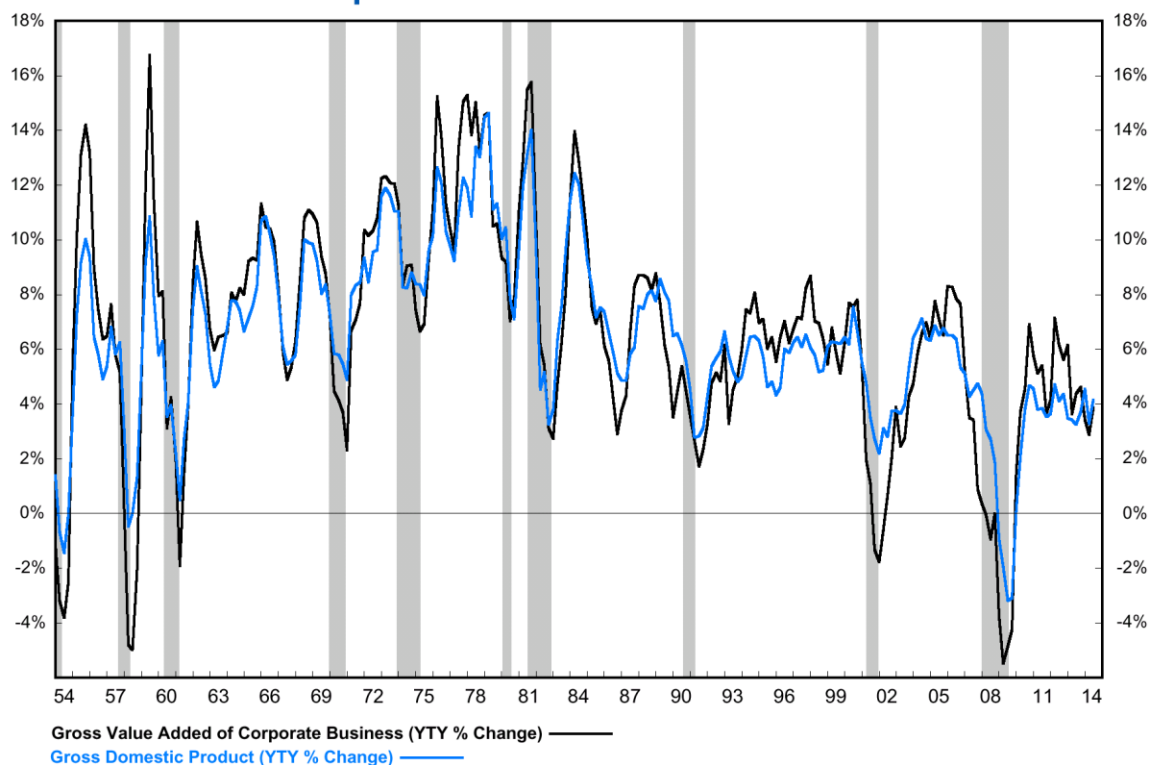
At what rate should the stock market appreciate?

Before answering this, let's look at what stocks have achieved over the long term. According to the most reliable data from Ibbotson Associates, from 1926-2013 large company stocks have had a compound annual return of approximately 10%, with price appreciation constituting roughly 6%, and 4% coming from the dividend yield.

If one views the stock market as a proxy for the growth of corporations (sales and earnings), it is logical to expect the market to appreciate at roughly the rate of corporate sales and earnings growth. It just so happens that sales and earnings for the S&P 500 and broader measures of corporate earnings have, over long periods of time, grown at approximately the same rate of about 6%, although the figure is highly volatile over short time frames. Margins have also gone through years of expansion and contraction, which of course influences the growth rate of earnings compared to sales. In recent years margins have reached all-time highs so it wouldn't be surprising to see them contract, causing earnings growth to lag sales growth.

Since the S&P 500 total sales typically make up about two-thirds of the economy's gross domestic product (GDP), and Bureau of Economic Analysis (BEA) compiled corporate revenue figures are an even larger percentage of GDP, it is not surprising that the growth rates for both corporate sales and the economy, as measured by GDP, have been roughly similar over long periods of time. Following is a chart of corporate revenue compared to nominal GDP and it is easy to see the high correlation. From 1926 through June of 2014, the nominal GDP growth rate has been 6.1%, although recently it has been much less.

Corporate Revenue & GDP Growth



Sources: Bureau of Economic Analysis • Copyright © 2014 Crandall, Pierce & Company • All rights reserved.
 Shaded areas represent recessionary periods.

So, the logical or natural rate at which stock prices “should” appreciate appears to be about 6% (total return would include the dividend yield), but of course investors and speculators sometimes do not have long-term time horizons and also, perhaps do not have a deep appreciation of where we are on the valuation-growth rate spectrum. Investor perceptions, manifested in valuations, tend to dominate short-to-intermediate performance of the stock market. Interest rates, inflation, and a whole host of factors play into valuations. If we go back in time, we find some very interesting data. In some sense, we can look at the modern investment world in two phases, post WWII (we’ll start with 1947) up to 1982, and from that period through today. From June of 1947 through June of 1982 the S&P 500 had a total price change of 620%, or 5.8% compounded annually (the total return was 10.6% with dividends... those were the years of big dividends!). S&P 500 earnings grew 6.3% from 1947-1982. In that same period, nominal GDP gained 1238.5%, or 7.7% compounded annually. So, stock market price returns lagged both nominal GDP and corporate earnings.

In the second period, from June of 1982 through June of 2014, the S&P 500 had a total price change of 1688.4%, or 9.2% compounded annually (12.2% with dividends). The S&P 500 earnings grew at roughly the same rate as they did in the prior period. Nominal GDP, on the other hand, gained 417.5%, or just 5.3% compounded. Obviously, the stock market trounced both the economy and earnings in this time frame. Over the last five and a half years alone, the total price change of the S&P 500 was 191.5% (21.5% compounded) compared to nominal GDP growth of just 23.7%¹ (3.9% compounded).

In summary, stocks should (over time) roughly match the underlying growth of the economy and the fundamentals of the corporations that constitute the economy. Historically this rate of growth has been

¹ Nominal GDP estimated using 3% for the September 2014 quarter.

approximately 6%. The last few years have been characterized by a significant increase in stock prices relative to the growth in the economy and the underlying performance of U.S. corporations. The result is a stock market that is very expensive. The Leuthold Group data of 48 different valuation measures (most series exceed 60 years) that we tally every quarter puts the average current market valuation in the 9th decile (10 being the most expensive).

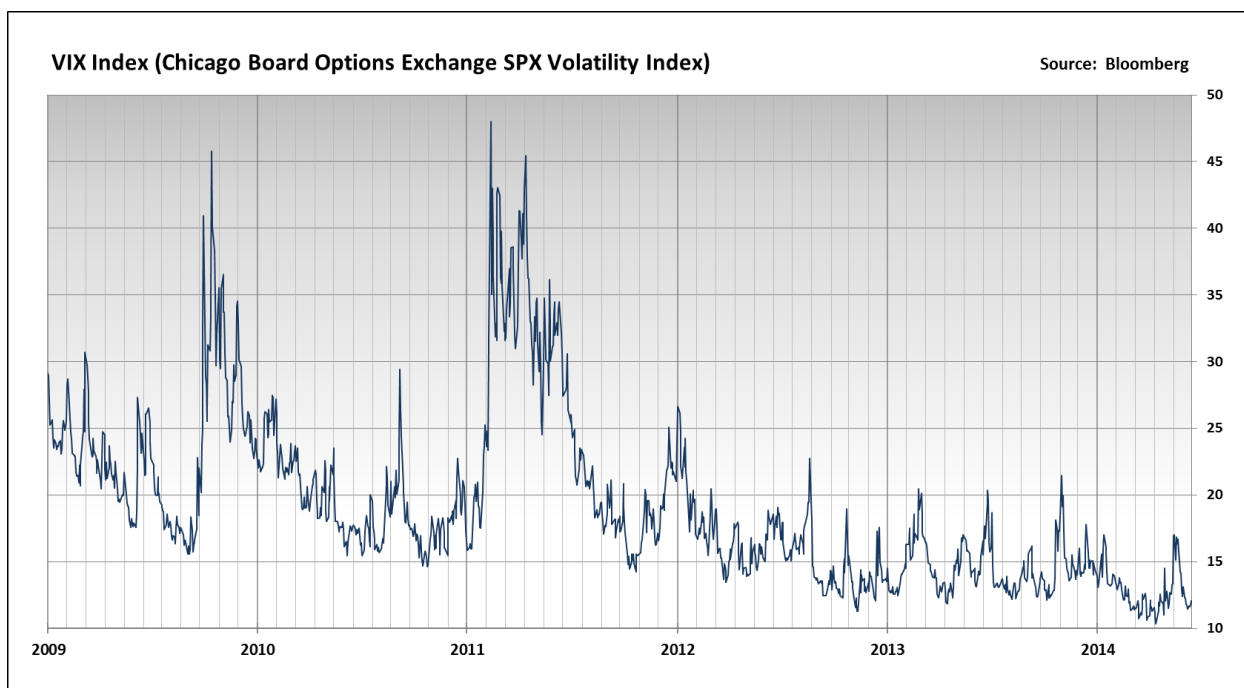
Why can't valuations remain high?

The simple answer is they can... for a while. And a "while" can be pretty long, as we have seen over the last several years. The Fed has had an "emergency" policy in place for six years and while we will spare the reader a rehashing of prior letters which articulate the damaging short- and long-term elements of this approach, it certainly has helped drive stocks higher and make valuations expensive. Each time reported data is weaker than expected it fuels the market to go higher as investors gain confidence that interest rate policies will remain loose. The prevailing sentiment today is that the "Fed has investors' backs." Thus, issues that would normally cause the stock market to correct remain at bay. Subpar economic growth, rather than being a negative, is actually the opposite in today's market. Modest inflation and low interest rates are taken as a given for the future. It is ironic how opposite the sentiment is today from what it was in 1982. This was a period of very high interest and inflation rates and very low valuations. Sentiment was awful. Today, on the other hand, investors are presented with conditions that are essentially the opposite: low inflation, rock bottom interest rates and sky-high valuations. 1982 turned out to be one of the greatest buying opportunities of all time. Logically, how could 2014 also be a great buying opportunity? Yet that is the Wall Street pitch. It should come as no surprise that we do not believe it!

Valuations are unlikely to remain high forever. Aside from being tied to the fundamentals of the economy and the companies that make up the economy (and being completely out of sync there) they are tied to sentiment and emotion. Right now the sentiment is that nothing will derail the equity train. Our experience tells us something will. History suggests the same. The fact that so far this market has shrugged off massive destabilization in the Middle East; a new terrorist threat in ISIS (Islamic State in Iraq and Syria); a renewed Cold War; an economic U-turn in Europe, Japan, Brazil and Russia; the failure of Fed Policy; and the lack of any nod to business or free market principles in Washington, should worry rather than embolden investors. Deep down people know that things are not right. How can an economy be right if nearly 37% of the working-age citizens are not working? Real household incomes, except for those at the top, have been stagnant to declining for over a decade. More people than ever are living off the taxpayer. Companies are not investing enough in capital. The past ten years have seen the lowest capital investment relative to GDP since records have been kept. Companies are underinvesting in people. New healthcare mandates, higher taxes and a mountain of new regulations all thwart the effort. Instead, companies borrow at manipulated rates and buy back stock, lifting earnings per share (EPS) for Wall Street while fattening management and board paydays. CEOs make nearly ten times what they made 30 years ago relative to the average hourly worker. This income disparity is translated to great wealth disparity by the Fed's interest rate policies, which make financial asset owners even wealthier. Will this fuel class animosity and a deepened political crisis? What will happen to stock multiples if labor unrest grows? Minorities, particularly African-Americans, have fallen further behind despite all the subsidies, food stamps and other government help. Our answer to this issue is to throw more money over the wall instead of addressing cause and effect. How will stock markets react to the next Ferguson, Missouri? The market sees through all of this until it doesn't. We don't have any idea when this will happen, and frankly, we wouldn't be that worried about it (from a stock market perspective) were it not for the high valuation levels. Low valuations favor the optimist; high valuations favor the skeptic.

Why are cash levels elevated?

Cash levels are elevated because a number of stocks have reached full value and have been sold, and a number of others have been trimmed as they approach full value. The difference between today and other points in FMI's history is that just about every sector of the market is elevated and very few companies are trading at significant discounts to fair value. This bull market has seen almost no corrections, and in recent years has not delivered the sort of industry or sector declines that are normal even in an overall rising market. This has prevented us from reloading and staying fully invested. Volatility has been below-average in recent years as can be seen by the following chart.



What would it take for you to have a stronger period of outperformance?

To expect stocks to appreciate at 15-20% when the “natural” growth rate of the economy and earnings is around 6% is completely unrealistic. When a market phase is extended (this bull run is now over 66 months old, making it one of the longest on record) people believe it is a new paradigm. But it never is, because humans will always be susceptible to the emotions of greed and fear. We are very confident that opportunities will eventually present themselves through a general market decline or increased sector volatility. In the meantime, we are relegated to special situations or relative value ideas. It is unlikely we would outperform in a market that continues to rise uninterrupted. Historically, we have performed very well in choppy and down markets. Nobody cheers for poor markets, but these periods are inevitable and we would be surprised if they weren't a source of outperformance. So, we need to be patient and avoid the temptation to play somebody else's game.

Why not just invest in an index fund?

There are times and circumstances that may make sense for this approach. If you don't have the time, mindset or wherewithal to identify truly talented active managers, then buying an index fund might be a reasonable approach. After a market has been crushed, when nearly all stocks are cheap, is often an advantageous time. There is a tendency, however, for investors to believe it is less risky to buy an index fund. As with any asset, an index fund can become overvalued when the underlying stocks become overvalued.

These types of funds are particularly risky at cycle highs, which we believe we are near today. We remember like it was yesterday when John Bogle, Chairman and CEO of Vanguard and the unofficial spokesman for passive investing, stood on the proverbial mountaintop in 1999 telling everyone they should index. Let's look at what that did for investors. From the peak in March of 2000 to the trough in October of 2002, the S&P 500 (and the Vanguard 500) declined approximately 45.8%. The Russell 2000 Index, a benchmark for smaller capitalization stocks, fell by 37.2%. The FMI large cap strategy and FMI Large Cap Fund had not yet begun in early 2000, but the FMI small cap strategy and FMI Common Stock Fund were well-established. The FMI Common Stock Fund, which mirrors the small cap strategy, gained 16.4% during this time frame. If we go "peak to peak" (March of 2000 to October of 2007) the S&P 500 gained 15.8% and the Russell 2000 advanced 61.0%. The FMI Common Stock Fund was up 156.3%. Following is a table looking at returns following peaks, as well as columns for the FMI Large Cap Fund and FMI Common Stock Fund since their respective inception dates.

TOTAL RETURNS	"Peak to Peak" 3/24/00 - 10/12/07	"Peak to Peak" 3/24/00 - 8/29/14	"Peak to Bottom" 3/24/00 - 10/4/02	"Peak to Bottom" 10/12/07 - 3/6/09	"FMIHX Inception to Top" 12/31/01 - 8/29/14	"FMIMX Inception to Top" 12/18/81 - 8/29/14
Standard & Poor's 500 Index	15.8%	72.9%	-45.8%	-54.7%	125.0%	3718.1%*
Russell 2000 Index	61.0%	147.1%	-37.2%	-57.4%		2622.5%
Vanguard 500 Index Fund	15.0%	70.4%	-45.8%	-54.7%	121.9%	
FMI Common Stock Fund	156.3%	391.1%	16.4%	-45.3%		4618.0%
FMI Large Cap Fund				-46.7%	204.7%	

* 12/31/81 - 8/29/14

As is our custom in September, we highlight a couple of investments.

Progressive Corporation (PGR)
(Analyst: Matthew Goetzinger)

Description

Progressive is one of the largest U.S. auto insurers with approximately 9% market share. The company writes personal auto insurance (90% of net premiums written) on both an agency and direct basis, and has consistently achieved an industry-leading low 90% combined ratio. The residual 10% of net premiums written is accounted for by the company's small commercial auto book. A.M. Best gives Progressive an A+ rating.

Good Business

- Progressive operates in a consolidated and rational market where the top five companies control over 50% of industry premiums. Consistent, time-proven pricing and reserving methodologies, as well as scale, enable the larger and more sophisticated industry players to grow faster than the broader market.
- Auto insurance is a mandatory consumer coverage which results in predictable and recurring premium volumes. Progressive achieves a solid customer retention rate given the company's mix of business.
- Industry-leading policy growth and a low-cost distribution model outpace marketing and advertising spending to generate a high-teens underwriting return on investment (ROI).
- Progressive has one of the industry's strongest balance sheets. The company has over \$1 billion of excess capital and generates close to \$2 billion of operating cash flow annually. The free cash flow yield is in excess of 10%.

Valuation

- Progressive's normalized return on equity (ROE) should be in the 18-20% range, implying a target price-to-book multiple (P/B) of close to 3 times. On this basis, the stock's fair value is approximately 50% higher than today's price.
- Over the past five years, Progressive has held a median P/B of 2.2 times, ranging from a low of 1.8 times to a high of 2.6 times. Presently the shares trade at 2 times book value.
- The stock's current price-to-earnings (P/E) multiple is slightly higher than the 5-year range, but earnings are relatively depressed.
- Excluding excess balance sheet capital, Progressive trades for less than 10 times normalized earnings.
- The 2011 acquisition of Esurance by Allstate, and the 1996 consolidation of GEICO by Berkshire Hathaway, both indicate a private market value of at least 2.5 times book value for Progressive.

Management

- Consistent with the overall conservative posture of the company, the executive team is incentivized by a sensible compensation plan.
- The company's "Gainsharing" program measures performance of the underwriting business, and uses the same performance criteria for all employee bonuses as well as the company's annual variable dividend.
- Progressive's CEO, Glenn Renwick, has 25 years of experience at the company including a variety of operating and leadership roles such as President of a number of operating units, head of the consumer marketing group, and Chief Information Officer. Renwick has been CEO since 2000.

Investment Thesis

Measured by underwriting profits, Progressive is the second largest U.S. auto insurer. The company is also a high-quality, technological innovator that has historically grown in a consistent manner. We expect this to continue due to significant scale, a low-cost direct business model, and tremendous pricing analytics which should enable Progressive to earn predictable underwriting profits. The stock is trading at a discount to its historical book multiple, and where it could trade, provided the business develops as we envision.

Honeywell International Inc. (HON)

(Analyst: Andy Ramer)

Description

Honeywell is a diversified global technology and manufacturing company organized into three strategic business groups: Aerospace (avionics, power, turbochargers) – 39% of sales and 43% of profit; Automation & Control Solutions (control products and services) – 43% and 38%; and Performance Materials & Technologies (catalysts, absorbents, refrigerants) – 17% and 19%.

Good Business

- Honeywell has established market-leading positions due to their innovative technology and excellent support and service network. The company has consequently developed a large installed base of equipment.
- This installed base of equipment is mission-critical and creates the opportunity for follow-on sales in the aftermarket. Recurring revenue and revenues in backlog account for approximately 50% of sales.
- Honeywell's return on invested capital (ROIC) is greater than 20%.
- The businesses are generally easy to understand.
- Operating and financial performance has been turned around by focusing on factors that they can control rather than relying on significant end market tailwinds or below-the-line items.

- The long-term debt-to-capital ratio net of cash is only 13% and the leverage ratio is a modest 0.4 times. The pension plan is fully funded. Honeywell is a strong cash generator.

Valuation

- This is an above-average business, with ROIC greater than that of the S&P 500, and net debt-to-capital less than that of the S&P 500. It trades at an average valuation in line with, or at a slight discount to, the S&P 500.
- Shares are valued at 16.8 times the fiscal year 1 earnings per share estimate, which is slightly above their 10-year average multiple of 15.8 times. Other high quality industrials like 3M, Danaher, Emerson, ITW, and Rockwell Automation trade for 19-20 times.
- The enterprise value-to-2014 (estimate) sales multiple is 1.9 times, relative to a forecast operating margin of 15.5%. Margins are several hundred basis points below peers, and should rise significantly.
- If Honeywell can grow earnings per share at a 12% compound annual rate over the next five years (which would be at the mid-point of their target range) and the market re-rates the company to 18 times, then the shares offer 14% compound annual appreciation potential. The dividend yields 1.9%.

Management

- Since joining Honeywell in July of 2002, Chairman & CEO Dave Cote has reinvigorated the new product pipeline, shed assets that he deemed were non-core, made acquisitions that strengthened the core, and addressed legacy liabilities.
- The company has a strong and deep management and an excellent corporate culture. They are conservatively managed from a business, accounting, and balance sheet perspective.
- Honeywell is an example of where behavior follows incentives. Compensation is tied to ROI, working capital turnover, free cash flow, margin expansion, and revenue.

Investment Thesis

Honeywell's product and service offerings are aligned with important global macro trends – energy efficiency, clean energy generation, safety and security, urbanization/High Growth Region development, and customer productivity. The portfolio is balanced between short, mid-range and long, when viewed from a business cycle standpoint. Successful execution should drive organic growth above the multi-industrial average and the valuation is reasonable in a very expensive market.

Thank you for your support of Fiduciary Management, Inc.

Performance for Period Ended September 30, 2014	FMI Large Cap Fund	FMI Common Stock Fund
3 Months	-1.77%	-4.90%
1 Year	15.77%	10.44%
3 Year Annualized Total Return	20.89%	19.62%
5 Year Annualized Total Return	14.25%	13.80%
10 Year Annualized Total Return	9.67%	10.75%
Since Inception	8.94% (12/31/01)	12.34% (12/18/81)

The S&P 500 Index, benchmark for FMIHX, 1-year and annualized 5-year and 10-year returns through September 30, 2014 were 19.73%, 15.70% and 8.11%, respectively. An investment cannot be made directly into an index.

The Russell 2000 Index, benchmark for FMIMX, 1-year and annualized 5-year and 10-year returns through September 30, 2014 were 3.93%, 14.29% and 8.19%, respectively. An investment cannot be made directly into an index.

Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. As of the Funds' Prospectuses dated January 31, 2014, the FMI Large Cap Fund and FMI Common Stock Fund's annual operating expense ratios are 0.96% and 1.19%, respectively. Risks associated with investing in the Funds are as follows:

FMI Large Cap Fund: Stock Market Risk, Medium and Large Capitalization Companies Risk, Non-Diversification Risk (Non-Diversified Funds are subject to higher volatility than funds that are invested more broadly), Value Investing Risk, and Foreign Securities Risk (fluctuation of currency, different financial standards, and political instability).

FMI Common Stock Fund: Stock Market Risk, Small & Medium Capitalization Companies Risks (which includes the potential for greater volatility and less financial resources than Large-Cap Companies), Value Investing Risk and Foreign Securities Risk (fluctuation of currency, different financial standards, and political instability).

For details regarding these risks, please refer to the Funds' Prospectuses or Summary Prospectuses dated January 31, 2014. Please note the FMI Common Stock Fund and the FMI Large Cap Fund are currently closed to new investors.

This report is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of the Fund unless accompanied or preceded by the Fund's current prospectus.

For more information about the FMI Funds, call 1-800-811-5311 for a free Prospectus or Summary Prospectus. Please read these Prospectuses carefully to consider the investment objectives, risks, charges and expenses, before investing or sending money. These Prospectuses contain this and more information about the FMI Funds. Please read the Prospectuses or Summary Prospectuses carefully before investing.

The Standard and Poor's 500 Index consists of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The Standard & Poor's Ratings Group designates the stock to be included in the Index on a statistical basis. A particular stock's weighting in the Index is based on its relative total market value (i.e., its market price per share times the number of shares outstanding). Stocks may be added or deleted from the Index from time to time.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index which comprises the 3,000 largest U.S. companies based on total market capitalization.

The Vanguard 500 Index Fund is the industry's first index fund for individual investors and has diversified exposure to the U.S. equity market. The fund invests in 500 of the largest U.S. companies, which span many different industries. Risks associated with the fund include: Stock market risk, which is the chance that stock prices overall will decline; and Investment style risk, which is the chance that returns from large-capitalization stocks will trail returns from the overall stock market. As of 4-28-14 the expense ratio is 0.17%. As of 9-30-14, the 1-5- and 10-year returns were 19.54%, 15.53% and 7.99%, respectively.

Fiduciary Management Inc.
Large Cap Equity Composite
12/31/2003 - 06/30/2014

Year	Total Return Gross of Fees %	Total Return Net of Fees %	*Benchmark Return %	Number of Portfolios	Dispersion %	Three Year Ex-Post Standard Deviation		Total Composite Assets End of Period (\$ millions)	Total Firm Assets End of Period (\$ millions)	Percentage of Firm Assets %
						Composite	*Benchmark			
2004	19.32	18.46	10.88	10	0.46	n/a	n/a	\$ 48.9	\$ 3,085.8	1.58%
2005	10.22	9.57	4.91	28	0.29	n/a	n/a	\$ 192.2	\$ 3,174.4	6.05%
2006	17.91	17.15	15.79	49	0.30	n/a	n/a	\$ 491.0	\$ 3,589.4	13.68%
2007	5.05	4.34	5.49	86	0.48	n/a	n/a	\$ 1,000.2	\$ 3,960.4	25.26%
2008	-26.38	-26.91	-37.00	130	0.63	n/a	n/a	\$ 1,969.3	\$ 4,062.5	48.48%
2009	30.92	30.09	26.46	252	1.22	n/a	n/a	\$ 3,820.3	\$ 7,008.9	54.51%
2010	12.52	11.81	15.06	394	0.31	n/a	n/a	\$ 5,923.2	\$ 9,816.0	60.34%
2011	2.35	1.74	2.11	509	0.37	18.34%	18.70%	\$ 8,434.8	\$ 12,273.6	68.72%
2012	16.02	15.32	16.00	575	0.32	13.94%	15.09%	\$ 11,270.3	\$ 15,253.5	73.89%
2013	31.87	31.10	32.39	685	0.31	11.38%	11.94%	\$ 15,785.5	\$ 19,705.3	80.11%
Q1 2014	2.75	2.59	1.81	704	0.06	11.92%	12.29%	\$ 15,664.1	\$ 19,764.3	79.25%
Q2 2014	6.01	5.84	5.23	721	0.10	11.81%	12.09%	\$ 16,226.8	\$ 20,679.0	78.47%

*Benchmark: S&P 500 Index®

Returns reflect the reinvestment of dividends and other earnings.

The above table reflects past performance. Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above. Clients may suffer an investment loss.

Fiduciary Management, Inc. (FMI) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. FMI has been independently verified for the periods 12/31/1993 - 06/30/2014. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Large Cap Equity composite has been examined for the periods 12/31/2000 - 06/30/2014. The verification and performance examination reports are available upon request. Benchmark returns are not covered by the report of independent verifiers.

FMI was founded in 1980 and is an independent investment counseling firm registered with the SEC and the State of Wisconsin. The firm manages over \$20.6 billion in assets of pension and profit sharing trusts, mutual funds, Taft-Hartley funds, insurance company portfolios, endowments and personal trusts. The firm includes both institutional and mutual fund business. Although the firm has participated in wrap programs, it is a separate and distinct business, and is excluded from firm-wide assets.

The FMI Large Cap Equity Composite was created in December 2000. These accounts primarily invest in medium to large capitalization US equities.

The FMI Large Cap Equity Composite reflects time-weighted and asset-weighted returns for all discretionary accounts with a market value greater than \$500,000 as of month end beginning January 1, 2012. From December 31, 2000 thru September 30, 2002 all accounts included were managed for at least one quarter, from October 1, 2002 to present all accounts were managed for at least one month. All returns are calculated using United States Dollars and are based on monthly valuations using trade date accounting. All accounts in this composite are fee paying. Gross of fees returns are calculated gross of management fees, gross of custodial fees, gross of withholding taxes and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodial fees and withholding taxes.

Dispersion is calculated using the equal weighted standard deviation of all accounts in the composite for the entire period. As of 12/31/2011, the trailing three year annualized ex-post standard deviation for the Composite and Benchmark are required to be stated per GIPS®.

Currently, the advisory fee structure for the FMI Large Cap Equity Composite portfolios is as follows:

Up to \$25,000,000	0.65%
\$25,000,001-\$50,000,000	0.55%
\$50,000,001-\$100,000,000	0.45%
\$100,000,001 and above	0.40%

The firm generally requires a minimum of \$3 million in assets to establish a discretionary account. High Net Worth individuals may establish an account with a minimum of \$1,000,000, however, the firm reserves the right to charge a minimum dollar fee for High Net Worth individuals depending on the client servicing involved. The minimum account sizes do not apply to new accounts for which there is a corporate, family, or other substantial relationship to existing accounts. In addition, the firm reserves the right to waive the minimum account size and minimum annual fee under certain circumstances. A complete list and description of all firm composites is available upon request.

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The S&P 500 Index® is widely regarded as the best single gauge of the U.S. equities market. This index includes 500 leading companies in leading industries of the U.S. economy. Although the S&P 500® focuses on the large cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market.

The Large Cap Equity composite uses the S&P 500 Index® as its primary index comparison.