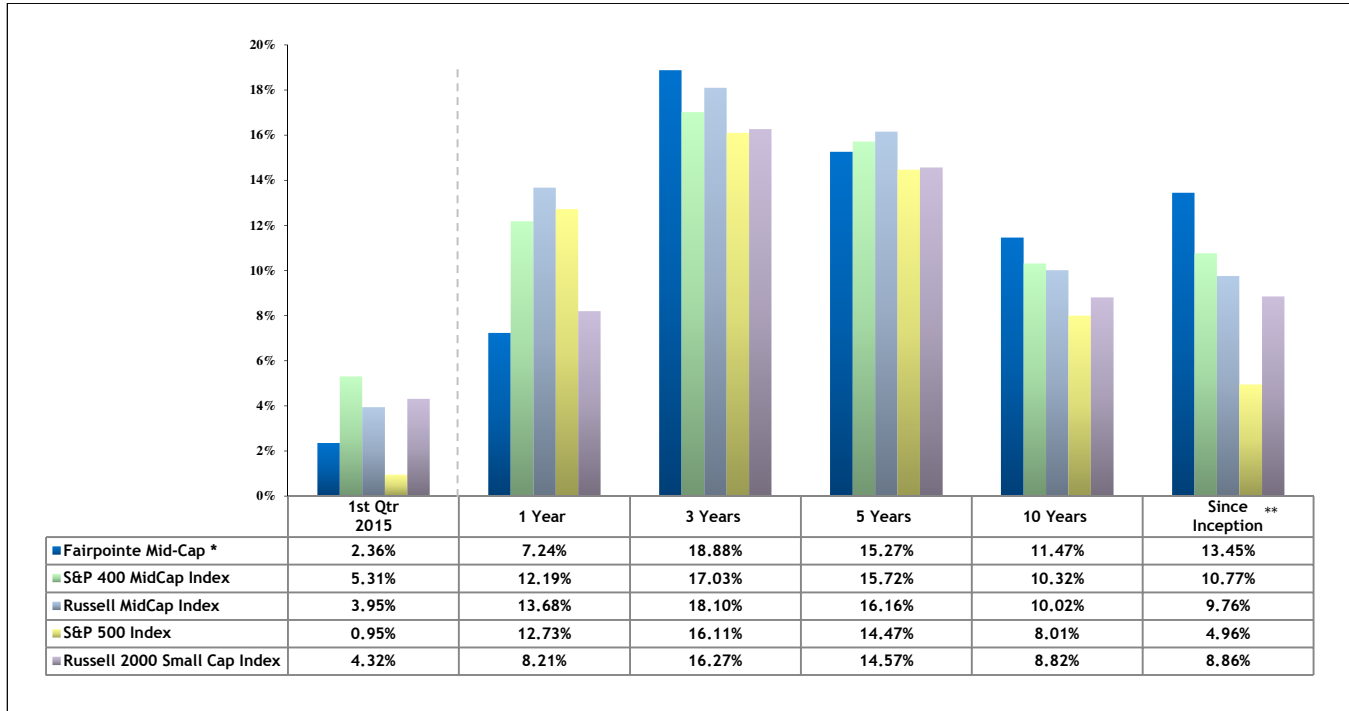


FAIRPOINTE MID-CAP CORE
1ST QUARTER COMMENTARY 2015

During the first quarter, the Fairpointe Mid-Cap Composite was up 2.4%, underperforming the benchmark returns of 4.0% for the Russell MidCap and 5.3% for the S&P 400, but outperforming the 1.0% return of the S&P 500.



* Net of Fees ** Performance represented from April 1, 1999

First Quarter Review

Similar to the previous quarter, the performance contribution¹ was mixed with 16 stocks up more than 10% and seven stocks down more than 10%. The top performing stocks were: Owens Corning (OC), up 21.7%; Polypore (PPO), up 25.2%; Hospira (HSP), up 43.4%; Chicago Bridge & Iron (CBI), up 43.0%; and Cooper Tire & Rubber (CTB), up 24.0%.

Owens Corning, a world leader in fiberglass composites and building materials, had a difficult year in 2014 when the roofing business (32% of revenue) collapsed. Since then, pricing has improved and inventories have returned to more normal levels. We actively added to the position last September when the stock was selling at a significant discount to fair value.

Polypore, a producer of microporous membranes, reached an agreement to sell the company to Asahi Kasei for \$60.50 per share, representing a 64% move during our 15-month holding period. **Hospira**, the world's largest provider of injectable drugs and infusion technologies, agreed to be acquired by Pfizer for \$90 per share, reflecting a 35% takeover premium. The stock appreciated 200% since our original purchase in October 2011. We reduced our positions in both stocks when the takeover announcements were made.

¹Performance contribution represents stock weighting, transactions, dividend and price movement.

On January 30, 2015, we repurchased **Chicago Bridge & Iron** at very depressed levels. The stock price jumped after the company reported a solid fourth quarter and reiterated a stable backlog of projects. This stock was previously held in the portfolio from 2004 to 2013.

Cooper Tire & Rubber, a manufacturer of replacement tires for passenger cars and light vehicles worldwide, has been gaining market share and entered the OEM marketplace with an agreement to supply tires for the Ford Focus. The company signed a three-year supply agreement with the former Chinese joint venture partner and is in the process of developing alternative manufacturing operations to meet demand. The stock is up over 70% since our original investment in December 2013. We significantly reduced our position in Cooper Tire as the stock moved up.

Detractors to fourth quarter performance included: Mattel (MAT), down 25.1%; DeVry (DV), down 29.7%; FMC Technologies (FTI), down 21.0%; Unisys (UIS), down 21.3%; and Transocean (RIG), down 16.6%. We added to positions that we believed to be undervalued.

Mattel designs, manufactures and markets toy products worldwide, including iconic brands: Barbie, Hot Wheels, Matchbox, Fisher-Price, American Girl and Thomas & Friends. Operating results for 2014 did not meet expectations. The CEO was recently replaced by the Chairman of the Board and a new COO was appointed. Based on the company's strong core brands and a renewed emphasis on execution, we expect results to improve in 2015. Mattel's current dividend yield is 6.3%.

DeVry, an international provider of educational services (business, technology, and healthcare), has had flattish revenues in the last three years largely due to lower enrollments in undergraduate programs at DeVry University (DVU). The company has taken actions to reallocate resources into growing areas to better match costs with enrollments. For-profit educational institutions have been under investigation by the FTC concerning advertising claims regarding employment success following graduation. DeVry uses audited numbers for advertising and appears to have little risk associated with the FTC investigation.

FMC Technologies and **Transocean** provide products and services used in oil and gas production. The major oil and gas companies have reduced drilling activity and capital spending due to low oil prices. In response, FMC Technologies is cutting discretionary spending, capital expenditures and headcount to balance current business activity with expenses. The company has recently formed a joint venture with Technip to redefine how subsea fields are designed, delivered and maintained with a focus on lowering costs. Transocean is upgrading its fleet during this slowdown by scrapping older, under-utilized vessels and minimizing costs by "stacking", i.e. storing with minimal crews, newer vessels. We expect both of these stocks to rebound strongly when industry conditions improve.

Unisys, a global technology company, has had uneven results in the past year. A new CEO is simplifying the organization and re-evaluating the company's sales and research and development approach. The goal is to have a leaner, well-run service business with some proprietary technology.

Portfolio Changes

Two stocks were eliminated from the portfolio during the first quarter. **Lexmark** (LXK), a leading supplier of laser printers and related software and services, was sold after the stock increased 19.8% in 2014 and met our valuation targets. **FactSet** (FDS), a leading supplier of financial data was up close to 50% since purchase. This was the second time we had successfully invested in FactSet; we previously owned the stock from 2008 to 2011.

As mentioned above, we repurchased **Chicago Bridge & Iron**. We sold the stock in 2013 due to concerns about the company's ability to integrate operations after the acquisition of Shaw. The integration of Shaw has now been completed. Early in the quarter, investors were concerned about the impact of the slowdown in energy-related spending and delays in nuclear construction projects, creating an opportunity to buy the stock at a favorable valuation.

Perspective and Outlook

The U.S. economy continues its recovery. Similar to last year, 2015 started with severe winter weather, particularly in the northeast. The U.S. dollar has strengthened, unemployment rates have improved, wages have increased, consumer spending, automobile sales and capital spending have been maintained. Merger, acquisition and spinoff activity continues to be strong. Oil prices, which stabilized at a low level in the first three months of the year, have now rallied at the start of the second quarter.

While the strength of the U.S. dollar will be a headwind for many companies with sizeable revenues from international markets, and first quarter results may be disappointing for a number of them, we view this as a short-term disruption. Low oil prices are positive for consumers but negative for producers and will continue to impact company results. We will evaluate these developments, as well as other economic and geopolitical changes, and look for opportunities to add to or trim positions based on each company's outlook and stock valuation.

It is important to point out that while U.S. equity markets have performed well during the last few years and may have reached fair value, the valuation of the Fairpointe Mid-Cap portfolio remains very attractive. In particular, the portfolio's price-to-sales ratio of 0.8 times is currently 50% below the S&P 500, which may bode well for M&A activity. The portfolio currently trades at 16.8 times 2015 consensus earnings estimates, while the mid cap benchmarks S&P 400 and Russell Midcap Indices, trade at 19.1 and 19.7 times 2015 consensus estimates, respectively. We believe the portfolio is well-positioned to benefit from the continued economic recovery.

Thank you for your continued interest and support.

Thyra E. Zerhusen, Chief Investment Officer
Marie L. Lorden, Portfolio Manager
Mary L. Pierson, Portfolio Manager

DISCLOSURE

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Composite Number of Accounts	Annual Performance Results Composite		S&P MidCap	Russell MidCap	Composite Dispersion
				Gross	Net			
2014	7,733	7,389	Seven	10.79%	9.97%	9.77%	13.22%	0.38%
2013	6,999	6,692	Seven	45.67%	44.58%	33.50%	34.76%	1.00%
2012	3,853	3,633	Six	17.76%	16.83%	17.88%	17.28%	N.A.
2011	3,398	3,210	Five or Fewer	(5.36%)	(6.10%)	(1.73%)	(1.55%)	N.A.
2010*	-	2,871	Five or Fewer	24.49%	23.50%	26.64%	25.48%	N.A.
2009*	-	1,493	Five or Fewer	66.28%	65.03%	37.38%	40.48%	N.A.
2008*	-	722	Five or Fewer	(42.05%)	(42.53%)	(36.23%)	(41.46%)	N.A.
2007*	-	1,176	Five or Fewer	13.81%	13.02%	7.98%	5.60%	N.A.
2006*	-	848	Five or Fewer	22.21%	21.27%	10.32%	15.26%	N.A.
2005*	-	695	Five or Fewer	2.67%	1.83%	12.56%	12.65%	N.A.

*Information presented prior to May 1, 2011 pertains to portfolios managed by the Portfolio Managers while affiliated with prior firms. The presentation conforms to GIPS® guidelines regarding the portability of investment results.

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

Mid-Cap Composite contains fully discretionary equity accounts that follow the mid-cap style. Mid-Cap Composite represents portfolios that seek long-term total return through capital appreciation by investing primarily in mid-cap stocks. For comparison purposes the composite is measured against the S&P MidCap 400 and Russell MidCap indices. The S&P MidCap 400 is a market value weighted total return index that represents the performance of the medium-capitalization sector of the U.S. Securities market. The Russell MidCap is a market value weighted total return index that represents the midcap segment which measures the performance of the 800 smallest companies in the Russell 1000 index. Both indices are representative of the types of equity assets invested by Fairpointe Capital. Market indices are unmanaged and do not reflect the deduction of fees. You cannot invest in an Index and the performance of the Index does not represent the performance of any specific investment. The minimum account size for this composite is \$2.5 million. Prior to May 1, 2011 the account minimum was \$5 million. Effective March 31, 2013, the account minimum has gone back to \$5 million.

Fairpointe Capital LLC (Fairpointe) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Fairpointe has been independently verified for the periods May 1, 2011 through December 31, 2014.

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. The Mid-Cap composite has been examined for the periods May 1, 2011 through December 31, 2014. The verification and performance examination reports are available upon request. Fairpointe Capital is an independent registered investment adviser. The firm maintains a complete list of composite descriptions which are available upon request. Please send inquiries to mkatauskas@fairpointecapital.com or call 312-477-3300.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. Market, economic, company, and industry specific conditions are considered during the investment selection process. This was a period of generally rising security prices.

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 dividends, capital gains, and other earnings. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Net of fee performance is calculated using actual fees. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The investment management fee schedule for the composite was 1.0% on the first \$10 million and 0.65% on the remainder. Effective March 31, 2013, the fee schedule is 0.85% on the first \$10 million and 0.65% on the remainder. Actual investment advisory fees incurred by clients may vary.

At December 31, 2014, the three-year annualized ex-post standard deviation of the composite is 13.4% and the benchmarks are 11.1% S&P MidCap and 10.1% Russell MidCap, respectively. At December 31, 2013, the three-year annualized ex-post standard deviation of the composite is 18.4% and the benchmarks are 15.0% S&P MidCap and 14.0% Russell MidCap, respectively. At December 31, 2012, the three-year annualized ex-post standard deviation of the composite is 20.6% and the benchmarks are 17.9% S&P MidCap and 17.2% Russell MidCap, respectively. At December 31, 2011, the three-year annualized ex-post standard deviation of the composite is 25.0% and the benchmarks are 21.9% S&P MidCap and 21.6% Russell MidCap, respectively.

The Mid-Cap Composite was created May 1, 2011. Performance presented prior to May 1, 2011 occurred while the Portfolio Managers were affiliated with prior firms and the Portfolio Managers were the only individuals responsible for selecting the securities to buy and sell.