

# MID CAP VALUE

## Q4 2019 FACTSHEET

### INVESTMENT APPROACH & STRATEGY

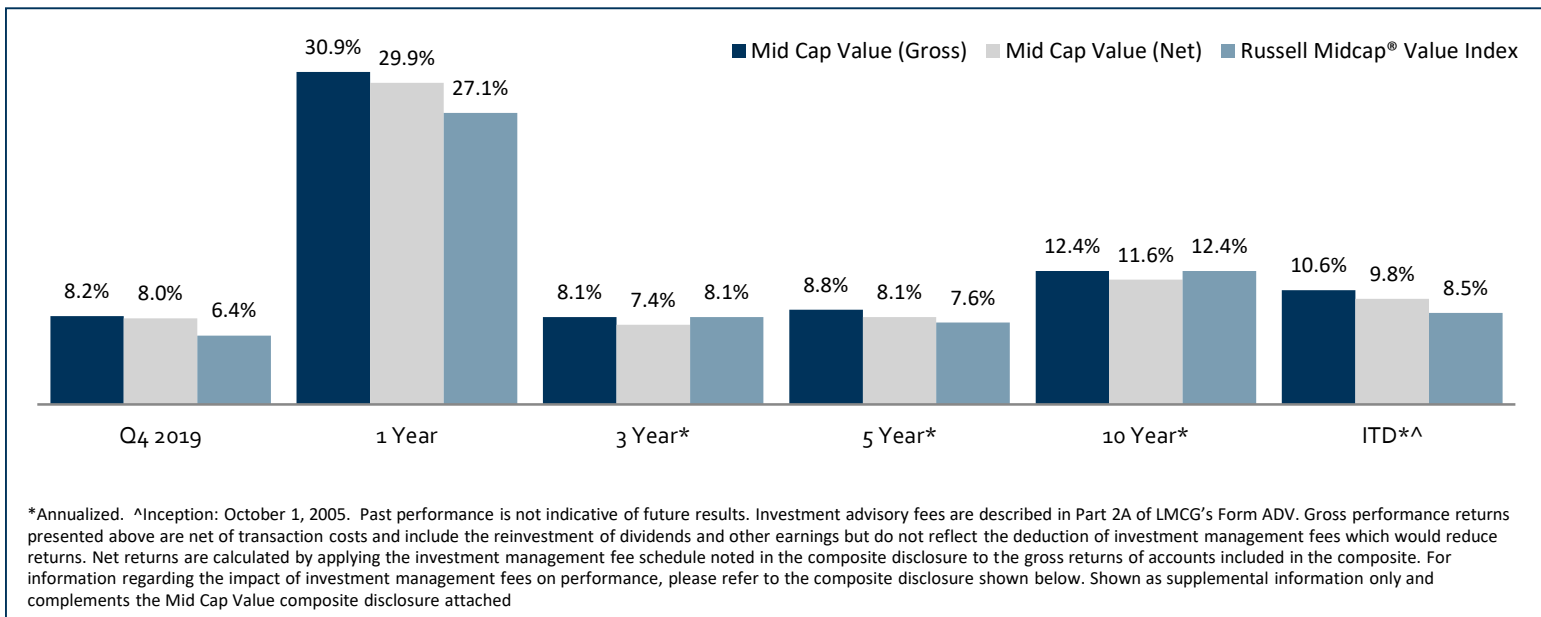
- The Mid Cap Value strategy invests in stocks offering high probability of modest outperformance rather than a low probability of high performance.
- Classic value-driven strategy.
- Belief that leading business strategies selling at a discount to fair value have the potential to generate excess returns.
- 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 12/31/2019, US Dollar



### INVESTMENT PROCESS

#### SECURITY VALUATION

- Price filter screens identify 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 \$2.4B - \$35.5B
- 60 - 80 securities with 10 largest holdings typically representing 12-20% of the portfolio and individual positions <3%
- Sector weights versus the Russell Midcap Value benchmark typically  $\pm 10\%$
- Focus on stocks with asymmetrical risk / rewards

### PRODUCT FEATURES

**Benchmark:** Russell Midcap Value Index

**Style:** Classic Value

**Market Cap:** \$2.4 - \$35.5B\*

**Approach:** Fundamental

**Holdings Range:** 60 - 80

### VALUE EQUITIES TEAM

**R. Todd Vingers, CFA** - Managing Director, 30 years experience

**Jay Willadsen, CFA** - Portfolio Manager, 22 years experience

**Timothy Buckley, CFA** - Analyst, 24 years experience

**Timothy Murphy, CFA** - Analyst, 18 years experience

**Ryan Satterfield, CFA** - Analyst, 10 years experience

\*Market Cap may vary depending on Index constituents..

# MID CAP VALUE

## PORTFOLIO CHARACTERISTICS<sup>1</sup>

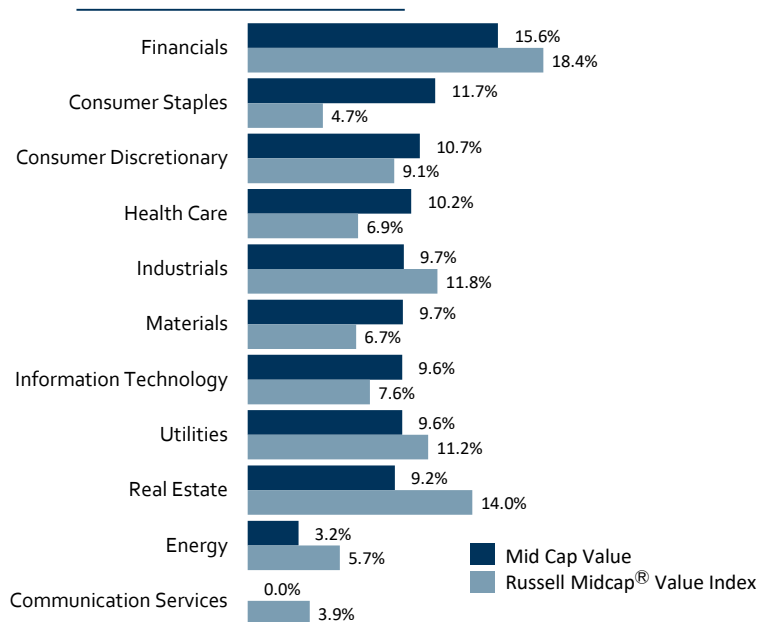
	Mid Cap Value	Russell Midcap <sup>®</sup> Value Index
Weighted Avg Market Cap (\$M)	\$13,073.3	\$15,762.6
Price / Earnings	19.0X	18.7X
Price / Sales	1.2X	1.4X
Price / Cash Flow	10.1X	9.4X
ROA	3.5%	5.1%
Number of Holdings	71	631
Avg Annual Turnover	28.8%	-

## RISK STATISTICS<sup>3</sup>

Since Inception 10/1/2005

	Mid Cap Value	Russell Midcap <sup>®</sup> Value Index
Annualized Return (Gross)	10.6%	8.5%
Annualized Standard Deviation	15.9	16.5
Sharpe Ratio	0.6	0.4
Annualized Alpha	2.3	-
Information Ratio	0.6	-

## SECTOR WEIGHTS<sup>2</sup>



<sup>1</sup> Portfolio Characteristics, <sup>2</sup> Sector Weights and <sup>3</sup> Risk-adjusted returns of a Mid Cap Value representative account managed against the Russell Midcap<sup>®</sup> Value Index. Source for sectors and portfolio characteristics: FactSet. Source for risk statistics: MorningStar Direct. Information above is supplemental only and complements the full composite disclosure.

## MID CAP VALUE COMPOSITE

Schedule of Annual Returns | 1/1/2009 – 12/31/2018

	Gross Returns (%)	Net Returns (%)	Benchmark Returns <sup>1</sup>	Dispersion (bps)	Composite 3yr Ex Post Standard Deviation (%)	Benchmark 3yr Ex Post Standard Deviation (%)	Number of Accounts	Composite Assets at End of Period (\$M)	Total Firm Assets (\$M)	Non-Fee Paying Assets (%)
2018	-16.1	-16.7	-12.3	2	12.9	12.0	14	785.1	6,143.8	0
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

<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 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. 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 for 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: 0.75% 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.

LMCG claims compliance with the Global Investment Performance Standards (GIPS<sup>®</sup>) 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, 2018. 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, 2018. The verification and performance examination reports are available upon request. Past performance is not indicative of future results.

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