# ASTON/Fairpointe Mid Cap (N: CHTTX) (I: ABMIX)

## Fund Quarterly Commentary

**1st Quarter 2016**

The Fund continued to rebound during the quarter, slightly underperforming its S&P Mid Cap 400 Index benchmark and outperforming the Russell MidCap Index. The performance was particularly strong in February, when many of the Fund's holdings recovered significantly from depressed January levels. The earnings reporting season, beginning in late January, produced a dramatic shift in both sentiment and results. Growth and momentum stocks, which led the market in 2015, underperformed in the first quarter. Recent strong earnings announcements by some of our holdings surprised a market focused almost entirely on macro factors and headline news.

Indications are for a more measured outlook in China as political realities slow the pace of reform. The U.S. Federal Reserve has pushed back interest rate increases moderating the strength of the dollar. Energy prices have recovered from January lows due to reduced U.S. production.

**First Quarter Review**

The performance contribution was mixed with 13 stocks up more than 10% and 9 stocks down more than 10%. The top five contributors to performance in the first quarter of 2016 were: United States Steel, Copa Holdings, Mattel, Office Depot, and Whirlpool. U.S. Steel, a large global producer of steel products, increased over 100% as steel import tariffs were announced, restructuring efforts continued and the macro outlook improved. This rebound reflects stronger oil and commodity prices during the quarter. Copa Holdings, an airline company based in Panama, serves Latin America and an expanding set of destinations in North America. The stock rebounded strongly during the quarter as the Latin American local economic and currency outlook improved. Mattel continued its significant rebound reflecting a revitalized product portfolio under new leadership.

Detractors from first quarter performance included: DeVry Education Group, Raymond James Financial, Transocean, Jabil Circuit, and Unisys. DeVry sold off as the Federal Trade Commission and Department of Education accused the company of deceptive advertising practices in its DeVry University unit (which accounts for less than 1% of earnings). The company has changed its advertising and is working to resolve these issues. DeVry is currently restructuring its operations, has a debt-free balance sheet and is trading near a 10-year low on a price-to-book value1 basis. Raymond James Financial declined due to concerns regarding the financial industry including lower trading volumes, increases in interest rates, higher loss reserves for energy loans and additional costs related to a new fiduciary rule from the Department of Labor. Raymond James has a strong financial advisor franchise and is attractively valued.

Transocean, an International provider of offshore drilling services for energy companies, indicated that the outlook for its services remains challenging through 2017. The stock declined on that announcement. Transocean's $15.5 billion backlog and current liquidity of $5.3 billion (cash and undrawn bank loans) will get the company through the energy downturn. We added to all three positions on weakness.

**Portfolio Changes**

Two stocks were added to the portfolio: Whirlpool Corporation and Lions Gate Entertainment. Whirlpool is the largest global manufacturer of household appliances. The company's major brands include Whirlpool, KitchenAid, Maytag, Amana and Jenn-Air, as well as other major brand names in more than 170 countries. Recent acquisitions have positioned the company to benefit from geographic diversity and cost synergies, which should result in margin expansion and earnings growth. Trading at the mid-point of the company's 5-year valuations, we found an attractive entry point. The second addition, Lions Gate Entertainment produces and distributes movies and television programming. The company has a relatively risk-averse approach to the production of both television programming and feature films. Recent productions include Hunger Games, Divergent, Mad Men and Orange Is the New Black. The stock has declined in recent weeks due to less-than-expected box office revenues from Allegiant and concerns regarding

the end of the Hunger Games franchise. We view the recent decline as an opportunity to buy the stock at a favorable valuation. We believe that Lions Gate is well positioned to increase earnings over the next several years as distribution channels for original content increase. Both companies pay solid dividends.

Over the period, five stocks were eliminated from the portfolio: Citrix Systems is a leading provider of desktop virtualization and cloud solutions. Recent activism at the company became disruptive and led to the departure of the CEO. We exited the position with a profit. Finisar is the world's largest supplier of optical solutions to the communications industry. We decided to exit the position, as new product revenue did not materialize as quickly as expected. Gannett, a media company was spun into two public companies in 2015 – Gannett and Tegna. Gannett retained the publishing assets and Tegna the broadcasting and digital assets. Gannett appreciated significantly during our holding period and was sold in favor of keeping the faster growing company, Tegna. Staples is the world's largest office products company and second largest internet retailer behind Amazon. The stock was eliminated after the U.S. Federal Trade Commission challenged the planned merger with Office Depot. Office Depot is a current holding. Xylem is a pure-play water company that spun out of ITT Corporation in 2011. The company products include wastewater pumps for residential, agricultural and industrial use. The stock was sold near the high end of its valuation range.

**Perspective and Outlook**

Our outlook has not changed much since the fourth quarter. The unemployment rate is at its lowest level since 2007, automobile sales remain strong, and housing starts and non-residential spending show modest growth. In December, the Federal Reserve confirmed the strength of the U.S. economy by increasing interest rates for the first time in almost a decade. The authorization of long-overdue federal infrastructure spending should provide an additional boost to the domestic economy. Deflated oil prices are having a mixed effect on the economy, increasing consumer spending while hurting oil sector earnings. The markets' focus on China's economic growth and the pace of U.S. interest rate hikes will continue to provide opportunities to long-term investors.

We believe that the overall portfolio remains attractively valued in spite of the strong appreciation in the first quarter. We took advantage of market volatility to trim some of our higher valued names and add new holdings that are attractively valued. We are encouraged by the recent shift of focus in the market toward more fundamental stock specific factors and believe the portfolio is well positioned for the long-term.

**Fairpointe Capital**
**Thyra E. Zerhusen, Chief Investment Officer**
**Marie L. Lorden, Portfolio Manager**
**Mary L. Pierson, Portfolio Manager**

*As of March 31, 2016, United States Steel Corp. comprised 2.43% of the portfolio's assets, Copa Holdings – 3.97%, Mattel- 3.18%, Office Depot – 2.76%, Whirlpool Corp. –1.91%, DeVry –1.84%, Raymond James Financial- 3.14%, Transocean- 1.51%, Jabil Circuit- 2.33%, Unisys – 1.01%, Lions Gate Entertainment – 1.99%, Tegna – 2.21% .*

*Citrix Systems, Finisar, Gannett, Staples, and Xylem, were eliminated during the period.*

1. Price-to-book-value (P/BV) is a ratio used to compare a stock's market value to its book value.

Note: Mid-cap stocks are considered riskier than large-cap stocks due to greater potential volatility and less liquidity.

*Before investing, consider the Fund's investment objectives, risks, charges, and expenses. Contact 800 992-8151 for a prospectus or summary prospectus containing this and other information. Please, read it carefully. Aston Funds are distributed by Foreside Funds Distributors LLC.*

# Fund Performance

## Average Annual Total Returns

| | Monthly returns (%) Period ended 4/30/16 | | | Annualized Returns (%) Period ended 3/31/16 | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Month | 3 Months | YTD | 1 yr | 3 yr | 5 yr | 10 yr | Since Incept. | Incept. Date |
| Fund Class N Shares (CHTTX) | 0.85 | 14.86 | 4.49 | -9.20 | 8.63 | 8.38 | 9.19 | 12.01 | 9/19/1994 |
| Fund Class I Shares (ABMIX) | 0.88 | 14.94 | 4.56 | -8.98 | 8.89 | 8.65 | 9.46 | 9.33 | 7/6/2004 |
| S&P MidCap 400 Index | N/A | N/A | N/A | -3.60 | 9.46 | 9.52 | 7.78 | 11.76 | 9/20/1994 |
| Category: Mid-Cap Blend | 0.82 | 9.11 | 2.09 | -6.61 | 7.78 | 7.75 | 5.92 | 9.51 | 9/20/1994 |

## Calendar year-end returns

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|---|---|---|---|---|
| Fund Class N Shares (CHTTX) | -10.37 | 9.73 | 44.49 | 16.44 | -6.55 | 23.02 | 66.18 | -42.86 | 12.91 | 20.92 |
| Fund Class I Shares (ABMIX) | -10.14 | 10.03 | 44.83 | 16.76 | -6.30 | 23.32 | 66.64 | -42.74 | 13.21 | 21.20 |
| S&P MidCap 400 Index | -2.18 | 9.77 | 33.50 | 17.88 | -1.73 | 26.64 | 37.38 | -36.23 | 7.98 | 10.32 |

**The performance data quoted represents past performance. Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares upon redemption may be worth more or less than their original cost. Certain expenses were subsidized. If these subsidies were not in effect, the returns would have been lower. The adviser is contractually obligated to waive management fees and/or reimburse expenses through February 29, 2016. Current performance may be lower or higher than the performance data quoted.**

**For periods less than one-year, total returns are reported; for periods more than one-year, average annual total returns are reported.**

The S&P MidCap 400 Index is unmanaged and consists of 400 domestic stocks chosen for market size, liquidity and industry group representation. Indices are adjusted for the reinvestment of capital gains and income dividends. Individuals cannot invest in an index. The Morningstar Mid-Cap Blend Category figures allow for a direct comparison of a fund's performance within its Morningstar Category.

Morningstar Rating™ (based on risk-adjusted returns) and Morningstar Rankings™ (based on total returns)
Mid-Cap Blend Category as of 3/31/2016

| | Overall | 1 yr | 3 yr | | 5 yr | | 10 yr | |
|---|---|---|---|---|---|---|---|---|
| | Rating | Rank | Rating | Rank | Rating | Rank | Rating | Rank |
| Fund Class N Shares (CHTTX) | ★★★★ | 77 | ★★★ | 44 | ★★★ | 47 | ★★★★ | 1 |
| Fund Class I Shares (ABMIX) | ★★★★ | 73 | ★★★ | 38 | ★★★ | 40 | ★★★★ | 1 |
| Total # funds in category | 383 | 421 | 383 | | 328 | | 215 | |

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars,the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating is derived from a weighted-average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics.© Morningstar, Inc.

The highest or most favorable Morningstar percentile rank is 1 and the lowest percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. Various rating agencies categorize funds differently. Past performance is no guarantee of future results.

# Fund Overview

## Investment Strategy

The **ASTON/Fairpointe Mid Cap Fund** invests in mid-sized companies with strong franchises that management views as priced inefficiently relative to their earnings growth potential.

## Objective

The fund seeks long-term total return through capital appreciation by investing primarily in common and preferred stocks, and convertible securities.

## Risk Considerations

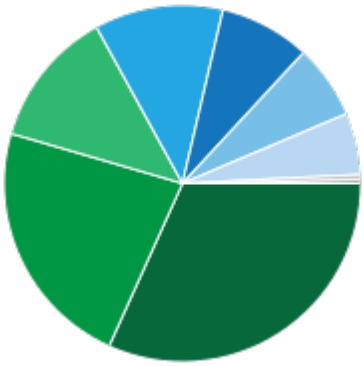
Small- and mid-cap stocks are considered riskier than large-cap stocks due to greater potential volatility and less liquidity.

## Top 25 Holdings

- Holdings as of February 29, 2016 (25 KB, PDF)
- Holdings as of January 31, 2016 (24 KB, PDF)
- Holdings as of November 30, 2015 (24 KB, PDF)
- Holdings as of October 31, 2015 (23 KB, PDF)
- Holdings as of August 31, 2015 (23 KB, PDF)
- Holdings as of July 31, 2015 (24 KB, PDF)
- Holdings as of May 31, 2015 (24 KB, PDF)
- Holdings as of April 30, 2015 (24 KB, PDF)
- Holdings as of February 28, 2015 (25 KB, PDF)
- Holdings as of January 31, 2015 (25 KB, PDF)
- Holdings as of November 30, 2014 (25 KB, PDF)
- Holdings as of October 31, 2014 (25 KB, PDF)
- Holdings as of August 31, 2014 (26 KB, PDF)
- Holdings as of July 31, 2014 (25 KB, PDF)
- Holdings as of May 31, 2014 (24 KB, PDF)

| Fund Stats (as of 3/31/16) | N Shares | I Shares |
|---|---|---|
| Origin Of Information | Factset | Factset |
| Sales Load | None | None |
| Total Net Assets (5/5/16) | $1,509,227,289.66 | $2,168,736,775.13 |
| Turnover | 32% | 32% |
| Minimum Investment | 2,500 | 1,000,000 |
| Alpha (3 yr.) | -1.56 | -1.32 |
| Beta (3 yr.) | 1.12 | 1.12 |
| R-Squared (3 yr.) | 82.11 | 82.07 |
| Standard Dev (3 yr.) | 15.54 | 15.55 |
| Sharpe Ratio (3 yr.) | 0.60 | 0.62 |
| Current Wtd Average P/E (trailing) | 15.72 | 15.72 |
| Current Wtd Average P/B (trailing) | 1.56 | 1.56 |
| Median Mkt Cap ($Mil) | 4,387 | 4,387 |
| Average Wtd Coupon | N/A | N/A |
| Effective Maturity | N/A | N/A |

| Sector Breakdown (as of 3/31/2016) | |
|---|---|
| CONSUMER DISCRETIONARY | 31.75% |
| INFORMATION TECHNOLOGY | 22.76% |
| MATERIALS | 12.49% |
| INDUSTRIALS | 11.66% |
| FINANCIALS | 8.24% |
| ENERGY | 6.73% |
| HEALTH CARE | 5.58% |
| CONSUMER STAPLES | 0.48% |
| CASH EQUIVALENTS & OTHER | 0.32% |



**Past performance does not guarantee future results.** Investment return and principal value of mutual funds will vary with market conditions, so that shares, when redeemed, may be worth more or less than their original cost.

As the fund is actively managed, the securities as presented may not represent the current or future composition of the portfolio.

## Fund Holdings

Holdings as of: 3/31/2016

| Company | Ticker | CUSIP | Number of Shares | Market Value | % of Net Assets ↓ |
|---|---|---|---|---|---|
| Juniper Networks Inc | JNPR | 48203R104 | 6,115,600 | $156,008,956.00 | 4.14% |
| Copa Holdings SA | CPA | B0TNJH9 | 2,209,035 | $149,662,121.30 | 3.97% |
| Alcoa Inc | AA | 13817101 | 13,207,400 | $126,526,892.00 | 3.36% |
| FMC Technologies Inc | FTI | 30249U101 | 4,500,892 | $123,144,405.10 | 3.27% |
| New York Times Co | NYT | 650111107 | 9,841,854 | $122,629,500.80 | 3.25% |
| Teradata Corp | TDC | 88076W103 | 4,625,100 | $121,362,624.00 | 3.22% |
| Mattel Inc | MAT | 577081102 | 3,567,700 | $119,946,074.00 | 3.18% |
| Raymond James Financial Inc | RJF | 754730109 | 2,486,800 | $118,396,548.00 | 3.14% |
| Varian Medical Systems Inc | VAR | 92220P105 | 1,476,700 | $118,165,534.00 | 3.14% |
| Cree Inc | CREE | 225447101 | 4,052,192 | $117,918,787.20 | 3.13% |
| Time Inc | TIME | 887228104 | 7,466,552 | $115,283,562.90 | 3.06% |
| Northern Trust Corp | NTRS | 665859104 | 1,629,000 | $106,161,930.00 | 2.82% |
| Akamai Technologies Inc | AKAM | 00971T101 | 1,881,200 | $104,538,284.00 | 2.77% |
| Office Depot Inc | ODP | 676220106 | 14,633,900 | $103,900,690.00 | 2.76% |
| FMC Corp | FMC | 302491303 | 2,569,662 | $103,737,254.90 | 2.75% |
| Gentex Corp | GNTX | 371901109 | 6,205,800 | $97,369,002.00 | 2.58% |
| Interpublic Group of Cos Inc | IPG | 460690100 | 4,224,600 | $96,954,570.00 | 2.57% |
| Domtar Corp | UFS | 257559203 | 2,326,004 | $94,203,162.00 | 2.50% |
| AGCO Corp | AGCO | 1084102 | 1,853,000 | $92,094,100.00 | 2.44% |
| Quest Diagnostics Inc | DGX | 74834L100 | 1,283,200 | $91,684,640.00 | 2.43% |
| United States Steel Corp | X | 912909108 | 5,696,500 | $91,428,825.00 | 2.43% |
| Jabil Circuit Inc | JBL | 466313103 | 4,554,600 | $87,767,142.00 | 2.33% |
| Itron Inc | ITRI | 465741106 | 2,094,848 | $87,397,058.56 | 2.32% |
| Nuance Communications Inc | NUAN | 67020Y100 | 4,651,800 | $86,942,142.00 | 2.31% |
| Lear Corp | LEA | 521865204 | 749,800 | $83,355,266.00 | 2.21% |
| TEGNA Inc | TGNA | 87901J105 | 3,550,300 | $83,290,038.00 | 2.21% |
| Lions Gate Entertainment Corp | LGF | 535919203 | 3,442,800 | $75,225,180.00 | 1.99% |
| Chicago Bridge & Iron Co NV | CBI | 167250109 | 1,998,900 | $73,139,751.00 | 1.94% |
| McDermott International Inc | MDR | 580037109 | 17,860,300 | $73,048,627.00 | 1.94% |
| Whirlpool Corp | WHR | 963320106 | 398,500 | $71,865,490.00 | 1.91% |
| DeVry Education Group Inc | DV | 251893103 | 4,010,400 | $69,259,608.00 | 1.84% |
| BorgWarner Inc | BWA | 99724106 | 1,794,600 | $68,912,640.00 | 1.83% |
| Werner Enterprises Inc | WERN | 950755108 | 2,530,500 | $68,728,380.00 | 1.82% |
| Scholastic Corp | SCHL | 807066105 | 1,645,094 | $61,477,162.78 | 1.63% |
| Transocean Ltd | RIG | B3KFWW1 | 6,232,000 | $56,960,480.00 | 1.51% |
| NVIDIA Corp | NVDA | 67066G104 | 1,576,200 | $56,160,006.00 | 1.49% |
| Gerdau SA ADR | GGB | 373737105 | 30,391,300 | $54,096,514.00 | 1.43% |
| Eaton Vance Corp | EV | 278265103 | 1,522,485 | $51,033,697.20 | 1.35% |

| | | | | | |
|---|---|---|---|---|---|
| Donaldson Co Inc | DCI | 257651109 | 1,461,100 | $46,623,701.00 | 1.23% |
| Unisys Corp | UIS | 909214306 | 4,967,138 | $38,246,962.60 | 1.01% |
| Cincinnati Financial Corp | CINF | 172062101 | 526,300 | $34,398,968.00 | 0.91% |
| Cooper Tire & Rubber Co | CTB | 216831107 | 490,300 | $18,150,906.00 | 0.48% |
| Bunge Ltd | BG | 2788713 | 317,500 | $17,992,725.00 | 0.47% |
| CASH EQUIVALENTS & OTHER | | | -10,946,635 | $12,154,709.66 | 0.32% |
| Owens Corning | OC | 690742101 | 176,700 | $8,354,376.00 | 0.22% |
| LKQ Corp | LKQ | 501889208 | 214,000 | $6,833,020.00 | 0.18% |
| | | | | **$3,762,532,014.00** | **100%** |

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