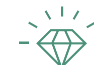
THE OLSTEIN FUNDS

OUR SECOND DECADE IN REVIEW

Performance data quoted represents past performance. Past performance does not guarantee future results. All performance stated in this document assumes the reinvestment of dividends and capital gains. We caution shareholders that we can never predict or assure future returns on investments. The investment return and principal value of an investment with our Funds will fluctuate over time so that you shares, when redeemed, may be with more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Click the following links for the annual expense ratios and standardized performance current to the most recent quarter and month end periods for The Olstein All Cap Value Fund.

Celebrating Our TWENTIETH ANNIVERSARY with Insights from OUR SECOND DECADE



Predictions, Warnings, Investment Dogma, and Plain Old Pontification.

ON SEPTEMBER 21, 2015, the Olstein All Cap Value Fund passed a significant milestone in its history as it celebrated its twentieth anniversary. We are extremely proud of the consistent implementation of our investment process, the investment organization we have built and the investment performance we have provided to our shareholders since inception.

OVER THE ALL CAP VALUE FUND'S TWENTY-YEAR LIFE, significant events have either influenced, disturbed, and/or jarred financial and equity markets, including (but certainly not limited to) the Asian Financial Crisis of 1997 culminating in a global stock market crash on October 27, 1997; the Russian Financial Crisis of 1998; the bursting of the Internet Bubble in March 2000; the Terrorist Attacks of September 11, 2001; the corporate accounting scandals throughout the early 2000s, most notably Enron (2001) and Tyco International and WorldCom, both in 2002; the Global Financial Crisis of 2007-08 culminating in the collapse of Lehman Brothers in September 2008; the infamous Bernie Madoff Ponzi Scheme of 2008; the ongoing European Sovereign Debt Crisis; the May 2010 "Flash Crash;" the Fiscal Cliff/Debt Ceiling of 2011 and, most recently, the Chinese Stock Market Crash of 2015.

In our letters to fund shareholders over the past twenty years, we have anticipated and addressed the impact of many of these events on market conditions as well as the implications for executing our unique value-investing approach. You may recall that to celebrate the All Cap Value Fund's Tenth Anniversary in September of 2005, we published *A Decade of Shareholder Letter Excerpts*, a 36-page book highlighting key discussions from shareholder letters published during our first ten years. For this publication we have started where our last Anniversary Book left off — we have taken excerpts from our letters to shareholders published and distributed over the past ten years for both of our funds, the Olstein All Cap Value Fund and Olstein Strategic Opportunities Fund (launched nine years ago!). These excerpts highlight key elements of our investment philosophy along with pontifications, predictions and other issues we've addressed during our second decade. Throughout the excerpts you will see our commitment to the key tenets of our investment philosophy; the quality of a company is associated with financial strength; a company should be valued on its ability to generate future excess cash flow; there is a high correlation between long-term performance and error avoidance, our defense against material errors is purchasing companies capable of generating excess flow and selling at a discount (price, price, price) to our calculation of intrinsic value; you must have strict sell discipline and market timing is a long term failure process; patience (2- to 3- year valuation horizon) is required to ride out fluctuations in investment psychology; it is more useful when valuing companies and assessing management to inferentially look behind the number of financial statements rather than relying on management contact.

We hope you will find these excerpts from previous shareholder letters informative and insightful. In addition to using our shareholder letters to keep you informed of our investment strategies, Olstein's investment management team also seeks to educate investors about what we believe are compelling aspects of our approach to value investing, including methods and techniques for valuing a company, the importance of understanding the quality of reported earnings and our unique approach to evaluating the effectiveness of company managements.

Of particular note, many of the excerpts cited in this publication are part of longer essays contained in our shareholder letters that either became the focal point of feature coverage by the business or personal finance press of Olstein's investment approach, or served as the basis for bylined articles in industry-specific publications. Over the course of our second decade, several of our Shareholder Letters have received extensive media coverage, including: *Investing in Corporate Turnarounds – A Distinct Challenge for Value Investors* (December 31, 2006), which resulted in a feature article in *Forbes*, "Dog Days," September 2007 and two bylined articles: "Which Way Forward for Underperforming Companies," *Financial Week*, April 16, 2007, by Eric Heyman and "My Stock's in Turnaround," *Financial Planning*, September 2007, by Robert Olstein. Similarly, our lengthy discussion, *A Careful Reading of Shareholder Letters* (March 31, 2010), resulted in two bylined articles, "Don't Overlook Shareholder Letters," *Investment News*, August 30, 2010, by Bob Olstein and "What You Can Learn from Shareholder Letters," *The AAII Journal*, October 2010, by Eric Heyman. This shareholder letter was also prominently featured by the editors of the renowned publication, *Value Investor Insight*, in their article, "Down to the Letter." More recently, from the All Cap Value Fund's Third Quarter 2014 Letter to Shareholders, the essay *When Boring Becomes Exciting* was also featured in a *Value Investor Insight* article that asked, "Is Boring Beautiful?"

A Review of PREDICTIONS, WARNINGS, INVESTMENT PHILOSOPHY and Plain Old PONTIFICATION from the Olstein All Cap Value Fund's SECOND DECADE

THE FOLLOWING EXCERPTS

from previous shareholder letters, presented in chronological order since our September 21, 2005 ten-year anniversary, highlight how we viewed an ever-changing investment landscape as well as the consistency of our thought process. We continue to believe that investing according to our *looking behind the numbers* value approach, with an emphasis on avoiding financial risk, can help investors grow their capital and accumulate wealth, but investors must have the long-term mindset and patience to ride out many of the difficult situations, market fads, and general misperceptions similar to those that have unfolded over the past ten years.

04.28.06 WHY WE DON'T TALK TO MANAGEMENT

In the All Cap Value Fund shareholder letter for the first quarter of 2006, we discussed the rationale behind one of the most misunderstood elements of our investment process — our reasons and rationale for not speaking with a company's management. Although we believe that management skills are one of the most critical elements to having a successful investment, we believe in evaluating management by analyzing what management does, rather than what they say. From our perspective, avoiding the 'hype' or overly-promotional messages from management leads us to a deeper understanding of how a company generates free cash flow and favors a more conservative approach to valuing a company.

One of the most misunderstood tenets of our investment process is our unwillingness to talk to company management. Over the years, we have consistently stated that we do not need to, and will not talk to, management in order to value companies. We have made these pronouncements for one reason. We believe that a unique part of our valuation process is our focus on assessing the economic reality of the financial statements produced by management. Reliable valuations based on free cash flow require a thorough understanding of a company's accounting and reporting techniques as well as an assessment of the company's Quality of Earnings and management's conservatism in financial reporting and other public disclosures. As the fable goes on to say, "it would be ludicrous to ask the fox to guard the hen house".

Without fail, when hearing this important tenet ("not talking to management") the listener, usually surprised, first asks, "How can you value a company without caring about management's forward-looking objectives?" It is significant to note that we believe that management's forward-looking decisions, insight, leadership and focus on returning value to shareholders are the important ingredients which eventually determine the success of each of our investments. How can this anomaly exist? Our response, although simple, reveals our priorities – "we care very much about what management is doing rather than what management is saying – since we believe management's business actions are far more important than management's business plans."

Our response to the follow-up question, "How do you judge how management is performing?" should provide our shareholders with a clear understanding of how we assess management's capabilities. Since it is our unshakable belief that long-term investment success is more the result of error avoidance than picking "big winners," it is extremely important that our analytical process only makes use of unbiased information to assess the downside risk of any investment opportunity. We thus assess downside risk, and the quality of management and its conservatism by analyzing a company's financial statements and related disclosures. We have yet to hear management warn of an existing problem, that if not resolved, would result in a dramatic drop in the company's stock price. Rarely have we encountered management who stated that their company's stock was overvalued.

The following, although not all encompassing list, should provide our shareholders with some valuable insight as to what we look for in financial statements to evaluate management.

1. *Is management creating value for shareholders via their decisions?*
2. *Do the financial statements reflect a commitment to accounting transparency? Are the financial statements easy to understand and in accord with economic reality?*
3. *Is all relevant information to assess both risk and reward properly disclosed?*
4. *Are recent shareholder letters consistent and do they compare past objectives to current performance? Are current and potential problems readily discussed? Does management deal with company metrics and objectives or are they over-promotional by paying too much attention to stock price? Are important decisions based on long-term objectives or meeting quarterly numbers?*
5. *Are free cash flow and reported earnings comparable?*
6. *Are ratios such as return on assets, return on equity, debt to equity, dividend payout ratio, asset turnover ratios etc., indicative of a management that focuses on creating value for shareholders?*
7. *Is the balance sheet conservatively based and does it have latitude for rainy days?*

8. *Are bloated or excess costs holding back profit margins?*
9. *Do earnings reported to shareholders match tax book earnings?*
10. *Are reserves adequate for possible future disappointments? Are reversals of past reserves hiding earnings disappointments?*
11. *Are discretionary expenditures realistic to achieve future growth? Are short-term fluctuations in discretionary expenditures contributing to or holding back earnings?*
12. *Can free cash flow be used to pay off debt over a reasonable period (5-7 years) if management chooses to do so?*
13. *Are management incentives aligned with shareholders' interests? Is management collectively a material owner of the company's stock?*
14. *If there are current problems, does management have long-term solutions or are they focusing on temporary fixes? Is current management a catalyst for appropriate change?*

10.31.06 NAME CHANGE – ALL CAP VALUE FUND

In our letter to shareholders for the third quarter of 2006, we announced that the Olstein Financial Alert Fund would change its name to the Olstein All Cap Value Fund and discussed the reason for this change.

We are pleased to announce that the Fund has changed its name to the Olstein All-Cap Value Fund. We have instituted this change to clearly align the Fund's name with the investment discipline it has followed since its inception, and we believe the new name accurately conveys the Fund's focus on identifying investment opportunities in undervalued equity securities of companies without regard to whether or not a company is characterized as small-cap, mid-cap or large-cap, growth, cyclical, etc. The name change does not affect the Fund's investment philosophy in any way – the Fund will continue to pursue the same value-oriented investment approach it has pursued since it commenced operations in September 1995. We continue to believe that in order to achieve the Fund's investment objectives, we must pursue our value-oriented approach without the artificial constraints of style-box requirements, or index-driven portfolio weightings.

In our December 31, 2006 letter, we discussed one of the most intriguing areas of stock selection for value investors – investing in corporate turnaround situations. Although turnaround situations may offer excellent investment opportunities and the ability to buy a good company at attractive prices, we warned that such companies are significantly affected by negative psychology for longer periods of time than originally anticipated and could represent potential value traps. When evaluating the investment potential of a company experiencing problems, we first consider if the company is well positioned to achieve the type of transformation that creates shareholder value (we define long-lasting shareholder value according to a company's ability to return sustainable free cash flow to shareholders) by analyzing the following company-specific factors:

Viable Core Business: *We determine whether or not the company has a viable core business combined with a source of sustainable competitive advantage that could enable the company to thrive again. For many companies, decline occurs slowly over a prolonged period as the company's products and services or operating methods become less relevant to the market. Differentiating between companies with a viable core business struggling with temporary setbacks that can be addressed, and companies whose core business has experienced a serious decline with uncertain outcomes, is the first step we take to determine if a turnaround is a realistic possibility.*

Healthy Balance Sheet: *Our analysis seeks to determine whether or not the company has a balance sheet healthy enough to withstand a rocky turnaround period. Companies embarking on a turnaround often undertake strategic actions which may have negative short-term implications. As we have written many times before, the short-term focus of market participants, especially Wall Street analysts, usually penalizes (and heavily) such actions even if they may be in the best long-term interests of the company. We seek to take advantage of these potentially short-term misperceptions. Strengthening the balance sheet and the company's cash position is the first order of business for a turnaround situation and can provide the company with valuable strategic options.*

Transparent, Clean Accounting: *Before we can properly value a company, we undertake an in-depth, forensic analysis of financial statements to determine if the company's accounting policies reflect the economic reality of the business; we assess the quality of the company's earnings; make accounting adjustments to eliminate management bias; and identify positive or negative factors that may affect future cash flow. Our analysis incorporates several years leading up to the realization that a turnaround is needed. A thorough review of financial statements over the past three to five years can reveal if management has masked the scope and depth of the company's problems. During troubled times it is extremely important to judge the quality of management by its commitment to the turnaround strategy, the conservatism and transparency of its financial reporting, and how accurately and effectively it communicates the company's economic reality. If the company's financial statements, disclosures and related communications do not reflect reality or transparency, we will avoid the situation or expect a new management team to implement the turnaround.*

Strong Free Cash Flow: *We must determine if the company's articulated turnaround strategy has the ability to generate (or greatly improve) free cash flow in the near future — which we define as two years or less. Free cash flow is the lifeblood of a business and it is especially true in turnaround situations. For troubled companies, we use scenario analysis to evaluate future free cash flow. Our analysis focuses on how a company's operations generate sustainable free cash flow; the level of investment required to right the company and eventually grow the business; and how much of cash is, or might be, available to investors as the company stabilizes and returns to normalized conditions. The ability of a company's management to take control over the cash flow pipeline and make vital internal investment decisions often determines the ultimate success of the turnaround strategy.*

Understanding What Went Wrong: *An important part of analyzing a turnaround situation as a potential investment is to understand what went wrong and the severity of the company's problems. We evaluate many factors which may have contributed to a company's decline, determine the severity of these factors and assess what corrective measures the turnaround plan must implement to successfully redefine the business. Examples of factors contributing to a decline include: weak top management; lack of management depth and expertise; a weak or uninvolved Board of Directors; a weak finance function; unrealistic or creative accounting practices; poor*

allocation of capital; insufficient financial resources or too much debt; insufficient operating controls; economic change creating headwinds for the business; social change; technological change; unrecognized changes in the competitive landscape; failure to keep pace with market trends; government regulatory constraints; a losing division or product line masking favorable results in other areas; over expansion; an acquisition that does not fit; or the ineffective integration of a good acquisition.

Improved Management and Decision-Making: *In our Letter to Shareholders dated April 28, 2006, we discussed, at length, how we judge the capabilities, decision-making skills, insight and leadership of a company's management team under the heading, "Why We Don't Talk to Management." We further explained our position that "we care very much about what management is doing rather than what management is saying – since we believe management's business actions are far more important than management's business plans." These sentiments were never truer than for a company addressing its problems and embarking upon a turnaround. We assess if management has recognized the true extent of the company's problems and has identified solutions that are in the best interests of shareholders. Companies that recognize that senior management decision making and controls may lie at the root of its problems and are willing to change management to get back on track are more likely to undergo the type of transformation that will create shareholder value.*

05.21.07 CONTROLLING VOLATILITY – A HIGH WIRE ACT WITHOUT A NET

In our letter to shareholders for the first quarter of 2007, we took issue with the blurring definition of 'risk' and with the use of the word 'volatility' (especially when referring to short-term market movements) as a substitute for the word 'risk.' Although our intent in this letter was to warn investors about the risks inherent in the proliferation of strategies that attempted to reduce volatility, our message was prescient in another way. Eighteen months after publication of this letter, Bernard Madoff admitted that his investment management business was nothing more than history's greatest Ponzi scheme – a scheme fueled and fed by the unrealistic promise of low double-digit returns with low volatility as its principal lure.

Misperceptions and lack of investor knowledge surround most of the recently developed volatility reduction strategies – many investors, for instance, mistakenly believe that market neutral strategies offer the best of both worlds (long and short) because they offer the opportunity for double alpha (or return) and can serve as an attractive alternative to fixed-income investments. What is usually ignored is the potential "double whammy" of risk uniquely associated with this approach – an unskilled investment manager may double the negative returns and permanently impair an investor's capital. Even a skilled investment manager running a market neutral fund must constantly determine whether his portfolio, due to the combination of securities it includes, is highly correlated to the market (not neutral at all). More importantly, a market-neutral fund investor must also consider the risk that an unforeseen, low-probability event may have a disastrous effect on the portfolio, (the hedged positions act out of character) especially if the portfolio employs leverage to enhance returns.

We cannot emphasize enough that leveraged structures designed to increase expected returns while at the same time controlling volatility introduce new risks through the use of leverage. Leverage may be achieved through borrowing, deployment of proceeds from short sales, or, as in the case of most hedge funds, through the use of derivatives. Funds that employ substantial leverage are susceptible to material permanent loss of capital triggered by low probability unexpected economic or cataclysmic events which usually create market shock and could result in leveraged hedged positions moving in unpredicted directions relative to each other.

12.31.08 THE LOGIC OF VALUE INVESTING IN DIFFICULT ECONOMIC TIMES

In 2008 we witnessed a severe market downturn triggered by a crisis of confidence in our financial system and the prospect of a prolonged economic downturn not seen since the Great Depression. Faced with an uncertain future, we discussed the ways that we believe our approach to valuing companies would serve us well during these tough economic times.

We are value investors because we believe in the logic of value investing; of buying the common stocks of good businesses at material discounts to their intrinsic value. We value companies based on their

ability to generate free cash flow, and our approach requires that we not only develop a thorough understanding of how each company's operations generate sustainable free cash flow (know how it works), but also requires that we answer a series of questions about the company's business model, its strategy, its future prospects and its management (know what you own). We develop a thorough understanding of each company through two overlapping analytical approaches: a bottom-up fundamental analysis of financial statements – focusing on the company's balance sheet, income statement and cash flow statement, and an ongoing forensic analysis of financial statements, regulatory filings and other disclosures.

As pessimism in markets continues to drag down equity valuations, it is important to identify those companies that have maintained a balance sheet discipline that eschews material leverage; have honed their operations to protect (or in some cases expand) margins; and have built strategic cash balances that can be used for favorable acquisitions or to fund initiatives that build profitable market share. The Fund's portfolio consists of companies that, we believe, currently meet the tests of financial strength and management acumen required by the current economic environment. Not only do the majority of the Fund's portfolio holdings have healthy cash balances (in many cases the cash on company balance sheets is equal to or greater than 50% of current liabilities; for approximately 20% of the Fund's equity investments, cash on company balance sheets is equal to or greater than 100% of current liabilities), but these companies have kept their cash flows healthy by avoiding the impulse to cut operations indiscriminately. More importantly, however, the management of many of the Fund's holdings intend to pursue strategies during the economic downturn that they believe will enhance their market share and standing as the eventual economic recovery unfolds.

05.15.09 HITTING THE RESET BUTTON AND FINDING OPPORTUNITIES UNDER THE MICROSCOPE

Following the steep market declines and eventual market lows of March 9, 2009, we discussed the importance of hitting the reset button in the face of steep losses and a constant barrage of negative news in order to take advantage of compelling opportunities in the panic-stricken market.

We [previously] reported that one of the trends we saw unfold during the last of half of 2008 was the indiscriminate "forced" selling of high quality companies by hedge funds, often their most liquid positions, in order to raise cash. We further reported that as we sold companies whose business models were compromised, we seized upon the opportunity to purchase or add to positions in companies we believe are well-run, well-capitalized businesses, with histories of free cash flow generation and balance sheets that we believe provided the wherewithal to survive the tough business conditions we envisioned over the near future. Furthermore, we needed to purchase such companies at prices which offered the chance to achieve above-average returns over the next two to three years based on each company's ability to produce free cash flow under normalized conditions. Thus, we hedged our bets regarding the timing of the eventual economic turnaround by building a portfolio of core positions in what we believe to be strongly capitalized, wide-moat, conservatively run companies such as Microsoft, Walt Disney Company, Johnson & Johnson, Coca-Coca, Intel, Cisco and Pitney Bowes. These high-quality companies, with extremely liquid balance sheets, were selling at unprecedented low multiples of free cash flow and in certain cases were selling at prices that were lower than ten years ago.

With an eye toward an eventual recovery, however, we also began to sift through the carnage of the market meltdown and undertook an intensive forensic analysis of the financial statements of a wide range of less mature, often less-recognized companies. We began to identify companies with significant appreciation potential, rooted in stewardship by conservative management teams (who have led their respective companies through the current financial crisis by prioritizing balance sheet flexibility) and operating businesses with normalized free cash flow potential not recognized or properly valued by the market. Additionally, with some of these companies we identified a deviation between current reported earnings (under accrual accounting), and free cash flow. These deviations are not readily apparent to the broader market and resulted in stock prices well below our valuations of these companies. We identified several companies during the last quarter of 2008 and the first quarter of 2009 with stock prices that, in our opinion, have been battered but have underappreciated or hidden earnings; balance sheets and operations that have weathered the storm very well; and/or non-recurring factors that indicate current unfavorable conditions are, indeed, temporary (too much debt, inventories are too high, increased reserves, etc). We believe when it

becomes apparent that the above factors are being overlooked (in the eye of the storm), the stocks should provide the potential for above-average appreciation.

In each of our letters to shareholders during the tumultuous period from the fourth quarter of 2007 through the end of calendar year 2009, we consistently reminded shareholders (as well as other investors) of the importance of remaining calm while most investors were prone to panic selling. Looking back, we believe that during this period, it was our rational, value-driven approach of sorting through the wreckage of the market to identify and invest in good companies at extremely steep discounts to their intrinsic value, that enabled the Fund to rebound strongly from the severe market downturn.

03.31.10 A CAREFUL READING OF SHAREHOLDER LETTERS

While we have discussed, over the years, many of the quantitative elements of our in-depth company analysis, we used our letter for the first quarter of 2010 to illuminate an important qualitative aspect of our 'looking behind the numbers' approach. Through a careful, and, at times, skeptical reading of company shareholder letters we look for subtle shifts which may indicate future changes (positive or negative) in the company's strategic direction and ability to generate fee cash flow.

A careful reading of the company's communications enables us to determine whether management emphasizes the importance of financial strength, cash flow, working capital controls and the company's competitive position within its industry. A good shareholder letter, in our opinion, describes how the company's strategic planning process anticipates, plans for, handles and implements change in reaction to a changing economic, industry or competitive environment, and thus provides insight into the quality of management and their enthusiasm for creating meaningful shareholder value over time.

While the Great Recession has underscored the importance of undertaking a methodical reading of shareholder letters in order to identify and understand factors that may affect future free cash flow, we believe investors should adopt this practice in all market environments and under all economic conditions. Whether we are grading the performance of an existing company in our portfolio or monitoring a company we have been following as a potential investment, we read shareholder letters for "heat" looking for trigger words that, in our experience, may signal a noteworthy change likely to affect the company's cash flow and thus its future value. While examining shareholder letters we also look for a degree of consistency with prior communications; a realistic discussion of the objectives and expectations for company performance and a discussion of shareholder-focused benchmarks management use to judge its performance. It is important for us to see a frank discussion of either the important issues a company faces or the problems it needs to solve. When there are no references to problems or issues that management believes are important, we become concerned that management may be stonewalling or has an unrealistic view of its business environment.

Continuity

In order to understand what management emphasizes, minimizes or omits in a shareholder letter, it is important to develop an appropriate historical context by reading a succession of letters from the previous three to five years and evaluate the continuity of management's communications from year to year. Are there marked shifts in the discussion of strategy or management approach from year to year? Are there significant inconsistencies in content or message from year to year? And most importantly, are there changes in direction or strategy from previous years that can have a material impact on future revenues, costs and free cash flow?

Realistic Expectations

As an attentive reader it is also important to assess the overall tone of the letter and judge how candidly management discusses important issues facing the company. A careful reading of the Letter to Shareholders should not only focus on what management chooses to emphasize (i.e. the company's successes, its challenges, and/or missteps), but also what issues or events management chooses to omit or minimize. Does management provide a realistic understanding of the company's growth prospects and role within its industry based on changes taking place within the economic or industry environment? Does the language in the Chairman or CEO's letter effectively describe strategic challenges the company faces? Do discussions of future plans acknowledge past problems or failures?

Appropriate Benchmarks

We pay special attention to how management frames its financial results and discusses progress towards previously stated goals and objectives. Does management define and provide specific benchmarks for judging its success and are those benchmarks suitably rooted in the company's financial performance? Does the shareholder letter adequately discuss how the company uses its capital and place the appropriate emphasis on returns on invested capital? How do the company's results stack up against its peers?

05.17.11 DISCOUNTS, CATALYSTS AND CUTTING THROUGH THE NOISE

In our shareholder letter for the first quarter of 2011, we emphasized the importance of separating those factors relevant to the investment decision-making process from those sentiments and emotions that may lead to ill-informed decisions. We warned investors to be wary of the deafening amount of noise which makes it difficult to focus on the fundamental merits of a company's underlying business.

A critical element of our analytical process is the ability to identify and separate those factors likely to affect a company's future free cash flow from the "noise" that characterizes today's investing environment. We filter a great deal of noise, particularly the onslaught of market and top-down economic news and data, simply by focusing on specific companies. While we are concerned with the overall economic environment and outlook and recognize that macro-economic factors and other newsworthy events can exert extreme short-term influence over equity prices from time to time, we are more concerned with how individual companies generate free cash flow under all types of economic conditions and cycles. We believe it is a vital job of company management to adequately anticipate and plan for the impact of macro-economic shifts on their business and its ability to generate sustainable free cash flow. From our focused analysis of a company we judge its resiliency in the face of macro-economic shifts and shocks and incorporate that judgment into our normalized cash flow projections.

One of the best filters of the other primary source of noise — company-specific and company-generated news and noise — is our forensic analysis of company financial statements, public filings and footnotes. In reporting GAAP-based earnings, companies have wide discretion to make numerous assumptions about the future. Because management has a vested interest in putting its best foot forward, the numbers produced under GAAP often leave room for unrealistic assumptions and misleading numbers. Most companies use financial accounting and reporting practices to present themselves in the most favorable light, meaning that they engage in some type of earnings management or make assumptions that may prove to be unrealistic. These practices create a fair share of company-specific noise. Using a forensic analysis of financial statements to cut through the noise can create valuable clues with regard to a company's ability to generate future normalized free cash flow (which ultimately determines a company's value).

06.30.12 GENERATING INVESTMENT RETURNS IN A LOW-GROWTH ENVIRONMENT

In our June 30, 2012 shareholder letter, we discussed the importance of finding companies with the ability to generate sustainable free cash flow as the best strategy for pursuing favorable investment returns during challenging economic times.

While we believe investors are right to be concerned with the impact of deleveraging on the global economy and equity markets, we also believe investors should prepare for a new economic and financial reality. From our perspective, the massive debt buildup of the past two decades has necessitated a somewhat painful period of deleveraging and has ushered in an extended period of low to moderate economic growth, low interest rates and a deep fear of equity markets. In light of this new reality we believe investors should be more concerned with pursuing an effective investment strategy that helps them achieve specific investment goals in a low-growth environment. We believe the deep fear of equity markets has swung the pendulum too far away from equities and created an almost mindless exuberance for fixed income securities with complete denial of potential risks.

In previous letters to shareholders we have expressed our concern that many investors have either fled equity markets for low-yielding fixed income investments or remained on the sidelines preferring the safety of low- to no-return investments in US Treasuries. We

also doubted whether such approaches would prove viable over an extended period of time given the steep decline in net worth most investors experienced in 2008, in combination with the ongoing corrosive effect of inflation that impacts every portfolio and the growing need for greater retirement savings and income from a large swath of investors, specifically retiring baby boomers.

An important question faces the vast majority of investors, "What strategy should I pursue to meet my ever-growing investment needs in a low-growth environment?" As we have stated many times before, we believe a thoughtful allocation to equities can help investors reach their goals during these difficult times. More specifically, we believe in a meaningful commitment to an equity investment strategy that focuses on which individual companies have adapted their operations to generate sustainable and/or future growth of free cash flow (in the face of challenging economic conditions), yet are being cast aside by many investors who believe all companies are doomed to failure in slow economies. Sustainable free cash flow companies, selling at a discount to intrinsic value, offer the potential for above average returns and should serve as the foundation of constructing an equity portfolio during an expected period of low economic growth and low investment returns.

06.30.13 VALUING GROWTH INITIATIVES BY FOCUSING ON THE BOTTOM LINE

In our shareholder letter for the second quarter of 2013, we discussed our approach to evaluating a company's strategic growth initiatives, as well as the unique challenges we face when assessing the likely impact of such initiatives on future free cash flow.

Many companies, obsessed with Wall Street's perception of their growth rate or seeking a premium earnings multiple relative to their peers, pursue growth initiatives that ultimately disappoint. Over the years we have described overly ambitious (and often failed) initiatives that companies have pursued – usually in response to Wall Street's mania for growth — as the product of a "profitless growth" or "growth at all costs" mentality. In simple terms, not all revenue growth creates long-term value and is beneficial to shareholders. Assessing the value of a company's growth plans is particularly challenging and complicated not only by the market's reaction to such announcements, but also by the potential for disappointing investment returns. When analyzing and assessing the impact of a company's growth initiatives on future free cash flow, we focus on several important factors rooted in our value investing philosophy.

Unlike investors who focus solely on operating earnings to value a company, we base our valuations on a conservative estimate of a company's future free cash flow. Our valuation approach allows us to focus primarily on a company's cash productivity and compare it to reported earnings, and then make necessary accounting adjustments to reflect the economic reality of the underlying business. Reliable estimates of future free cash flow require us to develop a thorough understanding of all sources of company's revenue and the costs associated with generating that revenue.

More importantly, in addition to understanding the sources of revenues (by business line, product line, geographic market, etc.), we also focus on the customers behind those revenue streams, since each customer base is usually characterized by a unique cost structure. Thus, it is extremely important for us to understand the mix of a company's revenue streams and the costs of achieving those revenues. What percentage of revenues comes from the existing customer base and what percentage of revenues comes from market share gains at the expense of competitors? What percentage of sales comes from mature or maturing markets and from rapidly expanding markets with significant growth potential? What revenues are attributable to new lines of business or moves into related markets that leverage core product capabilities? Understanding the revenue mix and linking the costs of generating those revenues to the appropriate revenue streams establishes a clearer picture of which growth initiatives are profitable and which elements of the company's business model or strategic plan are likely to erode shareholder value.

A Viable Growth Strategy

When we evaluate the potential of a company's growth plans, we put management's revenue growth ambitions in perspective through further analysis that focuses on what we identify as the necessary conditions for success and the effective execution of the stated strategy.

Conditions for Success: *For us it is imperative that management has reasonably estimated the revenue potential of its growth initiatives. We measure such 'reasonableness' by testing*

the market demand projections underlying the initiative against the overall economic environment, industry-wide trends, specific industry benchmarks, the competitive environment and finally, through extensive scenario analysis. It is also important that management has made a clear, compelling case for the growth strategy, as well as the required investment to achieve its stated objectives. In addition, projected investment returns must be realistic and high enough to justify the risks entailed in making the investment. Management must clearly communicate the vision underlying the initiative, and how the initiative and its costs integrate with the company's short- and long-range strategic plans and time period required to achieve desired results.

Effective Execution: *Years of experience conducting in-depth analysis of company financial statements, footnotes, public filings, and company announcements has taught us that effective execution of strategic plans boils down to two important factors: accountability and returns to shareholders. Accountability instills discipline and helps align management's objectives with shareholders' interests. Whether a company's strategy for growth is driven by ongoing innovation, aggressive pursuit of high-growth markets, or a thoughtful mergers & acquisition strategy, we measure the effectiveness of a company's growth initiatives through our value-oriented criteria including: the impact on revenues and profit, expected returns vs. actual returns, returns on invested capital and the stability and sustainability of free cash flow. It is also important for us that any growth initiative not only achieve or exceed its targeted revenue growth, but that the resulting free cash flow ultimately benefits shareholders through the intelligent use of the proceeds generated. For us, intelligent uses of free cash flow include share repurchases, dividend increases, reduced debt levels and/or thoughtful reinvestment in the company's operations.*

11.14.14 WHEN BORING BECOMES EXCITING

In our third quarter 2014 shareholder letter, we reflected upon the unpredictable nature of markets, our affinity for 'boring' companies and those extraordinary times when volatility excites us.

Many investors, seeking outsized investment returns, favor widely-held, glamour stocks whose popularity is driven by the promise of high-growth rates, especially in revenues. The stocks of these high-flying companies attract a significant number of momentum investors as well as fawning media coverage that, in turn, fuels the momentum as the overall market continues to rise. We, on the other hand, are value investors who avoid the noise surrounding the latest hot trend and look to buy the common stocks of good businesses that we believe are selling at material discounts to their intrinsic value.

The success of our approach hinges on our ability to find good companies with discernible financial strength, unique business fundamentals, a competitive edge and ability to generate free cash flow, and buy such companies at a significant discount to our determination of their private market value. From our perspective, a company's stock price often falls below its private market value either due to temporary problems (such as missed earnings estimates, over-reaction to short-term results, or overall negative market sentiment), or because a company's business and prospects are either misunderstood or overlooked by a market driven by a momentum mentality. In other words, the market often over-penalizes the stocks of companies that have temporarily stumbled or have the misfortune of being boring companies in a momentum-driven market. For us, however, the sharp deviations between the stock prices of boring and/or misunderstood companies and our determination of their intrinsic value can offer opportunities for significant capital appreciation. We believe the most important factor to consider when purchasing a stock is paying the right price, or buying at a discount to intrinsic value rather than buying in reaction to stock momentum.

When a long-running bull market stumbles, as we have seen in September and early October (from its intra-day high on September 19, 2014 to its intra-day low on October 15, 2014, the benchmark S&P 500 Index fell approximately 10%), the shift in investor sentiment, especially among momentum investors, is swift and noticeable. Momentum investors flee the once exciting high-flying companies and may also abandon the market as fear spikes and market volatility increases. The pessimism that drags down the overall market, however, tends to have less of a negative impact on those "boring" companies that have maintained a balance sheet discipline that eschews material leverage; have honed their operations to protect (or in some cases expand) margins; and have built strategic cash balances that can not only be used to build profitable market share but to protect them during extended downturns. In the wake of extreme market gyrations and increased investor nervousness, boring companies become much more interesting and in some cases become exciting.

We further discussed how an extraordinary number of 'boring' companies in our portfolio (most were considered boring when we purchased them for the Fund) had become 'exciting' to strategic acquirers, private equity investors, activist shareholders and other investors who recognized, in these companies, the value we had previously identified.

Even without the short-term market volatility bringing company operations, performance and profitability to the forefront, as value investors we have long favored the investment potential of boring companies. Recently strategic investors have begun to recognize the values we had previously identified. The extraordinary number of corporate actions affecting specific portfolio holdings in 2014 (that we discussed at great length in our last letter to shareholders) offers noteworthy examples of boring companies that became exciting — especially as the appetite for momentum investing has waned over the past six months. From the beginning of the year through early-October, fifteen stocks in our portfolio, across a range of industries and sectors, were the subject of significant announcements that included mergers, takeover offers, spinoffs, accelerated share repurchases, and multiple activist campaigns. While it is exciting to report such extraordinary news following such a series of favorable corporate events, at the time of our initial purchase, most, if not all, of these companies were either considered "boring" or were suffering the lingering effects of a recent stumble.

What made each of these companies "exciting" to us as value investors, were favorable company-specific characteristics (unique product or service niche, competitive strength, and clean capital structure), an ability to generate sustainable free cash flow, and stocks trading at a significant discount to our determination of each company's intrinsic value as a result of what we believe were short-term events. While, for us, a thorough understanding of the fundamentals of each company and our estimate of its normalized ability to generate future free cash flow pointed to significant potential for capital appreciation, our in-depth understanding of a company's potential usually flies in the face of the collective wisdom regarding its prospects as a result of the short-term factors affecting the company. Our willingness to buy into what we believe is short-term negativity or misperception allows us to get into many of these boring stocks at bargain basement prices, and often before the excitement begins as private equity investors get involved or the undervalued free cash flow becomes apparent. Our confidence in each situation is based on clues we uncover via our inferential analysis and looking behind the numbers of a company's financial statements with regard to a company's ability to generate future normalized free cash flow. As with many of our investments, we usually find ourselves waiting for the rest of the market to recognize and understand a company's true investment potential before we see the valuation gap close. As the market catches up to our way of thinking in such instances, "boring" companies have a way of become a lot more exciting in a relatively short period of time.

05.22.15 MONITORING PORTFOLIO HOLDINGS

In our letter for the first quarter of 2015, we discussed our approach for monitoring existing portfolio holdings and how, for each holding, our investment thesis serves as a 'roadmap' to realizing value.

For many companies, progress towards achieving our required level of normalized free cash flow may come through a series of well-planned and well-executed steps, while for others the road map to value often means overcoming strategic challenges or problems through a bolder course of action. Over the life of the Fund we have invested in many of the first type of company – companies with steady, profitable growth that have been affected by short-term issues, misunderstood, overlooked, or underappreciated by the overall market. Usually, over time, the market begins to understand the value of the steady and/or growing free cash flow and reacts to the growth potential of such companies. As market perception changes and these companies approach our projected level of normalized free cash flow, their stock prices usually rise accordingly. Monitoring the progress of misunderstood, underappreciated companies or companies affected by short-term issues is fairly straightforward and focuses on the progress toward our projection of normalized free cash flow and the consistency of management's ability to continue to execute on successful strategies. For companies facing unique choices or challenges, however, the road to normalized free cash flow is usually longer, with numerous twists and turns and highs and lows along the way. Monitoring the progress of such companies requires an unrelenting focus on the most effective turnaround plan for overcoming strategic problems, as well as constant attention to the company's balance sheet in combination with management's ability to implement needed changes.

We also discussed those signs that reveal progress on the road to realizing value:

> *While the roadmap to normalized free cash flow differs for each investment, the signs of progress we look for are consistent. We look for essential factors that we believe increase the odds of a company reaching our estimate of normalized free cash flow and thus achieving our valuation. This is especially true for companies facing strategic challenges. First, a company has to identify realistic, achievable alternatives for correcting its course and/or achieving growth. It may need to redefine its business boundaries, strategy, operations, financial management and organizational structure. Second, the company must make a priority of not only stabilizing its operations but also have an objective of generating and increasing free cash flow on a continuing basis. Third, it will need a capable, skilled management team—which may entail bringing in a new senior management team with specific skills. Fourth, we look to buy the company at a significant discount (30% or more) to our calculation of the company's intrinsic value, thus providing a measure of downside protection if our investment thesis needs a greater period of time to unfold or in fact does not materialize. Buying at a discount created by negativity tends to reduce the magnitude of future price declines because some of the negativity should already be reflected in the stock's price. We continue to believe that long-term above average performance is determined more by the magnitude and quantity of the mistakes than by picking a few large winners.*
>
> *Even if the turnaround characteristics are in place, achieving the desired investment outcome requires commitment, discipline and patience by a company's management. We measure this commitment via a continuing inferential analysis of the financial statements. We may have to ride out intermittent periods of frustration and excitement as strategic alternatives unfold. In most cases, it can be 12 to 24 months or longer before we see concrete positive results. During this time period, if the company is demonstrating the improvements we believe will help it reach our sustainable and/or growing free cash flow estimates, it is important to not only stay the course during intermittent periods of disappointment and negative market sentiment, but to also react by adding to positions if price discounts widen that are not based on long-term considerations and a company's normalized ability to produce future free cash flow.*

From reading these excerpts from our shareholder letters over the past ten years, it becomes clear that individual stock and/or market declines, or just plain misperception, often present us with compelling opportunities to buy good companies for the All Cap Value Fund portfolio. While price declines may present us with buying opportunities, low stock prices are not the sole criteria for buying companies for the Fund's portfolio. Additional criteria of our value approach include strong balance sheets; well-run operations which have the ability to generate sustainable free cash flow; and company managements with a disciplined track record of improving the returns of the business. As value investors, we also believe in having a long-term horizon in an environment that is maniacally focused on short-term events. We believe that our long-term horizon, in conjunction with our emphasis on an in-depth analysis of financial statements, should continue to provide the Fund with an advantage as we embark on our next decade.

Excerpts from the OLSTEIN STRATEGIC OPPORTUNITIES FUND SHAREHOLDER LETTERS *Reveal a Unique Role in the Olstein Funds* TWENTY-YEAR HISTORY

SINCE ITS LAUNCH IN 2006, the Olstein Strategic Opportunities Fund offers investors a distinctive approach to investing in the undervalued securities of small- to mid-sized companies that are either misunderstood or underappreciated by the market, or that face unique strategic choices, challenges or problems. The investment process utilized in the Strategic Opportunities Fund emphasizes a 'looking behind the numbers' free-cash-flow-based value approach when analyzing companies for the portfolio. We are extremely proud of the consistent implementation of the Fund's unique investment process, of the investment organization we have built and the investment performance we have provided shareholders since its inception.

WE HOPE YOU WILL FIND THESE EXCERPTS from previous shareholder letters informative and insightful. In addition to using our shareholder letters to keep shareholders informed of our investment strategies, Olstein's investment management team also seeks to educate investors about compelling aspects of our approach to value investing — particularly our approach to valuing small- to mid-sized companies facing strategic choices, challenges or problems.

12.31.06 WHAT IS ACTIVIST INVESTING?

A CATALYST FOR CHANGE

In our first letter to shareholders of the Olstein Strategic Opportunities Fund, we explained our rationale for launching the Fund.

Welcome to the Olstein Strategic Opportunities Fund! Launched in November 2006, the Olstein Strategic Opportunities Fund seeks long-term capital appreciation by investing in the undervalued stocks of small-to- mid-size companies that face unique strategic choices and challenges.

In addition to applying Olstein's forensic financial statement analysis and cash flow based valuation techniques, the Fund employs a distinctive approach — opportunistically engaging as an activist investor in situations where we believe such an approach will add value to the investment process. The Fund's emphasis on small and mid-sized companies allows the Fund to make significant investments in such companies, which should increase the probabilities that management will act upon our strategic recommendations. Our primary objective when engaging as an activist investor is to persuade company management or Board of Directors to undertake the corrective actions we believe are necessary to increase shareholder value and ultimately close the gap between the company's stock price and our private market valuation. We firmly believe that in order to succeed with this approach, we must adhere to our value discipline and emphasize stock selection first and engaging as an activist second.

We further discussed our approach to engaging with company managements to recommend strategic changes or corrective actions that we believe are likely to increase shareholder value.

Our unique brand of value investing, which frequently focuses on companies suffering the effects of temporary problems, lends itself to becoming more involved with helping managements of such companies address those problems. Managements of small- to mid-sized companies often face unique strategic choices, challenges and problems, usually as a result of their company's size and expectations for growth. Short-term market reactions to such situations may create the types of long-term investment opportunities the Fund actively seeks. The Olstein Strategic

Opportunities Fund focuses on companies for which we have identified strategic alternatives that are being, or could be implemented, and that have significant potential to narrow the gap between the company's market price and our determination of private market value.

When engaging as an activist we will normally approach company management on a cooperative basis offering strategic advice, and other financial, strategic and governance tools designed to improve operating performance, remove impediments to realizing value, unlock a source of unrealized value, or increase long-term shareholder returns. Some of the desired outcomes of our activist approach may include:

1. *Using free cash flow to directly benefit shareholders through:*
   - *Share repurchases*
   - *Dividends*
   - *Debt pay down*
   - *Strengthening the balance sheet*

2. *Shift in the company's strategic direction:*
   - *New Growth Strategy*
   - *Stopping expansion with expected low return on investment*
   - *A new or changed senior management team*
   - *Focus on cash flow through cost reduction and/or improved internal controls*

3. *Unlocking unrealized value through:*
   - *Merger or sale of an unrelated division (or the entire company)*
   - *Liquidation of non-core or underperforming non-productive assets*
   - *Removal of a "poison pill" or other impediment to realizing value*

We believe that the ability to establish material positions in the equities of small to mid-size companies increases the probability that management will respond favorably to our recommendations. We also believe, based upon our past experiences as an activist investor, that our analytical process, rooted in a thorough forensic analysis of a company's public financial statements, reveals the success or failure of a company's strategy; the sustainability of its performance; and the nature and extent of the company's problems. More importantly, we believe that our process of "looking behind the numbers" in financial statements to determine how a company's operations generate free cash flow, not only provides a reliable measure of a company's true financial health, but also points toward viable strategies for improving performance or return on invested capital.

11.16.07 ONE COMPANY AT A TIME

During its first year, we continued to write about this new Fund's investment approach with essays addressing our process for identifying and evaluating potential value enhancing-catalysts (Identifying Catalysts to Unlock Value, May 21, 2007) and summarized our methods for identifying and developing investment ideas for the Fund's portfolio (June 30, 2007). In the shareholder letter for the third quarter of 2007, we discussed elements of the Fund's portfolio construction process, focusing on the factors which influenced the position size of a holding.

We construct the portfolio with two primary objectives in mind – does the discount (to intrinsic value) at which we can acquire a stock provide adequate downside protection if our investment thesis for a company is wrong and does the weighting of each company in the portfolio provide an optimal risk-adjusted return?

As a result of our stock-by-stock approach, we have constructed a portfolio segregated into two distinct categories, "core" holdings and "farm team" holdings. Core holdings represent stocks we have been able to purchase at significant discounts to our calculation of intrinsic value and have already identified a catalyst that should close the valuation gap within 12 to 24 months. Additional characteristics of core holdings include: strong free cash flow, strong balance sheet, valuable assets, a management team committed to prudent capital allocation, as well as recurring and defendable revenue streams.

The second category of companies in our portfolio consists of "farm team" stocks that meet our criteria for investment but have either not yet reached the discount we require to take a full position or we are waiting for a company-specific factor to improve before we increase our investment to the level of a "core holding." Company specific improvements we like to see before increasing our level of investment to a core holding include: new company management, cut backs in

non-productive spending, stronger financial metrics, or a focused turnaround plan. As the discount of a "farm team" company widens or the other factors change in our favor, we add to the position, which could result in the stock eventually becoming a core holding. Since we are extremely price conscious relative to our measured valuations and perceived risk, a "farm team" position may not become a "core" holding in the portfolio for many months, or years, or never at all.

12.31.08 FINDING INVESTMENT OPPORTUNITIES DURING AN ECONOMIC SLOWDOWN

As global equity markets plummeted following the collapse of Lehman Brothers and cast a pall over the economic outlook for the foreseeable future, we discussed our approach to finding and evaluating investment opportunities for the Fund.

As investors, our challenge is to develop a thorough understanding of how a company's operations can generate sustainable free cash flow during growing, stagnant, or deteriorating economic conditions. We seek to identify companies with a unique business model; a competitive edge and strong understanding of the markets in which they compete since we believe such companies are usually in a much better position to weather the dynamics of a downturn than their weaker competitors. We also believe it is important to identify those companies that not only have focused their priorities in the face of a weaker economic environment, but have also identified options that can create a substantial strategic advantage for the inevitable economic upturn.

Our discussion focused on three company-specific factors that we believed were critical to achieving investment success in the face of a tumultuous market and potential for a prolonged economic downturn.

The Importance of Balance Sheet Strength: *The strength of a company's balance sheet determines the range of strategic options it can pursue to minimize performance deterioration or make gains during a recession. Companies with ample cash reserves and low debt levels may devote resources to increasing market share, while weaker competitors are forced to play defense through aggressive cost cutting or broad restructuring efforts. Our analysis focuses on the company's use of cash to take advantage of opportunities: is the company increasing cash reserves; can the company finance certain initiatives internally (using cash flow from operations) to increase its capacity? We focus on the nature of the company's debt: is leverage a significant element of the company's business model; has the company reduced leverage in line with or ahead of its peers; does the company use debt to finance share buybacks? In addition to debt and cash levels we focus on other factors as well: can the company reduce the capital intensity of its business model; how well has the company managed inventories; has it reduced payables; is the company achieving the best possible terms from suppliers?*

The Importance of Operating Flexibility: *We believe it is important for a company to focus on reducing costs without undertaking harmful short-term strategies or damaging the long-term health of the business. When facing an economic downturn it is extremely important that the company undertake a tough self-assessment and thorough scan of its operating environment before deciding on the relative merits of across the board cost cutting, versus targeted increases and decreases in expenditures. For each investment opportunity, we explore a wide range of choices that are likely to affect the predictability of future free cash flow: will automatic cuts to research & development put the company at a long-term disadvantage to competitors; will deep advertising cuts cause long-lasting harm through lost market share; will extensive layoffs damage the company's ability to hire and retain the best talent in the future; has the company made sustainable gains in productivity; how are the company's competitors approaching the same operating decisions?*

The Importance of Diversification: *Companies with diverse product offerings that appeal to multiple market segments across a broad geographic footprint are usually in a strong position to weather tough economic times. Through this part of our analysis we judge a company's competitive effectiveness across many factors, including: how does the company rank in each of its customer segments; by geographic market segments; does the company understand its customers better than its competition; does the company have a robust product development/innovation function; have previous product innovations resulted in increased volume (without aggressive discounting); are the company's advertising and promotional programs effective; does the company offer products tailored to its profitable customers; and in addition to sales what metrics does the company use to judge it success?*

11.16.09 STRATEGIC ACQUIRERS THAT ENGAGE AS ACTIVIST INVESTORS

As the Fund approached its three-year anniversary, we reviewed its history of activist investing and discussed specific cases of companies that, through a thoughtful acquisition strategy, engaged in a manner similar to an activist or private equity investor.

Over the course of the past three years, the Olstein Strategic Opportunities Fund has provided steady and significant exposure to situations which fit our definition of an activist investment — situations in which Olstein Capital Management or an outside investor, in most cases a hedge fund or private equity investor, seeks to influence management of a company (with one or more of the attributes and financial characteristics described above) to adopt strategic alternatives that we expect to unlock greater shareholder value. More recently, as the economy entered into recession in late 2007, a recession that worsened throughout 2008 and into the first half of 2009, two factors exerted a negative impact on the Fund's ability to identify suitable activist situations for the Fund's portfolio: the stocks of smaller capitalization companies exhibited more abrupt price movements, usually in response to turbulent economic conditions (more abrupt than the price movements of larger capitalization companies); and event-driven investment opportunities, such as activist situations, often bore the brunt of market uncertainty as catalysts expected to close the valuation gap between a company's stock price and its intrinsic value were now viewed as taking longer to unfold than under more normal conditions.

While a tough economic environment and turbulent market conditions made it more difficult to identify the types of operating turnarounds that we favor as activist investments, we also saw a silver lining in the dark clouds of the recession. The extended recession has presented a wealth of strategic acquisition opportunities for companies that have focused their priorities on maintaining the strength of their balance sheet and staying lean in the face of weaker economic conditions. As we wrote in our letter to shareholders for the fourth quarter of 2008 titled, Finding Investment Opportunities during an Economic Slowdown, companies with strong balance sheets, cash reserves and low debt levels can take advantage of acquisition opportunities that may create a substantial strategic advantage as the economy improves. For such companies the troubled economy has provided opportunities

to increase market share, enter new markets, or diversify product offerings and business lines often at very favorable prices.

Through our research efforts over the past several years, we have identified and subsequently invested in several companies that, through a thoughtful acquisition strategy, engage in a similar manner as an activist or private equity investor. When reviewing a company's acquisition strategy we favor those acquirers that thoughtfully target businesses with strong brands that are suffering the effects of bad strategic decisions or companies with non-core, underutilized, underperforming or non-productive assets. We also favor acquirers who seek acquisition targets that have many of the financial characteristics we seek when evaluating a viable activist situation (high cash balances; reliable and steady cash flow combined with low returns on invested capital which can be improved by adopting strategic alternatives; unrelated businesses or divisions which may have more value as stand-alone entities; extremely low valuation multiples; or consistent earnings underperformance). More importantly, however, we believe the most effective strategic acquirers often bring specific operating experience and managerial skills that increase operating efficiencies and drastically improve the profitability of the acquired business within a reasonable period of time.

To illustrate our analysis of strategic acquirers who seek to unlock pockets of hidden value in an acquired company, we also discussed our thesis and expectations for two such holdings in the Fund's portfolio: Dress Barn, and Middleby Corporation.

11.19.10 HOW DOES COMPANY PERFORMANCE TRUMP SLOWER ECONOMIC GROWTH

In our letter for the third quarter of 2010, we noted that growing corporate confidence (as evidenced by increased earnings, dividends, share buybacks and mergers & acquisition activity), signaled a shift from the defensive posture that dominated management's mindset during the recession. In light of this shift, we discussed our continued preference for investing in companies with strong balance sheets that not only weathered the recession well, but also demonstrated profitable revenue growth during the early stages of economic recovery.

During the financial crisis and recession, many companies abruptly shifted into cost-cutting mode, slashing expenses in order to pay down debt, increase liquidity or provide a cushion against a prolonged economic downturn. But as we cautioned in our December 31, 2008 letter to shareholders, Finding Investment Opportunities during an Economic Slowdown, we believe it is important for a company to focus on reducing costs without undertaking harmful short-term strategies or damaging the long-term health of the business. We further stated that when facing a downturn it is critical that a company undertake a tough self-assessment and thorough scan of its operating environment before deciding on the merits of across-the-board cost cutting versus targeted increases and decreases in expenditures.

Our analysis of company financial reports during the early stages of economic recovery supports our previously stated preference for thoughtful, targeted cost-cutting efforts at the onset of the recession. Companies that implemented targeted increases and decreases in expenditures rooted in an honest assessment of company strengths, weaknesses and operating environment have seen meaningful revenue growth and increased profitability during the early stages of recovery. Likewise, companies that invested in or protected their top divisions, products, markets and segments, or seized on the economic environment to pursue new initiatives, market segments or geographies, have demonstrated profitable revenue growth during recovery.

We also discussed our continued preference for companies that demonstrated an ability to maintain or grow free cash flow during the early stages of economic recovery while maintaining a high quality of earnings.

As the US economy has recovered, many companies have reported sharp growth in free cash flow. According to a recent study from the Georgia Tech Financial Analysis Lab, after reaching a three-year low in December 2008, median free cash flow reported by approximately 4,000 U.S. public non-financial-services companies doubled by March 2010. While the dramatic rebound in corporate America's ability to generate free cash flow following such a severe recession should be cheered, it is important to understand the sources of growth in free cash flow. From our experience as investors we know well that earnings in excess of operating cash flow may signal possible future earnings underperformance.

Many companies may have achieved growth of free cash flow in non-recurring ways — through drastic reductions in capital expenditures or selling, general and administrative expenses, asset sales, financial engineering, or creative accounting. As investors, one of our most important jobs is to develop a thorough understanding of how a company's operations generate sustainable free cash flow during growing, stagnant or deteriorating economic conditions. During the recession, companies that focused on improving working capital management and operating efficiencies to deliver free cash flow not only produce a higher quality of earnings, but also gain a valuable long-term perspective on their business. By understanding and optimizing cash flow from operations during a recession, company management can hone operations to make more intelligent internal investment decisions that are likely, in our opinion, to produce greater earnings during economic recovery.

05.17.11 GROWING PAINS THAT CREATE VALUE

In our letter for the first quarter of 2011, we discussed another important element of our investment analysis — how we evaluate management's ability to effectively allocate capital for the benefit of shareholders.

For most small- to mid-sized companies with straightforward business models, capital allocation decisions in early stages of growth are relatively clear-cut –free cash flow is typically used to fund projects required to maintain the company's growth initiatives in its primary business. At a certain point however, particularly after years of strong, stable earnings growth, companies face more complex capital allocation decisions that reflect the economic realities of existing capacity restraints, slowing revenue growth, decreased end-market demand, or current market saturation. In such cases, companies face capital-intensive decisions including whether to enter a new line of business (often requiring a significantly higher cash outlay with the expectation of future profits); increasing the capacity of the existing core business (increased production capacity or greater geographic reach); or acquiring additional businesses or technologies. While our analysis of management decisions regarding cash and capital usage at small- to mid-sized companies is always challenging, the severe recession and fragile economic recovery that has unfolded over the past four years has forced us to place an even brighter analytical spotlight on such capital allocation decisions.

We further discussed our preference for companies that made thoughtful capital allocation decisions during the recession and early stages of recovery, since we believed such commitments were likely to increase shareholder value as the economic recovery accelerated.

Our analysis of previous capital allocation decisions undertaken in the early stages of economic recovery supports our preference for thoughtful, targeted cost-cutting at the onset of the recession. Companies that implemented targeted increases and decreases in capital expenditures rooted in an honest assessment of company strengths, weaknesses and operating environment have seen meaningful revenue growth and increased profitability during the early stages of recovery. Likewise, companies that protected or enhanced their competitive advantage by investing in their top divisions, products, markets and segments, or seized on the economic environment to pursue new initiatives, market segments or geographies, have demonstrated profitable revenue growth during the initial stages of recovery. For 2011 and into the foreseeable future, we believe investors who focus on a company's efficient use of capital (especially during the recent recession) and understand how capital allocation decisions result in sustainable free cash flow will be amply rewarded for their efforts.

12.31.12 OPPORTUNITIES IN SMALL- AND MID-SIZED COMPANIES

In our letter to shareholders for the fourth quarter of 2012, we renewed our case for investing in the equities of small- to mid-sized companies as more pundits and advisors encouraged investors to shift their portfolios to favor larger capitalization, well-known companies.

In our last letter to shareholders we discussed the need to prepare for both the inflationary effects of the current low-interest rate monetary policy and the realities of investing in a low-growth economic environment, and suggested that investors find ways to benefit from both productivity growth and capital appreciation in their portfolios. To meet these two challenges in 2013, we believe there is a strong case for investing in the equity securities of small- to mid-sized companies whose real economic value is unrecognized by the market, obscured

by market uncertainty or overshadowed by temporary problems. Small- to mid-size companies not in a clearly recognized high-growth mode, usually result in prices which are at material discounts from intrinsic value, thereby creating potential investment opportunities for the Fund.

Throughout the market recovery, many market strategists and financial advisors have encouraged investors to hold the equities of large capitalization companies in their portfolios, with an emphasis on dividend paying companies. While we recognize that well-managed, dividend paying companies, regardless of their size, have proven to be a valuable addition to many portfolios during challenging economic times, we believe there are compelling benefits in a portfolio of "under the radar" small- to mid-sized companies that require a detailed analysis of their financials in order to identify under-valuation. Small- to mid-size companies requiring a detailed financial analysis to ferret out value may be underfollowed and can create a competitive advantage for our style of investing. We believe our style of investing in small- to mid-size companies provide many benefits which include: the ability to invest in companies with unique new products, technologies or services which have enhanced the company's value proposition yet have been overlooked during the recent period of economic uncertainty; nimble organizations that can quickly adapt to changes in the economy; increased potential of being seen as an attractive takeover target for larger companies currently flush with cash and seeking expansion into specific markets, businesses or product categories; or business models that could be the beneficiary of our anticipated resurgence in private equity investing led by the record amounts of unspent cash.

Corporate cash balances remain at record high levels with Standard and Poor's reporting that through the third quarter of 2012, "non-financial S&P 500 companies continue to hold more than $1 trillion in cash and short-term investments on their collective balance sheet. That marks the ninth consecutive period in which corporate cash has topped that level." With record cash levels on large company balance sheets, we believe smaller companies with unique business units, products and services may become more interesting takeover targets as investors expect companies to deploy their cash to deliver greater shareholder returns. If history is a valid indicator, smaller capitalization companies are fertile ground for merger and acquisition activity. In fact, according to Dealogic, in 2012 40% of total M&A volume in North America targeted companies with market capitalizations under $1 billion.

Similarly, private equity firms are also flush with cash that could be used for acquisitions, buyouts, and other deals. According to Cambridge Associates, private equity firms have raised approximately $355 billion (Barron's, October 13, 2012) to be used over the next five to six years. Companies with market capitalizations under $10 billion provide a target-rich environment for private equity deals.

08.26.13 FOCUSING ON VALUATIONS AND REQUIRED DISCOUNTS

In our letter for the second quarter of 2013, we discussed our approach to assessing company-specific risks.

Instead of focusing on short-term price movements of a company's common stock, we believe it is more important to develop a thorough understanding of company operations, its strategy and the effectiveness of its management team as stewards of the company's capital. This is especially true for the type of small- to mid-sized companies that we tend to identify as viable investment opportunities – companies that face unique strategic choices, challenges, or problems, often due to Wall Street's constant pressure for growth.

If a company was privately owned and had no public market price, the owners would not be assessing the value of the business on a daily, monthly or quarterly basis. Private owners of commercial enterprises assess risk on the basis of losing money on operations, not as to whether or not they would be forced to sell it at an inopportune time. We approach our assessment of business risk in the same manner — by focusing on how the company's operations generate free cash flow as well as those factors that we believe are likely to impact future free cash flow.

For small- to mid-sized companies we are less concerned with overall market volatility and more concerned with predictability of sustainable free cash flow. One of our most important jobs is to develop a thorough understanding of how a company's operations generate sustainable free cash flow during growing, stagnant or deteriorating economic conditions. During the recent recession, companies that focused on improving working capital management and operating efficiencies to deliver free cash flow not only produced a higher quality of earnings, but also gained a valuable long-term perspective on their business. By optimizing cash flow from operations during a recession, management teams honed company operations to make more intelligent internal investment decisions that are likely, in our opinion, to continue to produce greater earnings and cash flow during the economic recovery.

We also discussed the importance of buying companies at a suitable discount to our estimate of private market value.

When managing the risk of the Fund's portfolio, we concern ourselves with the probability of loss over three to five year periods. We manage the overall risk on a stock-by-stock basis as we build the portfolio. First and foremost, we seek to mitigate risk by buying stocks at prices, which in our opinion, have a low probability of selling for a price substantially lower two years later, than the price we are currently paying. Thus, we attempt to reduce such downside risk by purchasing companies at prices which we believe already incorporate short-term negativity.

More importantly, since our process seeks to accurately estimate sustainable future free cash flows, we are always concerned that our estimates are too optimistic and thus our valuations three to five years hence become unrealistic. To mitigate the impact of incorrect valuations or investing in a classic "value trap," we seek to buy companies selling at a significant discount to our determination of their intrinsic value. By buying companies at a 30% or greater discount to our determination of their intrinsic value we seek to mitigate the effects of additional price deterioration when we are wrong.

08.25.14 FACING UNCERTAINTY BY FOCUSING ON FUNDAMENTALS

As market forecasters continued to speculate on a market correction or pullback during the second half of 2014, we discussed the importance of weathering such uncertainty by focusing on the equities of financially strong companies with stable or growing free cash flow.

In our opinion, one of the best ways to deal with the uncertainty of equity markets is to remain focused on company fundamentals, the quality of earnings and a company's ability to generate free cash

flow as market volatility increase and doomsayers predict the next downturn. Since we value companies based on our assessment of their ability to generate free cash flow, our approach focuses on company fundamentals and operations under both positive and negative economic and/or market environments. We not only develop a thorough understanding of how each company's operations generate sustainable free cash flow under both good and bad economic conditions, we also seek to answer a series of questions about the company's business model, its strategy, its future prospects and its management when faced with uncertain economic conditions.

We develop a thorough understanding of each company through two important analytical approaches: a bottoms-up fundamental analysis of a company's financial statements (balance sheet, income statement and cash flow statement and footnotes) and an ongoing forensic analysis of regulatory filings and other disclosures (10K, 10Q, proxy filings, annual reports, shareholder letters, public announcements etc). The objective of our fundamental analysis is to understand the company's business model and how the company's operations can generate future free cash flow under all economic scenarios. We also want to determine the level of ongoing investment that is required to maintain or grow the company's free cash flow and ultimately how much of the cash generated by a company's operations will be returned to us as investors. The objective of our forensic analysis is to determine if a company's accounting policies and practices reflect economic reality; to identify and make accounting adjustments that eliminate management's reporting bias and to identify positive or negative factors that may affect future free cash flow that may not yet be recognized and/or discounted by the investing public.

We believe our ongoing forensic analysis of a company's public filings and communications serves us well during periods of increased market volatility or economic trouble and is, in our opinion, more useful than short-term economic or market forecasts. When markets become more irrational and volatile, we believe our forensic analysis provides us with a competitive advantage and the necessary knowledge to judge the likely success of a company's strategy to produce sustainable future free cash flow that may not be properly discounted by the stock market. We also believe that such ongoing analysis is especially vital when evaluating and monitoring investments in small- to mid-sized companies facing unique strategic choices and challenges for two reasons: (1) it allows us to assess the nature and

likely duration of strategic challenges and/or problems and (2) it allows us to judge the quality, effectiveness and skill set of the management team in the face of adverse circumstances.

05.22.15 THE BENEFITS OF GETTING BACK TO BASICS

In our letter to shareholders for the first quarter of 2015, we discussed a subtle type of corporate transformation that captured our attention and led to significant investments by the Fund – companies that improve and/or grow their business by getting "back-to-basics." In this letter we highlighted the favorable characteristics we sought in several of the Fund's "back to basics" investments.

Fiscal Discipline

First and foremost an effective "back-to-basics" strategy must emphasize fiscal discipline that seeks to directly improve the company's profitability. In many cases, we have come to favor companies that have paused or halted expensive growth strategies driven by aggressive acquisitions or rapid expansion plans that have proven to be either unprofitable or produce below average returns, instead of pursuing initiatives that improve either the bottom line and/or produce returns meriting the risk. Instead of serial acquisitions, we may prefer bolt-on acquisitions that provide thoughtful geographic expansion, product line growth, technological improvements or complementary services, but more importantly, can be quickly and smoothly integrated into the company's existing infrastructure. Instead of rapid expansion plans that may impair both the company's balance sheet and its ability to generate free cash flow, we usually prefer deliberate growth that prudently leverages the balance sheet and provides more favorable returns on invested capital.

Many small- to mid-sized companies aborting unsuccessful high-growth strategies (which sought to satisfy Wall Street's demands for continued high growth), impose greater fiscal discipline on the company which catches our attention on a more subtle, but still very important, scale. Some companies may get "back to basics" through reinvestment in research and development efforts looking to develop complementary products with solid returns on investment. Other companies may greatly improve margins by rationalizing manufacturing facilities across the geographies that the business serves, while others may refocus by shedding an unprofitable

product line or division that has fueled investor misperceptions about the company's potential. The imposition of greater fiscal discipline sends a strong signal regarding the company's priorities and its renewed focus on profitability, and has resulted in many of our past "back to basics" holdings becoming rewarding investments.

Customer Focus

From our perspective, another important element of an effective "back-to-basics" investment strategy is a deliberate effort to re-focus on core customer segments. As many small- to mid-sized companies grow, they often seek to appeal to as many customer segments as possible, without anticipating the longer-term negative implications for the company's overall product lines on its future profitability as well as the potential negative impact on the organization. In trying to be "all things to all customers", companies are susceptible to costly product development missteps; frequently fail to offer products that are sufficiently differentiated from competitors' offerings; proliferate the company's product line without a strong rationale; compromise product quality; and/or significantly increase production costs.

At a certain point in the quest for above-average growth (usually after a period of disappointing results), companies step back and evaluate how well their existing product offerings meet specific customer needs. This exercise usually involves identifying and understanding who buys their products, why they buy, who are the likely future buyers, and finally, what are the costs of satisfying each segment. In our "back to basics" companies, we need to identify a change to focus on profitability rather than just market share.

Companies that refocus on core customer segments that contribute to overall company profitability are more likely to establish a rational basis for product pricing and promotional decisions, competitors' strengths and weaknesses, and finally, the customer whose needs best match the company's core capabilities. Assessing and correctly rationalizing core customer segments set a company up for increased profitability, organic revenue growth and free cash flow growth.

Reducing Complexity and Rationalizing Costs

Getting "back to basics" also helps cut through the organizational complexity and associated cost structure that tends to increase as small- to mid-sized companies attempt to undergo unsustainable or high cost periods of rapid growth. As a company becomes more customer-centric through a "back-to-basics" approach, every business unit, function or process is judged by how effectively and efficiently it adds value to the company's core customers and their experience without sacrificing the ability to create shareholder value. Parts of the organization that are unable to tailor their capabilities and decisions to answer specific customer needs may be good candidates for reduction or even elimination. Reducing or managing complexity more effectively can not only eliminate unnecessary costs, it can also lead to new sources of profit and a competitive advantage by enhancing the company's ability to adapt quickly to its changing environment.

Since 2006, when we launched the Olstein Strategic Opportunities Fund, we have identified many small- to mid-sized companies that have successfully navigated turbulent economic times to adapt, invest, grow, and restructure for the future. As we have frequently discussed in our shareholder letters over the past nine years, when economic news and events overwhelm equity markets from time to time, we believe it is critical to remain focused on company fundamentals as we wait for equity markets to hopefully regain a balanced perspective with regard to future company fundamentals. We remind you that, as the past has proven, patience often provides generous opportunities and rewards for the diligent investor.

Looking FORWARD to Our NEXT DECADE

As the Olstein All Cap Value Fund enters its third decade and the Olstein Strategic Opportunities Fund approaches its ten-year anniversary, we remain committed to achieving the funds' investment objectives. We hope that by reviewing our thoughts and analysis as well as eventual outcomes contained in these excerpts (and in the full shareholder letters), you will read our future shareholder letters with a deeper appreciation of what we're about and what we're trying to accomplish. As always, we believe the investment landscape will ebb and flow with some periods dominated by optimism and others characterized by pessimism. We are hopeful that this ever-changing landscape will continue to present compelling opportunities for the funds, and allow shareholders to benefit from Olstein's unique approach to value investing.

Our portfolio management team has and will continue to demonstrate its faith in Olstein's investment discipline by investing a material portion of our equity net worth in our Funds. Happy Anniversary and we look forward to serving you over the next ten years. As fellow shareholders, we are dedicated to diligently working towards the funds' investment objectives. We value your trust and thank you for your continued support.

This information should be preceded or accompanied by a current prospectus, which contains more complete information, including investment objectives, risks, charges and expenses of the Olstein Funds and should be read carefully before investing. A current prospectus may be obtained by calling (800) 799-2113 or visiting the Olstein Funds' website at www.olsteinfunds.com.

The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. There is no assurance that the fund will achieve its investment objective.

The above represents opinion, and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. The references to securities are not buy or sell recommendations, but are intended to be descriptive examples of the fund's investment philosophy and are subject to change. Do not make investments based on the securities referenced. This publication refers to certain historic economic and market events that may not have continued applicability in today's environment. Accordingly, the authors' view of such events were as of the date of original publication and are subject to material changes without notice.

The Olstein Funds follow a value-oriented investment approach. However, a particular value stock may not increase in price as the Investment Manager anticipates and may actually decline in price if other investors fail to recognize the stock's value or if a catalyst that the Investment Manager believes will increase the price of the stock does not occur or does not affect the price of the stock in the manner or to the degree that the Investment Manager anticipated. Also, the Investment Manager's calculation of a stock's private market value involves estimates of future cash flow which may prove to be incorrect and, therefore, could result in sales of the stock at prices lower than the Fund's original purchase price.

An investment in a portfolio containing small- and mid-cap companies is subject to additional risks, as the share prices of small- and mid-cap companies are often more volatile than those of larger companies due to several factors, including limited trading volumes, products, financial resources, management inexperience and less publicly available information. The activist strategy invests in stocks of underperforming companies and any shareholder activism might not result in a change in performance or corporate governance. These stocks could also experience less liquidity and higher share price and trading volume volatility than stocks of other companies.

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