

TOWLE & CO.

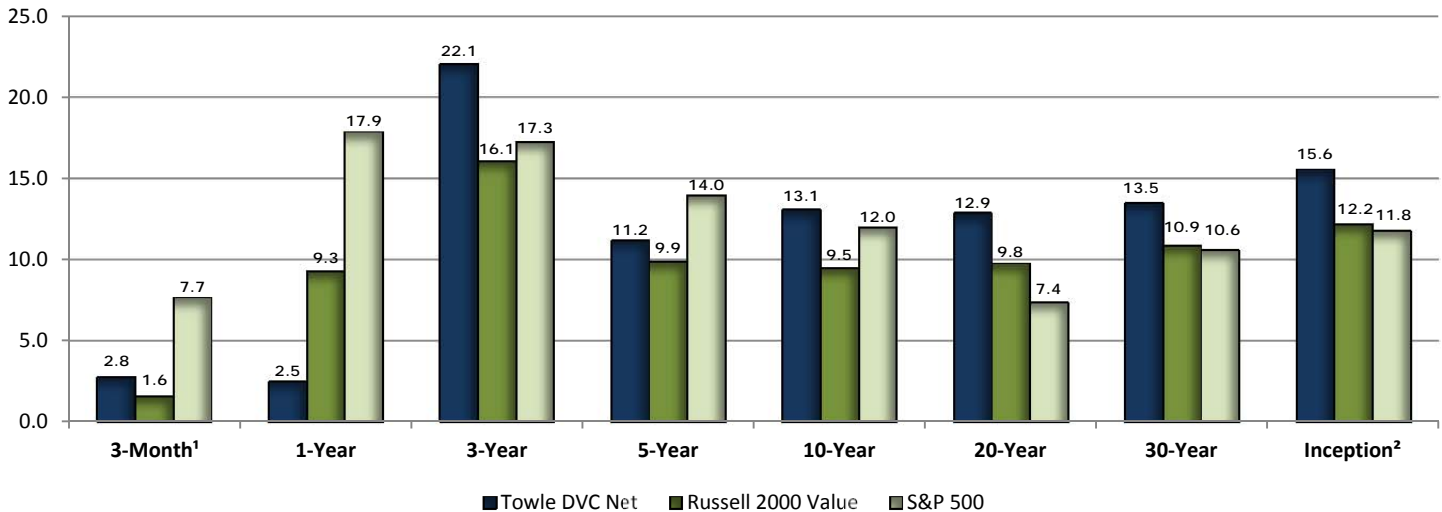
DEEP VALUE INVESTING

As of September 30, 2018

Firm Overview

Formed in 1981, Towle & Co. is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The firm offers an opportunistic, deep-value equity strategy via managed accounts and a mutual fund for investors seeking above-average capital appreciation. Towle & Co. remains independent and privately owned, and serves individual and institutional clients. The Towle family and employees, in aggregate, constitute one of the largest investors in the strategy.

Annualized Net Returns (%) for the Deep Value Composite



Past performance is no guarantee of future outcome. Refer to the disclosures on page 2 for additional information.

Investment Strategy

Towle & Co. executes a fundamental, bottom-up, value discipline that emphasizes the purchase of companies believed to be significantly undervalued relative to their private market worth and normalized earnings potential. We look for well run companies with strong market positions in industries such as financial services, manufacturing, distribution, consumer products, transportation, and energy, among others. A distinguishing characteristic of the strategy is our effort to identify investment candidates with low price-to-sales ratios; a way to buy operating leverage and economic activity on the cheap.

While our deep value approach may include large capitalization stocks, *our search for absolute value usually leads to equities with market capitalizations under \$5.0 billion*, a market segment where the majority of investment firms neglect thousands of well-seasoned, main street companies. We hold a focused portfolio of approximately 30-50 names, and our multi-year investment horizon has historically produced tax efficient results. For many investors, our approach may diversify their scope of investment and complement core allocations. Towle & Co. does not invest in liquor, gaming, or tobacco companies.

Portfolio Characteristics ^{5,6}		Holdings by Capitalization ^{4,6}	Top Ten Equity Holdings ^{5,6}	
Weighted Avg. Capitalization(\$Mil)	3,669		Trinseo SA	6.51%
Median Market Capitalization(\$Mil)	1,243		Renewable Energy Group Inc	5.53%
Median Price / Earnings (ttm) ³	9.81		Fiat Chrysler Automobiles	5.09%
Median Price / Book Value	1.09		Supervalu Inc	5.08%
Median Price / Sales (ttm)	0.23		Tower Intl Inc	3.96%
Median Debt / Equity	1.03		Unisys Corporation	3.92%
Median EV/EBITDA (ttm) ³	5.70		Ally Financial Inc	3.85%
Weighted Average Dividend Yield (eq)	1.15		Atlas Air Worldwide Holdings Inc	3.85%
Percent Turnover (ttm) ⁴	41		Triump Group Inc	3.84%
Number of Holdings	34		R R Donnelley & Sons Company	3.73%
			Total	45.35%

Source: CapitalIQ

1 – Not an annualized number

2 – Inception = January 1, 1982

3 – Excludes negative earnings

4 – Micro= <\$400MM; Small= \$400MM-\$3B; Mid= \$3B-\$10B; Large= >\$10B

5 - Supplemental information to the Annual Disclosure Presentation on page 2

6 – Representative, fully discretionary portfolio managed in the Towle Deep Value strategy and member of the Towle Deep Value Composite.

Under no circumstances does the information contained within represent a recommendation to buy, hold or sell any security. Towle & Co.'s opinion of a company's prospects should not be considered a guarantee of future events. Opinions expressed are those of Towle & Co. and should not be considered a forecast of future events or a guarantee of future results. Opinions and estimates offered constitute our judgment as of the date set forth above and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions.

Investment Team	Investment Tenets
J. Ellwood Towle (Chairman) <ul style="list-style-type: none"> • 36+ years experience / Team member since inception Christopher D. Towle (President & CEO) <ul style="list-style-type: none"> • 23+ years experience / Team member since 1994 Peter J. Lewis, CFA (Dir. of Research) <ul style="list-style-type: none"> • 30+ years experience / Team member since 2001 James M. Shields, CFA (Senior Analyst) <ul style="list-style-type: none"> • 11+ years experience / Team member since 2013 Wesley R. Tibbetts, CFA (Senior Analyst) <ul style="list-style-type: none"> • 9+ years experience / Team member since 2010 	<p>Capital formation is essential to the development of free enterprise, business expansion, and economic growth.</p> <p>Common stock ownership represents financial participation in a variety of wealth- and job-creating activities.</p> <p>Capital preservation takes precedence over investment risk.</p> <p>A long-term investment outlook should provide superior, after-tax results compared to short-term performance expectations.</p> <p>Clients are best served when their managed portfolios possess the same securities as those owned by the firm's principals.</p>

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Towle & Co. Deep Value Composite Annual Disclosure Presentation											
	Annual Performance Results (%)			Number of Portfolios in Composite	Composite Dispersion (%)	Composite Assets (\$MM)	Total Firm Assets (\$MM)	Composite Assets as % of Firm Assets	% of Composite Assets in Non-Fee Paying Portfolios	3YR Annualized Ex-Post Standard Deviation (%)	
	Deep Value Composite (Gross)	Deep Value Composite (Net)	Russell 2000 Value Index							Deep Value Composite (Gross)	Russell 2000 Value Index
2017	15.95	15.15	7.84	91	0.29	756.32	1,041.29	72.63	7.91	24.15	13.97
2016	57.18	56.11	31.74	77	0.90	722.61	766.32	94.30	5.79	23.84	15.50
2015	-15.57	-16.18	-7.47	77	0.38	436.98	459.46	95.11	6.15	19.38	13.46
2014	4.57	3.82	4.22	75	0.16	537.75	559.28	96.15	6.39	17.11	12.79
2013	58.16	57.13	34.52	65	0.99	530.84	544.94	97.41	6.54	21.36	15.82
2012	21.22	20.44	18.05	56	0.36	343.76	353.50	97.24	6.75	25.23	19.89
2011	-17.35	-17.97	-5.50	64	0.40	301.03	308.01	97.74	6.57	37.73	26.05
2010	28.64	27.77	24.50	47	0.54	343.42	354.83	96.79	8.09	44.05	28.37
2009	100.81	99.26	20.58	42	2.10	249.09	257.17	96.86	8.85	42.39	25.62
2008	-49.85	-50.35	-28.92	35	0.62	137.66	156.57	87.92	3.61	29.36	19.14
2007	-10.04	-10.77	-9.78	44	0.51	278.82	321.71	86.67	2.83	17.12	12.59
2006	18.00	17.13	23.48	49	0.77	279.08	334.02	83.55	2.09	14.54	12.33
2005	8.85	7.99	4.71	49	1.32	217.60	272.51	79.85	2.30	14.91	14.09
2004	39.43	38.31	22.25	54	2.25	178.58	242.21	73.73	1.58	16.23	17.51
2003	60.80	59.58	46.03	56	3.14	130.64	174.83	74.72	0.87	19.03	18.43
2002	2.11	1.25	-11.42	50	1.42	48.69	76.06	64.01	1.38	18.33	17.40
2001	42.88	41.85	14.02	47	1.89	47.60	67.97	70.03	3.96	19.40	14.66
2000	-0.98	-1.52	22.83	43	2.91	30.36	47.70	63.64	1.47	19.27	16.61

Towle & Co. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Towle & Co. has been independently verified for the periods 01/01/2000 – 6/30/2018. 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 Deep Value composite has been examined for the periods 01/01/2000 – 6/30/2018. The verification and performance examination reports are available upon request.

Definition of Firm: Formed in 1981, Towle & Co. (the Firm) is registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 as a Registered Investment Advisor. Registration does not imply a certain level of skill or training. The Firm provides investment management services to both institutional and private clients.

Composite Definition: Portfolios included in this composite seek above-average capital appreciation over the long-term by investing in publicly-traded common stocks of companies that are trading at what we believe to be significant discounts to their intrinsic values. The search for absolute value usually leads to smaller capitalization stocks, a market segment where a majority of investment firms neglect thousands of well-seasoned, "main street" companies. Consequently, many portfolio companies have market capitalizations under \$5 billion, though a number may exceed that amount.

The composite includes all fully-discretionary, taxable and tax-exempt portfolios that have been under the Firm's management for at least one entire month. The composite was created in January 1982. A complete list of Firm composites, descriptions, and performance results is available upon request.

Composite Dispersion: Towle & Co. utilizes an asset-weighted standard deviation calculation to measure dispersion. Only portfolios that have been managed for an entire period have been included in the dispersion calculation for the respective period.

Performance Results: Past performance is no guarantee of future outcome. Results are calculated using a time-weighted total-rate-of-return method and are expressed in U.S. dollars. Results include the reinvestment of all income. Gross of fee performance is presented as supplemental information and reflects the deduction of all trading expenses, except in those accounts where ABP (Asset-Based Pricing) fees are assessed in lieu of standard trade commissions. Net of fee performance was calculated using actual management fees and ABP fees. Although Towle & Co. makes no attempt to manage against the composition of a specific benchmark, the Firm provides the Russell 2000 Value Index as a readily accessible indicator of comparative performance. Performance of an index is not an exact representation of any particular investment as one cannot invest directly in an index. Investments made by Towle & Co. differ in comparison to the Russell 2000 Value Index in terms of security holdings and industry weightings. Towle & Co. invests in considerably fewer companies than the index with lower average multiples to book value, sales, earnings, and cash flow, and as a result, the volatility and returns of the benchmark index may be materially different from the individual performance attained by a Towle & Co. investor. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Fees: Gross performance results do not reflect the deduction of investment advisory fees, which would reduce an investor's actual return. The Firm's investment advisory fee for separate accounts is 1% of assets per annum.