

Skyline Asset Management, L.P.

Fourth Quarter 2016

SMALL CAP VALUE

Investment Strategy

- Small cap focus - market cap within the range of the Russell 2000 Index
- Value concentration - discounted price/earnings ratio, 20% plus
- Growth requirement - above average earnings growth prospects, 10-20%
- Sell at fair valuation - market price/earnings ratio

"We believe owning stocks with low valuations and strong earnings growth prospects creates a favorable risk/reward scenario for achieving superior long-term performance."

Portfolio Characteristics (As of 12/31/2016)

	SKYLINE	RUSSELL 2000 VALUE	RUSSELL 2000
P/E RATIO (EXCLUDING NEG. EARNINGS)	20.8x	22.5x	24.5x
PRICE/BOOK	2.26	1.71	2.43
PRICE/SALES	1.14	2.25	2.36
Return on Equity	9.81%	7.24%	8.21%
EPS growth - 3 yrs (HISTORICAL)	11.78%	4.26%	8.01%
DIVIDEND YIELD	1.1%	1.9%	1.4%
MARKET CAP \$-WTD. MEAN	\$2.4 BIL	\$2.0 BIL	\$2.1 BIL
MARKET CAP \$-WTD. MEDIAN	\$1.9 BIL	\$1.8 BIL	\$1.9 BIL
ASSETS UNDER MANAGEMENT	\$1.6 BIL	-	-
NUMBER OF HOLDINGS	68	-	-
CASH POSITION	4.3%	-	-
TURNOVER (TRAILING 12 MONTHS)	32%	-	-
ACTIVE SHARE	95%	-	-

For additional information

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Average Annual Returns (As of 12/31/2016)

	4Q 16	1 yr.	3 yrs.	5 yrs.	10 yrs.	Skyline Incep*	Team Incep**
Skyline Gross	15.20	22.85	7.19	18.00	9.60	12.31	12.05
Skyline Net	14.99	21.93	6.37	17.10	8.72	11.24	11.08
Russell 2000 Value	14.07	31.74	8.31	15.07	6.26	10.30	9.44
Russell 2000	8.83	21.31	6.74	14.46	7.07	8.68	8.31

Standard Deviation (As of 12/31/2016)

	1 yr.	3 yrs.	5 yrs.	10 yrs.	Skyline Incep*	Team Incep**
Skyline Gross	19.79	16.16	15.48	21.93	19.09	19.91
Russell 2000 Value	17.81	15.72	14.22	20.28	17.73	18.79
Russell 2000	18.29	15.99	14.62	20.14	19.73	19.40

Information Ratio (As of 12/31/2016)

	1 yr.	3 yrs.	5 yrs.	10 yrs.	Skyline Incep*	Team Incep**
Skyline Gross	-1.65	-0.26	0.66	0.57	0.32	0.47
Russell 2000 Value	-	-	-	-	-	-
Russell 2000	-3.31	-0.45	-0.21	0.23	-0.24	-0.29

*Since Skyline Inception: September 1, 1995

**Since Team Inception: March 1, 2001

See disclosure on reverse side

Research Group

years of experience

Andrew J. Bushey, Securities Analyst	3
William F. Fiedler, Partner and Portfolio Manager	27
Michael Maloney, Partner and Portfolio Manager	28
Mark N. Odegard, Partner and Portfolio Manager	26

Senior Advisor

William M. Dutton, Partner and Senior Advisor	36
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