

KDI Overview

KDI Capital Partners (KDI) is an investment firm with 24+ years of experience. The firm offers multiple equities-based strategies to suit its clients varying risk tolerances. KDI views its approach to analyst coverage as a differentiator. KDI employs a business model based approach to its research versus a sector focused approach. Each of our analysts focuses on a business model, which allows them to cover companies in multiple sectors. KDI conducts extensive fundamental due diligence through a comprehensive primary research process and uses exhaustive financial analysis to identify undervalued market opportunities.

Concentrated Equities Overview

KDI's Concentrated Equities Strategy is a long-bias, unlevered, all-cap strategy which invests in a limited number of intensely vetted, high-quality public companies. When less risk is warranted Concentrated Equities hedges market risk through its willingness to hold significant amounts of cash and / or by selling call options against its holdings to provide some downside protection in times. Outperformance by Concentrated Equities relative to the market tends to occur in down markets, where KDI's investment approach protects capital.

Concentrated Equities structural advantages:

- We will hold cash and / or use options when the risk / reward scenario is not highly favorable
- We invest in all market caps; going wherever the value is the greatest
- We focus on investments only where KDI has meaningful experience
- We focus investments on KDI's best ideas; 15-25 stocks

Concentrated Equities Performance

(net) (as of 9/30/15)

3Q 2015	-8.0%
Year-to-Date	-7.8%
Annualized Return (since inception)	11.3%

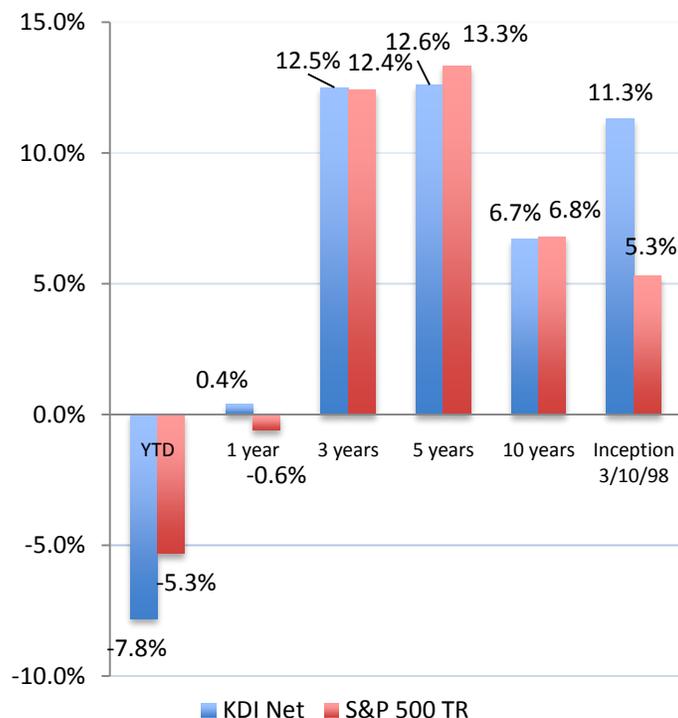
KDI & Concentrated Equities AUM

(as of 9/30/15)

KDI Capital Partners AUM	\$404M
Concentrated Equities Strategy AUM	\$296M

Concentrated Equities vs S&P 500

(net) (as of 9/30/15)



Concentrated Equities

Portfolio Composition (as of 9/30/15)

Current Number of Holdings	17
Current Cash Position	11.5%
Top 5 Holdings	GOOG, BLK, WSO, STCK, MCK

Risk/Return Metrics (since inception and as of 9/30/15)

Alpha vs S&P 500	8.10%
Beta vs S&P 500	0.67
Sharpe Ratio (CES vs S&P 500)	0.55 vs 0.21

Investment Details

Minimum Investment	\$250,000
Management Fees	0.75%
Benchmark	S&P 500

Legal Disclaimer

Disclaimer: The performance information shown above represents the composite past performance of the separately managed accounts and the private investment funds managed by KDI using the same strategy ("Concentration Equity Strategy") for the period March, 1998 to June 30, 2015 ("Period"). This strategy utilizes a value investing process. The process values companies using a proprietary LBO model. Investments in the strategy consist primarily of common stocks across multiple sectors. During the period, the strategy was generally comprised of Large, Mid and Small Cap stocks. From time to time options have been written against the long positions to provide downside protection. The strategy does not use leverage. The strategy generally consists of between 15 and 25 stocks, with a typical weighting for each position being between 2 - 10% of the total portfolio. The gross performance numbers reflect returns after trading costs and administrative fees and assume reinvestment of all income. The net performance results shown are the gross performance less a 1% annual investment advisory fee (the highest investment advisory fee currently charged), but does not include the effect of performance fees. As of June 30, 2015 the Concentrated Equities Strategy ceased charging Performance Fees. Performance fees for clients between June 30, 2015 and April 2010 was 20% of the net profits of an account that exceed the performance return of the S&P 500 Index with dividends reinvested. The Performance Fee charged prior to April 2010 was 20% of the net profits of an account on capital at risk with a 10% hurdle. The performance fee was calculated and paid at the end of the earlier of each three year investment term or the date of redemption or withdrawal. Actual net performance results which include both the annual investment advisory fee and a mix of clients paying both performance fees as of June 30, 2015 was as follows: YTD 0.58%, 1 year 6.75%, 3 years 16.41%, 5 years 15.24%, 10 years 6.74% and since inception (3/1998) 11.62%. Returns were calculated using a time-weighted rate of return. All performance results reflect the deduction of trading costs (e.g., commission) and the reinvestment of dividends. All portfolio positions were valued daily using the closing prices as reported by IDC. As of June 30, 2015, there were 17 accounts, including 6 Private Funds, and approximately \$324 million in total assets using this strategy. Some of these accounts are subject to lock-up periods and withdrawal restrictions that may not apply to all investors. The performance information is unaudited.

Investment Team

Portfolio Managers

John M. Day MBA, CFA
(35 years experience)
Managing Partner, Portfolio Manager Concentrated Equities Strategy

Sheldon Fox CPA
(16 years experience)
COO, Portfolio Manager Value Preservation Strategy

Analysts

Mitchell Scott MBA, CFA
(7 years experience)
Business Model Coverage Area: Distribution

Todd Young MBA
(9 years experience)
Business Model Coverage Area: Multi-unit

Colin Kelly MBA
(4 years experience)
Business Model Coverage Area: Recurring Revenue

Glossary of Terms

Alpha: A measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha.

Beta: A measure of the volatility of a portfolio relative to a benchmark. A beta of less 1.00 indicates lower risk than the market; a beta of greater than 1.00 indicates higher risk than the market.

Sharpe Ratio: A ratio which measures risk-adjusted performance. The Sharpe Ratio is calculated by subtracting the risk-free rate – such as that of the 10-year U.S. Treasury bond—from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns.