

## INVESTMENT APPROACH & STRATEGY

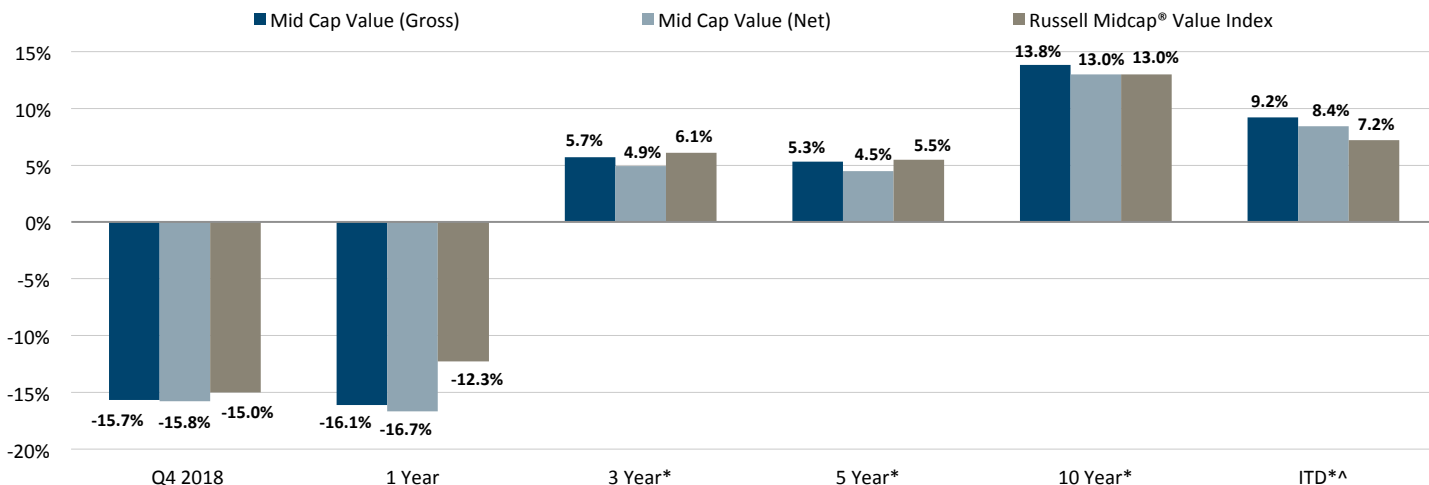
- The Mid Cap Value strategy invests in stocks offering high probability of modest outperformance rather than a low probability of high performance.
- Classic value-driven strategy.
- Belief that leading business strategies selling at a discount to fair value have the potential to generate excess returns.
- Focus on assessing the *probability* of a catalyst occurring rather than predicting the *timing* of a catalyst.

## DISTINGUISHING CHARACTERISTICS

- Employs a bottom-up, classic value approach investing in high quality mid-cap companies that are temporarily out of favor.
- Seeks to provide strong risk-adjusted returns by taking modest bets and limiting the downside, not only capturing the upside.

## COMPOSITE PERFORMANCE

As of 12/31/2018, U.S. Dollar



\* Annualized. ^ Inception: October 1, 2005.

Past performance is not indicative of future results. Investment advisory fees are described in Part 2A of LMCG's Form ADV. 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 composite disclosure shown below. Shown as supplemental information only and complements the Mid Cap Value composite disclosure attached.

## PRODUCT INFORMATION

### FEATURES

**Benchmark:** Russell Midcap® Value Index  
**Style:** Classic Value  
**Market Cap:** \$2.5B - \$34.7B\*  
**Approach:** Fundamental  
**Holdings Range:** 60-80

### VALUE TEAM

**R. Todd Vingers, CFA (29)**  
*Managing Director, Value Equities*

**Jay Willadsen, CFA (21)**  
*Portfolio Manager, Value Equities*

**Ryan Satterfield, CFA (9)**  
*Analyst, Value Equities*

**Timothy Buckley, CFA (23)**  
*Analyst, Value Equities*

**Timothy Murphy, CFA (17)**  
*Analyst, Value Equities*

Note: (#) above indicates number of years of investment experience.

### CONTACT

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**INVESTMENT PROCESS**

**Security Valuation**

- Price filter screens identify the least expensive stocks based on: Enterprise Value to EBITDA, Price to Book Value, Price to Cash Flow, Price to Earnings, Dividend Yield.
- Stocks meeting at least 2 of 5 price filter screens are added to the investable universe.

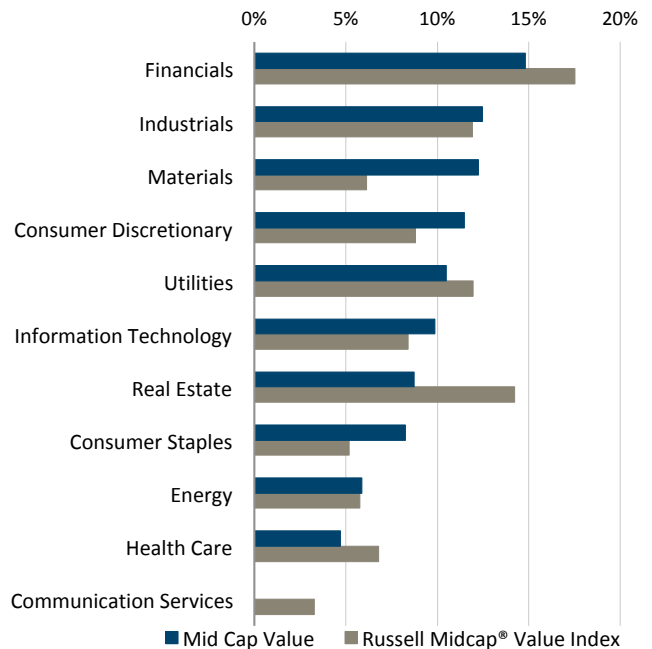
**Security Analysis**

- Fundamental research examines broad and company-specific issues to identify leading businesses selling at discounts to fair value.
- A full review of the company is then presented and discussed.
- The team determines the range of possible outcomes and identifies a prospective price target for the stock.

**Portfolio Construction**

- Market capitalization typically \$2.5B - \$34.7B.
- Typically 60-80 securities.
- 10 largest holdings typically represent 12%-20% of the portfolio and individual positions <3%.
- Sector weights versus the Russell Midcap® Value benchmark ±10%.
- Focus on stocks with asymmetrical risk/rewards.

**SECTOR WEIGHTS**



**PORTFOLIO CHARACTERISTICS**

	Russell Midcap®	
	Mid Cap Value	Value Index
Weighted Avg Market Cap. (\$mil)	\$10,062.8	\$12,896.6
Price/Earnings	14.0x	13.5x
Price/Sales	1.1x	1.3x
Price/Cash Flow	8.6x	8.1x
ROA	4.6%	4.6%
Number of Holdings	69	592
Average Annual Turnover	30%	-

**RISK STATISTICS** Since Inception (10/1/2005)

	Russell Midcap®	
	Mid Cap Value	Value Index
Annualized Return (Gross)	9.2%	7.2%
Annualized Standard Deviation	15.9%	16.6%
Sharpe Ratio	0.5	0.4
Annualized Alpha	2.2	-
Information Ratio	0.5	-

Sector weights, portfolio characteristics and risk-adjusted returns of a Mid Cap Value representative account managed against the Russell Midcap® Value Index. Source for sectors, portfolio characteristics and risk statistics: FactSet. As of 12/31/2018.

Information above is supplemental only and complements the full composite disclosure below.

**MID CAP VALUE COMPOSITE**

**Schedule of Annual Returns**

January 1, 2008 through December 31, 2017

	Gross Returns (%)	Net Returns (%)	Benchmark Returns <sup>1</sup> (%)	Dispersion (bps)	Composite 3yr		Number of Accounts	Composite Assets at End of Period (\$ millions)		Total Firm Assets (\$ millions)	Non-Fee Paying Assets (%)
					Ex Post Standard Deviation (%)	Ex Post Standard Deviation (%)		Period	Total Firm Assets		
2017	15.1	14.3	13.3	5	10.1	10.3	20	971.4	7,551.3	0	
2016	22.1	21.2	20.0	6	11.2	11.3	20	828.4	7,367.5	0	
2015	-1.1	-1.8	-4.8	6	10.5	10.7	20	651.3	6,786.9	0	
2014	10.7	9.9	14.8	9	10.2	9.8	24	917.8	6,370.5	0	
2013	34.8	33.8	33.5	14	14.6	13.7	29	843.4	5,831.5	0	
2012	16.4	15.5	18.5	7	17.4	16.8	22	449.7	4,402.6	0	
2011	-3.2	-3.9	-1.4	11	21.8	22.8	23	366.4	4,200.7	0	
2010	25.5	24.5	24.8	9	24.7	27.1	16	342.5	4,412.7	0	
2009	47.8	46.7	34.2	4	22.6	25.0	15	202.1	4,365.1	1.4	
2008	-27.7	-28.3	-38.4	1	16.9	18.7	9	70.7	2,527.4	2.6	

<sup>1</sup> Benchmark returns have been obtained from an independent source and have not been examined by independent accountants.

**Mid Cap Value Composite** consists of accounts managed in the Mid Cap Value ("MCV") strategy. MCV seeks to achieve long-term capital appreciation through investments in primarily high quality, though temporarily out of favor, U.S. equity securities. The market capitalization of these securities will generally fall within the range of the Russell Mid Cap Value Index. For comparison purposes, the composite is measured against the Russell Mid Cap Value Index. The inception date of the composite is October 1, 2005. The composite was created in October 2005.

Royal Bank of Canada ("RBC") became LMC'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 LMC Investments, LLC ("LMC"), 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. There are no wrap accounts included in the composite. 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: 075% on the first \$25 million, 0.65% on the next \$25 million, and 0.55% thereafter. Actual investment advisory fees incurred by clients may vary. LMC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. LMC has been independently verified for the periods October 1, 2000 through December 31, 2017. 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 Mid Cap Value Composite has been examined for the periods October 1, 2005 through December 31, 2017. The verification and performance examination reports are available upon request. Past performance is not indicative of future results.

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