

**Punch & Associates Investment Management, Inc.
Small Cap Composite**

Notes to Composite Profile and Schedule of Performance

Punch & Associates Investment Management, Inc.
Small Cap Composite
Composite Profile and Schedule of Performance
As of June 30, 2016

| Year | Annual Performance History | | | Composite 3-Year Std Deviation (%) ² | Benchmark 3-Year Std Deviation (%) ² | Number of Portfolios | Year-End Composite Assets (\$mil) | Year-End Firm Assets (\$mil) | Percent of Total Firm Assets | Dispersion ² |
|-------------------|----------------------------|----------------------|------------------------|---|---|----------------------|-----------------------------------|------------------------------|------------------------------|-------------------------|
| | Small Cap Gross of Fee | Small Cap Net of Fee | Benchmark ¹ | | | | | | | |
| 2002 (since 3/31) | -15.21% | -15.85 | -23.53 % | N/A | N/A | 12 | \$ 5.1 | \$ 103.9 | 4.9 % | N/A |
| 2003 | 55.64 | 54.21 | 47.25 | N/A | N/A | 29 | 12.9 | 167.3 | 7.7 | 6.8% |
| 2004 | 21.93 | 20.68 | 18.32 | N/A | N/A | 52 | 21.0 | 206.2 | 10.2 | 4.8% |
| 2005 | 13.02 | 11.80 | 4.65 | N/A | N/A | 67 | 23.8 | 258.7 | 9.2 | 3.3% |
| 2006 | 22.83 | 21.75 | 18.37 | N/A | N/A | 98 | 38.8 | 335.0 | 11.6 | 3.3% |
| 2007 | 3.65 | 2.65 | -1.57 | N/A | N/A | 272 | 103.9 | 397.0 | 26.2 | 3.7% |
| 2008 | -33.54 | -34.18 | -33.80 | N/A | N/A | 243 | 65.5 | 261.5 | 25.0 | 2.1% |
| 2009 | 32.65 | 31.41 | 27.20 | N/A | N/A | 257 | 85.2 | 340.4 | 25.0 | 3.3% |
| 2010 | 18.87 | 17.77 | 26.85 | N/A | N/A | 283 | 108.4 | 395.6 | 27.4 | 1.0% |
| 2011 | 0.81 | -0.14 | -4.18 | 20.7 | 25.3 | 284 | 113.6 | 475.6 | 23.9 | 0.7% |
| 2012 | 20.07 | 19.04 | 16.34 | 17.4 | 20.5 | 292 | 152.4 | 613.6 | 24.8 | 0.8% |
| 2013 | 42.63 | 41.52 | 38.82 | 13.6 | 16.7 | 320 | 266.1 | 832.7 | 32.0 | 0.9% |
| 2014 | -0.21 | -0.91 | 4.89 | 12.8 | 13.3 | 328 | 265.0 | 905.7 | 29.3 | 0.7% |
| 2015 | 0.51 | -0.26 | -5.11 | 15.7 | 14.2 | 330 | 254.7 | 938.1 | 27.2 | 0.8% |
| 2016 (6/30) | 0.31 | -0.13 | 1.41 | N/A | N/A | 337 | 251.2 | 957.4 | 26.2 | N/A |
| Cumulative | 321.44 | 270.07 | 170.77 | | | | | | | |

| Period | Annualized Performance History | | |
|-----------------|--------------------------------|----------------------|------------------------|
| | Small Cap Gross of Fee | Small Cap Net of Fee | Benchmark ¹ |
| 1 Year | -8.15% | -8.96 % | -8.14% |
| 3 Year | 7.73 | 6.90 | 6.54 |
| 5 Year | 10.65 | 9.77 | 8.02 |
| Since Inception | 10.62 | 9.61 | 7.24 |

Punch & Associates Investment Management, Inc. (Punch) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Punch has been independently verified for the periods from April 1, 2002 through June 30, 2016. Verification assesses whether (1) the Firm has complied with all the composite construction requirements 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 Small Cap Composite has been exam for the periods from April 1, 2002 through June 30, 2016. The verification and performance examination reports are available upon request.

The Composite creation date is December 31, 2005. The creation date is the date in which Punch started reporting returns at the strategy level while they had previously been reported at the account level.

¹The Russell 2000 Index is the Composite's benchmark.

²See Note 5 for discussion of the composite dispersion and 3-year standard deviation calculation. N/A indicates statistics are not required to be presented for the time period pursuant to GIPS.

Note 1. Organization and Nature of Business

Punch & Associates Investment Management, Inc. (Punch) is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The term "Firm," as defined by Global Investment Performance Standards (GIPS), represents Punch & Associates Investment Management, Inc. The Punch Small Cap Strategy (Small Cap Composite) invests in U.S. listed public companies with market capitalizations between \$250 million and \$2 billion. Companies from the small cap universe are selected on the basis of economically attractive business models, accelerating fundamentals, cash flow characteristics, valuation relative to cash flow, and general investor recognition. This description of products and services of the Small Cap Composite (the Composite) is not an offering. Past performance is not an indication or a guarantee of future results. Investments are subject to risk and may lose value. A list of our composite descriptions and our policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Note 2. Performance Presentation Standards

This report includes all of GIPS' mandatory disclosures as well as additional disclosures deemed prudent by Punch's management. Investment philosophies did not change materially during the reporting periods or from period-to-period.

Note 3. Calculation of Rates of Return

The portfolio returns for the period are based in U.S. dollars and have been calculated using a time-weighted, monthly, geometrically linked rate of return formula to compute quarterly percentage returns. Each portfolio's monthly rate of return is the monthly percentage change in the market value, including earned interest and dividends, after allowing for the effects of cash flows. The monthly composite rate of return calculation is weighted by beginning values. This results in an asset's size-weighted rate of return. Security transactions and any related gains or losses are recorded on a trade-date basis.

Note 4. The Composites

Punch has established composites for all fee-generating portfolios for which it has full discretionary investment decision-making authority. Punch's client base within the composites was comprised of institutional and individual investors with a minimum asset balance of \$100,000. No alterations have been made to the composites as a result of changes in investment professionals. In addition, Punch is the investment adviser to transitory portfolios that were not eligible for inclusion in any composite because the portfolios are either new for the month first funded, or the portfolios had restructuring which took place during the month. The Small Cap Composite is one of several composites managed by Punch. Punch's list is available upon request. Performance is based on total assets in the portfolio, including cash and substitute securities. Generally, a portfolio will enter a composite on the first day of the first full month following its inception. A portfolio is removed from a composite as of the last day of its last full month. Historical performance results include the results of clients who are no longer clients of Punch. Each composite is comprised of separately managed portfolios. The Composite is subject to Punch's large cash flow policy which defines a cash withdrawal of more than 10 percent of the portfolio's market value as a large cash flow which requires the Composite to be valued at the date of the withdrawal. This policy has been in effect for the periods from April 1, 2002 through June 30, 2016.

Note 5. Composite Dispersion

Composite dispersion measures represent the consistency of a firm's composite performance results with respect to an individual account's portfolio returns within a composite. Account dispersion is measured by the standard deviation from the central tendency (mean return). The dispersion of the annual returns of the Composite is measured by the asset-weighted standard deviation method. Standard deviation attempts to measure how much exposure to volatility was taken historically by the implementation of an investment strategy. Only portfolios that have been managed for the full year have been included in the annual dispersion calculation of the Composite. Effective for the year ended December 31, 2011, GIPS requires the presentation of the three-year annualized standard deviation. This statistic measures the volatility of returns for the Composite and benchmark over the preceding 36-month period.

Note 6. Investment Management Fees

The net performance results set forth in the Schedule of Performance reflect the deduction of actual investment management fees. The standard fee structure is based on 1 percent of assets per annum on all discretionary assets unless otherwise specified. Prior to December 31, 2005, the fee structure was variable based on strategy and account size, not to exceed 1.5 percent per annum. Account minimums and fees are negotiable on a case-by-case basis due to potential growth, size and services rendered.

Note 7. Comparison with Market Index

Punch compares its Small Cap Composite returns to a certain market index management believes has similar investment characteristics. The returns of this index do not include any transaction costs, management fees or other fees. This index is the Russell 2000 Index.