

**Firm** **QUARTERLY FACT SHEET** **September 30, 2016**

Assets*	\$1,701 MM
Employee Ownership	100%
Avg. Years Inv. Experience	22.8
Inception	2009
Location	Los Angeles, CA

**Small Cap Growth Equity**

Strategy Assets	\$94 MM
Minimum Market Cap	\$100 MM
Max Market Cap (at purchase)	\$3.0 BB
Number of Holdings	39
Turnover (12 months)	59%
Cash	3.62%
Benchmark	Russell 2000® Growth Index
Inception	January 1, 2004

**Portfolio Management & Experience**

<b>Lead Portfolio Manager</b>	
<b>Joshua D. Shaskan, CFA</b>	22 Years
Principal, Portfolio Manager	
<b>Co-Portfolio Managers/Analysts</b>	
<b>Jeffrey J. Hoo, CFA</b>	19 Years
Principal, Portfolio Manager	
<b>Peter O. Lopez</b>	23 Years
Principal, Portfolio Manager	
<b>Pankaj R. Chandak</b>	4 Years
Research Analyst	
<b>Jeanne S. Wong, CFA</b>	15 Years
Research Analyst	
<b>Geoffrey I. Edelstein, CFA</b>	24 Years
Principal, Portfolio Manager	
<b>Edward S. Han</b>	23 Years
Principal, Portfolio Manager	
<b>Michael T. Papworth</b>	46 Years
Portfolio Manager	
<b>Gary U. Rollé, CFA</b>	50 Years
Principal, Portfolio Manager	
<b>Erik U. Rollé</b>	14 Years
Principal, Portfolio Manager	
<b>Solmaz E. Wein, CFA</b>	12 Years
Principal, Trader, Research Analyst	

**Portfolio Characteristics**

	Granite	R2000G
Wtd Avg Mkt Cap (\$M)	\$1,828	\$1,980
Median Market Cap (\$M)	\$1,825	\$845
P/E (Forward 12 mos)	24.40	19.03
P/E (Trailing 12 mos)	29.55	24.60
Price/Book	2.84	3.75
EPS Growth (3-5 Years)	17.20	11.80
Active Share	96.10	--
# of Securities	39	1154

**OBJECTIVE & PORTFOLIO STRUCTURE**

To consistently outperform the Russell 2000 Growth Index over a full market cycle (typically 3-5 years) with less than commensurate risk.

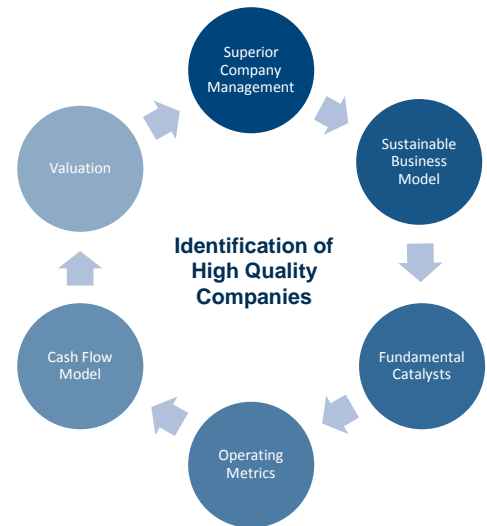
- **Bottom-Up Research Process:** An independent fundamental, research-driven process to identify unique companies that demonstrate:
  - superior company management performance
  - sustainable business models
  - accelerating free cash flow driven by long-term catalysts
- **Concentrated:** Typically 30-50 stocks
- **Market Capitalization:** Minimum \$100 Million; Maximum \$3 Billion (at purchase)
- **Diversified:** Broad diversification across industries and sectors
- **Low Turnover:** Historical average annual turnover between 40-60%
- **Fully Invested:** Typically not greater than 5% cash; Maximum 10%

**FUNDAMENTAL RESEARCH FOCUS**

Granite's Small Cap Growth Equity strategy can be categorized as a **fundamental and research driven approach to investing** in small company growth stocks that have a market cap greater than \$100 million and less than \$3 billion at time of purchase.

Granite seeks to invest in a concentrated number of **high quality companies** with superior business models **exhibiting catalysts for positive change**, which may result in rapid growth in earnings and revenue and discretionary free cash flow. Significant emphasis is placed on prudent and visionary managements with past records of success that act in the best interest of shareholders.

At Granite, this process has been applied **consistently over many years regardless of market conditions.**



Supplemental Information

**PORTFOLIO SNAPSHOT**

**Top 10 Holdings (%)**

Sprouts Farmers Markets, Inc.	4.12
Grand Canyon Education, Inc.	3.71
Cepheid	3.68
Novadaq Technologies Inc.	3.52
Healthcare Services Group, Inc.	3.34
HealthStream, Inc.	3.29
LifePoint Health, Inc.	3.27
Acxiom Corporation	3.12
ACI Worldwide, Inc.	3.03
NIC Inc.	2.98

**Sector Weights (%)**

Consumer Discretionary	14.32
Consumer Staples	8.29
Energy	1.93
Financial Services	6.75
Health Care	21.93
Industrial	2.45
Materials & Processing	5.97
Producer Durables	13.31
Technology	21.44

**Granite**

**R2000G**

16.04
2.84
0.99
11.51
23.41
--
9.11
13.97
19.89

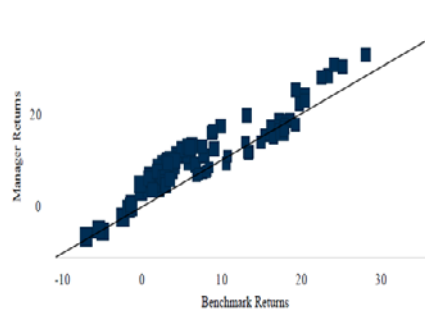
*The Portfolio Snapshot is deemed supplemental and complements the Small Growth Equity composite and disclosure, which is an integral part of this fact sheet.*

**RISK & RETURN STATISTICS**

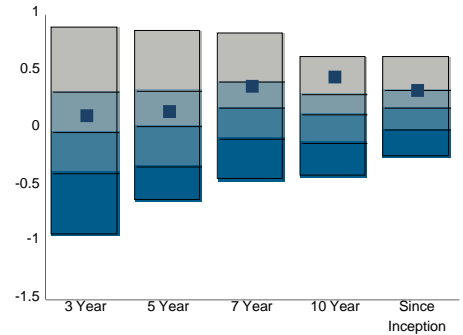
Risk/Return Statistics	5 Years	Inception
Alpha (%)	3.08	2.91
Excess Return	1.28	2.53
Information Ratio	0.15	0.33
Beta	0.88	0.95
R2	0.76	0.86
Tracking Error	8.34	7.59
Sharpe Ratio	1.05	0.48
Standard Deviation	16.46	20.03
Up Capture (%)	83.30	98.62
Down Capture (%)	81.32	97.93

Risk Statistics Based on Gross of Fee Returns

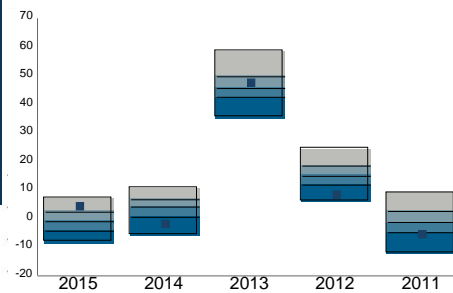
**Rolling Monthly 5 Year Returns**  
Since Inception  
Vs. Russell 2000 Growth Index



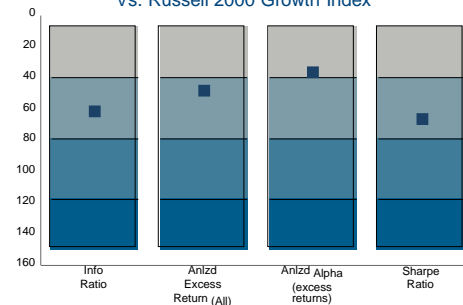
**Information Ratio**  
Annualized 3, 5, 7, 10 Years & Inception  
Vs. Russell 2000 Growth Index



**Calendar Year Universe Ranking**  
Last 5 Calendar Years

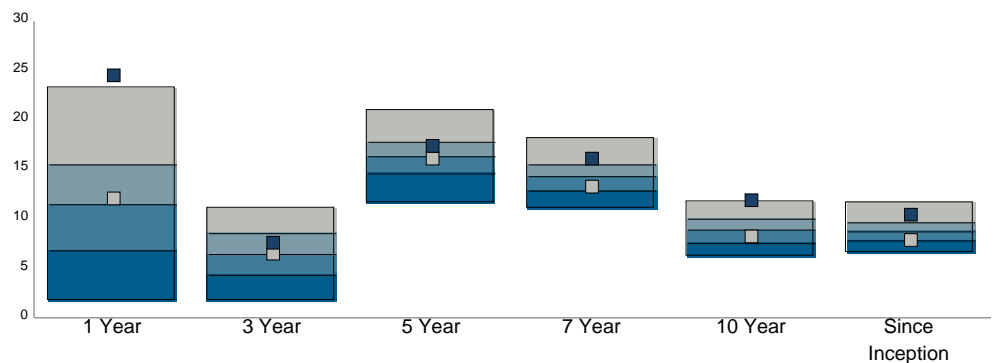


**Risk Metrics**  
Annualized 5 Year Time Periods  
Vs. Russell 2000 Growth Index



**PERFORMANCE**

■ Granite Small Growth Equity  
■ Russell 2000® Growth Index  
vs. eVestment Alliance Small Cap Growth Equity Universe



Annualized Returns	1 Year	3 Year	5 Year	7 Year	10 Year	Inception
Granite Small Cap Growth Equity (gross)	24.55	7.61	17.42	16.18	11.97	10.79
Granite Small Cap Growth Equity (net)	23.35	6.54	16.27	15.03	10.87	9.77
Russell 2000 Growth Index	12.12	6.58	16.15	13.32	8.29	8.26
Percentile Rank (gross)	3	34	30	13	3	9

Results for periods greater than 12 months have been annualized

Calendar Year Returns	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Granite Small Cap Growth Equity (gross)	4.49	-1.83	47.63	8.55	-5.39	48.86	51.22	-42.46	22.90	6.87	5.64	11.53
Granite Small Cap Growth Equity (net)	3.46	-2.83	46.20	7.48	-6.34	47.42	49.77	-43.06	21.69	5.81	5.10	10.86
Russell 2000 Growth Index	-1.38	5.60	43.30	14.59	-2.91	29.09	34.47	-38.54	7.05	13.35	4.15	14.31

Inception: January 1, 2004; Past performance is not indicative of future results.

**Past performance is not indicative of future results.** This material is not financial advice or an offer to sell any product. Not every client's account will have these exact characteristics. The actual characteristics with respect to any particular client account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Granite reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed may not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. Performance provided by third party sources may vary slightly from that of Granite's composite due to rounding differences.

Attribution as of September 30, 2016. The holdings identified do not represent all of the securities purchased, sold or recommended. The index has been selected for comparison purposes only. Individual account holdings may differ significantly from the securities in the index, and the volatility of the index may be materially different from individual account performance. You cannot invest directly in an index. Past performance does not guarantee future results.

Source for attribution is FactSet Portfolio Analysis. Average portfolio weight represents the average of the daily weights for the security during the attribution period, and securities listed may not have been held for the entire period. Total effect for sector-level attribution represents the sector contribution for the account relative to that sector's contribution to the benchmark return. Total effect for security-level attribution represents individual securities in the account that contributed or detracted relative to the individual security contribution in the benchmark. The attribution analysis presented may be based on preliminary results and as such may be based on unreconciled holdings. Attribution results are based on end-of-day pricing and do not take into effect calculation of intra-day trading. A full list of holdings and an explanation of the calculations and methodology used in the report are available upon request.

Returns presented in the Risk Statistics tables are gross of investment advisory fees and include the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. For example, a 0.50% annual fee deducted quarterly (.125%) from an account with a ten year annualized growth rate of 5% will produce a net result of 4.4%. Actual performance results will vary from this example.

Universe comparisons provided by eVestment Alliance ("eA"). eA reviews a number of key criteria to make a determination of fit within a peer group and consistency of a product's attributes within a designated style classification. Numerous tools are used in these efforts, including access to the wide-ranging information of the eA Database. Additionally, eA utilizes style analysis tools, performance analysis over multiple periods, and the review of a product's investment strategy narratives, all of which are collectively reviewed by eA team members with background and experience in manager evaluation and universe creation. Several factors are considered, including: Screening of fundamental portfolio characteristics vs. universe medians; emphasis on outliers, data trends & accuracy; Analysis of sector allocations vs. existing eA style universes; emphasis on significant over/under-exposures to key "style" sectors (technology, financials, etc.); Statistical performance and risk screening versus appropriate benchmarks and universe medians, such as returns, standard deviation, tracking error & correlation coefficients over annualized and rolling three-year time periods; Review of product narratives detailing a manager's investment strategy, screening process, portfolio construction methodologies and buy/sell disciplines; and, Manager reported capitalization and style emphasis, or duration, quality and style emphasis and product benchmark. The eVestment Small Cap Growth universe consists of U.S. equity products that invest primarily in small-capitalization stocks with fundamental characteristics showing high earnings growth expectations or in fast-growing economic sectors. Placement within universe is subject to revision without notice; placement using net-of-fee returns may vary. The rankings shown may not be representative of any one client's experience and these rankings are not indicative of the adviser's future performance. Granite utilizes best efforts that content provided is compiled or derived from sources believed to be reliable, and accurate, but makes no representations thereof and accepts no liability whatsoever for any loss arising from use or reliance on these contents. The index has been selected for comparison purposes only. Individual account holdings may differ significantly from the securities in the index, and the volatility of the index may be materially different from individual account performance. You cannot invest directly in an index.

Strategy inception date: January 1, 2004. Portfolio characteristics reflect a representative Small Growth Equity strategy account as of September 30, 2016, and are subject to change without notice. Individual account holdings may vary based on restrictions, substitutions, cash flows and other factors. Firm assets include both assets under management and assets under advisement. Source for portfolio characteristics and sector weights: FactSet. Risk statistics are calculated using Small Growth Equity Composite gross-of-fee returns; statistics calculated using net-of-fee returns may vary. Source for risk statistics: eVestment Alliance. The index has been selected for comparison purposes only. Individual account holdings may differ significantly from the securities in the index, and the volatility of the index may be materially different from individual account performance. You cannot invest directly in an index. Granite utilizes best efforts that content provided is compiled or derived from sources believed to be reliable, and accurate, but makes no representations thereof and accepts no liability whatsoever for any loss arising from use or reliance on these contents. This material is deemed supplemental and complements the Small Growth Equity strategy performance and disclosure detailed below, which are an integral part of this presentation.

\*The assets shown on the first page include assets managed directly by Granite and advisory-only assets. Granite had \$1,503 MM in assets under management as of September 30, 2016.

More information about the advisor, including its investment strategies and objectives, can be obtained by visiting [www.granitepartners-llc.com](http://www.granitepartners-llc.com). A copy of Granite's disclosure statement (Part 2 of Form ADV) is available without charge upon request. Please contact us at [info@granitepartners-llc.com](mailto:info@granitepartners-llc.com) or 310-933-3199 if you would like to receive this information.

STRATEGY	PEER GROUP	# OF OBSERVATIONS PER RESPECTIVE PEER GROUP					
		1 YEAR	3 YEARS	5 YEARS	7 YEARS	10 YEARS	SINCE INCEPTION
Small Growth Equity	eVestment Alliance U.S. Small Cap Growth Equity	174	166	157	153	133	114

Period	Total Firm Assets (Millions)	Composite Assets		Periodic Performance Results (%)					Non-fee-paying Assets as % of Composite Assets	3-Year Annualized External Dispersion (%)		
		USD (Millions)	Number of Accounts	Composite Gross	Composite Net	Russell 2000 <sup>®</sup> Growth	Russell 2500 <sup>™</sup> Growth	Internal Composite Dispersion		Composite Gross	Russell 2000 <sup>®</sup> Growth	Russell 2500 <sup>™</sup> Growth
2016 Q3	1,503	41.0	≤5	10.25	9.98	9.22	6.98			15.1	15.6	13.9
2016 Q2	1,437	37.2	≤5	5.89	5.63	3.24	2.70			15.4	16.2	14.6
2016 Q1	1,258	35.2	≤5	1.51	1.25	(4.68)	(2.66)			16.2	16.4	14.7
2015	1,290	34.8	≤5	4.49	3.46	(1.38)	(0.19)	N/A	1%	14.9	14.9	13.3
2014	1,093	86.6	10	(1.85)	(2.83)	5.60	7.05	0.3	1%	15.5	13.8	12.5
2013	767	85.8	9	47.60	46.18	43.30	40.65	0.4	1%	18.9	17.3	16.5
2012	630	82.7	11	8.55	7.48	14.59	16.13	N/A	0%	23.0	20.7	19.8
2011	496	39.2	≤5	(5.39)	(6.34)	(2.91)	(1.57)	N/A	1%	26.6	24.3	22.9
2010		149.2	9	48.86	47.42	29.09	28.86	N/A	0%	29.4	27.7	27.2
2009		125.3	7	51.22	49.77	34.47	41.66	N/A	0%	26.5	24.8	24.5
2008		111.9	10	(42.46)	(43.06)	(38.54)	(41.50)	0.9	0%	21.0	21.3	20.9
2007		543.6	22	22.90	21.69	7.05	9.69	0.1	0%	13.3	14.2	12.5
2006		554.1	24	6.87	5.81	13.35	12.26	0.3	0%	13.2	15.6	13.4
2005		502.5	24	5.64	5.10	4.15	8.17	0.1	0%			
2004		186.6	17	11.53	10.86	14.31	14.59	N/A	0%			

N/A – Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Performance Results (%) as of September 30, 2016 (Results for periods greater than 12 months have been annualized)						
	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	INCEPTION
Composite Gross	18.50	24.55	7.60	17.42	11.97	10.79
Composite Net	17.63	23.34	6.53	16.26	10.86	9.77
Russell 2000 <sup>®</sup> Growth	7.48	12.12	6.58	16.15	8.29	8.26
Russell 2500 <sup>™</sup> Growth	6.95	11.02	7.43	16.20	8.82	8.98

Note: Results presented in the two tables above may, due to rounding, vary by a few basis points from the results presented elsewhere in this presentation.

**Small Growth Equity Composite** contains fully discretionary equity accounts that invest in growth securities with a market capitalization between \$100 million and \$3 billion and for comparison purposes is measured against the Russell 2000<sup>®</sup> Growth Index. The Russell 2500<sup>™</sup> Growth Index was the primary index from January 1, 2006, through December 31, 2009, and is currently presented as a secondary benchmark. Benchmark changes were made to more accurately reflect the strategy of the composite. Beginning January 1, 2011, the minimum account size for this composite is \$100,000. From April 1, 2010, through December 31, 2010, the minimum account size for this composite was \$300,000. Prior to April 1, 2010, the minimum account size was \$1 Million.

Granite Investment Partners, LLC (Granite) is an independent SEC-registered investment advisor that commenced operations on August 1, 2009.

Granite Investment Partners, LLC claims compliance with the Global Investment Performance Standards (GIPS<sup>®</sup>) and has prepared and presented this report in compliance with the GIPS standards. Granite has been independently verified for the period August 31, 2009, through December 31, 2015. A copy of the verification report is available upon request.

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. Verification does not ensure the accuracy of any specific composite presentation.

The Small Growth Equity Composite was created on April 1, 2011, and has an inception date of January 1, 2004. Prior to September 30, 2014, the Small Growth Equity composite was known as the Small Cap Equity Composite. Performance presented prior to April 1, 2011, was established at Transamerica Investment Management, LLC (TIM) where the composite was known as the Small Growth Composite. In 2011, the majority of the senior equity portfolio managers of TIM joined Granite and no material change in personnel responsible for the investment management process occurred. The presentation conforms to the guidelines regarding the portability of investment results.

The Russell 2000<sup>®</sup> Growth Index is market-cap weighted and 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-book ratios and higher forecasted growth values. The Russell 2500<sup>™</sup> Growth Index is market-cap weighted and measures the performance of the small to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values. The benchmark definitions and returns have been taken from published sources.

Composite results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Prior to April 1, 2010, composite policy required the temporary removal of any portfolio incurring a client-initiated inflow or outflow of at least 10% of portfolio assets. A significant cash flow was defined as "the aggregate of cash, securities or assets that enter or exit a portfolio during a composite calculation period". Prior to January 1, 2008, a significant cash flow was defined as "any single flow of cash, securities or assets that entered or exited a portfolio during a composite calculation period". The U.S. dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Prior to January 1, 2006, net-of-fee performance was calculated based on actual, accrued fees. After January 1, 2006, net-of-fee performance is calculated using the monthly fraction of the highest annual management fee of 1.00% applicable to this strategy. The internal dispersion measure presented is an asset-weighted standard deviation calculation based on accounts in the composite the entire year. The external dispersion measure presented is a three-year annualized ex-post standard deviation of a population using monthly returns. External dispersion is not presented prior to the year 2006 because 36 monthly composite returns are not available. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request. Past performance is not indicative of future results and individual account performance may vary. The firm maintains a complete list of composite descriptions, which is available upon request.

The investment management fee schedule for the Small Growth Equity Composite is listed below; actual investment advisory fees incurred by clients may vary.

First \$25 million	1.00%
Next \$25 million	0.90%
Next \$50 million	0.80%
Remaining assets	0.70%