LOMBARDIA CAPITAL PARTNERS

SMALL CAP VALUE STRATEGY OVERVIEW

4TH QUARTER 2016

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 California 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 VALUE STRATEGY

- Assets under management: $943.2 million
- Benchmark: Russell 2000® Value Index
- 85-100 portfolio holdings
- 5% maximum cash weighting

INVESTMENT TEAM

Al Marley, CFA
Partner, Chief Executive Officer,
Senior Portfolio Manager

Andy Absler, CPA
Partner, Portfolio Manager

James Veers, CFA
Partner, Portfolio Manager

Fernando Inzunza, CFA
Partner, Portfolio Manager

Daniel Holland, CFA
Senior Research Analyst

STRATEGY OBJECTIVE

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

Additionally, our price-to-intrinsic 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 product and portfolio managers' track record.

While we may be broadly characterized as a relative value manager, we invest in more attractive relative and absolute return securities in the investment universe. Since we believe the required rate of return for the small cap value asset class is 9%, and the objective is to outperform the small cap market by 300 basis points in the long-term, we have a minimum hurdle rate for new investments of 12%.

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.
- Group vetting. Investment team members each face a high level of scrutiny for portfolio candidates and existing holdings. Our culture allows us to thoroughly and honestly challenge each other's investment theses.
- A long-term view. In valuing securities, we determine normalized earnings many years out. Under our model, portfolios and the relevant universe are constantly reviewed for issues offering the highest discounts to intrinsic value.

RESEARCH

Research is assigned across sixty sub-sectors within the investment universe. Each member of the team is responsible for approximately one-fifth of the sub-sectors. The investment professional assigned to a particular sub-sector must utilize their own inputs in order to drive valuations three years forward. Once valuations are inputted into the model, fundamental research drives the investment decision. Research consists of analyzing balance sheets, company conference calls, industry conferences, and company visits.

SELL DISCIPLINE

The team 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.

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LOMBARDIA CAPITAL PARTNERS

SMALL CAP VALUE
STRATEGY OVERVIEW

PORTFOLIO ATTRIBUTION

For the quarter ending December 31, 2016, the Small Cap Value Composite underperformed the Russell 2000® Value Index. On a gross of fees basis, the Small Cap Value Composite returned 11.73% versus the Russell 2000® Value Index return of 14.07%. In the quarter, the portfolio's stock selection was negative, subtracting approximately 79 bps. Stock selection was positive/neutral in six of eleven sectors, with Real Estate (+76 bps), Consumer Staples (+42 bps) and Consumer Discretionary (+10 bps) performing the best. This was offset by negative stock selection in five of eleven sectors, with Financials (-80 bps), Materials (-55 bps) and Industrials (-47 bps) bps), performing the worst. Sector selection was negative, subtracting 138 bps during the quarter.

TOP CONTRIBUTORS

Ticker	Name	Stock Select
GEO	The GEO Group	0.5
DF	Dean Foods Company	0.3
LHO	LASALLE Hotel Pptys	0.3
EWBC	East West Bancorp, Inc.	0.3
ZUMZ	Zumiez, Inc	0.3

TOP DETRACTORS

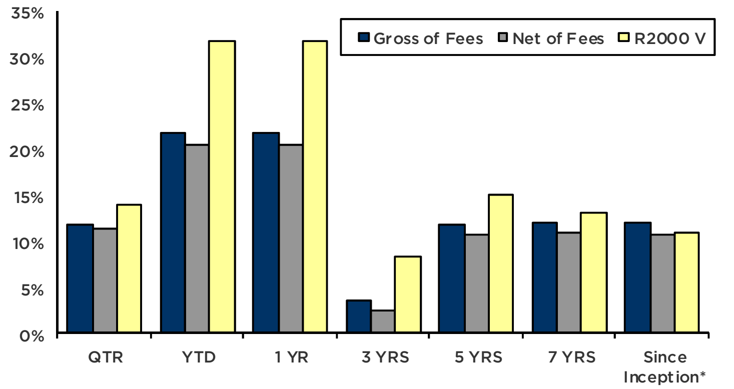
Ticker	Name	Stock Select
PBI	Pitney Bowes, Inc,	-0.6
OPB	Opus Bank	-0.4
TDC	Teradata Corporation	-0.4
EXPR	Express, Inc.	-0.3
MPW	MPT	-0.3

PORTFOLIO CHARACTERISTICS

	LCP	R2000 V
Price to Earnings (last 4 qtrs)	14.2x	20.3x
Price to Book	1.9x	1.8x
Dividend Yield	1.9%	1.8%
Median Market Cap (millions)	$1,745	$693
Wtd Market Cap (millions)	$2,472	$2,016
Price to Cash Flow	8.1x	19.5x
LT Debt to Total Capitalization	39%	32%

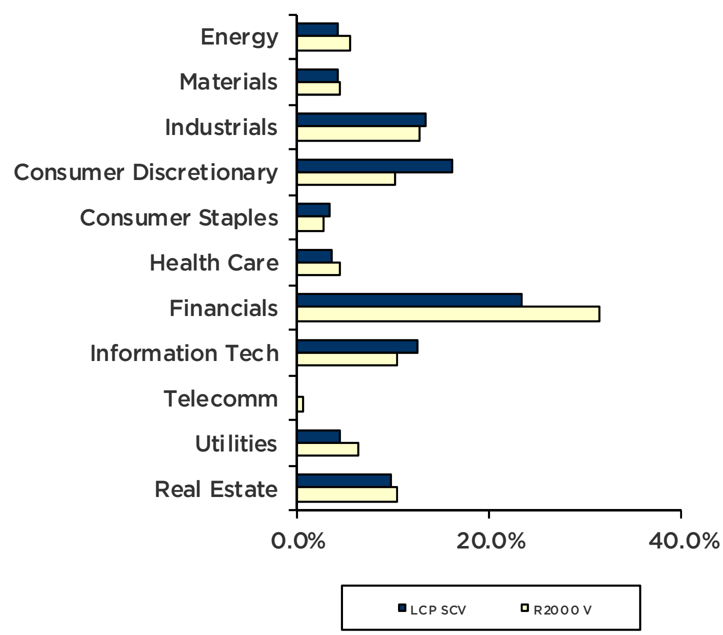
†Data source: Baseline

ANNUALIZED COMPOSITE RETURNS*



	Gross of Fees	Net of Fees	R2000 V
QTR	11.73%	11.46%	14.07%
YTD	21.72%	20.52%	31.74%
1 YR	21.72%	20.52%	31.74%
3 YRS	3.62%	2.59%	8.31%
5 YRS	11.75%	10.64%	15.07%
7 YRS	12.09%	10.98%	13.14%
Since Inception*	11.94%	10.83%	10.86%

SECTOR WEIGHTINGS (%)



*Inception date is 12/31/02. 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 Value 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.

LOMBARDIA CAPITAL PARTNERS

SMALL CAP VALUE COMMENTARY

PORTFOLIO COMMENTARY*

Following a strong 8.9% gain in the third quarter, the Russell 2000 Value benchmark surprisingly accelerated in the fourth quarter adding another 14.1% to finish the year with a 31.7% gain. This handily beat the Russell 2000 gain of 21.3%, which itself trounced the Russell 2000 Growth gain of 11.3%. Value beat Growth by greater than twenty percentage points this year, which should have been a win for value managers who manage portfolios with more attractive valuation characteristics than the R2000V benchmark. Unfortunately, the gains in our benchmark were not driven by valuation characteristics, or at least not the most common valuation metric--the PE ratio. Breaking the Value benchmark apart into quintiles of highest PE to lowest PE (along with an additional category for non-earning companies) the lowest-PE quintile underperformed while the non-earners outperformed. This may be part of the reason 2016 was such a difficult year for most small cap value managers, with only 10.2% beating the Russell 2000 Value benchmark--the worst active performance in small value since 2006 (another year when Value outperformed Growth by a wide margin). Outperformance of the smallest stocks was also a factor this year. The smallest quintile by market cap outperformed the largest quintile by over 600 basis points, and active managers tend to hold larger than average market caps.

An increasing number of macro uncertainties played a major role in the market swings of 2016. Even before Donald Trump surprisingly won the U.S. Presidential election, which kicked off a 21% gain in the Russell 2000 Value between November 3rd and December 30th, the market was very focused on interest rates: how high will they go, how fast will they get there, and when will be the right time to put more money into interest-rate sensitive areas such as Banks. Additionally, issues such as China's economic growth, the direction of oil prices, and Brexit were top of mind for the market.

What actually happened over the course of the year? Oil prices bottomed in 1Q16, China is still growing but its momentum remains in question, the Brexit vote added volatility but turned out to be a minor impact for now, and the Fed delayed its second interest rate hike until after the U.S. Presidential election, which was the final major macro event. Donald Trump's win has sparked talk of "animal spirits" returning to the market with excitement around tax reform, rolling back regulations including the Affordable Care Act, repatriation of overseas cash, and infrastructure spending--all potentially leading to a pick-up in economic growth and inflation. Uncertainty surrounding healthcare regulation was a contributing factor to Healthcare being the lone sector to post a decline in the Russell 2000 Value during Q4, but potential policy changes factored into rising valuations in most other areas. Following the election Banks exploded higher gaining 30% in 4Q16 leading Financials to a 24% gain – the highest of any sector. With Banks & Thrifts accounting for 23% of the Russell 2000 Value benchmark, any manager underweight Banks would have been hard pressed to outperform in the quarter. Outside of Financials, the strongest sectors were Energy +20.4%, Materials +15.3%, and Industrials +14.1%. As was the case through the first three quarters of the year, the fourth quarter was a difficult period for small-cap value managers, with only 23% beating the benchmark during Q4.

Our Small Cap Value portfolio gained 11.9% in Q4, trailing the gain posted of the Russell 2000 Value by 217 bps. Our average and median market caps are larger than the benchmark and that factor worked against us this quarter, as heavy ETF flows into small caps helped push the smallest stocks higher. Lower PE did outperform higher PE during the quarter, but our stocks with lower PE ratios did not keep up. In fact our poorest performing stock on a selection basis, Pitney Bowes (PBI), declined 15% during the quarter despite trading at a trailing PE ratio of 8.8x and forward PE ratio of 8.3x to end the year. Given Pitney's valuation, healthy free cash flow, and nearly 5% dividend yield, we believe the stock is well positioned to provide an attractive return for the portfolio. Overall, stock selection detracted 79 bps during Q4 2016. Financials (-80 bps), Materials (- 55 bps), and Industrials, (-47 bps) were the worst performing sectors. Real Estate (+76 bps), Consumer Staples (+42 bps), and Consumer Discretionary (+10 bps) were the strongest performers. In terms of sector selection, our Financials underweight negatively impacted performance by -75 bps, and an average cash balance of 4.5% cost us another -69 bps.

Financials remained a difficult sector for the portfolio. Opus Bank (OPB), a commercial bank headquartered in California was the largest detractor within Financials during the quarter. The stock declined 15% and accounted for 42 bps of negative stock selection. In October, the Company reported Q3 earnings that disappointed due to elevated credit costs. Management gave a detailed review of loan categories and the credit issues. While not completely out of the woods, OPB now presents a very compelling valuation. One possible reason for the credit issues is that the bank may have grown too fast. Growth will slow considerably but we still estimate loan growth in excess of 10%. The management team has been strengthened with the addition of a new senior chief credit officer, and we would expect the bank to become more efficient as it grows into its infrastructure. The stock is selling for less than 14X forward earnings and yields

*Portfolio commentary is based on the Small Cap Value 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 Value 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.

2.75%. Our strongest contributor within Financials was East West Bancorp (EWBC). EWBC is a commercial bank serving the needs of the Chinese-American community in California and the East coast, and it gained over 39% and added 29 bps of stock selection. The bank has had a strong track record of growth and this continued with the third quarter earnings release. Following the presidential election, the market determined banks were worth much more under a Trump administration and Republican Congress. Banks gained 30% during the quarter, and valuations now imply certain expectations of inflation, interest rates, and economic growth higher than a quarter ago. We did not see this exuberance coming, and the underweight position negatively impacted performance, as other areas within Financials were not as strong.

The Materials sector also suffered negative stock selection during the quarter. The portfolio has some exposure to the metals industry, but our absence of any exposure to steel worked against our performance. Steel stocks were very strong, gaining more than 26% within the benchmark. Our exposure to metals, Kaiser Aluminum (KALU), declined 9.6% during the quarter and detracted 21 bps from stock selection. KALU produces semi-fabricated specialty aluminum products for the aerospace, automotive, and general engineering markets.

An in-transit shipment to Europe delayed the recognition of some expected revenue, which caused weaker than expected earnings. Although this will be recognized next quarter, supply chain destocking in the aerospace market dampened the outlook for 2017. In spite of the temporary setback in aerospace, the earnings outlook is still bright thanks to continued content growth within automotive applications. Additionally, the balance sheet carries limited net debt and the stock yields 2.2%.

The newly formed Real Estate sector was our strongest contributor to performance where GEO Group (GEO) gained in excess of 55% and added 50 bps to stock selection. GEO is a REIT, which specializes in the ownership and management of correctional, detention and re-entry facilities. The stock declined significantly in August after the Department of Justice announced its plan to phase out private prison contracts. We believed the initial 39% decline in the stock was an overreaction but decided to hold our position steady until more information was available. In early November the Company reported earnings that exceeded expectations and guidance was increased for the remainder of the year. While the stock price was not significantly affected by the earnings report, the election of Donald Trump several days later proved to be the catalyst for higher prices. The initial fears surrounding the phasing out of private prison contracts was pushed more by the Democratic administration. Donald Trump and the Republican Congress are expected to be more favorable toward the use of private prisons. GEO continues to have multiple avenues for growth including new prison contracts and an increase in temporary housing demand for immigrants. Aiding the stock's recovery was news that the GEO contract was extended for a two-year term.

The rally in the market surely stretched valuations, but we did add a number of new stocks to the portfolio. Consumer Discretionary remains the largest overweight in the portfolio, and within the sector we added several new ideas, including Big Lots (BIG), a discount retailer operating almost 1,500 stores in the U.S. Big Lots sells food, consumables, home furnishings, electronics, and seasonal goods, among other items. Merchandise is often obtained from closeout liquidations. There are multiple catalysts to drive the stock higher. Management has a goal of improving sales per square foot and increasing operating margins. Changing the mix of merchandise and closing unprofitable stores will help achieve these targets. There is very little debt on the balance sheet and cash flow has historically been very strong and should remain the case going forward.

In Information Technology we added a new idea in the IT services industry. Virtusa (VRTU) provides IT and business consulting, application development, and maintenance and support services. VRTU helps clients solve critical business problems and reduce IT operations cost, while simultaneously increasing the ability to accelerate business growth in existing and new market segments. In April of 2016 VRTU acquired Polaris Consulting, significantly expanding their addressable market. Earnings disappointed in Q2 and Q3 but not due to Polaris. New business wins have been robust but have pressured margins in the near term.

The outlook remains positive and earnings should accelerate after the initial margin pressure. The stock declined by more than 50% from its highs last February and now trades at an attractive multiple compared to historical levels. We think VRTU can grow revenues in the high-single-digits, and earnings growth can reach the mid-teens as margins recover from depressed levels.

In the 3Q newsletter, we mentioned small cap stock valuations appeared elevated with the average PE ratio at a historically high level. Although we believe this leaves the market vulnerable to a pullback, there are no guarantees but over long periods of time we believe stocks will continue to appreciate. In the 4Q16, the Russell 2000 Value pushed on with a 14.1% gain. The benchmark has now reached an all-time high PE ratio of 19.6x, according to Jefferies. Multiple expansion pushed stocks higher in the quarter, based in large part on money moving into areas that could benefit from effects of the new administration's potential policy changes. Importantly, we are talking about *potential* policy and *estimated* effects. Trump was not predicted to win the Presidency, but he won. If he did somehow win, the market was predicted to suffer but instead it gained. This is a great example of how trying to estimate the effects of potential policy is unlikely to prove very accurate – first in the predicting the approved policy itself, second in its effect on businesses--it is difficult to forecast pro forma results for companies even *without* major policy changes.

As we work on the portfolio, our weights in sectors and industries are driven by the attractiveness of bottom-up valuations. These valuations can be impacted by government policy changes and interest rate movements, but macro forecasts do not drive our process. Our investment decisions are focused on the analysis of individual companies. How will a company compete in its market, and what will this lead to in terms of sales, profit margins, and earnings. These earnings drive our valuations, and we allocate capital based on expected returns between today's price and our estimates of future valuation. We believe some sectors that have appreciated most since the election on expectations for pro-growth policy initiatives are now more vulnerable to inaccurate assumptions that could fail to provide the fundamental results needed to justify valuations.

To the extent policy changes come up short, these stocks are vulnerable to disappointment. Since we have not speculated as to actual policy changes, let alone the effects of those hypothetical policy changes on individual companies, we believe we are positioned for less potential disappointment relative to the market.

The recent time period has been difficult, but it has not changed our process of analyzing securities based on expected returns over a three year period – buying where we see value and selling where we don't. We remain confident our philosophy and process should help us succeed in delivering outperformance over time.

LOMBARDIA CAPITAL PARTNERS

SMALL CAP VALUE
GIPS® PERFORMANCE PRESENTATION

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts End of Period	Russell 2000® Value Index Return	Composite Annual Performance Return		Internal Composite Dispersion	Composite Ex-Post Standard Deviation	Benchmark Ex-Post Standard Deviation
					Gross	Net			
2015	$2,150	$1,505	34	-7.47%	-11.34%	-12.23%	0.06%	14.04%	13.46%
2014	$3,718	$2,574	41	4.22%	3.09%	2.07%	0.02%	12.66%	12.79%
2013	$3,739	$2,701	51	34.52%	40.20%	38.84%	0.15%	15.95%	15.82%
2012	$2,920	$1,411	54	18.05%	11.72%	10.62%	0.04%	18.84%	19.89%
2011	$2,700	$1,320	56	-5.50%	1.54%	0.53%	0.35%	25.64%	26.05%
2010	$2,725	$907	46	24.50%	25.65%	24.42%	0.29%	29.94%	28.37%
2009	$1,990	$481	32	20.58%	35.88%	34.56%	0.32%	27.85%	25.62%
2008	$1,342	$381	38	-28.92%	-26.95%	-27.70%	0.25%	21.18%	19.14%
2007	$1,595	$276	26	-9.78%	-2.53%	-3.50%	0.05%	11.64%	12.59%
2006	$1,100	$136	11	23.48%	22.32%	21.12%	0.06%	12.08%	12.33%

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, LLC (LCP) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. LCP 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 Value Composite has been examined for the periods of January 1, 2003 through December 31, 2014. The verification and performance examination reports are available upon request.

Small Cap Value Composite includes all institutional, discretionary, fee paying, equity portfolios that invest in small cap value 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 generally with market capitalizations that are representative of the Russell 2000® Value 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. Beginning January 1, 2003, composite policy requires the temporary removal of any portfolio incurring a client-initiated significant single cash inflow or outflow of at least 10% of portfolio assets. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite at the beginning of the month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request. 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 Value 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 deducting on a monthly basis the highest fee of 1.00%.

Internal composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The Small Cap Value Composite was created January 1, 2003. The firm's composite list and descriptions are available upon request.

<u>BENCHMARK:</u> The benchmark is the Russell 2000® Value 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.