

# SMALL CAP VALUE

## Q3 2021 FACTSHEET

### INVESTMENT APPROACH & STRATEGY

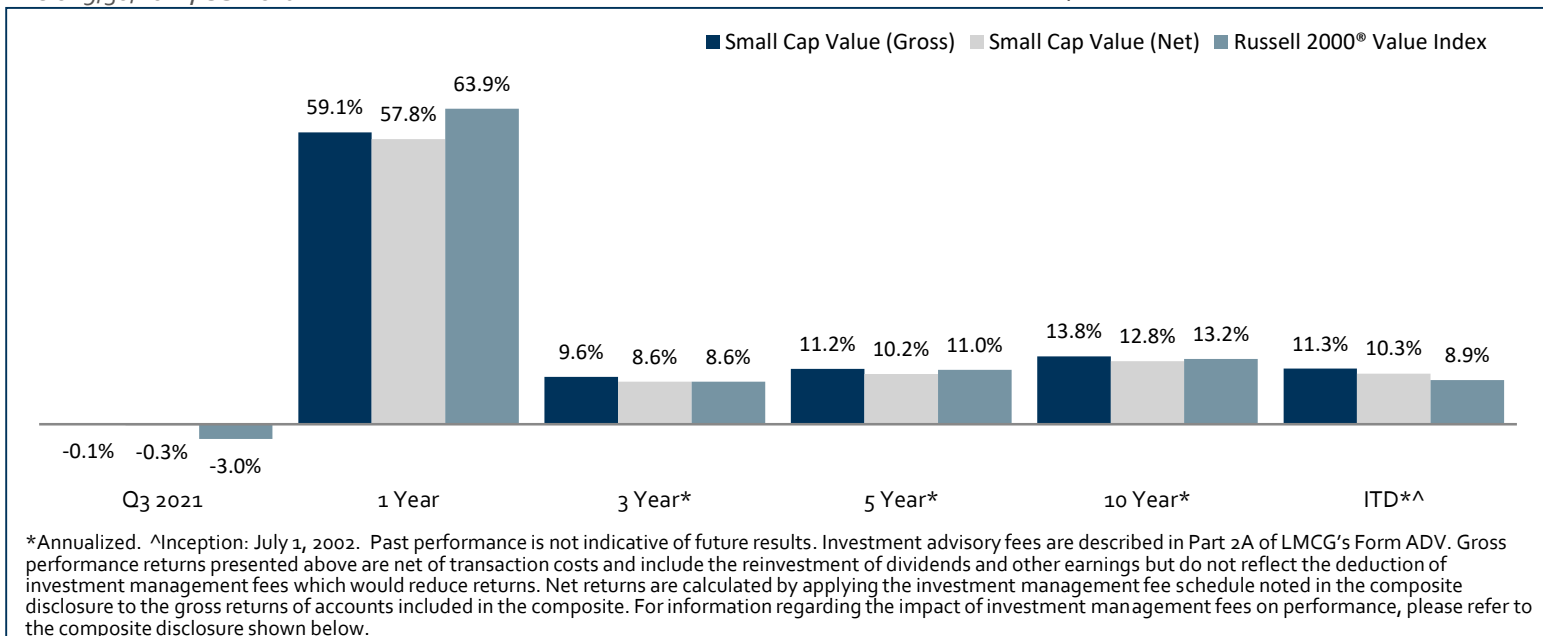
- The Small Cap Value strategy invests in stocks offering high probability of modest outperformance rather than a low probability of high performance.
- Classic value-driven strategy.
- Belief that leading business strategies selling at a discount to fair value have the potential to generate excess returns.
- 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 small-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 9/30/2021, 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 \$500M-\$7B
- 80-115 securities with 10 largest holdings typically representing 15-25% of the portfolio and individual positions <3%
- Sector weights versus the Russell 2000 Value benchmark typically ±10%
- Focus on stocks with asymmetrical risk / rewards

### PRODUCT FEATURES

**Benchmark:** Russell 2000 Value Index  
**Style:** Classic Value  
**Market Cap:** \$500M-\$7B\*  
**Approach:** Fundamental  
**Holdings Range:** 80-115

### VALUE EQUITIES TEAM

**R. Todd Vingers, CFA** - Managing Director, 31 years experience  
**Jay Willadsen, CFA** - Portfolio Manager, 23 years experience  
**Timothy Buckley, CFA** - Analyst, 25 years experience  
**Timothy Murphy, CFA** - Analyst, 19 years experience  
**Ryan Satterfield, CFA** - Analyst, 11 years experience

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

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# SMALL CAP VALUE

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

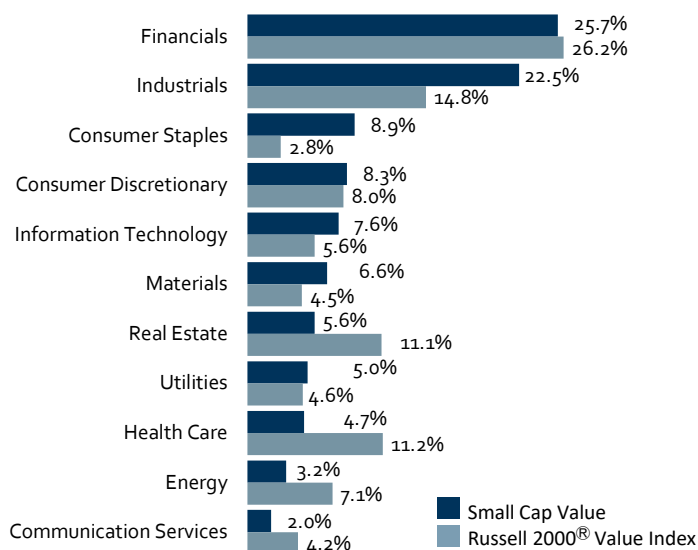
	Small Cap Value	Russell 2000 <sup>®</sup> Value Index
Weighted Avg Market Cap (\$M)	\$4,091.2	\$2,866.2
Price / Earnings	15.6x	12.4x
Price / Sales	1.6x	1.2x
Price / Cash Flow	11.1x	8.7x
ROA	2.8%	-1.6%
Number of Holdings	89	1,429
Avg Annual Turnover	28.2%	-

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

Since Inception 7/1/2002

	Small Cap Value	Russell 2000 <sup>®</sup> Value Index
Annualized Return (Gross)	11.3%	8.9%
Annualized Standard Deviation	18.4%	19.8%
Sharpe Ratio	0.5	0.4
Annualized Alpha	2.7	-
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 Small Cap Value representative account managed against the Russell 2000<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. As of 9/30/2021

## SMALL CAP VALUE COMPOSITE

SCHEDULE OF ANNUAL RETURNS | January 1, 2010 through December 31, 2020

	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 (\$ millions)	TOTAL FIRM ASSETS (\$ millions)
2020	4.2	3.3	4.6	32	24.9	26.1	40	1,685.4	6,301.0
2019	27.4	26.2	22.4	29	15.5	15.7	43	1,712.1	7,177.2
2018	-14.8	-15.6	-12.9	24	15.2	15.8	51	1,419.0	6,143.8
2017	8.6	7.7	7.8	8	12.7	14.0	55	1,758.0	7,551.3
2016	28.3	27.1	31.7	16	14.1	15.5	54	1,786.4	7,367.5
2015	0.3	-0.6	-7.5	11	12.5	13.5	54	1,531.8	6,786.9
2014	5.1	4.2	4.2	9	12.2	12.8	58	1,967.4	6,370.5
2013	33.2	32.0	34.5	26	16.2	15.8	72	2,441.0	5,831.5
2012	15.7	14.7	18.1	18	19.7	19.9	68	2,095.0	4,402.6
2011	-6.6	-7.4	-5.5	25	24.1	26.1	73	2,096.0	4,200.7

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

Small Cap Value Composite consists of accounts managed in the Small Cap Value ("SCV") strategy. SCV seeks to achieve long term appreciation through investments in high quality, though temporarily out of favor, US equities with market capitalizations that generally fall within the range of market capitalizations of the S&P Small Cap 600 and/or the Russell 2000 indices. Income is a secondary objective. For comparison purposes, the composite is measured against the Russell 2000 Value Index. The inception date of the composite is July 1, 2002. The composite was created in July 2002.

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 ("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. A list of composite descriptions and a list of limited distribution pooled fund descriptions are 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 using gross returns for the accounts in the composite the entire year. The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period. The U.S. Dollar is the currency used to express performance. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The investment management fee schedule is as follows: 1% on the first \$25 million, 0.90% on the next \$25 million, and 0.80% 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. LMC has been independently verified for the periods October 1, 2000 through December 31, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Small Cap Value Composite has been examined for the periods July 1, 2002 through December 31, 2020. The verification and performance examination reports are available upon request. Past performance is not indicative of future results. GIPS<sup>®</sup> is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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