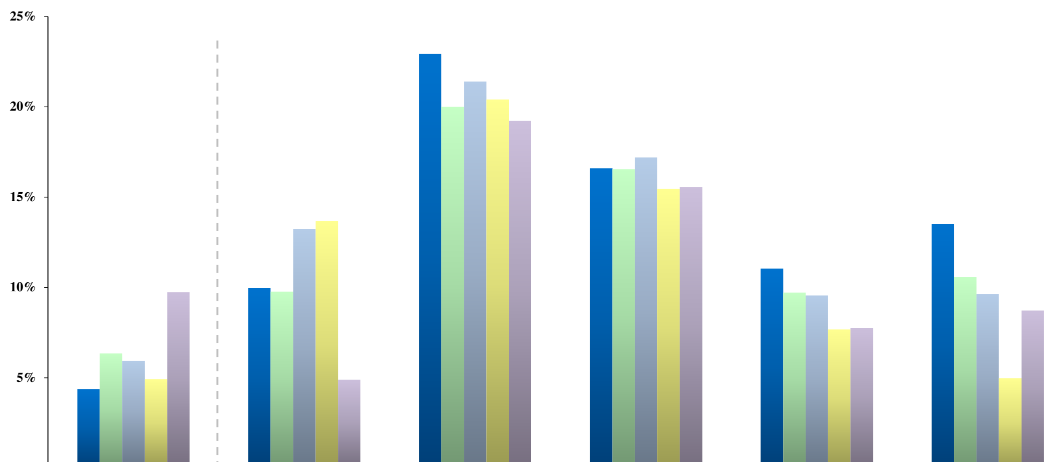
FAIRPOINTE MID-CAP CORE

4TH QUARTER COMMENTARY 2014

The U.S. stock market continued to perform well in the fourth quarter of 2014. The mid-cap benchmark indices, S&P 400 and Russell MidCap, were up 6.4% and 5.9%, respectively, compared to the large cap S&P 500, up 4.9% and the small cap Russell 2000, up 9.7%. The Fairpointe Mid-Cap Composite, up 4.4%, underperformed relative to the indices during the quarter. For the full year, the Fairpointe Mid-Cap Composite returned 10.0%, beating the S&P 400 and Russell 2000, up 9.8% and 4.9%, respectively. The Russell MidCap returned 13.2% and the S&P 500 was up 13.7%, as shown below. With larger cap stocks outperforming for the year, it is important to point out the average weighted market capitalization of the Russell MidCap at December 31 was $12.9B versus the S&P 400 of $5.4B and $6.6B for the Fairpointe Mid-Cap portfolio.



	4th Qtr 2014	1 Year	3 Years	5 Years	10 Years	Since Inception **
Fairpointe Mid-Cap *	4.38%	9.97%	22.92%	16.59%	11.05%	13.51%
S&P 400 MidCap Index	6.35%	9.77%	19.99%	16.54%	9.71%	10.59%
Russell MidCap Index	5.94%	13.22%	21.40%	17.19%	9.56%	9.65%
S&P 500 Index	4.93%	13.69%	20.41%	15.45%	7.67%	4.98%
Russell 2000 Small Cap Index	9.73%	4.89%	19.21%	15.55%	7.77%	8.72%

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

Fourth Quarter and 2014 Review

The performance contribution[1] was mixed with 17 stocks up more than 10% and seven stocks down more than 10%. The top five contributors to performance in the fourth quarter of 2014 were: Staples (SPLS), up 50.8%, Polypore (PPO), up 20.9%; Cooper Tire & Rubber (CTB), up 21.1%: Unisys (UIS), up 25.9%; and The New York Times (NYT), up 18.2%. **Staples**, the world's largest office products company and the third largest ecommerce seller behind Amazon and Apple, is starting to benefit from consolidation in the office products retail business in the U.S. and Canada and the rationalization of its European operations. In addition, the company is expanding the number of products sold online and improving order tracking and delivery methods. The current emphasis is on increasing revenues to add to earnings. The stock was up during the fourth quarter amid speculation of more industry consolidation.

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

Polypore develops, manufactures and markets micro porous membranes. Polypore's largest market is lead-acid batteries (48% of revenue) used in automobiles and other vehicles. The company's membranes are also a key component in lithium batteries (21% of revenue) used in consumer electronics and electric-drive vehicles, a potentially large growth market. Polypore has filed a suit against LG Chem, Ltd., previously a significant customer, over patent infringement. Preliminary court rulings have been positive for Polypore. In the fourth quarter, the company announced an agreement for lithium-ion battery separator development with Panasonic, a prelude to a potential long-term supply agreement. This is significant because Panasonic is an important battery supplier and the agreement adds validity to Polypore's patent position.

Another top contributor to performance was **Cooper Tire & Rubber**. A year ago the company's agreement to be acquired by Apollo Tyres was derailed by a work stoppage at the company's Chinese joint venture. During the fourth quarter of 2014, Cooper sold its share of the joint venture to the Chinese partner. Resolving this situation, as well as the company's ongoing operational improvements, has increased the company's predictability and resulted in a higher stock price.

Detractors to fourth quarter performance included: McDermott International (MDR), down 49.1%; Transocean (RIG), down 41.1%; Cree (CREE), down 21.3%; Gerdau (GGB), down 21.3%; and United States Steel Corporation (X), down 31.6%.

Transocean and **McDermott** are oil service companies whose products are used to support offshore oil production. The precipitous drop in the price of oil has caused major oil companies to reduce their drilling activity and capital spending. Transocean is retiring its older rigs which have less of a chance of being contracted in this environment. The stock is trading at a level that reflects this reduced outlook. McDermott provides fixed and floating production facilities, pipeline installations and subsea systems. The reduced capital expenditure by the oil majors has interfered with McDermott's turnaround strategy. We are confident that McDermott's highly experienced management team is taking the necessary steps to bring the company through this difficult environment.

Cree is the leader in LED (light-emitting diodes) technology and products. The company sells LED components to lighting manufacturers and also manufactures its own LED bulbs for sale to the public through home improvement retailers. LED bulbs are significantly more energy efficient than other currently used technologies. Adoption of the new bulbs is poised to accelerate as the cost premium over other alternatives continues to decline with technological advancements. In this early stage of adoption, lesser-quality LED bulbs offered by CREE's competitors have attracted a greater share of the overall demand than anticipated.

Portfolio Changes

During the quarter, two stocks were eliminated from the portfolio. **Edwards Lifesciences (EW)**, the world's largest manufacturer of tissue heart valves, was sold after jumping 97% during the year and meeting our valuation targets. This was the second time we successfully owned Edwards Lifesciences in the portfolio. **Harris Corporation (HRS)**, a leading supplier of secure communications systems for military, government and commercial customers, and a long-time holding in the portfolio, was sold after the company met our valuation targets. The stock was up 8.4% in the fourth quarter 2014 as the company announced a number of contracts to supply customers worldwide.

Perspective and Outlook

Although economic growth in the U.S. started slowly in 2014 due to severe winter weather in most of the country, the year ended strong with consumer spending, automobile sales, housing starts and unemployment rates all at improved levels. Capital spending has increased and merger and acquisition activity is up. During the second half of the year oil prices have plummeted as OPEC maintained production levels. While this has a negative impact on companies involved in oil and gas exploration, production and related services, it has a positive impact on consumption and overall economic activity.

In 2015, we expect economic growth to continue in the U.S. and to stabilize in European countries in part due to lower oil prices and monetary stimulus by the European Central Bank. We believe the dramatic fall in oil prices has yet to be fully digested by the market. Domestic monetary tightening is expected although the timing is uncertain. The resulting stronger dollar will hurt the earnings of companies with significant non-U.S. based revenues in the short run and may create doubt about U.S. competitiveness longer term.

We wish you a prosperous 2015 and 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	7,388	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 September 30, 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 September 30, 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.

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.