

SMID-CAP VALUE

FACT SHEET | March 31, 2018

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^{2,3} (%)

Enerplus Corp (Energy)	2.9
Investors Bancorp Inc (Interest Rate Sensitive)	2.7
TiVo Corp (Technology)	2.5
GEO Group Inc/The (REITs)	2.4
Everest Re Group Ltd (Interest Rate Sensitive)	2.4
Spire Inc (Utilities)	2.3
Travelport Worldwide Ltd (Consumer)	2.2
Glacier Bancorp Inc (Interest Rate Sensitive)	2.1
Silicon Motion Technology Corp (Technology)	2.1
Voya Financial Inc (Interest Rate Sensitive)	2.0
Total (% of portfolio)	23.5%

¹Data 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.

²Information 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.

³The 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.

⁴Source: FactSet

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

The mountain logo together with "Denver Investments" is a registered service mark of Denver Investments.

Performance¹

Periods Ended 3/31/18 (%)	QTD	YTD	Annualized Returns			
			1 Year	3 Years	5 Years	10 Years
Smid-Cap Value (gross)	-2.76	-2.76	-0.10	7.94	11.31	8.82
Smid-Cap Value (net)	-2.97	-2.97	-0.95	7.03	10.37	7.91
Russell 2500 TM Value Index ⁴	-2.65	-2.65	5.72	7.26	9.88	9.34
Calendar Year (%)	2017	2016	2015	2014	2013	2012
Smid-Cap Value (gross)	2.59	33.17	-4.65	11.61	34.47	14.57
Smid-Cap Value (net)	1.72	32.07	-5.46	10.67	33.37	13.60
Russell 2500 TM Value Index ⁴	10.36	25.20	-5.49	7.11	33.32	19.21

Segall Bryant & Hamill acquired Denver Investment Advisors LLC on 4/30/2018. Performance results before this date reflect returns generated by the portfolio managers at Denver Investment Advisors LLC.

Portfolio Characteristics^{2,5}

	Smid-Cap Value	Russell 2500 TM Value ⁴
Weighted Average Market Capitalization (\$ Mil)	\$5,625	\$4,738
Median Market Capitalization (\$ Mil)	\$3,591	\$1,065
Discount to Intrinsic Value	29.6%	-
Price/Book Value	1.9x	2.0x
Return on Assets	5.3%	3.8%
Long-Term Debt/Capital	39.8%	34.3%
Dividend Yield (1 year trailing)	2.4%	1.8%
Beta (3 Years)	1.02	-
Standard Deviation (3 Years)	12.84%	12.06%
Tracking Error (3 Years)	3.87%	-
Turnover (3 year average)	76%	-
Number of Holdings	65	-

Sector Allocation²

	Smid-Cap Value	Russell 2500 TM Value ⁴	Relative Weights
Basic Materials	5.0	5.8	-0.8
Capital Goods	10.9	12.4	-1.5
Consumer	15.5	14.6	0.9
Energy	5.2	7.1	-1.9
Interest Rate Sensitive	24.6	26.2	-1.6
Medical / Healthcare	6.9	5.6	1.3
REITs	13.1	13.1	0.0
Technology	10.2	8.6	1.6
Utilities	7.5	6.5	1.0
Cash	1.1	0.0	1.1

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 | f: 303.312.4900 | e:marketing@denvest.com | www.denvest.com

Market Overview

After nearly three years of subdued market volatility, inflationary concerns, rising interest rates, and growing tension over international trade drove a massive increase in volatility in the first quarter. This was evidenced by a nearly 80% increase in the VIX Index® (formerly the CBOE Volatility Index®), a widely used volatility barometer. The 80% increase was one of the highest ever quarterly increases. With tax reform benefits still being digested and economic data remaining strong, the market continued to favor companies with the best fundamental execution, which led growth indexes to once again outperform value indexes for the quarter.

Portfolio Commentary

In a quarter in which investors continued to favor stocks that had the highest sales growth without regard to valuation, our most valuation-focused portfolio was overcome by strategy headwinds. For the first quarter, the Denver Investments' Smid-Cap Value portfolio underperformed the -2.65% return of its benchmark, the Russell 2500™ Value Index.

Contributors to Portfolio

The sectors that contributed most to the portfolio's return relative to its benchmark in the quarter were energy, interest rate sensitive, and basic materials. Enerplus Corp., an oil and gas exploration and production company, was among the portfolio's standout performers. Enerplus grew production and controlled costs more effectively than had been anticipated. The company was also able to secure attractive acreage in the DJ Basin in Colorado, and late in the quarter, announced a large share buyback which we believe should create value for investors. Enerplus is one of the rare exploration and production companies that is currently growing production and generating free cash flow. At the same time, we believe the company's intrinsic value well exceeds the current share price. Insurance and reinsurance underwriter Everest Re Group Ltd. contributed to the portfolio's strong returns within the interest rate sensitive sector during the quarter. After a disappointing second half of 2017, which was the result of a very active hurricane and fire season, Everest Re reported robust year-end results in February. The company has also showed signs of marginal premium and pricing improvement, which we believe should bode well for 2018. Also contributing to the portfolio's outperformance in the interest rate sensitive sector was AmTrust Financial Services Inc., a provider of insurance services. On January 10, 2018, AmTrust announced a 'take-private' transaction in which private equity and members of the family that founded the company would purchase all of the publicly traded shares. The initial share price for this transaction was set at \$12.50. However, after review by independent directors and their advisors, the price was moved to \$13.50 per share on March 1. Although we were disappointed with the agreed upon price, these events led to AmTrust's strong performance in the quarter, and we decided to sell the portfolio's position on the stock's strength. Another of the portfolio's top performers in the quarter was Travelport Worldwide Ltd., a provider of global distribution systems for the travel industry, which was the portfolio's top contributor within the consumer sector. The company reported accelerating sales growth and stable margins, and company management also indicated that each of its business regions was showing good volume growth entering the new year. We believe its international business will continue to grow following new contract wins and strong free cash flow that has been designated for debt reduction. Travelport's stock got an additional push higher at the end of the quarter as an activist investor, Elliott Management Corp., announced it had taken a 11.8% interest in the company and was seeking to discuss operational and strategic opportunities with company leadership.

Detractors from Portfolio

The portfolio's weakest sectors relative to the benchmark for the quarter were technology, REITs, and capital goods. Real estate investment trust company GEO Group Inc. underperformed in the quarter despite reporting fourth quarter results that were better than expected. This leading provider of prisons, prison operations, and post-release monitoring and re-entry services reported 2018 guidance for earnings estimates that was somewhat below consensus. This was a reflection of delayed government funding that would have enabled the company to be awarded new business. The government's recent temporary funding measure, which was passed just before quarter-end, further delayed the full funding allocations that had been expected for the Federal Bureau of Prisons. While GEO's stock has still been trading at levels somewhat above where it was trading before the election of president Trump, we believe its pre-election trading range was accounting for perceived political risks to private prison and detention facilities. We continue to believe that these risks have been meaningfully reduced, and that current and near-term cash flows and earnings should support the stock. Another real estate investment company, Tanger Factory Outlet Centers Inc., was also among the portfolio's the largest detractors. Tanger's sole focus is outlet mall space and its solid outlook for 2018 was driven by fewer store closures and upside from proactive leasing. However, this outlook was disrupted when management provided year-ahead guidance that was below consensus expectations due to short-term lease concessions. Given these developments, we have exited the portfolio's position. Big Lots Inc. is an operator of retail stores that sell a variety of merchandise, including consumables, seasonal items, furniture, housewares, toys, electronics, home decor, tools, and gifts. The company was the portfolio's poorest performer in the quarter after reporting sluggish fourth quarter sales and providing first quarter guidance for earnings estimates that was below expectations. The company's furniture category, along with its lawn and garden category, were its main detractors as inclement weather negatively impacted sales and, in the mattress segment, increased promotional activity diverted market share to a competitor. Despite this, management did an excellent job controlling costs and announced a dividend increase of 20%. We added to the portfolio's position on this pullback in the stock as we believe trends have already improved and that new store remodels will drive same-store sales higher in the medium term.

Outlook and Positioning

As we head into the second quarter, the labor market remains tight, workforce participants are seeing real wage gains, and consumer and business confidence remain high. These data points bode well for what we believe will be a continuation of solid economic growth. However, these dynamics will likely leave the Federal Reserve steadfast in its plan to raise interest rates, which, combined with inflationary elements, could ultimately become a drag on corporate profit growth. Given the disparity between growth and value stock prices, we believe there will be a renewed focus on valuation and balance sheet quality. Given that these are key factors in our investment process, we believe we have positioned the portfolio well for this scenario.

Top 5 Contributors/Detractors (By Stock)^{2,6}

Top 5 Contributors	Average Weight	Absolute Contribution to Return	Top 5 Detractors	Average Weight	Absolute Contribution to Return
Travelport Worldwide Ltd.	1.61	0.42	Big Lots, Inc.	1.74	-0.40
Enerplus Corporation	2.70	0.34	SM Energy Company	1.76	-0.34
AmTrust Financial Services, Inc.	1.24	0.31	Goodyear Tire & Rubber Company	1.18	-0.31
Everest Re Group, Ltd.	1.99	0.31	GEO Group Inc	2.28	-0.26
Phibro Animal Health Corporation Class A	1.63	0.29	TiVo Corp.	2.29	-0.23

⁶The securities identified on this chart were determined after consistently calculating the weight of each holding in the representative account multiplied by the rate of return for that holding during the period. The securities identified do not represent all of the securities purchased, sold or recommended for advisory clients. You may obtain a complete list showing the contribution of each holding in the representative account to the overall account performance during the period presented by emailing marketing@denvest.com or calling 303.312.5000.

The performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will vary, and initial investments may be worth more or less than their original investment. To obtain current performance as of the most recent month-end and for important performance disclosures, please see the strategy's composite performance at www.denvest.com.

The Manager Commentaries contain certain forward-looking statements about the factors that may affect future performance. These statements are based on portfolio management's predictions and expectations concerning certain future events and their expected impact on the strategy, such as performance of the economy as a whole and of specific industry sectors, changes in the levels of interest rates, the impact of developing world events, and other factors that may influence the future performance of the strategy. Portfolio management believes these forward-looking statements to be reasonable, although they are inherently uncertain and difficult to predict. Actual events may cause adjustments in portfolio management strategies from those currently expected to be employed.

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
2006	6	<1.0	4	21.19	19.92	20.18	-	-	0.09	8.396	8.368

*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

The mountain logo together with "Denver Investments" is a registered service mark of Denver Investments.