

WHAT A DIFFERENCE A MONTH MAKES

Given the ongoing COVID-19 pandemic, we wanted to provide an update on Fairpointe Capital. July was a strong month. The Mid-Cap Strategy returned 6.51%, while the S&P 400 Index returned 4.61%, the Russell MidCap Index 5.87%, and the S&P 500 Index 5.64%. The good news continued into August with the announcement of Siemens' intent to acquire portfolio holding Varian Medical Systems for a 24% premium (this is the strategy's second buyout in 2020). In the past, the strategy was able to shine coming out of periods of extreme uncertainty by adding great companies to the portfolio and we are in one of those environments now. While we continue to focus on driving long-term performance, we believe the adjustments we have made over the past year to improve the quality of the portfolio have begun to yield results. Our focus is on companies with strong balance sheets and the ability to gain market share and emerge stronger coming out of the downturn. We expect markets to remain volatile until therapies and or vaccines to treat COVID-19 become widely available.

Fairpointe has also taken actions to ensure its continued success. Earlier this year, the firm reduced its expenses and temporarily eliminated non-essential spending. The company added to its already strong liquidity position through a Payroll Protection Act Loan. In addition, Thyra Zerhusen, Fairpointe's founder and Chief Investment Officer, committed to a line of credit (should it become necessary) to further strengthen the firm's financial position. These actions ensure that Fairpointe continues to invest for the long-term.

Please stay safe and we look forward to speaking with you soon.

The Fairpointe Capital Investment Team

DISCLOSURE

The Mid-Cap Composite contains fully discretionary equity accounts that follow the mid-cap style. The 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 mid-cap 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. The Mid-Cap composite was created January 1, 2005. Performance presented prior to May 1, 2011 occurred while the Portfolio Management Team was affiliated with prior firms and the Team was solely responsible for selecting the securities to buy and sell.

Fairpointe Capital is an independent registered investment adviser.

The firm maintains compliant presentations and a complete list of composite descriptions which are both 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 net of management fees and include the reinvestment of all dividends, capital gains, and other earnings. Net of fee performance is calculated using actual fees.

Policies for valuing portfolios, calculating performance, preparing compliant presentations and a list of all holdings since inception of Fairpointe are available upon request.