

# U.S. Mid Cap Value SMA

## Investment Strategy

Invests in mid-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
Kevin Toney, CFA	1993	1999
Nathan Rawlins, CFA	2009	2015
Brian Woglom, CFA	1998	2005
Michael Liss, CPA, CFA	1991	1998

## Performance (%)

	Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception	Inception Date
U.S. Mid Cap Value Equity SMA (Gross)	-3.61	4.09	4.62	8.57	8.70	10.55	5/1/04
U.S. Mid Cap Value Equity SMA (Net)	-4.32	1.05	1.57	5.41	5.53	7.33	-
Russell Midcap Value Index	-3.40	11.98	3.65	8.49	7.60	9.37	-

## Calendar Year Returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
U.S. Mid Cap Value Equity SMA (Gross)	-0.58	24.09	12.65	-12.16	30.14	2.58	24.23	-0.53	6.87	0.75
U.S. Mid Cap Value Equity SMA (Net)	-3.48	20.47	9.37	-14.71	26.35	-0.42	20.61	-3.42	3.76	-0.73

**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. Mid Cap Value Equity 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 6/1/2023, the composite's gross performance is that of the Firm's U.S. Mid Cap Value Equity composite. Net performance prior to 6/1/2023 is derived by taking the monthly gross return for the composite and applying the 3% annualized 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

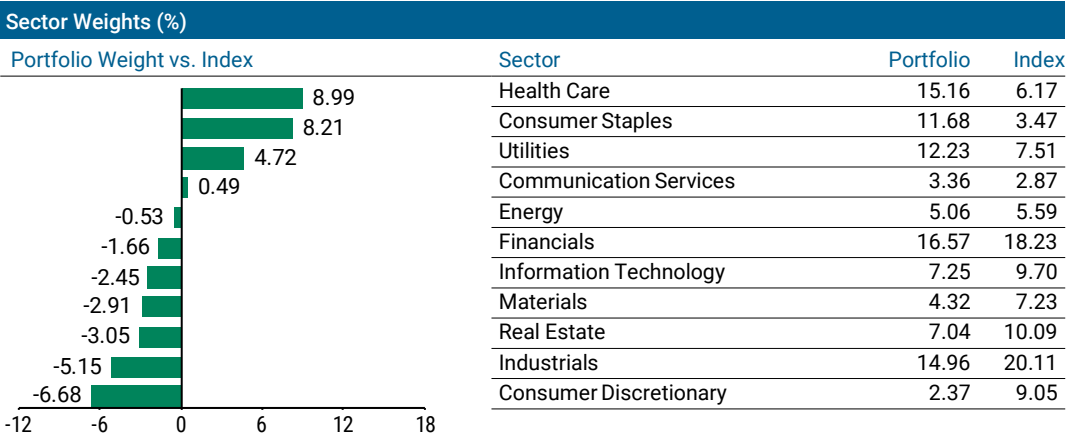
#### Portfolio Construction

- 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	\$26.6B	\$25.7B
Price/Earnings Ratio	18.70x	18.34x
Price/Book Ratio	1.99x	2.24x
Price to Cash Flow	9.78x	10.34x
Number of Holdings	99	699

Top 10 Holdings (%)	
Zimmer Biomet Holdings Inc	3.01
Bank of New York Mellon Corp/The	2.44
Conagra Brands Inc	2.21
Quest Diagnostics Inc	2.02
Willis Towers Watson PLC	1.94
Henry Schein Inc	1.84
Koninklijke Ahold Delhaize NV	1.83
Edison International	1.79
Kimberly-Clark Corp	1.79
Norfolk Southern Corp	1.79
Total Percent in Top 10 Holdings	20.66

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.



**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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The Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000® Index. The Russell Midcap® Value Index measures the performance of those Russell Midcap® companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000® Value Index. 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.