

# Small Cap Growth Equity Strategy



**N**orthPointe Capital®, LLC is a domestic-equity money management firm dedicated to serving the investment needs of institutions and high-net-worth individuals.

NorthPointe is committed to:

- Strict adherence to our investment philosophy and process
- Accurate and dynamic implementation of that process
- Superior client communications

*Quantitative screens narrow the universe based on characteristics shared by attractive growth companies, such as consistent earnings growth, high return on equity and balance sheet strength.*

*Fundamental analysis is the most critical component of our approach. We look for sustainable competitive advantage. We seek to invest in companies that are gaining market share and generating a large portion of their revenue from recurring sources.*

*Our portfolio construction process emphasizes risk management. Our stock selection drives performance.*

## NorthPointe's Growth Equity Team

**Carl P. Wilk, CFP**  
Portfolio Manager  
26 Years Experience

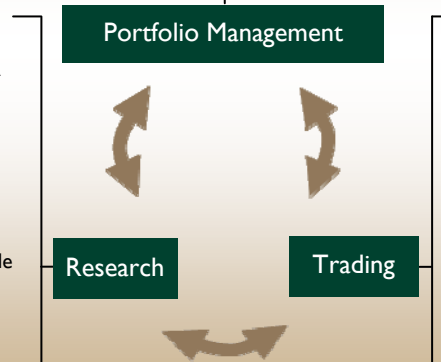
**Robert D. Glise, CFA**  
Portfolio Manager  
25 Years Experience

**Karl Knas, CPA**  
Portfolio Manager  
11 Years Experience

**Steve Roberts, CFA**  
Research  
22 Years Experience

**Dan Nye**  
Market Research/Trade  
Implementation  
5 Years Experience

**Sean Smyth**  
Equity Trader  
19 Years Experience



## Philosophy and Strategy

We believe that attractive returns can be obtained by investing in a diverse, high-quality portfolio of companies with proven, consistent track records. Our strategy has four main components:

The first step is quantitative analysis. We use screens to narrow the universe of stocks to a more manageable level. These quantitative screens filter the universe based on characteristics shared by attractive growth companies, such as consistent earnings growth, high return on equity and balance sheet strength.

The second step and the most critical component is our in-depth fundamental analysis. Our analysis may include discussions with management, reading independent research reports, and reviewing SEC documents. We look for clues into the sustainability of a company's competitive advantage, which often is the key to consistent earnings growth. We seek to invest in companies that are gaining market share and generating a large portion of their revenue from recurring sources.

Once we have identified a company with a sustainable competitive advantage, we perform a thorough review of the near-term outlook. We favor companies that have recently experienced positive earnings surprises, that possess sustainable, above-average earnings growth and that have stable to rising operating ratio characteristics. These factors and others help us to understand companies' prospects.

The third step is applying a valuation overlay, which distinguishes us from many other growth managers. Our valuation methodology assimilates both quantitative and fundamental factors in determining the value of a stock.

The fourth and final element of our strategy is portfolio construction, with an emphasis on risk management. Our growth portfolios will generally be fully invested and limited to companies within the appropriate capitalization range. Our stock selection drives performance.

**For Institutional Investors Only**



## Growth Equity Portfolio Focus

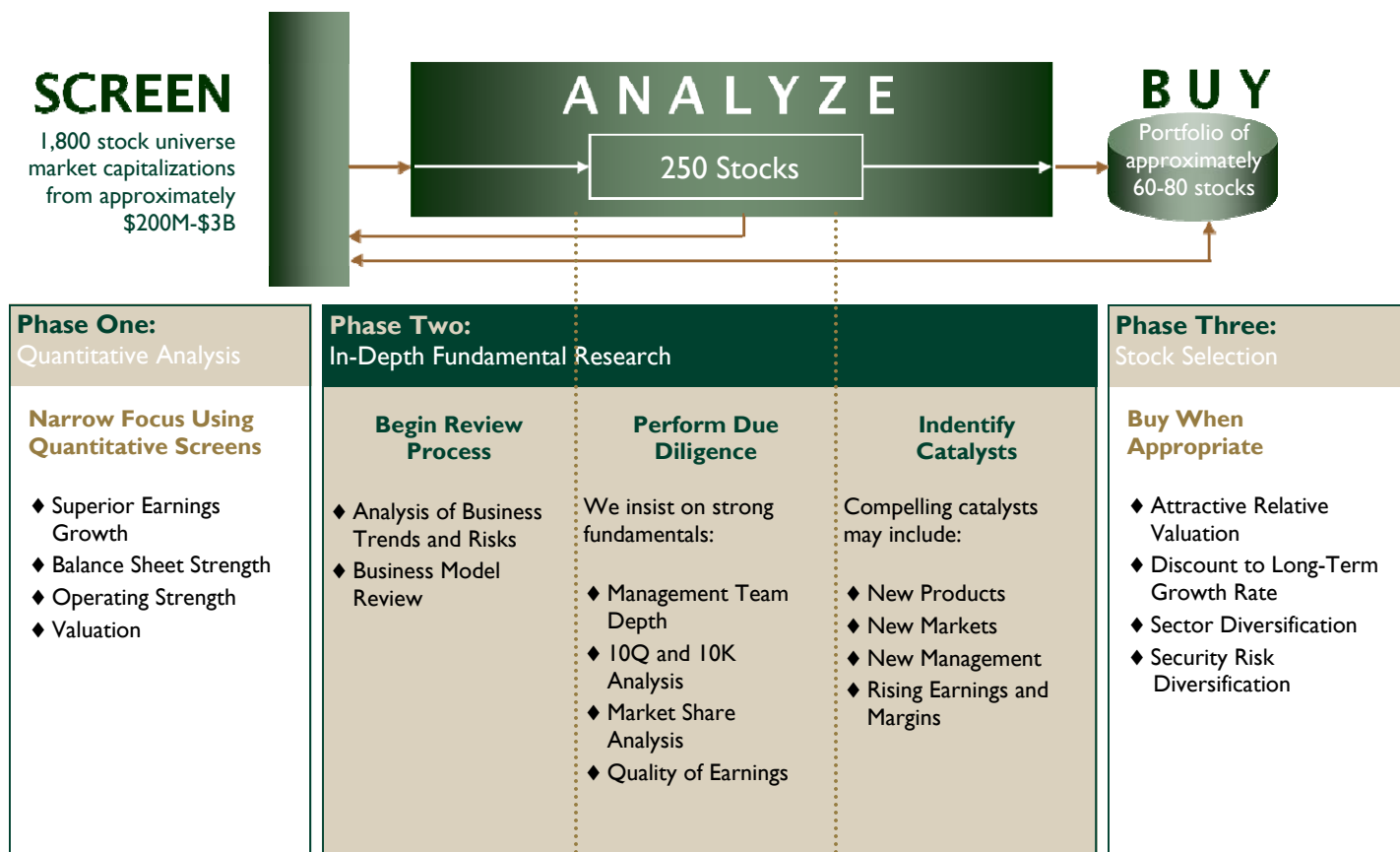
On behalf of our clients, we seek to identify and participate in the significant opportunities within the small cap growth segment of the equity universe, we:

- ◆ Focus on quality growth companies with strong fundamentals
- ◆ Identify catalysts for change
- ◆ Seek to add value through in-depth, proprietary research
- ◆ Strive to provide superior returns via active portfolio management

*“At NorthPointe Capital, we believe the quality of a company’s earnings will ultimately drive the performance of their stock.”*

**Robert D. Glise, Portfolio Manager**

## Portfolio Construction Process



# Ongoing Portfolio Management— Sell Discipline

*“Following a strong sell discipline helps us capture gains and avoid disasters.”*

**Carl P. Wilk, Portfolio Manager**

When will we continue to **HOLD** a stock?

## STOCKS MEETING EXPECTATIONS

### Key Variables:

- ◆ Catalysts occurring
- ◆ Financial progress
- ◆ Stocks performing as expected

When will we **SELL** or **TRIM** positions?

## STOCKS NOT MEETING EXPECTATIONS

### Key Variables:

- ◆ Deterioration of original investment case
- ◆ EPS miss
- ◆ Management change
- ◆ Profitability change
- ◆ Industry deterioration
- ◆ Accounting problems

## STOCKS HIT VALUATION TARGETS

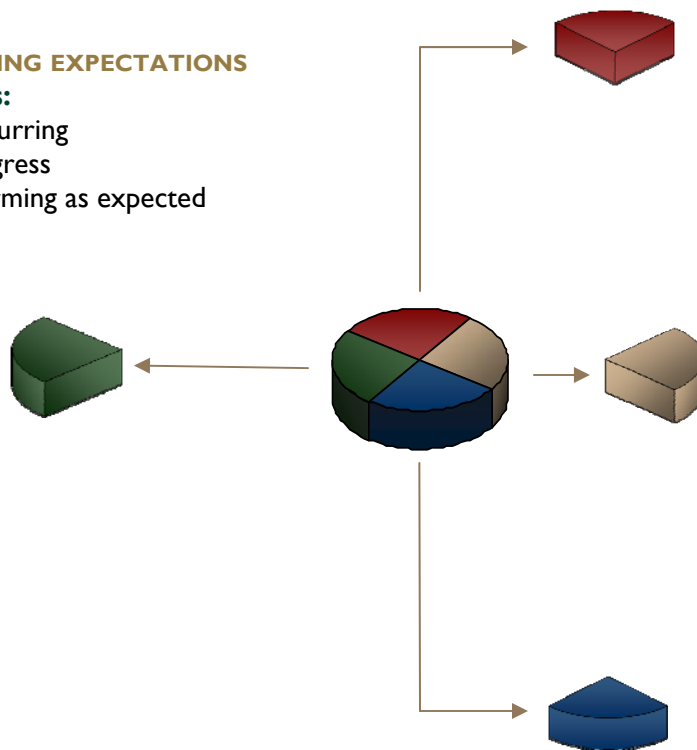
### Key Variables:

- ◆ Stock exceeds upper boundary of our forecasted valuation range
- ◆ Company graduates from portfolio capitalization

## BETTER ALTERNATIVES IDENTIFIED

### Key Variables:

- ◆ More attractive valuation
- ◆ Better business plan
- ◆ Better financial flexibility
- ◆ Better management execution



*We are stock pickers, but we attempt to eliminate personal biases by relying on our strong quantitative sell discipline.*

## Professional Biographies



**Peter J. Cahill, CFA**  
**CIO**

NorthPointe Capital, 2000–Present, Portfolio Manager  
Loomis, Sayles & Company, 1997–2000,  
Vice President and Director of Quantitative Research  
Bank America, 1993–1997, Quantitative Analyst  
B.S., 1992, University of Notre Dame



**Daniel A. Nye III**  
**Research/Equity Trader**

NorthPointe Capital, 2008–Present, Equity Trader  
B.A., 2008, University of Michigan



**Robert D. Glise, CFA**  
**Portfolio Manager**

NorthPointe Capital, 2002–Present, Portfolio Manager  
Munder Capital Management, 1998-4/02 -  
Sr. Portfolio Manager  
Eaton Corporation, 1993-1998, Portfolio Manager,  
In-House Investments  
Comerica Bank, 1987-1993, Portfolio Manager  
B.A., 1987, Michigan State University



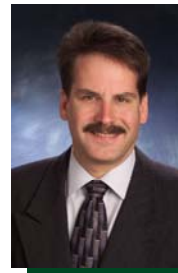
**Stephen E. Roberts, CFA**  
**Director of Research**

NorthPointe Capital, 2000–Present,  
Director of Research  
Loomis, Sayles & Company, 1996–2000,  
Vice President and Research Analyst  
Roney & Company, 1992–1996, Research Analyst  
Olde Discount, 1990–1992, Research Analyst  
B.S.Che., 1984, University of Michigan  
M.B.A., 1990, Michigan State University



**Michael P. Hayden, CFA**  
**CEO**

NorthPointe Capital, 2000–Present, Managing Director  
Loomis, Sayles & Company, 1996–2000,  
Vice President of Marketing/Client Service  
New York Life, 1992–1996, Managing Director  
Travelers, 1981–1992, Vice President  
B.S., 1980, Pennsylvania State University



**Carl P. Wilk, CFP**  
**Portfolio Manager**

NorthPointe Capital, 2002–Present, Portfolio Manager  
Munder Capital Management, 1995-4/02 -  
Senior Portfolio Manager  
Manufacturers Bank/Woodbridge Capital, 1986-1995  
Senior Equity Analyst  
B.S., 1983, Wayne State University  
M.B.A., 1987, Wayne State University



**Karl L. Knas, CPA**  
**Portfolio Manager**

NorthPointe Capital 2003-present - Portfolio Manager  
SoundView Technology Group 8/2001 - 2/2003  
Equity Research Analyst  
Salomon Smith Barney 2/2001 - 8/2001  
Equity Research Assoc.  
B.A., 1994, Michigan State University  
M.B.A., 2000, University of Chicago

NorthPointe Capital®, LLC (NorthPointe), located in Troy, Michigan, is an asset management firm. NorthPointe is a registered investment adviser with the Securities and Exchange Commission and provides investment services to institutional investors through separate accounts, mutual funds and wrap accounts.