

**BOARD OF PENSION TRUSTEES  
FOR THE  
CITY OF JACKSONVILLE RETIREMENT SYSTEM  
Thursday, October 7, 2021  
City Hall Conference Room 3C at 1PM**

**AGENDA**

**1:00 PM**

- 1. CALL TO ORDER**
- 2. PUBLIC COMMENT**
- 3. INVESTMENT AND FINANCIAL MATTERS**
  - a. SMID Value Finalist Presentations – (30 Min Pres. + 20 min Q&A)
    - Introduction & Process Review (1:00 PM – 1:05 PM)
    - Kayne Anderson Rudnick (1:05 PM – 1:55 PM)
    - Smith, Graham & Co. (2:00 PM – 2:50 PM)
    - Systematic Financial Management (3:00 PM – 3:50 PM)
    - Board Discussion
- 4. INFORMATION**
  - a. The next regular BOT meeting will be Thursday, October 28, 2021, at 2:00 PM.
- 5. PRIVILEGE OF THE FLOOR**
- 6. ADJOURNMENT**



Kayne Anderson Rudnick  
Investment Management

Presented to:  
City of Jacksonville

Small-Mid Cap Quality Value Portfolio  
Second Quarter 2021

# Firm Overview

As of June 30, 2021



Kayne Anderson Rudnick  
Investment Management

## Profile

- Originally established to manage founder capital
- Over three decades of experience
- A differentiated “business analyst” investment approach focusing on high-quality businesses
- A disciplined and repeatable investment process that produces high-conviction portfolios
- A wholly owned, independent subsidiary of Virtus Investment Partners

## At a Glance

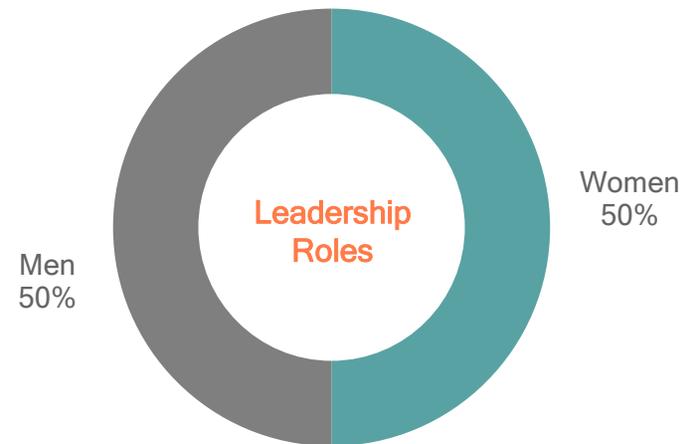
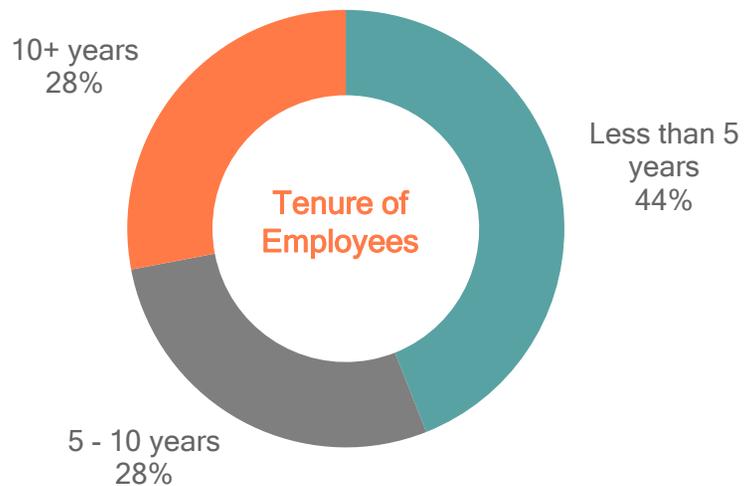
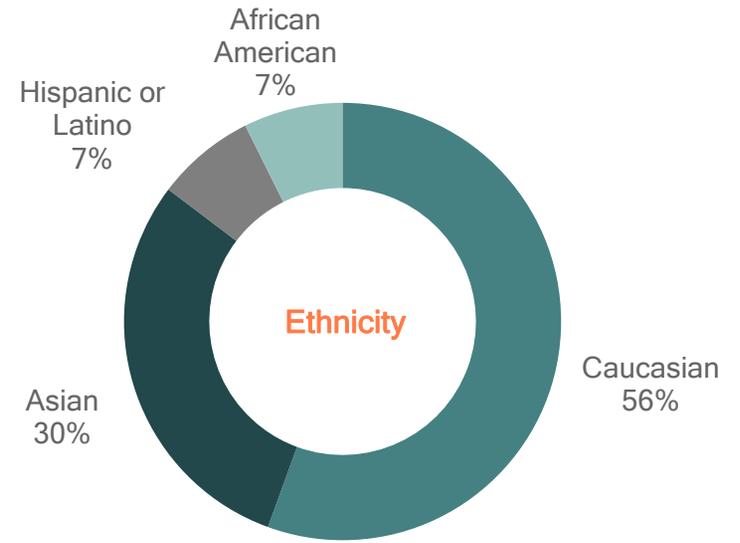
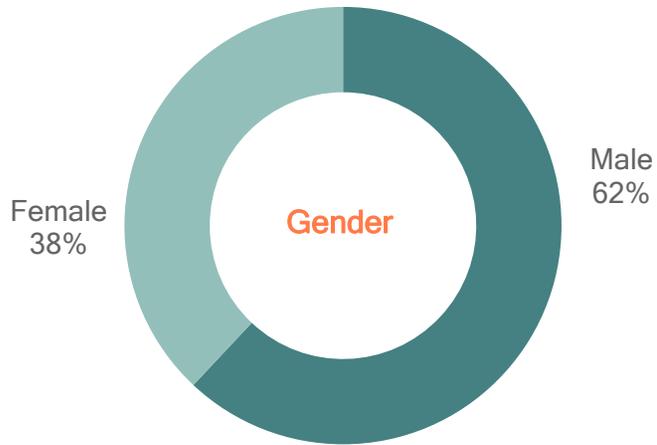
Year Founded	1984
Headquarters	Los Angeles, CA
AUM	\$61.2 billion
Number of Equity Investment Professionals	16
Average Investment Experience	17 Years

# Employee Statistics

As of June 30, 2021



Kayne Anderson Rudnick  
Investment Management



Numbers may not always add up due to rounding.

# Small-Mid Cap Quality Value Team



Kayne Anderson Rudnick  
Investment Management

Portfolio Manager/Analysts	Responsibility	Research Experience	Years with KAR
Douglas S. Foreman, CFA	Chief Investment Officer	35 Years	10 Years
Julie Kutasov	Portfolio Manager and Senior Research Analyst Sector Coverage: Materials and Industrials	20 Years	20 Years
Craig Stone	Portfolio Manager and Senior Research Analyst Sector Coverage: Industrials	32 Years	21 Years
Todd Bailey, CFA	Senior Research Analyst Sector Coverage: Energy and Communication Services	22 Years	19 Years
Julie Biel, CFA	Senior Research Analyst Sector Coverage: Information Technology	13 Years	8 Years
Jon Christensen, CFA	Senior Research Analyst Sector Coverage: Health Care	26 Years	20 Years
Chris Wright, CFA	Senior Research Analyst Sector Coverage: Financials and Real Estate	9 Years	9 Years
Sean Dixon	Research Analyst Sector Coverage: Consumer Discretionary and Industrials	12 Years	3 Years
Adam Xiao, CFA	Research Analyst Sector Coverage: Consumer Staples, Financials and Industrials	6 Years	3 Years

Institutional Client Services	Responsibility	Industry Experience	Years with KAR
Daniela Bailly	Managing Director - Consultant Relations	26 Years	19 Years
Jordan Greenhouse	Managing Director - Senior Client Portfolio Manager	24 Years	5 Years
Maritza Gonzalez	Director - Institutional Client Services	20 Years	17 Years
Ben Corser	Senior Client Service Associate	15 Years	3 Years
Kristian Katechis	Marketing Associate	3 Years	1 Year

### Investment Philosophy

We believe that purchasing high-quality businesses with competitive protections at attractive valuations will achieve excess returns over a complete market cycle

### Investment Objectives

- To achieve a return meaningfully above that of the Russell 2500™ Value Index
- To achieve this return objective with a portfolio that exhibits lower overall risk characteristics



### Competitive Protection

- Brand/Reputation
- Network Effect
- Scale/Cost Advantage
- Benchmarking Standard
- High Customer Switching Costs
- Barriers to Entry/Unique Asset
- Low Obsolescence Risk



### Owner-Oriented Management

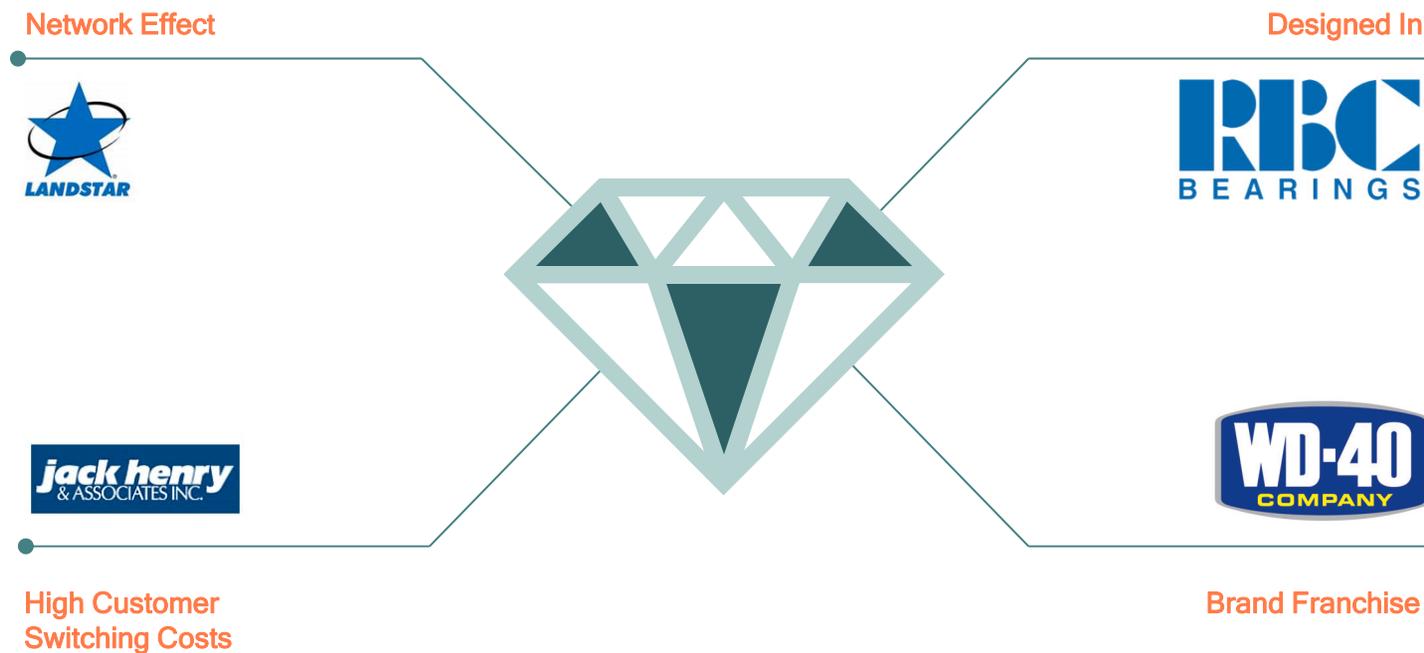
- Cultivates Competitive Advantage
- Rational Capital Allocation
- Considers Stakeholder Interests



## KAR HIGH QUALITY BUSINESS

- Protect and Grow Market Share
- High Economic Return on Capital
- Business Returns → Shareholder Returns

## Examples of High-Quality Business Models



*The securities presented on this page are chosen based upon objective, non-performance based criteria and are current holdings of the strategy. Companies are chosen to exemplify diversification. We typically select companies that operate in large, vast industries, but have overwhelming market share for their particular niches. All information is provided for informational purposes only and should not be deemed as a recommendation to purchase the securities mentioned. It should not be assumed that securities recommended in the future will be profitable. A complete list of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Holdings are subject to change. Individual investors' holdings may differ slightly.*

# Investment Process Overview

## A Business Analyst Approach

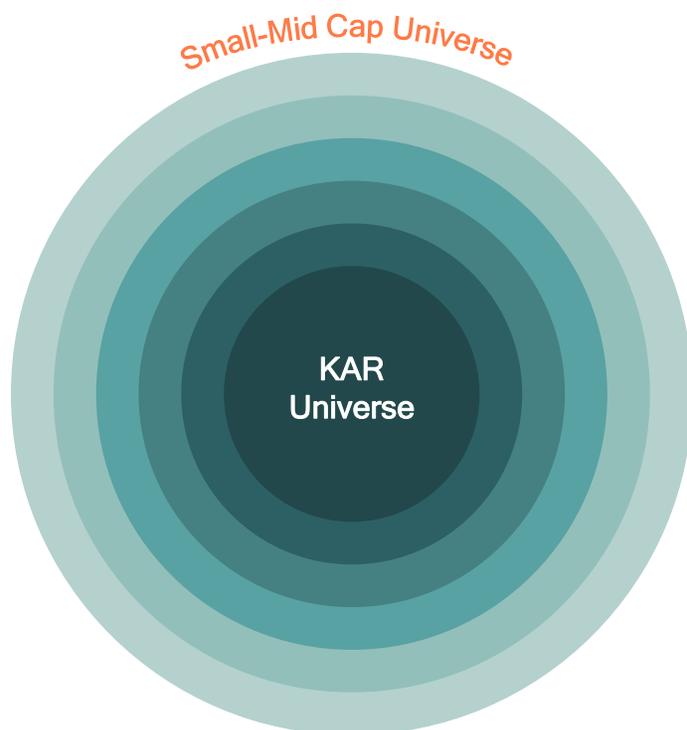
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Investment Management



## We source our investment universe in a number of ways



### Quantitative Screens

- High return on capital over a full economic cycle
- Long and resilient earnings history
- High return on net operating assets
- Minimal debt

### Other Resources

- Research on existing portfolio holdings
- Meetings with companies
- Industry reviews
- Investment conferences
- Third-party research



Research analysts and portfolio managers work together to develop in-depth business knowledge



### Qualitative Analysis

**Purpose:** Determine if competitive advantage exists and evaluate its strength.

- Review regulatory filings, company materials, industry data, and third party research
- Conduct comprehensive interviews with management; contact other relevant parties
- Understand basis of competition within industry
- Assess competitive threats and obsolescence risk: What protects the business?

### Financial Analysis

**Purpose:** Evaluate source, level, and sustainability of economic profitability.

- Seek: High and resilient return on capital
- Seek: Persistent earning power
- Seek: Abundant discretionary cash flow
- Seek: Under-levered balance sheet
- Assess management's capital allocation practices; favor high insider ownership

### Valuation Analysis

**Purpose:** Estimate total return over several year period; compare to other opportunities considering varying levels of certainty

- Consider economic earning power in relation to enterprise value
- In our view, mispricing can be created by: Underfollowed company, investors' over-reaction to short-term challenges, improved competitive position not yet recognized

# 3 | Investment Process

## Portfolio Construction



### Investment Guidelines

<b>Position Weights</b>	<ul style="list-style-type: none"><li>• 25-35 holdings</li><li>• Maximum initial position size is 5% (at cost)</li><li>• Maximum position size is 10% (at market)</li></ul>
<b>Sector Tolerances</b>	<ul style="list-style-type: none"><li>• Seek broad diversification, but no sector constraints</li></ul>
<b>Non-U.S. Holdings</b>	<ul style="list-style-type: none"><li>• Up to 20%</li></ul>
<b>Holding Period</b>	<ul style="list-style-type: none"><li>• Typically 3-to-5 years, but is often longer</li><li>• Portfolio turnover typically 25% to 35%</li></ul>
<b>Cash Levels</b>	<ul style="list-style-type: none"><li>• Typically will not exceed 10% once a portfolio is fully invested; review by CIO triggered if over 10%</li></ul>

# 3 | Investment Process

## Sell Discipline



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Investment Management

### Sell Discipline

<b>Extended Valuation</b>	<ul style="list-style-type: none"><li>• Significant premium to intrinsic value</li><li>• Expected annual return insufficient</li></ul>
<b>Portfolio Upgrade</b>	<ul style="list-style-type: none"><li>• Better business</li><li>• Better price</li></ul>
<b>Acquisition Activity</b>	<ul style="list-style-type: none"><li>• Our holding acquired at an attractive premium</li><li>• Our holding acquires a company diminishing its business or value</li></ul>
<b>Negative Company or Industry Changes</b>	<ul style="list-style-type: none"><li>• Position review research report written for any of the following conditions:<ul style="list-style-type: none"><li>- Stock price declines 20% or more in a short time period absent a broad market decline</li><li>- Validity deteriorates for one or more of the reasons for purchase</li><li>- Credit-quality profile deteriorates</li></ul></li><li>• Quality parameters reviewed by the Chief Investment Officer with the Portfolio Managers</li></ul>

# 4 | Investment Process

## Risk Management & Portfolio Monitoring



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### Risk Management

<b>Investment Philosophy</b>	<ul style="list-style-type: none"> <li>• Focus on “high-quality” companies</li> <li>• Company’s “business risk” is primary risk control factor</li> </ul>
<b>Portfolio Level Controls</b>	<ul style="list-style-type: none"> <li>• Broad sector diversification</li> <li>• Individual security weights initiated at 2% to 5% of portfolio</li> </ul>
<b>Position Reviews</b>	<ul style="list-style-type: none"> <li>• “Position Review” report when a portfolio holding declines 20% absent a broad market decline</li> <li>• Re-validate reasons for original purchase or sell position</li> </ul>
<b>Trading Guidelines</b>	<ul style="list-style-type: none"> <li>• Guidelines provided by Portfolio Managers when entering and exiting portfolio holdings</li> <li>• Relative benchmarks and transaction costs are monitored in real time to ensure investments are implemented both efficiently and effectively</li> </ul>

### Portfolio Monitoring

<b>Risk and Compliance Committee</b>	<ul style="list-style-type: none"> <li>• Meets quarterly to independently evaluate portfolio risk exposures with findings presented to the Chief Investment Officer</li> </ul>
<b>CIO/PM Meetings</b>	<ul style="list-style-type: none"> <li>• Provides a forum for the Chief Investment Officer and the Portfolio Managers to review, discuss, and explain each strategy’s portfolio positioning and its performance</li> </ul>
<b>Research Meetings</b>	<ul style="list-style-type: none"> <li>• Provides a forum to discuss and evaluate portfolio holdings and overall industry trends</li> </ul>
<b>Performance Analytics and Portfolio Attribution</b>	<ul style="list-style-type: none"> <li>• Allows Portfolio Managers to quantify investment decisions and understand drivers of return and risk characteristics</li> </ul>

# Portfolio Characteristics

Higher Quality, Stronger, More Consistent Growth, & Better Value  
Small-Mid Cap Quality Value Portfolio – As of June 30, 2021



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	KAR Small-Mid Cap Quality Value	Russell 2500™ Value Index
<b>Quality</b>		
Return on Equity—Past 5 Years	<b>24.8%</b>	10.6%
Total Debt/EBITDA	<b>2.0 x</b>	5.5 x
Earnings Variability—Past 10 Years	<b>36.9%</b>	76.8%
<b>Growth</b>		
Earnings Per Share Growth—Past 5 Years	<b>14.0%</b>	8.7%
Earnings Per Share Growth—Past 10 Years	<b>9.6%</b>	6.4%
Dividend Per Share Growth—Past 5 Years	<b>12.7%</b>	3.8%
Dividend Per Share Growth—Past 10 Years	<b>13.4%</b>	8.9%
Capital Generation—{ROE x (1-Payout)}	<b>16.1%</b>	7.6%
<b>Value</b>		
P/E Ratio—Trailing 12 Months	<b>36.2 x</b>	32.6 x
Dividend Yield	<b>1.0%</b>	1.5%
Free Cash Flow Yield†	<b>4.3%</b>	4.5%
<b>Market Characteristics</b>		
\$ Weighted Average Market Cap—3-Year Average	<b>\$8.6 B</b>	\$5.2 B
Largest Market Cap—3-Year Average	<b>\$24.8 B</b>	\$17.5 B
Annualized Standard Deviation—Since Inception*	<b>17.5%</b>	20.1%

In a market of average businesses, we seek to own protected proprietary businesses that generate exceptional returns on shareholders' capital without employing significant debt.

In a market of cyclical businesses requiring growth capital from fickle markets, we seek to own companies producing self-funded strong, consistent growth sustainable into the future.

And we have historically been able to achieve this high quality and strong growth at a discount valuation to the market.

\*January 1, 2008

†Free cash flow data is as of March 31, 2021. Prices are as of June 30, 2021. Excludes financials.

**This material is deemed supplemental and complements the performance and disclosure at the end of this presentation.**

Data is obtained from FactSet Research Systems and BNY Mellon and is assumed to be reliable. Other principal consultant firms may use different algorithms to calculate selected statistics.

Estimates are based on certain assumptions and historical information. **Past performance is no guarantee of future results.**

# Summary of Key Differentiators

## We Manage Risk and Generate Returns Differently



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	CLASSIC APPROACH*	KAR APPROACH
RISK	<p>stock portfolio <b>75</b></p> <p>1% to 2% positions</p> <p>No stock can help or hurt more than 2%</p>	<p>stock portfolio <b>25-35</b></p> <p>3% to 10% positions in high-quality companies</p> <ul style="list-style-type: none"> <li>Minimal business risk</li> <li>Minimal balance sheet risk</li> <li>Minimal profit risk</li> </ul>
RETURNS	<p>Average companies producing average returns on capital</p> <p>Buying cheap and selling dear required for above-average portfolio returns</p> <p>6 months average holding period</p> <p>High frictional costs due to RAPID trading</p> <p>Poor tax efficiency due to short holding periods</p>	<p>Exceptional companies producing exceptional returns on capital</p> <p>Buy at attractive price and let exceptional returns on capital drive exceptional growth and income over extended period of time</p> <p>36 to 60 months average holding period, but often longer</p> <p>Low frictional costs due to LESS trading</p> <p>Inherent tax efficiency</p>

\* The Classic Approach is based upon competitors with 75 holdings or more. The observations are generalized and do not represent any specific competitor's investment approach. Past performance is no guarantee of future results.

- **Portfolio Data**
- **Biographies**
- **Representative Client List**
- **Disclosure**

# Sector Weights

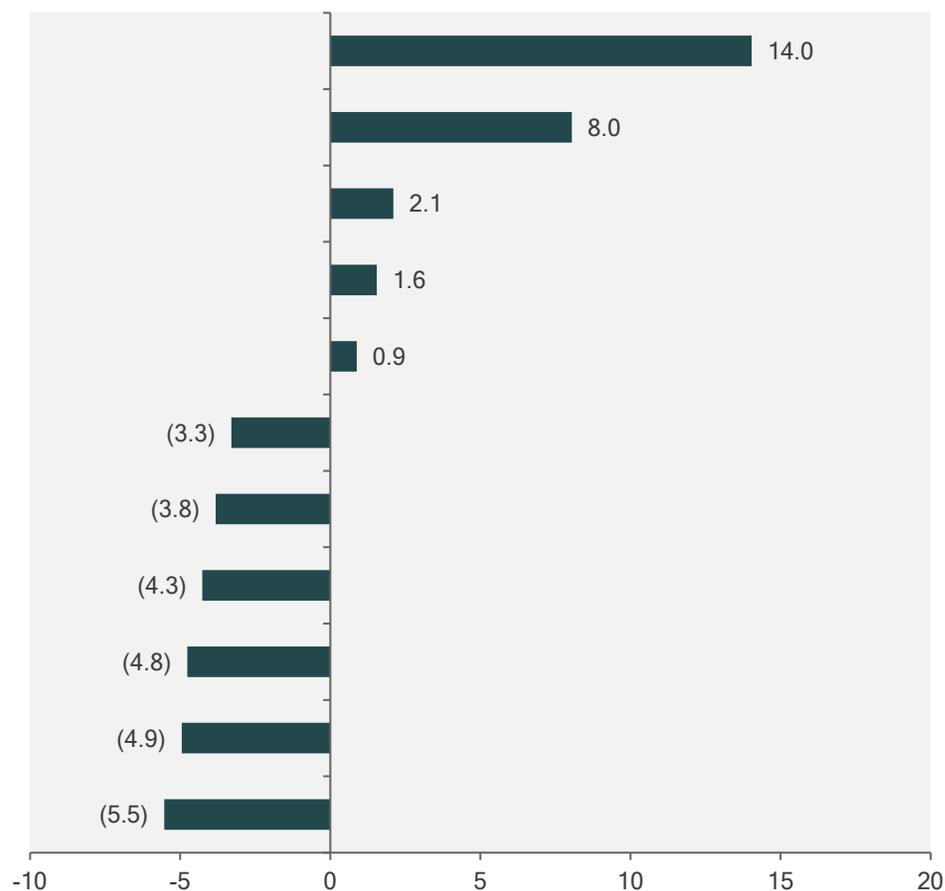
Small-Mid Cap Quality Value Portfolio  
As of June 30, 2021



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Sectors	KAR Small-Mid Cap Quality Value (%)	Russell 2500™ Value Index (%)
Information Technology	23.0	9.0
Industrials	25.3	17.2
Consumer Discretionary	12.9	10.8
Consumer Staples	4.8	3.2
Materials	7.6	6.7
Communication Services	—	3.3
Utilities	—	3.8
Financials	15.9	20.1
Energy	—	4.8
Health Care	4.0	9.0
Real Estate	6.5	12.0

## Underweight/Overweight (%)



*This material is deemed supplemental and complements the performance and disclosure at the end of this presentation.*

*A complete list of portfolio holdings and specific security transactions for the preceding 12 months is available upon request. Holdings are subject to change. Holdings and weightings are based on a representative portfolio. Individual investors' holdings may differ slightly. The sector information represented above is based on GICS sector classifications. Data is obtained from FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding.*

# Conviction-Driven Investing Provides Opportunities for Excess Return

## Small-Mid Cap Quality Value Portfolio

As of June 30, 2021



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Top 10 Holdings	GICS Sector	% of Portfolio
Zebra Technologies	Information Technology	5.1
Scotts Miracle-Gro	Materials	5.1
MSCI	Financials	5.0
Teradyne	Information Technology	4.3
Thor Industries	Consumer Discretionary	4.3
TransUnion	Industrials	4.1
W. R. Berkley	Financials	3.9
RBC Bearings	Industrials	3.8
Jack Henry & Associates	Information Technology	3.7
Toro	Industrials	3.6
<b>Total</b>		<b>42.8</b>

Research confidence leads to large active weights

	KAR Small-Mid Cap Quality Value	Russell 2500™ Value Index
# of Holdings	31	1,814
Average Position Size (%)	3.2	0.1
Weight of Top Ten Holdings (%)	42.8	4.1
Active Share (%)	98.1	—

The strategy benefits from diversification while still taking significant active positions

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# Strong Risk-Adjusted Returns

## Small-Mid Cap Quality Value Portfolio

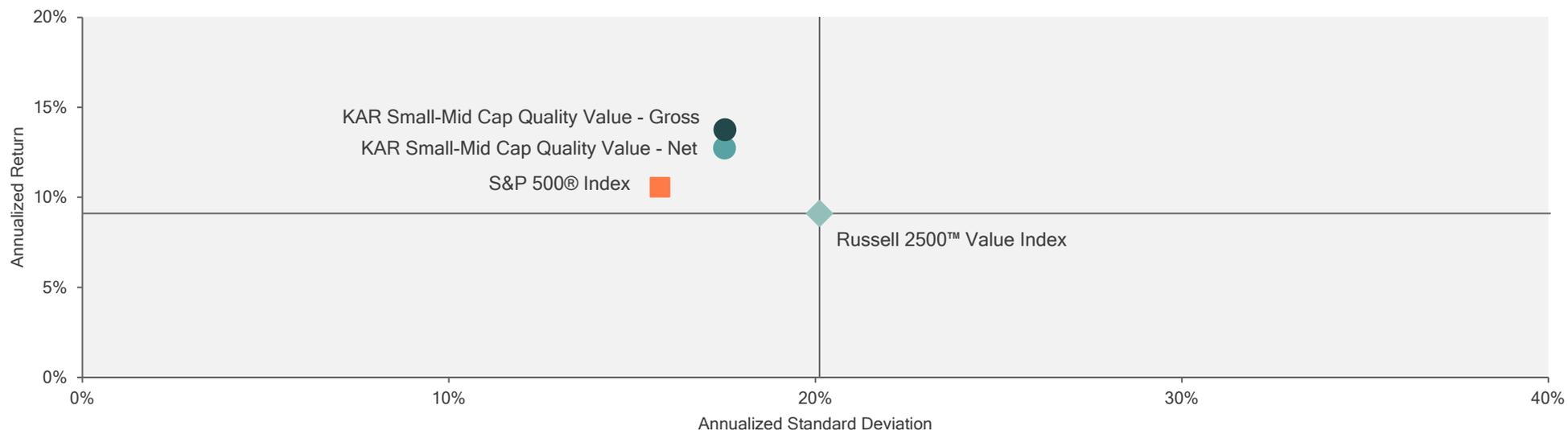
Inception\* to June 30, 2021



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### Meaningful Excess Return with Lower Volatility

Annualized Since Inception\*



### Strong Risk-Adjusted Performance Metrics

Annualized Since Inception\*

	Alpha	Sharpe Ratio	Standard Deviation	Semi-Standard Deviation	Beta	Tracking Error
KAR Small-Mid Cap Quality Value	5.60	0.75	17.53	13.20	0.83	6.57
Russell 2500™ Value Index	0.00	0.42	20.11	15.50	1.00	0.00

\*January 1, 2008

*This material is deemed supplemental and complements the performance and disclosure at the end of this presentation.*

Returns for the Kayne Anderson Rudnick composite are preliminary and are gross of fees unless otherwise specified. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. **Past performance is no guarantee of future results.**

# Peer Comparison

## Small-Mid Cap Quality Value Portfolio

### Inception\* to June 30, 2021



Kayne Anderson Rudnick  
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● KAR Small-Mid Cap Quality Value    ● Russell 2500™ Value Index    ■ Small-Mid Cap Value Universe

\*January 1, 2008

**This material is deemed supplemental and complements the performance and disclosure at the end of this presentation.**

The Small-Mid Cap Value Universe includes all managers categorized in the small-mid cap value asset class by eVestment.

Returns for the Kayne Anderson Rudnick composite are preliminary and are gross of fees unless otherwise specified. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. **Past performance is no guarantee of future results.** Management fees are described in Form ADV Part 2, which is available upon request. Gross annual returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Net annual returns have been calculated after the deduction of an assumed maximum annual fee of 0.90%. The effect on performance would grow at a compounded rate. Over a five-year period, if a \$250,000 portfolio had an annual return of 10%, it would grow to \$402,628. The net compounded effect of a 0.90% annual investment management fee would total \$16,204 and result in a portfolio value of \$386,424.

# Returns

## Small-Mid Cap Quality Value Portfolio



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### Annualized Performance

Periods Ending 6/30/21	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
Second Quarter	2.80	2.57	5.00	(243)
Year to Date	15.77	15.27	22.68	(741)
1 Year	47.55	46.27	63.23	(1,696)
3 Years	18.56	17.51	10.60	691
5 Years	16.96	15.93	12.29	364
7 Years	14.03	13.01	8.82	420
10 Years	14.46	13.46	10.93	253
Since Inception*	13.76	12.74	9.11	363

### Calendar Year Performance

Periods Ending 12/31	Gross (%)	Net (%)	Index (%)	Excess Return - Net (bps)
2020	24.69	23.59	4.88	1,871
2019	33.20	32.03	23.56	846
2018	(11.97)	(12.77)	(12.36)	(42)
2017	18.43	17.38	10.36	703
2016	19.69	18.63	25.20	(657)
2015	(0.58)	(1.47)	(5.49)	402
2014	8.88	7.89	7.11	78
2013	36.30	35.13	33.32	180
2012	11.01	10.07	19.21	(915)
2011	7.40	6.52	(3.36)	988
2010	25.83	24.61	24.82	(21)
2009	32.51	31.22	27.68	355
2008	(18.99)	(19.82)	(31.99)	1,217

\*January 1, 2008

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*Returns for the Kayne Anderson Rudnick composite are preliminary. All periods less than one year are total returns and are not annualized. For further details on the composite, please see the disclosure statement in this presentation. Data is obtained from FactSet Research Systems and is assumed to be reliable. Numbers may not always add up due to rounding.*

***Past performance is no guarantee of future results.***

# Biographies

## Small-Mid Cap Quality Value Team



Kayne Anderson Rudnick  
Investment Management



### **Douglas S. Foreman, CFA**

*Chief Investment Officer and Member of the Executive Management Committee*

Mr. Foreman has approximately 35 years of investment experience. Before joining Kayne Anderson Rudnick in 2011, Mr. Foreman was Director of Equities at HighMark Capital Management and before that he was Group Managing Director and Chief Investment Officer of U.S. equities at Trust Company of the West (TCW). He earned a B.S. in Marine Engineering from The U.S. Naval Academy and an M.B.A. from Harvard University. Mr. Foreman is a Chartered Financial Analyst charterholder.



### **Julie Kutasov**

*Portfolio Manager and Senior Research Analyst with primary research responsibilities for the small and mid-capitalization materials and industrials sectors*

Before joining Kayne Anderson Rudnick in 2001, Ms. Kutasov worked at Goldman Sachs in a program focused on investment management for high-net worth individuals and at Arthur Andersen as a Senior Associate leading teams that provided financial-audit and business-advisory services to a variety of clients in service-related industries. Ms. Kutasov holds a Certified Public Accountant license (currently inactive) in the state of California. She has approximately 20 years of equity research experience. Ms. Kutasov earned a B.A. in Business Economics from the University of California, Los Angeles, where she graduated summa cum laude, and an M.B.A. from Harvard Business School.



### **Craig Stone**

*Portfolio Manager and Senior Research Analyst with primary research responsibilities for the small and mid-capitalization industrials sector*

Mr. Stone has approximately 32 years of equity research experience. Before joining Kayne Anderson Rudnick in 2000, Mr. Stone was a Portfolio Manager at Doheny Asset Management. He earned a B.S. in International Business from San Francisco State University and an M.B.A. from the University of Southern California.

# Biographies

## Small-Mid Cap Quality Value Team



Kayne Anderson Rudnick  
Investment Management



### **Todd Beiley, CFA**

*Senior Research Analyst with primary research responsibilities for the small and mid-capitalization communication services and energy sectors*

Before joining Kayne Anderson Rudnick in 2002, Mr. Beiley worked as an Associate Analyst in equity research at Prudential Securities and before that was an Equity Research Associate at RNC Capital Management. He has approximately 22 years of equity research experience. Mr. Beiley earned a B.S. in Finance from Northern Arizona University and an M.B.A. from the University of Southern California. Mr. Beiley is a Chartered Financial Analyst charterholder.



### **Julie Biel, CFA**

*Senior Research Analyst with primary research responsibilities for the small and mid-capitalization information technology sector*

Before joining Kayne Anderson Rudnick in 2013, Ms. Biel worked at Imperial Capital as an Equity Research Associate. Prior to business school, Ms. Biel was an Equity Research Associate at Merrill Lynch. She has approximately 13 years of equity research experience. Ms. Biel earned a B.A., in Economics and Psychology from New York University and an M.B.A. from the University of California, Los Angeles. Ms. Biel is a Chartered Financial Analyst charterholder.



### **Jon Christensen, CFA**

*Senior Research Analyst with primary research responsibilities for the small and mid-capitalization health care sector*

Before joining Kayne Anderson Rudnick in 2001, Mr. Christensen was a Portfolio Manager and Senior Research Analyst for Doheny Asset Management and has approximately 26 years of equity research experience. He earned a B.S. in Mathematics/Applied Science from the University of California, Los Angeles, and an M.B.A. from the California State University, Long Beach. Mr. Christensen is a Chartered Financial Analyst charterholder.



### **Chris Wright, CFA**

*Senior Research Analyst with primary research responsibilities for the financials and real estate sectors*

Before joining Kayne Anderson Rudnick in 2012, Mr. Wright worked at Alvarez & Marsal as a Senior Associate in Turnarounds and Restructuring and at Houlihan Lokey Howard & Zukin as an Associate in the Investment Banking Financial Institutions Group. He has approximately nine years of equity research experience. Mr. Wright earned a B.S.E., concentration in Finance, from the Wharton School at the University of Pennsylvania and an M.B.A. from the University of California, Los Angeles where he was selected for the Student Investment Fund. Mr. Wright is a Chartered Financial Analyst charterholder.

# Biographies

## Small-Mid Cap Quality Value Team

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Kayne Anderson Rudnick  
Investment Management



### **Sean Dixon**

*Research Analyst with primary research responsibilities for the small and mid-capitalization consumer discretionary and industrials sectors*

Before joining Kayne Anderson Rudnick in 2018, Mr. Dixon worked as an analyst at Denver Investments, covering international small-cap stocks. Mr. Dixon has approximately 12 years of equity research experience. Mr. Dixon earned his bachelor's degree in finance from the University of Denver.



### **Adam Xiao, CFA**

*Research Analyst with primary research responsibilities for the small and mid-capitalization consumer staples, financials and industrials sectors*

Before joining Kayne Anderson Rudnick in 2018, Mr. Xiao was with Diamond Hill Capital Management, where he was a senior associate covering telecommunications and networking equipment companies. He has approximately six years of equity research experience. Mr. Xiao earned his B.A. in operations research and management science from UC Berkeley and his MBA from Columbia Business School. Mr. Xiao is a Chartered Financial Analyst charterholder.

# Biographies

## Institutional Client Services Team



Kayne Anderson Rudnick  
Investment Management



### Daniela Bailly

*Managing Director - Consultant Relations*  
310-284-5540 / [DBailly@kayne.com](mailto:DBailly@kayne.com)

Ms. Bailly has approximately 26 years of experience in the investment management industry. Before rejoining Kayne Anderson Rudnick in 2009, Ms. Bailly was Vice President of Marketing at Bjurman, Barry & Associates, where she covered the central territories as well as National Sales, working closely with Portfolio Managers and Management. Before that position, she was an Internal Wholesaler and Key Accounts Manager for the Advisory Services Group for Kayne Anderson Rudnick.



### Maritza Gonzalez

*Director - Institutional Client Services*  
310-284-6423 / [MGonzalez@kayne.com](mailto:MGonzalez@kayne.com)

Ms. Gonzalez has approximately 20 years of experience in the investment management industry. Before joining Kayne Anderson Rudnick in 2004, Ms. Gonzalez spent nine years of her career at the Capital Group Companies working in a variety of roles, including Presentation Development Coordinator. Ms. Gonzalez earned a B.A. in Sociology from the California State University Northridge and a J.D. from the Glendale University College of Law.



### Kristian Katechis

*Marketing Associate*  
310-284-5580 / [KKatechis@kayne.com](mailto:KKatechis@kayne.com)

Mr. Katechis has approximately three years of experience in the investment management industry. Before joining Kayne Anderson Rudnick in 2019, Mr. Katechis worked as a Presentation Assistant at Umpqua Investments cross-training in Client Services and Operations. Mr. Katechis earned his B.S. in Economics from Portland State University.



### Jordan Greenhouse

*Managing Director - Senior Client Portfolio Manager*  
310-284-5596 / [Jgreenhouse@kayne.com](mailto:Jgreenhouse@kayne.com)

Before joining Kayne Anderson Rudnick in 2016, Mr. Greenhouse worked at Fidelity Investments for approximately 17 years in a variety of roles, most recently as a Regional Vice President in their Private Client Group. He also served as the Chief Operating Officer at Rady Asset Management. He has approximately 24 years of investment experience. Mr. Greenhouse earned a B.S. in Psychology from the University of Utah and an M.B.A. from the Johnson Graduate School of Management at Cornell University.



### Ben Corser

*Senior Client Service Associate*  
310-284-6414 / [BCorser@kayne.com](mailto:BCorser@kayne.com)

Mr. Corser has approximately 15 years of experience in the investment management industry. Before joining Kayne Anderson Rudnick in 2017, Mr. Corser worked as Client Service and Marketing Associate at Wilshire Associates and before that he worked in a variety of roles at Western Asset, including RFP Associate and Portfolio Administrator. Mr. Corser earned his BBA in Finance from University of Portland.

# Biographies

## Executive Management



Kayne Anderson Rudnick  
Investment Management



**Stephen A. Rigali, CFA**

*Executive Managing Director and Member of the Executive Management Committee*

Mr. Rigali has approximately 40 years of experience in the investment management industry. Before joining Kayne Anderson Rudnick in 1991, Mr. Rigali was a Vice President at Shearson Lehman Brothers. Mr. Rigali earned a B.S. in Business and Economics from Loyola Marymount University. He is a Chartered Financial Analyst charterholder and a member of the CFA Society of Los Angeles, Inc.



**Douglas S. Foreman, CFA**

*Chief Investment Officer and Member of the Executive Management Committee*

Mr. Foreman has approximately 35 years of investment experience. Before joining Kayne Anderson Rudnick in 2011, Mr. Foreman was Director of Equities at HighMark Capital Management and before that he was Group Managing Director and Chief Investment Officer of U.S. equities at Trust Company of the West (TCW). He earned a B.S. in Marine Engineering from The U.S. Naval Academy and an M.B.A. from Harvard University. Mr. Foreman is a Chartered Financial Analyst charterholder.



**Jeannine G. Vanian**

*Chief Operating Officer and Member of the Executive Management Committee*

Ms. Vanian has approximately 34 years of experience in the investment management industry, including 32 years with Kayne Anderson Rudnick. Ms. Vanian attended The American University in Cairo, Egypt.

# Representative Clients



Kayne Anderson Rudnick  
Investment Management

## Corporate

Coffman Engineers  
Lewitt, Hackman, et al.  
Majestic Life Insurance Company  
Majestic Mortuary Services  
Marathon Petroleum Company  
Morley Group  
National Federation of Independent Business  
Pekin Insurance  
Tennant Company

## Endowments & Foundations

Community West Foundation  
Dumont Foundation  
Hartford HealthCare  
LeRoy Haynes Center  
San Francisco Opera Association  
Santa Barbara Zoological Foundation

## Public Funds

Amarillo Firemen's Relief and Retirement Fund  
California Department of Human Resources  
Champaign Police  
City of Amarillo  
City of Aurora Police  
City of Deerfield Beach  
City of North Miami  
City of St. Louis  
Deerfield Beach  
Elgin Firefighters Pension Fund  
Elgin Police Pension Fund  
Intergovernmental Risk Management Agency  
Maryland 529  
MEABF of Chicago  
New Mexico PERA  
Ohio Public Employees Retirement System  
Rockford Police Pension Fund  
Texas ERS  
The Maywood Police Pension Fund

## Religious Organizations

Baptist Health  
Brethren Benefit Trust  
First Presbyterian Society  
Texas Presbyterian Foundation

## Taft-Hartley

Boilermakers National Funds  
Chicago Transit Authority  
Western States Insulators and Allied Workers

*The above is a partial list of representative clients whose names have been chosen based on their universal name recognition only. It is not known whether the client approves or disapproves of Kayne Anderson Rudnick Investment Management, LLC or the investment advisory services provided. This list is provided for informational purposes only. It does not constitute an endorsement or testimonial by these clients.*

# Disclosure

## Small-Mid Cap Quality Value Portfolio



Kayne Anderson Rudnick  
Investment Management

Year	Composite Gross Return (%)	Composite Net Return (%)	Russell 2500® Value Index Annual Return (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Accounts	Internal Dispersion (%)	Composite Assets (\$ Millions)	Firm Assets (\$ Millions)
2010	25.83	24.61	24.82	24.26	27.35	< 5	N/A	< 1	4,729
2011	7.40	6.52	(3.36)	20.07	24.57	< 5	N/A	1	5,232
2012	11.01	10.07	19.21	13.97	18.67	< 5	N/A	85	6,545
2013	36.30	35.12	33.32	12.01	15.29	6	0.13	138	7,841
2014	8.88	7.89	7.11	10.65	11.41	12	0.09	140	7,989
2015	(0.58)	(1.47)	(5.49)	12.25	12.19	17	0.05	371	8,095
2016	19.69	18.63	25.20	12.24	13.36	22	0.24	395	9,989
2017	18.43	17.38	10.36	10.88	11.98	49	0.45	427	14,609
2018	(11.97)	(12.77)	(12.36)	12.93	13.77	36	0.40	162	17,840
2019	33.20	32.03	23.56	13.84	14.43	22	0.12	183	25,685

The Russell 2500™ Value Index is a trademark/service mark of Frank Russell Company. Russell® is a trademark of Frank Russell Company.

KAR (as defined below) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. KAR has been independently verified for the period from January 1, 1999 through December 31, 2019.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Small-Mid Cap Quality Value Composite has been examined for the period from January 1, 2012 through December 31, 2019. The verification and performance examination reports are available upon request.

Kayne Anderson Rudnick Investment Management, LLC ("KAR"), a wholly owned subsidiary of Virtus Investment Partners, Inc., is a registered investment advisor under the Investment Advisers Act of 1940. Registration of an Investment Advisor does not imply any level of skill or training. KAR manages a variety of equity and fixed-income strategies focusing exclusively on securities the firm defines as high quality.

The composite is defined as all fully discretionary institutional and pooled Small-Mid Cap Quality Value Portfolios (including cash) under management for at least one full quarter. Small-Mid Cap Quality Value Portfolios are invested in equity securities with market capitalizations consistent with the Russell 2500™ Value Index, that have market control, rising free cash flow, shareholder-oriented management, strong consistent profit growth and low debt balance sheets. For comparison purposes, the composite is measured against the Russell 2500™ Value Index. The Russell 2500™ Value Index is a market capitalization-weighted index of value-oriented stocks of the 2,500 smallest companies in the Russell Universe, which comprises the 3,000 largest U.S. companies. The index is calculated on a total-return basis with dividends reinvested. Benchmark returns are not covered by the report of the independent verifiers. The composite was created in June 2008. A list of composite descriptions and policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

As of January 1, 2011, the composite was redefined to include both institutional and mutual fund [or pooled] accounts. Previously, only institutional accounts were included. Prior to January 1, 2011, the composite minimum was \$250,000, and accounts that experienced a significant cash flow, defined as aggregate flows that exceeded 25% of the account's beginning of period market value, were temporarily removed from the composite.

Non-fee-paying portfolios represent < 1% of the composite assets at year-end from 2013 through 2019.

The standard fee schedule in effect is as follows: 0.90% for the first \$25 million; 0.80% on the next \$25 million; 0.75% on the next \$50 million; 0.60% on the balance. Actual management fees charged may vary depending on applicable fee schedules and portfolio size, among other things. Additional information may be found in Part IIA of Form ADV, which is available on request. The performance information is supplied for reference. Past performance is no guarantee of future results. Results will vary among accounts. The U.S. dollar is the currency used to express performance. Returns are presented net of transaction fees and include the reinvestment of all income. Gross returns will be reduced by investment management fees and other expenses that may be incurred in the management of the account. Model net returns have been calculated by deducting 1/12th of the highest tier of the standard management fee schedule in effect for the respective period on a monthly basis.

Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns for accounts in the composite for the entire year. For those years when less than five accounts were included for the full year, no dispersion measure is presented. The three-year annualized ex-post standard deviation measures the variability of the composite (using gross returns) and the benchmark for the 36-month period.



# SMID (Small/Mid) Cap Value Equity Management

*prepared for the*

## City of Jacksonville Retirement System



*William Charcalis, Head of Equity Investments, Senior Portfolio Manager*  
*Lynda Leslie, Director of Equity Client & Consultant Services*

*October 7, 2021*

# Firm Overview

- Smith Graham, established in 1990, is an employee-owned institutional investment manager. The firm is headquartered in Houston; the entire Equity Team is located in the New York City office.

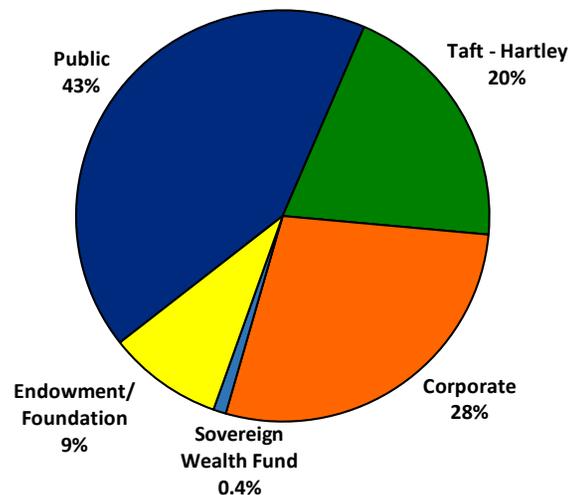
**June 30, 2021**

**Total Assets Under Management:  
\$5.4 Billion**

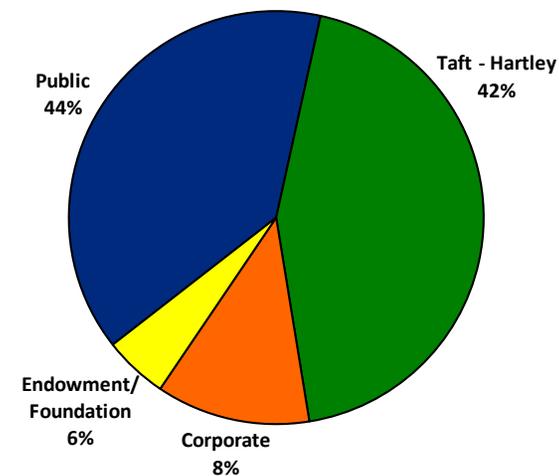
Equity Strategies  
\$1.2 Billion  
*Small Cap Value*  
*Midcap Value*  
*SMID Cap Value*

Fixed Income  
\$4.2 Billion  
*Cash & Enhanced Cash*  
*Core Broad*  
*Long Duration*  
*Low Duration*

**Distribution of Firmwide Assets**



**Distribution of Equity Assets**



# Small Cap Value / Midcap Value / SMID Cap Value

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## Client List

**Our goal is to develop long-term relationships**

### **Longest Tenure**

✓ 22+ years

### **Average Tenure**

✓ 14+ years

AFL-CIO Staff Retirement Plan

Anchorage Police & Fire Retirement System

Carolinas Electrical Workers Retirement Fund

City of Aurora General Employees' Retirement Plan

City of Tulsa Municipal Employees' Retirement Plan

Conrail Employee Benefits Trust & Conrail/IHB Employees Pension Trust

Electrical Workers Death Benefit Society (IBEW Local 3)

Employees' Retirement Fund of the City of Dallas

Employees' Retirement System of the City of Kansas City, Missouri

Employees Security Fund of the Electrical Products Industries Pension

Employer Local 375 Pension Fund

Florida Carpenters Pension Fund

Georgia Municipal Employees' Benefit System

IBEW Local 96 Pension Fund

IBEW Local 99 Pension & Annuity Funds

IBEW Local 103 General Fund

International Union of Operating Engineers Pension Fund of Eastern Pennsylvania and Delaware

Iron Workers Local 16 Pension Fund

National Automatic Sprinkler Industry Welfare Fund

New England Health Care Employees Pension Fund

PacifiCorp/IBEW Local 57 Retirement Trust

Pennsylvania Municipal Retirement System

Pension Fund For Hospital & Health Care Employees - Philadelphia & Vicinity

Pension Fund For Nursing Home & Health Care Employees - Philadelphia & Vicinity

Plumbers & Pipefitters Local Union No. 25 Pension & Welfare Funds

Robert Bosch Corporation Master Retirement Trust

Roy J. Carver Charitable Trust

Teamsters Local 272 Labor Management Pension & Welfare Funds

UFCW International Union Pension Plan for Employees

UFCW Local 655 Pension Plan

Washington Metropolitan Area Transit Employees Retirement Plan

*As of June 2021*

It is not known whether the listed clients approve or disapprove of Smith, Graham & Co. Investment Advisors, L.P. or the services provided.



# Small Cap Value / Midcap Value / SMID Cap Value

## What distinguishes *this* investment approach from other managers? 26+ Years

### Investment Philosophy & Process

- ✓ Disciplined
- ✓ Market Tested

### Value-added Performance

- ✓ Outperformed benchmarks since inception

### Investment Team

- ✓ Experienced
- ✓ Consistent

### Management Team

- ✓ Committed

Small Cap Value			Midcap Value		
	Annualized Return 26 3/4 Years (10/1/94-6/30/21)			Annualized Return 22 1/2 Years (1/1/99-6/30/21)	
		Value Added			Value Added
Small Cap Value Composite (gross):	13.6%		Midcap Value Composite (gross):	12.4%	
Russell 2000® Index:	10.0%	+3.6%	Russell Midcap® Index:	10.3%	+2.1%
Russell 2000® Value Index:	10.5%	+3.1%	Russell Midcap® Value Index:	9.9%	+2.5%

SMID Cap Value		
	Annualized Return 9 1/4 Years (4/1/12-6/30/21)	
		Value Added
SMID Cap Value Composite (gross):	15.2%	
Russell 2500® Index:	13.7%	+1.5%
Russell 2500® Value Index:	11.7%	+3.5%

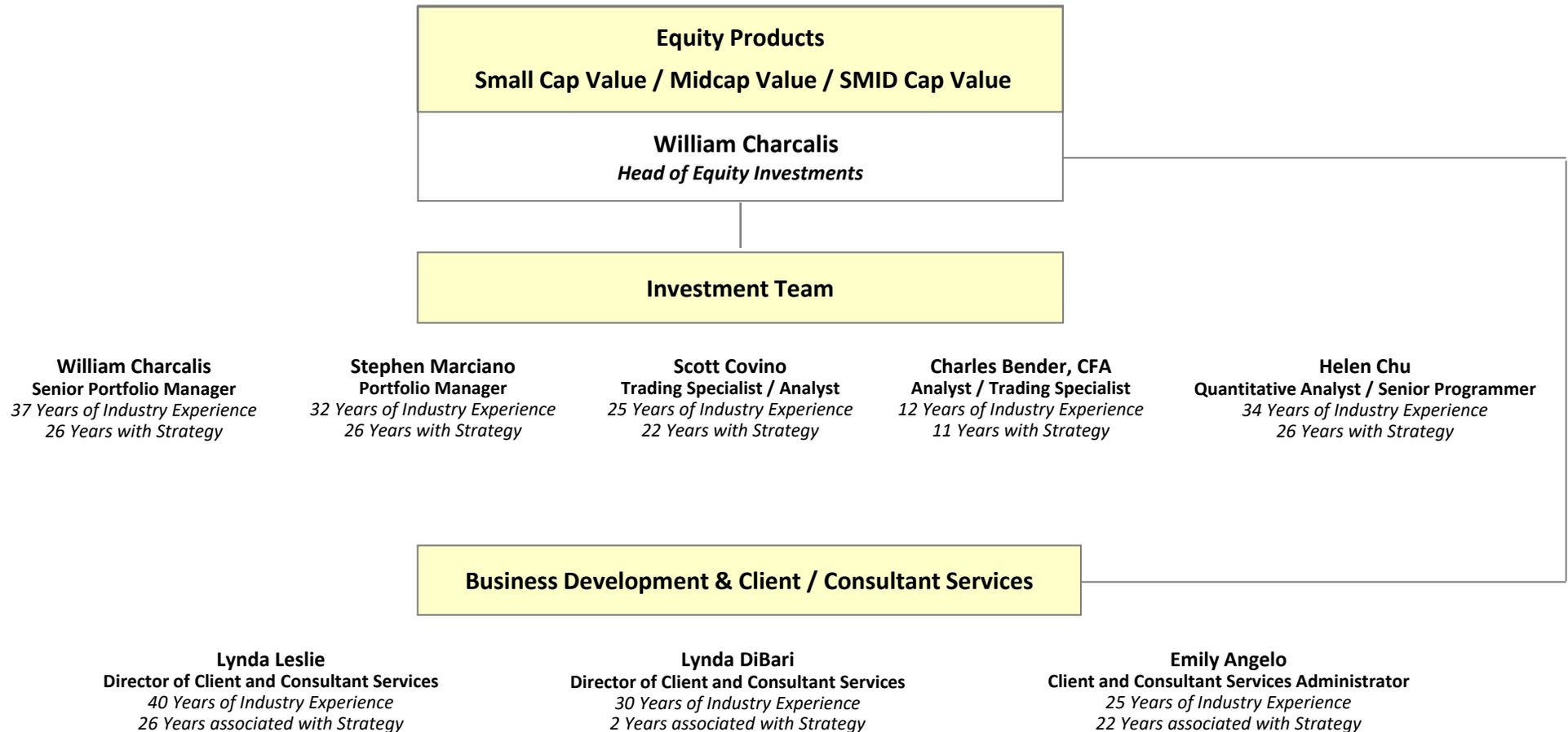
## Conclusion: Consistent philosophy, proven process and experienced team = strong long-term performance

Performance is presented gross of investment management fees. A client's actual investment return will be reduced by other expenses and by advisory fees. For example, an investment management fee of 0.75% per annum, compounded over the 26.75 year period ending 6/30/21, would have reduced the average annual return of the Small Cap Value Composite from 13.56% to 12.73%; an investment management fee of 0.75% per annum, compounded over the 22.50 year period ending 6/30/21, would have reduced the average annual return of the Midcap Value Composite from 12.39% to 11.56%; an investment management fee of 0.75% per annum, compounded over the 9.25 year period ending 6/30/21, would have reduced the average annual return of the SMID Cap Value Composite from 15.21% to 14.36%; Performance presented reflects reinvestment of dividends and other earnings. Past performance is no guarantee of future results. Advisory fees are described in Part II of the advisor's Form ADV. Please refer to the Benchmark Disclosures for more information about the benchmark(s) referred to above and the volatility of the portfolio(s) relative to such benchmark(s). Please refer to the GIPS® Performance Disclosures page for more information about the Small Cap Value, Midcap Value and SMID Composite.



# Small Cap Value / Midcap Value / SMID Cap Value

## Organizational Chart

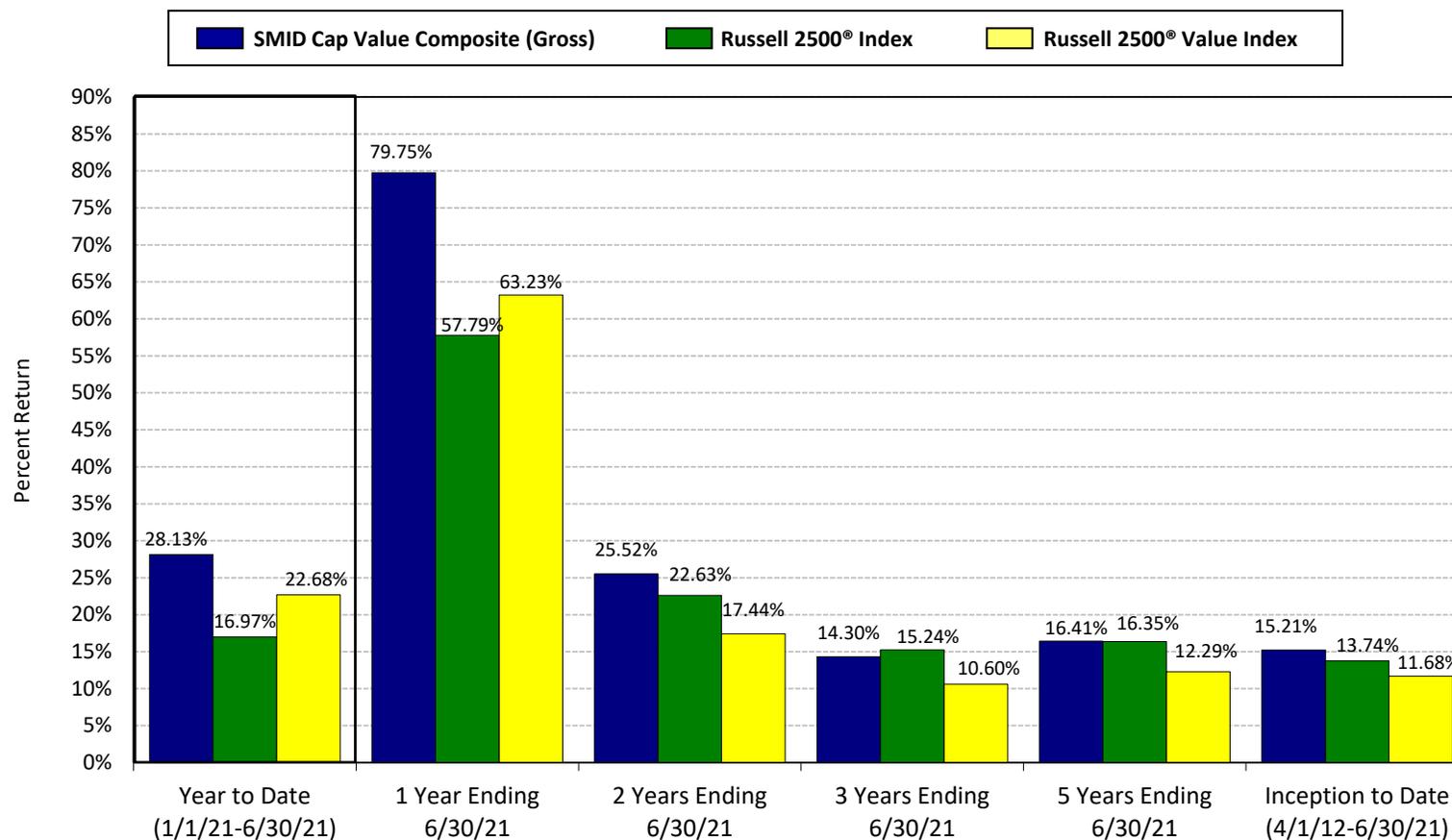


As of June 2021



# SMID (Small/Mid) Cap Value Composite Returns

## Investment Performance



### Value Added vs:

Russell 2500® Index	11.16%	21.96%	2.89%	-0.94%	0.06%	1.47%
Russell 2500® Value Index	5.45%	16.52%	8.08%	3.70%	4.12%	3.53%

Returns for time periods greater than one year are annualized. Performance is presented gross of investment management fees. A client's actual investment return will be reduced by other expenses and by advisory fees. For example, an investment management fee of 0.75% per annum, compounded over the 9.25 year period ending 6/30/21, would have reduced the average annual return of the SMID Cap Value Composite from 15.21% to 14.36%. Performance presented reflects reinvestment of dividends and other earnings. Past performance is no guarantee of future results. Please refer to the Benchmark Disclosures for more information about the benchmark(s) referred to above and the volatility of the SMID Cap Value portfolio relative to such benchmark(s). Please refer to the GIPS® Performance Disclosures page for more information about the SMID Cap Value Composite.



## Smith Graham: SMID Cap Value Universe: US Small-Mid Cap Value Equity Returns for Periods Ended June 30, 2021



Universe: eVestment US Small-Mid Cap Value Equity

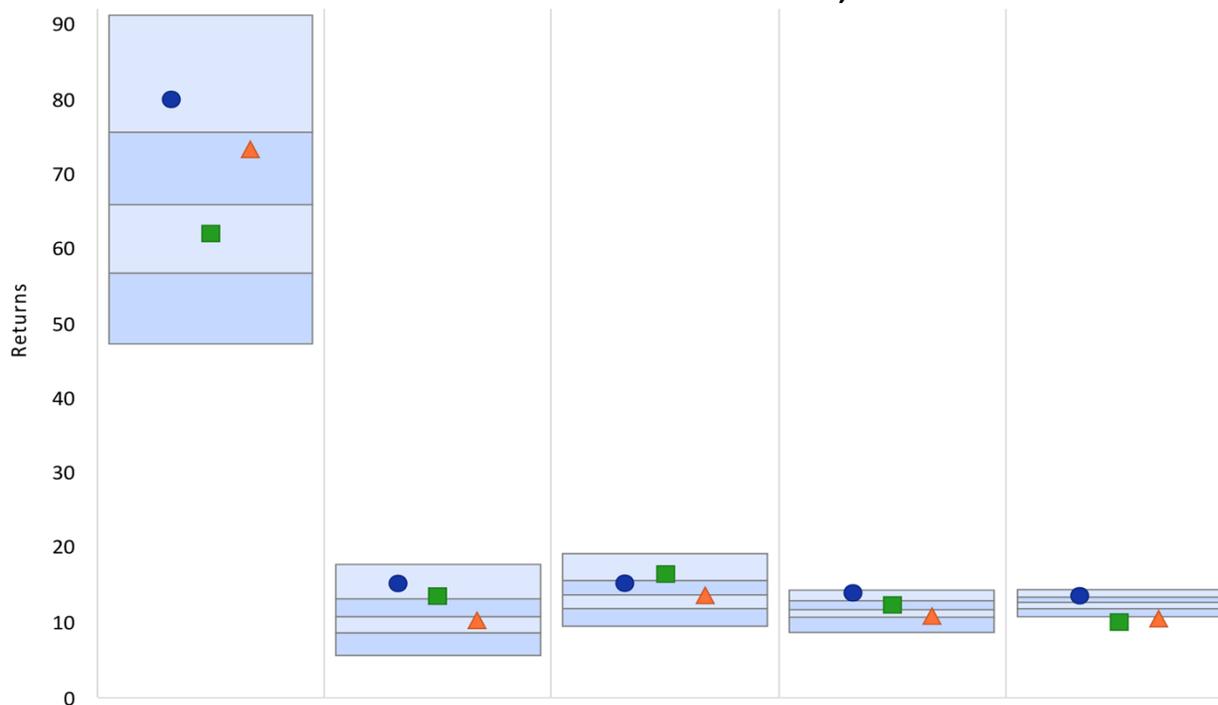
	1 Year Ending 6/30/21		3 Years Ending 6/30/21		5 Years Ending 6/30/21		Since Inception 4/1/12-6/30/21		
	Rank		Rank		Rank		Rank		
5th percentile		84.64		18.78		18.92		15.13	
25th percentile		72.24		13.99		15.85		13.75	
Median		62.15		11.83		13.59		12.39	
75th percentile		53.68		10.02		11.96		11.62	
95th percentile		44.78		7.26		9.89		9.26	
# of Observations		89		85		74		66	
● Smith Graham: SMID Cap Value		79.74	12	14.30	21	16.41	21	15.21	3
■ Russell 2500 Index		57.79	67	15.24	15	16.35	22	13.74	25
▲ Russell 2500 Value Index		63.23	48	10.60	65	12.29	71	11.68	72

Source: eVestment Alliance, LLC as of July 15, 2021

Performance is presented gross of investment management fees. A client's actual investment return will be reduced by other expenses and by advisory fees. For example, an investment management fee of 0.75% per annum, compounded over the 9.25 year period ending 6/30/21, would have reduced the average annual return of the SMID Cap Value Composite from 15.21% to 14.36%. Performance presented reflects reinvestment of dividends and other earnings. Past performance is no guarantee of future results. Please refer to the Benchmark Disclosures for more information about the benchmark(s) referred to above and the volatility of the SMID Cap Value portfolio relative to such benchmark(s). Please refer to the GIPS® Performance Disclosures page for more information about the SMID Cap Value Composite.



## Smith Graham: Small Cap Value Universe: US Small Cap Value Equity Returns for Periods Ended June 30, 2021



Universe: eVestment US Small Cap Value Equity

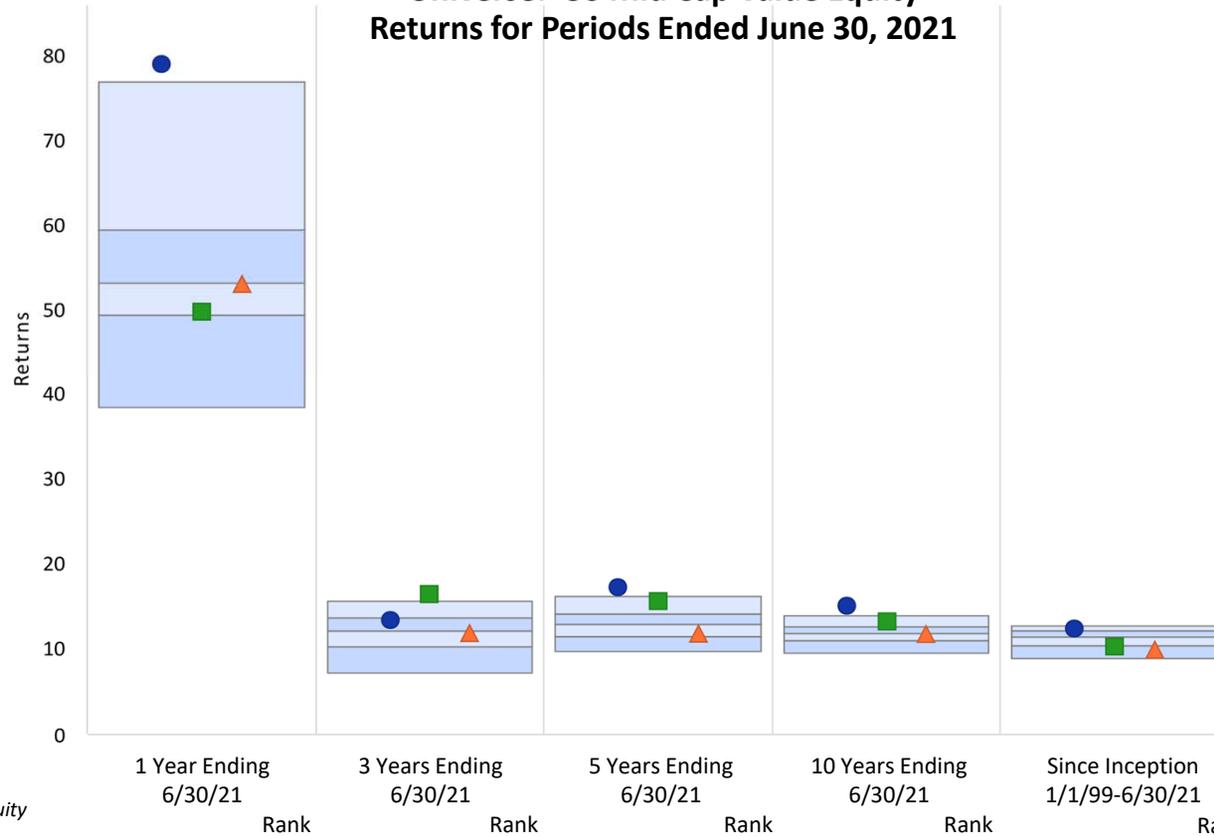
	1 Year Ending 6/30/21		3 Years Ending 6/30/21		5 Years Ending 6/30/21		10 Years Ending 6/30/21		Since Inception 10/1/94-6/30/21	
	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	
5th percentile	91.23	17.76	19.20	14.31	14.37					
25th percentile	75.56	13.14	15.59	12.88	13.38					
Median	65.87	10.75	13.68	11.69	12.67					
75th percentile	56.72	8.58	11.84	10.69	11.82					
95th percentile	47.26	5.57	9.48	8.66	10.76					
# of Observations	218	211	204	182	42					
● Smith Graham: Small Cap Value	79.97	18	15.21	15	15.24	27	13.95	7	13.56	22
■ Russell 2000 Index	62.03	64	13.52	22	16.47	17	12.34	33	10.04	97
▲ Russell 2000 Value Index	73.28	31	10.27	56	13.62	52	10.85	73	10.49	96

Source: eVestment Alliance, LLC as of July 15, 2021

Performance is presented gross of investment management fees. A client's actual investment return will be reduced by other expenses and by advisory fees. For example, an investment management fee of 0.75% per annum, compounded over the 26.75 year period ending 6/30/21, would have reduced the average annual return of the Small Cap Value Composite from 13.56% to 12.73%. Performance presented reflects reinvestment of dividends and other earnings. Past performance is no guarantee of future results. Advisory fees are described in Part II of the advisor's Form ADV. Please refer to the Benchmark Disclosures for more information about the benchmark(s) referred to above and the volatility of the Small Cap Value portfolio relative to such benchmark(s). Please refer to the GIPS® Performance Disclosures page for more information about the Small Cap Value Composite.



**Smith Graham: Midcap Value  
Universe: US Mid Cap Value Equity  
Returns for Periods Ended June 30, 2021**



Universe: eVestment US Mid Cap Value Equity

5th percentile	76.89		15.60		16.17		13.90		12.69	
25th percentile	59.41		13.63		14.07		12.57		12.10	
Median	53.16		12.09		12.87		11.79		11.39	
75th percentile	49.36		10.23		11.42		10.95		10.34	
95th percentile	38.38		7.16		9.69		9.49		8.87	
# of Observations	90		87		86		77		34	
● Smith Graham: Midcap Value	79.01	3	13.40	28	17.26	3	15.08	1	12.39	10
■ Russell Midcap Index	49.80	72	16.45	2	15.62	8	13.24	14	10.28	77
▲ Russell Midcap Value Index	53.06	51	11.86	55	11.79	69	11.75	52	9.91	84

Source: eVestment Alliance, LLC as of July 15, 2021

Performance is presented gross of investment management fees. A client's actual investment return will be reduced by other expenses and by advisory fees. For example, an investment management fee of 0.75% per annum, compounded over the 22.5 year period ending 6/30/21, would have reduced the average annual return of the Midcap Value Composite from 12.39% to 11.56%. Performance presented reflects reinvestment of dividends and other earnings. Past performance is no guarantee of future results. Please refer to the Benchmark Disclosures for more information about the benchmark(s) referred to above and the volatility of the Midcap Value portfolio relative to such benchmark(s). Please refer to the GIPS® Performance Disclosures page for more information about the Midcap Value Composite.



# Investment Approach

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## **Investment Philosophy**

We believe that attractive returns can be achieved over a full market cycle by combining a systematic, quantitative approach with traditional fundamental analysis.

## **Investment Goal**

Our goal is to outperform the Russell 2500<sup>®</sup> Index and the Russell 2500<sup>®</sup> Value Index over a full market cycle.

## **Investment Process**

We use a quantitative investment model based on earnings, book value and cash flow, combined with a qualitative fundamental overlay, to determine the relative attractiveness of each stock in our universe. We then construct a portfolio from the most compelling investment opportunities in our research universe. Our approach is highly disciplined, and is intended to minimize many of the common risks found in small cap investing.

Please refer to Benchmark Disclosures for more information about the benchmark(s) referred to above.



# Investment Process

---

## Develop Stock Universe

- Beginning with a research universe of 2000 stocks; we screen for:
  - market capitalizations between \$250 million and \$20 billion
  - minimum of three years trading history
  - research coverage by at least five analysts

## Determine Top 20% of Universe

- We utilize a proprietary investment model, which incorporates current and historical data, to compare company fundamentals of each stock in our research universe.
- Our model uses measures of both current and future value:

<u>Current Value</u>	<u>Future Value</u>
book value	changes in individual earnings estimates
normalized earnings	changes in mean earnings estimates
cash flow	dispersion of earnings estimates
- We combine this data daily to establish the top 20% from which our buy candidates are generally selected.

## Fundamental Verification

- We then examine this top 20% of the research universe in more detail to verify their fundamentals, confirm sufficient liquidity and establish an appropriate level of conviction.



# Investment Process

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## Security Selection

- Purchases are selected from the most attractive stocks identified in our fundamental verification process.
- To achieve diversification, portfolio sector weights are generally controlled to within 5 percentage points of the eleven Russell 2500® Index economic sector weights.
- The resulting portfolio is one whose incremental returns are intended to come from individual security selection.

## Typical Portfolio Structure

- 125 to 150 securities.
- Position size between 0.5% and 1.5%, with a 5% maximum.
- Cash equivalents less than 5%.
- Positions in stocks whose market capitalization have grown beyond \$20 billion may continue to be held.
- New accounts are established with the same securities as existing portfolios, regardless of current market capitalizations.

## Sell Discipline

- Stocks are reviewed as possible sell candidates when:
  - Quantitative rankings have fallen to bottom 40% of the research universe and/or current fundamentals are deteriorating or earnings expectations are declining.
  - Analysis indicates the risk/reward opportunity of a new investment is more favorable than that of an existing holding.

# SMID Cap Value Representative Account

## Investment Portfolio

As of June 30, 2021

### Basic Materials 6.2%

vs. Russell 2500® Index 4.0%  
vs. Russell 2500® Value Index 4.9%

Celanese Corp.  
Huntsman Corporation  
Koppers Holdings Inc.  
NN, Inc.  
Reliance Steel & Aluminum Co.  
Steel Dynamics, Inc.  
United States Steel Corporation  
Westlake Chemical Corp.  
Worthington Industries

### Consumer Discretionary 20.1%

vs. Russell 2500® Index 15.8%  
vs. Russell 2500® Value Index 14.9%

Abercrombie & Fitch Co.  
American Axle & Manufacturing Holdings  
AutoNation, Inc.  
Chico's FAS Inc.  
Decker's Outdoor Corporation  
Designer Brands Inc.  
Dick's Sporting Goods  
Genesco Inc.  
Gentex Corp.  
Group 1 Automotive, Inc.  
Guess? Inc.  
Hibbett Sports, Inc.  
JetBlue Airways  
La-Z-Boy Inc.  
Lear Corp.  
Lithia Motors  
M.D.C. Holdings  
Macy's Inc.  
Ralph Lauren Corp.  
Red Robin Gourmet Burgers  
Southwest Airlines  
Tapestry Inc.  
The Children's Place Inc.  
The Goodyear Tire & Rubber Co.  
Williams-Sonoma

### Consumer Staples 1.6%

vs. Russell 2500® Index 3.0%  
vs. Russell 2500® Value Index 3.1%

B&G Foods, Inc.  
Sprouts Farmers Markets Inc.

### Energy 1.3%

vs. Russell 2500® Index 4.6%  
vs. Russell 2500® Value Index 5.2%

HollyFrontier Corp.  
Matrix Service Co.  
Valero Energy

### Financial Services 15.5%

vs. Russell 2500® Index 13.7%  
vs. Russell 2500® Value Index 20.0%

Amerisafe Inc.  
Banc of California  
Cathay General Bancorp  
Columbia Banking System  
Discover Financial Services  
East West Bancorp Inc.  
Encore Capital Group  
Fifth Third Bancorp  
First American Financial Corp.  
First Horizon National Corp.  
Fulton Financial Corp.  
Hope Bancorp  
Huntington Bancshares Inc.  
KeyCorp  
M&T Bank Corp.  
PacWest Bancorp  
PennyMac Mortgage Investment Trust  
Proassurance Corp.  
Raymond James Financial Inc.  
Regions Financial Corp.  
Selective Insurance Group, Inc.  
Sterling Bancorp  
Stifel Financial  
Texas Capital Bancshares Inc.  
United Bankshares Inc.  
Washington Federal, Inc.  
Webster Financial

### Health Care 12.8%

vs. Russell 2500® Index 15.4%  
vs. Russell 2500® Value Index 8.7%

Anthem Inc.  
Cardinal Health Inc.  
Cigna Corporation  
Eagle Pharmaceuticals Inc.  
Humana Inc.  
Integer Holdings Corporation  
Laboratory Corp of America  
Ligand Pharmaceuticals Inc.  
NextGen Healthcare Inc.  
Owens & Minor  
Patterson Companies, Inc.  
Phibro Animal Health Corp.  
Premier Inc.  
Prestige Consumer Healthcare Inc.  
Select Medical Holdings Corp.  
Zimmer Biomet Holdings Inc.

### Industrials 15.7%

vs. Russell 2500® Index 17.8%  
vs. Russell 2500® Value Index 18.5%

AECOM  
Air Lease Corp.  
Atlas Air Worldwide Holdings Inc.  
Belden Inc.  
Builders FirstSource Inc.  
Capital One Financial Corp.  
Conduent Inc.  
Dycom Industries, Inc.  
EnerSys  
Ferro Corp.  
GATX Corp.  
Green Dot Corp.  
Itron Inc.  
MasTec, Inc.  
Quanta Services  
Silgan Holdings  
Stanley Black & Decker  
Sykes Enterprise  
Tetra Tech, Inc.  
Textron Inc.  
The Greenbrier Companies Inc.  
Triumph Group Inc.  
Wex Inc.

### Real Estate 4.5%

vs. Russell 2500® Index 8.2%  
vs. Russell 2500® Value Index 12.1%

Ares Commercial Real Estate Corp.  
CBRE Group  
Corporate Office Properties Trust  
DiamondRock Hospitality Co.  
Host Hotels & Resorts Inc.  
Jones Lang Lasalle Inc.  
SL Green Realty Corp.

### Technology 14.8%

vs. Russell 2500® Index 13.2%  
vs. Russell 2500® Value Index 7.0%

Advanced Energy Industries, Inc.  
Allscripts Healthcare Solutions  
Arrow Electronics, Inc.  
Cirrus Logic Inc.  
Corning Inc.  
Diebold Nixdorf Inc.  
Hewlett Packard Enterprise Co.  
Jabil Circuit  
Plexus Corp.  
ScanSource Inc.

### Technology 14.8% (cont'd)

vs. Russell 2500® Index 13.2%  
vs. Russell 2500® Value Index 7.0%

Skyworks Solutions Inc.  
Synaptics Inc.  
Synnex Corporation  
TTM Technologies  
Ultra Clean Holdings  
Vishay Intertechnology Inc.  
Western Digital Corp.  
Xperi Holding Corp.

### Telecommunications 2.9%

vs. Russell 2500® Index 1.5%  
vs. Russell 2500® Value Index 1.4%

CommScope Holding Company, Inc.  
Juniper Networks  
Lumentum Holdings

### Utilities 3.5%

vs. Russell 2500® Index 2.8%  
vs. Russell 2500® Value Index 4.2%

Ameren Corp.  
CenterPoint Energy Inc.  
Northwest Natural Holding Co.  
PNM Resources  
Public Service Enterprise Group  
Sempra Energy  
Stericycle, Inc.

### Portfolio Characteristics as of 6/30/21

	Portfolio	Russell 2500® Index	Russell 2500® Value Index
Price/Earnings*	12.9x	25.1x	19.2x
Price/Book	2.2x	3.0x	2.2x
ROE**	12.4%	7.7%	7.3%
Fundamental Beta (vs.)		1.11	1.05

\*I/B/E/S One Year Forecast

\*\*Calculated using trailing 12-months non-GAAP net income

Source: Refinitiv Eikon

This Investment Portfolio is provided for illustration purposes only. The securities identified above represent the securities contained in Smith Graham's SMID Cap Value Representative Portfolio as of the date shown, but not all of the securities recommended for the SMID Cap Value Representative Portfolio for any period of time. Sectors and the classification of stocks within each sector are based on the FTSE Russell ICB classifications. The aggregate sector weights of the portfolio do not total 100% because cash is included in this calculation. The reader should not assume that investments in the securities identified above were or will be profitable. Please refer to Benchmark Disclosures for more information about the Benchmark referred to above. Holdings results are included as supplemental information and complement a full disclosure presentation, which can be located at the end of this presentation.



# SMID Cap Value Representative Account

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## Ten Largest Holdings

<i>As of June 30, 2021</i>	<b>% of Total Portfolio</b>
QUANTA SERVICES, INC.	1.4
SELECT MEDICAL HOLDINGS	1.3
HIBBETT INC.	1.3
LUMENTUM HOLDINGS INC.	1.2
OWENS & MINOR INC.	1.2
JABIL INC.	1.2
SYNAPTICS INC.	1.2
SKYWORKS SOLUTIONS, INC.	1.2
MASTEC, INC.	1.2
ULTRA CLEAN HOLDINGS INC.	1.2
	<hr/> <b>12.4</b>

Smith Graham's representative portfolio is an account with no restrictions on the investment process. A list of all investments in the portfolio for the preceding year is available upon request. Holdings results are included as supplemental information and compliment a full disclosure presentation, which can be located at the end of this presentation



# Exhibits

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- Biographies
- Fee Schedule
- GIPS® Performance Disclosures

# Biographies

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## Small Cap Value / Midcap Value / SMID Cap Value Team

### William Charcalis, Head of Equity Investments, Senior Portfolio Manager

Bill is the Head of Equity Investments and a Managing Director at Smith Graham. In the investment industry for over 34 years, he has extensive experience in developing and managing small and midcap value equity portfolios. Bill was previously a Senior Portfolio Manager at Ark Asset Management Co., Inc. where he developed and managed the Small Cap Value and Midcap Value strategies. Prior to his tenure at Ark, he was a senior analyst and portfolio manager for the IBM Retirement Funds.

Bill has a BS from the University of Southern California.

### Stephen Marciano, Portfolio Manager

Stephen is a Senior Vice President and Portfolio Manager / Analyst with approximately 30 years of experience in equity portfolio management and research. At Smith Graham, he is part of the Equity Team and assists in managing the Small Cap Value, Midcap Value and SMID Cap Value portfolios. Stephen comes to Smith Graham from Ark Asset Management Co., Inc. where he was a senior manager and research analyst with the Small Cap Value and Midcap Value Group.

Stephen received his BS in Finance from New York University.

### Scott Covino, Equity Trading Specialist / Analyst

Scott is a Vice President and an Equity Trading Specialist / Analyst with the Equity Group. He leads our equity trading and also has research responsibilities. Scott has worked in the investment industry for 22 years. Previously, he was a research analyst on the Small Cap and Midcap Value Equity Team at Ark Asset Management Co., Inc. He began his career as an investment advisor at OLDE Financial Corp.

Scott holds a BS from Ithaca College and MBA from Fordham University Graduate School of Business. Additionally, he has completed Level II of the CFA Program.

### Charles Bender, CFA, Analyst / Equity Trading Specialist

Charlie is an Assistant Vice President and an Analyst / Equity Trading Specialist. He has research responsibilities and also supports both operational and investment related activities for the Equity Group. Charlie joined Smith Graham from Intrade Markets and has over 10 years of experience in the investment industry.

Charlie received his BBA in Finance from Saint Bonaventure University and a MS in Finance from Villanova University. He is a CFA charterholder.

### Helen Chu, Quantitative Analyst / Senior Programmer

Helen is a Vice President and Quantitative Analyst / Senior Programmer. At Smith Graham, she works with the Equity Team utilizing her programming and systems analyst expertise. Helen has over 30 years of experience in software engineering and development. Prior to joining Smith Graham, Helen was a senior software developer with the Small Cap and Midcap Value Equity Group at Ark Asset Management Co., Inc. Before that, she was a software developer at Lehman Management Co., Inc. She began her career at Singer Kearfott Guidance & Navigation System.

Helen received her BS in Electrical Engineering from New York University, Tandon School of Engineering.



# Biographies

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## Marketing / Client and Consultant Services

### Lynda Leslie, Managing Director, Marketing and Client Services – Equity Products

Lynda is a Managing Director of Equity Marketing and Client Services. At Smith Graham, she is responsible for overseeing the firm's communications with its clients and consultants on the Small Cap Value, Midcap Value and SMID Cap Value strategies. She has over 35 years of client service experience. Lynda was a Managing Director at Ark Asset Management Co., Inc. before joining Smith Graham. Prior to her time at Ark, Lynda was a First Vice President at Lehman Management Co., Inc. She began her career at ADP Financial Data Services where she was a client service and marketing representative.

Lynda received her BA from Colgate University.

### Lynda DiBari, Director of Marketing and Client Services – Equity Products

Lynda DiBari is a Senior Vice President and Director of Client and Consultant Services for the Equity Team. Lynda is part of the team that is responsible for managing the client and consultant relationships for Smith Graham's Small Cap Value, Midcap Value and SMID Cap Value strategies. Prior to joining the Equity Team, Lynda spent 8 years as Smith Graham's Director of Client and Consultant Services for the Fixed Income Team. She was responsible for overseeing Client Services and the RFP process. She has over 20 years of experience in the investment industry. Her prior experience includes institutional client services and investor relations roles at J.P. Morgan Asset Management and J. & W. Seligman & Co. as well as Marketing Services Team Leader at Morgan Stanley Asset Management and Senior Portfolio Administrator at Fiduciary Trust International.

Lynda received her BS from State University of New York, Cortland.

### Emily Angelo, Marketing and Client Services Administrator – Equity Products

Emily is an Assistant Vice President and responsible for supporting the business development as well as responding to client and consultant requests for the Small Cap Value, Midcap Value and SMID Cap Value strategies. She has over 20 years of experience in the investment industry. Prior to joining Smith Graham, Emily worked as a Marketing Associate with Ark Asset Management Co., Inc. supporting the sales and client service teams.

Emily received her BA from Saint Mary's College.

# Fee Schedule

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## **SMID Cap Value**

.75 of 1% on the first \$50 million

.60 of 1% on all assets in excess of \$50 million

# SMID Cap Value GIPS® Performance Disclosures

Reporting Currency:	U.S. Dollar
Reporting Date:	June 30, 2021
Benchmark(s):	Russell 2500® & Russell 2500® Value Index

	Annualized			
	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
SMID Cap Value Composite (gross of fees)	79.75%	14.30%	16.41%	15.21%
SMID Cap Value Composite (net of fees)	78.47%	13.45%	15.55%	14.36%
Russell 2500® Index (Rate of Return %)	57.79%	15.24%	16.35%	13.74%
Russell 2500® Value Index (Rate of Return %)	63.23%	10.60%	12.29%	11.68%

<sup>1</sup>Performance calculation began April 1, 2012.

Smith, Graham & Co. Investment Advisors, L.P. (“SGC”) is a registered investment advisor that invests in domestic and international fixed income securities and domestic equity securities.

The SMID Cap Value Composite was created on April 1, 2012. The Composite is composed of all SMID Cap Value equity portfolios with no significant restrictions and market values greater than \$3 million.

The Composite net of fee returns are calculated by adjusting each monthly gross of fee Composite rate of return by highest applicable rate on the SMID Cap Value Strategy’s published fee schedule, which is 0.75%. Actual individual account fees may vary. Additional information regarding policies for valuing portfolios, calculating returns, and preparing compliant presentations is available upon request.

Fees are investment advisory fees and do not include other possible expenses. Gross and net of fee performance reflects the reinvestment of dividends and all other earnings.

The composite dispersion calculation is the equal-weighted standard deviation for all accounts in the Composite for the entire period.

Please refer to the Notes section for more information about the benchmarks discussed above and the volatility of the SMID Cap Value Composite relative to such benchmarks.

SGC claims compliance with the Global Investment Performance Standards (“GIPS®”) and has prepared and presented this report in compliance with the GIPS® standards. SGC has been independently verified for the period January 1, 2016 through December 31, 2019 by ACA Performance Services. A verification covering the periods from January 1, 2001 through December 31, 2015 was performed by another verification firm.

Calendar Periods	SMID Cap Value Composite (Gross of fees %)	SMID Cap Value Composite (Net of fees %)	Russell 2500® Index (Rate of Return %)	Russell 2500® Value Index (Rate of Return %)
2Q21	3.53	3.34	5.44	5.00
1Q21	23.76	23.55	10.93	16.83
2020	8.33	7.53	19.99	4.88
2019	31.56	30.60	27.77	23.57
2018	-16.37	-17.00	-10.00	-12.36
2017	15.46	14.61	16.81	10.36
2016	20.48	19.59	17.59	25.20
2015	2.25	1.49	-2.90	-5.49
2014	12.88	12.05	7.07	7.11
2013	44.19	43.15	36.80	33.32
2012 (4/1-12/31)	4.77	4.19	4.33	6.90

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The SMID Cap Value composite has been examined for the periods April 1, 2012 through December 31, 2019. The verification and performance examination reports are available upon request.

Fee Schedule: 0.75 of 1% on the first \$50 million; 0.60 of 1% on all assets in excess of \$50 million. Actual investment advisory fees incurred by client may vary.

A list of composite descriptions is available upon request.

The three-year ex post standard deviation of the composite and/or benchmark is presented once 36 monthly returns are available

Past performance is not indicative of future results.

The table below contains historical composite information:

Calendar Periods	# of Portfolios	Composite Dispersion	3-Yr. Annualized Standard Deviation			Composite Assets (USD mil)	Total Firm Assets (USD mil)	# of Total Assets
			Composite	Russell 2500® Index	Russell 2500® Value Index			
2020	7	0.14	28.27%	24.21%	25.05%	221	5,432	4%
2019	7	0.01	17.50%	14.58%	14.23%	215	6,030*	4%
2018	7	0.04	14.97%	14.10%	13.58%	170	5,910	3%
2017	6	0.03	12.83%	12.13%	11.81%	203	5,806	3%
2016	5	N.A.	13.64%	13.67%	13.17%	152	6,129	2%
2015	3	N.A.	11.98%	12.42%	12.02%	91	5,409	2%
2014	3	N.A.				92	5,968	2%
2013	1	N.A.				12	5,514	0.2%
2012 (4/1/12 - 12/31/12)	1	N.A.				11	5,318	0.2%

N.A. - The composite dispersion is not meaningful if fewer than five portfolios are in the composite for the full year.  
Note: Standard deviation shown once 3 years of data had been accumulated. SMID Cap Value inception 4/1/2012.

\* Total firm assets includes uncalled committed capital in the amount of \$112 million



# Benchmark Disclosures

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## SMID Cap Value

The SMID Cap Value portfolio is a managed portfolio of 125 to 150 common stocks and is not capitalization weighted.

Beta is a measure of volatility relative to an index. Fundamental beta, calculated using the Thomson/Vestek U.S. Equity Risk Model based on the portfolio holdings at a point in time, attempts to measure future risk based on market-related and financial characteristics. Such characteristics may include, but are not limited to a company's size, industry, financial situation and competition. The SMID Cap Value portfolio's fundamental beta typically ranges between 0.9 and 1.1 relative to both the Russell 2500<sup>®</sup> Index and Russell 2500<sup>®</sup> Value Index.

Benchmarks are for illustration purposes only and have limitations when used for such purposes because they may have volatility, credit, or other material characteristics that are different from the portfolio.

### **Benchmark/Index Descriptions**

All relevant indices are unmanaged, capitalization-weighted portfolios. Index returns reflect reinvestment of dividends and other earnings and do not reflect the management fees or commissions associated with actively managed portfolios.

The Russell 3000<sup>®</sup> Index is comprised of the stock of the 3,000 largest U.S. companies (based on total market capitalization) and represents approximately 98% of the investable U.S. equity market. The Russell 1000<sup>®</sup> Index is a sub-set of the Russell 3000<sup>®</sup> and is comprised of the stock of the 1,000 largest companies within the Russell 3000<sup>®</sup> Index.

The **Russell 2500 Index** measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "SMID" cap. The Russell 2500 is a subset of the Russell 3000<sup>®</sup> Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500 Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set. The **Russell 2500 Value Index** measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500 Index companies with lower price-to-book ratios, lower forecasted earnings and sales growth values.

The S&P 500 Index is comprised of the stocks of 500 companies based on market capitalization, liquidity, and representation -- typically the largest capitalization U.S. common stocks. The S&P 500 Index is included as a representation of the broad US equity market and is not typically utilized as a performance benchmark for Smith Graham's Midcap Value strategy.

I/B/E/S is the Institutional Brokers Estimate System. The I/B/E/S One Year Forecast P/E uses median I/B/E/S consensus earnings per share estimates for the next fiscal year to calculate a price-to-earnings (P/E) ratio.

**Bold** indices are used as benchmarks for Midcap Value.

The Russell 3000<sup>®</sup>, Russell 2500<sup>®</sup> and Russell 2500<sup>®</sup> Value Indices are trademarks of the London Stock Exchange Group companies.

Account performance is not necessarily measured against every index mentioned.



# Small Cap Value Composite GIPS® Performance Disclosures

Reporting Currency: U.S. Dollar

Reporting Date: June 30, 2021

Benchmark(s): Russell 2000® & Russell 2000® Value Index

	Annualized			
	1 Year	3 Years	5 Years	10 Years
Small Cap Value Composite (gross of fees)	79.95%	15.20%	15.24%	13.94%
Small Cap Value Composite (net of fees)	78.67%	14.35%	14.39%	13.10%
Russell 2000® Index (Rate of Return %)	62.02%	13.52%	16.47%	12.34%
Russell 2000® Value Index (Rate of Return %)	73.28%	10.27%	13.62%	10.85%

Smith, Graham & Co. Investment Advisors, L.P. (“SGC”) is a registered investment advisor that invests in domestic and international fixed income securities and domestic equity securities. The presentation conforms to the Global Investment Performance Standards (GIPS®) guidelines regarding the portability of investment results.

The Small Cap Value Composite was created on April 28, 1997. The Composite is composed of all Small Cap Value equity portfolios with no significant restrictions and market values greater than \$3 million. In presentations shown prior to July 1, 2001, the composite was referred to as the Small Cap Value – Equity Plus Cash Composite.

The Composite net of fee returns are calculated by adjusting each monthly gross of fee Composite rate of return by highest applicable rate on the Small Cap Value Strategy’s published fee schedule, which is 0.75%. Actual individual account fees may vary. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Fees are investment advisory fees and do not include other possible expenses. Gross and net of fee performance reflects the reinvestment of dividends and all other earnings.

The composite dispersion calculation is the equal-weighted standard deviation for all accounts in the Composite for the entire period.

From July 1, 2002 to June 30, 2007, the composite utilized a significant cash flow policy. A flow (contribution/withdrawal) was considered to be significant if it represented 5% or more of the account’s market value and affected the Composite return by more than a relative difference of 5%.

Any account experiencing a significant cash flow was excluded from the Composite for the month in which the flow was posted to the accounting system. As of July 1, 2007, this composite no longer utilizes a “significant cash flow” policy.

For calendar year 1999, 0.9% of the performance return was attributable to investments in three Initial Public Offerings (IPOs). It is not anticipated that additional IPOs will be purchased in the future.

Please refer to the Notes section for more information about the benchmarks discussed above and the volatility of the Small Cap Value Composite relative to such benchmarks.

SGC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SGC has been independently verified for the period January 1, 2016 through December 31, 2019 by ACA Performance Services. A verification covering the periods from January 1, 2001 through December 31, 2015 was performed by another verification firm.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Calendar Periods	Small Cap Value Composite (Gross of fees %)	Small Cap Value Composite (Net of fees %)	Russell 2000® Index (Rate of Return %)	Russell 2000® Value Index (Rate of Return %)
2021	3.32	3.12	4.29	4.56
1Q21	21.35	21.14	12.70	21.17
2020	14.49	13.64	19.96	4.64
2019	33.79	32.82	25.53	22.39
2018	-19.02	-19.63	-11.01	-12.86
2017	8.09	7.29	14.65	7.84
2016	24.18	23.27	21.31	31.74
2015	1.39	0.64	-4.41	-7.47
2014	8.92	8.11	4.90	4.22
2013	44.60	43.56	38.82	34.52
2012	17.64	16.77	16.35	18.05
2011	2.09	1.33	-4.18	-5.50
2010	21.70	20.81	26.86	24.50
2009	29.53	28.58	27.17	20.58
2008	-29.13	-29.67	-33.79	-28.92
2007	-7.27	-7.97	-1.57	-9.78
2006	12.82	11.98	18.37	23.48
2005	9.76	8.95	4.55	4.71
2004	19.12	18.24	18.33	22.25
2003	40.06	39.05	47.25	46.03
2002	-9.03	-9.72	-20.48	-11.43
2001	22.39	21.49	2.49	14.03
2000	34.61	33.62	-3.02	22.83
1999	6.85	6.03	21.26	-1.49
1998	-1.13	-1.88	-2.55	-6.45
1997	33.21	32.26	22.36	31.78
1996	24.78	23.86	16.49	21.37
1995	34.68	33.70	28.44	25.75
1994 (10/1-12/31)	-1.10	-1.29	-1.87	-2.97

The Small Cap Value Composite has been examined for the periods October 1, 1994 through December 31, 2019. The verification and performance examination reports are available upon request.

Periods shown prior to March 1, 2009 represent the performance record of the portfolio management team while affiliated with a prior firm. Prior to March 1, 2009, the portfolio management team members were the only individuals responsible for selecting the securities to buy and sell.

Fee Schedule: 0.75 of 1% on the first \$50 million; 0.60 of 1% on all assets in excess of \$50 million.

SGC’s list of composite descriptions is available upon request.

Past performance is not indicative of future results.

The table below contains historical composite information:

Calendar Periods	# of Portfolios	Composite Dispersion	3-Yr. Annualized Standard Deviation			Composite Assets (USD mil)	Total Firm Assets (USD mil)	% of Total Assets
			Composite	Russell 2000 Index	Russell 2000 Value Index			
2020	24	0.23	28.74%	25.27%	26.12%	712	5,432	13%
2019	24	0.09	18.47%	15.71%	15.68%	614	6,030*	10%
2018	25	0.04	15.85%	15.79%	15.76%	478	5,910	8%
2017	25	0.07	13.50%	13.91%	13.97%	645	5,806	11%
2016	25	0.10	14.36%	15.76%	15.50%	638	6,129	10%
2015	21	0.07	13.11%	13.96%	13.45%	464	5,409	9%
2014	21	0.19	12.16%	13.12%	12.79%	478	5,968	8%
2013	21	0.11	16.74%	16.45%	15.82%	533	5,514	10%
2012	20	0.11	19.41%	20.20%	19.89%	442	5,318	8%
2011	22	0.18	25.14%	24.99%	26.05%	493	5,099	10%
2010	24	0.18	27.15%	27.69%	28.37%	542	5,007	11%
2009	23	0.15	24.86%	24.83%	25.62%	590	4,992	12%
2008	27	0.10	18.19%	19.85%	19.14%	515	---	---
2007	43	0.12	10.53%	13.16%	12.59%	1,022	---	---
2006	54	0.17	9.56%	13.75%	12.33%	1,570	---	---
2005	60	0.13	11.43%	15.09%	14.09%	1,606	---	---
2004	62	0.17	16.35%	18.96%	17.51%	1,632	---	---
2003	63	0.20	18.80%	21.64%	18.42%	1,463	---	---
2002	61	0.10	20.56%	24.36%	17.39%	989	---	---
2001	41	0.15	18.69%	23.14%	14.65%	848	---	---
2000	17	0.09	22.19%	24.32%	16.61%	366	---	---
1999	12	0.10	21.18%	20.59%	16.32%	189	---	---
1998	8	N.A.	---	---	---	67	---	---
1997	1	N.A.	---	---	---	72	---	---
1996	1	N.A.	---	---	---	119	---	---
1995	1	N.A.	---	---	---	96	---	---
1994 (10/1-12/31)	1	N.A.	---	---	---	72	---	---

N.A. - The composite dispersion is not meaningful if five or fewer portfolios are in the composite for the full year.

\* Total firm assets includes uncalled committed capital in the amount of \$112 million



# Benchmark Disclosures

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## Small Cap Value

The Small Cap Value portfolio is a managed portfolio of 50 to 75 common stocks and is not capitalization weighted.

Beta is a measure of volatility relative to an index. Fundamental beta, calculated using the Thomson/Vestek U.S. Equity Risk Model based on the portfolio holdings at a point in time, attempts to measure future risk based on market-related and financial characteristics. Such characteristics may include, but are not limited to a company's size, industry, financial situation and competition. The Small Cap Value portfolio's fundamental beta typically ranges between 0.9 and 1.1 relative to both the Russell 2000® Index and Russell 2000® Value Index.

Benchmarks are for illustration purposes only and have limitations when used for such purposes because they may have volatility, credit, or other material characteristics that are different from the portfolio.

### **Benchmark/Index Descriptions**

All relevant indices are unmanaged, capitalization-weighted portfolios. Index returns reflect reinvestment of dividends and other earnings and do not reflect the management fees or commissions associated with actively managed portfolios.

The Russell 3000® Index is comprised of the stocks of the 3,000 largest U.S. companies (based on total market capitalization) and represents approximately 98% of the investable U.S. equity market.

The **Russell 2000® Index** is comprised of the stocks of the 2,000 smallest companies within the Russell 3000® Index.

The Russell 2000 Style Indices are subsets of the Russell 2000® Index with inclusion based on each company's price-to-book ratio, forecasted earnings and sales growth rates. Those companies with the lowest price-to-book ratio, forecasted earnings and sales growth rates are fully placed in the **Russell 2000® Value Index** (approximately one third of the Russell 2000® Index's total market cap) while those companies with the highest price-to-book ratio, forecasted earnings and sales growth rates are fully placed in the **Russell 2000® Growth Index** (approximately one third of the Russell 2000® Index's total market cap). Each stock within the remaining third is partially included in each of the Value and Growth Indices. The market capitalization of the Russell 2000® Index is closely divided between value and growth so that the Russell Style Indices have similar total market capitalizations as opposed to an equal number of constituents.

The S&P 500 Index is comprised of the stocks of 500 companies based on market capitalization, liquidity, and representation -- typically the largest capitalization U.S. common stocks. The S&P 500 Index is included as a representation of the broad US equity market and is not typically utilized as a performance benchmark for Smith Graham's Small Cap Value strategy.

I/B/E/S is the Institutional Brokers Estimate System. The I/B/E/S One Year Forecast P/E uses median I/B/E/S consensus earnings per share estimates for the next fiscal year to calculate a price-to-earnings (P/E) ratio.

**Bold** indices are used as benchmarks for Small Cap Value.

The Russell 3000®, Russell 2000®, Russell 2000® Value, and Russell 2000® Growth Indices are trademarks of the London Stock Exchange Group companies.

Account performance is not necessarily measured against every index mentioned.



# Midcap Value Composite GIPS® Performance Disclosures

Reporting Currency:	U.S. Dollar
Reporting Date:	June 30, 2021
Benchmark(s):	Russell Midcap® & Russell Midcap® Value Index

	Annualized			
	1 Year	3 Years	5 Years	10 Years
Midcap Value Composite (gross of fees)	78.99%	13.39%	17.25%	15.07%
Midcap Value Composite (net of fees)	77.72%	12.55%	16.39%	14.22%
Russell Midcap® Index (Rate of Return %)	49.80%	16.45%	15.62%	13.24%
Russell Midcap® Value Index (Rate of Return %)	53.06%	11.86%	11.79%	11.74%

Smith, Graham & Co. Investment Advisors, L.P. (“SGC”) is a registered investment advisor that invests in domestic and international fixed income securities and domestic equity securities. The presentation conforms to the Global Investment Performance Standards (GIPS®) guidelines regarding the portability of investment results.

The Midcap Value Composite was created on March 1, 2001. The Composite is composed of all Midcap Value equity portfolios with no significant restrictions and market values greater than \$3 million. Prior to June 1, 2002, no minimum account size was required.

The performance from January 1, 1999 to September 30, 2007 includes the returns of a portion of a prior firm’s Pension Plan that was not charged management fees. Separately managed fee paying accounts were included in the composite beginning March 1, 2001.

The Composite net of fee returns are calculated by adjusting each monthly gross of fee Composite rate of return by the highest applicable rate on the Midcap Value Strategy’s published fee schedule, which was 0.60% from inception to December 31, 2002 and 0.75% thereafter. Actual individual account fees may vary. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Fees are investment advisory fees and do not include other possible expenses. Gross and net of fee performance reflects the reinvestment of dividends and all other earnings. The composite dispersion calculation is the equal-weighted standard deviation for all accounts in the Composite for the entire period.

From July 1, 2002 to June 30, 2007, the composite utilized a “significant cash flow” policy. A flow (contribution/withdrawal) was considered to be significant if it represented 5% or more of the account’s market value and affected the Composite return by more than a relative difference of 5%. Any account experiencing a significant cash flow was excluded from the Composite for the month in which the flow was posted to the accounting system. As of July 1, 2007, this composite no longer utilizes a “significant cash flow” policy.

Please refer to the Notes section for more information about the benchmarks discussed above and the volatility of the Midcap Value Composite relative to such benchmarks.

SGC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SGC has been independently verified for the period January 1, 2016 through December 31, 2019 by ACA Performance Services. A verification covering the periods from January 1, 2001 through December 31, 2015 was performed by another verification firm.

Calendar Periods	Midcap Value Composite (Gross of fees %)	Midcap Value Composite (Net of fees %)	Russell Midcap® Index (Rate of Return %)	Russell Midcap® Value Index (Rate of Return %)
2Q21	3.63	3.44	7.50	5.66
1Q21	25.57	25.35	8.14	13.05
2020	3.47	2.70	17.10	4.96
2019	29.63	28.68	30.54	27.06
2018	-14.16	-14.81	-9.06	-12.29
2017	21.70	20.80	18.52	13.35
2016	17.67	16.80	13.80	20.00
2015	2.95	2.19	-2.44	-4.78
2014	16.01	15.15	13.22	14.75
2013	44.03	42.99	34.76	33.46
2012	20.72	19.83	17.28	18.50
2011	-2.12	-2.86	-1.55	-1.38
2010	24.11	23.20	25.47	24.75
2009	28.39	27.45	40.48	34.21
2008	-31.88	-32.41	-41.46	-38.44
2007	-1.02	-1.76	5.60	-1.42
2006	14.57	13.72	15.26	20.22
2005	11.79	10.96	12.65	12.65
2004	20.59	19.70	20.22	23.71
2003	42.96	41.93	40.06	38.07
2002	-8.79	-9.48	-16.18	-9.65
2001	15.03	14.17	-5.62	2.33
2000	20.99	20.08	8.25	19.18
1999	5.49	4.70	18.23	-0.11

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Midcap Value Composite has been examined for the periods January 1, 1999 through December 31, 2019. The verification and performance examination reports are available upon request. Periods shown prior to March 1, 2009 represent the performance record of the portfolio management team while affiliated with a prior firm. Prior to March 1, 2009, the portfolio management team members were the only individuals responsible for selecting the securities to buy and sell.

Fee Schedule: 0.75 of 1% on the first \$100 million; 0.60 of 1% on all assets in excess of \$100 million

A list of composite descriptions is available upon request.

Past performance is not indicative of future results.

The table below contains historical composite information:

Calendar Periods	# of Portfolios	Composite Dispersion	3-Yr. Annualized Standard Deviation			Composite Assets (USD mil)	% of Composite Non-fee Paying Assets	Total Firm Assets (USD mil)	% of Total Assets
			Composite	Russell MidCap Index	Russell MidCap Value Index				
2020	12	0.12	28.19%	21.82%	22.62%	368	0.0	5,432	7%
2019	14	0.05	17.16%	12.89%	12.79%	405	0.0	6,030*	7%
2018	14	0.05	14.79%	11.98%	11.96%	330	0.0	5,910	6%
2017	12	0.03	12.89%	10.36%	10.33%	346	0.0	5,806	6%
2016	11	0.32	13.48%	11.55%	11.30%	285	0.0	6,129	5%
2015	9	0.06	11.46%	10.85%	10.71%	230	0.0	5,409	4%
2014	8	0.04	10.83%	10.14%	9.81%	222	0.0	5,968	4%
2013	6	0.06	15.62%	14.03%	13.69%	179	0.0	5,514	3%
2012	6	0.06	18.46%	17.20%	16.76%	176	0.0	5,318	3%
2011	6	0.09	22.60%	21.55%	22.78%	147	0.0	5,099	3%
2010	6	0.04	27.18%	26.46%	27.11%	154	0.0	5,007	3%
2009	9	0.11	24.99%	24.22%	25.01%	191	0.0	4,880	4%
2008	12	0.20	20.26%	19.36%	18.74%	176	0.0	---	---
2007	20	0.10	9.15%	9.48%	9.13%	349	0.0	---	---
2006	27	0.05	8.37%	9.62%	8.65%	912	1.2	---	---
2005	27	0.06	10.74%	11.22%	10.92%	772	1.2	---	---
2004	23	0.15	14.55%	15.28%	14.47%	707	1.2	---	---
2003	16	0.25	16.60%	18.51%	15.72%	165	4.2	---	---
2002	14	0.01	---	---	---	96	5.8	---	---
2001	3	N.A.	---	---	---	19	33.1	---	---
2000	1	N.A.	---	---	---	5	100.0	---	---
1999	1	N.A.	---	---	---	5	100.0	---	---

N.A.- The composite dispersion is not meaningful if five or fewer portfolios are in the composite for the full year.

\* Total firm assets includes uncalled committed capital in the amount of \$112 million



# Benchmark Disclosures

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## Midcap Value

The Midcap Value portfolio is a managed portfolio of 50 to 75 common stocks and is not capitalization weighted.

Beta is a measure of volatility relative to an index. Fundamental beta, calculated using the Thomson/Vestek U.S. Equity Risk Model based on the portfolio holdings at a point in time, attempts to measure future risk based on market-related and financial characteristics. Such characteristics may include, but are not limited to a company's size, industry, financial situation and competition. The Midcap Value portfolio's fundamental beta typically ranges between 0.9 and 1.1 relative to both the Russell Midcap® Index and Russell Midcap® Value Index.

Benchmarks are for illustration purposes only and have limitations when used for such purposes because they may have volatility, credit, or other material characteristics that are different from the portfolio.

### Benchmark/Index Descriptions

All relevant indices are unmanaged, capitalization-weighted portfolios. Index returns reflect reinvestment of dividends and other earnings and do not reflect the management fees or commissions associated with actively managed portfolios.

The Russell 3000® Index is comprised of the stock of the 3,000 largest U.S. companies (based on total market capitalization) and represents approximately 98% of the investable U.S. equity market. The Russell 1000® Index is a sub-set of the Russell 3000® and is comprised of the stock of the 1,000 largest companies within the Russell 3000® Index.

The **Russell Midcap® Index** is comprised of the stock of the 800 smallest companies within the Russell 1000® Index.

The Russell Midcap® Style Indices are subsets of the Russell Midcap® Index with inclusion based on each company's price-to-book ratio, forecasted earnings and sales growth rates. Those companies with the lowest price-to-book ratio, forecasted earnings and sales growth rates are fully placed in the **Russell Midcap® Value Index** (approximately one third of the Russell Midcap® Index's total market cap) while those companies with the rate highest price-to-book ratio, forecasted earnings and sales growth rates are fully placed in the **Russell Midcap® Growth Index** (approximately one third of the Russell 1000® Index's total market cap). Each stock within the remaining third is partially included in each of the Value and Growth Indices. The market capitalization of the Russell Midcap® Index is closely divided between value and growth so that the Russell Style Indices have similar total market capitalizations as opposed to an equal number of constituents.

The S&P 500 Index is comprised of the stocks of 500 companies based on market capitalization, liquidity, and representation -- typically the largest capitalization U.S. common stocks. The S&P 500 Index is included as a representation of the broad US equity market and is not typically utilized as a performance benchmark for Smith Graham's Midcap Value strategy.

I/B/E/S is the Institutional Brokers Estimate System. The I/B/E/S One Year Forecast P/E uses median I/B/E/S consensus earnings per share estimates for the next fiscal year to calculate a price-to-earnings (P/E) ratio.

**Bold** indices are used as benchmarks for Midcap Value.

The Russell 3000®, Russell 1000®, Russell Midcap®, Russell Midcap® Value, and Russell Midcap® Growth Indices are trademarks of the London Stock Exchange Group companies. Account performance is not necessarily measured against every index mentioned.



**October 7, 2021**  
*SMID Cap Value Free Cash Flow*

**Kenneth W. Burgess, CFA**  
*Chief Investment Officer  
Portfolio Manager*

**James V. Wallerius**  
*Senior Vice President*



*Our mission is to provide clients with above benchmark long-term investment results and client service that consistently surpasses expectations.*

## Exclusive Focus in Managing Small and Mid Cap Equities

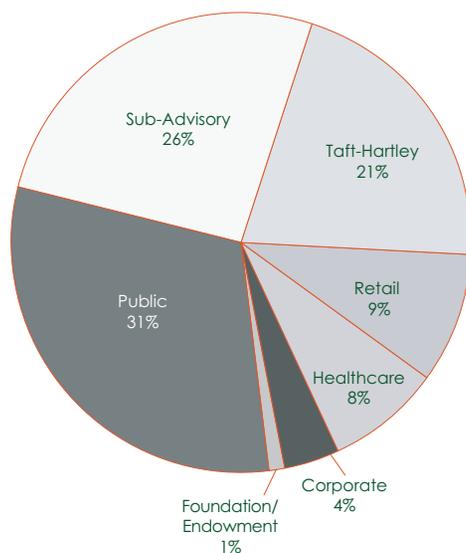
### Overview

- ▶ \$3.6 Billion in Assets Under Management
- ▶ 25+ Years Experience
- ▶ Institutional and Private Client Base
- ▶ Affiliate of Affiliated Managers Group, Inc.

### Investment Strategy

Our strategy seeks to invest in high-quality, undervalued companies with superior financial strength, strong free cash flows and lower relative levels of debt that we believe will outperform over full market cycles.

### Client Distribution\*



\* Percentage based upon total assets under management.

### Portfolio Offerings

Portfolio	Inception
Small Cap Value FCF	1993
SMID Cap Value FCF	2010

## Corporate

Atmos Energy  
Gundersen Lutheran Employees' Retirement Plan  
Mercy Medical Center  
Oshkosh Corporation  
University of Akron Operating Fund

## Sub-Advisory

Transamerica Asset Management, Inc.

## Taft-Hartley

Heating, Piping & Refrigeration Pension  
IBEW Local 124  
International Brotherhood of Teamsters  
Laborers' District Council for Baltimore  
Laborers' Local 231  
Laborers' Pension Fund  
San Francisco Culinary Bartender and Service Employees  
U.A. Plumbers & Steamfitters Local 22 Pension Fund  
United Mine Workers  
United Scenic Artists Local 829  
Washington Metro Area Transit Authority Transit Police  
Western Washington Glaziers Retirement Trust

## Foundation/Endowment

Dillard University Endowment  
Moose International, Inc.  
Sister M. Athanasia Gurry Trust Fund of the Sisters of St. Joseph

## Public

City of Winston-Salem  
Gwinnett County Board of Education Retirement  
Los Angeles County Employees Retirement Association  
Missouri Education Pension Trust  
Orange County Employees Retirement System  
Public School Retirement System of St. Louis  
Sonoma County Employees Retirement Association  
Springfield (MO) Police Officers' and Firefighters' Retirement System

## Other

Catholic Diocese of Dallas  
Lay Employees Retirement Plan of the Diocese of Arlington  
Providence St. Joseph Health

Representative Client List as of June 30, 2021. Inclusion in this list does not represent a recommendation or endorsement of Systematic's products and/or services. Clients listed herein may be invested in other Systematic managed investment capabilities and, as such, are not exclusively representative of the product(s) discussed herein. Clients included in this list are the institutional clients which have provided written consent to Systematic to be named in marketing materials.

## Portfolio Management and Research

Name	Title	Research Focus	Years Investment Experience	Year Joined Systematic
Kenneth W. Burgess, CFA	CIO / Portfolio Manager Senior Equity Analyst Quantitative Analyst	Generalist	28	1993
W. Ryan Wick, CFA	Assistant Portfolio Manager Senior Equity Analyst	Generalist	22	2005
Rick Plummer, CFA	Assistant Portfolio Manager Senior Equity Analyst	Communication Services Financials Information Technology Real Estate	27	2004
Brian D. Kostka, CFA	Assistant Portfolio Manager Senior Equity Analyst	Communication Services Consumer Health Care Industrials	22	2007
Christopher Lippincott, CFA	Senior Equity Analyst	Consumer Industrials Materials Information Technology	25	2008
Matthew Tangel, CFA / CSRIC	Senior Equity Analyst Quantitative Analyst	Energy Financials Materials Real Estate Utilities	16	2008

## Trading

Name	Title	Role	Years Investment Experience	Year Joined Systematic
Roger Chang	Head Trader	Equity Trading Commission Review Committee Oversight	25	1996
Melissa Reformato	Equity Trader	Equity Trading	20	2001

## Don't Sacrifice Quality When Investing in Smaller Companies

*Systematic Strives to:*

- ▶ Invest in the Healthiest Small/Mid-Sized Companies
- ▶ Invest in Companies Possessing Tremendous Financial Flexibility
- ▶ Significantly Reduce Financial Risk & Solvency Concerns
- ▶ Avoid Speculative Situations and Focus on Proven Business Models
- ▶ Avoid Problems Associated with Accrual Accounting
- ▶ Provide Superior Risk-Adjusted Returns

Strong Operating Cash Flow

Strong Free Cash Flow

Limited Financial Leverage

Strong Debt Coverage

## Identify

### Universe Screening

#### Initial Universe

Small and Mid Cap companies generally consistent with market cap range of Russell 2500™ Index

#### Quantitative Model

- Low P/OCF
- Low P/FCF
- Low EV/FCF
- Low Total Debt/Cap
- Strong Debt Coverage

#### 400 Stock Research Focus List

## Analyze

### Fundamental Research

#### Review the Business Model

- Validate liquidity position
- Understand and identify key business attributes
- Review management and corporate strategy
- Assess sustainability of the business model

#### Forecast Financial Results

- Revenues and expenses
- Margins and profitability
- Operating cash flow
- Capital spending
- Free cash flow

#### Assess Company Valuation

- Identify appropriate cash flow multiples
- Perform DCF analysis

## Execute

### Portfolio Construction

#### 75-125 Securities

- P/E in line or lower than Index
- P/FCF lower than Index
- EV/FCF lower than Index
- Debt coverage substantially better than Index

### Risk Control

Investments continuously monitored

Prudently diversified

Max position size 5%

Market cap sensitive

### Sell Discipline

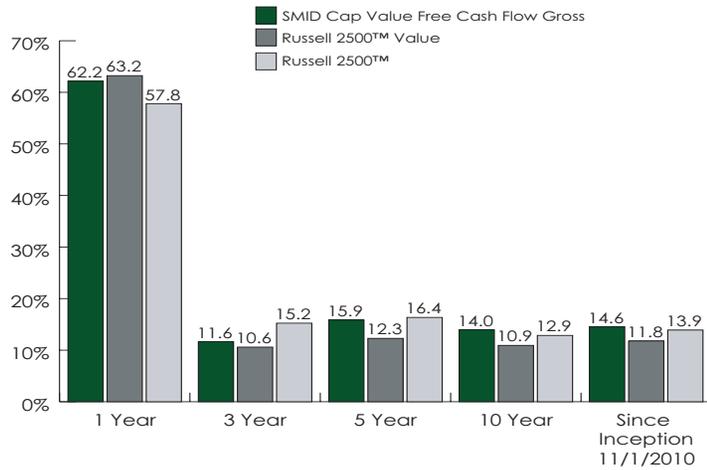
High valuation

Deterioration in financial strength

Position size/Market cap

Opportunity cost

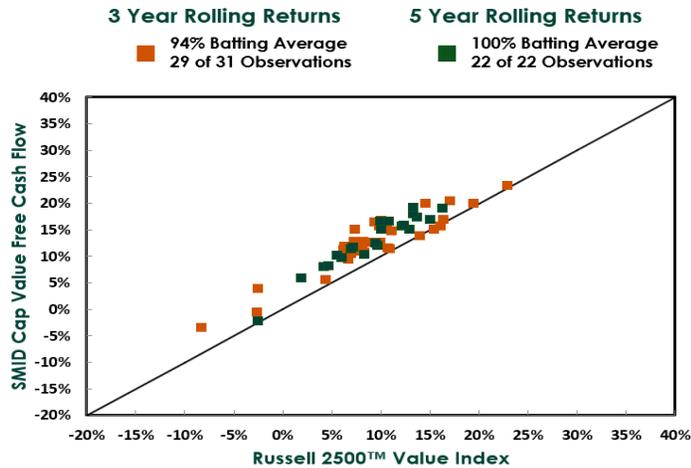
## Annualized Returns



## Investment Results

Period	SMID Cap Value Free Cash Flow	Russell 2500 Value	Russell 2500 Value Index
YTD 2021	23.9	22.7	19.0
2020	7.6	4.9	20.0
2019	27.8	23.6	27.8
2018	-14.2	-12.4	-10.0
2017	25.8	10.4	16.8
2016	21.7	25.2	17.6
2015	3.6	-5.5	-2.9
2014	8.0	7.1	7.1
2013	41.0	33.3	36.8
2012	13.9	19.2	17.9
2011	-4.6	-3.4	-2.5

## Rolling 3 Year and 5 Year Returns vs. Russell 2500 Value



All Data as of June 30, 2021. All returns are gross of fees. Benchmark Source: FactSet. Past performance is not indicative of future performance. Information shown represents the SMID Cap Value Free Cash Flow Composite, is supplemental and is intended for information purposes only. The Annual Composite Disclosure at the end of this book is an integral part of this presentation and contains requisite net of fee performance data and related disclosures. Systematic is the source of data unless otherwise indicated.

Performance results noted herein are gross of fees and do not reflect the deduction of investment advisory fees. The Client's return will be reduced by the investment advisory fees and other expenses the client may incur in the management of its investment advisory account. Systematic's investment advisory fees are more fully described in the Firm's Form ADV Part 2A. As an example, the net of fee return for our SMID Cap Value Free Cash Flow strategy for the calendar year ending 2020 would have been 6.9%, versus the gross return of 7.6%, based on the highest institutional fee of 0.85% charged for this product.

Consultants may only use the gross of fee data presented herein in one-on-one presentations with prospective institutional clients of Systematic. Any presentation to such prospective clients must also include the important disclosures noted above. Presentation to any other party is strictly prohibited.

## Portfolio Statistics (10 Year)

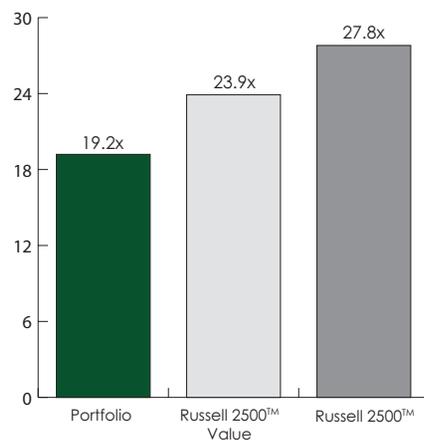
SMID Cap Value Free Cash Flow vs.	Annualized Alpha	Annual Standard Deviation*	R Squared	Portfolio Beta	Information Ratio	Tracking Error	Up Capture	Down Capture
Russell 2500™ Value	3.1%	21.3%	0.96	0.98	0.72	4.21	110%	95%
Russell 2500™	1.3%	21.3%	0.95	0.99	0.23	4.80	104%	99%

\*vs. Russell 2500™ Value of 21.5%; vs. Russell 2500™ of 21.1%

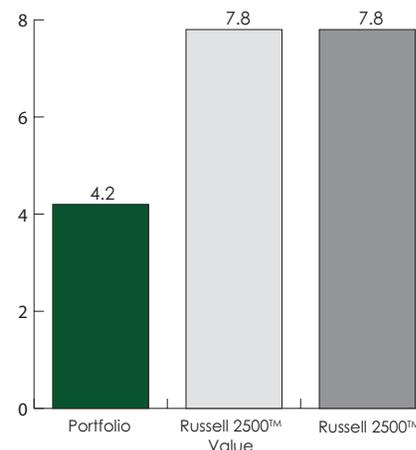
## Portfolio Characteristics

	Weighted Avg. Mkt. Cap	Weighted Avg. Enterprise Value	Price to Forward Earnings	EV/EBITDA	EV/Free Cash Flow	Price/Free Cash Flow	Return on Equity	Years to Cover Total Debt	Active Share vs. Benchmark
SMID Cap Value Free Cash Flow	\$7.6 b	\$8.0 b	15.6x	14.1x	19.2x	16.6x	10.3%	4.2	--
Russell 2500™ Value	\$7.0 b	\$9.5 b	15.3x	17.1x	23.9x	17.9x	6.7%	7.8	92%
Russell 2500™	\$7.0 b	\$8.9 b	17.0x	20.5x	27.8x	22.1x	5.3%	7.8	93%

### EV/Free Cash Flow



### Years to Cover Total Debt



All Data as of June 30, 2021. All returns are gross of fees. Benchmark Source: FactSet. Past performance is not indicative of future performance. Information shown represents the SMID Cap Value Free Cash Flow Composite, is supplemental and is intended for information purposes only. The Annual Composite Disclosure at the end of this book is an integral part of this presentation and contains requisite net of fee performance data and related disclosures. Systematic is the source of data unless otherwise indicated.

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# SMID Cap Value Free Cash Flow Composite

Sector	Portfolio	Russell 2500™ Value	Russell 2500™
<b>Communication Services</b>	<b>1.1%</b>	<b>3.3%</b>	<b>3.1%</b>
MSG Networks Inc.	MSG Sports Corp.		
<b>Consumer Discretionary</b>	<b>15.5%</b>	<b>10.7%</b>	<b>12.7%</b>
Abercrombie & Fitch Co.	PulteGroup, Inc.		
American Eagle Outfitters, Inc.	Ralph Lauren Corporation		
American Public Education, Inc.	Select Interior Concepts, Inc.		
Churchill Downs Incorporated	Stoneridge, Inc.		
D.R. Horton, Inc.	Strategic Education, Inc.		
Foot Locker, Inc.	Tapestry, Inc.		
LaZBoy Incorporated	Urban Outfitters, Inc.		
Lear Corporation	Visteon Corporation		
Mastercraft Boat Holdings, Inc.	Williams-Sonoma, Inc.		
<b>Consumer Staples</b>	<b>3.6%</b>	<b>3.2%</b>	<b>3.2%</b>
Nomad Foods, Ltd.	Village Super Market, Inc.		
Sanderson Farms, Inc.	Whole Earth Brands, Inc.		
Spectrum Brands Holdings, Inc.			
<b>Energy</b>	<b>3.2%</b>	<b>4.8%</b>	<b>3.6%</b>
Cabot Oil & Gas Corp.	Helmerich & Payne, Inc.		
Diamondback Energy, Inc.	Magnolia Oil & Gas Corp.		
Helix Energy Solutions Group			
<b>Financials</b>	<b>15.8%</b>	<b>20.1%</b>	<b>13.7%</b>
Alleghany Corporation	Lincoln National Corporation		
Assurant, Inc.	Markel Corporation		
Central Valley Community Bancorp	Piper Jaffray Companies		
Citizens Financial Group, Inc.	Raymond James Financial, Inc.		
Everest Re Group, Ltd.	Selective Insurance Group, Inc.		
First Citizens BancShares, Inc.	Signature Bank		
First Community Bankshares Inc	Stifel Financial Corp.		
First Republic Bank	Washington Federal, Inc.		
KeyCorp	Zions Bancorporation, N.A.		
<b>Health Care</b>	<b>11.5%</b>	<b>9.0%</b>	<b>15.7%</b>
AMN Healthcare Services, Inc.	Innoviva, Inc.		
AngioDynamics, Inc.	Jazz Pharmaceuticals		
BioDelivery Sciences International	Laboratory Corp. of America		
Cross Country Healthcare, Inc.	Meridian Bioscience, Inc.		
Encompass Health Corporation	OraSure Technologies, Inc.		
Exelixis, Inc.	Perrigo Co.		

Sector	Portfolio	Russell 2500™ Value	Russell 2500™
<b>Industrials</b>	<b>17.4%</b>	<b>17.3%</b>	<b>15.9%</b>
Altra Industrial Motion Corp.	KBR, Inc.		
AMERCO	L.B. Foster Company		
American Woodmark Corp.	L3Harris Technologies Inc.		
ASGN Inc.	Leidos Holdings, Inc.		
Columbus McKinnon Corporation	Masco Corporation		
Comfort Systems USA, Inc.	Miller Industries, Inc.		
Elbit Systems Ltd.	PGT Innovations, Inc.		
EMCOR Group, Inc.	Regal Beloit Corp.		
Gencor Industries, Inc.	Science Applications International		
Granite Construction Inc.	Tetra Tech, Inc.		
ICF International, Inc.			
<b>Information Technology</b>	<b>14.4%</b>	<b>9.0%</b>	<b>16.3%</b>
Amdocs Limited	MKS Instruments, Inc.		
Brooks Automation, Inc.	NeoPhotonics Corporation		
Check Point Software Technology	Qorvo, Inc.		
Ciena Corp.	Silicon Motion Technology Corp.		
Coherent, Inc.	Skyworks Solutions Inc.		
Cohu, Inc.	Tower Semiconductor Ltd.		
F5 Networks, Inc.	Universal Display Corporation		
KLA Corporation	Vishay Intertechnology, Inc.		
KVH Industries, Inc.			
<b>Materials</b>	<b>5.4%</b>	<b>6.8%</b>	<b>5.3%</b>
CF Industries Holdings, Inc.	Kaiser Aluminum Corporation		
Commercial Metals Company	Schnitzer Steel Industries, Inc.		
Glatfelter Company	Trinseo SA		
Huntsman Corporation			
<b>Real Estate</b>	<b>8.8%</b>	<b>12.0%</b>	<b>8.1%</b>
Alexandria Real Estate Equities Inc.	National Retail Properties, Inc.		
Apple Hospitality REIT Inc.	Newmark Group, Inc.		
Brandywine Realty Trust	OUTFRONT Media, Inc.		
Community Healthcare Trust, Inc.	Physicians Realty Trust		
DiamondRock Hospitality Co.	Piedmont Office Realty Trust		
Host Hotels & Resorts, Inc.	Sabra Health Care REIT, Inc.		
Lexington Realty Trust	Summit Hotel Properties, Inc.		
<b>Utilities</b>	<b>1.4%</b>	<b>3.8%</b>	<b>2.4%</b>
NorthWestern Corporation	Pinnacle West Capital Corp.		

As of June 30, 2021. Systematic sector weights do not total 100% due to cash. Benchmark Source: FactSet  
Companies listed are not investment recommendations and may no longer be held in the portfolio.  
A complete list of securities held in the portfolio over the past year is available upon request.

## Financial Crisis (2007-2008)

- ▶ Housing Bubble Pops
- ▶ Credit Quality Rapidly Weakens
- ▶ Capital Markets Freeze
- ▶ Fed Repeatedly Cuts Rates, Eventually Bringing Short-Term Rates to Zero by Year End 2008
- ▶ Government Bail-Out of the Financial System Begins, Along with Massive QE
- ▶ TARP and Stress Tests Foster Stabilization

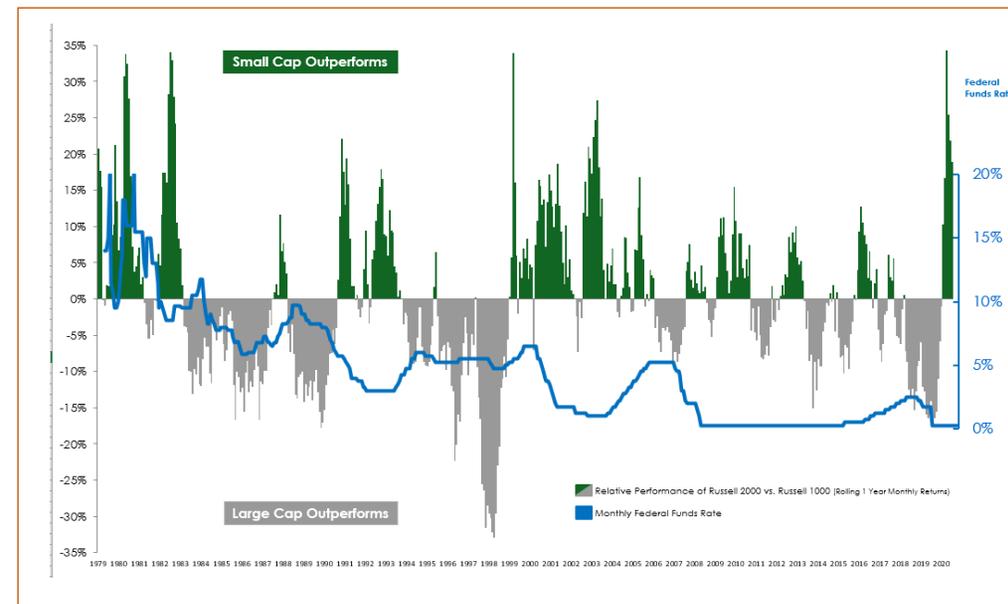
## Record Long Bull Market (2009-2019)

- ▶ Vastly Improved Financial Strength Puts the U.S. in Strong Position
- ▶ Slow but Steady Economic Expansion Leads to Sustained Positive Returns for Equities and Bonds
- ▶ As the Unemployment Rate Breaks Below 6%, Fed Concludes Further QE and Begins the Process of Raising Short-Term Rates in Late 2015
- ▶ With a Shift to Republican U.S. Leadership, Fiscal Policy Leans Strongly Accomodative in 2017
- ▶ After a Near Three Year Run of Consistent Rate Hikes, Balance Sheet Reduction, and Global Trade Issues, Economic Activity Slows
- ▶ The Fed Reverses Course in Mid 2019, Cutting Rates and Providing Additional Accomodation to the System
- ▶ Economic Activity Begins to Accelerate in Late 2019, With Unemployment Hitting a Record Low 3.5% and the Housing Market Hitting Cycle Highs

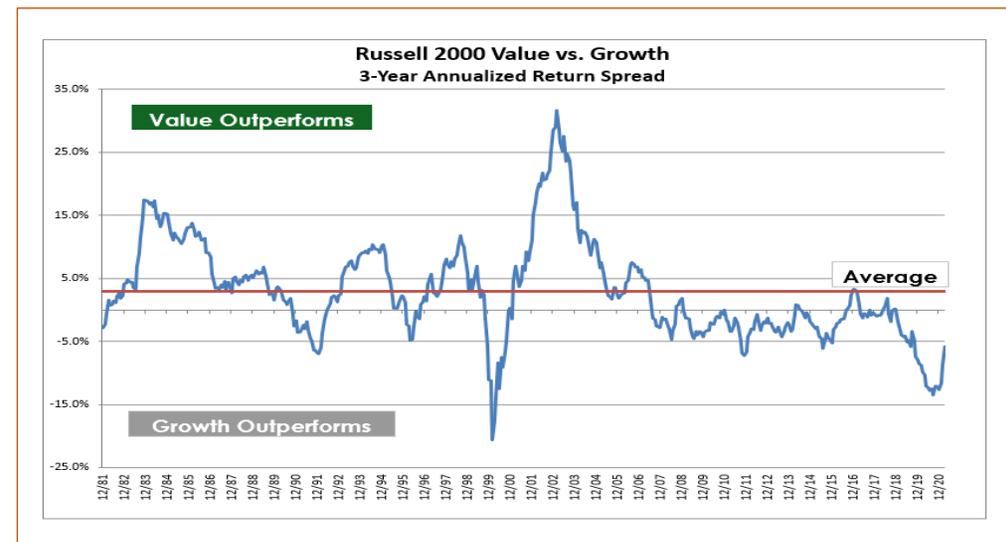
## COVID-19 Abruptly Ushers in a Recessionary Environment (2020-2021)

- ▶ The Sudden and Rapidly Spreading Coronavirus Abruptly Brings the Global Economy to a Virtual Halt
- ▶ Fed Rapidly Injects Massive Amounts of Liquidity and Brings Short-Term Rates to Zero
- ▶ Extraordinary Fiscal Measures are Taken, With Checks Being Sent Out to Low/Mid Income Workers and Cash Made Available to Businesses
- ▶ On the Heels of Additional Stimulus and a Strengthening Vaccine Rollout, the Economy Begins to Show Strong Signs of Recovery

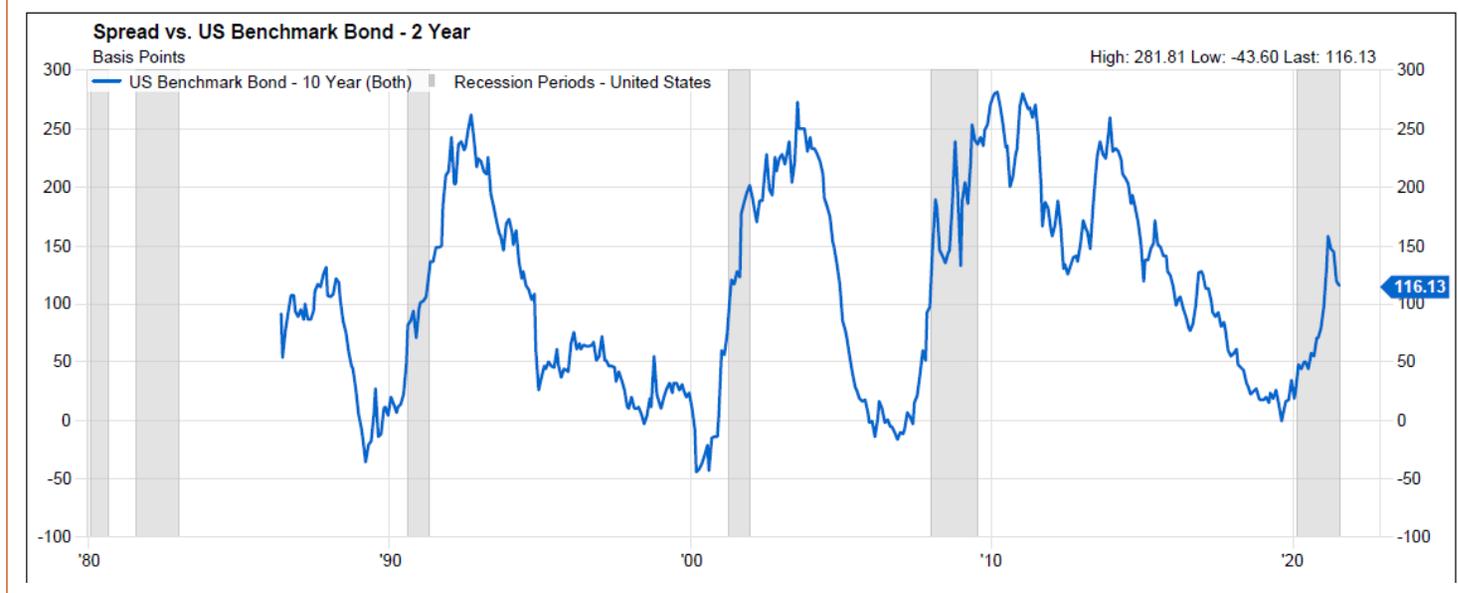
Market Leadership  
Large Cap vs. Small Cap



Value vs. Growth

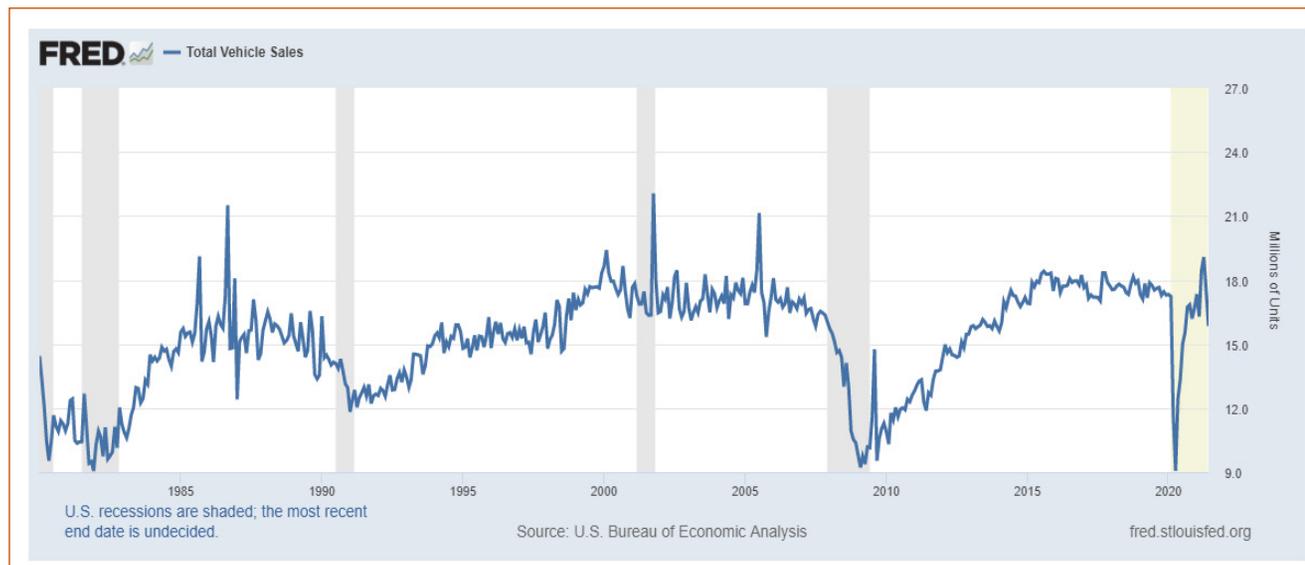
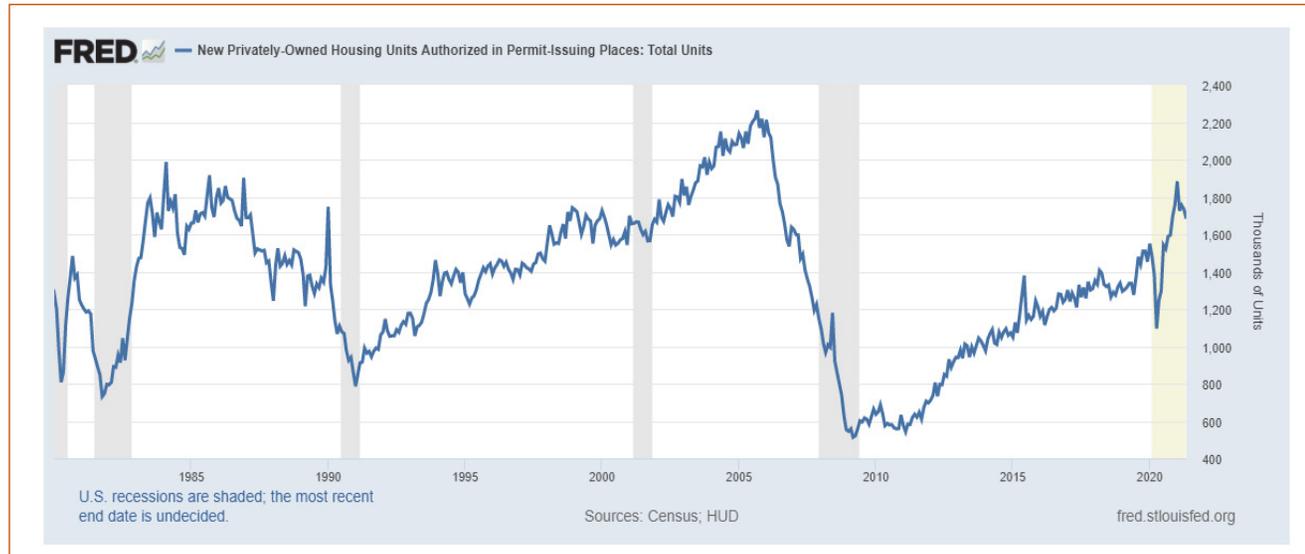


## While Up, Long-Term Rates Remain at Historically Low Levels



As of 6/30/2021  
Source: FactSet

## Recent Economic Data Begins to Show the Effects of Massive Fiscal and Monetary Support



January 1, 1980 thru June 1, 2021  
Seasonally Adjusted Annual Rate. Monthly Frequency.  
Shaded areas indicate US recessions.

## The Consumer Appears to be in Good Shape

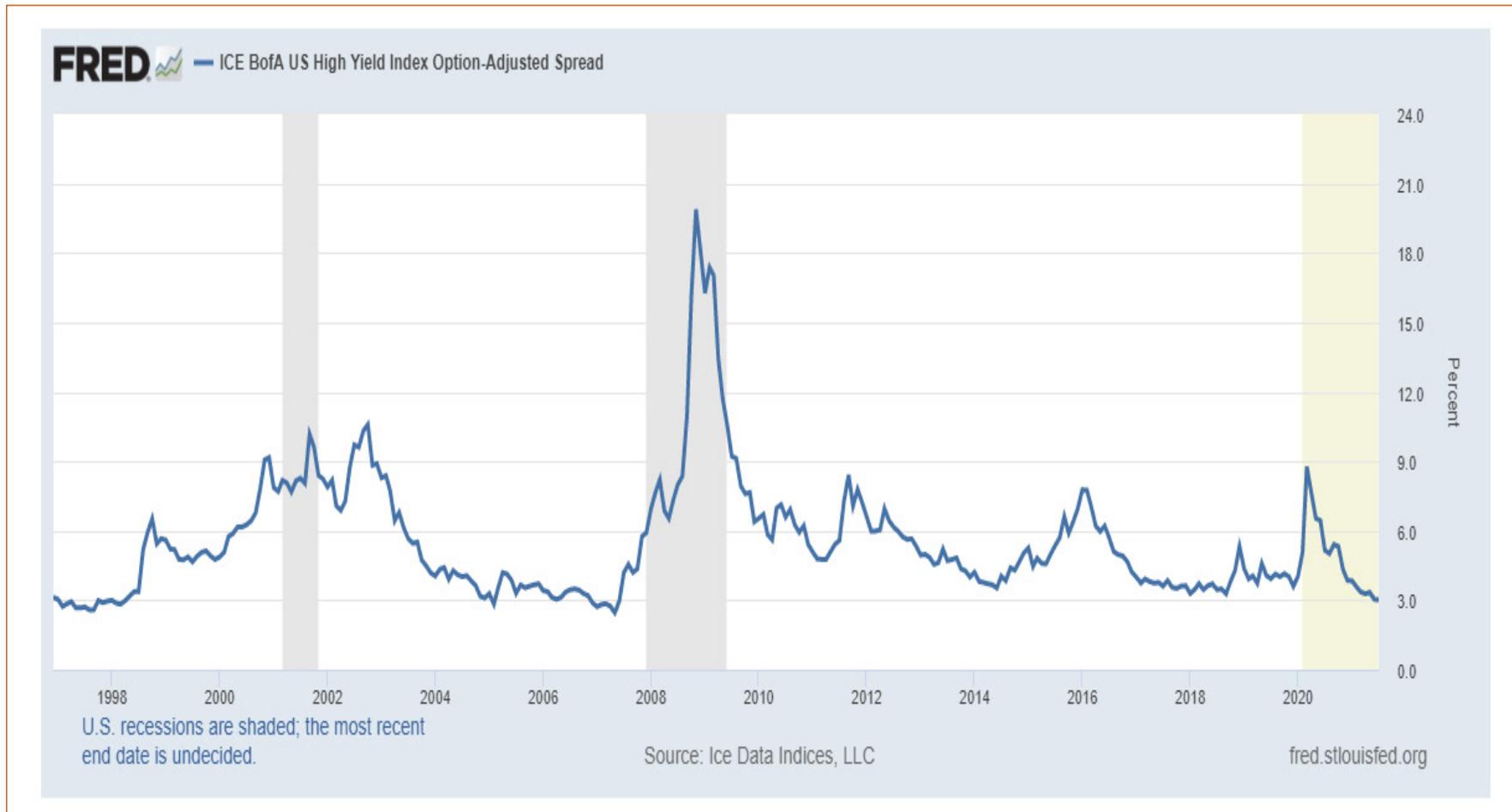


Q1 1980 thru Q4 2020  
Seasonally Adjusted Annual Rate. Quarterly Frequency.  
Shaded areas indicate US recessions.



1/1/1980 thru 6/1/2021  
Seasonally Adjusted Annual Rate. Monthly Frequency.  
Shaded areas indicate US recessions.

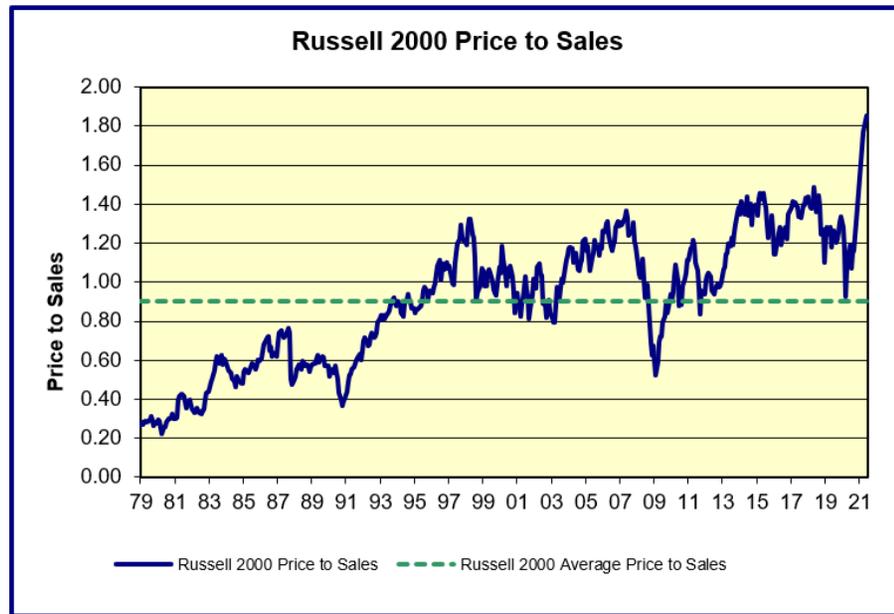
## High Yield Spreads Approach Historic Lows



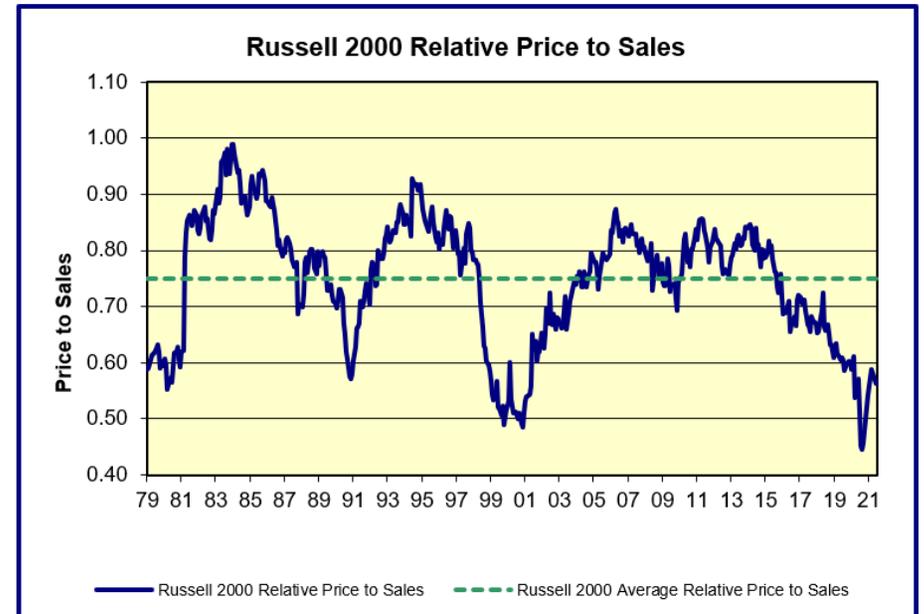
12/31/1996 - 7/1/2021  
Daily Frequency.  
Shaded areas indicate US recessions.

## Historical Small Cap Valuations

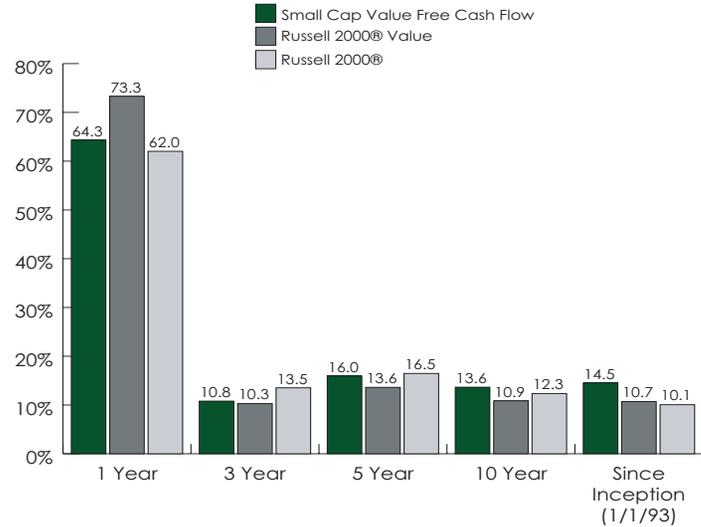
### Russell 2000® Price to Sales



### Russell 2000® Relative Price to Sales



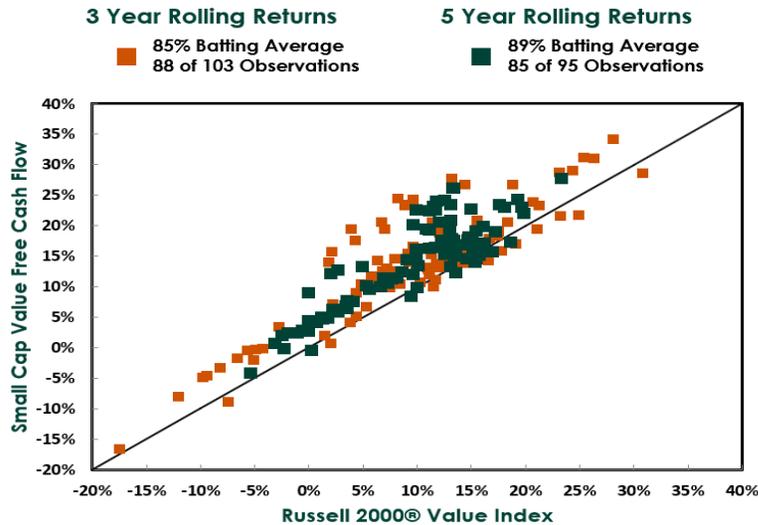
## Annualized Returns



## Investment Results

Period	Small Cap Value Free Cash Flow	Russell 2000 Value	Russell 2000
YTD 2021	24.9	26.7	17.5
2020	5.0	4.6	20.0
2019	25.6	22.4	25.5
2018	-14.1	-12.9	-11.0
2017	25.0	7.8	14.6
2016	23.9	31.7	21.3
2015	2.6	-7.5	-4.4
2014	6.1	4.2	4.9
2013	41.6	34.5	38.8
2012	16.9	18.1	16.4
2011	-5.7	-5.5	-4.2
2010	31.8	24.5	26.9
2009	38.9	20.5	27.2
2008	-32.7	-28.9	-33.8
2007	-3.2	-9.8	-1.6
2006	16.2	23.5	18.4
2005	8.2	4.7	4.6
2004	19.1	22.3	18.3
2003	39.6	46.0	47.3
2002	-8.4	-11.4	-20.5
2001	21.7	14.0	2.5
2000	28.4	22.8	-3.0
1999	12.3	-1.5	21.3
1998	13.0	-6.5	-2.5
1997	38.7	31.8	22.4
1996	30.1	21.4	16.5
1995	24.8	25.8	28.4
1994	1.1	-1.6	-1.8
1993	23.7	23.9	18.9

## Rolling 3 and 5 Year Returns vs. Russell 2000 Value



Performance results noted herein are gross of fees and do not reflect the deduction of investment advisory fees. The Client's return will be reduced by the investment advisory fees and other expenses the client may incur in the management of its investment advisory account. Systematic's investment advisory fees are more fully described in the Firm's Form ADV Part 2A. As an example, the net of fee return for our Small Cap Value Free Cash Flow strategy for the calendar year ending 2020 would have been 3.96% versus the gross return of 5.03%, based on the highest fee of 1.0% charged for this product.

All Data as of June 30, 2021. All returns are gross of fees. Benchmark Source: FactSet. Past performance is not indicative of future performance. Information shown represents the Small Cap Value Free Cash Flow Composite, is supplemental and is intended for information purposes only. The Annual Composite Disclosure at the end of this book is an integral part of this presentation and contains requisite net of fee performance data and related disclosures. Systematic is the source of data unless otherwise indicated.

Consultants may only use the gross of fee data presented herein in one-on-one presentations with prospective institutional clients of Systematic. Any presentation to such prospective clients must also include the important disclosures noted above. Presentation to any other party is strictly prohibited.

# SMID Cap Value Free Cash Flow Disclosure

Systematic Financial Management, L.P. ("Systematic") is an independently managed investment advisory firm and is an affiliate of Affiliated Managers Group, Inc. Systematic claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Systematic has been independently verified for periods from January 1, 1993 through December 31, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The SMID Cap Free Cash Flow composite has been examined for the periods from November 1, 2010 through December 31, 2017. The verification and performance examination reports are available upon request.

1. The performance results presented reflect the SMID Cap Free Cash Flow Composite performance from its November 1, 2010 inception.

2. Systematic's SMID Cap Free Cash Flow Composite represents all fully discretionary unrestricted SMID Cap Free Cash Flow institutional and wrap accounts, including those accounts no longer with the firm. SMID Cap Free Cash Flow composite was created June 1, 2016 and seeks to invest in companies (U.S. Equity, REITS, ADRs and foreign securities traded on U.S. markets) which possess superior financial strength, evidenced by strong cash flow characteristics and strong debt coverage ratio generally consistent with the market capitalization range of the Russell 2500™ Index. Systematic's SMID Cap Free Cash Flow Composite is measured against the Russell 2500™ Value Index for comparison purposes. When comparing the performance of a manager to its benchmark(s), please note that the manager's holdings and portfolio characteristics may differ from those of the benchmark(s). Institutional accounts entered this composite commencing second quarter 2016. Second quarter 2016 to present, this composite is a combination of both institutional and wrap accounts. As of June 30th, 2021, institutional composite assets represent 94% of the SMID Cap Free Cash Flow Institutional strategy assets. This all-inclusive institutional and wrap composite represents 94% of the firm's total SMID Cap Free Cash Flow assets under management of \$70 million. A complete list and description of Systematic's composites is available upon request.

3. All fee-paying discretionary portfolios are included in firm composites; no non-fee paying, non-discretionary portfolios or proprietary portfolios are included in firm composites. The minimum account size for the inclusion into this composite is \$50,000. Composite policy requires the temporary exclusion of any portfolio incurring a client-initiated restriction of greater than two securities such as limitations on foreign issuers or socially responsible investments. A portfolio will re-enter the composite when the restriction no longer applies. Additionally, composite policy requires the temporary removal of any portfolio with client initiated tax-loss selling. The temporary removal of such accounts occur at the beginning of the month in which the tax-loss selling was initiated and will re-enter the composite the first full month after tax loss selling restrictions no longer apply. As of 4/1/2014, Systematic no longer has a significant cash flow policy. From January 1, 2012 until March 31, 2014, composite policy required the temporary exclusion of any portfolio incurring a client initiated significant cash flow of 10% or more of portfolio assets based on the portfolio's market value prior to the cash flow. The temporary removal of such accounts occurred at the beginning of the month in which the significant cash flow occurred and the accounts re-enter the composite according to the firm's policy defining the grace period for new accounts, which is the first full month after the cash flow. For the period April 1, 2007 to December 31, 2011 composite policy did not address significant cash flows. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

4. The Russell 2500™ Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500 Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2500™ Value Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap value market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect value characteristics. Index results assume the reinvestment of dividends paid on the stocks constituting the index. The index does not incur fees or expenses. FTSE Russell is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. The presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a presentation of Systematic Financial Management, L.P. FTSE Russell is not responsible for the formatting or configuration of this material or for any inaccuracy in Systematic's presentation thereof. An investment cannot be made directly in an index.

5. Gross and net composite returns are shown before the deduction of US tax. Gross composite returns are shown before the deduction of custody fees. The composite and benchmark returns are reported gross of foreign withholding taxes on dividends, interest and capital gains. Performance results for the SMID Cap Free Cash Flow Composite are based on U.S. dollar returns. Securities are priced using end-of-day market prices obtained from Interactive Data (IDC). No subjective unobservable inputs are used for valuing portfolio investments. There is no material difference between the composites' valuation hierarchy and the recommended hierarchy in the GIPS Valuation Principles. Systematic's pricing and fair valuation policy is available upon request.

6. As of June 30th, 2021, the 3-year annualized ex-post standard deviation of monthly gross returns equals 24.10% for the Composite versus 25.42% for the Russell 2500® Value Index. Dispersion in the annual gross rates of return for the composite is measured using the equal-weighted standard deviation method. Dispersion for this composite is calculated using accounts in the composite for the entire duration of each period shown.

7. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns are shown as supplemental information through February 28, 2017, when the composite included wrap accounts. The gross returns for these accounts were not reduced by transaction costs; net of fee returns are reduced by the highest total wrap fee incurred. Net of fee performance for wrap accounts is calculated using the highest management fee of 3.00%, which is the highest fee charged to wrap clients. Some accounts pay an all-inclusive fee. This fee includes all charges for trading costs, portfolio management, custody and other administrative fees\*. Net returns for institutional accounts are shown as supplemental information through February 28, 2017. Net of fee performance for institutional accounts is calculated using the highest management fee for institutional accounts of 0.85%\*\*. The management fee for institutional accounts is as follows: and 0.85% of the first \$25 million; 0.75% of the next \$50 million; and 0.60% over \$75 million. Actual investment advisory fees incurred by clients may vary.

8. Past performance is not indicative of future performance.

Reporting Currency:	US Dollar			
Reporting Date:	June 30, 2021			
Benchmark:	Russell 2500™ Value Index			
Composite Inception Date:	November 1, 2010			
	Systematic Return Gross of Fees	Systematic Return Net of Wrap Fees*	Systematic Return Net of Institutional Fees**	Russell 2500™ Value
Annualized				
1 Year	62.17%	57.88%	60.94%	63.23%
3 Year	11.65%	8.38%	10.72%	10.60%
5 Year	15.85%	12.51%	14.90%	12.29%
7 Year	13.16%	9.88%	12.23%	8.82%
10 Year	13.96%	10.67%	13.02%	10.93%
Since Inception	14.55%	11.24%	13.60%	11.78%

Year End	Composite Gross	Composite Net of Wrap Fees*	Composite Net of Institutional Fees**	Russell 2500™ Value
YTD 2021***	23.90%	22.22%	23.42%	22.68%
2020	7.56%	4.33%	6.64%	4.88%
2019	27.81%	24.23%	26.78%	23.56%
2018	-14.19%	-16.83%	-14.93%	-12.36%
2017	25.80%	22.28%	24.80%	10.36%
2016	21.65%	18.21%	20.67%	25.20%
2015	3.63%	0.58%	2.76%	-5.49%
2014	8.00%	4.85%	7.10%	7.11%
2013	40.95%	37.10%	39.84%	33.32%
2012	13.92%	10.63%	12.98%	19.21%
2011	-4.62%	-7.51%	-5.44%	-3.36%
2010****	11.05%	10.55%	10.91%	9.57%

\* Net of fee performance was calculated using the highest management fee of 3.00%, which is the highest fee charged to wrap clients.

\*\* Net of institutional fee performance was calculated using the highest management fee for institutional accounts of 0.85%.

\*\*\* Preliminary and Pending verification for 2021

\*\*\*\* Performance for partial period beginning 11/1/2010

\*\*\*\*\* N/A - for the years 2011 and 2012, the 3-year annualized ex-post standard deviation of the composite and the benchmark are not presented because 36 monthly returns are not available.

\*\*\*\*\* N/A - for the year 2010, the composite dispersion is not statistically meaningful for the partial period.

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# Small Cap Value Free Cash Flow Composite Disclosure

Systematic Financial Management, L.P. ("Systematic") is an independently managed investment advisory firm and is an affiliate of Affiliated Managers Group, Inc. Systematic claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with GIPS® standards. Systematic has been independently verified for periods from January 1, 1993 through December 31, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Small Cap Value Free Cash Flow Composite has had a performance examination for the periods January 1, 1993 through December 31, 2020. The verification and performance examination reports are available upon request.

1. The performance results presented below reflect the Small Cap Value Free Cash Flow Composite performance from its January 1, 1993 inception. Prior to April 1, 2007, this composite was called Small Cap Value - Free Cash Flow Commission Composite.

2. Systematic's Small Cap Value Free Cash Flow Composite represents all fully discretionary, unrestricted institutional and all retail commission managed accounts, including those accounts no longer with the firm. This composite represents 91% of the firm's Small Cap Value Free Cash Flow institutional and retail commission account assets under management of \$3,113 million, and 89% of the firm's total Small Cap Value Free Cash Flow assets under management of \$3,190 million. Systematic's Small Cap Value Free Cash Flow composite was created January 1, 1993 and seeks to invest in high quality small cap companies (U.S. Equity, REITs, ADRs and foreign securities traded on U.S. markets) which possess superior financial strength, evidenced by strong cash flow characteristics and strong debt coverage ratios generally consistent with the market capitalization range of the Russell 2000® Index. Systematic's Small Cap Value Free Cash Flow Composite is measured against the Russell 2000® Value Index for comparison purposes. When comparing the performance of a manager to its benchmark(s), please note that the manager's holdings and portfolio characteristics may differ from those of the benchmark(s). A complete list and description of Systematic's composites is available upon request.

3. All fee-paying discretionary portfolios are included in firm composites; no non-fee paying, non-discretionary portfolios or proprietary portfolios are included in firm composites. The minimum account size for inclusion into this composite is \$50,000. Prior to January 1, 2009, the minimum account size for inclusion was \$100,000. Composite policy requires the temporary exclusion of any portfolio incurring a client-initiated restriction of greater than two securities such as limitations on foreign issuers or socially responsible investments. A portfolio will re-enter the composite when the restriction no longer applies. Additionally, composite policy requires the temporary removal of any portfolio with client initiated tax-loss selling. The temporary removal of such accounts occur at the beginning of the month in which the tax-loss selling was initiated and will re-enter the composite the first full month after tax loss restrictions no longer apply. As of 4/1/2014, Systematic no longer has a significant cash flow policy. From January 1, 2012 until March 31, 2014, composite policy required the temporary exclusion of any portfolio incurring a client initiated significant cash flow of 10% or more of portfolio assets based on the portfolio's market value prior to the cash flow. The temporary removal of such accounts occurred at the beginning of the month in which the significant cash flow occurred and the accounts re-enter the composite according to the firm's policy defining the grace period for new accounts, which is the first full month after the cash flow. For the period April 1, 2007 to December 31, 2011 composite policy did not address significant cash flows. For the period July 1, 2002 through April 1, 2007, composite policy required the temporary exclusion of any portfolio incurring a client initiated significant cash flows of 10% or more of portfolio assets. The temporary removal of such accounts occurred at the beginning of the quarter in which the significant cash flow occurred and the accounts re-entered the composite according to the firm's policy defining the grace period for new accounts, which is the first full quarter after the cash flow. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

4. The benchmark is the Russell 2000® Value Index. The Russell 2000® Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect value characteristics. Index results assume the reinvestment of dividends paid on the stocks constituting the index. The index does not incur fees or expenses. FTSE Russell is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. The presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a presentation of Systematic Financial Management, LP. FTSE Russell is not responsible for the formatting or configuration of this material or for any inaccuracy in Systematic's presentation thereof. An investment cannot be made directly in an index.

5. Composite returns are shown before US tax and the deduction of custody fees. The composite and benchmark returns are reported gross of foreign withholding taxes on dividends, interest and capital gains. Performance results for Small Cap Value Free Cash Flow Composite are based on U.S. dollar returns. Securities are priced using end-of-day market prices obtained from Interactive Data (IDC). No subjective unobservable inputs are used for valuing portfolio investments. There is no material difference between the composites valuation hierarchy and the recommended hierarchy in the GIPS Valuation Principles. Systematic's pricing and fair valuation policy is available upon request.

6. As June 30th, 2021, the 3-year annualized ex-post standard deviation of monthly gross returns equals 24.32% for the Composite versus 26.49% for the Russell 2000® Value Index. Dispersion in the annual gross rates of return for the composite is measured using the equal-weighted standard deviation method. Dispersion for this composite is calculated using accounts in the composite for the entire duration of each period shown.

7. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using the highest management fee of 1.00%. The management fee is as follows: 1.00% of the first \$25 million; 0.75% of the next \$50 million; and 0.60% over \$75 million. Actual investment advisory fees incurred by clients may vary.

8. Past performance is not indicative of future performance.

Reporting Currency:	US Dollar
Reporting Date:	June 30, 2021
Benchmark:	Russell 2000® Value Index
Composite Inception Date:	January 1, 1993

	Systematic Return Gross of Fees	Systematic Return Net of Fees	Russell 2000® Value
Annualized			
1 Year	64.31%	62.86%	73.29%
3 Year	10.80%	9.70%	10.27%
5 Year	15.96%	14.84%	13.62%
10 Year	13.65%	12.54%	10.85%
Since Inception	14.51%	13.40%	10.70%

Year End	Composite Gross	Composite Net	Russell 2000® Value
2021 YTD*	24.93%	24.37%	26.70%
2020	5.03%	3.96%	4.64%
2019	25.65%	24.47%	22.41%
2018	-14.05%	-14.95%	-12.87%
2017	24.95%	23.78%	7.84%
2016	23.87%	22.70%	31.74%
2015	2.62%	1.60%	-7.46%
2014	6.05%	5.00%	4.22%
2013	41.55%	40.26%	34.51%
2012	16.90%	15.78%	18.05%
2011	-5.70%	-6.66%	-5.49%
2010	31.81%	30.58%	24.49%
2009	38.86%	37.57%	20.57%
2008	-32.68%	-33.42%	-28.92%
2007	-3.20%	-4.18%	-9.79%
2006	16.21%	15.09%	23.49%
2005	8.23%	7.17%	4.70%
2004	19.11%	17.97%	22.25%
2003	39.59%	38.31%	46.03%
2002	-8.40%	-9.34%	-11.42%
2001	21.70%	20.54%	14.03%
2000	28.43%	27.23%	22.82%
1999	12.30%	11.21%	-1.48%
1998	12.98%	11.87%	-6.46%
1997	38.65%	37.37%	31.78%
1996	30.09%	28.87%	21.38%
1995	24.83%	23.65%	25.75%
1994	1.13%	0.13%	-1.55%
1993	23.73%	22.56%	23.86%

Year End	Total Firm Assets (millions)	Composite Market Value (millions)		% of Firm Assets	Number of Accounts	Composite Dispersion	3 Year	3 Year
		Value	% of Firm				Standard Deviation- Composite	Standard Deviation- Benchmark
2021 YTD*	3,287	2,826	86%	31	N/A	24.32%	26.49%	
2020	2,271	1,884	83%	31	0.4%	23.77%	26.12%	
2019	2,676	1,942	73%	30	0.4%	15.53%	15.71%	
2018	3,436	1,376	40%	58	0.3%	14.81%	15.76%	
2017	5,280	1,413	27%	50	0.5%	12.65%	13.97%	
2016	6,584	1,276	19%	49	0.4%	14.40%	15.50%	
2015	9,438	1,130	12%	48	0.6%	13.02%	13.46%	
2014	13,858	1,329	10%	47	0.7%	13%	13%	
2013	14,004	1,388	10%	49	0.9%	17%	16%	
2012	11,579	946	8%	56	0.7%	21%	20%	
2011	11,010	899	8%	58	0.5%	27%	26%	
2010	9,545	524	5%	57	1.0%			
2009	7,685	417	5%	61	1.9%			
2008	6,138	326	5%	67	0.8%			
2007	9,578	879	9%	62	0.7%			
2006	8,760	1,015	12%	94	1.1%			
2005	7,068	1,128	16%	107	0.6%			
2004	7,008	1,377	20%	89	1.4%			
2003	6,577	1,313	20%	107	2.6%			
2002	4,472	848	19%	91	0.9%			
2001	4,195	975	23%	102	1.5%			
2000	3,209	840	26%	77	2.3%			
1999	1,747	224	13%	62	1.2%			
1998	1,221	21	2%	36	0.7%			
1997	1,148	13	1%	16	1.5%			
1996	612	9	1%	13	N/A			
1995	1,395	12	<1%	Five or fewer	N/A			
1994	1,330	7	<1%	Five or fewer	N/A			
1993	1,123	5	<1%	Five or fewer	N/A			

N/A - Information is not statistically meaningful.  
\* Preliminary & pending verification for 2021

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This presentation, which is for informational purposes only, sets forth an overview of Systematic's management of the Firm's strategies indicated herein and their related portfolio characteristics and statistical outcomes as of June 30, 2021. The portfolio statistics and characteristics contained herein are provided as supplemental information and are based on or derived from third party sources. We believe those sources to be accurate and reliable however, we are not responsible for errors by them on which we reasonably rely. In some cases, the data presented has been prepared by Systematic based on our analysis of financial data, public filings or was obtained through our fundamental research efforts.

Information about portfolio holdings mentioned herein (and their respective weights) is as of the date indicated and is shown for illustrative purposes only. The portfolio is actively managed, therefore, the holdings represented herein may not be current. Each investor's portfolio is individually managed and may vary from the information shown in terms of portfolio holdings, characteristics and performance. Portfolio holdings and the securities mentioned herein should not be considered recommendations to buy or sell any particular security, nor should information contained herein be relied upon as investment advice or to represent or predict portfolio investment or individual stock performance. Actual holdings and percentage allocation in individual client portfolios may vary and are subject to change. It should not be assumed that any of the holdings discussed were, or will be, profitable, or that the investment decisions we make in the future will be profitable. The following information is available upon request: (1) information describing the methodology for the portfolio's (a) strong and poor performers data, (b) additions and reductions data, and (2) a complete list of securities held, and their weight, in the portfolio during the past year.

The holdings of the strategy may differ significantly from the securities that comprise the index shown. The index has been selected to represent what Systematic believes is an appropriate index to which the strategy's performance is compared. The index presented represents unmanaged portfolios whose characteristics differ from the composite portfolios; however, they tend to represent the investment environment existing during the time periods shown. The returns of the index do not include any transaction costs, management fees or other costs.

The companies held in the portfolio have been classified in accordance with S&P/MSCI GICS. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"), and is licensed for use by Systematic "as such".



## Memorandum

To	City of Jacksonville Retirement Systems
From	RVK, Inc. ("RVK")
Subject	US SMID Cap Value Equity Searches Process
Date	September 23, 2021

### Background

The purpose of this memorandum is to provide an overview of the US SMID ("Small and Mid") Cap Value search process that was conducted by Staff and RVK to identify an active manager to replace the current passive small cap value exposure managed by Mellon Investment Corporation.

The passive exposure in the small cap value space was a result of the termination of the William Blair Small Cap Value strategy in February 2021. A subsequent search to identify active US SMID Cap Value strategies was recommended as part of the US Equity Structure Study presented in May 2021.

### Search Objective

The main objective is to employ active management in the less efficient small and mid cap value space and to complement the Fund's US SMID Cap Growth strategy managed by Pinnacle Associates. In order to identify institutional quality US SMID Cap Value strategies with a track record of consistent success, a process was launched to review the investment options within the asset class.

### Investment Manager Search Process

In selecting the search candidates, Staff and RVK sought to evaluate differentiated managers across boutique and larger firms within the US SMID Cap Value equity space that have a strong track record, demonstrated team stability, and sufficient AUM capacity for the mandate. Staff and RVK conducted a review of the opportunity set which included discussion of qualitative and quantitative factors such as absolute and risk-adjusted performance (over trailing and rolling time periods), firm structure, team experience, investment philosophy and process, among others. Ultimately, there were seven candidates selected for further evaluation, including interviews with key members of each investment team. These candidates are listed below.

- **Ariel Investments**
- **Epoch Investment Partners**

- **LSV Asset Management**
- **Kayne Anderson Rudnick Investment Management**
- **NewSouth Capital Management**
- **Smith Graham & Co., Investment Advisors**
- **Systematic Financial Management**

Following the interview stage, there was agreement among Staff and RVK that the set of managers reviewed were all of institutional quality in nature. However, there were three candidates that offered differentiated approaches which had achieved a high level of performance consistency that were viewed as the top three options. The three managers listed below were determined to be the recommended finalists following the search process.

- **Kayne Anderson Rudnick Investment Management**
- **Smith Graham & Co., Investment Advisors**
- **Systematic Financial Management**

An important aspect of this process was to identify finalists which would complement the US SMID Cap Growth strategy managed by Pinnacle Associates. As shown in the following table, each of these strategies are expected to add value during different periods when compared to Pinnacle Associates as expressed by low or negative excess return correlations.

7 Year Excess Return* Correlations (06/2021)	Kayne Anderson	Smith Graham & Co.	Systematic Financial	Pinnacle Associates
Kayne Anderson	1.00	-0.01	0.17	-0.08
Smith Graham & Co.	-0.01	1.00	0.47	0.00
Systematic Financial	0.17	0.47	1.00	-0.10
<b>Pinnacle Associates</b>	<b>-0.08</b>	<b>0.00</b>	<b>-0.10</b>	<b>1.00</b>

\* Excess returns calculated using the Russell 2500 Index.

Further information is included in the appendices of this memorandum. Appendix I includes a comparison of performance, risk and fees across the recommended finalists. Generally speaking, the managers proposed competitive fee arrangements for this mandate with all final fee proposals below the peer group median. Appendix II includes summaries of the firm, team and strategies of each candidate. Appendix III is a full comparison of the finalist candidates which includes firm and team information, portfolio characteristics and further statistical analysis.



## **Next Steps**

The next step in the search process will include interviews by the Board with the three finalist firms. These interviews have been scheduled for October 7, 2021. The goal with the interviews ultimately being to help inform a final award decision. Presentation materials will be provided in advance of the interviews. Should the Board seek more information from RVK and/or Staff in the interim, please do not hesitate to let us know.



**Appendix I: Candidate Performance, Risk and Fee Comparison**  
As of June 30, 2021

**Performance and Risk Comparison (Gross of Fees)**

<b>7 Year Statistics</b>	<b>Excess Returns, %</b>	<b>Standard Deviation</b>	<b>Sharpe Ratio</b>	<b>Tracking Error, %</b>	<b>Information Ratio</b>	<b>Up Market Capture Ratio</b>	<b>Down Market Capture Ratio</b>
Kayne Anderson	5.20	16.70	0.82	6.72	0.77	97.61	74.49
Smith Graham	3.23	21.18	0.61	5.05	0.64	116.31	104.43
Systematic	4.34	18.20	0.73	4.28	1.01	107.09	89.40
<b>Russell 2500 Value</b>	---	<b>19.04</b>	<b>0.50</b>	---	---	<b>100.00</b>	<b>100.00</b>
<b>eV SMCV Median</b>	<b>0.82</b>	<b>19.40</b>	<b>0.52</b>	<b>5.00</b>	<b>0.20</b>	<b>100.75</b>	<b>97.69</b>

**Fee Comparison**

<b>Fee Summary (\$135M Mandate)</b>	<b>Proposed Fee</b>
Kayne Anderson	62 basis points
Smith Graham	66 basis points
Systematic	59 basis points
<b>eV SMCV Median</b>	<b>73 basis points</b>



## Appendix II: Manager Summaries

### Kayne Anderson Rudnick Investment Management (KAR)

#### **Firm and Team**

KAR is a wholly owned affiliate of Virtus Investments (publicly traded under the ticker VRTS) and is based in Los Angeles, CA. The firm was founded in 1984 by Richard Kayne and John Anderson (namesake of the UCLA Anderson School of Business). The firm manages over \$62 billion in assets in concentrated, high quality oriented portfolios, supported by an investment team comprised of 17 professionals. The Small-Mid Cap Quality Value strategy is managed by two portfolio managers who are supported by six research analysts. The analysts also generate ideas for the core and growth portfolios offered by the firm. The two portfolio managers are listed below.

- Julie Kutasov: Portfolio Manager & Sr. Analyst (Industry Start: 2001 / Firm Start: 2001)
- Craig Stone: Portfolio Manager & Sr. Analyst (Industry Start: 1989 / Firm Start: 2000)

Ms. Kutasov has been a named portfolio manager since 2008 and Mr. Stone has been a named portfolio manager since 2009.

#### **Philosophy and Process Overview**

The goal of the process is to build a portfolio that consists of the highest quality companies which are trading at a reasonable valuation and have sustainable growth potential. The team defines quality as the ability of a company to develop and maintain control of its market leading to sustainable growth and profitability. The team seeks to buy the best businesses when they become temporarily discounted and then holding them over the long-term. Stocks are placed into the value, growth or core portfolios depending on the best use of the cash generated from the business.

Portfolio risk is mitigated on the holdings level through investing in companies that boast strong balance sheets, market control/niche dominance and high operating leverage. Sector, industry and market cap allocations are allowed to deviate from the benchmark. While companies are purchased when they are attractively valued, the lower turnover approach allows for the flexibility to hold the companies as they become more core and growth oriented. The final portfolio is high conviction and concentrated with an average of 20-35 stocks and a low annual portfolio turnover (expected turnover of 15-25% versus a peer group median of 40-50%). The portfolios should be expected to perform best in down market months given the high quality bias of the process.



## **Smith Graham & Co., Investment Advisors**

### **Firm and Team**

The firm is headquartered in Houston with the small-mid cap value team based out of New York City. The small-mid cap value team accounts for approximately \$1.1 billion of the firm's \$5.4 billion in AUM. The team joined Smith Graham from a prior firm in 2009 to find a partner where they'd have control of their strategy capacity and resources with a better aligned incentive structure. The firm is 91% owned by employees with the remainder held by former employees whose shares are being repurchased over time.

The SMID Cap Value strategy is supported by four investment professionals, with Mr. Charcalis having final decision making power. The key individuals are listed below.

- Bill Charcalis: Head of Equity Investments (Industry Start: 1983 / Firm Start: 2009)
- Steve Marciano: Portfolio Manager & Analyst (Industry Start: 1989 / Firm Start: 2009)

This investment team has worked together in these roles since joining the firm in the 2009-10 period. Mr. Charcalis and Mr. Marciano also worked together as portfolio managers at their prior firm and since inception of this strategy in 2012.

### **Philosophy and Process Overview**

The process starts with screens which target small & mid cap securities that have adequate trading history (3 year minimum) and are followed by the street (at least 5 sell-side analyst ratings). This universe is then subject to quantitative analysis to identify the top 20% of the available stocks. The 6 screens are separated into two categories—each receiving a 50% weight:

- Current value: book value, normalized earnings, cash flow
- Future value: changes in individual earnings estimates, changes in mean earnings estimates, dispersion of earnings estimates

The top 20% of stocks are then considered by the investment team for inclusion in the portfolio. The research team verifies that the data being used to determine scores is being calculated correctly and whether there are any fundamental red flags within sell-side research reports. Finally, Mr. Charcalis determines whether or not a stock should be included in the portfolio. Stocks undergo a review if they fall into the bottom 40% of the stock universe as measured by the quantitative score. The process leads to a diversified portfolio of 125-150 stocks with sector weights constrained to be similar to the index.



## **Systematic Financial Management**

### **Firm and Team**

The firm was founded in 1982 and is based in Teaneck, NJ. It has been an affiliate of Affiliated Managers Group (AMG) since 1995 and is currently wholly owned by AMG. The firm has experienced the divestment of other teams over the years due to personnel and/or asset loss, it is now centered on the Small/Mid Cap Value team led by portfolio manager Ken Burgess.

Mr. Burgess leads a team of five seasoned research analysts that have an average of 20 years of industry experience. Mr. Burgess and each team member have worked on this strategy since inception in 2010. The team works in a collaborative fashion with constant communication between the team members and the portfolio manager as company research progresses.

- Ken Burgess, CFA: Portfolio Manager (Industry Start: 1993 / Firm Start: 1993)

### **Philosophy and Process Overview**

The team seeks to invest in high quality companies which also have a strong case for further price appreciation. A high quality company is viewed as having strong financial strength while executing a proven business model that generates positive amounts of free cash flow. The process starts with a universe screen that results in a focus list of approximately 200 companies that quantitatively meet our investment and liquidity criteria. Generally, the following characteristics are targeted through the screens.

- Low price to operating cash flow
- Low price to free cash flow
- Low enterprise value to free cash flow
- Low total debt-to-equity
- Strong debt coverage

The investment team then performs intense fundamental analysis which includes a comprehensive review of historical operating results, including sales, earnings, operating and free cash flow, debt and debt coverage ratios. Throughout its process the team is seeking to identify well-managed, financially sound companies that are trading at a discount to intrinsic value, are generating strong operating and free cash flow, and have a catalyst for price appreciation. Purchase and sell decisions are made by portfolio manager Mr. Burgess who constructs a diversified portfolio of the team's best ideas across the small & mid cap universe.



# City of Jacksonville Retirement System Investment Manager Search US SMID Value Equity

Universe: eVestment SMID Cap Value  
Performance Data as of: June 2021  
Performance Format: Gross of Fees





## Table of Contents

Section 1 .....Summary of Investment Managers

Section 2 .....Investment Manager Profiles

- ❖ Kayne Anderson
- ❖ Smith Graham & Co.
- ❖ Systematic Financial

**Product Summary**

	Equity Capitalization	Equity Style	Preferred Benchmark	Inception Date	Product AUM (\$M)
Kayne Anderson	Small-Mid Cap	Value	Russell 2500 Value	01/01/2008	\$451
Smith Graham & Co.	Small-Mid Cap	Relative Value	Russell 2500 Value	04/01/2012	\$283
Systematic Financial	Small-Mid Cap	Value	Russell 2500 Value	12/31/2010	\$163

## Firm Information

	City	State/Country	Firm AUM (\$M)	US Equity AUM (\$M)	% Employee Ownership	Is Firm GIPS Compliant?
Kayne Anderson	Los Angeles	California	\$61,162	\$54,978	0	Yes
Smith Graham & Co.	New York City	New York	\$5,359	\$1,133	91	Yes
Systematic Financial	Teaneck	New Jersey	\$3,618	\$3,618	0	Yes

## Team Description

	Portfolio Managers	Average Industry Experience: PMs (Years)	Average Firm Experience: PMs (Years)	Research Analysts	Average Industry Experience: Analysts (Years)	Average Firm Experience: Analysts (Years)
Kayne Anderson	2	26	21	6	15	10
Smith Graham & Co.	2	32	11	2	20	10
Systematic Financial	1	24	22	5	20	13

**Equity Characteristics**

	Holdings	% Annual Turnover	Weighted Average Market Cap (\$M)	% Current Cash Position	% Dividend Yield	Current P/E Ratio (12-mo Trailing)	Current P/B Ratio	Past 5 Years Earnings Growth, %
Kayne Anderson	31	17	\$12,280	2.8	1.0	36.2	5.9	14.0
Smith Graham & Co.	140	57	\$10,809	1.1	1.6	26.2	2.2	8.7
Systematic Financial	121	20	\$7,568	2.0	1.1	20.3	2.2	5.0

**Sector Allocation**

	% Comm. Services	% Consumer Discretionary	% Consumer Staples	% Energy	% Financials	% Health Care	% Industrials	% Information Technology	% Materials	% Utilities	% Real Estate
Kayne Anderson	0	13	5	0	16	4	25	23	8	0	7
Smith Graham & Co.	0	19	2	1	17	14	14	20	7	0	4
Systematic Financial	1	16	4	3	16	12	18	15	5	1	9

## Market Cap Allocation

	% >\$50 Billion	% \$15-\$50 Billion	% \$7.5-\$15 Billion	% \$1.5-\$7.5 Billion	% \$0.75-\$1.5 Billion	% \$400-\$750 Million	% <\$400 Million
Kayne Anderson	0	25	28	43	0	4	0
Smith Graham & Co.	4	16	21	45	11	3	1
Systematic Financial	0	13	23	43	8	8	6

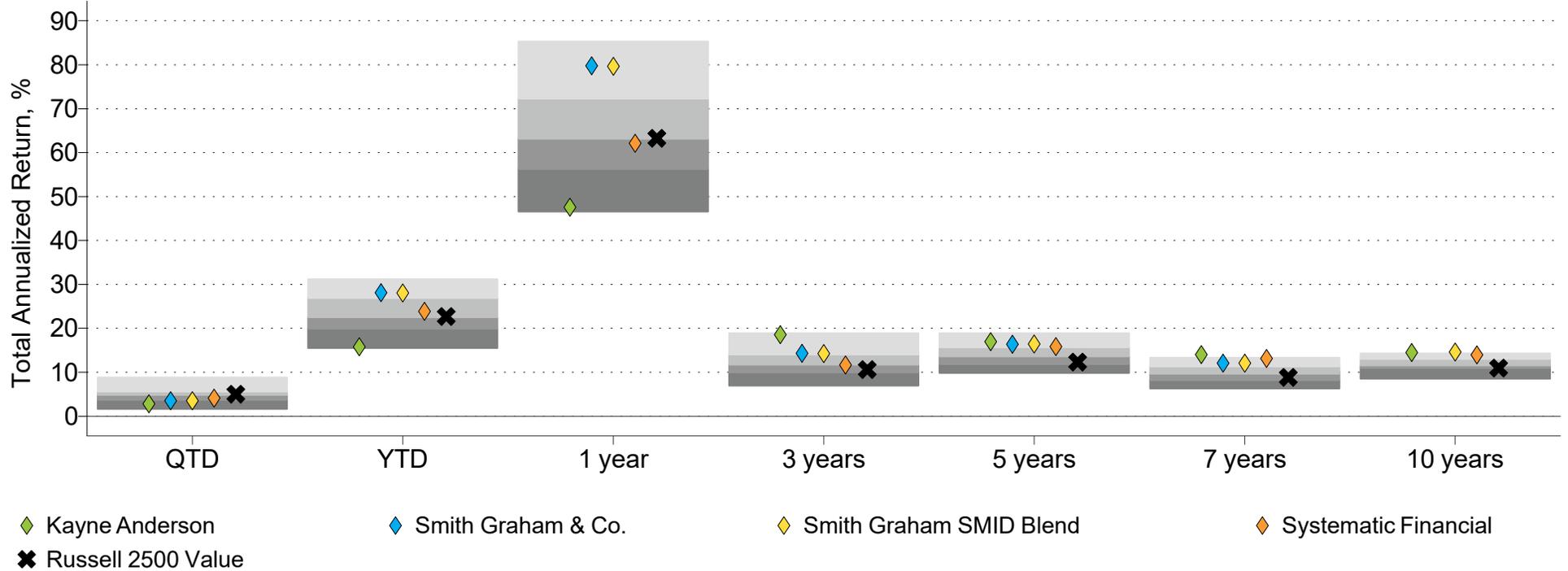
## Separate Account Fee Analysis

**Mandate Size: \$135,000,000**

	Separate Account Availability	Minimum Account Size (\$M)	Minimum Annual Fee	Annual Fee	Annual Fee (Basis Points)
Kayne Anderson	Open	\$5	---	\$842,500	62
Smith Graham & Co.	Open	\$10	---	\$885,000	66
Systematic Financial	Open	\$5	---	\$792,500	59

## Trailing Period Returns and Rankings

As of June 2021      Benchmark: Russell 2500 Value      Universe: eA SMID Cap Value      Universe Size: 166



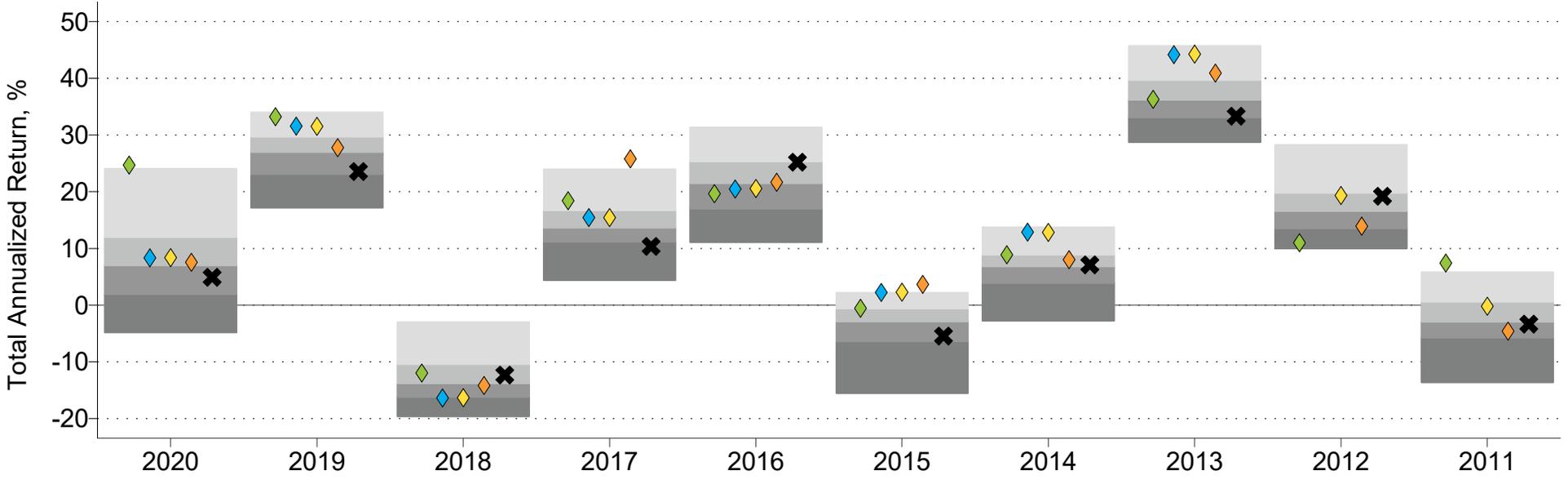
Annualized Performance	QTD		YTD		1 year		3 years		5 years		7 years		10 years	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Kayne Anderson	2.8	87	15.8	94	47.6	92	18.6	8	17.0	15	14.0	3	14.5	4
Smith Graham & Co.	3.5	80	28.1	13	79.7	13	14.3	22	16.4	19	12.0	14	---	---
Smith Graham SMID Blend	3.5	80	28.0	14	79.6	13	14.3	22	16.4	19	12.1	14	14.6	2
Systematic Financial	4.1	66	23.9	41	62.1	52	11.6	51	15.8	24	13.2	8	14.0	12
<b>Russell 2500 Value</b>	<b>5.0</b>	<b>42</b>	<b>22.7</b>	<b>50</b>	<b>63.2</b>	<b>50</b>	<b>10.6</b>	<b>64</b>	<b>12.3</b>	<b>71</b>	<b>8.8</b>	<b>66</b>	<b>10.9</b>	<b>75</b>
<b>eA SMID Cap Value Median</b>	<b>4.8</b>	<b>50</b>	<b>22.5</b>	<b>50</b>	<b>63.1</b>	<b>50</b>	<b>11.7</b>	<b>50</b>	<b>13.6</b>	<b>50</b>	<b>9.6</b>	<b>50</b>	<b>11.6</b>	<b>50</b>

Performance is gross of fees.

The Smith Graham SMID Blend represents a blend of the firm's Mid Cap Value (55%) and Small Cap Value (45%) strategies in order to provide a proxy for longer-term returns.

# Calendar Year Returns and Rankings

As of June 2021      Benchmark: Russell 2500 Value      Universe: eA SMID Cap Value      Universe Size: 166



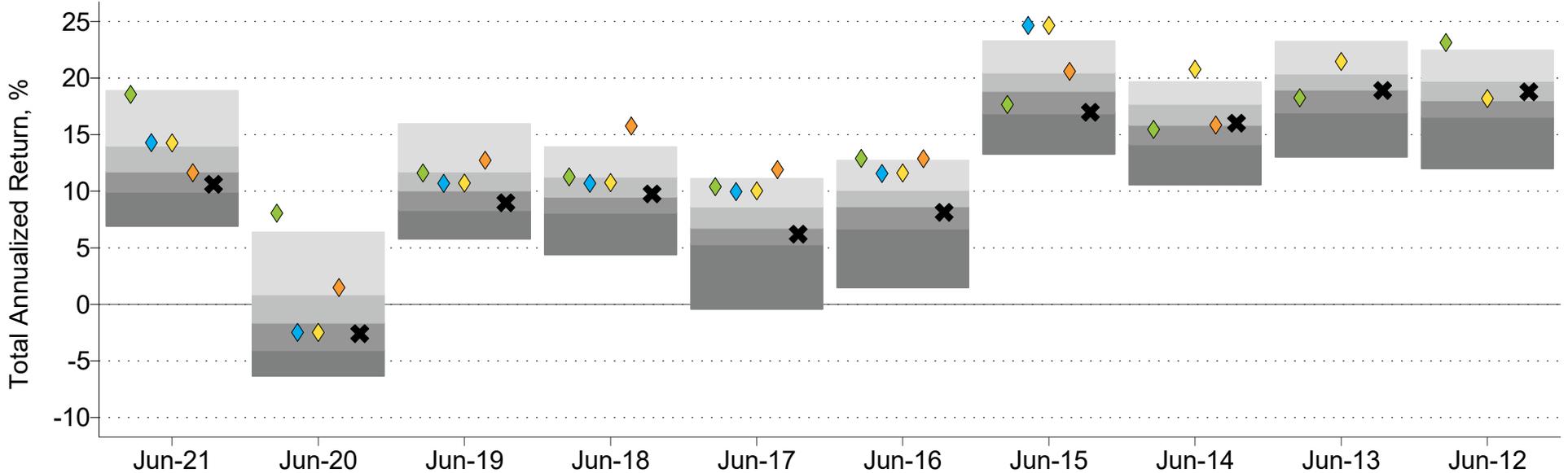
◆ Kayne Anderson      
 ◆ Smith Graham & Co.      
 ◆ Smith Graham SMID Blend      
 ◆ Systematic Financial  
✕ Russell 2500 Value

Calendar Year Performance	2020		2019		2018		2017		2016		2015		2014		2013		2012		2011	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Kayne Anderson	24.7	4	33.2	7	-12.0	35	18.4	14	19.7	57	-0.6	25	8.9	25	36.3	50	11.0	90	7.4	2
Smith Graham & Co.	8.3	40	31.6	15	-16.4	77	15.4	34	20.5	56	2.2	5	12.9	10	44.2	10	---	---	---	---
Smith Graham SMID Blend	8.4	39	31.5	17	-16.4	77	15.5	34	20.6	56	2.3	5	12.8	10	44.3	9	19.3	30	-0.2	31
Systematic Financial	7.6	47	27.8	39	-14.2	56	25.8	2	21.7	45	3.6	1	8.0	34	40.9	21	13.9	73	-4.6	67
<b>Russell 2500 Value</b>	<b>4.9</b>	<b>58</b>	<b>23.6</b>	<b>69</b>	<b>-12.4</b>	<b>39</b>	<b>10.4</b>	<b>80</b>	<b>25.2</b>	<b>27</b>	<b>-5.5</b>	<b>69</b>	<b>7.1</b>	<b>46</b>	<b>33.3</b>	<b>74</b>	<b>19.2</b>	<b>31</b>	<b>-3.4</b>	<b>54</b>
<b>eA SMID Cap Value Median</b>	<b>7.0</b>	<b>50</b>	<b>27.0</b>	<b>50</b>	<b>-13.8</b>	<b>50</b>	<b>13.6</b>	<b>50</b>	<b>21.5</b>	<b>50</b>	<b>-2.9</b>	<b>50</b>	<b>6.8</b>	<b>50</b>	<b>36.2</b>	<b>50</b>	<b>16.6</b>	<b>50</b>	<b>-3.0</b>	<b>50</b>

Performance is gross of fees.

# Manager Consistency - 3 Year Annualized Period Calculated Every 12 Months

As of June 2021      Benchmark: Russell 2500 Value      Universe: eA SMID Cap Value      Universe Size: 166



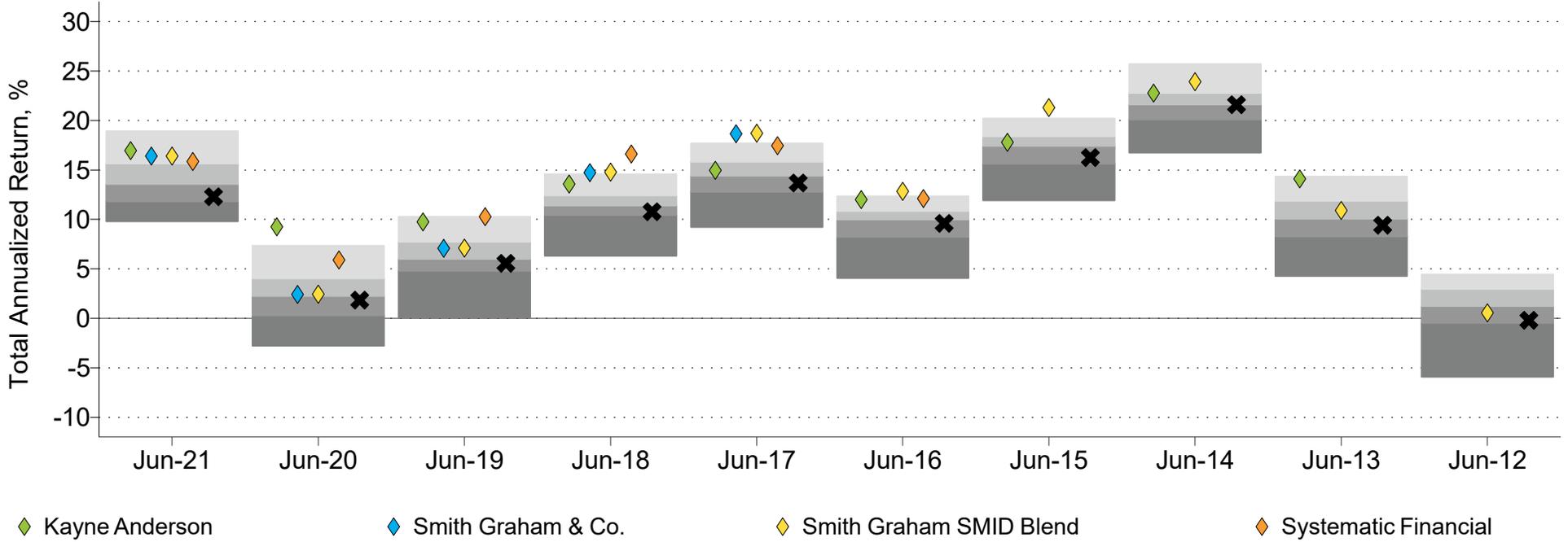
◆ Kayne Anderson      
 ◆ Smith Graham & Co.      
 ◆ Smith Graham SMID Blend      
 ◆ Systematic Financial  
✕ Russell 2500 Value

Annualized Performance	7/18 - 6/21		7/17 - 6/20		7/16 - 6/19		7/15 - 6/18		7/14 - 6/17		7/13 - 6/16		7/12 - 6/15		7/11 - 6/14		7/10 - 6/13		7/09 - 6/12	
	Return	Rank																		
Kayne Anderson	18.6	8	8.1	3	11.6	27	11.3	25	10.4	8	12.9	4	17.7	65	15.5	57	18.3	60	23.1	5
Smith Graham & Co.	14.3	22	-2.5	58	10.7	41	10.7	33	10.0	14	11.6	9	24.7	1	---	---	---	---	---	---
Smith Graham SMID Blend	14.3	22	-2.5	58	10.7	40	10.8	33	10.0	13	11.6	9	24.7	1	20.8	3	21.5	13	18.2	46
Systematic Financial	11.6	51	1.5	23	12.7	19	15.8	1	11.9	4	12.9	5	20.6	23	15.9	52	---	---	---	---
<b>Russell 2500 Value</b>	<b>10.6</b>	<b>64</b>	<b>-2.6</b>	<b>62</b>	<b>9.0</b>	<b>60</b>	<b>9.8</b>	<b>44</b>	<b>6.2</b>	<b>60</b>	<b>8.1</b>	<b>61</b>	<b>17.0</b>	<b>73</b>	<b>16.0</b>	<b>48</b>	<b>18.9</b>	<b>52</b>	<b>18.8</b>	<b>41</b>
<b>eA SMID Cap Value Median</b>	<b>11.7</b>	<b>50</b>	<b>-1.6</b>	<b>50</b>	<b>10.1</b>	<b>50</b>	<b>9.5</b>	<b>50</b>	<b>6.7</b>	<b>50</b>	<b>8.7</b>	<b>50</b>	<b>18.9</b>	<b>50</b>	<b>15.9</b>	<b>50</b>	<b>19.0</b>	<b>50</b>	<b>18.0</b>	<b>50</b>

Performance is gross of fees.

# Manager Consistency - 5 Year Annualized Period Calculated Every 12 Months

As of June 2021      Benchmark: Russell 2500 Value      Universe: eA SMID Cap Value      Universe Size: 166



◆ Kayne Anderson      
 ◆ Smith Graham & Co.      
 ◆ Smith Graham SMID Blend      
 ◆ Systematic Financial  
✕ Russell 2500 Value

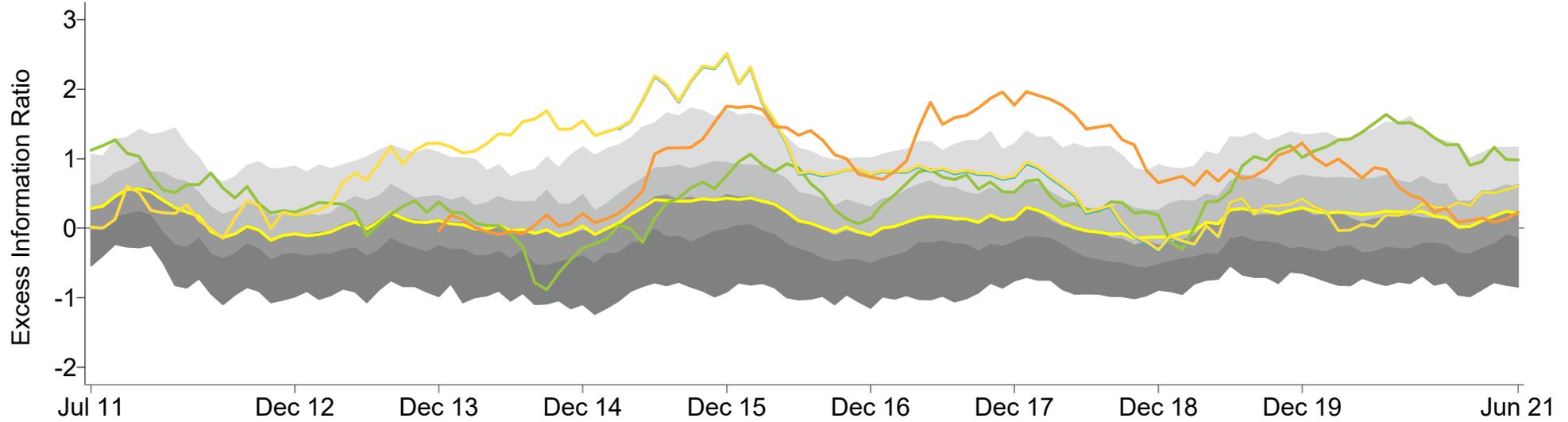
Annualized Performance	7/16 - 6/21		7/15 - 6/20		7/14 - 6/19		7/13 - 6/18		7/12 - 6/17		7/11 - 6/16		7/10 - 6/15		7/09 - 6/14		7/08 - 6/13		7/07 - 6/12	
	Return	Rank																		
Kayne Anderson	17.0	15	9.2	2	9.7	8	13.6	14	15.0	40	12.0	13	17.8	36	22.8	26	14.1	7	---	---
Smith Graham & Co.	16.4	19	2.4	49	7.1	33	14.7	4	18.7	2	---	---	---	---	---	---	---	---	---	---
Smith Graham SMID Blend	16.4	19	2.4	47	7.1	32	14.8	4	18.7	2	12.8	2	21.3	1	23.9	15	10.9	39	0.5	58
Systematic Financial	15.8	24	5.9	11	10.3	5	16.6	1	17.5	6	12.1	11	---	---	---	---	---	---	---	---
<b>Russell 2500 Value</b>	<b>12.3</b>	<b>71</b>	<b>1.8</b>	<b>54</b>	<b>5.5</b>	<b>60</b>	<b>10.8</b>	<b>69</b>	<b>13.7</b>	<b>65</b>	<b>9.6</b>	<b>56</b>	<b>16.2</b>	<b>67</b>	<b>21.6</b>	<b>52</b>	<b>9.4</b>	<b>56</b>	<b>-0.2</b>	<b>69</b>
<b>eA SMID Cap Value Median</b>	<b>13.6</b>	<b>50</b>	<b>2.2</b>	<b>50</b>	<b>6.0</b>	<b>50</b>	<b>11.4</b>	<b>50</b>	<b>14.4</b>	<b>50</b>	<b>10.0</b>	<b>50</b>	<b>17.4</b>	<b>50</b>	<b>21.6</b>	<b>50</b>	<b>10.1</b>	<b>50</b>	<b>1.2</b>	<b>50</b>

Performance is gross of fees.

# Information Ratio Rank Consistency Analysis

As of June 2021      Benchmark: Russell 2500 Value      Universe: eA SMID Cap Value      Universe Size: 166

## Information Ratio: 3 Year Rolling



■ eA SMID Cap Value Average     
 ■ Kayne Anderson     
 ■ Smith Graham & Co.     
 ■ Smith Graham SMID Blend     
 ■ Systematic Financial

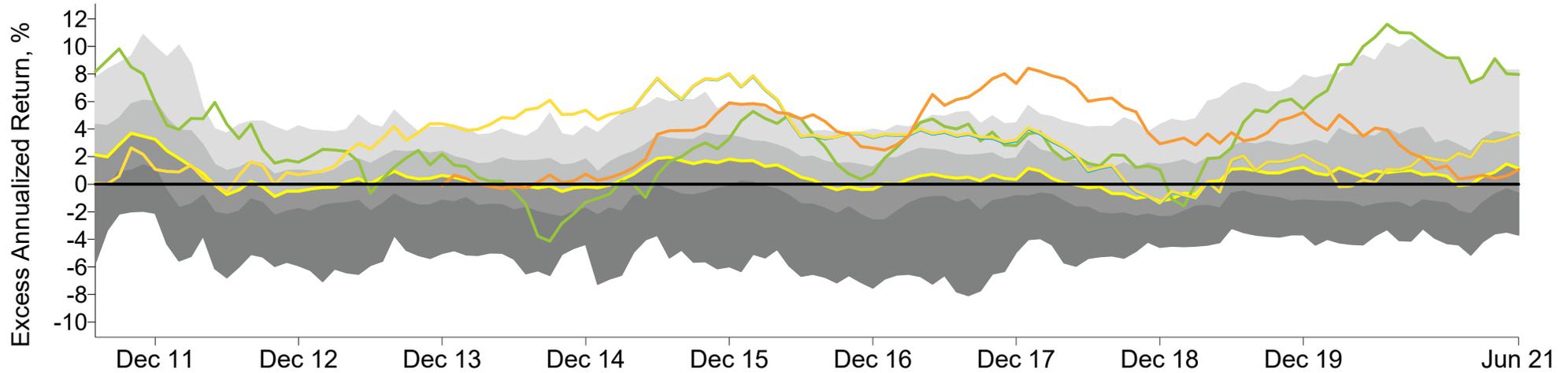
Information Ratio Rank Consistency	How often has the Information Ratio ranked above median over past 3 year time periods?	Average 3 Year Rolling Information Ratio Rank	Total Periods of 3 Year Performance
Kayne Anderson	85.0%	29	120
Smith Graham & Co.	86.8%	26	76
Smith Graham SMID Blend	85.0%	25	120
Systematic Financial	92.3%	20	91

## Excess Return Consistency Analysis

As of June 2021

Benchmark: Russell 2500 Value

### Excess Returns: 3 Year Rolling



■ eA SMID Cap Value Median

■ Kayne Anderson

■ Russell 2500 Value

■ Smith Graham & Co.

■ Smith Graham SMID Blend

■ Systematic Financial

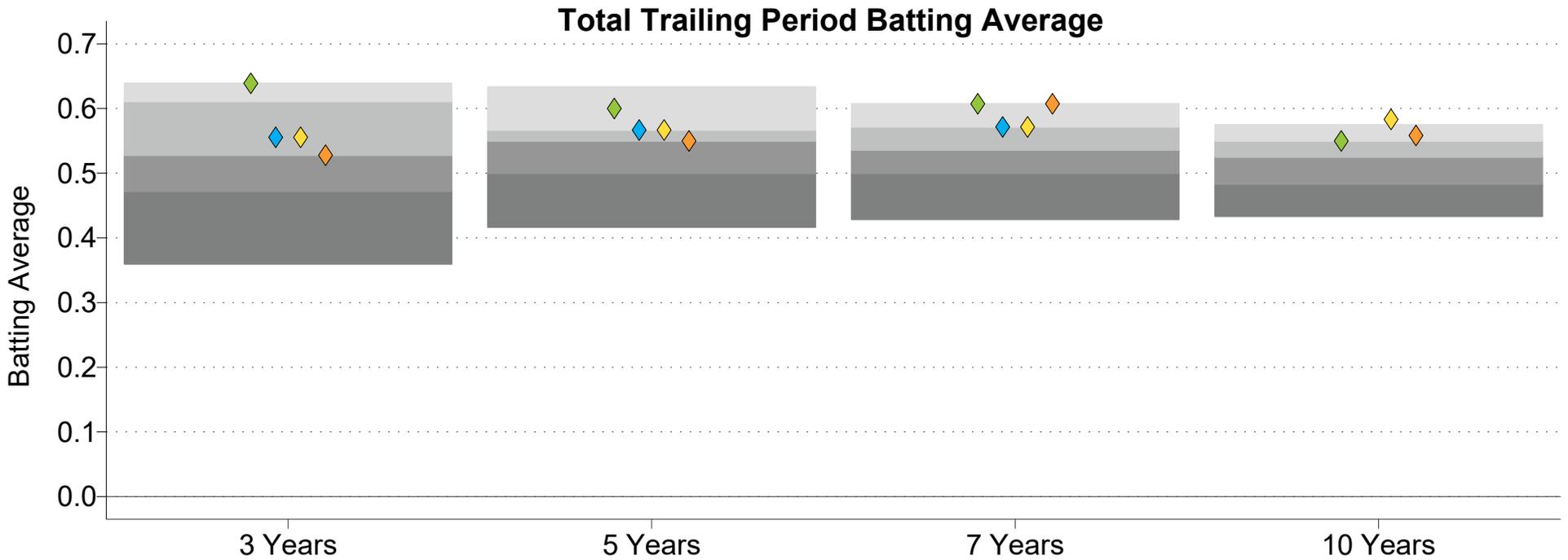
Excess Return Consistency	Consistency of Positive 3 Year Rolling Excess Returns	Current 3 Year Excess Return, %	Average 3 Year Rolling Excess Returns, %	Maximum 3 Year Rolling Excess Return, %	Minimum 3 Year Rolling Excess Return, %	Total Periods of 3 Year Excess Returns, %
Kayne Anderson	80.0%	7.97	3.48	11.60	-4.15	120
Smith Graham & Co.	80.3%	3.70	2.92	8.00	-1.43	76
Smith Graham SMID Blend	75.8%	3.67	2.84	8.02	-1.38	120
Systematic Financial	76.9%	1.05	3.54	8.42	-0.31	91
<b>eA SMID Cap Value Median</b>	<b>24.2%</b>	<b>1.14</b>	<b>0.54</b>	<b>3.70</b>	<b>-1.24</b>	<b>120</b>

Performance is gross of fees.

The peer group median is not indicative of an expected investor experience. It is a hypothetical return stream calculated using the returns for the median manager in each time period and does not represent an actual management strategy.

# Trailing Period Batting Average

As of June 2021    Benchmark: Russell 2500 Value    Universe: eA SMID Cap Value    Universe Size: 166



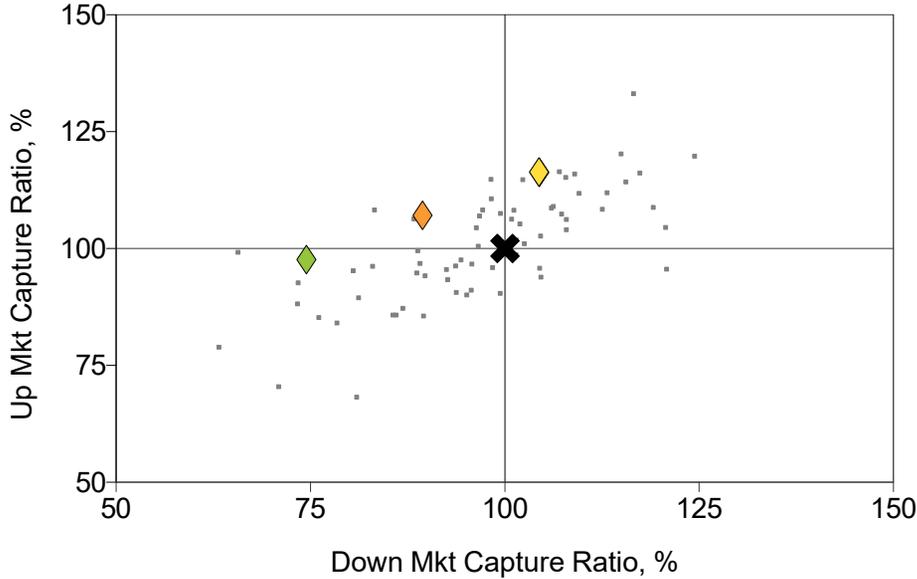
◆ Kayne Anderson    ◆ Smith Graham & Co.    ◆ Smith Graham SMID Blend    ◆ Systematic Financial

	Up Mkt Batting Average				Down Mkt Batting Average			
	3 Years	5 Years	7 Years	10 Years	3 Years	5 Years	7 Years	10 Years
Kayne Anderson	0.60	0.53	0.53	0.46	0.73	0.76	0.78	0.74
Smith Graham & Co.	0.76	0.63	0.60	---	0.09	0.41	0.52	---
Smith Graham SMID Blend	0.76	0.63	0.60	0.62	0.09	0.41	0.52	0.51
Systematic Financial	0.60	0.56	0.58	0.56	0.36	0.53	0.67	0.56
<b>eA SMID Cap Value Median</b>	<b>0.56</b>	<b>0.53</b>	<b>0.51</b>	<b>0.49</b>	<b>0.45</b>	<b>0.53</b>	<b>0.56</b>	<b>0.54</b>

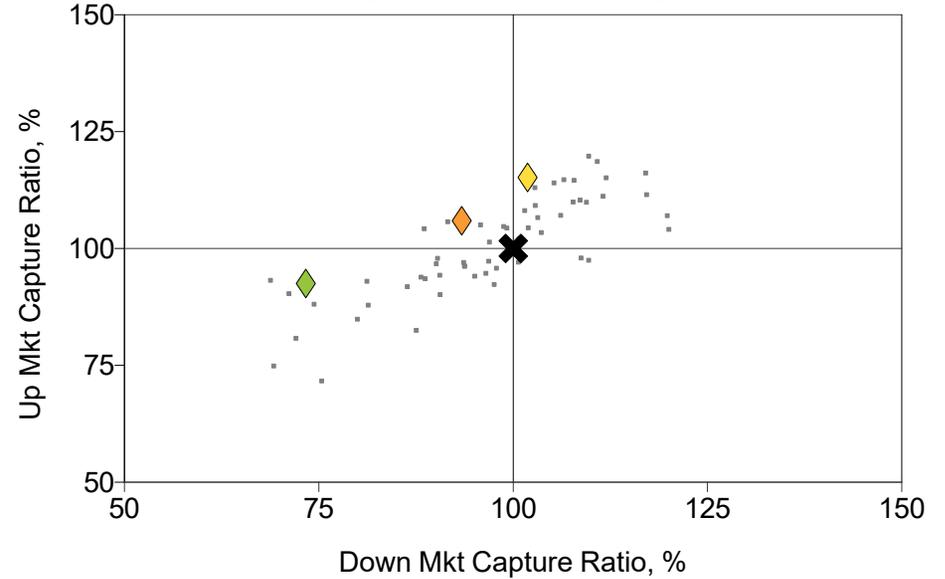
# Up/Down Market Capture - Seven and Ten Year

As of June 2021      Benchmark: Russell 2500 Value      Universe: eA SMID Cap Value      Universe Size: 166

### Seven Year Up/Down Market Capture Ratio



### Ten Year Up/Down Market Capture Ratio



- eA SMID Cap Value      ◆ Kayne Anderson      ◆ Smith Graham & Co.      ◆ Smith Graham SMID Blend
- ◆ Systematic Financial      ✕ Russell 2500 Value

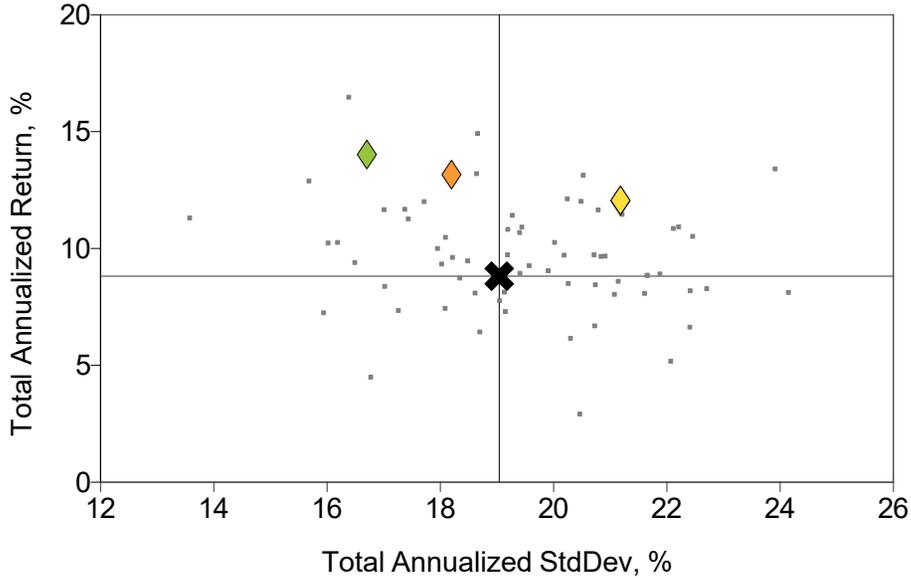
	Up Mkt Cap Ratio, %	Up Mkt Months	Down Mkt Cap Ratio, %	Down Mkt Months
Kayne Anderson	97.61	57	74.49	27
Smith Graham & Co.	116.31	57	104.43	27
Smith Graham SMID Blend	116.34	57	104.38	27
Systematic Financial	107.09	57	89.40	27
<b>Russell 2500 Value</b>	<b>100.00</b>	<b>57</b>	<b>100.00</b>	<b>27</b>
<b>eA SMID Cap Value Median</b>	<b>100.75</b>	<b>57</b>	<b>97.69</b>	<b>27</b>

	Up Mkt Cap Ratio, %	Up Mkt Months	Down Mkt Cap Ratio, %	Down Mkt Months
Kayne Anderson	92.48	81	73.32	39
Smith Graham & Co.	---	---	---	---
Smith Graham SMID Blend	115.17	81	101.87	39
Systematic Financial	105.95	81	93.38	39
<b>Russell 2500 Value</b>	<b>100.00</b>	<b>81</b>	<b>100.00</b>	<b>39</b>
<b>eA SMID Cap Value Median</b>	<b>101.39</b>	<b>81</b>	<b>96.94</b>	<b>39</b>

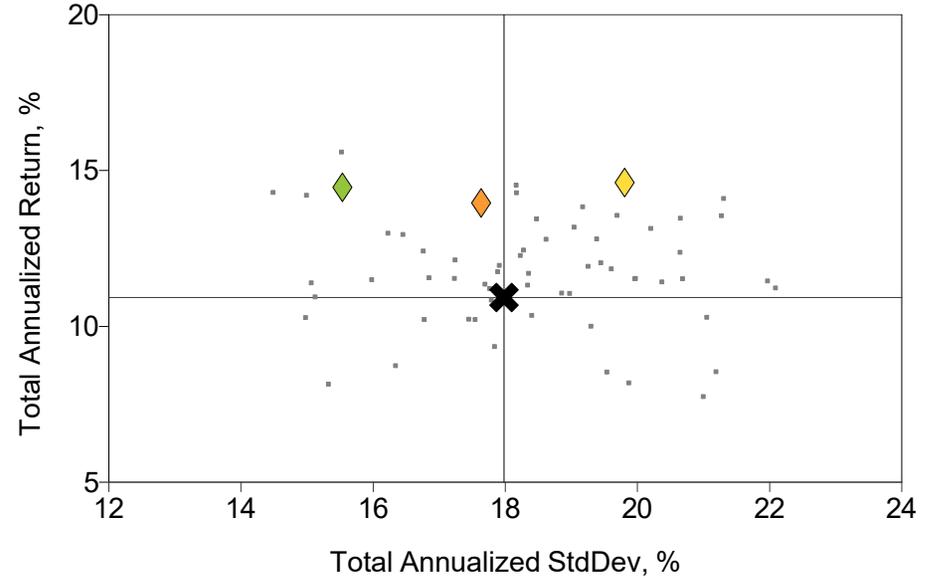
# Risk/Return - Seven and Ten Year

As of June 2021    Benchmark: Russell 2500 Value    Universe: eA SMID Cap Value    Universe Size: 166

### Seven Year Risk/Return



### Ten Year Risk/Return



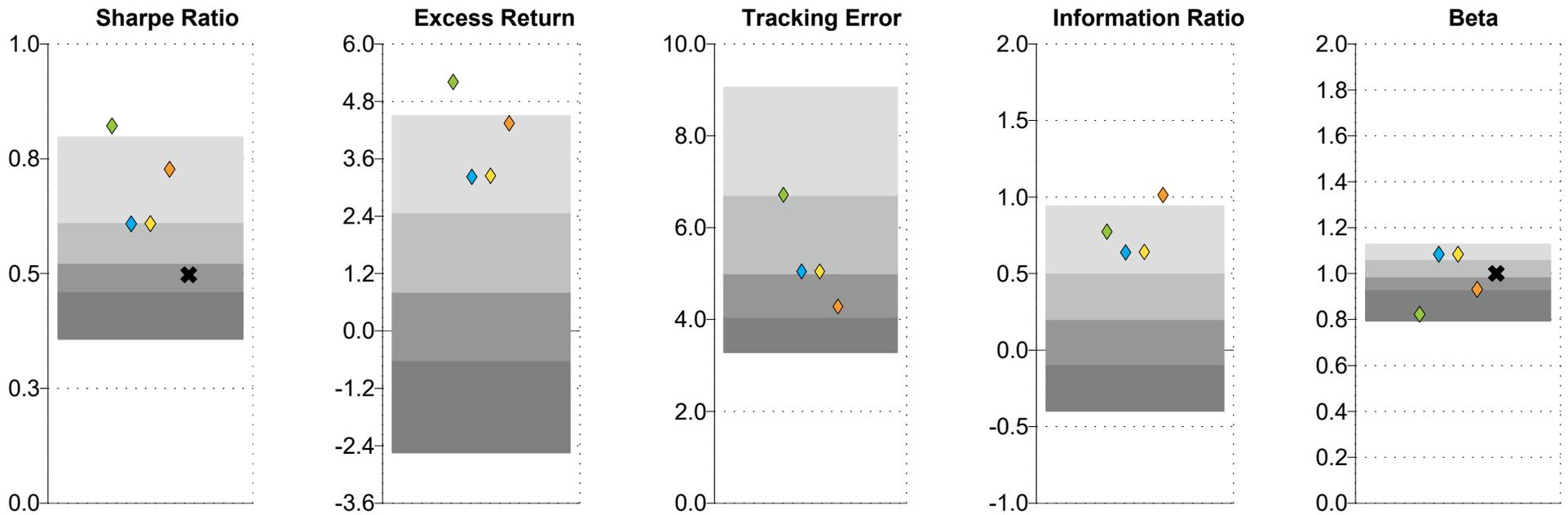
- eA SMID Cap Value                      ◆ Kayne Anderson                      ◆ Smith Graham & Co.                      ◆ Smith Graham SMID Blend
- ◆ Systematic Financial                      ✕ Russell 2500 Value

	Annualized Return	Annualized Std. Dev.
Kayne Anderson	14.02	16.70
Smith Graham & Co.	12.04	21.18
Smith Graham SMID Blend	12.06	21.18
Systematic Financial	13.16	18.20
<b>Russell 2500 Value</b>	<b>8.82</b>	<b>19.04</b>
<b>eA SMID Cap Value Median</b>	<b>9.64</b>	<b>19.40</b>

	Annualized Return	Annualized Std. Dev.
Kayne Anderson	14.46	15.53
Smith Graham & Co.	---	---
Smith Graham SMID Blend	14.61	19.80
Systematic Financial	13.96	17.63
<b>Russell 2500 Value</b>	<b>10.93</b>	<b>17.98</b>
<b>eA SMID Cap Value Median</b>	<b>11.56</b>	<b>18.34</b>

# Modern Portfolio Theory Statistics - Seven Year

As of June 2021      Benchmark: Russell 2500 Value      Universe: eA SMID Cap Value      Universe Size: 166

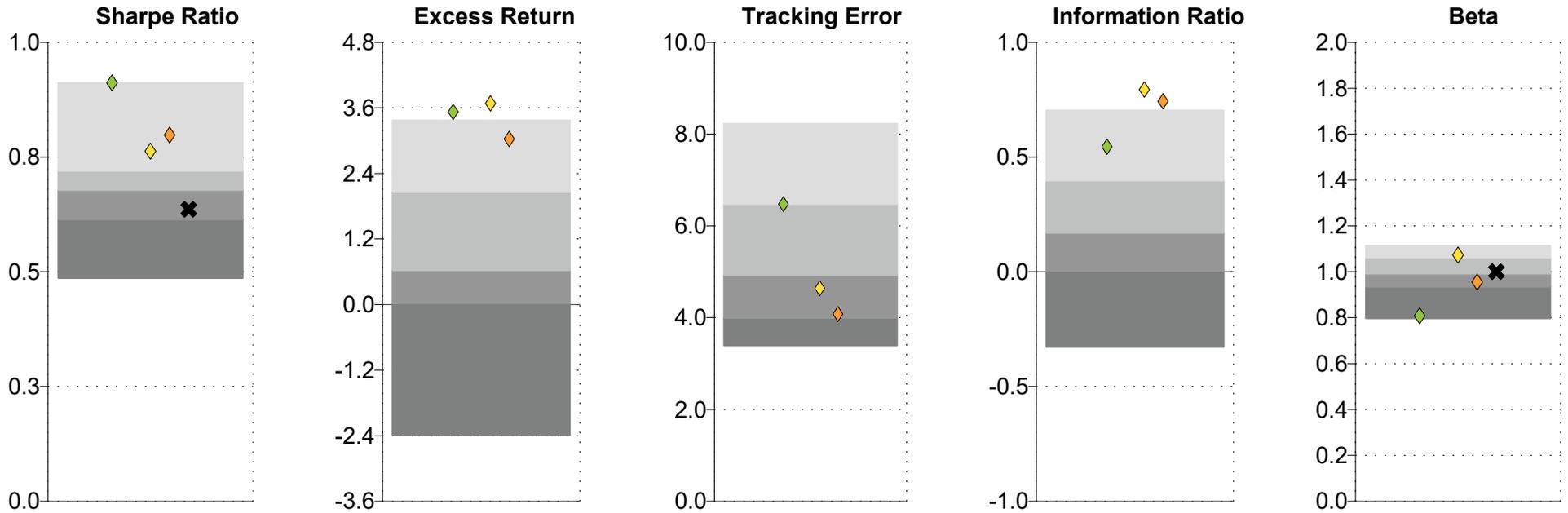


◆ Kayne Anderson      
 ◆ Smith Graham & Co.      
 ◆ Smith Graham SMID Blend      
 ◆ Systematic Financial  
✘ Russell 2500 Value

Firm/Product	Sharpe Ratio	Rank	Excess Return %	Rank	Tracking Error	Rank	Information Ratio	Rank	Beta	Rank
Kayne Anderson	0.82	2	5.20	3	6.72	25	0.77	8	0.82	90
Smith Graham & Co.	0.61	27	3.23	14	5.05	47	0.64	14	1.08	21
Smith Graham SMID Blend	0.61	27	3.24	14	5.05	47	0.64	13	1.08	21
Systematic Financial	0.73	8	4.34	8	4.28	69	1.01	5	0.93	74
<b>Russell 2500 Value</b>	<b>0.50</b>	<b>63</b>	<b>0.00</b>	<b>66</b>	<b>0.00</b>	<b>100</b>	<b>---</b>	<b>---</b>	<b>1.00</b>	<b>43</b>
<b>eA SMID Cap Value Median</b>	<b>0.52</b>	<b>50</b>	<b>0.82</b>	<b>50</b>	<b>5.00</b>	<b>50</b>	<b>0.20</b>	<b>50</b>	<b>0.99</b>	<b>50</b>

# Modern Portfolio Theory Statistics - Ten Year

As of June 2021    Benchmark: Russell 2500 Value    Universe: eA SMID Cap Value    Universe Size: 166



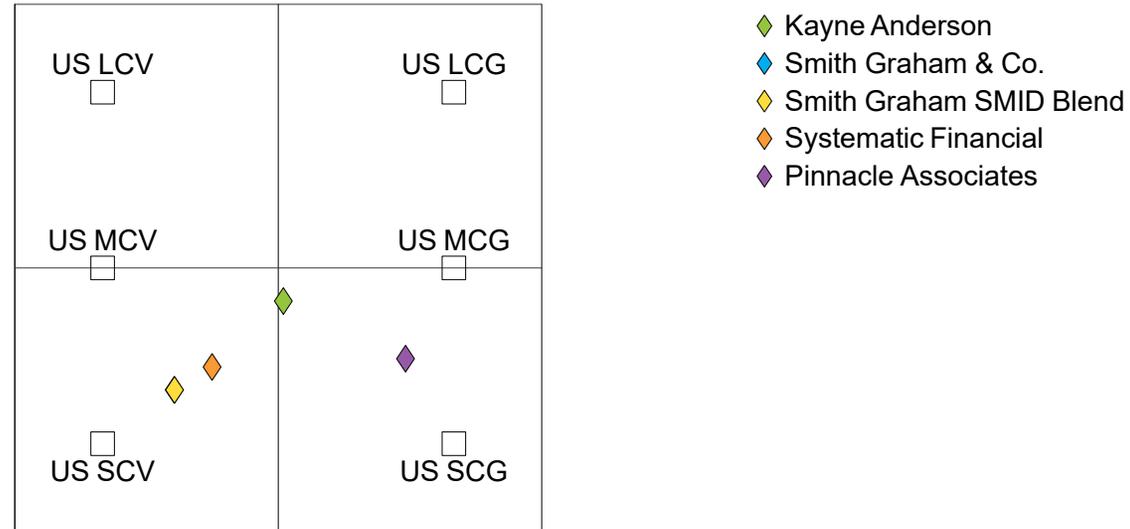
◆ Kayne Anderson      
 ◆ Smith Graham & Co.      
 ◆ Smith Graham SMID Blend      
 ◆ Systematic Financial  
✕ Russell 2500 Value

Firm/Product	Sharpe Ratio	Rank	Excess Return %	Rank	Tracking Error	Rank	Information Ratio	Rank	Beta	Rank
Kayne Anderson	0.91	5	3.53	4	6.47	25	0.54	10	0.81	89
Smith Graham & Co.	---	---	---	---	---	---	---	---	---	---
Smith Graham SMID Blend	0.76	15	3.68	2	4.64	56	0.79	2	1.07	22
Systematic Financial	0.80	10	3.03	12	4.08	69	0.74	2	0.96	69
<b>Russell 2500 Value</b>	<b>0.64</b>	<b>65</b>	<b>0.00</b>	<b>75</b>	<b>0.00</b>	<b>100</b>	---	---	<b>1.00</b>	<b>45</b>
<b>eA SMID Cap Value Median</b>	<b>0.68</b>	<b>50</b>	<b>0.63</b>	<b>50</b>	<b>4.93</b>	<b>50</b>	<b>0.17</b>	<b>50</b>	<b>0.99</b>	<b>50</b>

# Returns Based Style Analysis and Excess Returns Correlation

As of June 2021      Benchmark: Russell 2500      Universe: eA SMID Cap Value      Universe Size: 166

## Style Analysis - 7 Year Average



Excess Correlation: Jul 2014 - Jun 2021	Kayne Anderson	Smith Graham & Co.	Smith Graham SMID Blend	Systematic Financial	Pinnacle Associates
Kayne Anderson	1.00	-0.01	-0.01	0.17	-0.08
Smith Graham & Co.	-0.01	1.00	1.00	0.47	0.00
Smith Graham SMID Blend	-0.01	1.00	1.00	0.47	0.00
Systematic Financial	0.17	0.47	0.47	1.00	-0.10
Pinnacle Associates	-0.08	0.00	0.00	-0.10	1.00

Pinnacle Associates is included on this page and the following two pages to provide a comparison of the SMID Value candidates versus the current SMID Growth incumbent.

# Returns Based Style Analysis and Excess Returns Correlation

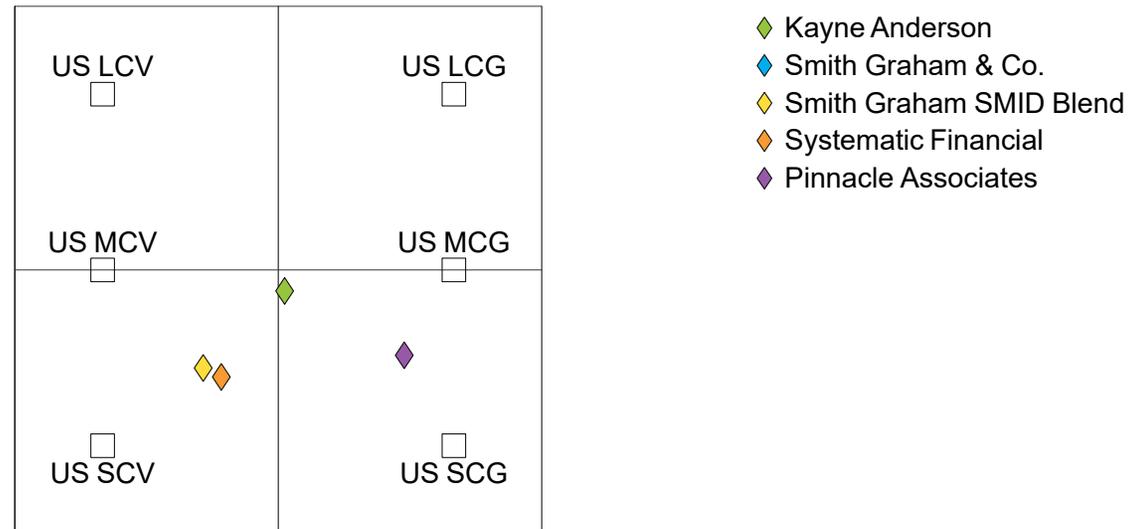
As of June 2021

Benchmark: Russell 2500

Universe: eA SMID Cap Value

Universe Size: 166

## Style Analysis - 10 Year Average



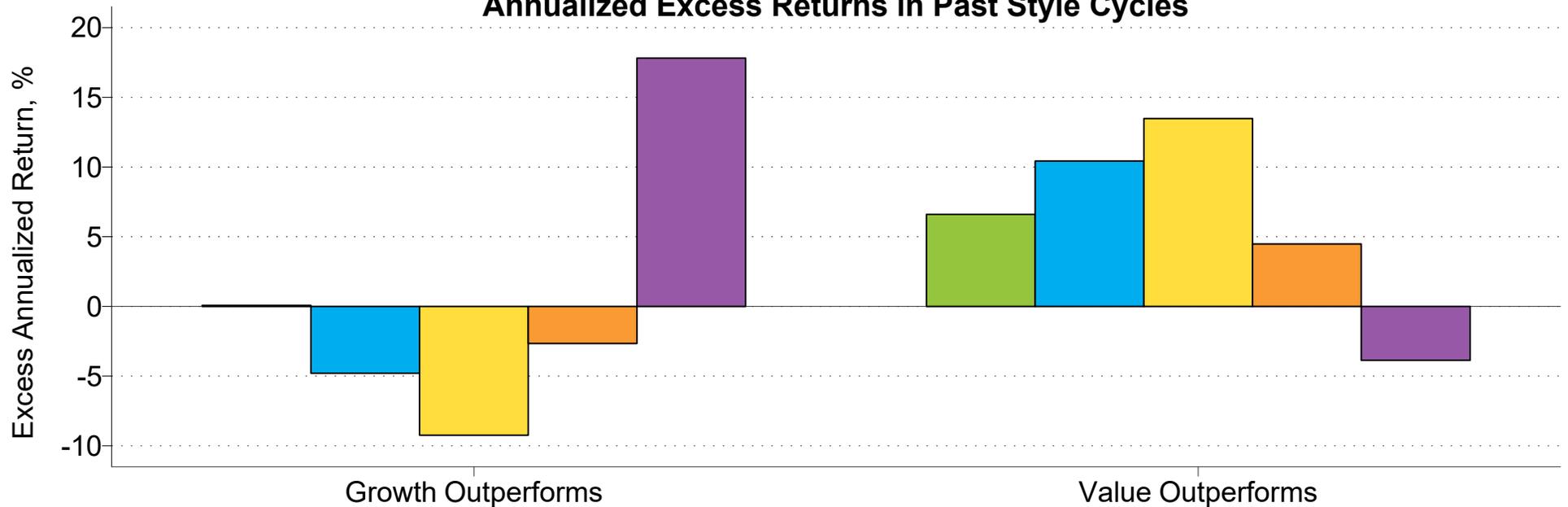
Excess Correlation: Jul 2011 - Jun 2021	Kayne Anderson	Smith Graham & Co.	Smith Graham SMID Blend	Systematic Financial	Pinnacle Associates
Kayne Anderson	1.00	---	-0.02	0.12	-0.19
Smith Graham & Co.	---	---	---	---	---
Smith Graham SMID Blend	-0.02	---	1.00	0.45	-0.01
Systematic Financial	0.12	---	0.45	1.00	-0.11
Pinnacle Associates	-0.19	---	-0.01	-0.11	1.00

Pinnacle Associates is included on this page and the following two pages to provide a comparison of the SMID Value candidates versus the current SMID Growth incumbent.

# Performance in Past US SMID Cap Style Cycles

As of June 2021    Benchmark: Russell 2500    Universe: eA SMID Cap Value    Universe Size: 166

## Annualized Excess Returns in Past Style Cycles



■ Kayne Anderson     
 ■ Smith Graham & Co.     
 ■ Smith Graham SMID Blend     
 ■ Systematic Financial  
■ Pinnacle Associates

	Annualized Excess Returns		# of Months of Style Leadership	
	Growth Outperforms	Value Outperforms	Growth Outperforms	Value Outperforms
Kayne Anderson	0.08	6.60	89	73
Smith Graham & Co.	-4.79	10.43	64	47
Smith Graham SMID Blend	-9.24	13.47	146	124
Systematic Financial	-2.66	4.47	71	55
Pinnacle Associates	17.81	-3.87	165	141

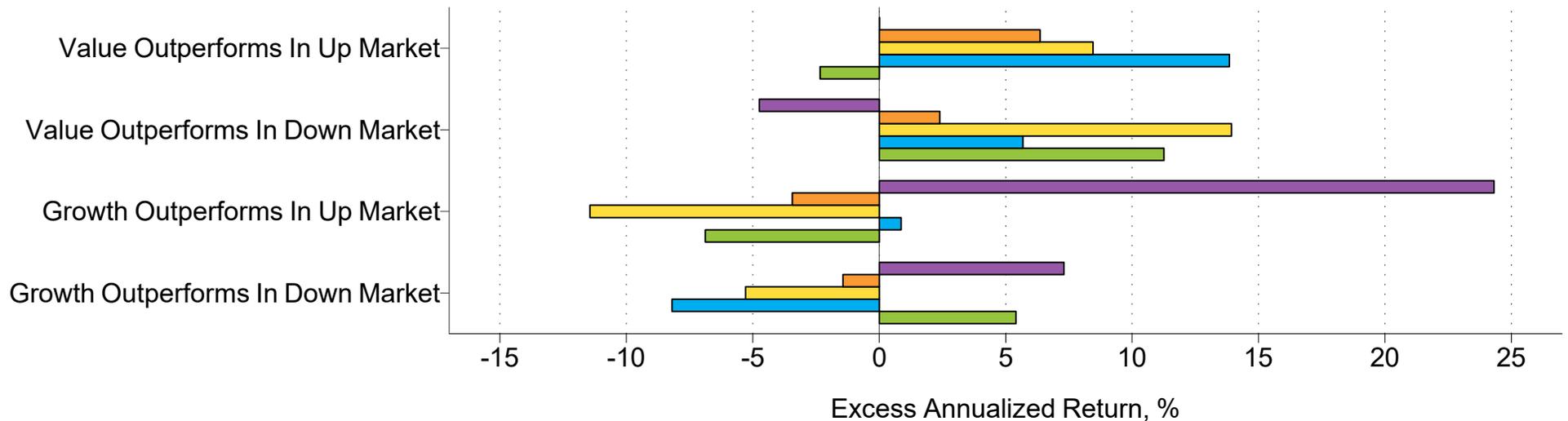
Excess Returns of the managers in both value-led and growth-led months are grouped and annualized to illustrate the performance of each strategy in past style regimes.

# Performance in Past US SMID Cap Style Led Months (Up & Down Month Groups)

As of June 2021

Benchmark: Russell 2500

## Annualized Excess Returns in Past Style Led Months (Grouped by Up/Down Market Returns)



Kayne Anderson

Smith Graham & Co.

Smith Graham SMID Blend

Systematic Financial

Pinnacle Associates

	Annualized Excess Returns				# of Months of Style Leadership			
	Growth Outperforms In Down Market	Growth Outperforms In Up Market	Value Outperforms In Down Market	Value Outperforms In Up Market	Growth Outperforms In Down Market	Growth Outperforms In Up Market	Value Outperforms In Down Market	Value Outperforms In Up Market
Kayne Anderson	5.41	-6.88	11.25	-2.33	28	61	27	46
Smith Graham & Co.	-8.19	0.86	5.69	13.85	20	44	15	32
Smith Graham SMID Blend	-5.29	-11.44	13.93	8.46	42	104	58	66
Systematic Financial	-1.43	-3.44	2.40	6.36	21	50	20	35
Pinnacle Associates	7.30	24.31	-4.74	0.02	43	122	67	74

Excess Returns of the managers in both value-led and growth-led months are grouped together and then separated by whether the general market had positive or negative returns for a given month. The monthly returns within the four groups are annualized to illustrate the performance of each strategy in past style regimes.