



Signia Capital – Third Quarter 2011

Organizational Overview

- Spokane, WA based; founded 2001
- Assets under management \$548 million at 9.30.11
- Extensive small cap value experience
- Operating partners have majority ownership of the firm
- Team-based investment process
- Focus on valuation, quality, and catalyst creates our opportunity set
- Strong capital structure, zero net debt; Qualified Professional Asset Manager (QPAM)
- AUM Goals: \$1B Small Cap Value; \$2B Small-Mid Cap Value

Investment Management Personnel

Portfolio Management Team

Richard Beaven, CFA

Portfolio Manager and Principal - Rich has over 15 years of experience in the investment management industry. Prior to joining Signia in 2002, Rich was the Assistant Director of Research and a Portfolio Manager for ICM Asset Management, Inc. He has also served as the President of the Spokane Chapter of the Society of Financial Analysts. Rich holds a B.A. from the University of Kentucky and a M.B.A from Gonzaga University. In addition, he is a CFA Charterholder as well as a member of the CFA Institute.

Anthony Bennett, CFA

Portfolio Manager and Principal - Anthony has over 12 years of experience in the investment management industry. Prior to co-founding Signia Capital Management, he was an Equity Research Analyst for ICM Asset Management, Inc. Anthony holds a B.A. in Finance from Gonzaga University and is a CFA Charterholder. He is also a member of the CFA Institute.

Daniel Cronen, CFA

Portfolio Manager and Principal - Dan has over 12 years of experience in the investment management industry. Prior to co-founding Signia, Dan was an Equity Research Analyst for ICM Asset Management, Inc. Dan holds a B.A. from Gonzaga University and a M.B.A with an emphasis in finance from Gonzaga University. In addition, he is a CFA Charterholder and a member of the CFA Institute.

Investment Management Personnel

Research

Colin Kelly, CFA

Associate Research Analyst - Prior to joining Signia, Colin was Vice President of Equity Research for a Pacific Northwest wealth management firm. He has also served as an adjunct professor of Finance at Gonzaga University. Colin holds a B.B.A. from Gonzaga University with emphasis in Finance and Marketing. In addition, he is a CFA Charterholder, a member of the CFA Institute, and currently serves as the President of the CFA Society of Spokane.

Adam Gelhausen

Associate Research Analyst - Adam most recently served as Global Industry Analyst, Assistant Vice President for Wellington Management Company, LLP in Boston, MA, where he worked for nine years. Adam covered a wide variety of industries within the Technology sector generating ideas for conventional and hedge fund portfolios. Adam is a graduate of Washington State University, where he earned a Bachelor of Arts, Business Administration with a concentration in Finance and Accounting.

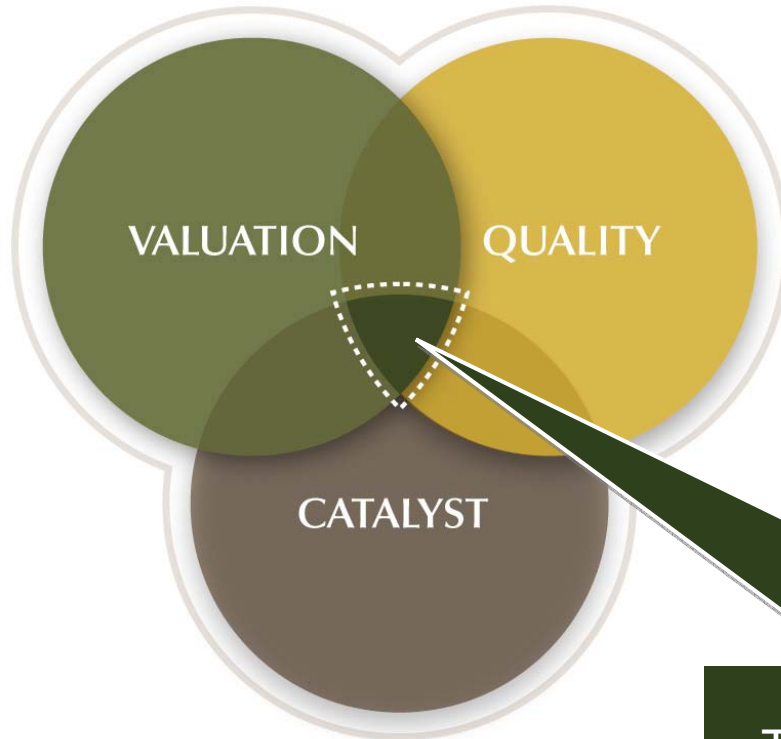
Investment Process

Investment Philosophy

- Markets are inefficient
- Inefficiencies create opportunities
- Opportunities to exploit inefficiencies appear more frequently in smaller cap stocks
- Signia bottom-up, fundamental value-based investment process designed to systematically capitalize on these opportunities

Investment Process

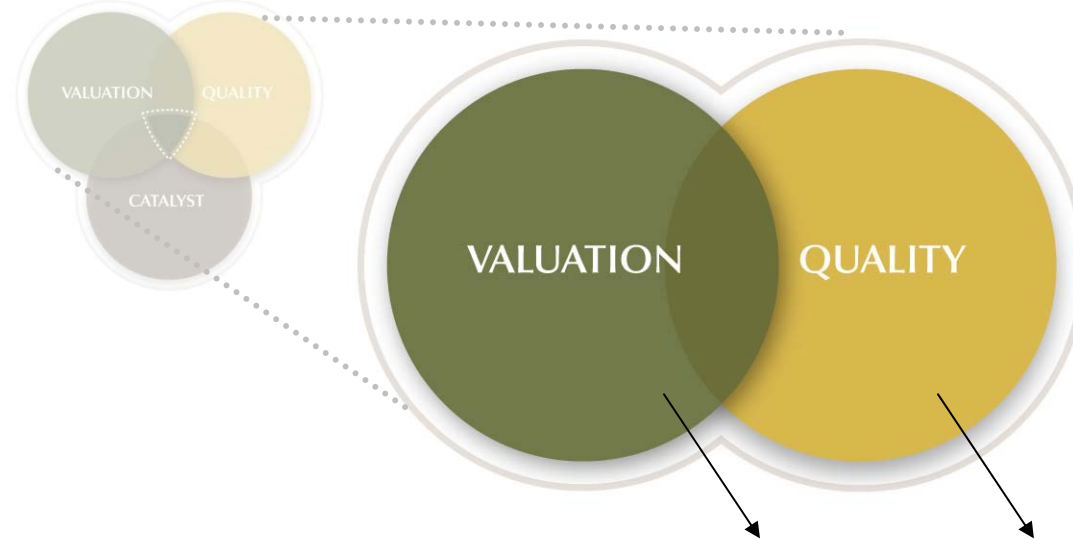
Signia Value Formula



The intersection of these attributes is
Signia's Investment Focus

Investment Process

Identification of Value & Quality

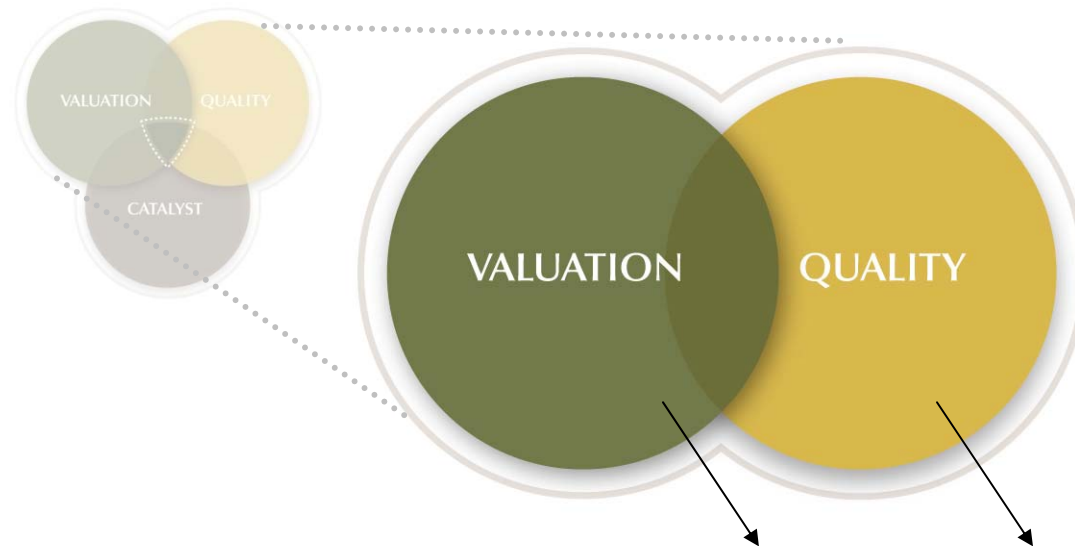


- Thomson One
- Thomson Baseline
- Bloomberg

Company	MKT CAP	Price/Book	Debt/CAP
ABC	50	.7	50%
DEF	800	.8	10%
GHI	10	.9	0%
JKL	400	1.0	10%
MNO	70	1.1	30%
PQR	200	1.1	70%
STU	80	1.2	65%
VWX	600	1.4	55%
YZA	90	1.8	25%
AAA	30	2.2	40%
BBB	520	2.6	80%

Investment Process

Selection

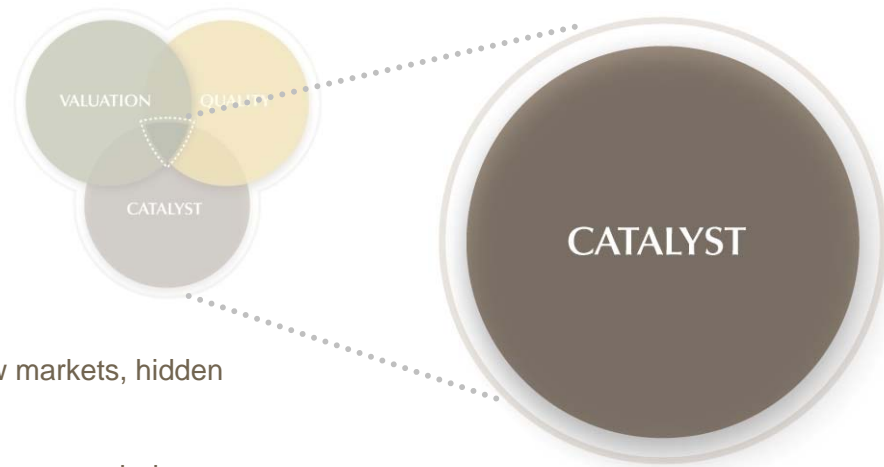


Narrow opportunity set to firms showing the deepest value with the strongest balance sheet

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Investment Process

Catalyst



Types of catalysts:

- Company specific: new products, new markets, hidden assets, restructuring
- Cyclical: industry correction over 1-3 year period
- Secular: 5-10 year industry trends

Identified by:

- Analyzing 10-K and 10-Q SEC documents
- Industry/sector research– Wall Street Research
- Investor Conferences
- Discussion with company management

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Investment Process

Selection and Presentation to the Team

- Prepare company overview for group presentation
- Discuss company characteristics and fit within portfolio
- Portfolio management discussion

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Investment Process

Buying and Monitoring



Sell Discipline:

- Price target achieved
- Trim to target portfolio weight
- Change in company fundamentals
- Material deterioration in the quality of the balance sheet

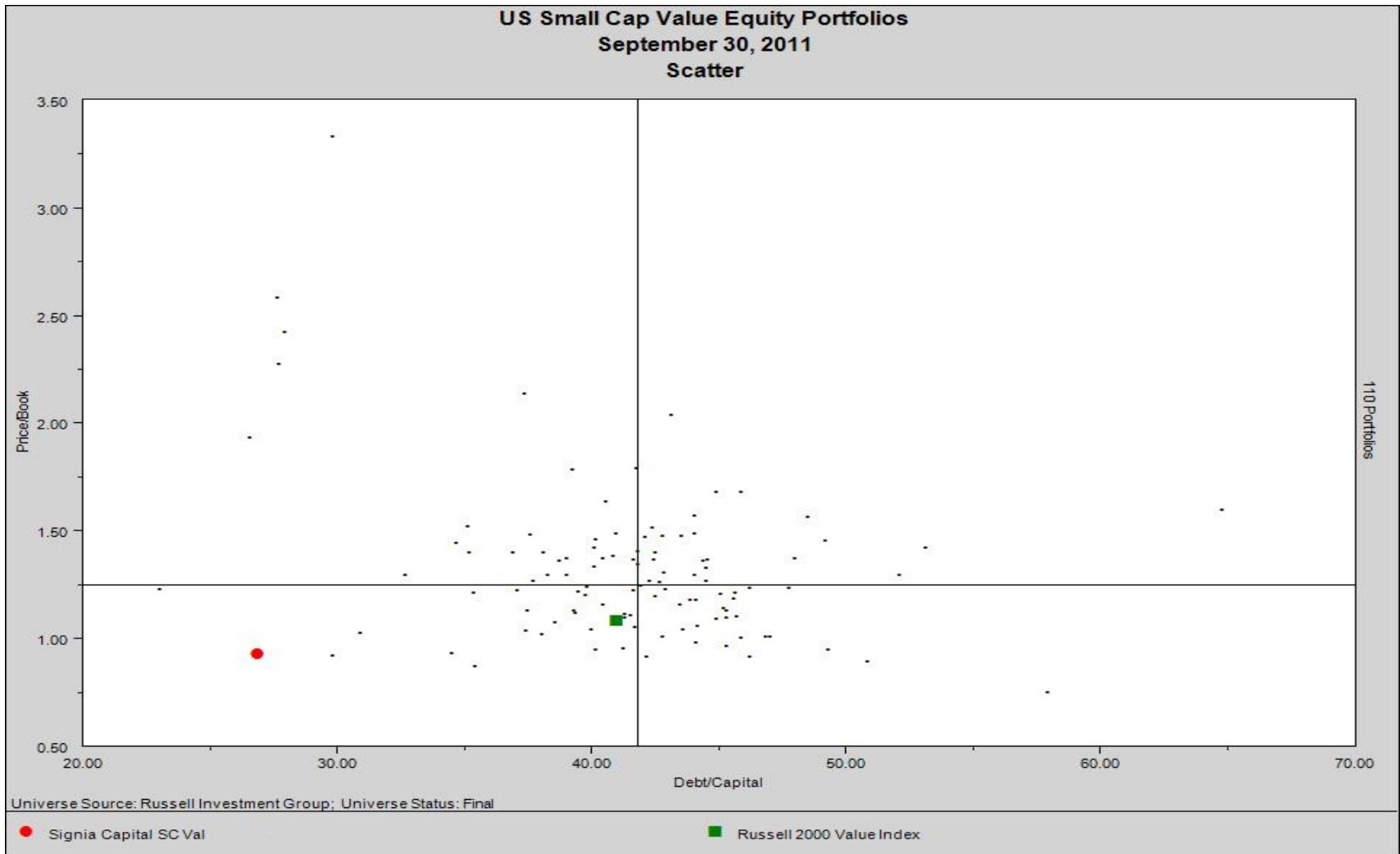
Investment Process: Risk Control

- Risk management at the portfolio level
 - 60 to 70 positions
 - 1.5% normal position weight
 - 5% maximum position weight; rarely exceed 3%
 - 30% maximum sector weight
 - Phase-in and phase-out adhering to target model weights
 - Adherence to sell discipline
- Team approach to mitigate risk
 - System of checks and balances
 - Accountability
 - Avoids individual bias
- Portfolio Management Systems
 - Advent's Axys
 - Advent's Moxy
 - Daily Trade Reports
 - RMG Screener (RiskMetrics)

Investment Process: Risk Control

- Risk Management at the security level
 - Low price to book value = greater margin of safety
 - Stock prices backed by solid underlying tangible assets
 - Valuation discipline
- Intense focus on high quality balance sheet strength
 - Deep value, not distressed value
 - Luxury of time
 - Capital flexibility

Signia Capital: End Result – Price/Book and Debt/Cap



Historical Performance

SMALL-CAP VALUE EQUITY - FULLY INVESTED COMPOSITE

		<i>Small-Cap Value Equity -FI Composite Total Return Net of Fees Gross of Fees</i>		<i>Russell 2000 Index Total Return</i>	<i>Russell 2000 Value Index Total Return</i>	<i>Number of Portfolios in Composite</i>	<i>Composite Dispersion (%) Gross</i>	<i>Total Composite End of Period Assets (USD)</i>	<i>Percentage of Firm Assets</i>
2005	YTD	8.60%	8.77%	5.88%	3.78%	2	N/A	\$42,266,114	43.18%
2006	Year	21.50%	22.03%	18.37%	23.48%	4	N/A	\$84,861,186	51.95%
2007	Year	2.20%	2.75%	-1.57%	-9.78%	7	0.33%	\$146,648,172	60.12%
2008	Year	-37.30%	-36.92%	-33.79%	-28.92%	15	0.71%	\$135,858,486	50.54%
	<i>Q1</i>	-12.80%	-12.66%	-14.95%	-19.64%	15		\$115,562,307	49.76%
	<i>Q2</i>	34.72%	34.91%	20.69%	18.00%	15		\$159,499,056	46.80%
	<i>Q3</i>	21.33%	21.49%	19.28%	22.70%	15		\$193,472,155	38.65%
	<i>Q4</i>	4.83%	4.98%	3.87%	3.63%	15		\$191,487,225	36.80%
2009	Year	49.43%	50.28%	27.17%	20.58%	15	0.93%	\$191,487,225	36.80%
	<i>Q1</i>	12.58%	12.74%	8.85%	10.02%	15		\$221,893,045	39.43%
	<i>Q2</i>	-12.62%	-12.48%	-9.92%	-10.60%	15		\$184,592,626	38.92%
	<i>Q3</i>	11.25%	11.41%	11.29%	9.72%	15		\$205,397,220	31.10%
	<i>Q4</i>	17.61%	17.77%	16.25%	15.36%	13		\$359,403,574	47.94%
2010	Year	28.72%	29.45%	26.85%	24.50%	13	0.57%	\$359,403,574	47.94%
	<i>Q1</i>	9.71%	9.86%	7.94%	6.60%	15		\$434,242,769	52.59%
	<i>Q2</i>	-6.81%	-6.66%	-1.61%	-2.65%	15		\$379,077,950	50.73%
	<i>Q3</i>	-24.18%	-24.06%	-21.87%	-21.47%	15		\$271,332,393	49.49%
2011	YTD	-22.49%	-22.13%	-17.02%	-18.51%	15		\$271,332,393	49.49%
	<i>Trailing 1 Year</i>	-8.83%	-8.29%	-3.53%	-5.99%				
	<i>Trailing 3 Year</i>	0.67%	1.26%	-0.37%	-2.78%				
	<i>Trailing 5 Year</i>	0.80%	1.38%	-1.02%	-3.08%				
	<i>Inception to Date Annualized</i>	3.77%	4.33%	1.44%	0.08%				

Investment Process

- Market environments that favor our investment style
 - Periods of economic expansion or market recovery (2004, 2009, 2010)
 - Flat or modest equity return market environment (2005)
 - Moderately volatile equity market environment (2004, 2007)
- Market environments that challenge our investment style
 - Very late-stage, momentum-driven bull markets (2006)
 - Short term periods of extreme stock market irrationality exacerbated by smaller cap volatility (3Q/4Q 2008)

Investment Process: Outlook

- Portfolio currently positioned for outperformance
 - Market trading on macro fears; indiscriminate selling, ignoring individual company fundamentals
 - Valuation opportunities more compelling than we have seen in several years (since June of 2009)
 - Unsustainably low valuations on case-by-case basis
 - M&A activity accelerating
 - Market refocused on risk; balance sheet strength increasingly important
 - Portfolio positioned similarly to the beginning of 2009
 - Too late to adopt a defensive posture
 - Highly cyclical, economically sensitive companies
 - Strong secular thematic opportunities that are trading at extraordinary discounts as well

Investment Process

Differentiating competitive advantages:

- Investment process combining
 1. Valuation: low price to book value focus
 2. Quality: better capital structures than most in our peer group
 3. Catalyst: very good catalyst identification (Cyclical, Secular Thematic, and Company-Specific)

-Results in a differentiated portfolio relative to peer group and relative to the benchmark

-Shown to drive alpha over the long term

Investment Management Process

- Team-based investment process
 - Culture of critical thinking and accountability
 - System of checks and balances
 - Investment decisions made at the point of greatest insight
 - Raises quality of the research
 - Able to be more nimble in a flatter organizational structure
- Capacity
- Stage in lifecycle of investment team; multi-decade run with the same team
- Highly incentivized and well capitalized ownership structure

Trading

Christopher Miller

Trader - Christopher is responsible for all trade operations at Signia Capital. Prior to joining Signia, Chris was the Account Administrator for trading at ICM Asset Management, Inc. for over 10 years.

Chris holds a B.A. in Finance from Eastern Washington University.

- Minimize trade costs (1.5 cents to 2.5 cents on average)
- Best execution versus VWAP
- Direct Market Access Platforms: Knight Direct, ITG, Liquidnet
- Primary institutional brokers: Cantor Fitzgerald, Weeden & Co., BTIG, Jones Trading
- Advent's Moxy trade order management system
- Expected level of portfolio turnover 40-60%

Current Portfolio Characteristics & Holdings

Small-Cap Value Fully Invested

Portfolio snapshot* : 09/30/2011

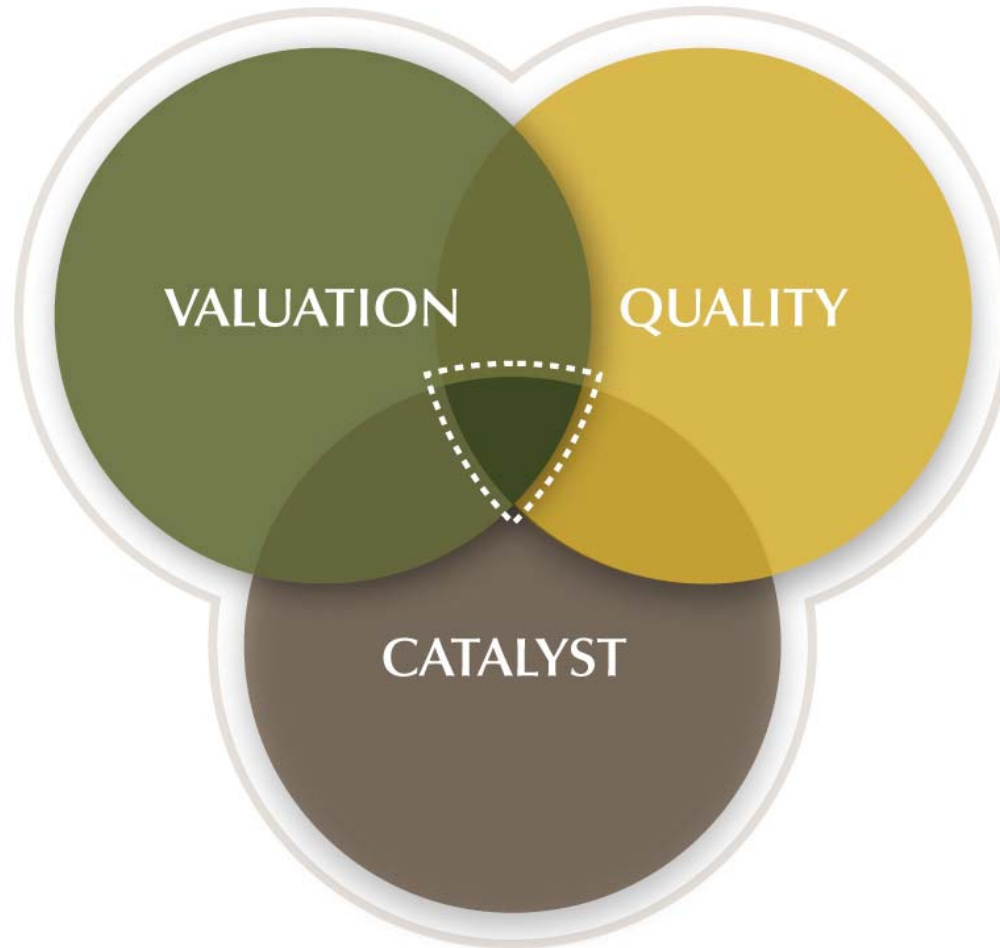
	Signia	Russell 2000 Value
Current Number of Holdings	69	1,345
Price to Book	0.90	1.07
Price to Sales (12 month trailing)	0.75	0.80
Price to Cash Flow (12 month trailing)	7.70	9.50
L.T. Debt to Capital (\$ Wt. average)	17.00%	41.02%
Weighted Average Market Cap	\$1,100 m	\$930 m
Median Market Cap	\$664 m	\$349 m
Turnover (last 12 months)	59.14%	-

*Representative Account

Portfolio Positioning: 09/30/2011

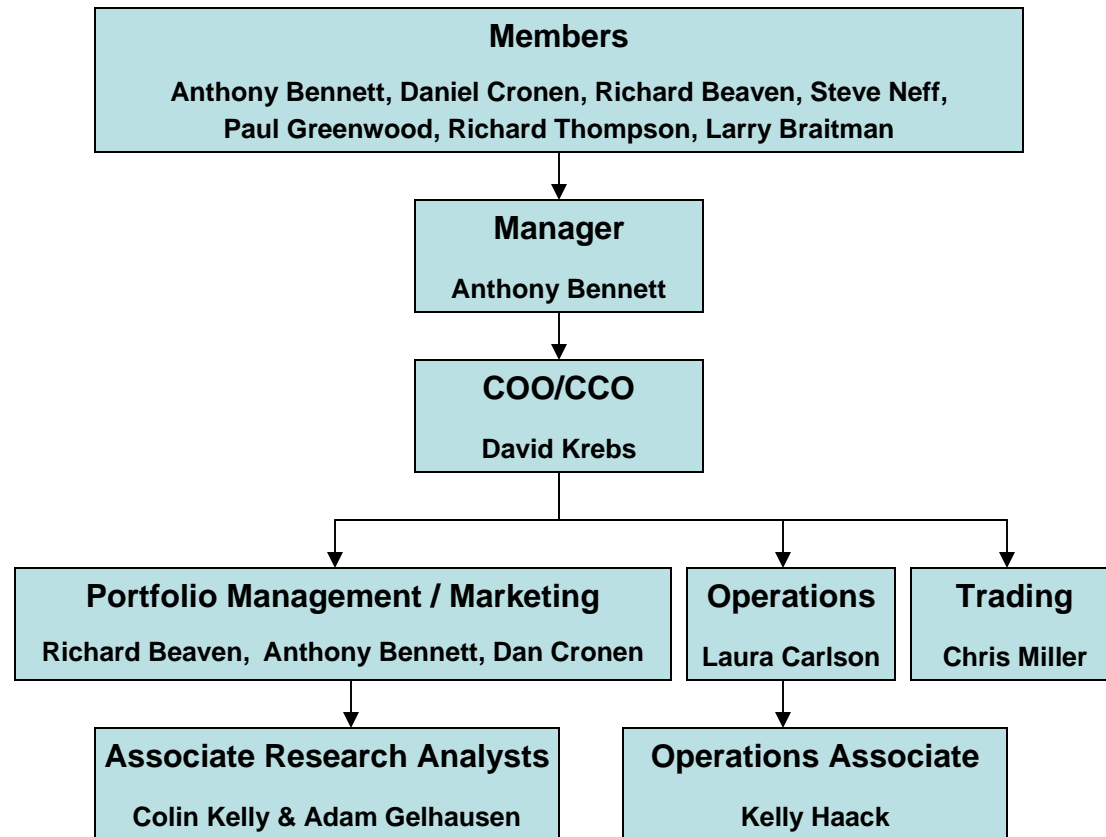
Sector	Signia	Russell 2000 Value
Technology	12.6	10.0
Health Care	10.6	5.5
Consumer Discretionary & Services	10.9	11.9
Consumer Staples	1.8	3.1
Energy	11.4	3.8
Materials & Processing	9.4	7.1
Producer Durables	12.1	13.8
Financial Services	26.5	36.2
Utilities	2.2	8.7
Cash	2.4	0.0
Total:	100	100

Questions and Answers



Appendix: Organizational Chart

Signia Capital Management, LLC



Appendix: Compliance and Trading Personnel

David Krebs, CSCP

Chief Compliance Officer and Chief Operating Officer - David is a Certified Securities Compliance Professional and Registered Investment Advisor Representative. Prior to joining Signia he was the Network and Database Administrator for ICM Asset Management, Inc. for 3 years. David holds a B.A. from Eastern Washington University.

Christopher Miller

Trader - Christopher is responsible for all trade operations at Signia Capital. Prior to joining Signia, Chris was the Account Administrator for trading at ICM Asset Management, Inc. for over 10 years. Chris holds a B.A. in Finance from Eastern Washington University.

Laura Carlson

Operations Manager - Laura joined Signia in 2007 and has over 20 years experience in the investment industry. As Operations Manager, Laura is responsible for all day-to-day operations and portfolio administration. Prior to joining Signia, Laura served as Director of Operations for ICM Asset Management, Inc. Laura brings a wealth of experience and knowledge to Signia and our clients.

Kelly Haack

Operations Associate - Kelly joined Signia in January of 2010. She is responsible for providing information about Signia and our investment products to prospective institutional clients. Kelly has over thirteen years of financial and investment industry experience. Most recently Kelly was a registered representative for a financial planning firm. Kelly received a Bachelor of Arts in business administration with an emphasis in finance from Eastern Washington University

Appendix: Advisory Board

Paul Greenwood - Chairman

Paul Greenwood has over 20 years of investment experience, most recently as Director of U.S. Equity for the Russell Investment Group. At Russell he was responsible for the performance and investment content of all of Russell's U.S. Equity efforts, including more than \$30 billion invested in Russell's multi-manager funds, and all U.S. Equity research performed on behalf of Russell's global consulting clients, representing \$1.6 trillion in total assets. Paul is currently a Managing Director at Northern Lights Ventures, an independent private equity firm providing strategic resources and capital to the money management industry.

Steven Neff - Board Member

Steve serves as an active member of Signia's advisory board. Previously he served as Signia's Director of Marketing and Client Services for 5 years. Prior to joining Signia he was a shareholder and Senior Vice President of Marketing and Client Services for ICM Asset Management, Inc. for 15 years. Steve holds a B.S. in Business from the University of Nebraska at Kearney

Richard Thompson - General Partner

Richard Thompson is a founding member and General Partner of Signia Capital Management. Rick is a serial entrepreneur, who co-founded and served as CEO and/or chairman of two successful Internet technology companies, Adify and FlyCast Communications. Rick was also on the founding team of Octel Communications. Rick holds a BS in psychology from UCSC and an MBA from the Wharton School.

Lawrence Braitman - General Partner

Lawrence Braitman is a founding member and General Partner of Signia Capital Management. Larry is a serial entrepreneur, who co-founded two successful Internet technology companies, Adify and FlyCast Communications. Previously, Lawrence worked as an attorney with the firm Saul Ewing Remick & Saul in Philadelphia, PA. Lawrence holds a B.A. in Psychology from Franklin Marshal College and a J.D. from Georgetown University.

John Scelfo - Board Member

John Scelfo is the Chief Executive Officer of Spur Industries, a manufacturer of specialty metals products serving international industrial companies. Prior to joining Spur Industries, John was a Vice President and Plant Manager with Kaiser Aluminum. John has over 30 years of experience managing industrial companies.

Performance Presentation Disclosures

Signia claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. Signia has not been independently verified.

Firm. Signia Capital Management, LLC (“Signia”) is defined as an independent investment management firm that is not affiliated with any parent organization. Signia is an equity manager investing primarily in US traded securities.

Composite Construction. The Smid-Cap Value Equity – Fully Invested Composite (“Composite”) was created July 2005. The Composite includes all discretionary fee-paying accounts invested in diversified portfolios of US small capitalization equity securities with the objective of maximizing total return. The basis for selection is to include all diversified equity portfolios with a mandate to invest in small capitalization value companies, with few tax or other constraints that would otherwise impede the objective of maximizing total return. Maximum cash levels are mandated by the client and are typically less than five percent.

All fee paying, discretionary non-restricted portfolios are included in firm composites; no non-fee paying portfolios are included in firm composites. After thirty days under management, new portfolios are included at the beginning of the next full calendar quarter. Terminated portfolios are included through the last full quarter under management.

Benchmark. The benchmark is the Russell 2000 Value Index. Signia selected this benchmark because the Russell 2000 Value Index is an unmanaged group of securities generally considered to represent the performance of the small capitalization segment of the US equity universe. Signia portfolios are actively managed and the structure of the actual portfolios and Composite may be at a variance to the index. Signia portfolios are diversified across economic sectors that may at times be meaningfully different from the index. Index returns reflect the reinvestment of dividends but do not reflect the fees, brokerage commissions, or other transaction costs.

Calculations. Valuations are computed and performance reported in US dollars. Results are calculated at a minimum of monthly and adjusted for external cash flows. Returns calculated using a time weighted rate of return. Period returns are geometrically linked. Using beginning period market values, the Composite is asset weighted by aggregating assets and cash flows into a single portfolio. Trade date accounting is used. Securities are priced using end-of-day market prices obtained from Interactive Data. Returns include dividends, interest, and realized and unrealized gains and losses. Dividends are recorded on a cash basis. No leverage derivatives are used. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Dispersion and Risk. The dispersion of annual returns is measured by the standard deviation across asset-weighted returns represented within the composite for the full year. The primary reason for the reported dispersion is the phase-in of securities in new accounts compared to the maturity of older accounts.

Fees. Signia’s standard fee schedule is one percent of assets under management. Fees are negotiable and vary based on the size and type of the investment. When calculating performance the actual investment management fees are used.

Past performance is not an indicator of future results.

To request a complete list and description of the firm’s composites, please contact Dan Cronen @ 509.789.8972 or dan@signiacapital.com.