

MOUNTAIN PACIFIC INVESTMENT ADVISERS
DOMESTIC EQUITY: RUSSELL 2500 BENCHMARK

FOR THE MONTH OF: **SEPTEMBER** **2016**

MANAGER PERFORMANCE CALCULATIONS

* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Mountain Pacific	-0.75%	3.41%	17.14%	12.55%	18.53%
Russell 2500	0.48%	6.56%	14.44%	7.77%	16.30%

PORTFOLIO ATTRIBUTES

<u>Characteristics</u>	<u>Mtn Pac</u>	<u>RU 2500</u>	<u>Sector Analysis</u>		
			<u>Over-weight</u>	<u>Mtn Pac</u>	<u>RU 2500</u>
Mkt Value (\$m)	571.38	N/A	Technology	20.46%	12.19%
Wtd Cap (\$b)	14.50	4.00	Capital Goods	29.81%	21.82%
P/E	19.12	17.23	Healthcare	13.40%	11.81%
Beta	1.02	1.00	<u>Under-weight</u>	<u>Mtn Pac</u>	<u>RU 2500</u>
Yield (%)	0.93	1.62	Financial	8.18%	27.26%
Earnings Growth	10.90	5.99	Consumer	13.56%	17.36%
			Utilities	0.00%	4.85%

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

Our portfolio declined 0.8% in September, underperforming our index, the RU 2500, by 123 bps. During the month, each sector fell shy of the index. Our best company performer during the month was Wabtec, a railroad equipment provider, rose nearly 7% after it was reported that the European Union antitrust regulators were set to approve the company's acquisition of Faiveley, a French based railway equipment producer. The acquisition will significantly add to its presence in Europe and boost earnings growth going forward. Additionally, Wabtec should benefit from an increased focus on electronically controlled braking systems that are an essential part of new rail industry safety regulations. Vantiv advanced 5% during the month. The merchant card processor continues to expand its services to the fast growing markets of e-commerce and mobile, and deepen its relationships with small and medium sized businesses. HD Supply Holdings, a large industrial distributor, fell 11% after the company reported earnings that fell short of expectations due largely to missed sales caused by inventory logistics issues. We believe the company will correct the issues in a timely manner which will lead to a more efficient and scalable business. Additionally, we expect that strong multi-family housing trends will continue to provide solid growth to the company's facilities maintenance business. Over the past three months, our portfolio underperformed the RU 2500 by 315 bps. Fundamentals of the U.S. economy appear solid due to employment gains and strength in housing. However, lack of growth overseas and the uncertainty of Fed rate hikes continue to weigh on overall investor sentiment.

MANAGER STYLE SUMMARY

Mountain Pacific manages a mid-to small-cap portfolio, employing a "GARP" (Growth At a Reasonable Price) investment strategy. Their portfolio holdings and characteristics will wander around the average stock in their benchmark, and they tend to favor companies which do not sell directly to the public and therefore, depend on sales to other businesses. Mountain Pacific runs a more concentrated portfolio than most, and as a result, their returns will diverge more dramatically from their benchmark, and sometimes for sustained periods.

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PORTFOLIO GUIDELINE COMPLIANCE

SEPTEMBER

2016

Portfolio Guideline:	Mtn Pac	RU 2500	Calc	Min	Max	Compliance
B2. Security Market Cap (in \$m)				\$100.0	\$7,500.0	ok
B3. Wtd Avg Cap	14500	4044	359%	80%	120%	check
B4. Number of issues	43			35	55	ok
B5. Security Positions <= 4% @ purchase						ok
B6a. P/E (12-mo trail)	23.23	25.22	92%	80%	120%	ok
B6b. Beta	1.02	1.00	1.02	0.80	1.20	ok
B6c. Yield	0.93	1.62	57%	80%	120%	check
B6d. Expected Earnings Growth	10.90	5.99	182%	80%	120%	ok
E2. Commissions not to exceed \$0.06/share						ok
E3. Annual Turnover	11%				60%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines						<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES

B3. Wtd Avg Cap: Our Wtd Avg Cap exceeds that of the benchmark due to price appreciation of securities purchased. The median cap of the portfolio is \$10.9 BN.

B6c. Yield: Our yield is slightly below the guideline range but not significantly so. Most of our companies pay little in dividends, and instead reinvest earnings for growth.

ORGANIZATIONAL/PERSONNEL CHANGES

ACCOUNT TURNOVER

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):	N/A			