

SMALL CAP CORE
STRATEGY OVERVIEW

FIRM OVERVIEW

Lombardia Capital Partners, LLC (LCP) is an employee owned minority boutique asset manager specializing in U.S. and non-U.S. value equities. We offer investment management services to institutional, public, corporate, multi-employer, and not-for-profit clients.

We manage approximately \$1.4 billion from our offices in Southern CA and Chicago, IL. Our suite of domestic and global equity value strategies provide diverse investment opportunities for prospective clients who seek long-term risk adjusted outperformance.

SMALL CAP CORE STRATEGY

- Assets under management: \$62.5 million
- Benchmark: Russell 2000® Index
- 70-85 portfolio holdings
- 5% maximum cash weighting

INVESTMENT TEAM

Al Marley, CFA
Partner, Chief Executive Officer,
Senior Portfolio Manager
43 years of experience

Daniel Holland
Senior Research Analyst
14 years of experience

STRATEGY OBJECTIVE

The Small Cap Core (SCC) strategy seeks capital appreciation through price-to-value-oriented stock selection. It employs a bottom-up strategy of buying stocks below intrinsic value and selling stocks as they become fully priced, have a change in thesis, or a better opportunity exists. Stocks are also evaluated for anticipated fundamental catalysts, which will narrow the discount between current price and intrinsic value. We favor companies with strong balance sheets, free cash flow generation, liquidity, high interest coverage, and attractive relative levels of debt.

Additionally, our price-to-intrinsic-value process is focused on normal earnings power three years out, which is longer than most street analysts. We feel this approach can allow a company to emerge from a temporarily depressed state to a normal operating state. Many investors are focused on quarterly and annual earnings, which often are too short-term to make proper valuations. This philosophy has proven to be successful based on the strategy and portfolio manager's track record.

The eligible investment universe consists of approximately 2500 companies that have market capitalization similar to the Russell 2000® Index.

INVESTMENT PROCESS

We implement our value investing philosophy through:

- Deep fundamental research. Our research is rigorous, independent, and objective. Valuations drive our investment decisions as we focus on company and industry fundamentals rather than temporary, short-lived impairments to securities.
- A long-term view. In valuing securities, we determine normalized earnings many years out, looking past a company's tribulations and taking advantage of our patience. Under our model, portfolios and the relevant universe are constantly reviewed for issues offering the highest discount to intrinsic value.

RESEARCH

Using research, LCP screens for success factors such as good historical and forecasted growth rates, low P/E multiples, low financial leverage, and positive free cash flow. LCP also seeks companies with strong management, good earnings prospects, strong balance sheets, and good earnings consistency.

The universe is screened for companies that have a market capitalization representative of the Russell 2000® Index. Stocks are then screened for low P/E and P/B, low debt/cap, positive free cash flow, solid earnings growth, and surplus cash. Buy candidates are then identified that 1) are undervalued at the current price, trade at a significant discount to intrinsic value, and offer a rate of return in excess of 12%; 2) have a catalyst that could unlock value and narrow the discount between current price and intrinsic value; and 3) have low P/E multiples, strong balance sheets, and positive free cash flow.

SELL DISCIPLINE

The Portfolio Manager will make the decision to sell or trim a stock when:

- The stock appreciates such that its expected rate of return no longer warrants a position in the portfolio.
- There is a negative change in the original thesis and rationale for purchase.
- A stronger opportunity exists to replace it and strengthen the portfolio.

LOMBARDIA CAPITAL PARTNERS, LLC

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PORTFOLIO ATTRIBUTION

For the quarter ending December 31, 2016, the Small Cap Core Composite outperformed the Russell 2000® Index. On a gross of fees basis, the Small Cap Core Composite returned 11.18% versus the Russell 2000® Index return of 8.84%. In the quarter, the portfolio's stock selection was positive, adding approximately 323 bps. Stock selection was positive/neutral in nine of eleven sectors, with Real Estate (+95 bps), Consumer Discretionary (+87 bps) and Telecomm (+63 bps) performing the best. This was offset by negative stock selection in two of eleven sectors, with Financials (-98 bps) and Utilities (-3 bps) performing the worst. Sector selection was negative, subtracting 81 bps during the quarter.

TOP CONTRIBUTORS

Ticker	Name	Stock Slect
IQNT	Inteliquent, Inc.	0.64%
DF	Dean Foods Co.	0.53%
LHO	LaSalle Hotel Pptys.	0.40%
AXE	Anixter Intl	0.40%
GEO	The GEO Group	0.37%

TOP DETRACTORS

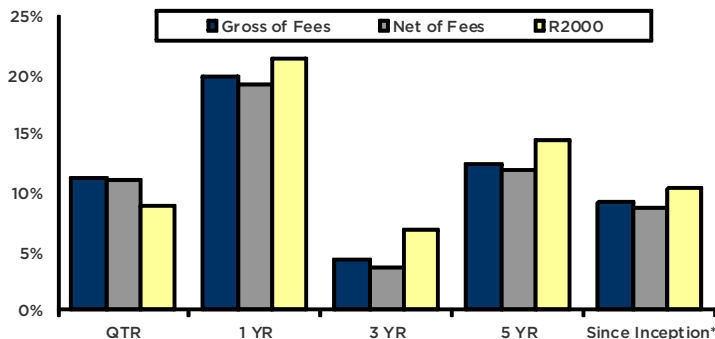
Ticker	Name	Stock Slect
AAC	AAC Holdings, Inc.	-0.68%
PBI	Pitney Bowes, Inc.	-0.52%
MPW	MPT	-0.48%
VDSI	Vasco Data	-0.40%
FIT	Fitbit, Inc.	-0.38%

PORTFOLIO CHARACTERISTICS

	LCP	R2000
Price to Earnings (last 4 qtrs)	13.9x	22.5x
Price to Book	1.8x	2.2x
Dividend Yield	2.4%	1.5%
Median Market Cap (millions)	\$1,528	\$787
Wtd Market Cap (millions)	\$2,229	\$2,084
Price to Cash Flow	8.3x	13.7x
LT Debt to Total Capitalization	38%	33%

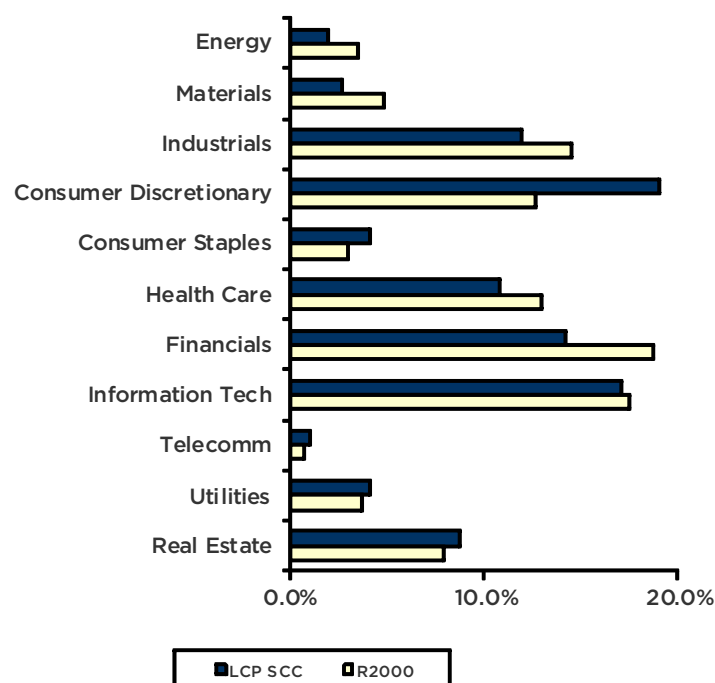
*Data source: Baseline

ANNUALIZED COMPOSITE RETURNS*



	Gross of Fees	Net of Fees	R2000
QTR	11.18%	11.03%	8.83%
1 YR	19.90%	19.25%	21.31%
3 YR	4.21%	3.64%	6.74%
5 YR	12.43%	11.86%	14.46%
Since Inception*	9.23%	8.68%	10.33%

SECTOR WEIGHTINGS (%)



*Inception date is 05/31/11. Data as of December 31, 2016.

Supplemental information supplements the GIPS® Performance Presentation. See accompanying GIPS® performance presentation for performance disclosures. Past performance is not indicative of future results. Data is subject to change on a daily basis. GICS Sectors; Index source: Russell Investments.

The top five contributors and detractors are presented to illustrate examples of the Small Cap Core Strategy's investments and may not be representative of the portfolio's current or future investments. Security selection shows how individual securities within the portfolio performed relative to the benchmark. It is calculated using Vestek by multiplying the beginning weight for a given security by its total return on a daily basis, and geometrically linked for any given period. You may obtain a list showing the contribution of each holding in the composite to the overall account's performance by contacting LCP at marketing@lombardiacapital.com.

PORTFOLIO COMMENTARY*

During the fourth quarter of 2016, the Lombardia Capital Small Cap Core Portfolio had a total return of 11.18% versus an 8.83% return for the benchmark Russell 2000 Equity Index. The positive variance of 2.35% was the result of 3.23% of stock selection, partially offset by negative sector selection. The small cap market was quite strong in the fourth quarter because of President Elect Trump's perceived impact on the U.S. economy. Small cap stocks, in particular, would benefit from Trump's desire to reduce U.S. corporate tax rates, as small cap stocks generally have higher tax rates than larger companies. This is primarily due to a higher level of domestic earnings for small caps.

During the quarter, stock selection was strongest for Real Estate, 0.95%; Consumer Discretionary, 0.87%; Consumer Staples, 0.65%; Telecom Service, 0.63%; and Information Technology, 0.56%. Stock selection was weakest for Financials, -1.62%; and Utilities, -0.04%. The Portfolio benefited from its underweights in Healthcare (0.44%) and Information Technology (0.05%) and its overweight in Real Estate. The Portfolio was negatively affected by its underweights in Financials (-0.64%), Energy (-0.15%), and Materials (-0.10%). Cash holdings of roughly 4.5% cost the Portfolio -0.43%.

The individual stocks which made the largest contribution to stock selection during the fourth quarter included the following: Intelliquent, 0.63%, a provider of voice and messaging interconnection services, was acquired; Deans Food Company, 0.53%, the nation's number one provider of fluid milk; LaSalle Hotel Properties, 0.40%, a leading multi-operator hotel real estate investment trust that operates 46 upscale full service hotels; Anixter International, 0.40%, a global distributor of network and security products, electronic products, and utility power solutions; The Geo Group, 0.36%, is a REIT which specializes in the operation of correctional, detention, and community re-entry facilities around the globe; and Korn Ferry, 0.33%, which is a leading executive search firm, which also provides talent development services and organizational advisory through its Hay Group operations.

The individual stocks which had the largest negative effect on stock selection during the fourth quarter included: AAC Holdings, -0.68%, a leading provider of inpatient and outpatient substance abuse treatment services; Pitney Bowes, -0.52%, a leading provider of postage meters, mailing equipment, and electronic commerce solutions; Medical Properties Trust, -0.48%, a large healthcare REIT serving the hospital and nursing home markets; Vasco Data Security, -0.40%, a provider of equipment to banks used to protect online, mobile, and ATM channels; and Fitbit, -0.38%, a leader in connected health and fitness category. Fitbit was sold out of the portfolio.

As we enter 2017, the Russell 2000 Index is selling for approximately 20 times forward earnings, which is near record levels. We will continue

to look for value in companies with low relative price to earnings multiples, solid long term earnings potential, and exhibiting solid free cash flows.

*Portfolio commentary is based on the Small Cap Core Strategy composite. The holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients. Past performance does not guarantee future results. Any securities mentioned are provided for informational purposes only and should not be deemed as a recommendation to buy or sell. Portfolio holdings are subject to change at any time. The top five contributors and detractors are presented to illustrate examples of the Small Cap Core Strategy's investments and may not be representative of the portfolio's current or future investments. Portfolio holdings are as of quarter end and may change at any time. Security selection shows how individual securities within the portfolio performed relative to the benchmark. It is calculated using Vestek by multiplying the beginning weight for a given security by its total return on a daily basis, and geometrically linked for any given period. You may obtain a list showing the contribution of each holding in the composite to the overall account's performance by contacting LCP at marketing@lombardiacapital.com.



SMALL CAP CORE
GIPS® PERFORMANCE PRESENTATION

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts End of Period	Russell 2000® Index Return	Composite Annual Performance Return		Internal Composite Dispersion	Composite Ex-Post Standard Deviation	Benchmark Ex-Post Standard Deviation
					Gross	Net			
2015	\$2,150	\$58.9	6	-4.41%	-13.22%	-13.70%	0.06%	14.15%	13.96%
2014	\$3,718	\$73.4	6	4.89%	8.76%	8.17%	N.A. ¹	13.13%	13.12%
2013	\$3,739	\$61.2	5	38.82%	38.26%	37.63%	N.A. ¹	N.A. ²	N.A. ²
2012	\$2,920	\$29.2	5	16.35%	14.83%	14.32%	N.A. ¹	N.A. ²	N.A. ²
2011*	\$2,700	\$6.4	1	-11.85%	-8.89%	-9.13%	N.A. ¹	N.A. ²	N.A. ²

*Performance presented is from 05/31/2011 through 12/31/11

N.A.¹ Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year

N.A.² Insufficient period of time

Lombardia Capital Partners, LLC, previously known as Valenzuela Capital Partners, LLC, is an independent registered investment adviser. It changed its name to Lombardia Capital Partners, LLC on July 17, 2006. This was solely a name change and the firm did not change its investment process or personnel at that time.

Lombardia Capital Partners (LCP) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Lombardia Capital Partners, LLC has been independently verified for the periods of January 1, 2003 through December 31, 2014 by Ashland Partners and Company LLP. 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 Small Cap Core Composite has been examined for the periods of May 31, 2011 through December 31, 2014. The verification and performance examination reports are available upon request.

Small Cap Core Composite includes all institutional, discretionary, fee paying, equity portfolios that invest in small cap core U.S. equities with the goal of providing long-term capital growth and steady income from a well-diversified strategy. The strategy is comprised of funds investing in companies representative of the Russell 2000® Index. The strategy allows for equity exposure ranging between 80%–95%. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

Currency used to express performance is U.S. Dollar. Returns include reinvestment of all income. Returns gross of management fees do not reflect deduction of investment advisory fees. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Actual investment advisory fees incurred by clients may vary. LCP's advisory fees are described in Form ADV Part 2, and Small Cap Core investment management fees are generally: 1.00% on the first \$20 million, 0.85% on the next \$20 million, 0.75% on the next \$10 million, and 0.70% above \$50 million.

Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. For example, the effect of investment management fees on the total value of a client's portfolio assuming (a) \$1,000,000 investment, (b) portfolio return of 8% a year, and (c) 1% annual investment advisory fee would be \$10,416 in the first year, and cumulative effects of \$59,816 over five years and \$143,430 over ten years. The net-of-fee performance was calculated by deducting on a monthly basis the highest fee paid by an account in the composite. Beginning October 31, 2013 highest fee paid was 0.55%; prior was 0.45%.

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The Small Cap Core Composite was created May 31, 2011. The firm's composite list and descriptions are available upon request.

BENCHMARK: The benchmark is the Russell 2000® Index. Performance returns of the indices are used as a comparable rate of return based on the similarity of investment holdings with those of the Composite. The rates of return for the indices do not include any transaction costs, management fees, or other costs. Indexes are unmanaged and cannot be invested in directly. Russell Investments is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. The presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a presentation of LCP. Russell Investments is not responsible for the formatting or configuration of this material or for any inaccuracy in LCP's presentation thereof.

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