AMI
ASSET MANAGEMENT

"The most terrifying words in the English language are:
I'm from the government and I'm here to help" – Ronald Reagan

First Quarter 2017

The post-election rally which began in the fourth quarter continued during the first quarter of 2017, driven by the prospects for pro-growth policies from the Trump administration. From November 8th through March 20th, the S&P 500 rose nearly 12% on a total return basis. What was perhaps more remarkable, during that time frame the S&P 500 set a record for the longest period without a 1% intraday move, 64 days from December 15th to March 20th. The prior record was only 34 days during August and September of 1995. The market had also gone 109 days without a 1% down day; the prior 1% down day was way back on October 12th when FBI Director Comey issued his now infamous letter to Congress regarding his investigation into Secretary Clinton's email server. One of the most peaceful market periods in history ended on March 21st when the S&P 500 fell 1.2%, the cause of which was attributed to concerns over the ability of the Trump administration to implement the policies it had been touting for the better part of three months.

In the days following the election, market pundits were generally surprised at the sharp rise in global equity prices. Some had believed it was only the result of pent-up demand following a pre-election pause in risk taking or market activity. However, the consensus view was that the market has increasingly come to believe that Trump would eventually roll out a raft of pro-business and pro-growth policies that would be bullish for stock prices. Specifically, these policies included tax reform (including lowering the corporate tax rate to 15-20%), massive cuts in regulations, and a huge infrastructure spending program. As we wrote in this letter last quarter, much of these policy predictions would ultimately need to be met with policy realities to justify the higher valuations in stocks. A test finally came in late March as the new administration attempted to pass the first piece of its legislative agenda, healthcare reform. As the attempt to overhaul the U.S. healthcare system struggled in Congress, investors began to think that the rest of Trump's agenda would now either face delays or higher hurdles and thus putting the recent rally into jeopardy.

As investors attempt to navigate the daily machinations and drama in Washington D.C., the underlying economic data continue to show signs of improvement. The latest payroll report for February showed an increase of 235K jobs (vs. an expectation of 200K) and the unemployment held steady at 4.7%. Manufacturing jobs rose 28K (vs. an expectation of 10K) and the labor participation rate improved slightly as more Americans are returning to the labor force. Lastly, the consumer confidence index jumped 9.5 points to 125.6 in March, the highest reading since December 2000. This 16-year high in the index may be a signal that the economy may be regaining some momentum. The Federal Reserve used this economic uptick as a reason to increase rates by 0.25% once again (now in a range of 0.75% - 1.00%) and indicated it may increase rates twice more in 2017 and three times in 2018. However, subsequent labor data was mixed, showing only 98K jobs were added in March (vs. an expectation of 180K) and the unemployment rate falling to 4.5%.

The question now facing investors is what direction the market will take now that volatility has returned. Historical forward returns following long periods of low volatility have been positive, on average. For example, the last low volatility streak in 1995 had positive 6-month and 1-year returns for the S&P 500 of 12% and 19%, respectively. As the new administration has moved from what was a marketing phase to a governing phase, it now must work hard to push its economic agenda through Congress. If the past is prologue and the government's attempt at healthcare reform is any indicator, markets may be forced to adjust to headlines out of D.C. on a regular basis. At AMI, we have continually emphasized that the best way to navigate short-term noise is to have a long-term view. As such we look to invest in companies with all-weather, recurring business models that we believe can achieve positive total returns throughout the business cycle.

Market Outlook

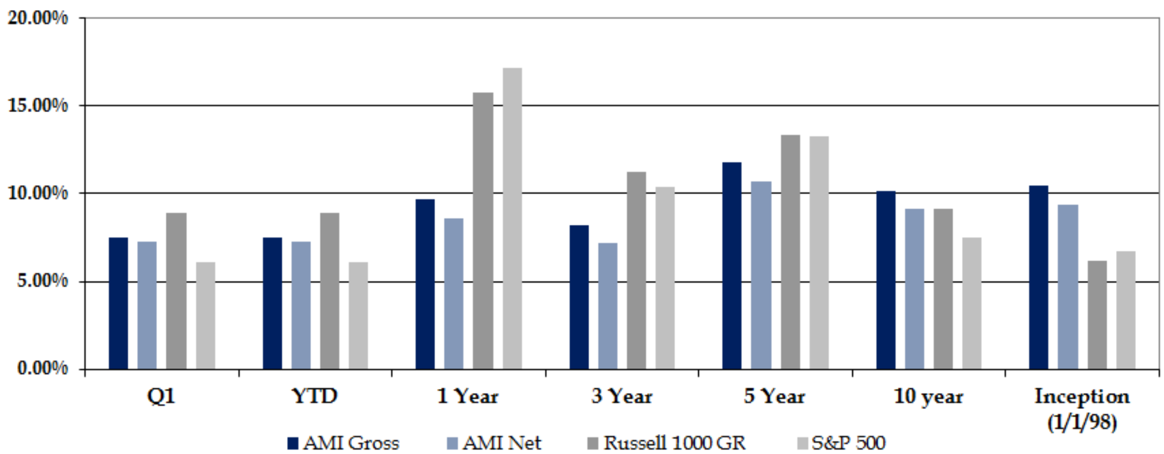
Although global economic data remains mixed and market volatility may increase in the future, we continue to believe the U.S. economy will generate sufficient growth to warrant equity exposure. Though interest rates are moving incrementally higher, economic optimism has improved and corporate balance sheets are strong. A recession, which would be the primary driver of a sustained drop in stock prices, does not appear to be imminent. As always, AMI remains disciplined and continues to invest for the long run in companies that we believe will do well in both good and bad times.

AMI Large Cap Growth Strategy

In Q1, the AMI Large Cap Growth strategy underperformed the Russell 1000 Growth index by 1.41% on a gross basis (1.66% on a net basis). This was attributed entirely to asset allocation, which was mostly impacted by being overweight Energy (which underperformed the market) and by being underweight Technology (which outperformed the market). This was partially offset by being slightly underweight Producer Durables and Materials (which underperformed the market). The underperformance attributed to asset allocation was partially offset by outperformance in security selection. Security selection was positively impacted by strong stocks picks in Consumer Staples and Producer Durables but was partially offset by certain underperforming stock picks in Consumer Discretionary and Technology.

Q1 2017 LARGE CAP GROWTH ANNUALIZED RETURNS

Growth Through Stability



	Q1 2017*	1 Year	3 Year	5 Year	10 year	Inception (1/1/98)
AMI Gross	**7.50%**	**9.69%**	**8.22%**	**11.80%**	**10.18%**	**10.47%**
AMI Net	**7.25%**	**8.62%**	**7.16%**	**10.71%**	**9.10%**	**9.40%**
Russell 1000 Growth	8.91%	15.76%	11.27%	13.32%	9.13%	6.16%
S&P 500	6.07%	17.17%	10.37%	13.30%	7.51%	6.71%

*Not annualized. As of 3-31-17. Net returns are based on an annual fee of 1.00%. The above information is based on the Domestic Large Cap Growth Composite and clients accounts may vary and includes the reinvestment of dividends and other earnings. Past performance is not an indication of future returns. Please refer to important disclosures at the end of the document. Source – AMI.

As seen in the table below, the top contributors to Q1 performance were Apple, Church & Dwight, Synopsys, Allergan, and Becton Dickinson. The bottom contributors to Q1 performance were Aramark, Concho Resources, Express Scripts, Verizon and Sabre.

Top Contributors in Q1

Company	Avg. Weight	Return	Contribution
Apple	3.42%	24.57%	0.76%
Church & Dwight	5.17%	13.29%	0.67%
Synopsys	2.63%	22.55%	0.55%
Allergan	3.33%	14.09%	0.46%
Becton Dickinson	4.06%	11.25%	0.45%

Bottom Contributors in Q1

Company	Avg. Weight	Return	Contribution
Aramark	0.31%	-1.05%	-0.02%
Concho Resources	1.54%	-3.21%	-0.04%
Express Scripts	2.65%	-4.19%	-0.11%
Verizon	1.39%	-7.68%	-0.12%
Sabre	2.29%	-14.53%	-0.38%

Top Contributors

Apple's fiscal Q1 was a return to growth and, more importantly, the company's Q2 guidance was better than many had feared as iPhone unit sales were above expectations. Although iPad sales came in below expectations, this was offset by better-than-expected services revenue which continues to grow at a rapid pace and management believes it can double in four years. Though we have taken the rapid increase in the share price as an opportunity to realize some gains, we believe that the next iPhone (iPhone 8) has the potential to be one of the company's largest upgrade cycles. Moreover, the prospects for M&A and cash repatriation on any future tax reform could create additional positive catalysts.

Church & Dwight reported strong Q4 earnings, as organic growth rebounded to 2.7% following some weakness earlier in the year. Innovation in vitamins and cat litter, as well as a strong online selling platform, drove growth during the quarter. The company also announced two additional acquisitions, continuing the strategy of incorporating strong brands into Church & Dwight's robust sales platform. Most of the stock's outperformance during the quarter was driven by M&A speculation. Kraft Heinz's approach of Unilever and Trian's investment in Procter & Gamble reinvigorated the potential for large scale deal activity within the household and personal care industry. Investors view Church & Dwight as a prime acquisition candidate given its relatively small size and strong stable of brands.

Synopsys had a strong fiscal Q1, as it successfully navigated through the challenging environment of consolidation among its semiconductor customers, reporting 15% top-line growth and 38% earnings growth (year-over-year). Synopsys' latest version of its semiconductor design software has been very well received, allowing the company to capture market share. Moreover, an increasing number of non-traditional industries are embracing electronics in their products (e.g. auto, industrial, healthcare) which has expanded Synopsys' total addressable market. Synopsys has also recently entered the fast-growing software integrity field where it can now work with software developers on ensuring that their products are secure and stable.

After underperforming in Q4 and with expectations relatively low, Allergan outperformed in Q1 due to better-than-expected earnings and guidance. In addition, sentiment surrounding large pharma names improved as politically driven drug pricing legislation appeared less likely. Allergan also announced the acquisition of Zeltiq, which adds the CoolSculpting noninvasive fat reduction technology. This has been a hot area and Zeltiq has been one of the leaders.

Becton Dickinson stock rose in Q1 after the company reported better-than-expected quarterly results and raised guidance excluding currency effects. The supplier of syringes and catheters continues to post solid steady growth with emerging markets providing the upside.

Bottom Contributors

We began purchasing Aramark late in the quarter, and the stock was flat in a rising market. Please see portfolio additions for details.

In February, Concho Resources reported good Q4 results on production growth that exceeded expectations. Additionally, management increased its outlook for 2017 production levels ahead of estimates. Despite the strong results, the stock saw selling pressure as it was near an all-time high and investors used the opportunity to take gains. As the price of oil began to decline in early March the stock declined further. We continue to like Concho for its good acreage position, strong balance sheet, and ability to invest for growth within cash flows.

Express Scripts posted better-than-expected earnings but the politically driven drug pricing debate began to focus on the Pharmacy Benefit Management (PBM) industry, putting pressure on Express Scripts stock. PBMs exist to help control drug costs for health plans by managing their clients' employee access to drugs, setting copays, encouraging cheaper generic drug use over more expensive branded pharmaceuticals, and by extracting rebates from drug companies and passing a portion on to the PBM's clients. The extracting of rebates is the current "hot button" issue as critics claim it encourages drug companies to raise prices. However, PBMs claim that they are agnostic as to how they are paid and the client chooses the method. We continue to believe that PBMs play an important role in the drug supply chain and they will continue to be needed.

Verizon's Q4 earnings were negatively impacted by pricing pressure as heightened competition led to the need to offer subsidies to retain subscribers. The company also slightly lowered its 2017 revenue guidance which was a disappointment and led to the decline in share price. Despite the soft quarter, we remain positive on Verizon's long term prospects to leverage its network advantage and utilize its balance sheet to move into higher growth business lines such as video, telematics and Internet of Things which should lead to improved total returns in the coming year.

In Q4, Sabre reported a pick-up in travel bookings, leading to robust 7% year-over-year growth in its key Travel Network business unit. Its faster growing segment, Airline and Hospitality Solutions, rose 15% year-over-year and Sabre management is very optimistic about its new hospitality business. However, this optimism led the company's new CEO to want to further invest in the business which will drive margins and cash flows lower in the near term, leading to investor disappointment. We believe that these investments will drive higher and more sustainable long-term growth for the company and thus remain confident in the company's prospects.

Portfolio Additions and Deletions

In Q1 we added Adobe, Aramark, and Facebook. We sold Cognizant and Bioverativ.

Adobe is the leading software provider to creative professionals in the web design, photography, marketing, and other creative industries. Adobe's subscription model transition (82% of revenue now recurring) will lead to greater top-line visibility and customer lifetime value while expanding the company's addressable market (beyond the existing installed base of 13 million) by lowering the upfront cost of the company's products. In addition to Adobe's dominance in the creative segment, the company is well positioned in digital marketing, a category that is likely to see rapid growth as an increasingly larger share of advertising and marketing spend shifts online.

Aramark is a leading global provider of facilities and foodservice outsourcing, as well as uniform distribution, with a focus on healthcare, education and industrial sectors. Aramark currently maintains a

95% client retention rate, with substantial white space to grow through new contracts as only half of the $900 billion market opportunity currently utilizes outsourcing services. In addition, Aramark may be able to more effectively cross sell food and facilities services to existing customers. The company has a robust margin expansion opportunity through streamlining back office systems and using technology to improve labor productivity and food sourcing efficiency.

Facebook operates the world's largest and most recognizable social media platform. Its massive and highly active user base provides it with a strong competitive moat and position the company to improve monetization over time. The company has become increasingly able to add value to advertisers beyond its traditional Facebook.com platform by making investments and releasing new products within Messenger and Instagram. Despite Facebook's numerous successes to date, the company is still early in its development and monetization of its ad platform with video advertising and Instagram Stories only just beginning to see revenue growth.

Bioverativ was a mid-cap spin-out from a portfolio holding (Biogen) that focuses on long-acting hemophilia treatments. Given the smaller size and product concentration, we sold the name shortly after the spin-out as we felt it was not appropriate for the Large Cap Growth strategy.

We exited Cognizant Technology Solutions during the quarter as the threat of immigration reform posed a material business risk to this IT outsourcing company. Specifically, Cognizant relies heavily on the H-1B program to service its clients and, since the election, there have been several bills proposed in Congress that would either limit the number of employees eligible to enter the country on this program or somehow modify the terms and salary of the employment. In either case, we saw other opportunities within the Technology sector with much less headline and business model risks.

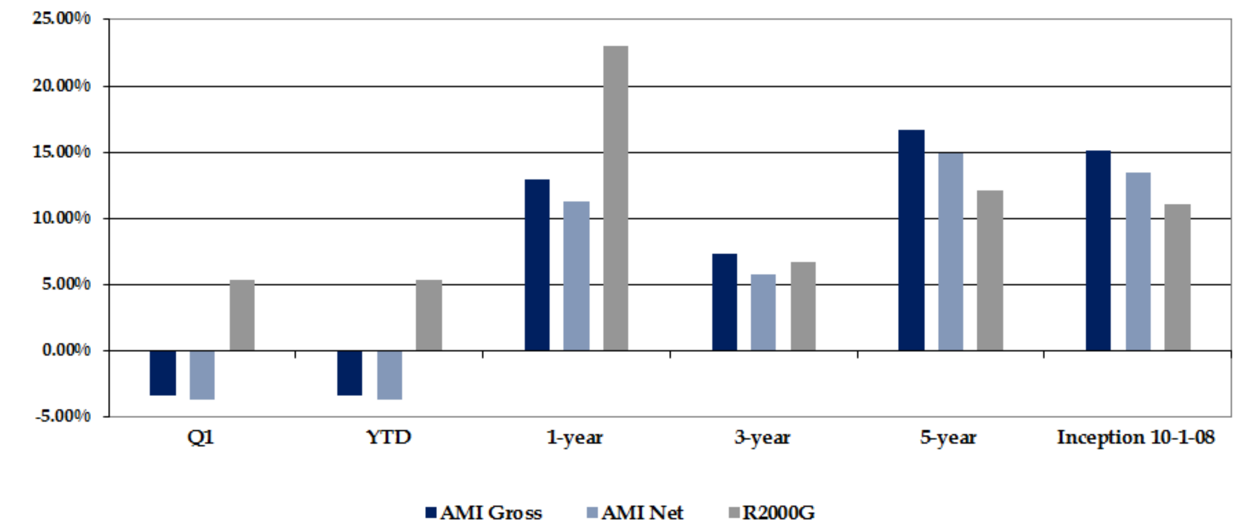
AMI Small Cap Growth Strategy

The AMI Small Cap Growth strategy underperformed the Russell 2000 Growth index in Q1 by 8.67% on a gross basis (9.05% on a net basis). The underperformance was driven almost entirely by security selection due to certain stock picks in Healthcare and Technology, partially offset by outperforming stock picks in Consumer Discretionary and Consumer Staples. Asset allocation slightly contributed to underperformance during the quarter. The negative contribution due to asset allocation was driven by overweight positions in Energy and Consumer Staples (which underperformed the market), partially offset by overweight positions in Healthcare (which outperformed the market), and underweight positons in Consumer Discretionary (which underperformed).

While we are clearly disappointed in Q1 performance, we are confident performance will rebound over the course of 2017 given that we still hold quality names with significant upside potential. The issues that impacted the underperforming companies in Q1 are mostly transient in our opinion, and many of those same companies had outperformed markedly in Q4.

Q1 2017 SMALL CAP GROWTH ANNUALIZED RETURNS

Growth Through Stability



	Q1 2017*	1 Year	3 Year	5 Year	Inception (10-1-08)
AMI Gross	**-3.32%**	**12.92%**	**7.35%**	**16.64%**	**15.10%**
AMI Net	**-3.70%**	**11.28%**	**5.78%**	**14.97%**	**13.43%**
Russell 2000 Growth	5.35%	23.03%	6.72%	12.10%	11.13%

***Not annualized.** As of 3/31/17. Net returns are based on an annual fee of 1.50%. The above information is based on the Domestic Small Cap Growth Composite and clients accounts may vary and includes the reinvestment of dividends and other earnings. Past performance is not an indication of future returns. Please refer to important disclosures on last page. Source – AMI.

As seen in the table on the following page, the top contributors to Q1 performance Surgical Care Affiliates, Teligent, Virtusa, Blackbaud, and Blackhawk Network. The bottom contributors to performance were PRA Group, INC Research, American Renal Associates, Albany Molecular Research, and Synchronoss Technologies.

Top Contributors in Q1

Company	Avg. Weight	Return	Contribution
Surgical Care Affiliates	2.10%	22.15%	0.74%
Teligent	3.62%	18.15%	0.61%
Virtusa	2.96%	20.30%	0.58%
Blackbaud	2.44%	19.99%	0.45%
Blackhawk Network	3.97%	7.76%	0.32%

Bottom Contributors in Q1

Company	Avg. Weight	Return	Contribution
PRA Group	3.23%	-15.22%	-0.51%
INC Research	3.96%	-12.83%	-0.52%
American Renal Associates	2.67%	-20.68%	-0.67%
Albany Molecular Research	3.70%	-25.21%	-1.00%
Synchronoss Technologies	3.25%	-36.29%	-1.37%

Top Contributors

As we mentioned in the Q4 2016 letter, United Health announced in early January that it would buy Surgical Care Affiliates, driving the stock higher. We sold the stock shortly thereafter.

Teligent's Q1 earnings exceeded expectations but, more importantly, the supplier of niche generic drugs is seeing relatively fast FDA approvals for its products. Although its backlog at the FDA is quite large and it has some drugs that have been in process for many years, some of the more recent generic drug applications are being approved faster than expected. New approvals are key to Teligent's growth and the prospect of faster approvals drove the stock higher in Q1.

Virtusa management has been executing on its goal of increasing employee utilization which has resulted in margin improvement in the latest quarter. Virtusa's expertise in digital transformation projects, which is the fastest growing segment in the IT services industry, helped drive a 44% year-over-year increase in fiscal Q3 revenues. Growth was broad-based with strength in all geographies and customer verticals. Given the focus on digital, we remain confident that Virtusa can continue its top line growth trajectory while also improving margins.

Blackbaud posted a solid Q4 as the company reported 13% top line growth year-over-year and grew earnings per share by a robust 42% year-over-year. Blackbaud management also re-affirmed its long-term margin and growth targets. Blackbaud has been successfully transitioning many of its existing customers from legacy software programs to its cloud-based products, which are accompanied by higher prices and margins. The company's Q4 results showed investors the various methods it has to expand margins even further, which can help drive future earnings growth.

Blackhawk Network didn't report a particularly good quarter as chip card reader installation delays at its retail partners (grocery stores) weighed on Q4 results. However, an agreement with activist investor Jana Partners to add two new board members and implement a cost savings program drove the stock higher late in Q1. In addition, reports that Blackhawk's major gift card competitor, InComm Holdings, was looking to put itself up for sale and Blackhawk would be a logical buyer added to the stock uplift. We continue to believe that the chip card reader headwinds will subside in 2017 and Blackhawk will be back on a growth track that capitalizes on the trend towards gift cards for special occasion, employee incentives, and rebates.

Bottom Contributors

PRA Group reported weak Q4 results as the defaulted credit card receivable buyer continues to suffer from a lack of available debt for purchase due to sellers' uncertainty surrounding regulations. This issue has gone on longer than we envisioned and we don't see regulatory reform in this area as a priority for the new administration. We sold a portion of the position prior to earnings and have sold the remaining position after quarter end.

INC Research reported good Q4 results that were roughly in line with expectations but the clinical research organization's fiscal 2017 guidance was below estimates due to several factors that negatively affected its backlog. Chiefly among these were delays in new business awards, cancellations of near term opportunities (most outside management's control) and new business awards being longer term in nature. While management's explanations were reasonable, the results were nevertheless disappointing as it means that growth in 2017 will be below trend. However, we remain bullish on the name and believe that growth will resume as we do not see this as a sign of general pullback in pharma/biotech R&D spending but rather a short-term pause. Although we trimmed the position prior to earnings, we continue to believe that INC's differentiated strategy of aligning its organization by disease state will allow it to compete effectively for new clinical trials business.

American Renal Associates reported inline earnings but gave a murky outlook for 2017. This was driven by the well-known pause in filing for patient insurance assistance with the American Kidney Foundation late in 2016 (which has now since been reinstated). Patients that wanted, but could not afford, private insurance would typically get assistance from the AKF, leading to a larger proportion of higher margin private insurance covered patients for American Renal. However, the company paused application assistance in late 2016 as Medicare was looking to end the practice. In early 2017, a U.S. District Court blocked any attempt by Medicare to end the practice but this came too late to affect 2017 insurance signups. We continue to believe that American Renal is well positioned to capitalize on the growing incidence of kidney disease in the long term but acknowledge that 2017 will be a weaker year.

Albany Molecular Research reported disappointing Q4 results due to a couple of one-time events, namely a bad batch of customer supplied drugs that the company was to package for its customer and delays in expanding one of Albany's pharmaceutical ingredients plants. In addition, management provided 2017 growth guidance that does not factor in the lost revenue from these issues coming back, which surprised investors and led to a sharp, and unwarranted in our view, selloff in the stock. We believe that management is being conservative as it does not know when the lost revenue will be made up due to tight production schedules. Despite this hiccup, we remain bullish on Albany Molecular as we see continued good growth in its drug production markets, as well as an underappreciated opportunity for co-development royalties that should ramp up in 2018 and beyond.

Synchronoss Technologies hit a 52-week high in Q4 following its Q3 earnings report. Though we trimmed our position as the stock price ran up, shortly thereafter the company announced that it was going to sell its activations business unit and acquire publicly-traded Intralinks for $783 million. The acquisition of Intralinks transformed the company from being nearly entirely consumer oriented to now nearly 40% focused on enterprise solutions. This new strategy has several moving parts which led to a lot of investor confusion and skepticism. Our current view is that Synchronoss and its new CEO will be able to successfully execute on its plan toward providing both enterprises and carriers with mobile security and collaboration products and services and that the stock is currently oversold.

Portfolio Additions and Deletions

In Q1 we added Surgery Partners. We sold Surgical Care Affiliates due to the buyout offer from United Health, as well as Vascular Solutions which was acquired by Teleflex.

Surgery Partners is an operator of ambulatory surgical centers under a co-ownership model with the practicing doctors. We believe that most outpatient procedures (orthopedic and eye surgeries, and gastroenterology procedures) will continue to migrate from high cost hospitals to lower cost surgery centers, due to the sizable cost savings for payers. Continued growth in procedures, combined with opportunistic M&A, should drive growth for the foreseeable future.

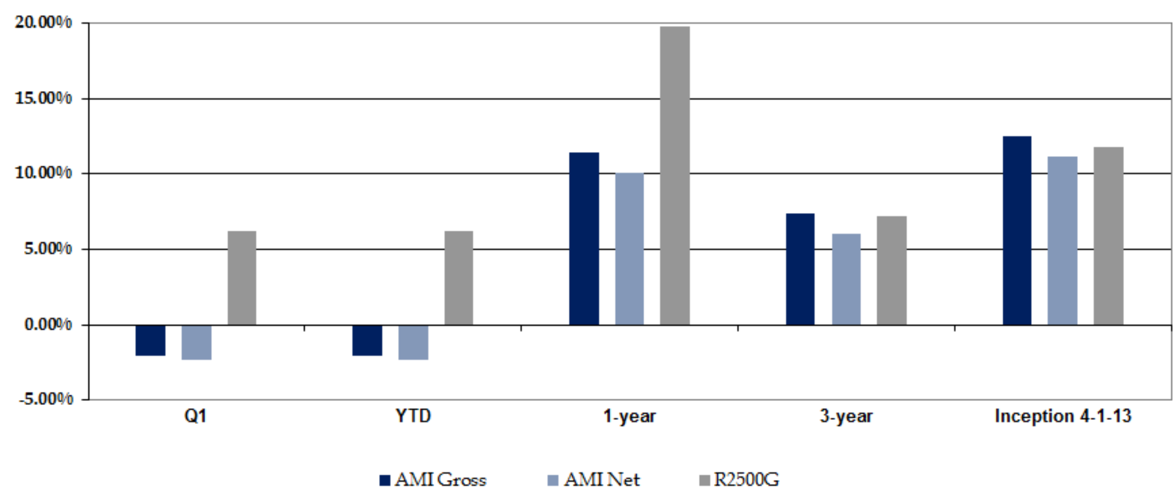
AMI SMID Cap Growth Strategy

In Q1, the AMI SMID Cap Growth strategy underperformed the Russell 2500 Growth index by 8.26% on a gross basis (8.58% on a net basis). The underperformance was driven almost entirely by security selection due to certain stock picks in Healthcare, Technology, and Financials, partially offset by outperforming stock picks in Consumer Discretionary and Energy. Asset allocation also slightly further contributed to underperformance during the quarter. The negative contribution due to asset allocation was driven by overweight positions in Energy and Consumer Staples (which underperformed the market), partially offset by overweight positions in Healthcare (which outperformed the market), and underweight positons in Consumer Discretionary (which underperformed).

While we are clearly disappointed in Q1 performance, we are confident performance will rebound over the course of 2017 given that we still hold quality names with significant upside potential. The issues that impacted the underperforming companies in Q1 are mostly transient in our opinion, and many of those same companies had outperformed markedly in Q4.

Q1 2017 SMID CAP GROWTH ANNUALIZED RETURNS

Growth Through Stability



	Q1 2017*	1 Year	3 Year	Inception (4-1-13)
AMI Gross	**-2.01%**	**11.47%**	**7.38%**	**12.52%**
AMI Net	**-2.33%**	**10.12%**	**6.07%**	**11.16%**
Russell 2500 Growth	6.25%	19.77%	7.23%	11.79%

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As seen in the table on the following page, the top contributors to Q1 performance were Avery Dennison, Blackbaud, Synopsys, Akorn, and Blackhawk Network. The bottom contributors to Q1 performance were PRA Group, Echo Global Logistics, Cardtronics, INC Research, and Synchronoss Technologies.

Top Contributors in Q1

Company	Avg. Weight	Return	Contribution
Avery Dennison	3.52%	15.37%	0.48%
Blackbaud	2.47%	19.99%	0.46%
Synopsys	2.33%	22.55%	0.45%
Akorn	3.31%	10.31%	0.35%
Blackhawk Network	3.38%	7.76%	0.27%

Bottom Contributors in Q1

Company	Avg. Weight	Return	Contribution
PRA Group	2.90%	-15.22%	-0.46%
Echo Global Logistics	3.01%	-14.77%	-0.48%
Cardtronics	3.29%	-14.33%	-0.49%
INC Research	3.92%	-12.83%	-0.52%
Synchronoss Technologies	3.17%	-36.29%	-1.35%

Top Contributors

Avery Dennison reported Q4 results that were well ahead of the consensus estimate. The results were broad-based as both of its major operating segments, Label & Graphic Materials and Retail Branding & Information Systems, saw strong organic revenue growth. Additionally, cost efficiency programs and leverage from higher sales levels drove nice margin expansion and earnings growth. We like Avery Dennison for its stable domestic growth outlook, exposure to high growth emerging markets, and position as the leader in the emerging Radio Frequency Identification (RFID) tag market.

Blackbaud posted a solid Q4 as the company reported 13% top line growth year-over-year and grew earnings per share by a robust 42% year-over-year. Blackbaud management also re-affirmed its long-term margin and growth targets. Blackbaud has been successfully transitioning many of its existing customers from legacy software programs to its cloud-based products, which are accompanied by higher prices and margins. The company's Q4 results showed investors the various methods it has to expand margins even further, which can help drive future earnings growth.

Synopsys had a strong fiscal Q1, as it successfully navigated through the challenging environment of consolidation among its semiconductor customers, reporting 15% top-line growth and 38% earnings growth (year-over-year). Synopsys' latest version of its semiconductor design software has been very well received, allowing the company to capture market share. Moreover, an increasing number of non-traditional industries are embracing electronics in their products (e.g. auto, industrial, healthcare) which has expanded Synopsys' total addressable market. Synopsys has also recently entered the fast-growing software integrity field where it can now work with software developers on ensuring that their products are secure and stable.

Akorn Pharmaceuticals' Q4 results were roughly in line with expectations and despite disappointing guidance, the prospect of approvals from the FDA improved and led to the stock appreciation. Akorn has a large pipeline at the FDA and now that prior manufacturing issues from 2016 have been resolved, we expect the FDA to accelerate approvals, leading to growth later this year. Also, contributing to the share price appreciation was management commentary suggesting that it would focus on acquisitions in the near term, which could add revenue and EPS growth and decrease product concentration.

Blackhawk Network didn't report a particularly good quarter as chip card reader installation delays at its retail partners (grocery stores) weighed on Q4 results. However, an agreement with activist investor Jana Partners to add two new board members and implement a cost savings program drove the stock higher late in Q1. In addition, reports that Blackhawk's major gift card competitor, InComm Holdings, was looking to put itself up for sale and Blackhawk would be a logical buyer added to the stock uplift. We continue to believe that the chip card reader headwinds will subside in 2017 and Blackhawk will be back on a growth track that capitalizes on the trend towards gift cards for special occasion, employee incentives, and rebates.

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PRA Group reported weak Q4 results as the defaulted credit card receivable buyer continues to suffer from a lack of available debt for purchase due to sellers' uncertainty surrounding regulations. This issue has gone on longer than we envisioned and we don't see regulatory reform as a priority for the new administration. We sold a portion of the position prior to earnings and have sold the remaining position after quarter end.

Echo Global Logistics reported disappointing Q4 results as truckload volumes were light of expectations. Following the acquisition of Command Transportation, Echo has been working on integrating the respective technology platforms. The implementation of the new platform in Q4 resulted in a loss of productivity among some of the salesforce and an estimated 5-7% volume drag. This headwind should be short-term in nature and management indicated results had begun to improve in early Q1. We continue to like Echo and believe in the company's ability to realize network benefits from the Command acquisition and take share in the fragmented trucking brokerage market.

Cardtronics also reported inline Q4 results but gave FY17 guidance that was below estimates, driven by the known loss of the 7-Eleven contract, delays in implementing chip card reader technology, regulatory review delays on its most recent acquisition, and some ATM outages. These issues are temporary in our view and we remain bullish on the largest independent operator of ATMs. We see continued expansion of its surcharge free Allpoint network (serves credit unions and smaller banks on subscription basis), global expansion of its ATM network, and continued M&A activity.

INC Research reported good Q4 results that were roughly in line with expectations but the clinical research organization's fiscal 2017 guidance was below estimates due to several factors that negatively affected its backlog. Chiefly among these were delays in new business awards, cancellations of near term opportunities (most outside management's control) and new business awards being longer term in nature. While management's explanations were reasonable, the results were nevertheless disappointing as it means that growth in 2017 will be below trend. However, we remain bullish on the name and believe that growth will resume as we do not see this as a sign of general pullback in pharma/biotech R&D spending but rather a short-term pause. Although we trimmed the position prior to earnings, we continue to believe that INC's differentiated strategy of aligning its organization by disease state will allow it to compete effectively for new clinical trials business.

Synchronoss Technologies hit a 52-week high in Q4 following its Q3 earnings report. Though we trimmed our position as the stock price ran up, shortly thereafter the company announced that it was going to sell its activations business unit and acquire publicly-traded Intralinks for $783 million. The acquisition of Intralinks transformed the company from being nearly entirely consumer oriented to now nearly 40% focused on enterprise solutions. This new strategy has several moving parts which led to a lot of investor confusion and skepticism. Our current view is that Synchronoss and its new CEO will be able to successfully execute on its plan toward providing both enterprises and carriers with mobile security and collaboration products and services and that the stock is currently oversold.

Portfolio Additions and Deletions

In Q1 we added Aramark, LogMeIn and ServiceMaster Global Holdings. We sold Hanesbrands and Vascular Solutions, which was acquired by Teleflex.

Aramark is a leading global provider of facilities and foodservice outsourcing, as well as uniform distribution, with a focus on healthcare, education and industrial sectors. Aramark currently maintains a 95% client retention rate, with substantial white space to grow through new contracts as only half of the $900 billion market opportunity currently utilizes outsourcing services. In addition, Aramark may be able to more effectively cross sell food and facilities services to existing customers. The company has a robust margin expansion opportunity through streamlining back office systems and using technology to improve labor productivity and food sourcing efficiency.

LogMeIn is a leading provider of applications for collaboration, remote computer access, technical support and monitoring. The recent acquisition of the GoToMeeting business has further solidified its position in the marketplace. LogMeIn helps companies operate more efficiently by allowing employees to meet remotely; helping IT departments support employees from a central location; and improving customer satisfaction using interactive video and chat tools. With over 10 million customers and a 75% annual retention rate, we believe the company is poised to grow revenues and earnings through its new products and cross selling opportunities.

ServiceMaster Global Holdings is the market leader in two highly recurring businesses (Terminix pest control and American Home Shield home warranty). ServiceMaster has significant white space to grow revenues and margins in both businesses. The company is just starting to see the benefits of investments in improved technology and customer communication on its higher margin preventative pest control business. American Home Shield has benefited from a strong pipeline of both real estate professionals and homeowners seeking to protect investments in expensive appliances and systems within their homes.

While the recurring nature of Hanesbrands' innerwear should make it an all-weather business model, the company was not immune to weak traffic plaguing its main mass retail and department store customers. These retailers significantly cut back on inventory during the holiday season, and as a result Hanesbrands announced disappointing Q4 earnings. While the online business is growing nicely, that segment is far too small to have any real impact on the broader company in the near term. With five of Hanesbrands' top ten customers actively closing stores, these negative trends are likely to continue. Given the lack of positive catalysts and Hanesbrands' inability to control its own destiny, we made the decision to sell the stock.

Sincerely,

Your AMI Investment Management Team

If at any time your current financial situation, investment needs or objectives change, please notify your portfolio manager promptly. You may call or write us to obtain the latest copy of our ADV Part 2, Privacy Notice and/or Proxy Voting Policies and Procedures. All attribution data is courtesy of Bloomberg.

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