

Strategy Description

The Mid-Cap Value strategy uses a disciplined, value-oriented investment process. Through our consistent process and independent research, we own mid-size companies that we believe are undervalued relative to their tangible assets, have sustainable cash flow and potential for improving business performance.



Strategy Information

- Asset Class: Mid-Cap Value Equity
- Style Benchmark: Russell Midcap Value Index
- Broad Benchmark: Russell Midcap Index
- Strategy Assets: \$3.3 billion
- Inception Date: 1997
- Number of Stocks: 50 – 80
- Capitalization Range: \$500 million – \$20 billion
- Open to new investors
- Separate Account Minimum: \$15 million

Portfolio Characteristics

	Portfolio	Russell Midcap Value
Projected P/E (FY2)	11.8x	16.8x
Price/Normal Earnings	7.8x	16.6x
Price/Book	1.1x	2.0x
Price/Sales	0.6x	1.5x
Dividend Yield	1.1%	2.1%
Payout Yield	5.9%	3.7%
Wtd Avg Mkt Capitalization (mm)	\$9,160	\$14,378
Median Mkt Capitalization (mm)	\$6,110	\$7,533
Number of Holdings	58	584

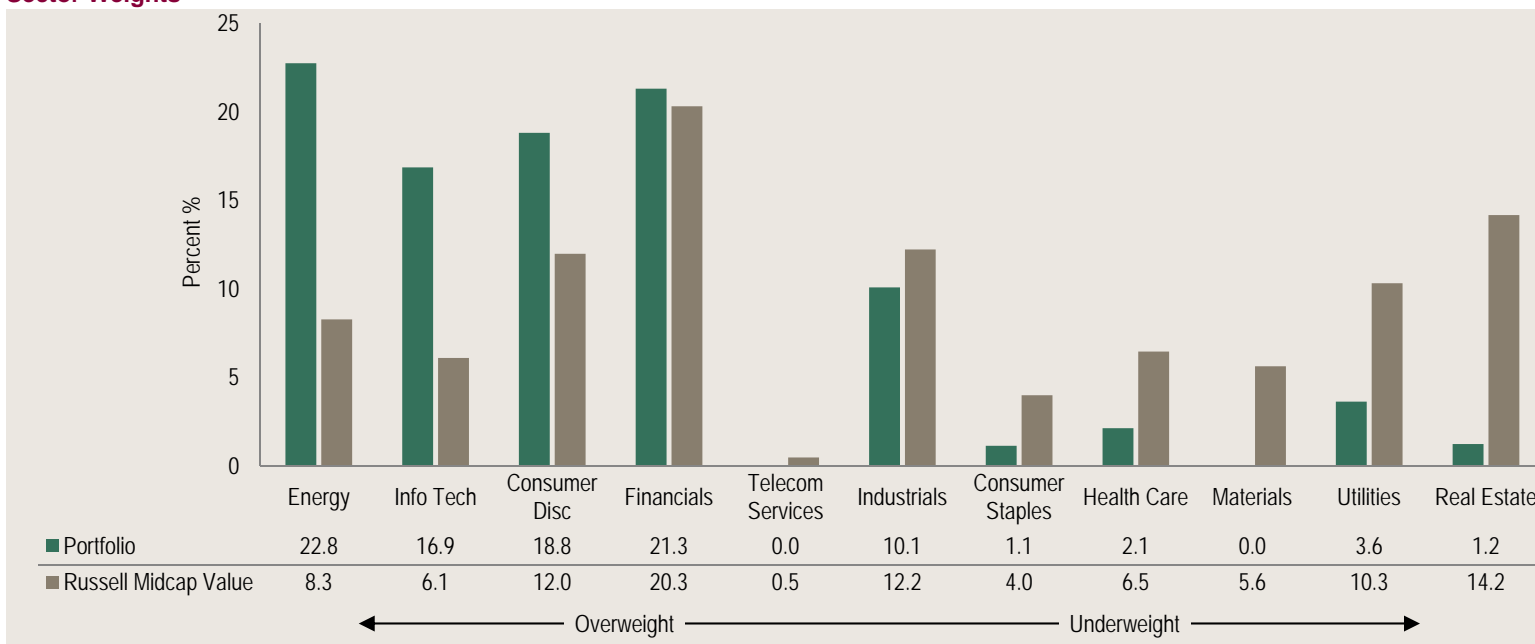
Top Ten Stocks¹

Hewlett Packard Enterprise	5.0%
Popular Inc.	4.9
Whiting Petroleum Corp.	3.9
ARRIS International PLC	3.7
Ericsson	3.7
Citizens Financial Group Inc.	3.5
Goodyear Tire & Rubber	3.4
Cairn Energy PLC	3.3
Kosmos Energy Ltd.	3.2
Discovery Communications	3.0

Firm Facts

▶ Founded in 1980
▶ \$32 billion in assets under management
▶ Majority-owned by employees
▶ Bottom-up, research-driven approach
What to Expect
▶ Consistent style
▶ Controlled asset growth
▶ Low price-to-normal earnings
▶ Distinct from benchmark
▶ Fully Invested

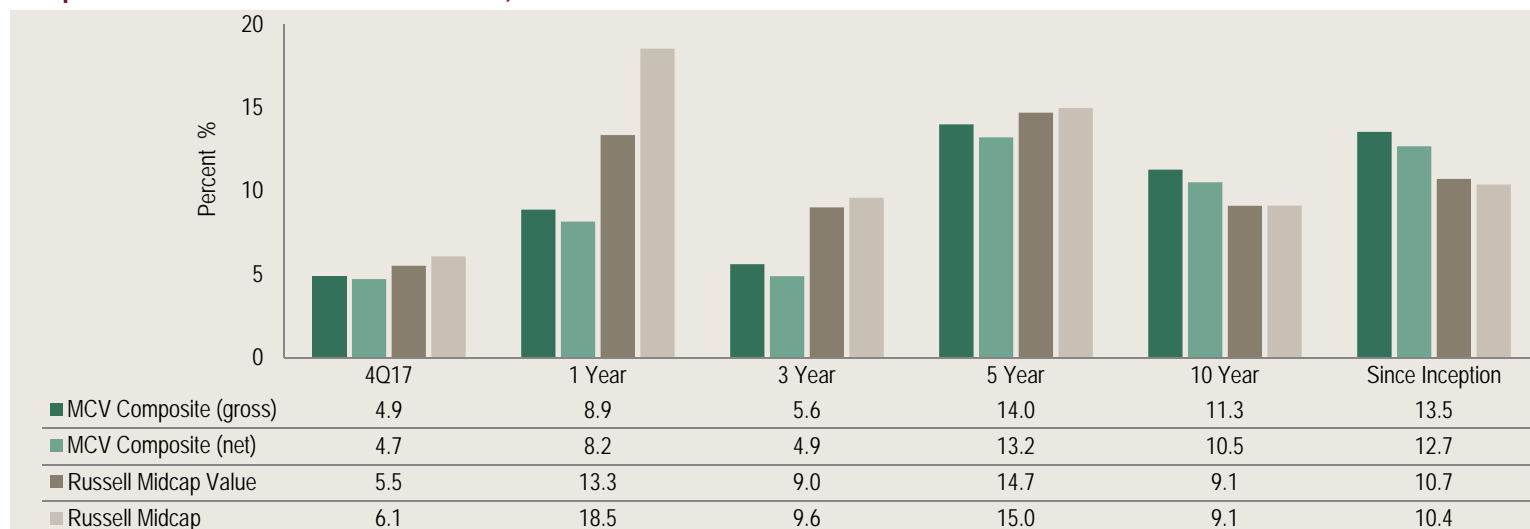
Sector Weights¹



¹ % of Total Portfolio
Data source: H&W, Bloomberg

Informational purposes and should not be considered as investment recommendations. Information provided is based on a representative portfolio of the Mid-Cap Value strategy. Sector and/or industry weights, statistics, and holdings may vary due to different restrictions, cash flows, and other relevant considerations. Holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients, and may not be indicative of current or future holdings or trading activity. No assumptions should be made that companies identified, or all investment decisions were, or will be profitable. A complete list of portfolio holdings is available upon request. Statistics presented may be based on proprietary or third-party estimates, which are subject to change and cannot be guaranteed. Russell Investment Group is the source and owner of the Russell Index data contained herein (and all trademarks related thereto), which may not be redistributed. The information herein is not approved by Russell. H&W and Russell sectors are based on the Global Industry Classification Standard by MSCI and S&P. Investing in small and medium-sized companies involves greater risks than those associated with investing in large company stocks, such as business risk, significant stock price fluctuations and illiquidity. Information supplemental to strategy's composite presentation provided in accompanying performance schedule.

Composite Performance as of December 31, 2017



Commencement of Mid-Cap Value (MCV) Composite: 1/1/97. Periods over one year are average annual total returns.

Hotchkis and Wiley Capital Management, LLC (the "Firm" or "H&W") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. H&W has been independently verified for the periods October 9, 2001 through December 31, 2016. 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 January 1, 1997 through December 31, 2016. The verification and performance examination reports are available upon request.

H&W is an independent investment management firm registered with the U.S. Securities and Exchange Commission and manages value equity and high yield assets for institutional and mutual fund investors. Its predecessor firm was established in 1980. The equity team of the predecessor firm established H&W in October 2001. The performance history of Firm composites prior to October 9, 2001 is comprised of the performance history of the accounts managed by the predecessor firm. There has been no material change in the investment strategy related to these products as a result of the establishment of H&W.

H&W refers to itself as a "registered investment adviser" in materials distributed to current and prospective clients. As a registered investment adviser with the SEC, H&W is subject to the rules and regulations adopted by the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Registration as an investment adviser is not an indication that H&W or its directors, officers, employees or representatives have attained a particular level of skill or ability.

Valuations and returns are stated in U.S. dollars. Investment returns include reinvestment of dividends, interest, and capital gains. Gross performance results are presented before management and custodial fees but after all trading expenses. Net performance results are presented after actual management fees and all trading expenses but before custodial fees. H&W's management fees are described in Part 2A of its Form ADV. The standard Mid-Cap Value management fee schedule is 90 basis points on the first \$15 million and 70 basis points thereafter. Internal dispersion is calculated using the equal-weighted standard deviation of all portfolios that were included in the Composite for the entire year. A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is no guarantee of future performance.

	% Total Return Gross of Fees	% Total Return Net of Fees	% Total Return RMidcap	% Total Return RMidcapV	# of Accts	Internal Dispersion (%)	Comp. Assets (\$mm)	Total Firm Assets (\$mm)
2017	8.9	8.2	18.5	13.3	13	0.2	3,236	32,037
2016	22.2	21.4	13.8	20.0	15	0.2	3,633	29,952
2015	-11.5	-12.1	-2.4	-4.8	17	0.2	3,792	28,367
2014	13.3	12.5	13.2	14.8	16	0.1	4,873	32,190
2013	44.2	43.2	34.8	33.5	13	0.2	4,051	25,962
2012	32.4	31.5	17.3	18.5	9	0.3	2,158	18,781
2011	-7.5	-8.2	-1.6	-1.4	8	0.2	1,710	16,171
2010	35.4	34.5	25.5	24.8	11	0.1	2,648	18,148
2009	57.6	56.5	40.5	34.2	10	0.7	2,296	14,494
2008	-42.1	-42.5	-41.5	-38.4	10	0.7	1,876	10,807

Composite: The Composite includes all Mid-Cap Value discretionary accounts. The Mid-Cap Value investment strategy seeks capital appreciation primarily through investments in common stocks of mid-cap U.S. companies. The typical market cap range is \$500 million to \$20 billion. Accounts with significant cash flows ($\geq 10\%$ of beginning of the month assets for the periods January 1, 2006 through December 31, 2010, and $\geq 25\%$ effective January 1, 2011) are excluded from the respective month's composite calculation and included in the subsequent month. (Composite creation: 1997)

Indexes: The Russell Midcap® Index ("RMidcap"), an unmanaged index, measures the performance of the 800 smallest companies in the Russell 1000® Index. The Russell Midcap® Value Index ("RMidcapV") measures the performance of those Russell Midcap® companies with lower price-to-book value ratios and lower forecasted growth values. The indexes assume reinvestment of dividends and capital gains, and assumes no management, custody, transaction or other expenses. The value disciplines used in managing the accounts in the Composite may prevent or limit investment in major stocks in the RMidcap and RMidcapV and returns may not be correlated to the indexes. Benchmark returns are not covered by the report of independent verifiers.

The 3-year annualized standard deviation measures the variability of the composite (using gross returns) and the benchmark(s) returns over the preceding 36-month period ended:

	3-Year Annualized Standard Deviation (%)		
	Composite	RMidcap	RMidcapV
2017	17.0	10.4	10.3
2016	17.3	11.6	11.3
2015	13.4	10.8	10.7
2014	12.8	10.1	9.8
2013	19.7	14.0	13.7
2012	23.6	17.2	16.8
2011	29.3	21.6	22.8

