CORTINA
ASSET MANAGEMENT

4th QUARTER 2018

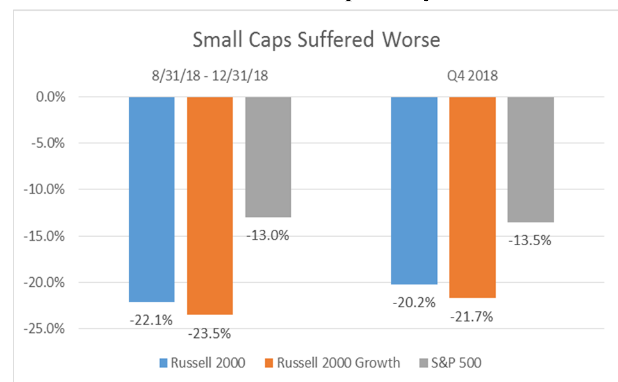
SMALL CAP GROWTH STRATEGY COMMENTARY

Market Overview

Equity markets turned very sour in the fourth quarter, spoiling what heretofore had been a wildly constructive year. The reasons for the severe sell-off have been well reported and unfortunately are numerous. The lowlights include the chilling trade dispute between America and China, a continued rise in interest rates partially delivered courtesy of the Federal Reserve, Quantitative Tightening, global economic weakness and the government shutdown resulting from a budgetary standoff. The Cortina Small Cap Growth Strategy while not built to swim upstream when the market falls apart, managed to outperform in the fourth quarter, bringing to close a relatively successful year of positive returns in a down market. Active portfolio management, which means assessing where the market opportunities were (and where they were not) and an acute sensitivity to risk management, are paramount in explaining how the strategy could shine so bright while the bulls were running earlier in the year yet not suffer (relatively speaking) when the market plunged lower.

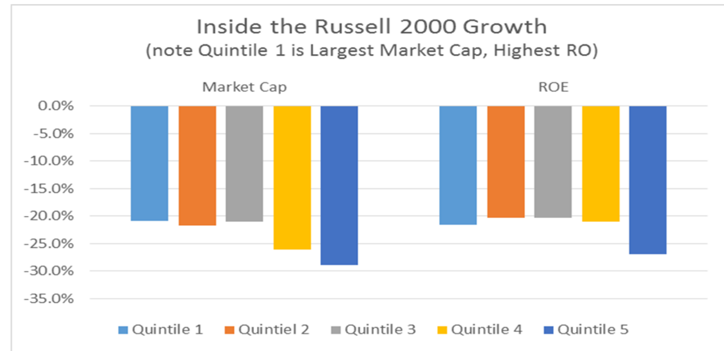
Fourth quarter attributes and results appear to reflect an increasingly defensive market. As the market turned its attention to 2019, forecasts and predictions of either slowing economic conditions or decelerating corporate earnings (or both) became increasingly explicable and conceivable. This hypothesis has received more fuel of late as potential causes for a reversal in the economic/earnings recovery have grown. They include the impact higher interest rates could have on cyclical sectors of the economy, the impact trade tensions with China could have on sales, margins and confidence in corporate America and how November's election results could impact spending, regulatory and tax policy which had been perceived as business friendly since the 2016 election. And as investors observed the tea leaves traditionally leading a recession, they became more fearful of the possibility. These cues include the fall in oil prices, the rise in credit spreads, the flattening of the yield curve and a retreat in industrial manufacturing activity. Adding these ingredients to a market which was short on volatility but long in valuation created a witch's brew that led stock prices to collapse. Downside breadth indicators suggest that investors on the margin just wanted out of the market at large, and fast.

When equity investors seek a quick exit, a few empirical patterns tend to recur, at least in the short term. First of them, is that the downside pressure becomes inescapable and performance is heavily influenced by liquidity which pressures small caps. This was evident in the fourth quarter as small caps ended the year in bear market territory. The Russell 2000 Index declined 20.2% in the fourth quarter and the Russell 2000 Growth Index, the primary benchmark for the Cortina Small Cap Growth Strategy, declined by 21.7%. The returns from these small cap indices were severely worse than the 13.5% decline in the S&P 500 Index. Looking back to the 8/31/18 small cap market peak, the spread between small and large is even wider. Further, looking within the Russell 2000 Growth Index one sees that the largest quintile by market cap fell 20.9% in the fourth quarter whereas the smallest market cap quintile was down just under 29%! Another nuance in such periods is that, except perhaps at the extremes, little distinction occurs between traditional measures of company



Source: FactSet

quality (we say traditional measures as we've long professed that a low current ROE says little about the quality of the company). As measured by Return on Equity, all five ROE quintiles in the Russell 2000 Growth Index fell by over 20% suggesting there was nowhere overwhelmingly safe to hide, though the lowest quintile did underperform here as well.



Source: Jefferies

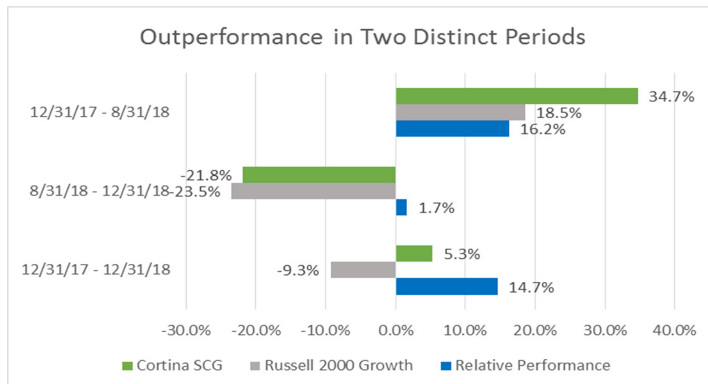
Composite Performance

	4Q18	2018	3 Year	5 Year	10 Year	Inception*
Cortina Small Cap Growth (Gross)	**-20.61**	**5.34**	**14.59**	**5.64**	**16.52**	**9.64**
Cortina Small Cap Growth (Net)	**-20.81**	**4.42**	**13.62**	**4.76**	**15.61**	**8.77**
Russell 2000 Growth Index	**-21.65**	**-9.31**	**7.24**	**5.13**	**13.52**	**7.83**

**Annualized return since June 30, 2004*

Performance Review

All things considered, the Cortina Small Cap Growth Strategy had a very successful 2018, posting positive mid-single digit returns in what proved to be the fourth worst calendar year return in the 40-year history of the Russell Index (RUT). We are proud of these results and acknowledge the impressive efforts of the research team but the victory is somewhat bittersweet. Just four months ago, the portfolio's absolute appreciation was meaningfully higher before small caps began their descent. While our full year relative outperformance remained robust (albeit slightly lower than it was thanks to the wonders of compounding returns), we like it more when our clients are enjoying robust absolute returns as well. Our full-year results certainly benefitted from healthy performance during the first two-thirds of 2018 and that is the period in which we built most of our lead. We by no means, however, simply hung on into the New Year as the Strategy also outperformed in the down period, including the worst months of September and December.



Source: APX

Of course a year's worth of performance comprises thousands of small decisions along the way (not to mention those made before the year began), but we identify a few of the bigger portfolio management moves which go far in explaining how the Strategy could perform in two distinct environments. One of our strengths as analysts/investors is that we have always been sensitive to the near-term fundamentals and valuations of each individual company. This helps capital flow from one part of the portfolio to another, taking advantage of opportunities as the market presents them. Our behavior in the Information Technology and Health Care sectors in 2018 reflected those sensitivities. The first move was the team's decision to water down its 'love' for software stocks to a 'strong like' in the spring as was highlighted in the 2nd quarter commentary. The rationale will not be reiterated in any detail here but can be summarized in that the industry was over-owned and over-priced. Through the summer, these stocks generally retreated and a diminished exposure proved beneficial. Early in 2019 some sector questions remain unanswered yet the Strategy's exposure has started to climb as bargains emerged. For the quarter, Info Tech was the best performing sector in our portfolio (down 14.9%) and

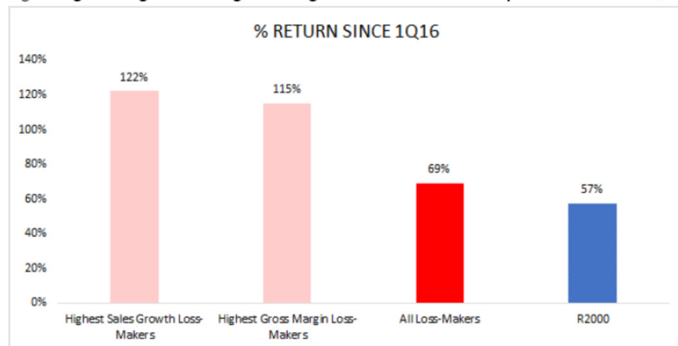
the second best from a relative standpoint besting the Technology return of -17.9% within the benchmark. Tech was also a very strong contributor to both our absolute and relative returns for the year as a whole.

The conscious decision to own less of the high growth, highly valued sector of Technology was far from an abandonment of growth. Rather the growth spotlight transitioned to the Health Care sector. Here sentiment and valuations were relatively tepid entering the year following a dismal finish to 2017. We maintained and added to many of our holdings that performed poorly in 2017 and initiated positions in others off of our watch list, making Health Care the largest weight in the portfolio as the first half of 2018 progressed. Pressures in late 2017 proved to be transitory and Health Care went on to be our best performing sector in 2018 both on an absolute and relative basis. As was the case with Technology stocks in the spring, Health Care stocks became exceedingly expensive as the summer progressed leading us to be net sellers overall but perhaps more importantly to reallocate capital within the sector to companies with more palatable valuations that held up better during the sell-off. Focusing solely on the fourth quarter, we do have the weakness of biotechnology stocks in the benchmark to thank for a good portion of our outperformance within the sector.

Beyond managing sector exposure in response to price behavior and valuations, risk management also played a significant role in the Strategy's year-end return preservation. Without the heightened attention paid to risk management when the market was hot and volatility disappeared, we suspect the market correction would have been more damaging to the Strategy's returns. As 2018 unfolded, our risk management efforts payed special attention to the crossroads of two variables - market cap and balance sheet. Knowing that the tepid attitude toward risk as reflected by very low credit spreads would not persist ad infinitum, we became vigilant. After all, credit spreads have served to be one of the most dependable barometers of investors' collective attitude towards risk. Slender credit spreads started to normalize at the end of summer and the market's characteristics started reversing course.

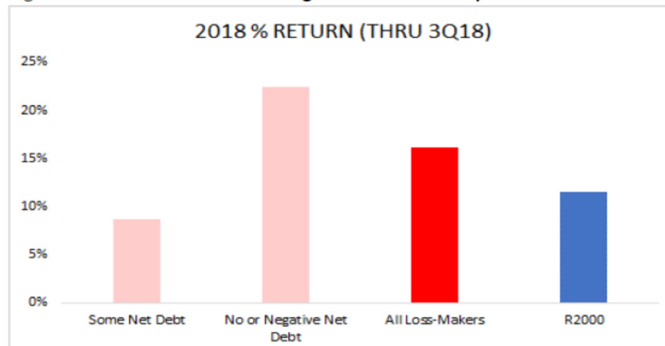
Maintaining a focus on <u>our</u> definition of quality throughout the year had a large impact on the sustainability of our relative returns. On the balance sheet front, part of our unique philosophy is based on the belief that small companies which may have lower ROEs or are even currently unprofitable should not automatically disqualify them from consideration. Assessing quality in small caps requires much more insight than one single figure can provide. It is our contention that companies with high gross margins and durable competitive advantages in large markets *should* try to maximize their growth to build a long-term opportunity, rather than harvesting profits to establish a lofty ROE today. Key to the discipline, however, is acknowledging that if a small company chooses to eschew near-term profits in favor of growth it should have a strong balance sheet, meaning it is heavy on cash, light on debt and able to fund future losses. Furey Research Partners, in a note entitled "Not All Loss-Makers Are Created Equal", presented data (through the third quarter) showing outperformance for those loss makers which distinguished themselves with high sales growth, high gross margins and no (or negative) debt levels. Jefferies also points out that within the Russell 2000 Growth, low leverage companies outperformed high leverage companies by nearly 1,000 basis points in 2018, falling 3.8% versus 13.7%.

Fig 1. **High sales growth and gross margin Loss-Makers have outperformed since 1Q16**



Source: Furey Research Partners and FactSet.

Fig 4. **Loss-makers with no or negative net debt outperformed**



Source: Furey Research Partners and FactSet

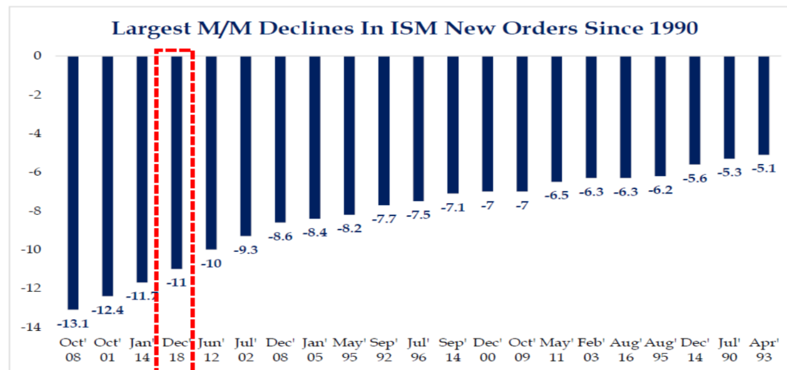
Impairing returns in the quarter was the Energy sector which proved to be the market's best loser by a margin that wasn't even close. In the Russell 2000 Growth Index, the Energy sector was down 41.3%! Of course the collapse in oil prices was the leading cause of the weakness. Exasperating the weakness, energy companies of all sizes typically carry debt and often generate negative free cash flow given the capital intensity of the business. For the full year, however, it should be noted that the Cortina Strategy actually generated positive attribution from this lousy sector despite sustaining a measurably overweight exposure. We believe our relative outperformance here was in large part due to our focus on balance sheets. We have also been more sensitive to our weighting of the sector given the relative lack of performance dispersion amongst the stocks, thus keeping in check the damage it had on our performance.

OUTLOOK & PORTFOLIO POSITIONING

Entering 2019, the portfolio remains most overweight the Info Tech and Health Care sectors (some things seldom change). The Strategy's tech stock exposure fell through the spring and summer, but it has been on the rise since November as bargains have emerged while others have sold. Knowing how difficult it is to pick the absolute bottom, it is wiser to identify the secular growers and ease into them while the short-term crowd unloads them.

While we remain enthused about idea generation in the Technology arena, recent news flow suggests bullishness cannot remain on autopilot. It is not insignifficant that both Apple and Samsung are struggling as these two have been the engine for the semiconductor foodchain for a long time. At present, the two big tier-one vendors are struggling and this is undoubtedly a problem for the short term. The decade-long rise of the smartphone has had an amazing ripple effect on vendors and suppliers worldwide. Across the board, threfore, as Apple and Samsung sneezes, lots of others are getting colds. Bulls point to a temporary trade-tiff-induced slowdown and this crowd anticipates a return to the good times once the U.S. and China start to get along again. But what if this is not what is at play? What if that tsunami of smartphone growth has simply run its complete course? After all, the decade-long ascension of the PC market followed its peak with over a decade of declines which is just now showing growth again in this past year. The smartphone adoption story is basically over and when it comes time to replace them, consumers appear increasingly less-interested in the next premium model, as evidenced by lousy sales and production forecasts for Apple's premium iPhone XR model. Therefore, while still engaged in tech investing, the portfolio is watching from the sidelines most companies exposed to consumer electronics.

One area which could be interesting as 2019 unfolds is the Industrials sector where the Strategy was underexposed during 2018. As mentioned above, economic concerns have rattled the market. Again thinking about what might cause the next recession, the impetus most often cited has been the weakness in international economies as well as what the Fed might impair with higher rates. The European and Chinese economies have unquestionably been very soft and the market took notice when the Chinese Purchasing Managers' Index (PMI) fell to 50 in October and November, and finally cracked a reading of 50 in December confirming the first contraction since May 2017. Closer to home, higher interest rates had an immediate impact on the U.S. housing and auto industries. Rhetoric from Chairman Powell on October 3 suggested that the Fed was committed to pressing on with rate hikes into 2019 apparently regardless of the consequences and outcomes. As a result, business confidence was shaken on the margin and activity fell helping the domestic manufacturing PMI reading to soften, reaching 54.1 in Dec, down over 5 points from November. It should be noted, however, that a number north of 50 still suggests expanding activity. The December decline in ISM New orders also experienced an epic decline as can be seen on the below chart from Strategas.



Source: Strategas

Looking forward, the potential for an improvement in economic outlook and sentiment in the Industrials sector to turn more optimistic is there. First of all, the international readings are so soft, stimulus there is likely. China should be committed to stimulating its own economy and the fact that there is this trade dispute should only increasingly motivate its government leaders to get stronger domestically. The last few weeks saw some stimulative measures taken by Beijing, including a new lending facility introduced by the PBOC as well as a cut in the reserve requirement enacted by the Chinese central bank in the first week of January. A $125 bil rail infrastructure project was also unveiled in January. In addition, populist demands in Europe, best illustrateded by the ‘Yellow vest movement’ in France, should instigate stimulative measures on the continent. And in the U.S., very recent commentary by Federal reserve officials suggest that the central bank will actually act more pragmatically and flexibly regarding its own rate policy through 2019, which has eased financial market tensions. Whether the softened rhetoric is the result of pressure from the White House or pressure from stock market vigillantes, in the short term, interest rates and risk premiums have eased since the tonal change. It is interesting how the interplay between the financial markets and the Fed have evolved over the decades. In the 90’s, the ‘Greenspan put’ was a phrase coined to describe how the Fed would respond to stock weakness by cutting rates to make the market turn and today, the market gets weak to influence how the Fed should act.

While not yet out of the woods, we can see how stocks in the cyclical end of the pool can improve given how much they’ve fallen. Fourth quarter earnings releases are expected to be poor, but these types of stocks tend to fall while the earnings are still strong and rise early in the earnings-bottoming process. The Cortina Small Cap Growth Strategy will stay true to its mantra of trying to accumulate secular growth Industrials company stocks in cyclically weak periods. Special attention must be paid to the energy compex because in this country, energy-related projects have had significant influence over the pace of industrial activity and as the commodity prices detiorates, project spending gets increasingly vulnerable.

Taking everything into account, the key debate as 2019 starts is *are we heading into a recession soon?* The macro indicators are indicating ‘maybe’ but the bottoms up has been quite sanguine on the prospects. The January labor report was as astounding as ever and according to the NFIB, small firms expect to continue hiring and are planning on raising wages along the way. This will be a very revealing earnings season. Some companies will see softness, we do not think it will be as bad as the market pullback indicated. Many companies will have yet to be affected but as always, the key question will be how ‘uncertain’ do they feel? Uncertainty is the arch-enemy of visibility and the market gets its comfort from visibility. Visibility is only one instrument of comprehensive investment analysis, however, and it needs to share the stage with sentiment, valuation and underlying individual company fundamentals. It is when cross-currents among these are present that active investment managers have an advantage which can differentiate performance results.

TAKE AWAYS

- 2018 was a very strong year for the Cortina Small Cap Growth Strategy as the strategy outperformed in both the bull market through August 31st and the bear market through year end. Full year outperformance of 1,465 basis points marked the second best year of relative performance in the Strategy's nearly 15 year history.

- Security selection with the Health Care and Technology sectors accounted for a large portion of returns as did an acute attention to valuations which aided the Strategy in reducing exposure to software stocks at an opportune time and taking profits on successful Health Care investments before the market turned.

- Overall risk management and the Strategy's continued focus on strong balance sheets also played an important role in driving positive absolute and relative returns in a small cap growth market that fell nearly 10% for the year.

- Entering 2019, our largest overweight is in the Technology sector followed by Health Care. While many questions remain regarding the health of certain product cycles within Technology, we have used the weakness in the sector to increase our exposure at what we believe to be opportunistic prices.

TOP 5 CONTRIBUTING STOCKS[1,2]

Security	Weight	Contribution
Materialise NV	1.08%	0.45%
Veracyte Inc	1.26%	0.37%
Spirit Airlines Inc	1.50%	0.31%
Mellanox Technologies Ltd	1.27%	0.27%
BioDelivery Sciences Intl	1.09%	0.23%

TOP 5 DETRACTING STOCKS[1,2]

Security	Weight	Contribution
Skyline Champion Corp	1.41%	-0.81%
Spartan Motors Inc	0.78%	-0.55%
Cutera Inc	0.82%	-0.49%
Boingo Wireless Inc	1.02%	-0.49%
Matador Resources Co	0.75%	-0.48%

CONTRIBUTING

Materialise NV **Technology**

Materialise provides a range of software solutions and 3D printing services for the medical and manufacturing industries. Materialise experienced accelerating organic revenue growth in the most recent quarter, as prior headwinds subside and new technology partnerships, particularly within the medical vertical for 3D printed facial implants, begin to bear fruit. The number of medical applications utilizing 3D planning continues to expand, and more nascent opportunities within eyewear, footwear, and automotive should enhance the company's growth trajectory in the coming years.

Veracyte Inc **Health Care**

Veracyte is a diagnostic company focused on developing and commercializing screening tests to help patients avoid unnecessary surgeries. The company reported strong Q3 results with better than expected revenue and testing volumes as well as lower than expected losses. The company also provided encouraging initial commentary on 2019 including an expectation of reaching profitability by the end of the year which is earlier than previously expected.

Spirit Airlines Inc **Industrials**

Spirit Airlines is a low-cost airline operating primarily in the United States and parts of the Caribbean. Significant operational improvements implemented by new management in the last couple years are paying off, as Spirit has found success increasing its revenue per passenger through dynamic pricing initiatives, higher non-ticket fees, and a more optimal route network. These actions resulted in a robust third quarter earnings report in October, followed by a positive revision in December to fourth quarter expectations.

DETRACTING

Skyline Champion Corp **Consumer Discretionary**

Skyline Champion, the second-largest U.S. builder of manufactured homes, participated in the year-end sell-off across the housing space, as a potentially softer macro environment and rising interest rates weighed on the space. Stock pressure was exacerbated by another private equity shareholder liquidation event in late November, the third such event in just four months following this past summer's quasi-IPO. Importantly, demand for the company's affordable entry-level homes remains high, and recently introduced financing programs for the manufactured homes industry from Freddie Mac and Fannie Mae should increase the opportunity set for the product in 2019.

Spartan Motors Inc **Industrials**

Spartan builds specialty vehicles and truck bodies for the parcel delivery, emergency response, and RV industry. The company was hindered by several headwinds in the third quarter, including the impact of tariffs, higher raw material costs, chassis shortages, supplier component delays, freight disruptions, and labor shortages. As these pressures emerged suddenly in September, management was unable to react quickly enough to mitigate the impacts in the third quarter; however, management is confident it has resolved the majority of these transitory headwinds entering 2019.

Cutera Inc **Health Care**

Cutera develops, manufactures and markets medical devices used in the aesthetics market. The company forecasted that 2018 would be an investment year as it sought to make improvements in its manufacturing operations as well as increase the capacity of its service offering. The investments have been greater in magnitude than expected, however, and the additional expenses have been compounded by significant pricing pressure in one product line and a severe slowdown in another product following cautionary FDA communication on the product category.

[1] Positions identified do not represent all the securities held, purchased or sold. Calculation methodology and a complete list of positions and contributions for the quarter are available upon request. [2] Past performance does not guarantee future results.

PERFORMANCE DISCLOSURES

1. Cortina Asset Management, LLC ("Cortina") is an independent investment management firm established in 2004. Cortina manages small cap equity assets in the U.S. The firm has no subsidiaries or related asset management firms.

2. The Cortina Small Cap Growth composite numbers consist of all fully discretionary, fee-paying accounts greater than $1 million invested in our Small Cap Growth Strategy. This composite was created in June of 2004. Prior to October 1, 2009 the minimum threshold for composite inclusion was $5 million. The decrease in account minimum explains the significant increase in the number of accounts in the Small Cap Growth composite for 2009.

3. Returns are calculated on a total return basis, including all dividends and interest, realized and unrealized gains or losses, and are net of all brokerage commissions, execution costs and without provision for federal and state income taxes. Securities transactions are accounted for on trade date. Cash and equivalents are included in performance returns. Composite returns are calculated daily. Quarterly returns are calculated by geometrically linking the daily returns for each day in the quarter and annual returns are calculated by geometrically linking the daily returns for each day in the year. All returns presented are calculated using U.S. Dollars.

4. Effective October 1, 2005, we remove portfolios from composites when significant cash flows occur. Significant cash flows are defined as a flow greater than 5% of the portfolio's beginning market value. The portfolios are subject to inclusion back into the composite at the beginning of the next full quarter the portfolio meets the composite definition. Additional information regarding the treatment of significant cash flows is available upon request.

5. Gross returns are presented before management and custodial fees and include dividends and interest, realized and unrealized gains or losses, and transaction costs. Net returns are presented after actual management fees, but include dividends and interest, realized and unrealized gains or losses, and transactions costs. A client's returns will be reduced by the management fees and other expenses it may incur in the management of the account. For example, an actively managed account of $20 million with an annual rate of return of 10% compounded over a 10-year period that was charged a management fee of 1%, would achieve a net-of-fee return of 136.7%; compared to a gross-of-fee return of 159.4% based on the same assumptions.

6. The benchmark for the Cortina Small Cap Growth Composite is the Russell 2000 Growth Index. The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics. Benchmark returns are not covered by the report of independent verifiers.

7. The Cortina Small Cap Growth strategy typically owns between 90-120 stocks. The Cortina Small Cap growth strategy may or may not invest in industries and sectors in the same weightings as the Russell 2000 Growth Index. The Cortina Small Cap Growth strategy includes stocks not included in the Russell 2000 Growth Index.

8. The dispersion of annual returns is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for the full year. The number of accounts in the composite are as of period end. Dispersion is not shown for periods less than a year or when there are five or fewer accounts in the composite for the entire year.

9. Cortina Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Cortina has been independently verified for the periods 7/1/04-12/31/18. 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 Cortina Small Cap

Growth composite has been examined for the periods 7/1/04-12/31/18. The verification and performance examination reports are available upon request.

10. A complete list and description of composites and additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request

11. Past investment results are not necessarily indicative of future investment results.

12.

CORTINA ASSET MANAGEMENT, LLC
Small Cap Growth Strategy as of 12/31/2018

Year	Total Return Gross of Fees	Benchmark Return	Composite Accounts at End of Period	Composite Dispersion (%)	3-Year Annualized Standard Deviation Composite	Standard Deviation Benchmark	Composite Assets at End of Period (millions)	Percentage of Firm's Assets	Total Firm Assets at End of Period (USD millions)
2004*	11.41%	8.16%	6	n/a	n/a	n/a	66.6	28.7%	232.1
2005	6.01%	4.15%	12	0.23	n/a	n/a	246.0	42.2%	583.1
2006	12.47%	13.35%	32	0.44	n/a	n/a	845.9	50.5%	1,676.4
2007	12.60%	7.05%	8	0.49	n/a	n/a	399.7	27.1%	1,473.5
2008	-44.90%	-38.54%	5	n/a	n/a	n/a	198.5	19.6%	1,013.3
2009	52.37%	34.47%	10	0.11	n/a	n/a	333.3	24.4%	1,368.9
2010	37.43%	29.09%	9	0.14	n/a	n/a	247.9	13.1%	1,890.1
2011	3.26%	-2.91%	9	0.01	25.30%	24.31%	236.5	12.6%	1,871.7
2012	7.71%	14.59%	13	0.01	22.82%	20.72%	428.9	19.9%	2,157.8
2013	50.58%	43.30%	20	n/a	18.69%	17.27%	748.2	26.4%	2,830.3
2014	-7.64%	5.60%	28	0.04	16.08%	13.82%	876.5	37.3%	2,349.5
2015	-5.34%	-1.38%	24	0.05	14.43%	14.95%	613.1	26.6%	2,308.5
2016	23.90%	11.32%	12	0.05	16.44%	16.67%	478.3	19.3%	2,481.5
2017	15.28%	22.17%	10	0.00	14.18%	14.59%	615.6	26.4%	2,331.6
2018	5.34%	-9.31%	8	0.00	16.85%	16.46%	402.2	23.8%	1,693.0

*Last 6 months performance in 2004

<u>Other Disclosures</u>:

1. The data provided about the portfolio characteristics relate to a representative account's portfolio holdings as of 12/31/18. While we believe the data accurately reflect the investment process, the holdings and portfolio characteristics will change from time to time.

2. This presentation includes stock profiles and other information about portfolio holdings. Information about portfolio holdings is as of 12/31/18 and will change without notice. It is not intended to represent or predict portfolio investment performance or as a recommendation of any individual security. The specific securities identified do not represent all the securities purchased for accounts and you should not assume these securities are or were profitable. For a complete copy of all investment recommendations made by Cortina within the past year, please contact Lori Hoch at 414-225-7365.

3. Additional information about Cortina is contained in the firm's Form ADV. Cortina will supply a copy of its Form ADV to any prospective client upon request.

4. Management fee schedule:
   0-$25 million 100 bps
   Next $25 million 90 bps
   On balance 80 bps