Mid Cap Growth

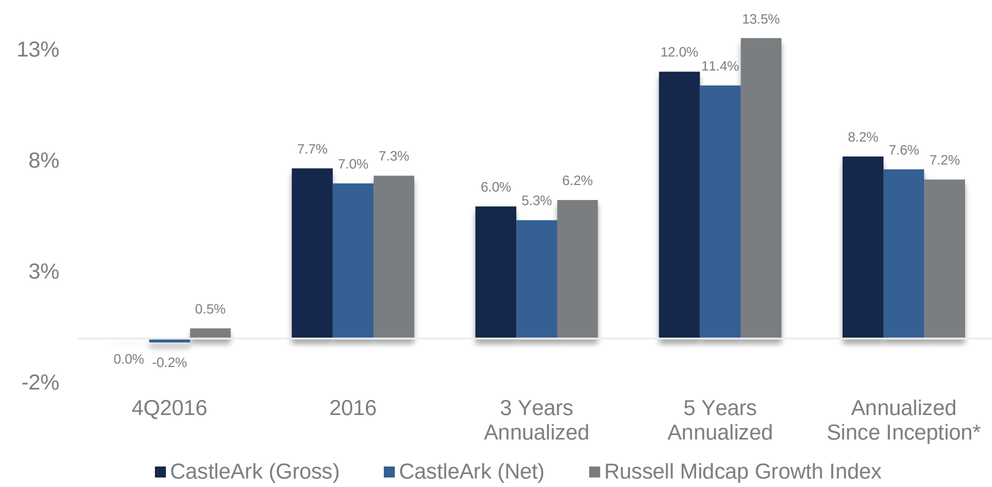
CASTLEARK

December 31, 2016

Fourth Quarter 2016 – Performance Update

The CastleArk Mid Cap Growth composite had a return of -0.02% gross and -0.18% net for the quarter, trailing the benchmark Russell Midcap Growth Index return of 0.46%. The volatile returns in the quarter following the election, the OPEC accord and the Fed rate hike, leave full-year 2016 performance for the CastleArk Mid Cap Growth composite at 7.66% gross and 6.98% net compared to 7.33% for the benchmark. Since inception, March 1, 1999, the CastleArk Mid Cap Growth composite has outperformed with an annualized return of 8.19% gross and 7.61% net compared to 7.16% for the benchmark for the period ending December 31, 2016.

CastleArk Mid Cap Growth Performance*



Past performance is no guarantee of future results.
*Inception 03/1/99

Fourth Quarter 2016 – Portfolio Review

Even with improving economic data, the uncertainties of the anticipated Fed tightening, the Presidential election, and a potentially stronger U.S. dollar pulled stocks lower early in the quarter. In the U.S., higher oil prices and an improving rig count boosted the manufacturing, engineering and construction, and railroad segments but retail, restaurants, and airlines remained weak. However, Trump's unexpected victory, along with stronger global economic data, lifted 2017 growth expectations and started a strong rally in stocks and oil. As the quarter progressed, GDP forecasts edged higher on the expectations for a more pro-business administration emphasizing tax cuts, de-regulation, infrastructure spending, increased defense spending, and overall policies encouraging growth. At the same time, accelerating growth in China and other major global economies, receding Brexit risks, and continuing monetary stimulus from central banks in the UK, Japan, and Europe all support the rising expectations for GDP growth in the U.S. The post-election rally continued up until the last couple days of December. The rotation from bonds into stocks appears to have begun. As yields move higher, investors may begin to believe that a bond bear market has

Top 10 Portfolio Holdings*

Fiserv, Inc.	8.6%
Intuitive Surgical, Inc.	7.8%
Starbucks Corp.	4.3%
Southwest Airlines Co.	3.4%
Stericycle, Inc.	3.2%
Vertex Pharmaceuticals, Inc.	3.2%
Gentex Corp.	3.2%
Trimble, Inc.	3.1%
Varian Medical Systems, Inc.	3.0%
Cintas Corp.	3.0%
Percentage of Total Assets	**42.6%**

Portfolio Characteristics*

	CastleArk Midcap Growth	Russell Mid Cap Growth Index
Number of Companies	47	468
Forward P/E	20.6x	19.2x
Historical EPS Growth	17.7%	15.3%
Expected Growth	12.7%	11.9%
Return on Equity	15.6%	26.2%
Debt/Capital	34.5%	48.0%
Weight by Market Cap	$15.5B	$13.5B
Median Market Cap	$8.2B	$7.1B

*Representative client portfolio.

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Fourth Quarter 2016 – Portfolio Review (continued)

started, accelerating the rotation from bonds into equities. Trump's expansionary policies and the aggressive policies of central banks around the world, on top of already accelerating GDP in the U.S., Europe, and China should lead to sustained global growth acceleration. Acknowledging an accelerating economy and accepting a rising rate environment, we expect investor confidence to increase, extending investor time horizons and boosting portfolio exposure to growth stocks. We would expect investors to push the valuation premiums for growth stocks back toward historic levels. We project significant outperformance for growth stocks, particularly those companies whose investments are producing accelerating earnings growth.

The markets began the quarter on the downside until the surprise Trump victory which ignited a rally that continued throughout the balance of the year, leaving the Russell Midcap Growth Index up 0.46% for the quarter. The CastleArk Mid Cap Growth Composite return trailed the benchmark by 48 basis points. Stock selection contributed 53 basis points of positive return. This positive contribution was offset by the 120 basis points of negative contribution due to allocation, which came mostly from two sectors, Health Care and Energy. The portfolios held large overweight positions in both sectors, both of which produced negative returns during the quarter. This resulted in -74 and -36 basis point contributions, respectively, from the Health Care and Energy sectors. Zero exposure to the weak Consumer Staples and Real Estate sectors contributed 13 and 12 basis points, respectively, and an overweight position in the 2nd strongest sector, Industrials, added another 10 basis points.

The stock selection decisions contributed 53 basis points of positive contribution, with a wide divergence between the best and worst sectors. Very strong returns from eight of sixteen holdings in the weak Energy sector added 136 basis points of positive return. Very strong returns for three of five Industrial holdings added another 74 basis points of positive return. Very weak returns for two Consumer Discretionary holdings offset strength in other holdings, resulting in a negative 130 basis points of contribution. The overall weakness in the Health Care sector carried over into the portfolio holdings of which five of seven produced very weak returns, resulting in 74 basis points of negative contribution.

At the end of the quarter, all ten of the quarter's worst contributing stocks remained in the portfolio, with no changes made in these holdings.

Outlook and Strategy

Investors will remember the December quarter for the unexpected win by Donald Trump. The U.S. equity market is again flirting with new highs as we enter a new quarter and earnings reporting cycle. There is a sense of optimism that the expansionary policy initiatives of President Trump and a new Congress will produce better and more durable growth in the U.S. However, there is apprehension as to how much will be enacted and what may be the negative consequences of those policies. Therefore, it is likely that the equity market

Fourth Quarter 2016
Best and Worst Contributors*

Best:	Contribution
1. Southwest Airlines Co.	.78%
2. Fiserv, Inc.	.56%
3. Fairmount Santrol Holdings, Inc.	.46%
4. Gentex Corporation	.36%
5. Fastenal Company	.35%
6. Valero Energy Corporation	.33%
7. Moog, Inc. Class A	.31%
8. F5 Networks, Inc.	.23%
9. PRA Group, Inc.	.22%

Worst:	Contribution
1. Intuitive Surgical, Inc.	-1.17%
2. Under Armour, Inc. Class C	-.85%
3. Under Armour, Inc. Class A	-.80%
4. Vertex Pharmaceuticals, Inc.	-.53%
5. Varian Medical Systems, Inc.	-.36%
6. Waters Corp.	-.32%
7. Cabot Oil & Gas Corp.	-.22%
8. Rice Energy, Inc.	-.22%
9. DST Systems, Inc.	-.21%
10. Myriad Genetics, Inc.	-.16%

*Representative client portfolio. A complete list of security's contribution to performance and description of calculation methodology is available upon request.

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Outlook and Strategy (continued)

experiences more volatility over the next six months, though we do expect above average returns over the course of 2017. Fundamentally, the market's performance will be driven by the economy, along with the prospect of higher inflation caused by wage and commodity price increases. Many investors seem skeptical about the prospect of improved economic growth. We believe U.S. and global growth are accelerating. Leading indicators are continuing to firm considerably, new pro-growth policies initiated by the new administration, and inventory stability/building should add to growth. Likewise, after two years of contraction and a drag on growth, the energy industry should be a contributor to capital spending going forward. With signs of wage and commodity inflation, productivity-enhancing capital spending is likely to become a more important component of growth. We continue to maintain that the U.S. is the engine of global growth, thus accelerating U.S. growth should improve the likelihood of synchronized global growth.

As the U.S. economy accelerates, revenue and EPS growth should improve in 2017. Fourth quarter earnings reports are not likely to produce notable positive earnings surprises, but that should simply keep investor skepticism regarding improving earnings growth at a higher level. We believe that earnings will lead valuations from this point forward due to the expanded valuations (Price/Earnings ratios) resulting from the Trump rally. We believe defensive/slow growth stocks will continue to lose their leadership role in the market. Higher growth stocks should continue to see increasing valuation premiums versus those paid for defensive/slow growth stocks that will see fewer benefits from expansionary fiscal policies, higher global growth or a higher inflation environment. Companies that have focused on investing in new products, productive capacity, and distribution capabilities have the greatest opportunity for stock price appreciation as returns on invested capital (ROIC), revenues, and earnings accelerate.

During the 4th quarter, no stocks were added to or eliminated from the portfolio.

Disclosures:
Past Performance is no guarantee of future results.
Other information. This report contains information from market index providers or from other third parties. We believe this information is accurate, but we cannot guarantee it.
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