LMCG INVESTMENTS

Global Equities

Q4 2016 REVIEW

GLOBAL MULTICAP REVIEW

by Jeffrey P. Davis, CFA

Strategy Overview

The Global MultiCap strategy is a diversified long-only global portfolio with exposure to US, developed and emerging international equity markets. Harnessing the investment acumen of a wide range of investment styles/approaches at LMCG Investments, the portfolio seeks to provide a broadly diversified, global portfolio, with multiple sources of alpha. The strategy attempts to add value versus the MSCI ACWI IMI Index through stock selection and asset allocation. The dynamic asset allocation process strives to position client portfolios in those regions and asset classes with the most favorable risk/return profiles. The Global MultiCap team, led by the firm's Chief Investment Officer Jeff Davis, CFA, monitors the global investment landscape looking for both areas of opportunity and potential stress points. Specifically, the team looks to mitigate downside risk by avoiding potential areas of weakness.

Global MultiCap – Fourth Quarter Review

- **US election propels US and global equities higher**: The post-election market surge expanded valuations to a post-financial crisis level high in the United States. Non-US equities followed suit. Europe and Asia, measured by the MSCI EAFE Index, rose over 7% in local terms in the fourth quarter, but dollar strength erased those gains for US investors. A financial environment dominated by aggressive monetary policy to stimulate growth has changed to anticipation of fiscal stimulus and tax cuts for individuals and corporations. Supply side economics debates have begun anew as a budget balancing act is debated by Republican dominated House and Senate.
- **US interest rates and the US dollar rose in tandem**: Increasing strength of key economic indicators motivated the Federal Reserve to increase interest rates in December. Election results and financial markets rally made the December decision inevitable. The US dollar rose in response to higher yields on US securities; questions arose about ability for US labor to compete at current dollar levels.
- **US banks post stunning returns**: Both money centers as well as smaller regional banks rode a surge of optimism that bank regulatory issues will be resolved more quickly with a Republican congress. Bankers feel buoyed by improving prospects of higher yields. Most believe the end of extremely low short-term yields will lead to better profit margins.
- **Banner quarter for value stocks**: The Russell 3000 Value Index outperformed the Russell 3000 Core Index by over 3% in the quarter, an unusually large gap. It wasn't just banks that drove the value indexes higher; "old technology" surged along with energy and health care stocks that were not exposed to the Affordable Health Care Act's potential repeal. Smaller stocks were leaders overall with the Russell 2000 Index surging nearly 9% in the fourth quarter, ending the year with robust 21.2% returns.

GMC Asset Class Exposure	Relative Positioning*	Q4 2016 Index Performance^
US Large Cap (Russell 1000)	Underweight	+3.8%
US Small/Mid Value (Russell 2500 Value)	Neutral	+9.3%
US Small/Mid Growth (Russell 2500 Growth)	Overweight	+2.6%
Non-US Large Cap (MSCI EAFE)	Underweight	-0.7%
Non-US Small Cap (MSCI EAFE Small Cap)	Neutral	-2.9%
Emerging Markets (MSCI Emerging Markets)	Underweight	-4.2%

* Asset Allocation decisions in the Global MultiCap Strategy are subject to change over time. The relative positioning of the portfolio shown above is as of December 31, 2016.
^ Source: FactSet as of December 31, 2016.

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Performance Highlights

- Global MultiCap posted very strong absolute and relative returns in the fourth quarter and for 2016. The leading sector was financial services following the US election. Regional bank shares made up for lost time leading all sectors in the fourth quarter. Banks were buoyed by expectations not just for increased profitability, thanks to rising interest rates, but the expectation that bank deregulation will follow given a Republican House and Senate. We took profits and reduced our US banks position in December, but remain above benchmark weight in global banks and financials.
- While the US dollar surge in November provided headwinds to performance of non-US equities, most markets in Europe and Asia surged as growth prospects for the United States improved. We remain comfortable with our unhedged currency position.
- Stock selection in the portfolio suffered one of its worst years in memory as indexes posted unusually strong relative performance. Asset allocation fared well as simple rebalancing policies and thoughtful risk management of interest rate exposure paid off following surprises of the Brexit vote and the Trump victory.

LMCG Global MultiCap Composite Performance

As of 12/31/2016, U.S. Dollar

		Annualized			
	Q4 2016	1 Yr	3 Yrs	5 Yrs	Since Inception*
LMCG Global MultiCap (Gross)	2.9	11.0	3.9	10.9	5.1
LMCG Global MultiCap (Net)	2.5	9.4	2.4	9.3	3.6
MSCI ACWI IMI Index	1.3	8.3	3.2	9.6	3.3

*Inception: September 2007.

Past performance is not indicative of future results. Gross performance returns presented above are net of transaction costs and include the reinvestment of dividends and other earnings but do not reflect the deduction of investment management fees which would reduce returns. Net returns are calculated by applying the investment management fee schedule noted in the composite disclosure to the gross returns of the accounts included in the composite. For information regarding the impact of investment management fees on performance, please refer to the attached composite disclosure.

Global MultiCap Outlook and Strategy – 2017

When experienced hikers enter a wilderness, you can bet they are well prepared for what nature may bring. Wilderness best describes what 2017 looks like to us, and the weather looks turbulent. I believe our team at LMCG has about the best set of tools and skills any investor could ask for to succeed whichever way the wind blows, but it will certainly require wisdom and humility in using those tools.

Here are the most likely events we foresee in 2017 and some of the tools we may use to manage them:

1. **Unexpected interest rate moves** – we are particularly wary of exposures to expensive consumer staple stocks, overvalued in a rising growth and rising rate environment along with high dividend yielding equities. One of the unintended consequences of quantitative easing has been to create an equity market that has high interest rate sensitivity in these concentrated areas. We've made sure exposures to these areas are balanced as they tend towards concentration in the indexes.
2. **Trade strains mixing with overvalued US dollar** – there is a potential for poor performance of "mega-caps" (the largest 50 or so companies in the S&P 500 Index) that are sensitive to trading restrictions and ill will towards US commerce. Also, we believe manufacturing has little chance of returning to the United States if labor costs are overpriced globally because of a strong dollar. We are balancing dollar and non-dollar risks.
3. **Revaluation of Trump rally as timing of reform agenda takes shape** – this may be the biggest macro issue to navigate in the first half of 2017 for asset managers. Simple profit taking in areas that have posted outsized gains (as we did with our banking exposure in December) should balance the potential for over-optimism in the tax and regulatory agenda pace. Stock selection success should continue to favor value-oriented strategies in spite of the run up of energy shares and financial services.
4. **Debt strains in US and Europe** – The more complacent companies become about issuing debt while interest rates are low, the more we need to ensure proper risk oversight is in place. Poor performance of levered companies in first quarter of 2016 was a warning about investors' intolerance for misuse of corporate debt when economic uncertainty prevails. While good stock research should help us avoid unusual debt risks among our active stock selection, we also use quantitative factor tools to measure exposures to leverage in our overall portfolio risk management process.
5. **Index reversion** – 45 years of index investing and modern portfolio theory in a nutshell: if the stock market were really a random walk, there is little chance indexes would rank as highly as they have compared to active managers over the past couple of years. Even index guru John Bogle of Vanguard admitted[1] that there are "mean reversions" of index performance, and perhaps, for some of the reasons listed above, 2017 and 2018 will likely be a better time for many styles of stock picking.

GLOBAL BALANCED UPDATE

Our Global Balanced allocation policy continues to maintain a small overweight to equities. We have been maintaining an overweight position to equities for over five years at this point, although we reduced the overweight in August 2015 in light of the weakening China and a fully-priced and slow-growing US economy. Today, the issue we face is driven more by direction of bond yields that, while still historically low, are rising. If yields continue to increase, it will be time to pull back our allocations to neutral. But as you will read in our Fixed Income Review we do not believe rising rates are a certainty.

	Economic Contraction			Neutral	Economic Recovery/ Boom		
Equity	50%	55%	60%	65%	70%	75%	80%
Fixed Income	50%	45%	40%	35%	30%	25%	20%

Current Asset Allocation*

* The Global Balanced Strategy is subject to rebalancing. Asset allocation decisions, formulated by LMCG's Asset Allocation Committee, are subject to change over time and may fluctuate between 80% Equity / 20% Fixed Income and 50% Equity / 50% Fixed Income. The asset allocation of the portfolio shown above reflects the most current outlook as of 12/31/2016.

LMCG Global Balanced/Core Bond Composite Performance

As of 12/31/2016, U.S. Dollar

	Q4 2016	1 Yr	3 Yrs (Annualized)	Since Inception* (Annualized)
LMCG Global Balanced/ Core Bond (Gross)	1.4	8.4	3.4	7.0
LMCG Global Balanced/ Core Bond (Net)	1.0	6.9	2.0	5.6
65% MSCI ACWI IMI/ 35% Barclays Intermediate U.S. Gov't/Credit	0.1	6.3	3.0	5.6

*Inception: March 2012.

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LMCG Global Balanced/Municipal Bond Composite Performance

As of 12/31/2016, U.S. Dollar

	Q4 2016	1 Yr	3 Yrs (Annualized)	5 Yrs (Annualized)	Since Inception* (Annualized)
LMCG Global Balanced/ Municipal Bond (Gross)	1.4	7.6	3.3	8.4	6.0
LMCG Global Balanced/ Municipal Bond (Net)	1.0	6.1	1.9	6.9	4.5
65% MSCI ACWI IMI/ 35% Barclays 1-10 Yr. Municipal Bond	-0.1	5.5	3.1	7.1	4.9

*Inception: June 2011.

Past performance is not indicative of future results. Gross performance returns presented above are net of transaction costs and include the reinvestment of dividends and other earnings but do not reflect the deduction of investment management fees which would reduce returns. Net returns are calculated by applying the investment management fee schedule noted in the composite disclosure to the gross returns of the accounts included in the composite. For information regarding the impact of investment management fees on performance, please refer to the attached composite disclosure. The benchmark for the strategy is a blend of 65% MSCI ACWI IMI Index/35% Barclays Municipal Bond 1-10yr Index and is calculated internally by LMCG.

[1] Bogle, John C., "Common Sense on Mutual Funds: New Imperatives for the Intelligent Investor", John C. Wiley, 10th Anniversary Edition, 2010.

GLOBAL MULTICAP COMPOSITE

Schedule of Annual Returns

September 1, 2007 (date of inception) through December 31, 2015

	Gross Returns (%)	Net Returns (%)	Benchmark Returns[1] (%)	Dispersion[3] (bps)	Composite 3yr Ex Post Standard Deviation[4] (%)	Benchmark 3yr Ex Post Standard Deviation[4] (%)	Number of Accounts	Composite Assets at End of Period ($ millions)	Total Firm Assets ($ millions)
2015	-1.6	-3.0	-2.2	24	10.7	10.7	327	242.0	6,786.9
2014	2.6	1.2	3.8	28	10.7	10.6	314	237.1	6,370.5
2013	26.6	24.8	23.6	55	14.3	14.1	255	199.8	5,831.5
2012	18.2	16.4	16.4	78	17.8	17.3	188	125.2	4,402.6
2011	-6.1	-7.4	-7.9	54	20.2	20.9	150	87.0	4,200.7
2010	15.6	14.0	14.4	82	23.1	24.9	95	61.8	4,412.7
2009	36.5	34.6	36.4	128	-	-	32	21.5	4,365.1
2008	-38.2	-39.1	-42.3	NA	-	-	11	6.0	2,527.4
2007[2]	3.5	3.0	3.0	NA	-	-	2	2.1	4,124.5

1 Benchmark returns have been obtained from an independent source and have not been examined by independent accountants.
2 Partial year return beginning September 1, 2007.
3 Not calculated in 2007 because partial year performance. Not statistically significant in 2008 because insufficient number of portfolios in the composite for the year.
4 The three-year annualized standard deviation is not presented from December 31, 2007 through December 31, 2009 because the composite did not have 36 monthly returns in that time period.

Global MultiCap Composite: Portfolios included in this composite are invested to achieve consistent returns above benchmark over a full market cycle. Primary emphasis is placed on investing in financially strong small, mid-sized and large capitalization companies both domestic and international with above average earnings growth potential, strong balance sheets, improving profitability and attractive valuations. On July 1, 2011, the benchmark was changed from the MSCI-World Index to the MSCI All Country World Investable Market Index ("MSCI ACWI IMI"). The broader country and market cap universe of the MSCI ACWI IMI more closely aligns with the strategy than the previous index. Returns for the MSCI ACWI IMI are net of all foreign withholding taxes from a U.S. tax perspective. The composite was created in January 2008.

Royal Bank of Canada ("RBC") became LMCG's indirect majority owner in November 2015 when RBC acquired City National Corporation ("CNC"). Effective January 1, 2015, Lee Munder Capital Group, LLC is known as LMCG Investments, LLC ("LMCG"), an investment adviser registered with the Securities and Exchange Commission. In July 2009, the firm was reorganized as an affiliate of CNC and took the name of Lee Munder Capital Group, LLC., prior to which it was known as Lee Munder Investments Ltd. ("LMIL"), which itself was an investment adviser registered with the Securities and Exchange Commission. The firm maintains a complete list and description of composites, which is available upon request.

The investment management fee schedule is as follows: 1.50% on the first $1 million, 1.47% on the next $1 million, 1.270% on the next $3 million, and 1.02% on assets above $5 million. This is the maximum fee schedule applicable to the strategy. Actual investment advisory fees incurred by clients may vary.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance. Performance results are presented gross and net of management fees, include the reinvestment of income and are net of foreign withholding taxes. Net returns are calculated by applying the fee schedule disclosed above to the monthly gross returns of the accounts included in the composite. The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

LMCG claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. LMCG has been independently verified for the periods October 1, 2000 through December 31, 2015. The verification report(s) is/are available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not indicative of future results.

GLOBAL BALANCED/ CORE BOND COMPOSITE

Schedule of Annual Returns

March 1, 2012 (date of inception) through December 31, 2015

	Gross Returns (%)	Net Returns (%)	Benchmark Returns[1] (%)	Dispersion[2] (bps)	Composite 3yr Ex Post Standard Deviation[4] (%)	Benchmark 3yr Ex Post Standard Deviation[4] (%)	Number of Accounts	Composite Assets at End of Period ($ millions)	Total Firm Assets ($ millions)
2015	-0.8	-2.2	-0.9	16	8.1	7.6	21	23.2	6,786.9
2014	2.8	1.4	3.7	11	-	-	18	20.2	6,370.5
2013	19.6	18.0	14.5	56	-	-	11	12.1	5,831.5
2012[3]	5.1	3.9	4.1	NA	-	-	3	3.4	4,402.6

1 Benchmark returns have been obtained from an independent source and have not been examined by independent accountants.
2 Not statistically significant due to insufficient number of accounts in the composite for the year.
3 Partial year performance for the period of March 1, 2012 through December 31, 2012.
4 The three-year annualized standard deviation is not presented from December 31, 2012 through December 31, 2014 because the composite did not have 36 monthly returns in that time period.

Global Balanced/Core Bond Composite consists of all accounts managed in the global balanced/core bond strategy. The global balanced strategy is an asset allocation strategy that seeks long term growth and capital preservation through investments in global equities and core bond (taxable) fixed income products. The allocation of assets may range from 80% equity/20% fixed income to 50% equity/50% fixed income. Asset allocation decisions are formulated by LMCG's Asset Allocation Committee and are subject to change. The fixed income portion of the portfolio will be invested in core fixed income securities. Fixed income allocations below $1 million will be invested in core bond exchange traded funds and/or mutual funds. Returns for the strategy are measured against a blend of 65% MSCI ACWI IMI index and 35% Barclays Intermediate Government Credit Index for GBT. The composite was created in December 2012.

Royal Bank of Canada ("RBC") became LMCG's indirect majority owner in November 2015 when RBC acquired City National Corporation ("CNC"). Effective January 1, 2015, Lee Munder Capital Group, LLC is known as LMCG Investments, LLC ("LMCG"), an investment adviser registered with the Securities and Exchange Commission. In July 2009, the firm was reorganized as an affiliate of CNC and took the name of Lee Munder Capital Group, LLC., prior to which it was known as Lee Munder Investments Ltd. ("LMIL"), which itself was an investment adviser registered with the Securities and Exchange Commission. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Account performance is calculated on a total return basis including income and realized and unrealized gains and losses. Composite performance is presented gross and net of management fees. Net returns are calculated by applying the investment management fee schedule noted below to the gross returns of the accounts included in the composite. The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year. The U.S. Dollar is the currency used to express performance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The investment management fee schedule is as follows: 1.40% on the first $1 million, 1.37% on the next $1 million, 1.270% on the next $3 million, and 1.02% on assets above $5 million. This is the maximum fee schedule applicable to the strategy. Actual investment advisory fees incurred by clients may vary.

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Global Equities

Q4 2016 REVIEW

GLOBAL BALANCED/ MUNICIPAL BOND COMPOSITE

Schedule of Annual Returns

June 1, 2011 (date of inception) through December 31, 2015

	Gross Returns (%)	Net Returns (%)	Benchmark Returns[1] (%)	Dispersion[2] (bps)	Composite 3yr Ex Post Standard Deviation[4] (%)	Benchmark 3yr Ex Post Standard Deviation[4] (%)	Number of Accounts	Composite Assets at End of Period ($ millions)	Total Firm Assets ($ millions)
2015	-0.5	-1.9	-0.4	21	8.1	7.1	29	31.1	6,786.9
2014	3.1	1.7	4.2	39	8.1	7.1	27	27.1	6,370.5
2013	19.6	17.9	14.7	30	-	-	23	22.3	5,831.5
2012	13.5	11.9	12.0	30	-	-	11	10.6	4,402.6
2011 [3]	-7.5	-8.3	-7.2	NA	-	-	6	5.1	4,200.7

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2 Not statistically significant due to insufficient number of accounts in the composite for the year.
3 Partial year performance for the period of June 1, 2011 through December 31, 2011.
4 The three-year annualized standard deviation is not presented from December 31, 2011 through December 31, 2013 because the composite did not have 36 monthly returns in that time period.

Global Balanced/Municipal Bond Composite consists of all accounts managed in the global balanced/municipal bond strategy. The global balanced strategy is an asset allocation strategy that seeks long term growth and capital preservation through investments in global equities and tax-exempt fixed income products. The allocation of assets may range from 80% equity/20% fixed income to 50% equity/50% fixed income. Asset allocation decisions are formulated by LMCG's Asset Allocation Committee and are subject to change. The fixed income portion of the portfolio will be invested in tax-exempt fixed income securities. Fixed income allocations below $1 million will be invested in tax-exempt exchange traded funds and/or mutual funds. Returns for the strategy are measured against a blend of 65% MSCI ACWI IMI index and 35% Barclays Capital 1-10 year Municipal Bond Index. The composite was created in January 2012.

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