REPRINTED FROM MARCH 16, 2015

THE WALL STREET TRANSCRIPT
Connecting Market Leaders with Investors

Buying Companies at a Discount to Their Intrinsic Value

NICHOLAS F. GALLUCCIO is President and Chief Executive Officer of Teton Advisors, Inc., and Portfolio Manager of the TETON Westwood SmallCap Equity Fund. Mr. Galluccio joined Teton Advisors, Inc., in 2008, after a 25-year career at Trust Company of the West — TCW — where he was Group Managing Director, U.S. Equities, and led the investment team for the TCW SmallCap Value Added and TCW MidCap Value Opportunities equity strategies. He was Senior Portfolio Manager and co-managed both strategies since their inception. Prior to TCW, he was with Lehman Brothers Kuhn Loeb where he was a security analyst specializing in the semiconductor industry. Prior to Lehman Brothers, Mr. Galluccio was a staff writer for *Forbes* magazine. Mr. Galluccio holds an MBA from Columbia Business School, and an M.A. from Columbia University and a B.A. from the University of Hartford. He serves on the executive advisory board of the Columbia Business School Program for Financial Studies.

SECTOR — GENERAL INVESTING

TWST: Tell us a little bit about Teton Advisors.

Mr. Galluccio: Teton Advisors was spun off from GAMCO Investors, which is the holding company for Gabelli Funds, in March of 2009 into a separate public company. I came here from Trust Company of the West, otherwise known as TCW, to become CEO of the new spinoff. When I arrived in March of 2009, we had $370 million in total assets under management, and today, we are at $2.1 billion. Of course, now we have an even higher bar to achieve even higher growth. The environment remains challenging with ETFs given that we are active managers.

TWST: What is the investment philosophy of the small-cap fund?

Mr. Galluccio: The investment philosophy is basically growth at a discount. It's a value approach, and we are looking to buy companies at a discount to their intrinsic value, based on assets, cash flow and earnings growth potential.

TWST: What is the process of selecting something for the fund?

Mr. Galluccio: The first thing we do is we use a screen, going back 20 years to my time at TCW, where we follow 1,000 small-cap companies, and we look for statistically cheap businesses to start with. It's a bottom-up approach, and the most important characteristic is the balance sheet. We are looking for companies with sound balance sheets.

We like companies that are selling at a discount to their intrinsic value, based on asset values, earnings growth potential, free cash flow. Those are the kinds of things we look for. We want a company with a strong business model that is durable over a long period of time. And in particular, we like companies that have a recurring-revenue-stream model.

We structure the portfolio into four boxes. The first box is unrecognized asset values; these are companies selling at a discount to their liquidation value. Their businesses are not realistically valued relative to the potential earnings and cash flow generation or the replacement costs.

Classic companies in this category would be regional banks. We own a whole bunch of regional banks that are selling at 1.2 times tangible book value, and if another bank were to acquire them, they could sell at 50% to 100% premiums. The other area that has gotten killed lately that's very attractive that falls into the unrecognized-asset-value category would be the companies in the energy space, both exploration and production companies as well as service companies.

The next category would be turnarounds, and these are companies that are not financial turnarounds, they are basically revenue turnarounds. These are companies that have strong balance sheets but are cyclical in nature. During the financial crisis, for instance, their revenues were very depressed, management cut costs and streamlined the

operations, and coming out of the downturn with a leaner operating model, the earnings leverage has been quite tremendous in these stocks, which have appreciated quite a bit.

The third category would be undervalued growth. These are companies with a strong balance sheet, and likely have the potential for dividend growth and earnings growth of 15%, but the stocks sell less than a peer group or market multiple based on normalized earnings. With normalized earnings, we look at not what companies are earning now, but what they can earn 18 months from now at a run rate. So we look at normalized earnings. We try to buy stocks that are cheap on normalized earnings.

The last category would be emerging growth. These are companies that have potential to grow 20% a year, and they have proprietary or emerging products and are typically microcap in size, less-seasoned companies. But they typically are cheap, because after growing at a rapid rate, they may have decelerated or hit a brick wall or stumbled, and the stocks go way down. We do the research, and we try to buy them at a discount to normalized earnings growth. Those would be the four categories, the four building blocks of the TETON Westwood SmallCap Equity strategy.

We not only manage our mutual fund, but we manage a separately managed account. The small-cap strategy has an excellent linked track record that goes back 28 or so years to my previous TCW track record. So that's the starting point of what we do.

Highlights

Nicholas F. Galluccio discusses Teton Advisors, Inc.'s small-cap fund. Mr. Galluccio uses a bottom-up approach to find companies at a discount to their intrinsic value, which is based on assets, cash flow and earnings growth potential. He looks for companies with sound balance sheets and strong business models, particularly those with recurring revenue streams. The strategy is structured into four building blocks: unrecognized asset value, turnarounds, undervalued growth and emerging growth. Companies discussed: Patterson-UTI Energy (NASDAQ:PTEN); AAR Corp. (NYSE:AIR); Hexcel Corporation (NYSE:HXL); Airbus Group NV (EPA:AIR); Boeing Co. (NYSE:BA); Lockheed Martin Corporation (NYSE:LMT); Investors Bancorp (NASDAQ:ISBC); Carrizo Oil & Gas (NASDAQ:CRZO); Matador Resources Co. (NYSE:MTDR); Gulfport Energy Corporation (NASDAQ:GPOR); NXP Semiconductor NV (NASDAQ:NXPI); Freescale Semiconductor Ltd. (NYSE:FSL); Intersil Corp. (NASDAQ:ISIL); ON Semiconductor Corp. (NASDAQ:ONNN); Entegris (NASDAQ:ENTG) and ATMI (NASDAQ:ATMI).

market or industry position, proprietary product and operating margin potential improvement, long-term business prospects and strong management teams. We find that we're better off paying up for quality management versus buying a statistically cheap stock with poor management.

We also try to attend company meetings and see as many companies as possible. We integrate very closely with our midcap and our microcap teams, and we share information on a weekly basis. We visit with companies, and based on meeting with the company or a conference call over the phone, we whittle down the attractive list of candidates to the best and the brightest, and those are the stocks we choose for the portfolio, and hopefully, they turn out to be the best and brightest, and appreciate dramatically over time. That is the investment process behind the building blocks. Those are the key ingredients that we employ.

What I like to say is, when you are a small-cap manager, you are trafficking in the lower-liquidity, more inefficiently priced sector of the market. Therefore, there is greater opportunity because fewer analysts are covering the space, and fewer research reports are generated from the sell side, although we do rely on sellside brokers for maintenance research. As you move down in market cap, you move down in liquidity, and companies become more inefficiently priced. So active managers have a better chance of outperforming in small caps than they do in large caps, even though last year, we underperformed, as did 80% of active managers, primarily because fresh money kept flowing into the ETFs and the indexes, and it was just one of those years when it was hard to outperform the Russell 2000 or other benchmarks if you are an active manager.

"What I like to say is, when you are a small-cap manager, you are trafficking in the lower-liquidity, more inefficiently priced sector of the market. Therefore, there is greater opportunity because fewer analysts are covering the space, and fewer research reports are generated from the sell side, although we do rely on sellside brokers for maintenance research."

We sell a stock when it reaches a price target based on the earnings that we calculate the company can achieve. We don't let any stock become greater than 3% of the portfolio. If it appreciates too much, we trim it back, or if we make a mistake, we sell a stock at a loss.

As I said earlier, we are bottom-up; we have the quantitative filter that has thousands of companies in our database, but we are not statistical in nature in the way we choose or select stocks for the portfolio. We then go through a qualitative filter where we are looking for companies that have a pre-eminent market or industry position, proprietary product and operating margin potential improvement, long-term business prospects and strong management teams.

TWST: Talk a little bit about your long-term performance.

Mr. Galluccio: Using the Teton-TCW SmallCap Equity composite linked record going back to 1984, basically, our gross returns have been 12.8% versus 10.0% for the Russell 2000.

TWST: As you said, the market is a little bit challenging right now. Tell us about the overall situation with the small-cap space.

Mr. Galluccio: In 2014, small caps were up 4.9%, and large caps on the S&P 500 were up 13.7%. At one point last September, for example, small caps underperformed large caps by 15 percentage points. We haven't seen that wide of a disparity in a long time. Lately, the premium of small-cap valuations versus large caps has shrunk.

Right now, you are not paying a huge premium for small caps versus large caps. The p/e, the price/earnings multiple premium, of small versus large caps is about 14%, which is modest given the fact that small-cap growth rates are 2.5 times greater than large caps. So small companies grow faster than large companies. They are mostly domestic, so they are not really negatively impacted by the strong dollar, whereas the rising dollar has negative currency translation effects for large companies. And small companies have been buying back stock.

There is a wave of mergers and acquisitions that will sweep this space going forward. In our portfolio, we have had 19 companies acquired over the past few years. Now keep in mind that six of the previous years before 2014, small caps outperformed large caps. If you go back to the famous Ibbotson study, if you go back to 1925 through 2013, if you put a dollar in a basket of small cap stocks, it would be worth more than $26,000. If you put a dollar in a basket of large cap stocks, it would be worth $4,600. So over any long period of time, small caps have outperformed virtually every other asset class within the equity market.

Now, what are the characteristics that we like? We like cash-rich balance sheets, high free cash flow, dominant market position, attractive risk/reward potential. We look for an underlying catalyst, and we are looking for stocks that are not necessarily correlated to the general market, although you can't escape that completely. The market goes up or down. There is greater beta in small caps — given less liquidity, they are more volatile. But we are looking for companies selling at a discount to their intrinsic value due to a market misperception of long-term earnings potential. There is sparse analyst coverage, and there are event-driven dislocations like what's happened in today's energy stocks.

So where are we hunting? Where are we kicking tires? We do it across the board in every industry, but for instance, we have had a major dislocation in the energy industry. There was an OPEC price war, crude prices have dropped 50%, and OPEC has decided no longer to be the swing producer. As a result, domestic energy stocks have gotten hit hard and have fallen in sympathy with the commodity price, and many of the stocks in small-cap land in the energy space have fallen 50% or greater.

After the end of last year, we upgraded the portfolio and added to our energy holdings, because we think that over time, with all the cutbacks in production by the U.S. domestic exploration companies, and with steady increase of global population growth and rising living standards, demand for energy will not tail off. We think it will only keep growing, and the supply imbalance is unlikely to remain for an extended period. There are only 2 million barrels of oversupply versus 90 million barrels of oil produced daily worldwide.

We will reach equilibrium in the next 18 months. Nearly $1 trillion of planned spending on development projects is considered at risk globally. This will eventually cut as much as 8% of the current supply in the market, and that should create some kind of equilibrium. We think energy prices will bounce back, and we are able to buy good companies right now that are being sold at a 50% discount.

"We like cash-rich balance sheets, high free cash flow, dominant market position, attractive risk/reward potential. We look for an underlying catalyst, and we are looking for stocks that are not necessarily correlated to the general market, although you can't escape that completely."

1-Year Daily Chart of Patterson-UTI Energy

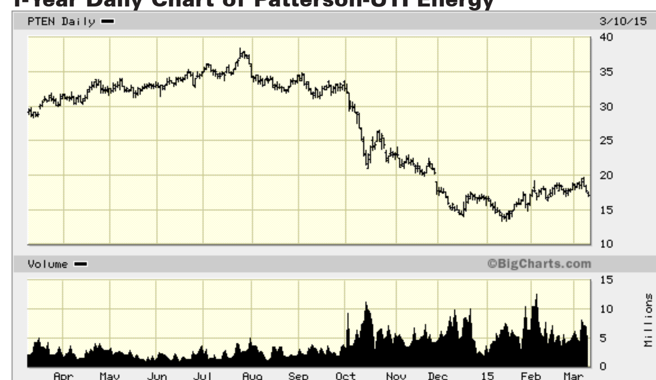

Chart provided by www.BigCharts.com

One company that we like a lot in the portfolio is a core holding: **Patterson-UTI Energy** (NASDAQ:PTEN). It's got a market cap of a couple billion dollars; it has the best fleet of high-performance domestic land-based drilling rigs. We think that oil prices weakened as a result of the OPEC situation. Service providers will bear a significant negative impact from the reductions, but we believe **Patterson** will be more insulated because the company has more high-end electrical, not mechanical, rigs that are suited to unconventional horizontal drilling, and they command higher rates, and the industry will move to upgrade its fleet of rigs leased out to energy customers for greater productivity per rig.

So we think this is a great company. It has a strong balance sheet with plenty of borrowing capacity, very low debt. It has a market cap of $2.6 billion. The stock is around $18, down from a 52-week high of $38. We think it's capable of earning $2 per share in the next cycle. We think that the upside in the stock is $30, and the downside is $15, so it has an attractive risk/reward ratio, and it sells at around four times cash flow or enterprise value to EBITDA — EV/EBITDA. So it's very reasonably priced.

That is the kind of company we look for. We are opportunistic, and we look through the valley for dislocations in the market that create opportunity, and we go in and kick the tires, do the research, we work

diligently, and we buy companies that are out of phase, when cyclically they are in a downturn, and no one really wants to own them.

We tend to have a three- to five-year time horizon, and we try to minimize our turnover for that holding period. Lately, turnover has been around 20% in the portfolio. If you have a long-term time horizon, you don't worry about each quarter. That's how you can make the most money from your investments. Unfortunately, we are often measured quarterly by clients, consultants and prospects.

TWST: Are there any sectors that you generally stay away from?

Mr. Galluccio: Typically, we don't buy REITs because we don't have the real estate background. We typically stay away from utilities because those investors are looking for yield, and it's a different universe. And we typically don't invest in the biotech area because you need a Ph.D. on staff with a medical background to really differentiate in that area. We try to buy things that we can understand and analyze. With **Patterson**, we have seen the company go through three down cycles, and in each recovery period, when energy prices recovered, the company gained market share, had greater profit margins and greater earnings power. So we like to buy companies that we know, that we've seen perform in down and up cycles, that we know will come back over time and make us a handsome return on our patient investment.

TWST: Another holding is AAR. What is it about that one that makes it a good fit?

Mr. Galluccio: AAR Corp. (NYSE:AIR) is a company that is a spare parts supplier and a logistics manager for the global airline industry. Many of the large airlines are their major customers. The airlines are increasingly outsourcing their spare parts inventory and maintenance. AAR historically refurbishes spare parts and resells them to the global airline industry, and contracts to be the inventory manager for those spare parts as well. They also buy used airplanes and strip them for parts, refurbish the parts and then resell them.

It is a company with a recurring-revenue-stream model, it's a free cash flow business, it's run by a competent management team, and we are very comfortable owning the stock for many years. The stock has doubled since our original purchase, and we still hold it.

TWST: You own another company with exposure to the airline industry, Hexcel.

Mr. Galluccio: Hexcel Corp. (NYSE:HXL) is a play on the re-equipment cycle for the global aircraft industry. The airline industry has ordered a whole new generation of aircraft that are more fuel-efficient, and even with energy prices low, there is a long queue to buy these airplanes. We are looking for companies that participate in the re-equipment cycle.

Hexcel provides high-technology, specialty composite materials that are used in the manufacture of structural airframes using lightweight carbon fiber composites, and it is one of the global leaders in that space. They are a major supplier to **Airbus** (EPA:AIR), **Boeing** (NYSE:BA), **Lockheed** (NYSE:LMT) and a lot of the business-jet manufacturing companies as well. So it's a dominant company, it has a niche in the high-tech space, and it is well managed. Also, the cycle is not tied to the general economy but to increasing miles flown globally. So those are reasons we like that company.

TWST: What are the risk-management tools you use in a portfolio?

Mr. Galluccio: I think the most important way to manage risk in the portfolio is, at time of purchase, to be sure that you have a moat around each company that you are purchasing. Therefore, you want to buy companies at a discount to what the earnings power is of the company or what the asset values are, a discount to intrinsic value. Many of the banks we own are selling at a discount to their takeout value in the marketplace. The best risk controls are to buy companies at a discount so that you don't suffer permanent capital loss over a complete market cycle. Even if the market drops over the next year 20% and a portfolio holding drops 20%, you know that over a long period of time, in most cases, that stock should recoup its loss and gain from there. So that's one risk control.

The second, of course, is trimming positions when they get too large, forcing us to redeploy the proceeds from the sale into a newly minted position. It forces you to assess the portfolio carefully and to not fall in love with any of your companies even though they have appreciated. The other risk control is that each quarter, we re-evaluate every company in the portfolio. We evaluate the earnings projections that we have compiled for each company, and we want to make sure the company is not expensive relative to the normalized price/earnings ratio that we ascribe relative to its peer group each quarter. So we have multiple risk controls in the portfolio. Of course, we are a long-only manager and cannot hedge the portfolio, so volatility comes with the territory.

TWST: You have several banks in the portfolio. What is it about regional banks that are attractive?

Mr. Galluccio: Regional banks stand to benefit from a renewed housing market and small-business loan growth. Large corporations are flush with cash, and the good fortune is now trickling down to many small- and medium-size companies that many regional banks serve. Credit conditions are good, loan-loss provisions have declined since we have gone through the recession, and if we get higher interest rates, that will be good because the yield curve will steepen and will lead to wider net interest margins, which are the earnings that banks live on.

If you look back to 1984, there were 18,000 banks in the U.S.; today, there are only 8,000 banks, and that consolidation will continue. It's great for shareholders of well-positioned publicly traded banks because merger and acquisition activity will be a catalyst that makes these stocks appreciate. We use many of the same metrics in evaluating banks that strategic corporate buyers or private equity firms do.

"I think the most important way to manage risk in the portfolio is, at time of purchase, to be sure that you have a moat around each company that you are purchasing. Therefore, you want to buy companies at a discount to what the earnings power is of the company or what the asset values are, a discount to intrinsic value."

The key driver for community banks is loan growth. Beginning in Q4 of 2013, most of the banks we monitor began demonstrating the first loan growth since before the great recession of 2008 and 2009. The loan growth is accelerating as we go into 2015, and we expect that to continue through 2016, 2017.

One bank we like a lot is a smid-cap holding, **Investors Bancorp, Inc.** (NASDAQ:ISBC). **ISBC** is a New Jersey commercial bank with offices located in New York as well. They have about 130 offices. In the last nine months, they raised $2.2 billion in fresh equity capital when they converted from a mutual holding company to a fully stockholder-owned company. There is a one-year moratorium before they can buy back stock. That period will be up this June, and at that time, we think the company management will opt for a stock buyback.

At around $11.60, the stock sells at 1.2 times tangible book value, and they have an 18% tangible equity to asset ratio. That means that they are three times better capitalized than the minimum FDIC capital requirement. With that excess capital, they are going to grow the bank, but they have more capital they need to grow the loan portfolio, so some of that will be returned back to shareholders in the way of stock buyback. We like management teams with disciplined capital allocation in their governance.

"The key driver for community banks is loan growth. Beginning in Q4 of 2013, most of the banks we monitor began demonstrating the first loan growth since before the great recession of 2008 and 2009. The loan growth is accelerating as we go into 2015, and we expect that to continue through 2016, 2017."

TWST: You talked a little bit about your background. Can you give us some more details on that?

Mr. Galluccio: I have a somewhat unique background. I graduated from the University of Hartford with a B.A. in 1972, an M.A. from Columbia University in 1973, MBA from Columbia in 1978. I was a *Forbes* magazine staff writer for two years after business school, having been a business journalist out of college with a local newspaper in Massachusetts, then went over to Lehman Brothers Kuhn Loeb and became a security analyst covering the semiconductor industry, and then from there went to Los Angeles in 1982 to become a senior securities analyst with TCW, Trust Company of the West. I then became a portfolio manager and member of the management board, and spent 25 years there. Seven years ago, I joined Teton as its CEO prior to our spin off into a separate public company from GAMCO Investors. My career so far has been a long exciting path, and I'm having fun.

TWST: What types of investors are best suited for this small-cap fund?

Mr. Galluccio: Teton has separately managed accounts in both the defined benefit and defined contribution areas. Also, a lot of high net worth and small investors are in our mutual funds. Many of the assets come to us through private wealth managers, brokerage firm wire houses, family offices, and the NTF supermarket platforms like Schwab, Fidelity and TD Securities. We have also launched our institutional marketing initiative to attract endowments, foundations and corporate 401(k) plans.

TWST: We talked about the current world of a small cap and about the history there. What is your outlook for the space?

Mr. Galluccio: My outlook is always positive since markets go up over time with global wealth creation. If we go back to 1925 and go back over any long period of time, small caps — because they are inefficiently priced, because researching small companies requires a lot more work on the part of the analyst and the portfolio manager to uncover inefficiencies or uncover mispriced merchandise — will do well. Small caps will always have a place in anyone's asset-allocation model. Whether it's 5% or 10% or 20%, everybody should have some exposure to small caps.

Moreover, we basically have gone through a period where there was significant underperformance in 2014 versus large caps, following a period where small caps did very well for the prior six years. We think that valuations have corrected, the stocks got a little bit ahead of themselves, and we think the small premium you are paying on a price/earnings multiple for small caps versus large caps is justified given the fact that the growth rate of the small-cap universe is 2.5 times on average that of the large-cap company space, and that small-cap earnings are domestic in nature and less vulnerable to currency fluctuations.

We also think that there is a lot of money that is yet to move into the equity markets, a lot of money still sitting in fixed income instruments will eventually reallocate, and it's not going to take much in the way of new fund flows into this relatively illiquid space to drive prices up. So you have to buy these stocks when they are washed out and no one wants them, and you have to be patient and ride the bumps. When a company has a small earnings miss, the market typically knocks them down 10% to 15%, and that is a huge opportunity.

I had a client say to me recently, "Well, you have done a good job for us over a long period of time, but small caps are just volatile." I said, "Well, that's the nature of the beast; they are volatile, and you have to be able to live within that volatility. That's called being a grown up." So I am very optimistic.

I think there are plenty of bargains in financials. We are kicking tires in financials. Within the energy space, in the last three to four months, we have added new names: **Carrizo Oil & Gas Inc.** (NASDAQ:CRZO), **Matador Resources Company** (NYSE:MTDR) and **Gulfport Energy Corp.** (NASDAQ:GPOR). And we have added to **Patterson**, which I have already talked about. So we think the energy space is attractive.

We continue to like tech companies. We like the semiconductor industry. Recently, you had a merger of two large companies in this space: **NXP Semiconductor NV** (NASDAQ:NXPI) merged with **Freescale Semiconductors Ltd.** (NYSE:FSL). We own **Intersil Corp.** (NASDAQ:ISIL) and **ON Semiconductor Corp.** (NASDAQ:ONNN), which are very similar in terms of the analog space, and we think, over time, they will perform.

Another company we like in the tech space is **Entegris, Inc.** (NASDAQ:ENTG). **Entegris** is a company in the contamination-control space. They provide filtration to the global electronics industry, purification and filtration products. We think the semiconductor industry is at an inflection point with miniaturization of hand-held devices, and

the proliferation of tablets and devices, and with more process steps required in their manufacturing to eliminate defects and to avoid contamination. **Entegris** is seeing a rise in joint development programs with leading device makers to cater to this. The growing complexity of chips is driving demand for **Entegris'** products.

1-Year Daily Chart of Entegris

Chart provided by www.BigCharts.com

Moreover, this company, which was a liquid and gas filtration company, made a big acquisition within the past year of **ATMI Inc.** (NASDAQ:ATMI), which is an advanced materials company in the copper and aluminum product space. We think the combination will be very powerful. And the recurring revenue of the combined company goes to 80% from 65%. We think that plus the cost synergies of the merger make this an attractive core holding. So this is a company we have owned for a long time, and we are going to continue to hold for a long time.

Those are the kinds of things — tech, regional banks, energy, special situations, conglomerates — that we like. We are very eclectic in the portfolio. It gets harder to find opportunities given the fact that markets have moved up since the great recession, but a lot of small banks have underperformed, and a lot of the energy stocks have just recently hit new lows. So there is always work to be done, and we are always ready to roll up our sleeves and do the intensive analysis to buy sleep-at-night investments.

TWST: Thank you. (LMR)

NICHOLAS F. GALLUCCIO
President, CEO & Portfolio Manager
Teton Advisors, Inc.
One Corporate Center
401 Theodore Fremd Ave.
Rye, NY 10580
(914) 457-1070
(914) 921-5091 — FAX
www.tetonadv.com
e-mail: info@tetonadv.com

Important Disclosures

Individual securities mentioned are not representative of the entire portfolio. The views expressed in this article reflect those of the Portfolio Manager only through March 16, 2015 and are subject to change at any time based on market and other conditions. Stocks are subject to market, economic and business risks that cause their prices to fluctuate. Consequently, you can lose money by investing in the Fund.

Small capitalization stocks are subject to significant price fluctuations and business risks. The stocks of smaller companies may trade less frequently and experience more abrupt price movements than stocks of larger companies; therefore, investing in this sector involves special challenges. Securities of smaller companies present greater risks than securities of larger, more established companies. As of December 31, 2014, the TETON Westwood SmallCap Equity Fund held the following as a percentage of net asset value: Patterson-UTI Energy, Inc., 1.1%; AAR Corp., 2.1%; Hexcel Corp., 1.7%; Investors Bancorp, 1.8%; Carrizo Oil & Gas Inc., 0.8%; Matador Resources Co., 0.8%; Gulfport Energy Corp., 0.7%; Intersil Corp., 1.5%; ON Semiconductor Corp., 1.6%; and Entegris Inc., 1.7%. The TETON Westwood SmallCap Equity Fund's inception date is April 14, 1997. The TETON Westwood SmallCap Equity Fund's Class AAA shares returns for the previous 12 months and since the Fund's inception, after sales charges, are -0.38% and 7.36% as of the most recent quarter-end December 31, 2014. The TETON Westwood SmallCap Equity Fund's Class AAA shares have no sales charge and an annual operating expense ratio, gross of expense reimbursements, of 1.57% and net of expense reimbursements of 1.50%.

Returns represent past performance and do not guarantee future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so, upon redemption, shares may be worth more or less than their original cost. To obtain the most recent month end performance information and a prospectus, please call 800-WESTWOOD or visit www.tetonadv.com

Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. The prospectus, which contains more complete information about this and other matters, should be read carefully before investing. To obtain a prospectus, please call Teton Advisors, Inc. at 1-800-WESTWOOD (1-800-937-8966) or visit www.tetonadv.com. Distributed by G. distributors, LLC., a registered broker-dealer and member of FINRA. One Corporate Center, Rye, NY 10580.

For more information and a prospectus, visit our website at www.tetonadv.com
or call: 1-800-WESTWOOD (937-8966)
914-921-5100 • Fax: 914-921-5118 • info@tetonadv.com
Distributed by G. distributors, LLC., One Corporate Center, Rye, NY 10580

© 2015 The Wall Street Transcript, 622 3rd Avenue, New York, NY 10017
Tel: (212) 952-7400 • Fax: (212) 668-9842 • Website: www.twst.com