

## Independent Accountant's Verification and Performance Examination Report

Horizon Asset Management LLC:

We have examined whether (1) Horizon Asset Management Institutional (the "Firm") has complied with all the composite construction requirements of the Global Investment Performance Standards (GIPS® standards) on a firm-wide basis for the periods from January 1, 1996, to December 31, 2016, and (2) the Firm's policies and procedures are designed to calculate and present performance results in compliance with the GIPS standards as of December 31, 2016. We have also examined the accompanying performance presentation and Composite Disclosure Presentation of the Firm's **Strategic Value - Institutional Composite** for the periods from March 1, 2000, to December 31, 2016. The Firm's management is responsible for compliance with the GIPS standards, the design of its policies and procedures and for the Quarterly Performance and Composite Disclosure Presentations. Our responsibility is to express an opinion based on our examination.

### Scope of Work

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Firm's compliance with the previously mentioned requirements; evaluating the design of the Firm's policies and procedures previously referred to; examining, on a test basis, evidence supporting the accompanying composite compliant presentation; and performing the procedures for a verification and performance examination required by the GIPS standards and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

### Opinion

In our opinion, in all material respects,

- the Firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods from January 1, 1996, to December 31, 2016; and
- the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards as of December 31, 2016.

Also, in our opinion, in all material respects, the Firm has

- constructed the **Strategic Value - Institutional Composite** and calculated the **Strategic Value - Institutional Composite** performance for the periods from March 1, 2000, to December 31, 2016, in compliance with the GIPS standards; and
- prepared and presented the Composite Disclosure Presentation of the Firm's **Strategic Value - Institutional Composite** for the periods from March 1, 2000, to December 31, 2016, in compliance with the GIPS standards.

This report does not contain an opinion on the accuracy of any composite presentation of the Firm other than the Composite Disclosure Presentation of the Firm's **Strategic Value - Institutional Composite** for the periods from March 1, 2000, to December 31, 2016.



Ashland Partners & Company LLP  
April 24, 2017

**HORIZON ASSET MANAGEMENT INSTITUTIONAL  
STRATEGIC VALUE - INSTITUTIONAL COMPOSITE  
QUARTERLY PERFORMANCE PRESENTATION - PAGE 1 OF 2**

*Asset-Weighted Performance Gross and Net of Management Fees  
Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2016	Gross	(0.88%)	3.53%	5.45%	2.85%	11.28%
	Net	(1.13%)	3.27%	5.18%	2.59%	10.17%
2015	Gross	6.08%	(1.47%)	(13.76%)	2.02%	(8.04%)
	Net	5.81%	(1.72%)	(13.97%)	1.76%	(8.96%)
2014	Gross	(1.16%)	4.02%	(3.98%)	(1.69%)	(2.95%)
	Net	(1.41%)	3.76%	(4.22%)	(1.94%)	(3.92%)
2013	Gross	11.91%	6.82%	10.25%	10.24%	45.28%
	Net	11.63%	6.55%	9.97%	9.97%	43.83%
2012	Gross	14.33%	(3.47%)	10.98%	3.75%	27.07%
	Net	14.04%	(3.71%)	10.70%	3.49%	25.80%
2011	Gross	10.76%	0.17%	(18.10%)	7.53%	(2.28%)
	Net	10.48%	(0.08%)	(18.30%)	7.26%	(3.26%)
2010	Gross	4.66%	(9.73%)	12.53%	12.68%	19.80%
	Net	4.39%	(9.96%)	12.25%	12.40%	18.60%
2009	Gross	(13.74%)	29.45%	15.99%	2.41%	32.65%
	Net	(13.96%)	29.13%	15.70%	2.16%	31.32%
2008	Gross	(17.70%)	(1.39%)	(21.02%)	(28.04%)	(53.88%)
	Net	(17.91%)	(1.64%)	(21.22%)	(28.22%)	(54.34%)
2007	Gross	5.13%	9.98%	8.61%	2.13%	28.24%
	Net	4.86%	9.70%	8.34%	1.87%	26.96%
2006	Gross	10.81%	1.21%	3.63%	16.02%	34.84%
	Net	10.53%	0.95%	3.37%	15.73%	33.49%

**HORIZON ASSET MANAGEMENT INSTITUTIONAL  
STRATEGIC VALUE - INSTITUTIONAL COMPOSITE  
QUARTERLY PERFORMANCE PRESENTATION - PAGE 2 OF 2**

*Asset-Weighted Performance Gross and Net of Management Fees  
Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2005	Gross	(0.61%)	7.19%	11.78%	(4.53%)	13.69%
	Net	(0.86%)	6.92%	11.50%	(4.77%)	12.55%
2004	Gross	0.29%	2.53%	1.56%	14.70%	19.78%
	Net	0.04%	2.27%	1.31%	14.41%	18.58%
2003	Gross	0.50%	18.26%	3.62%	14.96%	41.57%
	Net	0.25%	17.96%	3.36%	14.67%	40.16%
2002	Gross	1.96%	(2.88%)	(2.46%)	4.05%	0.49%
	Net	1.70%	(3.13%)	(2.71%)	3.79%	(0.51%)
2001	Gross	(0.69%)	7.26%	(4.79%)	6.62%	8.14%
	Net	(0.94%)	6.99%	(5.03%)	6.35%	7.06%
2000	Gross	3.54%*	(5.31%)	0.43%	2.45%	0.88%*
	Net	3.46%*	(5.55%)	0.18%	2.20%	0.04%*

**\* Represents non-annualized partial period performance beginning on March 1, 2000.**

Past performance is not indicative of future results. The Independent Accountant's Verification and Performance Examination Report and the Composite Disclosure Presentation are an integral part of this presentation.

# Strategic Value Institutional Composite



March 1, 2000 - December 31, 2016

	<b>Total Gross Return (%)</b>	<b>Total Net Return (%)</b>	<b>Benchmark Return (%)</b>	<b>Internal Dispersion- AW (%)</b>	<b>No. of Accounts</b>	<b>Composite Assets</b>	<b>Total Firm Assets</b>	<b>Composite 3-Yr St Dev</b>	<b>Benchmark 3-Yr St Dev (%)</b>
2016	11.28	10.17	11.96	2.48	97	130.4 mm	2,293mm	12.09	10.74
2015	-8.04	-8.96	1.38	0.75	130	201.3mm	2,711mm	13.56	10.62
2014	-2.95	-3.92	13.69	0.37	125	247.5mm	3,176mm	12.55	9.10
2013	45.28	43.83	32.39	1.11	91	192.1mm	3,130mm	15.84	12.11
2012	27.07	25.80	16.00	0.94	69	121.4mm	2,507mm	18.01	15.30
2011	-2.28	-3.26	2.11	0.78	78	109.1mm	2,301mm	23.22	18.97
2010	19.80	18.60	15.06	0.85	85	148.3mm	2,448mm	27.95	22.16
2009	32.65	31.32	26.46	3.73	106	142.2mm	2,210mm	27.27	19.91
2008	-53.88	-54.34	-37.00	3.32	148	142.6mm	1,956mm	22.52	15.29
2007	28.24	26.96	5.49	4.10	196	516.2mm	5,934mm	12.33	7.79
2006	34.84	33.49	15.79	2.93	119	288.6mm	3,625mm	10.43	6.92
2005	13.69	12.55	4.91	2.49	59	123.3mm	2,106mm	12.10	9.17
2004	19.78	18.58	10.88	6.20	33	75.6mm	1,182mm	10.98	15.07
2003	41.57	40.16	28.68	5.08	15	31.5mm	889mm	10.36	18.32
2002	0.49	-0.51	-22.10	N/A <sup>(1)</sup>	4	10.9mm	576mm		
2001	8.14	7.06	-11.89	N/A <sup>(1)</sup>	2	7.1mm	535mm		
Mar 00 to Dec 00	0.88	0.04	-2.45	N/A <sup>(1)</sup>	1	3.8mm	508mm		
Since Inception <sup>(2)</sup>	9.77	8.67	5.00	N/A	97	130.4 mm	2,293mm		

1) N/A. Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

2) Annualized

# Strategic Value Institutional Composite



March 1, 2000 - December 31, 2016

## Disclosure Notes

Horizon Asset Management Institutional ("Horizon Institutional") is defined as the traditional long only separate accounts and private investment fund assets of Horizon Asset Management LLC. ("Horizon" or the "Firm"), an SEC-registered investment adviser. Horizon Institutional excludes separately managed, non-direct accounts, and other accounts that are either serviced by wrap/dual contract sponsors or utilize a wrap or bundled fee structure. The Firm maintains a complete list and description of composites, which is available upon request.

The Strategic Value - Institutional Composite seeks above market long-term returns by investing primarily in a focused portfolio of global issuers in all facets of capital structures, including and not limited to common and preferred stocks, debt instruments, convertibles etc. Successful long-term value investing is achieved through the identification of companies that have the ability to generate high and sustainable returns on invested capital. In such a scenario, patience is required, as the phenomenon of a compounding book value often translates into stock price appreciation over long periods of time. Horizon Institutional seeks to avoid short-term investing and significant portfolio turnover. The strategy does not seek to track or compare itself to any particular equity benchmark; hence the S&P 500 benchmark shown here is for informational purposes only (The S&P 500® has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index has over US\$ 7.8 trillion benchmarked, with index assets comprising approximately US\$ 2.2 trillion of this total. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities). Process: The strategy combines qualitative strategic and quantitative financial measures to identify fundamentally superior businesses trading below intrinsic value. Returns are often created by distinguishing between permanent and transitory problems and having the patience to allow transitory issues to be resolved. The bottom-up process often leads to thematic exposures. However, careful attention is given to ensure that underlying earnings or sector concentrations are understood and limited. Positions may be sold when the research team identifies changes to the investment thesis. Portfolio Construction: Portfolio typically invests in 35-70 securities. A portfolio's cash position may vary depending on the availability of attractive opportunities. Horizon Institutional does not strictly follow a portfolio model and as a result dispersion among client portfolios may be experienced in the short run. Position turnover typically averages 20% per annum over time. Although the focus of the portfolios holdings are equities, the portfolio may invest in other parts of the capital structure when the research process identifies opportunities that may offer superior returns. The portfolio manager also has discretion to utilize derivatives opportunistically when the research process identifies superior risk/return of such positions. The Strategic Value - Institutional Composite may also opportunistically invest in countries outside of the benchmark. Horizon Institutional's opportunistic investment process is global in scope and requires thorough understanding of all parts of an investment's capital structure. Substantially all portfolios in the composite show performance net of foreign withholding taxes. A more consistent treatment of withholding taxes was not feasible due to fee coding from the custodian, and the difference on performance has not been identified to be material. Withholding taxes may vary according to the investor's domicile and the treatment of withholding taxes by a portfolio's custodians. The U.S. Dollar is the currency used to express performance.

The Strategic Value - Institutional Composite was created on 1 Mar 00. The composite includes all fully discretionary accounts under management, including accounts no longer with the Firm. Returns include the effect of foreign currency exchange rates. Past performance is not indicative of future returns. Returns are presented gross and net of management fees and include the reinvestment of all income. In addition to investment advisory fees, returns will be reduced by other expenses that may be incurred in the management of the account. Net of fee performance was calculated using the highest applicable annual management fee of 1% applied monthly. The investment management fee schedule for the composite is 1.00% on the First \$5 million, 0.95% on the Next \$5 million, 0.85% on the Next \$15 million, 0.75% on the Balance. Actual investment advisory fees incurred by clients may vary. The collection of fees produces a compounding effect on the total rate of return net of management fees. For example, a portfolio that earned 8% per annum for ten years would result in a cumulative return of 115.9% before investment management fees and 96.72% net of such fees, assuming a 100 basis point (1.0%) fee per year. The annual composite dispersion presented is an asset-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Composite returns represent investors domiciled primarily in the United States. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

•Horizon Institutional claims compliance with the Global Investment Performance Standards GIPS® and has prepared and presented this report in compliance with the GIPS standards. Horizon Institutional has been independently verified for the period January 1, 1996 through September 30, 2016.

•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 Strategic Value Institutional composite has been examined for the periods March 1, 2000 through September 30, 2016. The verification and performance examination reports are available upon request.

•Horizon Institutional has retained the identical management team and investment style since the inception of the composite and maintains the records necessary to support the performance of all composites and will provide these records upon request.