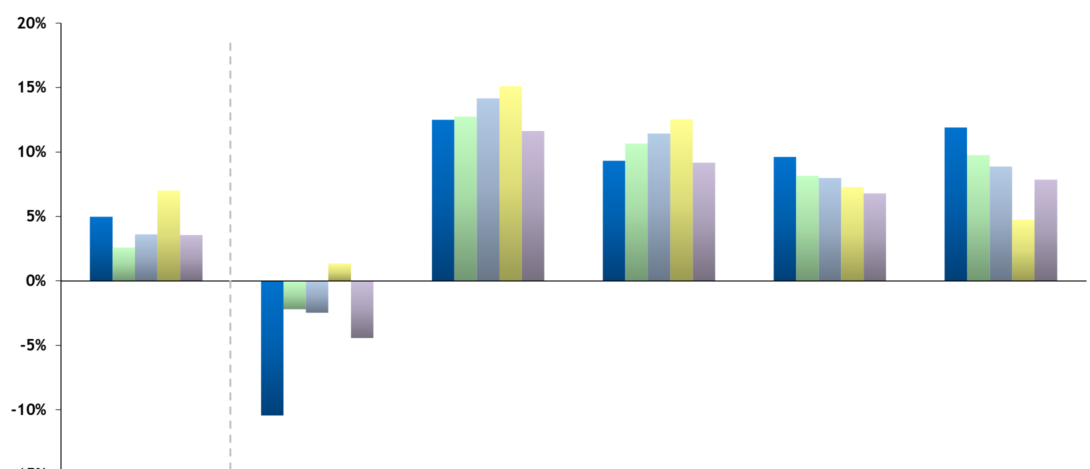
FAIRPOINTE MID-CAP CORE STRATEGY

4TH QUARTER COMMENTARY 2015

The Fairpointe Mid-Cap Composite rebounded in the fourth quarter, up 5.0%, versus the S&P 400, up 2.6% and the Russell MidCap Index, up 3.6%. The performance was even stronger early in the quarter (by the end of November the composite was up over 10%) when many of our holdings recovered significantly from depressed third quarter levels. Despite the outperformance in the fourth quarter, 2015 was a disappointing year for performance overall. The Mid-Cap Composite was down 10.4% for the year while the S&P 400 was down 2.2% and the Russell MidCap Index down 2.4%. Our underperformance for the year was impacted by stock selection in the materials and technology sectors. An underweight in financials also negatively impacted the portfolio.

During 2015, the market continued to favor momentum and growth stocks over value stocks, raising them to ever higher valuations. The precipitous drop in oil prices and slowing growth in China had a dramatic impact on companies in materials, industrials and energy.



	4th Qtr 2015	1 Year	3 Years	5 Years	10 Years	Since ** Inception
Fairpointe Mid-Cap Composite *	4.99%	-10.42%	12.51%	9.34%	9.63%	11.92%
S&P 400 MidCap Index	2.60%	-2.18%	12.76%	10.68%	8.18%	9.78%
Russell MidCap Index	3.62%	-2.44%	14.18%	11.44%	8.00%	8.89%
S&P 500 Index	7.04%	1.38%	15.13%	12.57%	7.31%	4.76%
Russell 2000 Small Cap Index	3.59%	-4.41%	11.65%	9.19%	6.80%	7.88%

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

Fourth Quarter Review

The performance contribution[1] was mixed with 17 stocks up more than 10% and six stocks down more than 10%. The top five contributors to performance in the fourth quarter of 2015 were: Mattel (MAT), NVIDIA (NVDA), Nuance Communications (NUAN), The Interpublic Group (IPG), and Copa Holdings (CPA). **Mattel**, a worldwide maker of toys with premier brands including Barbie, Hot Wheels and Fisher-Price, has revitalized its products and restructured to cut costs. The stock currently has a dividend yield of 5.6%.

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

NVIDIA, a semiconductor company, designs and sells graphic processing units (GPUs) used for interactive graphics and parallel processing. These chips are used for gaming, professional workstations and supercomputers. Automotive is the fastest growing market for the company as enhanced imagery is increasingly embedded in assisted driving and infotainment technology. Automobile and traditional gaming revenues were both strong in the quarter. **Nuance Communications** was also a top contributor to performance. The company provides voice and language solutions around the world through voice recognition software and document imaging technology. Nuance has been transitioning its revenue recognition model from one-time sales model to recurring subscription contracts. This transition appears to be largely complete as 68% of revenues are now recurring. The company is well positioned to benefit from growth of voice recognition technology in smartphones and automobiles.

Detractors to fourth quarter performance included: Akamai Technologies (AKAM), Time, Inc. (TIME), McDermott International (MDR), Teradata (TDC), and United States Steel Corporation (X).

Akamai is a long-term holding that has performed well in the past. The company uses proprietary software and a worldwide network of more than 200,000 servers to accelerate content delivery over the internet. During 2015, the company spent to increase capacity in anticipation of rapid growth in streaming video traffic from OTT or over-the-top content delivery services such as Hulu and Netflix. The company has invested ahead of demand (a hallmark of growth companies) which impacted margins in the short-term. We are confident this excess capacity will be absorbed going forward as explosive growth in internet usage continues.

Time, a leading U.S. consumer magazine publisher (including Time, People and Sports Illustrated), was spun-out of Time-Warner in June 2014 and has an experienced management team. Since becoming independent, management has been reshaping the company focusing on increasing growth while managing costs. A recent sale of real estate in the United Kingdom generated approximately $625 million to be used to buy back shares, pay down debt and invest in future growth. Management lowered guidance for the fourth quarter due to recent weakness in print advertising. The stock is currently priced below book value and has a dividend yield over 5%.

Also detracting from performance in the fourth quarter was **McDermott International**, a global engineering and construction company serving offshore oil and gas markets. The company is in the midst of a multi-year turnaround led by new management. The substantial drop in energy prices in the last 18 months has caused clients to defer exploration and production projects, clouding the near-term outlook for McDermott. The company has recently signed major new contracts giving us confidence in the longer-term outlook.

Portfolio Changes

Three stocks were added to the portfolio: Donaldson (DCI), Gentex (GNTX) and Office Depot (ODP). **Donaldson**, a worldwide manufacturer of filtration systems and replacement parts, was added after the stock declined to the low end of its historic valuation range, giving us an opportunity to invest in an industry-leading company at an attractive level.

We also initiated a position in **Gentex**, a leading supplier of automatic-dimming rearview mirrors and electronics to the automotive industry. Recent weakness in the stock reflects concern that advances in electronic driver assistance will compete with mirrors for an increasing share of driver safety expenditures. The company has proprietary leading mirror technology and continues to innovate by incorporating electronic content and imaging into mirrors. **Office Depot**, a global supplier of office products and services, was added to the portfolio after the U.S. Federal Trade Commission decided to challenge the planned merger with Staples (SPLS) and the stock declined. Office Depot has been closing stores and improving profitability since its acquisition of OfficeMax in 2013. Concerns that the proposed merger may not proceed created an opportunity to buy the stock at a depressed level.

Con-way, a trucking company and long-time holding, was eliminated after it was acquired at a significant premium. This was the third take-over in our portfolio in 2015.

Perspective and Outlook

2015 was a positive year of economic growth in the United States. The unemployment rate declined to the lowest level since 2007, automobile sales were strong, and housing starts and non-residential spending showed modest growth. In December, the Federal Reserve confirmed the strength of the U.S. economy by increasing interest rates for the first time in almost a decade. The authorization of long-overdue federal infrastructure spending should provide an additional boost to the domestic economy. Deflated oil prices are having a mixed effect on the economy, increasing consumer spending while hurting oil sector earnings. European economies were fairly stable during the year but economic growth in China slowed significantly. Slower industrial production growth in China continues to impact economies worldwide.

While we are disappointed in the 2015 portfolio performance, we have experienced similar periods previously and found these periods typically have been followed by periods of strong performance. These periods of negative market sentiment can present buying opportunities allowing us to selectively add to holdings that are undervalued where we see clear evidence that revenue or earnings growth potential is greater than currently expected.

The overall portfolio continues to be attractively valued. We view the portfolio's current valuation on a 2016 price-to-revenue basis as unusually attractive at 0.7x versus the S&P 400 Index at 1.1x and S&P 500 Index at 1.7x. Previously, these trough valuations have proved to be attractive buying opportunities. Low price-to-revenue multiples often signal merger and acquisition activity as these undervalued companies become attractive acquisition targets. We experienced three take-outs in the portfolio in 2015 and a number of our holdings' competitors received take-over offers, such as energy holding FMC Technologies' competitor, Cameron - acquired by Schlumberger. In the past, the portfolio has had a higher incidence of takeovers than the S&P 400 MidCap Index.

Overall, we are positive on the longer-term outlook and believe patient investors will be rewarded.

We wish you a prosperous 2016 and thank you for your continued interest and support.

Thyra E. Zerhusen, Chief Investment Officer
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Mary L. Pierson, Portfolio Manager
Brian M. Washkowiak, Portfolio Manager

DISCLOSURE

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Composite Number of Accounts	Annual Performance Results Composite Gross	Annual Performance Results Composite Net	S&P MidCap	Russell MidCap	Composite Dispersion
2015	5,606	5,308	Eight	(9.74%)	(10.42%)	(2.18%)	(2.44%)	0.81%
2014	7,733	7,389	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.

*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, 2015.

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, 2015. 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, 2015, the three-year annualized ex-post standard deviation of the composite is 14.30% and the benchmarks are 11.70% S&P MidCap and 10.85% Russell MidCap, respectively. 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. At December 31, 2011, the three-year annualized ex-post standard deviation of the composite is 25.0% and the benchmarks are 21.9% S&P MidCap and 21.6% 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.