

January 5, 2016

We are pleased to report that for the quarter ended December 31, 2015 our clients' equity portfolios were up 4.5%, while the Russell Midcap Value (RMV) and the S&P 500 were up 3.1% and 7.0%, respectively. Investments in utilities (+31%), consumer staples (+12%) and materials (+10%) performed the best while energy (-7%) performed the worst. The outstanding performance in utilities is primarily attributable to the proposed acquisition of Piedmont Natural Gas at a premium valuation. Piedmont's superior returns on capital, strong operating cash flow and business model are typical of the companies in our portfolio.

For the year, our clients' portfolios were down 0.1%, while the RMV was down 4.8% and the S&P was up 1.4%. The investment environment was challenging this year and our performance was consistent with our approach to actively managing risk and investing in high quality companies. Our focus is long-term investing and the attached charts demonstrate the solid returns our disciplined investment approach has produced over the long term and the current market cycle.

Heightened market volatility will likely persist given the risk of rising interest rates and sluggish global economic growth. Despite these challenges, we believe our portfolio of companies will continue to produce attractive, long-term returns. Our confidence is based upon our approach of investing in companies with superior financials and business characteristics combined with our disciplined valuation methods.

We are pleased to announce that Matt J. Weight, CFA has become a shareholder of Speece Thorson Capital Group, Inc. Matt's extensive experience, passion for value investing and commitment to our firm's culture and investment approach are the foundation for his becoming a principal of the firm. Matt earned a BA from the University of St. Thomas and a MBA from the University of Wisconsin, Madison. He is a Chartered Financial Analyst and a Certified Public Accountant (inactive). Matt, his wife and three children live in Chanhassen, Minnesota.

Thank you for your interest in investing with us and we wish you the best in the New Year.

Regards, Fred, Paul, Ben and Matt