

SMALL CAP VALUE DIVIDEND

FACT SHEET | December 31, 2018

STRATEGY

- Focus on dividend-paying small-cap companies
- Seek to invest in companies generating positive free cash flow and improving returns
- Use integrated investment approach that combines proprietary quantitative screen and original fundamental research
- Emphasize strict adherence to our style and risk control measures

Top Ten Holdings^{2,3} (%)

Enerplus Corp (Energy)	3.4
Southwest Gas Holdings Inc (Utilities)	3.3
GEO Group Inc/The (Real Estate)	3.0
Ensign Group Inc/The (Health Care)	2.9
Graham Holdings Co (Consumer Discretionary)	2.9
Radian Group Inc (Financials)	2.8
TiVo Corp (Information Technology)	2.8
MDC Holdings Inc (Consumer Discretionary)	2.6
Umpqua Holdings Corp (Financials)	2.5
Glacier Bancorp Inc (Financials)	2.5
Total (% of portfolio)	28.6%

¹Data is based on firm's Small Cap Value Dividend 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 there 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.

Performance¹

Periods Ended 12/31/18 (%)	QTD	YTD	Annualized Returns			
			1 Year	3 Years	5 Years	10 Years
Small Cap Value Dividend (gross)	-18.39	-12.80	-12.80	4.64	2.82	11.00
Small Cap Value Dividend (net)	-18.59	-13.59	-13.59	3.66	1.83	9.92
Russell 2000 [®] Value Index ⁴	-18.67	-12.86	-12.86	7.37	3.61	10.40
Calendar Year (%)	2018	2017	2016	2015	2014	2013
Small Cap Value Dividend (gross)	-12.80	-0.68	32.27	-6.80	7.61	38.08
Small Cap Value Dividend (net)	-13.59	-1.54	30.99	-7.73	6.55	36.74
Russell 2000 [®] Value Index ⁴	-12.86	7.84	31.74	-7.47	4.22	34.52

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}

	Small Cap Value Dividend	Russell 2000 [®] Value ⁴
Weighted Average Market Capitalization (\$ Mil)	\$2,291	\$1,813
Median Market Capitalization (\$ Mil)	\$2,029	\$603
Discount to Intrinsic Value	61.9%	-
Price/Book Value	1.8x	1.5x
Return on Assets	4.9%	3.3%
Long-Term Debt/Capital	32.5%	32.3%
Dividend Yield (1 year trailing)	3.1%	2.1%
Beta (3 Years)	0.95	-
Standard Deviation (3 Years)	15.62%	15.98%
Tracking Error (3 Years)	3.41%	-
Turnover (3 year average)	60%	-
Number of Holdings	59	-

Sector Allocation²

	Small Cap Value Dividend	Russell 2000 [®] Value ⁴	Relative Weights
Communication Services	1.2	3.1	-1.9
Consumer Discretionary	9.6	9.4	0.2
Consumer Staples	1.7	2.6	-0.9
Energy	7.8	5.4	2.4
Financials	30.0	29.5	0.5
Health Care	5.4	4.3	1.1
Industrials	8.6	11.8	-3.2
Information Technology	12.2	10.7	1.5
Materials	1.7	4.1	-2.4
Real Estate	12.8	11.8	1.0
Utilities	5.5	7.3	-1.8
Cash	3.6	0.0	3.6

Market Overview

In the fourth quarter of 2018, bullishness gave way to bearishness. Having bid up stocks in the third quarter to achieve the longest bull market on record, investors appear to have become fearful of rising interest rates, China trade tensions, the partial government shutdown and global policy uncertainty. In attempting to reduce risk, investors sold stocks of small capitalization companies in particular, as well as those with above average foreign sales exposure and higher leverage. Unlike previous risk-off market pullbacks, neither reasonable valuation nor a commitment to paying a dividend provided a cushion, which continued the two-year trend of markets tending to overlook valuation and dividend payments.

Portfolio Performance

The Segall Bryant & Hamill Small Cap Value Dividend portfolio outperformed the -18.67% return of its benchmark, the Russell 2000® Value Index, for the third quarter of 2018. U.S. equity markets were led by stocks with lower risk profiles, lower exposure to foreign sales and strong momentum.

Contributors to Return

The sectors that contributed most to the portfolio's return relative to its benchmark in the quarter were Health Care, Consumer Discretionary and Energy. Consumer Discretionary holding Graham Holdings Co. (GHC) was the portfolio's top performer. This diversified education and media company reported solid revenue growth and a significant improvement in operating income. GHC's conservative balance sheet and stable revenue and operating income were also beneficial in the flight to safety that occurred in the quarter. Another strong performer was Utilities sector holding Black Hills Corp. (BKH). Risk aversion in the markets was advantageous for this diversified energy company. Along with an attractive valuation, the company's announcement to forego equity issuance and hold guidance flat, seemed to qualify BKH as relatively higher safety. We sold the stock in the fourth quarter as it reached our target for intrinsic value.

Detractors from Return

The portfolio's weakest sectors relative to its benchmark were Financials, Information Technology and Industrials. TiVo Corp. (TIVO), a provider of entertainment technology, software and services, was among the portfolio's largest detractors in the quarter. Despite a solid quarterly earnings report, the stock pulled back due to a delay in the findings of its strategic review until early 2019 and ongoing patent litigation with Comcast. We believe that TIVO will ultimately prevail versus Comcast, and we are also optimistic that the strategic review process will help reveal the underlying value of the company's cash flow stream, which currently is not reflected in the stock price. Silicon Motion Technology Corp. (SIMO), a developer, manufacturer and supplier of semiconductor products for the electronics market, was another detractor from the portfolio's performance in the quarter. The stock suffered along with the entire tech supply chain, which has been somewhat paralyzed by fears over the trade war with China. We believe SIMO's underlying fundamentals are moving in a positive direction with lower NAND (a type of memory storage) prices and improved volumes. However, the delay in acceptance of a new technology win with current customer Alibaba weighed on the stock. SIMO's dominant position in the merchant controller market, along with its large net cash position and free cash flow generation, support our favorable outlook for the stock.

Outlook and Positioning

Uncertainty and risk intensified in the fourth quarter, driving volatility higher. Looking ahead, we expect continued volatility as investors ponder the implications of a strong domestic economy paired with policy uncertainty, interest rate actions by the U.S. Federal Reserve (Fed) and a slowing global economy. The market environment of the last two years has largely ignored valuation, focusing instead on momentum and growth, which has created headwinds for our strategy. Despite these challenges, we remain confident in our belief that over time attractively-valued, fundamentally sound businesses that generate consistent cash flows and pay dividends will be rewarded.

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

Top 5 Contributors	Average Weight	Absolute Contribution to Return
Black Hills Corporation	1.32	0.22
Graham Holdings Co.	2.53	0.21
TTEC Holdings, Inc.	1.20	0.13
ProAssurance Corporation	0.08	0.06
Travelport Worldwide Ltd.	0.97	0.04

Top 5 Detractors	Average Weight	Absolute Contribution to Return
Enerplus Corporation	3.75	-1.59
Range Resources Corporation	1.72	-0.83
Silicon Motion Technology Corporation Sponsored ADR	1.97	-0.78
TiVo Corp.	2.80	-0.66
GEO Group Inc	2.95	-0.66

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 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.sbhic.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: Small Cap Value Dividend Composite

Year	— Composite Assets—			Composite Gross of Fees Annual Return (%)	Composite Net of Fees Annual Return (%)	Russell 2000® 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								
2017	927	13.3	19	-0.62	-1.54	7.84	14.45	14.17	0.27	7.284	6.995
2016	1,352	18.9	33	32.27	30.99	31.74	14.93	15.72	0.65	7.476	7.169
2015	1,146	15.5	39	-6.80	-7.73	-7.47	13.03	13.65	0.64	7.606	7.382
2014	1,589	17.0	50	7.61	6.55	4.22	11.26	12.98	0.39	9.596	9.373
2013	1,574	16.1	45	38.08	36.74	34.52	14.01	16.05	0.39	10.009	9.794
2012	1,323	14.2	55	10.97	9.88	18.05	16.91	20.17	0.34	9.565	9.343
2011	1,391	15.3	60	1.29	0.28	-5.50	23.49	26.42	0.54	9.389	9.101
2010	1,552	17.8	61	28.52	27.28	24.50	-	-	0.69	8.989	8.711
2009	1,035	13.2	65	23.87	22.67	20.58	-	-	1.15	8.038	7.837
2008	589	8.6	62	-32.90	-33.59	-28.92	-	-	0.85	7.008	6.867

*Number includes a portion of assets where Segall Bryant & Hamill does not have discretionary trading authority. This information is supplemental to fully compliant presentation.

- 1) Segall Bryant & Hamill is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Segall Bryant & Hamill provides fundamental investment management services to various institutional and private investors and mutual funds. Denver Investment Advisors LLC (aka Denver Investments) was acquired by Segall Bryant & Hamill on April 30, 2018. Prior to this date, performance results were achieved through the legacy firm, Denver Investments.
- 2) This composite was created in July 1999 (style inception was 7/1/1999). 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 Small Cap Value Dividend strategy. The composite includes all actively managed equity accounts that are managed to the Russell 2000® Value Index and primarily invest in small-capitalization U.S. value equities. The Russell 2000® Value benchmark is an unmanaged index that measures the performance of companies within the Russell 2000® Index having lower price-to-book ratios and lower forecasted growth values than the threshold determined by FTSE Russell. 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 Segall Bryant & Hamill's 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. Effective October 1, 2012, for the composite, any cash flow which exceeds \$10 million and 25% of the account value prior to the cash flow, will result in the account transferring to the restricted composite for the month of the cash flow and then return to the unrestricted composite in the month following the cash flow.
- 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) Segall Bryant & Hamill claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Segall Bryant & Hamill 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 Small Cap Value Dividend composite has been examined for the periods 1/1/04 – 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 0.90%. As of 1/31/2017, the maximum fee was decreased from 1.00% to 0.90%. Please reference Segall Bryant & Hamill's 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.