VULCAN VALUE PARTNERS

Fourth Quarter 2016

Portfolio Review

General

We are generally pleased with our fourth quarter and 2016 full year results. For the year, Large Cap, Small Cap, and All Cap delivered solid double-digit returns. Large Cap and All Cap outperformed their broad market indices and Small Cap approximately matched its broad market index. Focus and Focus Plus delivered high single-digit returns but did not match their broad market indices. All five strategies failed to match their value based indices for the year. Over the long-term, our strategies have tended to outperform value based indices by a wider margin than broad based indices. Most importantly, our long term results remain outstanding as detailed in the table below.

Directory

As of December 31, 2016

	QTD	YTD	Annualized Since Inception*	Peer Rank Since Inception[1]
Large Cap Composite (Gross)	**5.0%**	**12.6%**	**10.2%**	**Top 1%**
Large Cap Composite (Net)	**4.8%**	**12.0%**	**9.4%**	
Russell 1000 Value Index	6.7%	17.3%	5.7%	
S&P 500 Index	3.8%	12.0%	7.1%	
Small Cap Composite (Gross)	**7.8%**	**21.2%**	**11.6%**	**Top 3%**
Small Cap Composite (Net)	**7.5%**	**20.1%**	**10.5%**	
Russell 2000 Value Index	14.1%	31.7%	6.3%	
Russell 2000 Index	8.8%	21.3%	7.0%	
Focus Composite (Gross)	**2.7%**	**9.0%**	**10.5%**	**Top 1%**
Focus Composite (Net)	**2.5%**	**8.2%**	**9.2%**	
Russell 1000 Value Index	6.7%	17.3%	6.2%	
S&P 500 Index	3.8%	12.0%	7.0%	
Focus Plus Composite (Gross)	**2.6%**	**9.0%**	**9.3%**	**Top 4%**
Focus Plus Composite (Net)	**2.4%**	**8.3%**	**8.0%**	
Russell 1000 Value Index	6.7%	17.3%	5.7%	
S&P 500 Index	3.8%	12.0%	7.1%	
All Cap Composite (Gross)	**6.2%**	**14.3%**	**13.1%**	**Top 13%**
All Cap Composite (Net)	**6.0%**	**13.4%**	**12.1%**	
Russell 3000 Value Index	7.2%	18.4%	11.4%	
Russell 3000 Index	4.2%	12.7%	11.5%	

[1]Peer ranking information sourced from eVestment as of January 27, 2017 using Vulcan Value Partners Large Cap, Focus and Focus Plus Composites versus peer group of US Large Cap Value Equity Universe, Vulcan Value Partners Small Cap Composite versus peer group of US Small Cap Value Equity Universe and Vulcan Value Partners All Cap Composite versus peer group of US All Cap Value Equity Universe since inception ending December 31, 2016. All returns are shown gross and net of fees. Vulcan Value Partners claims compliance with the Global Investment Performance Standards (GIPS®). *Inception date is 3/31/2007 for Large Cap, Small Cap, and Focus Plus Composites. Inception date is 11/30/2007 for Focus Composite. Inception date is 4/1/2011 for All Cap Composite. Past performance is no guarantee of future results.

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Portfolio Review (Cont.)

As you know, we place no weight on short-term results, good or bad, and neither should you. In fact, we have and will continue to willingly make decisions that negatively impact short-term performance when we think we can lower risk and improve our long-term returns. We encourage you to place more weight on our longer term historical results and a great deal of weight on our long-term prospects. Within this context, we are gratified that two of our five strategies are in the top 1% of their peer groups since inception, two in the top 4% and the fifth strategy in the top 13% since inception. We are also pleased that the building blocks for future compounding remain in place for all of our strategies, with Small Cap being a notable exception due to high valuation levels in small cap stocks.

As this letter is being written, a new administration is entering the office of the President. It is impossible to know the outcome of the numerous proposals being discussed in Washington, but the general direction of proposed policy changes most likely will be a net positive for our portfolio companies. There are substantial risks as well, including the possibility of a trade war. Other potential negatives include potential limits to the deductibility of corporate interest expense and import/export taxes that could disrupt global supply chains. The continued strength of the dollar is a headwind for many of our companies. Potential positives include repatriation tax reform and lower corporate tax rates. In addition, less onerous regulation, infrastructure spending, and a more business friendly (or at least less hostile) political environment should improve earnings prospects. At the margin, Small Cap should benefit more than Large Cap as our Small Cap companies tend to be more U.S. centric and have higher tax rates. However, even after incorporating optimistic scenarios, Small Cap valuations remain stretched.

We will respond to the unfolding policy changes by incorporating them into our valuations, following our investment discipline, and allocating capital accordingly. Our goal always is to minimize risk. Returns will take care of themselves.

We are terrible short-term forecasters and so is everyone else we know. Very few people predicted Brexit, and very few people predicted that Donald Trump would win the 2016 Presidential election. Moreover, virtually no one predicted that after Brexit, the FTSE would rally and that the British economy would remain strong. We ourselves predicted a UK recession. Virtually no one predicted that the U.S. markets would rally after Trump won the election. The lesson 2016 should teach us is to be humble and take the long view. As you know, we think one year out is the short term. We think in terms of five years, which is our minimum investment time horizon. With that time horizon in mind, we are more comfortable making forecasts that we hope will prove to be conservative.

There are two building blocks to our long-term results. The first is the underlying value growth of the companies we own. Since our companies produce strong free cash flow, our companies' values can and do grow faster than their earnings growth rates. The second building block is the weighted average price to value ratio of our portfolios. It is also our most important risk measurement. The deeper the discount, the larger our margin of safety and the greater our prospective returns. When assessing our prospective returns, we assume that the price to value ratio closes to fair value or "par" over our five-year time horizon.

We entered 2016 expecting "subdued value growth" in the mid-single digit range (See our Letter to Investors – Fourth Quarter 2015). Our expectation was based on peaky margins, an underperforming U.S. economy, stagnant European economy, and slowing growth in China and in emerging markets, some of which were experiencing recessions. Moreover, the strong dollar remained a headwind as it has for some time now. We were pleasantly surprised when the value growth rate ended in the upper-single digit range for 2016. This number is an estimate and an average number for all of the

Portfolio Review (Cont.)

businesses we own. It is not specific to any single portfolio. As Mr. Buffett has said so correctly, "It is better to be approximately right than precisely wrong."

Looking out into 2017 and, more importantly, over the next five years we expect our companies' value growth to be in the upper-single digit range, which is below our historical double-digit value growth rate. For 2017, we expect an improving economy in the U.S. to be offset by continued strength in the U.S. dollar and mixed economic results outside the U.S. Our five-year expectation incorporates a recession occurring sometime over our investment time horizon.

Last year, our price to value ratios were in the mid to upper 60's except for Small Cap, which was nearly 70%. We begin 2017 with Small Cap's price to value ratio in the mid-70's and cash levels around 20%. Cash levels are a residual decision for us. Our investment philosophy tends to keep us fully invested most of the time. However, when we cannot find businesses meeting our quality criteria that trade below fair value, we hold cash until stock price volatility gives us an opportunity to deploy capital into qualifying businesses with a margin of safety. We will not deploy capital into any business at fair value or worse, above fair value. On the positive side regarding Small Cap, to have returned over 21% and to have the portfolio's price to value ratio only increase from just under 70% to the mid-70's is an accomplishment. Moreover, our large cash position reduces risk and gives us an opportunity to take advantage of stock price volatility when it inevitably occurs. Having said that, Small Cap has the lowest prospective returns of any of our portfolios and has the most risk, even with the large cash position.

We are feeling much better about Large Cap, Focus, Focus Plus, and All Cap. All of these strategies have price to value ratios in the upper 60's, compared to the mid to upper 60's a year ago. We are pleased with this outcome given that Large Cap and All Cap had double-digit gains in 2016 and Focus and Focus Plus had high-single digit gains. These price to value ratios reflect the steady compounding of the values of the companies we own and the execution of our investment discipline. As you know, we size positions according to the price to value discount, allocating more capital to companies with lower price to value ratios and higher margins of safety and allocating less capital to companies with higher price to value ratios and lower margins of safety. Our goal is to drive the weighted average price to value ratio as low as possible while holding quality constant or, ideally, improving it.

Combining these two drivers of returns implies that we should be able to deliver solid double-digit returns over the next five years. Of course, that expectation assumes we execute our investment discipline flawlessly. Although we strive for constant improvement, we are human and we do make mistakes. If we can execute as well going forward as we have historically (and we certainly hope to do better), then low-double digit returns seems like a reasonable expectation over the next five years.

Last and certainly not least, it is my pleasure to announce that Bill Hjorth is now leading our client service team. Most, if not all of you, know Bill and therefore you know why we asked him to take on this leadership role. Bill has been here since the early days at Vulcan Value Partners and he has played a key role in making Vulcan Value Partners what it is today. Also, we are grateful to Leighton DeBray for her many contributions. Leighton has decided to leave Vulcan Value Partners to spend more time with her family.

In the discussion that follows, we generally define material contributors and detractors as companies having a greater than 1% impact on the portfolio.

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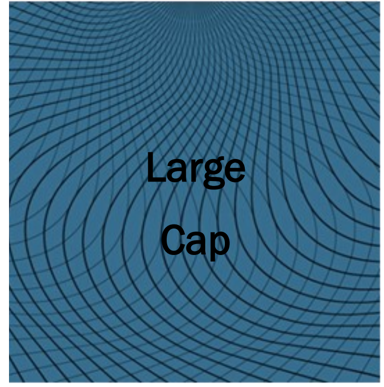

Vulcan Value Partners Large Cap Review

As of December 31, 2016						
			Annualized			
Investment Strategy	QTD	YTD	1 year	3 year	5 year	Since Inception*
VVP Large Cap (Gross)	**5.0%**	**12.6%**	**12.6%**	**5.9%**	**15.6%**	**10.2%**
VVP Large Cap (Net)	**4.8%**	**12.0%**	**12.0%**	**5.3%**	**14.9%**	**9.4%**
Russell 1000 Value Index	6.7%	17.3%	17.3%	8.6%	14.8%	5.7%
S&P 500 Index	3.8%	12.0%	12.0%	8.9%	14.7%	7.1%

*Inception Date March 31, 2007

We purchased three new positions and exited four positions during the fourth quarter.

Cardinal Health is a drug distributor. We purchased its competitors, McKesson and AmerisourceBergen, during the third quarter. All three compete in an oligopolistic industry with high barriers to entry. Combined, these companies control roughly 85% of the U.S. drug distribution industry. Route density and scale are very important in the drug distribution business making it uneconomical to challenge the incumbents. In addition, regulatory hurdles are high because they transport controlled substances. CVS Heath Corporation is the largest retail pharmacy in the United States, and it also owns one of the top three pharmacy benefit managers (PBMs) in the country. In addition to scale and prime real estate locations, its ability to offer its insurance customers a comprehensive drug dispensing solution provides CVS with a unique competitive advantage. All of these companies sold off in the second half of the year as drug price inflation moderated. Our values reflect lower drug price inflation going forward. Their business franchises remain competitively entrenched, and their vital role in the healthcare delivery system is not affected by slowing drug price inflation.

CBRE Group is one of two companies able to offer comprehensive real estate service solutions globally. We already own the other one, Jones Lang LaSalle, in Small Cap and All Cap. Both companies are gaining market share as Fortune 1000 companies increasingly outsource their complex real estate needs to one of these two companies. Their operations are truly global so that a real estate downturn in one market or one part of the world can be offset by growth in another part of the world. The majority of CBRE's revenues are fee based, and it generates substantial free cash flow.

We sold Marriott International, Qualcomm, T. Rowe Price, and United Technologies. In each case, we sold these companies to reallocate capital into more discounted businesses with higher margins of safety.

There were no material contributors or detractors to performance during the fourth quarter.

Please refer to our opening comments to review additional information about Large Cap's prospects as we enter the New Year.

Vulcan Value Partners Large Cap Review (Cont.)

Large Cap Strategy							
4Q 2016 Top 5 Performers		4Q 2016 Bottom 5 Performers		2016 Top 5 Performers		2016 Bottom 5 Performers	
Security	**Return %**	**Security**	**Return %**	**Security**	**Return %**	**Security**	**Return %**
Marriott International Inc	26.5%	McKesson Corp	-15.6%	Time Warner Inc	52.4%	Fossil Group Inc	-29.3%
Time Warner Inc	21.8%	Sabre Corp	-11.0%	Hilton Worldwide Holdings Inc	52.3%	McKesson Corp	-24.8%
Axis Capital Holdings Limited	20.8%	CVS Health Corp	-9.6%	Parker-Hannifin Corp	47.6%	CVS Health Corp	-9.6%
Bank of New York Mellon Corp	19.3%	Fossil Group Inc	-6.9%	Qualcomm Inc	41.3%	Sabre Corp	-9.1%
Boeing Company	19.1%	Visa Inc	-5.5%	Marriott International Inc	27.4%	Apple Inc	-7.9%

It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. A company's relative contribution to return for the portfolio may not equal its absolute return and return for other portfolios for the relevant period because of differences in portfolio weights and holding periods. The returns shown above reflect the actual returns of the above securities in our composite for the time period indicated.

Small Cap

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Vulcan Value Partners Small Cap Review

As of December 31, 2016						
			Annualized			
Investment Strategy	**QTD**	**YTD**	**1 year**	**3 year**	**5 year**	**Since Inception***
VVP Small Cap (Gross)	**7.8%**	**21.2%**	**21.2%**	**6.9%**	**17.3%**	**11.6%**
VVP Small Cap (Net)	**7.5%**	**20.1%**	**20.1%**	**6.0%**	**16.3%**	**10.5%**
Russell 2000 Value Index	14.1%	31.7%	31.7%	8.3%	15.1%	6.3%
Russell 2000 Index	8.8%	21.3%	21.3%	6.7%	14.5%	7.0%

*Inception Date March 31, 2007

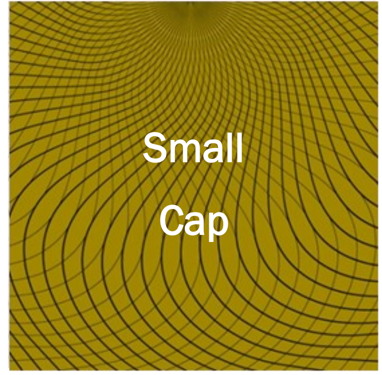
We purchased five new positions and exited eight positions during the fourth quarter.

New purchases include CEB, Inc., Choice Hotels, Trade Me Group, Halford's Group, and Outfront Media.

CEB, Inc. has a unique networking and database business helping executives find best practices within their industries. On January 5th, the company announced that it was being acquired by Gartner. As this letter is being written, we have sold our position in CEB for more than our estimate of fair value. We are pleased to have the substantial short-term gain, but we would have preferred to own CEB for the long-term. CEB is illustrative of our challenges in Small Cap. There are few qualifying companies that are attractively priced, and the few that are selling at a discount do not stay discounted long.

Choice Hotels is an asset light hotel franchising company focusing on mid-scale properties. Its brands include Comfort Inn and Suites, Sleep Inn, Quality Inn, and Clarion, which is a smaller upscale brand. Halford's is a UK-based retailer specializing in bicycles and auto parts. It owns many of its own bicycle brands, has excellent real estate locations, and is well known in the UK for its brands, locations, and high touch service levels. Trade Me Group dominates New Zealand online auctions and classifieds. We have owned it before, and it has been a good investment for us. Outfront Media is a large outdoor advertising business previously owned by CBS. Its billboard locations are well located in high traffic areas and are difficult to replicate. It is also benefitting from conversion to digital billboards, which are much more profitable than conventional billboards. All of these companies produce ample free cash flow, have strong balance sheets, and trade at a discount to our estimate of fair value.

We sold Chemed Corp., Donaldson, Eaton Vance, MSC Industrial, Safety Insurance, SAI Global (another company where we were forced sellers because of merger and acquisition activity), Timken, and Wesco International. All were sold because they had reached our estimate of fair value. Donaldson, in particular, deserves special mention. We owned it for nearly ten years. Over that time period, its average annual return was 11.0% compared to 6.9% for the Russell 2000 Value Index and 10.7% for the Russell 2000.



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Vulcan Value Partners Small Cap Review (Cont.)

There were no material contributors or detractors to performance during the fourth quarter.

Please refer to our opening comments to review additional information about Small Cap's prospects as we enter the New Year.

Small Cap Strategy							
4Q 2016 Top 5 Performers		**4Q 2016 Bottom 5 Performers**		**2016 Top 5 Performers**		**2016 Bottom 5 Performers**	
Security	**Return %**	**Security**	**Return %**	**Security**	**Return %**	**Security**	**Return %**
Navigant Consulting Inc	29.5%	Ashmore Group PLC	-21.2%	Navigant Consulting Inc	63.0%	Savills PLC	-31.4%
La Quinta Holdings Inc	27.1%	Tupperware Brands Corp	-18.5%	MSC Industrial Direct Company Inc	61.9%	Fossil Group Inc	-29.3%
Choice Hotels International Inc	24.1%	Jones Lang LaSalle Inc	-11.0%	Nu Skin Enterprises Inc	61.9%	Jones Lang LaSalle Inc	-16.8%
MSC Industrial Direct Company Inc	21.8%	Concentric AB	-7.1%	Donaldson Company Inc	58.3%	ACI Worldwide Inc	-15.2%
Navigators Group Inc	21.6%	Savills PLC	-6.9%	Crane Company	54.1%	Sally Beauty Holdings Inc	-8.0%

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Vulcan Value Partners Focus Review

As of December 31, 2016						
			Annualized			
Investment Strategy	**QTD**	**YTD**	**1 year**	**3 year**	**5 year**	**Since Inception***
VVP Focus (Gross)	2.7%	9.0%	9.0%	4.3%	15.4%	10.5%
VVP Focus (Net)	2.5%	8.2%	8.2%	3.5%	14.4%	9.2%
Russell 1000 Value Index	6.7%	17.3%	17.3%	8.6%	14.8%	6.2%
S & P 500 Index	3.8%	12.0%	12.0%	8.9%	14.7%	7.0%

*Inception Date November 30, 2007

We purchased two new positions and exited two positions during the fourth quarter.

New purchases included AmerisourceBergen and McKesson. AmerisourceBergen and McKesson are two of three companies that dominate the U.S. drug distribution business. The other is Cardinal Health, which we recently purchased in Large Cap and in All Cap. All three compete in an oligopolistic industry with high barriers to entry. Combined, these companies control roughly 85% of the U.S. drug distribution industry. Route density and scale are very important in the drug distribution business making it uneconomical to challenge the incumbents. In addition, regulatory hurdles are high because they transport controlled substances. All of these companies sold off in the second half of the year as drug price inflation moderated. Our values reflect lower drug price inflation going forward. Their business franchises remain competitively entrenched, and their vital role in the healthcare delivery system is not affected by slowing drug price inflation.

We sold Franklin Resources and Parker-Hannifin to fund our purchases. Franklin Resources was a disappointing investment for us. Its value was stable in the roughly five years that we held it, but its value did not compound as we thought it would. We were fully aware of the challenges facing Franklin Resources, but we thought the company would be able to meet those challenges more successfully than they did. Other money managers we have owned were able to defend their business franchises and compound their values while we owned them. Parker-Hannifin was a good investment for us. We held it for roughly two years and sold it for valuation reasons. Parker-Hannifin’s stock price was up 44.6% in 2016.

We believe we made good progress in improving our margin of safety and in improving the business quality of the companies we owned during the fourth quarter.

There were three material contributors and no material detractors to performance during the fourth quarter.

Top contributors included Boeing, Hilton Worldwide, and Bank of New York Mellon. Boeing’s stock was and remains overly discounted given its high free cash flow coupon, dominant position in the commercial aircraft industry, and record

Vulcan Value Partners Focus Review (Cont.)

backlog. Hilton Worldwide produced solid operating results throughout 2016 and successfully executed splitting into three separate companies effective January 3, 2017. Bank of New York Mellon has done an outstanding job managing costs and allocating capital during an extended period of record low interest rates. Interest rates have risen substantially from their lows in 2016. Bank of New York Mellon will benefit from a rising rate environment.

Please refer to our opening comments to review additional information about Focus's prospects as we enter the New Year.

Focus Strategy							
4Q 2016 Top 5 Performers		4Q 2016 Bottom 5 Performers		2016 Top 5 Performers		2016 Bottom 5 Performers	
Security	**Return %**	**Security**	**Return %**	**Security**	**Return %**	**Security**	**Return %**
Bank of New York Mellon Corp	19.3%	McKesson Corp	-13.1%	Parker-Hannifin Corp	44.6%	ACI Worldwide Inc	-15.2%
Boeing Company	19.1%	ACI Worldwide Inc	-6.4%	Hilton Worldwide Holdings Inc	29.4%	McKesson Corp	-13.1%
Hilton Worldwide Holdings Inc	19.0%	Visa Inc	-5.5%	Dover Corp	17.8%	Franklin Resources Inc	-4.9%
Walt Disney Company	13.1%	Franklin Resources Inc	-3.1%	Bank of New York Mellon Corp	17.0%	AmerisourceBergen Corp	-2.5%
Parker-Hannifin Corp	9.9%	AmerisourceBergen Corp	-2.5%	Boeing Company	11.3%	Walt Disney Company	0.7%

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Vulcan Value Partners Focus Plus Review

As of December 31, 2016						
			Annualized			
Investment Strategy	**QTD**	**YTD**	**1 year**	**3 year**	**5 year**	**Since Inception***
VVP Focus Plus (Gross)	2.6%	9.0%	9.0%	4.3%	15.5%	9.3%
VVP Focus Plus (Net)	2.4%	8.3%	8.3%	3.6%	14.4%	8.0%
Russell 1000 Value Index	6.7%	17.3%	17.3%	8.6%	14.8%	5.7%
S & P 500 Index	3.8%	12.0%	12.0%	8.9%	14.7%	7.1%

*Inception Date March 31, 2007

We did not write any options contracts during the fourth quarter. Volatility has remained low. We use options to lower risk. We also make high, equity-like returns when option prices reflect higher levels of implied volatility. If exercised, these options give us the right to purchase stakes in companies we want to own at a lower price than the market price at the time the option was written. We would like for these options to be exercised and have set aside cash for that purpose. We employ no leverage. In effect, we are being paid double-digit returns on our cash while we wait for lower prices and a corresponding larger margin of safety. We also use options to exit positions. Generally, we write covered calls with the strike price being our estimate of fair value. As with our puts, we are being paid to do something we would do anyway at a given price.

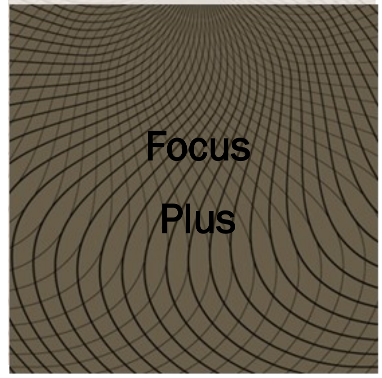
We purchased two new positions and exited two positions during the fourth quarter.

We sold Franklin Resources and Parker-Hannifin to fund our purchases. Franklin Resources was a disappointing investment for us. Its value was stable in the roughly five years that we held it, but its value did not compound as we thought it would. We were fully aware of the challenges facing Franklin Resources, but we thought the company would be able to meet those challenges more successfully than they did. Other money managers we have owned were able to defend their business franchises and compound their values while we owned them. Parker-Hannifin was a good investment for us. We held it for roughly two years and sold it for valuation reasons. Parker-Hannifin's stock price was up 44.6% in 2016.

We believe we made good progress in improving our margin of safety and in improving the business quality of the companies we owned during the fourth quarter.

There were three material contributors and no material detractors to performance during the fourth quarter.

Top contributors included Boeing, Hilton Worldwide, and Bank of New York Mellon. Boeing's stock was and remains overly discounted given its high free cash flow coupon, dominant position in the commercial aircraft industry, and record backlog. Hilton Worldwide produced solid operating results throughout 2016 and successfully executed splitting into



Vulcan Value Partners Focus Plus Review (Cont.)

three separate companies effective January 3, 2017. Bank of New York Mellon has done an outstanding job managing costs and allocating capital during an extended period of record low interest rates. Interest rates have risen substantially from their lows in 2016. Bank of New York Mellon will benefit from a rising rate environment.

Please refer to our opening comments to review additional information about Focus Plus's prospects as we enter the New Year.

Focus Plus Strategy							
4Q 2016 Top 5 Performers		**4Q 2016 Bottom 5 Performers**		**2016 Top 5 Performers**		**2016 Bottom 5 Performers**	
Security	**Return %**	**Security**	**Return %**	**Security**	**Return %**	**Security**	**Return %**
Bank of New York Mellon Corp	19.3%	McKesson Corp	-13.1%	Parker-Hannifin Corp	44.6%	ACI Worldwide Inc	-15.2%
Boeing Company	19.1%	ACI Worldwide Inc	-6.4%	Hilton Worldwide Holdings Inc	29.4%	McKesson Corp	-13.1%
Hilton Worldwide Holdings Inc	19.0%	Visa Inc	-5.5%	Bank of New York Mellon Corp	17.0%	Franklin Resources Inc	-4.9%
Walt Disney Company	13.1%	Franklin Resources Inc	-3.1%	Dover Corp	16.1%	AmerisourceBergen Corp	-2.5%
Parker-Hannifin Corp	9.9%	AmerisourceBergen Corp	-2.5%	Boeing Company	11.3%	Walt Disney Company	0.7%

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All Cap

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Vulcan Value Partners All Cap Review

As of December 31, 2016						
			Annualized			
Investment Strategy	QTD	YTD	1 year	3 year	5 year	Since Inception*
VVP All Cap (Gross)	6.2%	14.3%	14.3%	**5.7%**	**16.4%**	13.1%
VVP All Cap (Net)	6.0%	13.4%	13.4%	**4.8%**	**15.4%**	12.1%
Russell 3000 Value Index	7.2%	18.4%	18.4%	**8.6%**	**14.8%**	11.4%
Russell 3000 Index	4.2%	12.7%	12.7%	**8.4%**	**14.7%**	11.5%

*Inception Date April 1, 2011

We purchased five new positions and exited seven positions during the fourth quarter.

New purchases included AmerisourceBergen, Cardinal Health, CVS Health Corp., Jones Lang LaSalle, and Qorvo.

AmerisourceBergen and Cardinal Health are two of three companies that dominate the U.S. drug distribution business. The other is McKesson, which we recently purchased in the third quarter. All three compete in an oligopolistic industry with high barriers to entry. Combined, these companies control roughly 85% of the U.S. drug distribution industry. Route density and scale are very important in the drug distribution business making it uneconomical to challenge the incumbents. In addition, regulatory hurdles are high because they transport controlled substances. CVS Heath Corporation is the largest retail pharmacy in the United States, and it also owns one of the top three pharmacy benefit managers (PBMs) in the country. In addition to scale and prime real estate locations, its ability to offer its insurance customers a comprehensive drug dispensing solution provides CVS with a unique competitive advantage. All of these companies sold off in the second half of the year as drug price inflation moderated. Our values reflect lower drug price inflation going forward. Their business franchises remain competitively entrenched, and their vital role in the healthcare delivery system is not affected by slowing drug price inflation.

Jones Lang LaSalle is one of two companies able to offer comprehensive real estate service solutions globally. We own the other one in Large Cap– CBRE Group. Both companies are gaining market share as Fortune 1000 companies increasingly outsource their complex real estate needs to one of these two companies. Their operations are truly global so that a real estate downturn in one market or one part of the world can be offset by growth in another part of the world. The majority of Jones Lang LaSalle's revenues are fee based and it generates substantial free cash flow.

Like Skyworks, which we also own in All Cap, Qorvo makes radio frequency filters (RF), power amplifiers, and mixed signal semiconductors. These chipsets are critical components in modern cell phones. As telecommunications technology continues to evolve from 2G to 3G to 4G and soon to 5G, bands continue to proliferate and data usage grows exponentially.

Vulcan Value Partners All Cap Review (Cont.)

Their products are a small part of the cost of a cell phone, but the phone will not function without them. Qorvo and Skyworks operate in a global oligopoly. Only a handful of companies can produce these increasingly complex chipsets at scale. Switching costs are high and risky. As an example, think about the financial and reputational damage to Samsung from the Galaxy Note 7 debacle -- batteries are commoditized while RF chipsets are not. Qorvo has a strong balance sheet and produces high levels of free cash flow.

We exited Cisco Systems, Concentric, Enersys, La Quinta Holdings, Lindsay Corp., United Technologies, and Woodward, Inc. Six out of the seven companies were excellent investments, and one lagged the market but produced positive absolute returns for us. All were sold to reallocate capital into more discounted companies with higher margins of safety.

There were no material contributors or detractors to performance during the fourth quarter.

Please refer to our opening comments to review additional information about All Cap's prospects as we enter the New Year.

All-Cap Strategy							
4Q 2016 Top 5 Performers		4Q 2016 Bottom 5 Performers		2016 Top 5 Performers		2016 Bottom 5 Performers	
Security	**Return %**	**Security**	**Return %**	**Security**	**Return %**	**Security**	**Return %**
La Quinta Holdings Inc	26.4%	Ashmore Group PLC	-21.2%	Virtus Investment Partners Inc	72.0%	Fossil Group Inc	-29.3%
Virtus Investment Partners Inc	21.2%	McKesson Corp	-15.6%	Hilton Worldwide Holdings Inc	52.3%	McKesson Corp	-27.5%
Axis Capital Holdings Limited	20.8%	Fossil Group Inc	-6.9%	Sotheby's	48.5%	ACI Worldwide Inc	-15.2%
Bank of New York Mellon Corp	19.3%	Cisco Systems Inc	-6.4%	Parker-Hannifin Corp	47.6%	Microsoft Corp	-8.9%
Boeing Company	19.1%	ACI Worldwide Inc	-6.4%	EnerSys	41.3%	Tupperware Brands Corp	-7.2%

It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. A company's relative contribution to return for the portfolio may not equal its absolute return and return for other portfolios for the relevant period because of differences in portfolio weights and holding periods. The returns shown above reflect the actual returns of the above securities in our composite for the time period indicated.

Closing

While we have no idea what the markets will do or what our returns will be in 2017, we enter the New Year with the building blocks in place for future long-term compounding in all of our portfolios except Small Cap where valuation levels are challenging. Even so, Small Cap is defensively positioned to take advantage of stock price volatility when it inevitably returns.

We greatly appreciate your confidence in us and the competitive advantage that your long-term time horizon gives us as we seek to minimize risk and compound your capital and ours at attractive long-term rates of return.

We look forward to communicating with you throughout 2017, and we hope your New Year is off to a good start.

Sincerely,

C.T. Fitzpatrick

Chief Investment Officer

Disclosures

The performance presented is for our Large Cap Composite, Focus Composite, Focus Plus Composite, Small Cap Composite, and All Cap Composite. The model composite portfolio performance figures reflect the deduction of brokerage or other commissions and the reinvestment of dividends and capital gains. Past performance is no guarantee of future results and we may not achieve our return goal. We have presented returns gross and net of fees. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Net of fees returns are calculated net of Vulcan's actual management fees and transaction costs and gross of custodian fees, taken at each portfolio's applicable fee. Net of fee returns prior to February 16, 2010 were taken at the highest applicable fee. The performance figures do not reflect the deduction of any taxes an investor might pay on distributions or redemptions. Our standard fees are presented in Part 2 of our ADV.

Value is our estimate of the intrinsic worth of a company based on our assessment of certain quantitative and qualitative factors. Vulcan defines risk reduction as reducing the portfolio's price to value ratio by either buying (or adding to existing positions) high quality companies which are trading well below fair value as estimated by Vulcan, or selling positions which are trading at or near their fair values. Total return percentage for an individual security is the performance of the security from price at initial purchase date to the price at final sale date. Actual returns for the composites holdings of those securities may differ from total return as the composites rebalanced or changed weights in the individual securities. There may be market or economic conditions which affect our performance, or that of our relevant benchmarks, that may have changed Vulcan Value Partners' views regarding the prospects of any particular investment. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities discussed in this letter. The information provided in this presentation is furnished as of the date shown, and no representation is being made with respect to its accuracy on any future date. Vulcan Value Partners does not assume any duty to update any information in this presentation. Vulcan buys concentrated positions for our portfolios, at times averaging 5% in our model portfolios, which may make our performance more volatile than that of our benchmark indices, and our performance may diverge from an index, positively or negatively, as a result. Our focus is on long term capital appreciation, so our clients should consider at least a five year time horizon for an investment with Vulcan.

The S&P 500 Index is an unmanaged index of 500 common stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index. The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 2000® Index includes the 2000 firms from the Russell 3000® Index with the smallest market capitalizations. The Russell 2000® Index Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. Index figures do not reflect deductions for any fees, expenses, or taxes. Investors cannot invest directly in an index.

Vulcan Value Partners is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Vulcan focuses on long term capital appreciation; targeting securities purchases that we believe have a substantial margin of safety in terms of value over price and limiting our investments to companies that we believe have sustainable competitive advantages that will allow them to earn superior returns on capital. Vulcan Value Partners claims compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list and description of Vulcan Value Partners' composites and a presentation that adheres to the GIPS standards, please contact Blevins Naff at 205.803.1582 or write Vulcan Value Partners, Three Protective Center, 2801 Highway 280 South, Suite 300, Birmingham, AL 35223.

Large Cap Composite Information: This portfolio strategy invests in companies with larger market capitalizations. Subject to price, any publicly traded company with above average economics that is too large to be included in our small capitalization composite would be a potential investment in this portfolio. A core position is 5% so that theoretically our clients would hold 20 names diversified across various industries. It is very rare that enough companies are sufficiently discounted to warrant this level of concentration so concentration will vary with the price to value ratio. We will invest client assets in positions as small as 1% when price to value ratios are higher. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the S&P 500 which is an index of 500 stocks selected based on market size, liquidity, and sector and is designed to provide a broad snapshot of the overall U.S. equity market. New accounts that fit the composite definition are added at the beginning of the first full calendar month for which the account is under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The composite was created on March 31, 2007. Portfolios below the minimum asset level of $50,000 are not included in the composite.

Focus Composite Information: This portfolio strategy invests in companies with larger market capitalizations. Subject to price, any publicly traded company with above average economics that is too large to be included in our small capitalization composite would be a potential investment in this portfolio. This is a very concentrated portfolio holding between seven and fourteen positions. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the S&P 500 which is an index of 500 stocks selected based on market size, liquidity, and sector and is designed to provide a broad snapshot of the overall U.S. equity market. New accounts that fit the composite definition are added at the beginning of the first full calendar month for which the account is under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The composite was created on November 30, 2007. Portfolios below the minimum asset level of $50,000 are not included in the composite.

Disclosures (Cont.)

Focus Plus Composite Information: This portfolio strategy invests in companies with larger market capitalizations. Subject to price, any publicly traded company with above average economics that is too large to be included in our small capitalization composite would be a potential investment in this portfolio. This is a very concentrated portfolio holding between seven and fourteen positions. We will use options instead of limit orders to acquire and/or sell the stock. We do not intend to employ any leverage, but will utilize options to sell volatility when it is expensive and buy volatility when it is cheap. We will focus on options which give our clients the right to buy or sell stock in companies at prices that we would buy or sell anyway, and we will generate revenue through option premiums. Generally, we plan to use options instead of buying stock directly when we can earn double digit returns from selling options. We only intend to purchase options under rare circumstances, and to continue to focus on reducing risk through the purchase of qualifying companies at attractive prices. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the S&P 500 which is an index of 500 stocks selected based on market size, liquidity, and sector and is designed to provide a broad snapshot of the overall U.S. equity market. New accounts that fit the composite definition are added at the beginning of the first full calendar month for which the account is under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The composite was created on March 31, 2007. Portfolios below the minimum asset level of $50,000 are not included in the composite.

Small Cap Composite Information: This portfolio strategy invests in companies with smaller market capitalizations. Subject to price, any publicly traded company with above average economics that is not "large" would be a potential investment in this portfolio. While we do not have any defined cutoffs, we use the Russell 2000 as a guide to define small cap, and any small publicly traded company with reasonable economics would be a potential investment in this portfolio. A core position is 5% so that theoretically our clients would hold 20 names diversified across various industries. It is very rare that enough companies are sufficiently discounted to warrant this level of concentration so concentration will vary with the price to value ratio. We will invest client assets in positions as small as 1% when price to value ratios are higher. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the Russell 2000 Index which measures the performance of the small-cap segment of the U.S. Equity universe and includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. New accounts that fit the composite definition are added at the beginning of the first full calendar month for which the account is under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The composite was created on March 31, 2007. Portfolios below the minimum asset level of $50,000 are not included in the composite.

All Cap Composite Information: This portfolio strategy invests in companies across all market capitalizations. Generally, positions held in this strategy will also be held in either the Large Cap or Small Cap strategies, though sometimes with differing weights. As with those strategies, a core position in this portfolio is 5% so that theoretically we would hold 20 positions diversified across various industries. Because it is rare that we would find 20 companies meeting our investment guidelines, concentration will vary with the price to value ratios we determine for companies in which we invest. We will invest client assets in positions as small as 1% when price to value ratios are higher. We will not invest client assets in any business that is trading above our estimate of fair value. The composite benchmark is the Russell 3000 Index which measures the performance of the largest 3000 US companies representing approximately 98% of the investable US Equity market. New accounts that fit the composite definition are added at the beginning of the first full calendar month for which the account is under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The composite was created on April 1, 2011. Portfolios below the minimum asset level of $50,000 are not included in the composite.

All returns are expressed in US dollars.