

PROFILE | THIRD QUARTER 2021 SMALL CAP VALUE STRATEGY

SMALL CAP VALUE

Style: Small Cap Value

Approach: Active; Bottom Up

Benchmark: Russell 2000 Value Index

■ Inception: 7/1/12

Strategy Assets: \$392 MM

INVESTMENT PHILOSOPHY

We believe quality small cap companies trading at low valuation levels may offer attractive opportunities for stock price appreciation over time. Given the tendency of money managers to focus on short-term fundamentals and stock price performance, a company's underlying value is often overlooked and not recognized by the market.

Through our fundamental research process and proprietary screening, we seek to identify well-managed, undervalued companies with improving fundamental and financial characteristics.

ABOUT OUR FIRM

GW&K is a dynamic investment management firm that offers active equity and fixed income investment solutions to meet the needs of a diverse client base. At our core is an entrepreneurial spirit of innovation, a desire to help educate our clients and a level of service that is hard to come by. Our founding principles of applying rigorous fundamental research, focusing on quality and maintaining a long-term view still guide our investment process today.

- Founded in 1974
- •\$55 Billion Under Management
- Individually Managed Accounts
- Serving Individuals and Institutions

All data as of September 30, 2021

STRATEGY HIGHLIGHTS

RESEARCH INTENSIVE

Stock selection emphasizes well-managed but undervalued companies with positive business momentum and attractive valuation

PROPRIETARY SCREENING

Multi-factor screening tools help to identify mispriced securities

FOCUS ON QUALITY

Aim to hold stocks for long term until value is recognized in market place

INVESTMENT PROCESS

Small Cap Value Universe

Russell 2000 Value Index

» Approximately 1,300 Companies

Liquidity and Market Cap Constraints

700 - 900 Stocks

Analyst Idea Generation and Proprietary Screening

Proprietary Screening

» Valuation, Quality, Change

Analyst Idea Generation

- » Deep Sector and Industry Knowledge
- » Ideas From Multiple Sources Direct Fundamental Research Process

125 - 175 Stocks

Fundamental Research



Portfolio Construction

Risk Management Parameters

SMALL CAP

VALUE PORTFOLIO

65 - 95 Holdings

VALUATION

- Attractive valuation
- Avoid value trap stocks

COMPANY MANAGEMENT

- Motivated leadership with high-quality management
- Committed to long-term enhancement of shareholder value

MARKET POSITIONING

- Companies in stable or improving markets
- Positive business momentum

FINANCIAL STABILITY

- Improving financial metrics
- » Balance sheet » Free cash flow
- » Profitability
- Prudent use of debt

GROWTH PROFILE

- Companies with a positive catalyst for change
- » Restructuring » Product innovation
- » New management
- Improving earnings outlook



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INVESTMENT TEAM

JEFFREY O. WHITNEY, CFA

Partner
Portfolio Manager
Investment Professional Since 1992
Joined GW&K 2005
BS, Central Connecticut State University
MBA, Vanderbilt University

DIVERSIFICATION

DANIEL L. MILLER, CFA

Partner Director, Equities Investment Professional Since 1979 Joined GW&K 2008 BS, University of California, Berkeley MBA, Stanford University

11 Domestic Small Cap Equity Investment Professionals Averaging 23 Years Experience

A DISCIPLINED APPROACH TO PORTFOLIO CONSTRUCTION

Stock Specific Risk

Diversified across sectors

MARKET CAP RANGE
Initial: \$250 Million - \$4 Billion or within the range of the Russell 2000 Value Index

Maximum: \$7 Billion or within the range of the Russell 2000 Value Index

No more than +/- 10% of the Russell 2000 Value Index - typically closer to sector neutral

Portfolios are fully invested
0% - 5% average cash position

QUANTITATIVE RISK ANALYSIS

Portfolio Risk Characteristics - beta, absolute risk, tracking error

Fundamental Factor Exposure - volatility, relative strength, size, growth, value, leverage, etc.

Sector and Industry Exposure

FOCUSED RESEARCH

Bottom-up fundamental research is the key driver of our equity investment process and is the prime determinant of our success. Each of our equity analysts has a strong belief in our investment philosophy and they devote an extraordinary amount of time to developing original investment ideas and to gaining a deep understanding of each company's business.

Our Value approach leverages fundamental research and proprietary screening methods to help identify companies with experienced leadership, mispriced valuation, improving business momentum, and real potential for long-term price appreciation.