

## SMID-CAP VALUE

### FACT SHEET June 30, 2017

#### STRATEGY

- Seek to invest in small- and mid-cap companies generating positive free cash flow and improving returns
- Use integrated investment approach that combines proprietary quantitative screen and original fundamental research
- Employ bottom-up, team-based stock selection process
- Emphasize strict adherence to our style and risk control measures

#### Top Ten Holdings<sup>2,3</sup> (%)

<b>Phibro Animal Health Corp</b> (Medical / Healthcare)	2.4
<b>TiVo Corp</b> (Technology)	2.2
<b>Spire Inc</b> (Utilities)	2.2
<b>Realogy Holdings Corp</b> (Interest Rate Sensitive)	2.1
<b>Enerplus Corp</b> (Energy)	2.0
<b>Greenbrier Cos Inc/The</b> (Capital Goods)	2.0
<b>AmTrust Financial Services Inc</b> (Interest Rate Sensitive)	2.0
<b>Ingredion Inc</b> (Capital Goods)	2.0
<b>Fifth Third Bancorp</b> (Interest Rate Sensitive)	1.9
<b>Radian Group Inc</b> (Interest Rate Sensitive)	1.9
<b>Total (% of portfolio)</b>	<b>20.7%</b>

<sup>1</sup>Data is based on firm's Smid-Cap Value composite. Past performance does not guarantee future results and future performance may be lower or higher than the performance presented. See Performance Disclosure for additional performance information.

<sup>2</sup>Information presented is for a representative portfolio which is an account in the composite that we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The information of the representative portfolio shown may differ from that of the composite and of the other accounts in the composite. Information on this page is considered supplemental information to the Performance Disclosure. Weights may not sum to 100% due to rounding.

<sup>3</sup>The specific securities identified and described do not represent all the securities purchased, sold or recommended for clients in the composite and no assumption should be made that such securities or future recommendations will be profitable in the future.

<sup>4</sup>Source: FactSet

<sup>5</sup>Standard Deviation, Beta and Tracking Error statistics based on monthly data. Three years. Source: eVestment Alliance.

#### Performance<sup>1</sup>

Periods Ended 6/30/17 (%)	QTD	YTD	Annualized Returns			
			1 Year	3 Years	5 Years	10 Years
Smid-Cap Value (gross)	0.06	-0.09	23.18	10.14	15.78	6.91
Smid-Cap Value (net)	-0.16	-0.51	22.15	9.21	14.81	6.00
Russell 2500 <sup>TM</sup> Value Index <sup>4</sup>	0.32	1.95	18.36	6.21	13.69	6.52
Calendar Year (%)	2016	2015	2014	2013	2012	2011
Smid-Cap Value (gross)	33.17	-4.65	11.61	34.47	14.57	1.71
Smid-Cap Value (net)	32.07	-5.46	10.67	33.37	13.60	0.84
Russell 2500 <sup>TM</sup> Value Index <sup>4</sup>	25.20	-5.49	7.11	33.32	19.21	-3.36

#### Portfolio Characteristics<sup>2,5</sup>

	Smid-Cap Value	Russell 2500 <sup>TM</sup> Value <sup>4</sup>
Weighted Average Market Capitalization (\$ Mil)	\$5,743	\$4,227
Median Market Capitalization (\$ Mil)	\$4,150	\$990
Discount to Intrinsic Value	40.3%	-
Price/Book Value	1.9x	1.9x
Return on Assets	5.1%	3.5%
Long-Term Debt/Capital	46.0%	36.7%
Dividend Yield (1 year trailing)	2.5%	1.9%
Beta (3 Years)	0.98	-
Standard Deviation (3 Years)	13.30%	12.96%
Tracking Error (3 Years)	3.73%	-
Turnover (3 year average)	76%	-
Number of Holdings	69	-

#### Sector Allocation<sup>2</sup>

	Smid-Cap Value	Russell 2500 <sup>TM</sup> Value <sup>4</sup>	Relative Weights
Basic Materials	5.9	5.5	0.4
Capital Goods	12.6	12.9	-0.3
Consumer	13.2	14.0	-0.8
Energy	5.9	6.6	-0.7
Interest Rate Sensitive	27.0	25.7	1.3
Medical / Healthcare	8.2	6.1	2.1
REITs	12.1	14.0	-1.9
Technology	8.8	8.6	0.2
Utilities	4.6	6.7	-2.1
Cash	1.7	0.0	1.7

## Performance Disclosure: Smid-Cap Value Composite

Year	— Composite Assets—			Composite Gross of Fees Annual Return (%)	Composite Net of Fees Annual Return (%)	Russell 2500™ Value Index (%)	Composite 3 Year Standard Deviation (%)	Index 3 Year Standard Deviation (%)	Composite Dispersion (%)	Total Firm Assets (Incl. Model Portfolios)* (\$Bil)	Total Firm Assets (\$Bil)
	Dollars (\$ millions)	% of Firm Assets	Composite Accounts								
2016	15	<1.0	10	33.17	32.07	25.20	13.43	13.36	0.50	7.476	7.169
2015	10	<1.0	7	-4.65	-5.46	-5.49	11.40	12.19	0.10	7.606	7.382
2014	10	<1.0	6	11.61	10.67	7.11	9.74	11.41	0.18	9.596	9.373
2013	9	<1.0	6	34.47	33.37	33.32	12.63	15.29	0.35	10.009	9.794
2012	7	<1.0	6	14.57	13.60	19.21	15.25	18.67	0.32	9.565	9.343
2011	7	<1.0	7	1.71	0.84	-3.36	20.45	24.57	0.18	9.389	9.101
2010	8	<1.0	9	22.34	21.30	24.82	-	-	0.48	8.989	8.711
2009	7	<1.0	10	24.80	23.77	27.68	-	-	0.29	8.038	7.837
2008	6	<1.0	12	-37.80	-38.34	-31.99	-	-	2.24	7.008	6.867
2007	9	<1.0	9	5.83	4.75	-7.27	-	-	0.48	9.715	9.502

\*Number includes a portion of assets where Denver Investments does not have discretionary trading authority. This information is supplemental to fully compliant presentation.

- 1) Denver Investment Advisors LLC (dba Denver Investments) is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Denver Investments provides fundamental investment management services to various institutional and private investors and mutual funds.
- 2) This composite was created in April 2005 (style inception was 4/1/2005). All returns are computed using a time-weighted total rate of return. The composite is defined to include all fee-paying, discretionary accounts managed according to the Smid-Cap Value strategy. The composite includes all actively managed equity accounts that are managed to the Russell 2500® Value Index and primarily invest in small- and mid-capitalization U.S. value equities. The Russell 2500® Value Index is an unmanaged index measuring the small- to mid-cap value segment of the U.S. equity universe that is constructed to provide a comprehensive and unbiased barometer of the small- to mid-cap value market. FTSE Russell is the source and owner of the Russell Index data contained in this material and all trademarks and copyrights related thereto. Any further dissemination or redistribution is strictly prohibited. FTSE Russell is not responsible for the formatting or configuration of this material or for any inaccuracy in Denver Investments' presentation thereof. Index returns are not covered by the report of the independent verifiers.
- 3) Gross of fee returns are calculated gross of management and custodial fees, and net of transaction costs. Net of fee returns are calculated net of management fees and transaction costs, and gross of custodian fees. As of 1/1/15, net of fee returns were calculated by deducting the maximum applicable advisory fee in effect, pro-rated on a monthly basis. From 1/1/08 to 12/31/14, net of fee returns were calculated by deducting the maximum applicable advisory fee in effect, pro-rated on a quarterly basis. Prior to this date, net of fees returns were calculated using actual annual client fees, pro-rated on a quarterly basis.
- 4) The dispersion of annual returns is measured by the standard deviation across unweighted portfolio gross returns represented within the composite for the full year.
- 5) Valuations and returns are computed and stated in U.S. dollars. Performance is calculated net of withholding taxes on foreign dividends and interest. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Total returns for accounts are presented using the accrual basis of accounting for all fixed income and equity investments and on a cash basis for all cash equivalents.
- 6) Denver Investments claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Denver Investments has been independently verified for the periods 1/1/84 – 12/31/16. Verification assesses whether the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Smid-Cap Value composite has been examined for the periods 4/1/05 – 12/31/16. The verification and performance examination reports are available upon request. A complete list and description of all firm composites is available upon request.
- 7) The maximum fee rate is 0.85%. Please reference Denver Investments' ADV for full fee schedule.
- 8) Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.
- 9) Past performance does not guarantee future results and future performance may be lower or higher than the performance presented.

FOR MORE INFORMATION ABOUT OUR INSTITUTIONAL OFFERING, PLEASE CONTACT:

Denver Investments | Republic Plaza | 370 17th Street | Suite 5000 | Denver, Colorado 80202

p: 303.312.5000 | e: marketing@denvest.com | www.denvest.com

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