

October 1, 2015

For the quarter ended September 30, 2015, your equity portfolio was down 4.5%, while the Russell Midcap Value (RMV) and the S&P 500 were down 8.0% and 6.4%, respectively. Investments in utilities (+14%) and consumer staples (+8%) performed the best while energy (-27%), consumer cyclicals (-16%) and industrials (-12%) performed the worst. For the past 12 months, your portfolio earned 2.3%, while the RMV and S&P were down 2.1% and 0.6%, respectively. These returns are consistent with our mission to manage risk and grow our clients' capital over the long term. While stock market volatility causes anxiety, it can also create long-term investment opportunities. We have been increasing investments in companies that fit our standards for being high quality businesses with superior financials at attractive valuations. The attached charts demonstrate that our disciplined investment approach has produced strong returns for our investors over the long term and during different phases of the current market cycle.

Your companies have a long history of producing significant free cash flow and reinvesting it to enhance their competitive advantages. In addition, your managements continue to produce superior operating results despite the difficult global economic environment. These strong fundamentals, combined with our disciplined risk management, provide the foundation for solid future returns.

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

Regards,

Fred, Paul, Ben & Matt