Mid Cap Growth

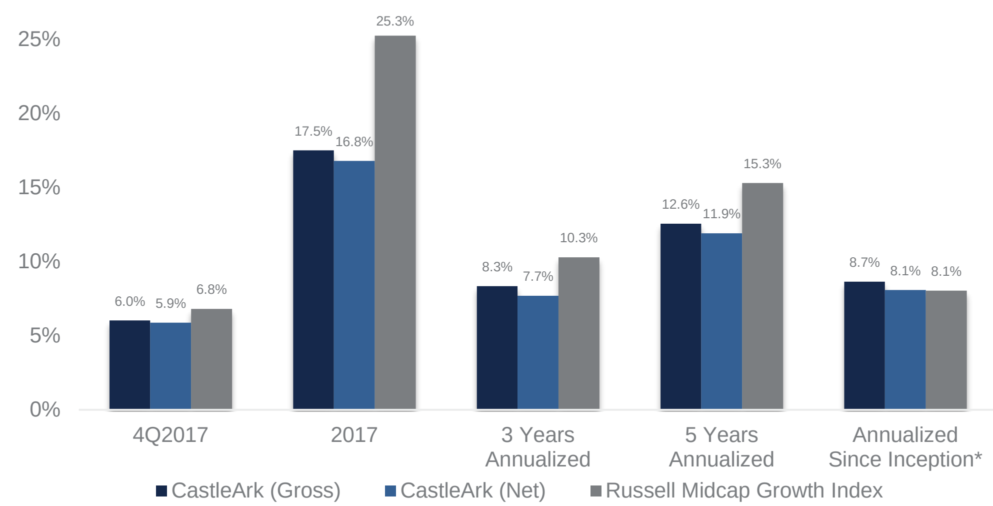
CASTLEARK

December 31, 2017

Fourth Quarter 2017 – Performance Update

The CastleArk Mid Cap Growth Composite had a return of +6.03% gross and +5.88% net for the quarter, trailing the benchmark Russell Mid Cap Growth Index return of +6.81%. 2017 returns for the CastleArk Mid Cap Growth composite at +17.51% gross and +16.81% net, were short of the benchmark return of +25.27%. Since inception, March 1, 1999, the CastleArk Mid Cap Growth Composite has outperformed with an annualized return of +8.66% gross and +8.08% net compared to +8.05% for the benchmark for the period ending December 31, 2017.

CastleArk Mid Cap Growth Performance*



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

Fourth Quarter 2017 – Portfolio Review

The equity bull market continued its relentless run-up in the fourth quarter of 2017 as successful passage of tax reform legislation added fuel to the already accelerating and synchronous, economic growth outlook across the globe. We expected the accelerating global growth to power rising earnings expectations, and thus, rising stock prices, but tax reform was a "gift." Also contributing to the sense of optimism was the strength of holiday spending by consumers – the best in years. The U.S. is on its way to three consecutive quarters of 3%+ GDP growth largely driven by industrial production and capital spending growth.

It was another strong quarter for the equity markets, with the Russell Mid Cap Growth Index finishing the quarter up +6.81%. The CastleArk Mid Cap Growth Composite returned +6.03% gross, trailing the benchmark return by -78 basis points. Stock selection added 49 basis points to relative return and asset allocation was a detractor losing -141 basis points to the total. From an asset allocation perspective, an underweight position in the strongly

Top 10 Portfolio Holdings*

Intuitive Surgical, Inc.	11.4%
Fiserv, Inc.	9.0%
Vertex Pharmaceuticals, Inc.	5.5%
Southwest Airlines Company	3.8%
Starbucks Corporation	3.8%
Trimble, Inc.	3.5%
Cintas Corporation	3.4%
Varian Medical Systems, Inc.	3.2%
Moog, Inc. – Class A	3.1%
Gentex Corporation	2.9%
Percentage of Total Assets	**49.7%**

Portfolio Characteristics*

	CastleArk Midcap Growth	Russell Mid Cap Growth Index
Number of Companies	47	421
Forward P/E	22.4x	20.9x
Historical EPS Growth	9.5%	11.1%
Expected Growth	10.4%	12.0%
Return on Equity	20.6%	26.1%
Debt/Capital	26.1%	47.3%
Weight by Market Cap	$21.6B	$15.6B
Median Market Cap	$8.4B	$8.8B

*Representative client portfolio.

Mid Cap Growth Team

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Fourth Quarter 2017 – Portfolio Review (continued)

performing Financials sector detracted -25 basis points while overweights in Energy and Health Care, which both lagged the market, detracted -17 and -38 basis points, respectively. Stock selection was positive in five of the seven invested sectors, with Energy and Health Care leading the way adding +64 basis points and +25 basis points, respectively.

Outlook and Strategy

The early days of the new quarter have been an uninterrupted continuation of the bull market. Monthly economic data points across the globe continues to point to economic acceleration. At the same time, it appears that the last of the naysayers regarding the prospect of better than 2.0% GDP growth in the U.S. on a sustainable basis have capitulated. Tax reform has forced the change in outlook. We contend that the consensus expectations for U.S. and global economic growth remain well behind the likely outcome for 2018. We expect U.S. GDP growth to exceed 3% for the year while the consensus has only adjusted to 2.6% expected growth. We believe the higher than expected economic growth will translate into better than expected sales growth rates, operating margins, and EPS for many companies. Nonetheless, it is very likely that stock price volatility will rise as companies report their quarterly results and provide guidance (including tax reform adjustments). We again expect investor attitude to be “a buying opportunity on stock price weakness.” Thus, the characterization that this is an earnings-driven stock market remains intact, with Price/Earnings (P/E) ratios unchanged to lower over the course of the year. We wish to re-state that there is significant opportunity to generate alpha (i.e. superior portfolio performance via stock selection) as the Premium Paid for Growth stocks continues to expand versus that for defensive slow growth stocks given it is still well below historical norms. And secondly, the economic backdrop will produce an increase in the dispersion of reported results among companies as the relative financial returns on investments made over several years becomes more evident in the form of positive earnings surprises.

We remain confident in the continuation of the bull market, even as it sets record highs. It is likely there will be periods of profit-taking, and some quarterly results/guidance disappointments this earnings season. Issues such as immigration, trade “wars”, infrastructure policy, healthcare policy, and most notably, central bank actions in the U.S. and abroad to reduce monetary stimulus via raising interest rates, reducing bond purchases, continue to be risks. While vigilant, we are steadfast in owning companies that have invested heavily in new products, productive capacity, and distribution capabilities as they have the best opportunity for accelerating returns on invested capital (ROIC), revenues, and earnings, leading to share price outperformance.

Fourth Quarter 2017
Best and Worst Contributors*

Best:	Contribution
1. Intuitive Surgical, Inc.	.63%
2. Southwest Airlines Company	.57%
3. Fastenal Company	.48%
4. Diamondback Energy, Inc.	.39%
5. Varian Medical Systems, Inc.	.34%
6. ANSYS, Inc.	.32%
7. Cintas Corporation	.31%
8. Starbucks Corporation	.29%
9. Valero Energy Corporation	.28%
10. DST Systems, Inc.	.26%

Worst:	Contribution
1. Rice Energy, Inc.	-.22%
2. Under Armour, Inc. Class C	-.15%
3. Under Armour, Inc. Class A	-.15%
4. Stericycle, Inc.	-.15%
5. Vertex Pharmaceuticals, Inc.	-.10%
6. Myriad Genetics, Inc.	-.07%
7. Nabors Industries Ltd.	-.06%
8. Range Resources Corporation	-.05%
9. Microchip Technology, Inc.	-.03%
10. Transocean Ltd.	-.00%

*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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