

# U.S. Focused Large Cap Value SMA

## Investment Strategy

Invests in large-cap, high-quality companies temporarily selling at a discount.

## Key Differentiators

- Focus on quality
- Balance of risk and return
- Consistent approach

## Portfolio Management Team

Name	Start Date	
	Industry	Company
Brian Woglom, CFA	1998	2005
Adam Krenn, CFA	2005	2011
Kevin Toney, CFA	1993	1999
Michael Liss, CPA, CFA	1991	1998
Philip Sundell, CFA	1992	1997

## Performance (%)

	Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception	Inception Date
U.S. Focused Large Cap Value SMA (Gross)	7.65	5.83	8.25	10.84	-	8.88	1/1/17
U.S. Focused Large Cap Value SMA (Net)	6.85	2.75	5.10	7.59	-	5.69	-
Russell 1000 Value Index	9.50	11.46	8.86	10.91	-	8.32	-

## Calendar Year Returns (%)

	2017	2018	2019	2020	2021	2022	2023
U.S. Focused Large Cap Value SMA (Gross)	13.57	-4.51	29.82	1.58	18.25	1.37	5.83
U.S. Focused Large Cap Value SMA (Net)	10.25	-7.35	26.02	-1.44	14.80	-1.58	2.75

**Data presented reflects past performance. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return and share value will fluctuate, and redemption value may be more or less than original cost. Data assumes reinvestment of dividends and capital gains. Returns for periods less than one year are not annualized.**

*DUE TO MARKET VOLATILITY, CURRENT PERFORMANCE MAY BE DIFFERENT THAN THE FIGURES SHOWN.*

U.S. Focused Large Cap Value SMA net of fee shown is equal to the highest anticipated wrap fee charged by a program sponsor (3.00% annually which is, inclusive of up to a maximum investment advisory fee of 0.65%). This total wrap fee includes all charges for trading costs, portfolio management, custody and other administrative fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.

Prior to 7/1/2019, the composite's gross performance is that of the Firm's U.S. Concentrated Large Cap Value Equity composite. Net performance prior to 7/1/2019 was derived by taking the gross return for each account within the U.S. Concentrated Large Cap Value Equity composite and applying the 3% wrap fee.

## Investment Philosophy

### We believe

- Investing in high-quality businesses selling at a discount to fair value will generate superior risk-adjusted returns over time.
- Downside protection is critical to producing long-term outperformance.

### Key Tenets

- Focusing on high-quality businesses and deselection of low-quality companies can reduce exposure to value traps
- Establishing a risk-reward profile for each stock leads to a higher probability of long-term outperformance
- Rebalancing security weights is a key element of alpha generation and risk control
- Sustainable income is an important component of total return

## Investment Process

### STEP 1

#### Global Stock Universe

Stocks with market caps greater than \$500M

#### Identification of Quality Companies

- Higher & more stable returns on capital
- Sustainable returns on capital
- Lower degrees of leverage

### STEP 2

#### Fundamental Research and Valuation Assessment

- Company analysis
- Risk/reward profile
- Proprietary high-quality universe

### STEP 3

#### Portfolio Construction

- Driven by best relative risk/return opportunities
- Position sizing is dynamic
- Risk controls and portfolio guidelines monitored

## Portfolio Characteristics

	Portfolio	Index
Wtd Avg Market Cap	\$145.8B	\$139.0B
Price/Earnings Ratio	17.99x	16.70x
Price/Book Ratio	2.39x	2.31x
Price to Cash Flow	10.94x	10.23x
Number of Holdings	42	849
Dividend Yield	2.66%	2.27%

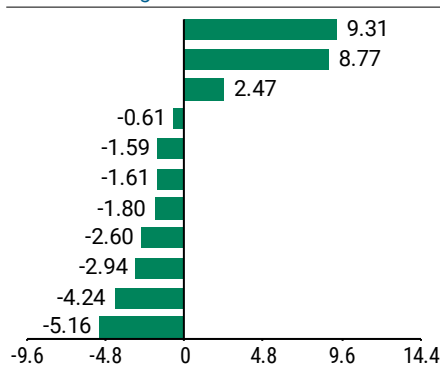
## Top 10 Holdings (%)

Johnson & Johnson	5.96
Medtronic PLC	5.37
Zimmer Biomet Holdings Inc	4.14
Berkshire Hathaway Inc	3.68
TotalEnergies SE	3.67
Atmos Energy Corp	3.46
Exxon Mobil Corp	3.32
Unilever PLC	3.26
Colgate-Palmolive Co	3.24
Duke Energy Corp	3.10
<b>Total Percent in Top 10 Holdings</b>	<b>39.20</b>

The holdings listed should not be considered recommendations to purchase or sell a particular security. Equity holdings are grouped to include common shares, depository receipts, rights and warrants issued by the same company. Portfolio holdings subject to change.

## Sector Weights (%)

## Portfolio Weight vs. Index



Sector	Portfolio	Index
Consumer Staples	17.16	7.85
Health Care	23.37	14.60
Utilities	7.30	4.83
Energy	7.15	7.76
Financials	20.18	21.77
Materials	3.25	4.86
Communication Services	2.88	4.68
Information Technology	6.99	9.59
Real Estate	2.11	5.05
Industrials	9.62	13.86
Consumer Discretionary	0.00	5.16

## A Note About Risk

The value and/or returns of a portfolio will fluctuate with market and economic conditions. Different investment styles tend to shift in and out of favor depending upon market and economic conditions, as well as investor sentiment. A portfolio may outperform or underperform other portfolios that employ a different investment style, and the stocks selected by the portfolio manager may not increase in value as predicted. Because this portfolio may, at times, concentrate its investments in a specific area, during such times it may be subject to greater risks and market fluctuations than when the portfolio represents a broader range of securities. There is no guarantee that the investment objectives will be met. Dividends and yields represent past performance and there is no guarantee that they will continue to be paid. The information is not intended as a personalized recommendation or fiduciary advice and should not be relied upon for investment, accounting, legal or tax advice.

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This strategy may not be suitable for all investors.

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Portfolio holdings and allocations are as of the date indicated, and subject to change without notice. Data provided by American Century Investments and FactSet, unless otherwise noted. Material presented has been derived from industry sources considered to be reliable, but their accuracy and completeness cannot be guaranteed.

The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index (the 3,000 largest publicly traded U.S. companies based on total market capitalization). The Russell 1000® Value Index measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. Created by Frank Russell Company, indices are not investment products available for purchase.

**Key Terms: Weighted Average Market Capitalization:** The average of the weighted capitalizations of a portfolio's holdings. **Price/Earnings Ratio (P/E):** The price of stock divided by its annual earnings per share. **Price/Book Ratio (P/B):** The ratio of a stock's price to its book value per share. **Price/Cash Flow Ratio:** The ratio of a stock's price to its cash flow per share. **Dividend Yield:** The return earned by a stock investor, calculated by dividing the amount of annual dividends per share by the current share price of the stock. **Standard Deviation:** Defines how widely returns varied from an average over a given period of time. A higher standard deviation means a more volatile portfolio. For example, a portfolio with a standard deviation of 6 and an average annual return of 10% saw annualized monthly returns fall within 6 percentage points of that average (or between 4% and 16%) two-thirds of the time. **Dispersion:** A measure of the amount of uncertainty and risk associated with a portfolio.