

## **Independent Accountant's Verification and Performance Examination Report**

Investors

Crescat Portfolio Management, LLC:

We have examined whether (1) Crescat Portfolio Management, LLC (the "Firm") has complied with all the composite construction requirements of the Global Investment Performance Standards (GIPS® standards) on a firm-wide basis for the periods from January 1, 2006, to December 31, 2016, and (2) the Firm's policies and procedures are designed to calculate and present performance results in compliance with the GIPS standards as of December 31, 2016. We have also examined the accompanying performance presentation and Composite Disclosure Presentation of the Firm's **Crescat Large Cap Composite** for the periods from January 1, 2003, to December 31, 2016. The periods from January 1, 1999, to December 31, 2002, represent the performance record established by the Portfolio Manager while affiliated with a prior firm. We have reviewed this performance record for compliance with the portability requirements of the GIPS standards. The Firm's management is responsible for compliance with the GIPS standards, the design of its policies and procedures and for the Quarterly Performance and Composite Disclosure Presentations. Our responsibility is to express an opinion based on our examination.

### **Scope of Work**

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Firm's compliance with the previously mentioned requirements; evaluating the design of the Firm's policies and procedures previously referred to; examining, on a test basis, evidence supporting the accompanying composite compliant presentation; and performing the procedures for a verification and performance examination required by the GIPS standards and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

### **Opinion**

In our opinion, in all material respects,

- the Firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods from January 1, 2006, to December 31, 2016; and
- the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards as of December 31, 2016.

Also, in our opinion, in all material respects, the Firm has

- constructed the **Crescat Large Cap Composite** and calculated the **Crescat Large Cap Composite** performance for the periods from January 1, 2003, to December 31, 2016, in compliance with the GIPS standards;
- prepared and presented the Composite Disclosure Presentation of the Firm's **Crescat Large Cap Composite** for the periods from January 1, 2003, to December 31, 2016, in compliance with the GIPS standards; and
- complied with the portability requirements of the GIPS standards for the **Crescat Large Cap Composite** for the periods from January 1, 1999, to December 31, 2002.

The Supplemental Information included in the Composite Disclosure Presentation is not a required part of the disclosures and as such, was not included in our examination. Accordingly, we express no opinion or any other form of assurance on such information. The Supplemental Information presented is the responsibility of the Firm's management.

This report does not contain an opinion on the accuracy of any composite presentation of the Firm other than the Composite Disclosure Presentation of the Firm's **Crescat Large Cap Composite** for the periods from January 1, 1999, to December 31, 2016.

A handwritten signature in dark ink that reads "Ashland Partners & Company LLP". The script is cursive and fluid, with the letters "A", "P", and "C" being particularly large and stylized.

Ashland Partners & Company LLP

May 16, 2017

**CRESCAT PORTFOLIO MANAGEMENT, LLC**  
**CRESCAT LARGE CAP COMPOSITE**  
**QUARTERLY PERFORMANCE PRESENTATION - PAGE 1 OF 2**

*Asset-Weighted Performance Gross and Net of Management Fees*  
*Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2016	Gross	5.0%	4.6%	3.3%	1.5%	15.1%
	Net	4.5%	4.2%	2.8%	1.0%	13.0%
2015	Gross	5.0%	0.3%	(5.1%)	3.9%	3.8%
	Net	4.6%	(0.1%)	(5.5%)	3.4%	2.1%
2014	Gross	5.1%	2.9%	(0.7%)	6.1%	13.9%
	Net	4.6%	2.5%	(1.2%)	5.6%	12.0%
2013	Gross	6.4%	(2.0%)	11.1%	6.6%	23.6%
	Net	6.1%	(2.4%)	10.6%	6.2%	21.6%
2012	Gross	6.2%	(4.3%)	10.5%	(0.6%)	11.6%
	Net	5.8%	(4.8%)	10.1%	(1.0%)	9.8%
2011	Gross	7.6%	(5.4%)	(10.7%)	11.9%	1.7%
	Net	7.2%	(5.8%)	(11.1%)	11.5%	0.0%
2010	Gross	1.3%	(0.1%)	10.3%	13.3%	26.5%
	Net	0.8%	(0.5%)	9.9%	12.9%	24.4%
2009	Gross	(1.9%)	8.5%	10.2%	2.5%	20.1%
	Net	(2.4%)	8.0%	9.7%	2.1%	18.0%
2008	Gross	(2.2%)	2.3%	(14.9%)	(8.3%)	(22.0%)
	Net	(2.7%)	1.9%	(15.3%)	(8.7%)	(23.3%)
2007	Gross	2.1%	9.5%	3.8%	3.8%	20.4%
	Net	1.7%	9.0%	3.3%	3.4%	18.3%
2006	Gross	6.9%	5.4%	(1.9%)	6.2%	17.3%
	Net	6.4%	4.9%	(2.4%)	5.7%	15.2%

**CRESCAT PORTFOLIO MANAGEMENT, LLC**  
**CRESCAT LARGE CAP COMPOSITE**  
**QUARTERLY PERFORMANCE PRESENTATION - PAGE 2 OF 2**

*Asset-Weighted Performance Gross and Net of Management Fees*  
*Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2005	Gross	7.7%	(2.4%)	19.1%	0.2%	25.6%
	Net	7.2%	(2.9%)	18.6%	(0.2%)	23.2%
2004	Gross	2.7%	0.4%	0.6%	9.1%	13.1%
	Net	2.2%	(0.1%)	0.1%	8.5%	10.8%
2003	Gross	(6.0%)	19.4%	8.9%	7.5%	31.4%
	Net	(6.4%)	18.9%	8.3%	7.0%	29.0%
2002	Gross	2.4%	(2.3%)	(18.5%)	2.1%	(16.8%)
	Net	1.9%	(2.7%)	(18.9%)	1.4%	(18.4%)
2001	Gross	2.5%	1.4%	(18.1%)	13.1%	(3.8%)
	Net	2.0%	1.0%	(18.5%)	12.6%	(5.6%)
2000	Gross	3.2%	(5.8%)	19.8%	(8.5%)	6.5%
	Net	2.6%	(6.3%)	19.2%	(9.0%)	4.3%
1999	Gross	9.5%	24.3%	(6.7%)	34.5%	70.8%
	Net	9.1%	23.8%	(7.2%)	33.8%	67.8%

Past performance is not indicative of future results. Performance presented prior to January 1, 2003, occurred while the Portfolio Manager was affiliated with a prior firm. The Independent Accountant's Verification and Performance Examination Report and the Composite Disclosure Presentation are an integral part of this presentation.

Performance and Assets by Year															
	Total Firm Assets <sup>1</sup>		Composite		Returns					Year Annualized Downside Deviation			Year Annualized Standard Deviation		
Year End	Regulatory Assets (\$000s)	Net Assets (\$000s)	Assets (\$000s)	# of Accts	Composite (Gross) (Net)		S&P 500	Russell 1000	Composite Dispersion <sup>2</sup>	Composite (Net)	S&P 500	Russell 1000	Composite (Net)	S&P 500	Russell 1000
2016	\$240,023	\$92,667	\$14,704	51	15.1%	13.0%	12.0%	12.1%	0.4%	5.1%	5.9%	6.0%	9.4%	10.7%	10.8%
2015	\$150,098	\$72,394	\$11,290	40	3.8%	2.1%	1.3%	0.9%	0.7%	5.3%	5.4%	5.3%	10.6%	10.6%	10.6%
2014	\$88,452	\$50,059	\$13,646	42	13.9%	12.0%	13.7%	13.2%	0.6%	5.9%	4.7%	4.7%	11.0%	9.1%	9.2%
2013	\$85,346	\$44,078	\$12,596	44	23.6%	21.6%	32.4%	33.1%	0.6%	8.0%	6.8%	7.0%	14.7%	12.1%	12.4%
2012	\$74,211	\$37,881	\$9,407	41	11.6%	9.8%	16.0%	16.4%	0.7%	8.4%	9.2%	9.4%	15.3%	15.3%	15.6%
2011	-	\$57,717	\$9,912	40	1.7%	0.0%	2.1%	1.5%	1.8%	9.4%	11.5%	11.6%	19.2%	19.0%	19.2%
2010	-	\$64,232	\$9,210	37	26.5%	24.4%	15.1%	16.1%	0.8%	15.5%	16.8%	17.1%	22.4%	22.2%	22.6%
2009	-	\$44,393	\$8,098	35	20.1%	18.0%	26.5%	28.4%	0.3%	15.4%	15.8%	16.1%	22.2%	19.9%	20.3%
2008	-	\$52,797	\$6,671	35	-22.0%	-23.3%	-37.0%	-37.6%	1.0%	15.3%	13.8%	14.3%	20.1%	15.3%	15.8%
2007	-	\$10,861	\$6,534	31	20.4%	18.3%	5.5%	5.8%	0.6%	9.1%	4.4%	4.5%	15.9%	7.8%	7.9%
2006	-	\$1,554	\$5,504	30	17.3%	15.2%	15.8%	15.5%	0.9%	8.9%	3.7%	3.8%	15.6%	6.9%	7.1%
2005	-	-	\$5,386	33	25.6%	23.2%	4.9%	6.3%	1.0%	7.9%	3.8%	3.8%	14.9%	9.2%	9.3%
2004	-	-	\$3,455	30	13.1%	10.8%	10.9%	11.4%	0.5%	10.5%	10.5%	10.4%	15.8%	15.1%	14.9%
2003	-	-	\$3,965	31	31.4%	29.0%	28.7%	29.9%	2.4%	15.4%	13.6%	13.6%	22.5%	18.3%	18.3%
2002	-	-	\$3,878	30	-16.8%	-18.4%	-22.1%	-21.7%	1.0%	17.4%	15.0%	15.1%	24.8%	18.8%	19.0%
2001	-	-	\$9,252	81	-3.8%	-5.6%	-11.9%	-12.5%	2.6%	15.1%	11.6%	11.9%	26.9%	16.9%	17.3%
2000	-	-	\$5,926	50	6.5%	4.3%	-9.1%	-7.8%	8.6%	NA	NA	NA	NA	NA	NA
1999	-	-	\$2,703	20	70.8%	67.8%	21.0%	20.9%	NA <sup>3</sup>	NA	NA	NA	NA	NA	NA
Management Fee Schedule															
Portfolio Size										Annual Fee					
First \$250K										2.00%					
Next \$250K										1.50%					
Next \$500K										1.25%					
Next \$4M										1.00%					
Next \$5M										0.90%					
Next \$15M										0.85%					
Next \$25M										0.80%					

1 Prior to 2008, the Crescat Large Cap Composite was managed by predecessor firm Smith Portfolio Management LLC. Therefore, the composite assets are not included in Crescat Portfolio Management's Total Firm Net Assets until 2008. Beginning in 2012, CPM started presenting Total Firm Regulatory Assets as supplementary information.

2 Composite Dispersion applies to gross returns.

3 There was only 1 account in part of the first quarter 1999. Therefore, an annual composite dispersion is not applicable.

GIPS® Information:

Crescat Portfolio Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Crescat Portfolio Management LLC (CPM) has been independently verified for the periods 1 January 2006 through 31 December 2014. Smith Portfolio Management LLC (SPM) has also been independently verified for the periods 1 January 2003 through 31 March 2008, when it was merged into CPM. 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 Crescat Large Cap Composite has been examined for the periods 1 January 2003 through 31 December 2015. The verification and performance examination reports are available upon request. CPM is an SEC-registered investment adviser and manager of the Crescat Large Cap Composite (Composite).

The Composite was created on 1 January 2003. From inception until 31 December 2002, the Portfolio Manager was affiliated with a prior firm. On 1 January 2003, the Portfolio Manager left the prior firm and substantially all the assets transferred to SPM, where they remained until SPM was merged into CPM. The Composite was formerly known as the Blue Chip Core Equity Composite until the merger. A performance examination was conducted on the Composite beginning 1 January 2003 through 31 December 2008. Copies of the verification reports are available upon request.

The Crescat Large Cap Composite contains all discretionary accounts that are managed according to the firm's large-cap equity process. The manager may invest in Top 1000 U.S. listed stocks weighted by market capitalization. From inception through November 2007, the Composite was measured against the S&P 500 Index as the benchmark for performance comparison. Beginning 1 December 2007, the Composite converted to the Russell 1000 Index as the primary benchmark because it was deemed to parallel the risk and return characteristics of the Composite more closely. The S&P 500 is shown as additional information. The minimum account size for this Composite is \$50,000. Prior to 1 January 2006, the minimum account size for inclusion in the Composite was \$20,000.

CPM aims to deliver significant alpha in the Composite relative to the benchmark through highly selective allocation to sectors and individual stocks. As such, CPM does not aim to track the performance of the benchmark but, rather, to outperform it with substantial upside deviation. Because standard deviation penalizes high upside deviation, it is not an appropriate risk metric for the Composite. Downside deviation is more appropriate because it captures downside risk but does not penalize for upside deviation. Therefore, both downside and standard deviation are shown. CPM calculates downside deviation relative to a 0% performance level, annualizing the trailing three years of monthly performance numbers.

CPM maintains a complete list and description of composites that is available upon request. Management fees are billed quarterly in advance and waived on employee accounts. Employee accounts have not been included in the Composite since 1999. As of 31 December 1999, 3% of Composite assets were non-fee-paying accounts. All composite assets have been fee-paying for all subsequent years.

All reported returns are purely historical, are no indication of future performance, and may be adjusted subsequently if necessary. The US Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The dispersion of annual returns is measured by the standard deviation across asset-weighted portfolio returns represented within the Composite for the full year.