

April 1, 2016

Dear Friends,

We are pleased to report that for the quarter ending March 31, 2016 our clients' equity portfolios were up 7.1%, while the Russell Midcap Value and the S&P 500 were up 3.9% and 1.4%, respectively. Investments in consumer cyclicals (+16%), materials (+16%) and industrials (+14%) performed the best while energy (-2%) performed the worst. The investment environment was volatile this quarter and our performance was consistent with our mission to preserve and grow our clients' capital. Long-term investing is our focus and the attached charts demonstrate the solid returns our disciplined investment approach has produced over the long term and the current market cycle.

The market's volatility will likely persist for some time as the global economy remains unsettled. Despite this uncertainty, we are confident that our portfolio of high quality companies will continue to excel. They have excellent management teams, solid balance sheets, and generate significant free cash flow. They have reinvested this capital to expand their competitive advantages over their peers, resulting in increased operating margins and market share gains. These superior fundamentals, combined with our disciplined risk management, should result in continued attractive returns for our clients.

Thank you for your interest in investing with us and we look forward to visiting with you soon.

Regards, Fred, Paul, Ben and Matt