

# CRM Small Cap Value Strategy

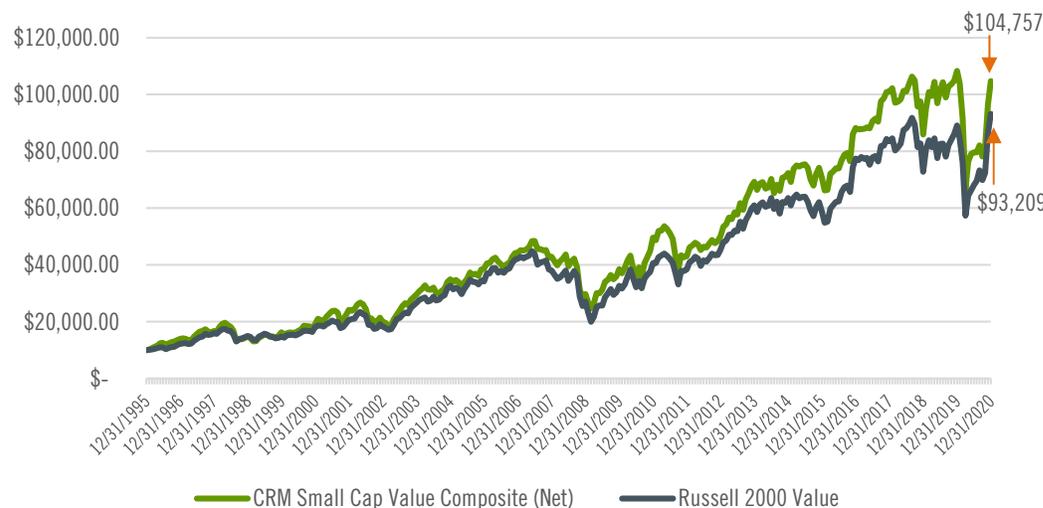
December 31, 2020

## CRM SMALL CAP VALUE COMPOSITE PRELIMINARY PERFORMANCE Through December 31, 2020

	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Gross</b>	34.20%	-2.61%	-2.61%	1.95%	9.02%	8.59%
<b>Net</b>	33.96	-3.31	-3.31	1.19	8.18	7.75
<b>Russell 2000 Value</b>	33.36	4.63	4.63	3.72	9.64	8.65
<b>Russell 2000</b>	31.37	19.96	19.96	10.24	13.24	11.19

TOP TEN HOLDINGS <sup>2</sup>	% of Composite	SECTOR ALLOCATION <sup>3</sup>			
		Composite	R2000V	R2000	
Regis Corporation	4.3	Communication Services	1.9	2.4	2.3
Valmont Industries, Inc.	4.2	Consumer Discretionary	12.4	12.8	13.1
BankUnited, Inc.	3.8	Consumer Staples	5.5	3.6	3.2
G-III Apparel Group, Ltd.	3.8	Energy	3.2	4.2	2.1
Envista Holdings Corporation	3.7	Financials	26.4	27.6	15.4
SPX Corporation	3.5	Health Care	3.8	6.4	21.1
Hancock Whitney Corporation	3.3	Industrials	27.9	16.9	15.3
Investors Bancorp, Inc.	3.3	Information Technology	7.4	6.4	14.1
Primo Water Corporation	3.2	Materials	3.1	6.2	4.3
ChampionX Corporation	3.1	Real Estate	4.4	9.0	6.2
<b>Total</b>	<b>36.2%</b>	Utilities	3.9	4.5	3.0

## GROWTH OF \$10,000 SINCE INCEPTION Through December 31, 2020



Past performance does not guarantee future results. The above chart represents a comparison of a hypothetical \$10,000 investment and the reinvestment of dividends and capital gains versus the benchmark. The index is unmanaged and does not incur fees. Performance is calculated before taxes and reflects the deduction of fees and expenses. Please see disclosures on reverse.

### Product Overview

- CRM employs a fundamental, bottom-up investment approach based on our investment philosophy predicated on change, neglect, and valuation.
- Unique, high-active share, differentiated strategy of approximately 35-50 companies with a market capitalization of approximately \$400 million to \$2.5 billion, which are impacted by change or are undergoing transformation.
- Relatively concentrated portfolio with an initial investment horizon of approximately two years.

### Portfolio Management Team

#### Bernard Frojmovich

11 Years at CRM  
21 Years of Financial Experience

#### Brian Harvey, CFA

15 Years at CRM  
27 Years of Financial Experience

#### CRM Research Team

10 Individual Analysts  
20 Average Years of Financial Experience

Financial experience includes experience in the financial services or consulting sector.

### Composite Characteristics<sup>1</sup>

	Composite	R2000V	R2000
Wtd Avg Mkt Cap (m)	\$2,464	\$2,478	\$3,235
Wtd Median Mkt Cap (m)	\$2,593	\$2,183	\$2,759
PE FY2	18.6x	14.3x	17.6x
Price/Book	1.8x	1.4x	2.3x
Dividend Yield	1.3%	2.1%	1.2%
Number of Holdings	42	1,486	2,042
Active Share <sup>4</sup>	96%		

### 3-Year Risk Statistics<sup>1</sup>

	Composite	R2000V
Annualized Excess Return	-1.77	--
Annualized Alpha	-1.53	--
Beta	1.01	1.00
Annualized Standard Deviation	26.90	26.12
Sharpe Ratio	0.01	0.08
Tracking Error	4.91	--
Information Ratio	-0.36	--
Downside Capture %	99.47	--
Upside Capture %	91.11	--

Source: FactSet Research Systems, Inc.



Signatory of:



Total Firm Assets Under Management: \$3.3 billion

Total Strategy Assets: \$1.1 billion

Cramer Rosenthal McGlynn, LLC is a leading value equity manager with over \$3 billion in assets under management. We believe our track record, spanning over 45 years, is testament to our success in serving clients and providing strong investment performance. Clients benefit from a consistent approach and application of a central philosophy and process, implemented by a team with diverse experience in identifying change, neglect, and the intrinsic value of businesses. All CRM strategies employ the same philosophy, process and research team.

### Investment Philosophy

#### Investing at the Intersection of Change and Neglect

CRM views investment prospects on a long-term basis. Our relative value-oriented investment philosophy is designed to outperform the broad market and pertinent indices over a full market cycle by participating in good market periods and limiting declines in poor periods. CRM believes successful investing is a result of recognizing and responding to changes that may positively impact the future prospects of a business enterprise. Often times, investors misunderstand the potential benefits of these changes, resulting in relative neglect, which reduces the risks of investing at a point in time. We believe this results in investing in companies that are under earning both their potential and consensus expectations. As relative value investors, we seek to invest in companies that are trading at a discount to their own history and peers based upon prospective free cash flow and earnings. In summary, our investment approach is predicated on change, neglect, and valuation.

#### Change

CRM seeks to identify change at an early stage that may be material to the future operations of publicly traded companies. The financial markets present a multitude of change opportunities. On a regular basis, investors are presented with management changes, spin-offs, cost restructurings, capital returns to shareholders, acquisitions, joint ventures, divestitures, regulatory changes, new products, and activist investors.

#### Neglect

In its earliest stages, change tends to be greeted with skepticism. The uncertainty resulting from the change creates a period of relative neglect or lowered expectations as investors wait for more clarity. CRM seeks to evaluate neglect by studying sell-side analyst coverage and recommendations, institutional ownership, key concepts in behavioral finance such as over and under reactions to news flow, and having a differentiated view about the future outlook for the business.

#### Valuation

When change meets neglect, the intrinsic value of a company may exceed the current stock price. CRM appraises the business using a number of methodologies, but most are dependent upon our modeling of future free cash flows. CRM looks to normalize the cash flow and earnings streams for one time or unusual items, which themselves often create neglect. In many cases, reported GAAP earnings understate or distort a company's underlying free cash flow. As relative value investors, we are looking to invest in companies which are trading at a discount to their own history, peers, and when appropriate, our assessment of its value to a strategic or private equity buyer.

#### Disclosures

Past performance is not a guarantee of future results. The information presented for the Composite relates to a composite of CRM Small Cap Value taxable client separate accounts. CRM manages each component included in this composite using the same strategy. Valuations and returns are computed and stated in U.S. Dollars, are dollar-weighted and reflect the reinvestment of dividends and other earnings. Performance is calculated monthly, and the gross performance results for each portfolio are presented before management fees but after all trading commissions. The net performance results are presented after deducting a management fee. The performance information includes a comparison to various benchmarks, which are rebalanced annually. A list of all firm composites, including annual returns, fees, size and number of accounts, is available upon request.

This Fact Sheet does not constitute an offer to buy or sell securities. Please contact CRM for more information at 212-326-5300.

<sup>1</sup>The statistics reflect the characteristics of the securities that comprised the representative account for the Small Cap Value strategy and the indices as of the date shown. The statistics provided are not related to or indicative of the strategy or the indices' performance. Source: FactSet Research Systems, Inc.

**Annualized Excess Return:** Excess Return is determined by subtracting the benchmark rate from the actual rate achieved. Excess Return can be either positive or negative depending on the result of the equation. Positive Excess Return demonstrates the investment outperformed the benchmark, while negative Excess Return occurs when an investment underperforms in comparison to the benchmark.

**Annualized Alpha:** Alpha is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a security or mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the security or fund relative to the return of the benchmark index is a fund's alpha.

**Beta:** Beta measures the relationship between the portfolio's excess return over T-bills (representing a risk-free rate) relative to the excess return of the portfolio's benchmark. A low beta does not imply that the portfolio has a low level of volatility; rather, a low beta means that the portfolio's market-related risk is low. Beta is often referred to as systematic risk.

**Annualized Standard Deviation:** Annualized standard Deviation is a measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard Deviation is calculated as the square root of variance.

**Sharpe Ratio:** The Sharpe Ratio is calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance.

**Tracking Error:** Tracking Error measures the standard deviation of the excess returns a portfolio generates compared to its benchmark. If a manager tracks a benchmark closely, then Tracking Error will be low. If a manager tracks a benchmark perfectly, then Tracking Error will be zero.

**Information Ratio:** The Information Ratio is a measure of the portfolio's returns above the returns of the portfolio's benchmark, to the volatility of those returns.

**Downside Capture %:** The Downside Capture percent measures a manager's performance in down markets relative to a particular benchmark. A down market is one in which the market's quarterly (or monthly) return is less than zero. For example, a Downside Capture percent of 50% means that the portfolio's value fell half as much as its benchmark index during down markets.

**Upside Capture %:** The Upside Capture percent is a measure of a manager's performance in up markets relative to a particular benchmark. An up market is one in which the market's quarterly (or monthly) return is greater than or equal to zero. For example, an Upside Capture percent of 50% means that the portfolio's value increased half as much as its benchmark index during up markets.

<sup>2</sup>The Top Ten Holdings list is presented to illustrate examples of the securities which were held in the Small Cap Value strategy on the date indicated and may not be representative of the current or future investment of the strategy. It should not be assumed that investments in the securities unidentified on this list were or will be profitable.

<sup>3</sup>The sector breakdown chart is presented to illustrate examples of sectors which were held in the Small Cap Value strategy as of the date indicated and may not be representative of the portfolio's current or future investments. Source: FactSet Research Systems, Inc.

<sup>4</sup>Active Share is a measure of the percentage of the portfolio that differs from its benchmark on an average portfolio weightings basis.

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