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Cramer Rosenthal McGlynn, LLC is an established value equity manager with a focus on the U.S. small and mid-cap space. We believe our track record, spanning over four decades, is a testament to our success in serving clients and providing strong risk-adjusted 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. In the investment world, as in life, change often unlocks hidden potential. Yet most investors sit on the sidelines while a transformation is underway, waiting to see evidence of positive results. This wait-and-see attitude is fertile ground for an investment manager structured to capitalize on change through intensive research. Cramer Rosenthal McGlynn, LLC is a firm that strives to recognize potential and seize opportunity. As of the most recent quarter-end, we manage over \$3 billion for institutions and individuals, and we have followed a time-tested investment philosophy since 1973.

Why Invest in CRM

Specialist. CRM has been investing in the small/mid cap value space with the same time-tested philosophy and process since 1973.

Alignment. CRM's current generation of employees bought 100% of the company in 2019, signaling our long-term commitment to the firm and our clients. This alignment allows for retention of key talent.

Eclectic. CRM's history, connections, and process lead us to find companies that are under-followed or misunderstood by other investors.

Access. The experience and reputation of CRM and its research team allows for constructive interaction with company management. We have been able to identify and affect positive change with our portfolio holdings.

ESG. CRM integrates ESG analysis into our investment process. CRM consistently engages with our portfolio holdings on material ESG matters.

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Signatory of:



Market Commentary

As we turn the page on 2021, we believe several of the tenets that propelled the market over the past few years are likely to change, which in turn will lead to a change in market leadership going forward. The unprecedented fiscal and monetary stimulus will subside this year, which will likely deflate the exuberance in the secularly challenged, non-earners. We look for the rise in real interest rates, driven by the expected increase in Fed funds and shrinkage in the Fed's balance sheet, to clip the long duration, growth at any price stocks. We believe this mid-cycle, more micro-driven market will favor companies with better balance sheets, the ability to take price, have a self-help aspect and trade at an attractive valuation. We expect market returns will broaden out beyond the top names in the indices and that stock selection will be paramount. The relative discount of value vs. growth and small vs. large has not been this severe since 2000 which is an attractive backdrop for our style of investing. We look for earnings growth to drive stock performance as multiple expansion will be challenged in a less accommodative market. Those companies that can manage through this inflationary environment and drive improved returns through management actions will likely be rewarded. With all this change occurring, it's an exciting time to be an active manager.

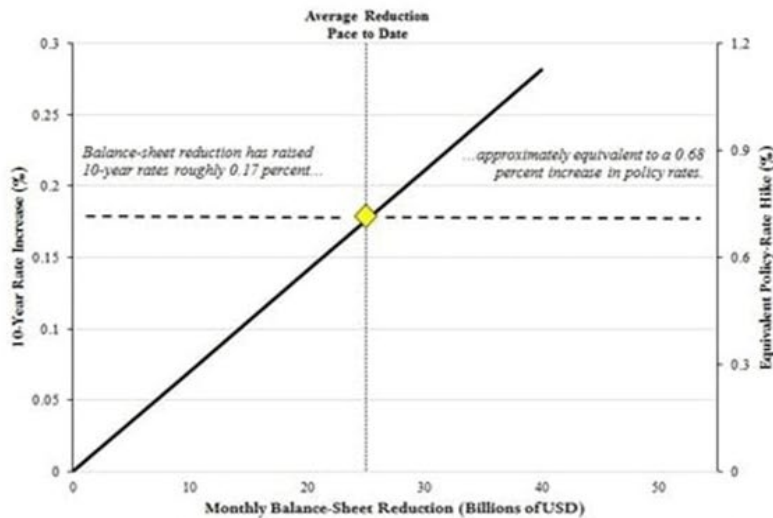


Source: Compustat, FactSet, Goldman Sachs Global Investment Research

We look for economic growth in the US to decelerate from the recovery phase experienced last year but still be above trend in 2022. The wildcard will continue to be the impact of additional COVID variants, but the negative impact from the virus has been lessening with each subsequent wave. Consumer and corporate balance sheets are healthy despite the recession due to the unprecedented fiscal and monetary support. The expectation of a phased normalization in supply chains should be supportive to corporate earnings in 2022 which endured revenue losses and gross margin pressure due to the disruption last year. In addition, higher cap ex spending should bolster results in 2022. These positive trends will be partially mitigated by continued labor cost pressures and a reduction in transfer payments as fiscal stimulus anniversaries (notwithstanding the uncertain outlook for the Building Back Better bill). We still believe earnings for relative value-oriented companies remain in a net upgrade cycle.

More impactful to the markets this year will be the expected reduction in Federal Reserve accommodation. Real interest rates, i.e., inflation adjusted interest rates, have increased sharply due to the hawkish pivot by the Fed in late 2021 and the resultant change in market outlook to a faster removal of accommodation, more Fed fund rate increases in 2022 and earlier quantitative tapering. In the first week of 2022 alone, the 10-year Treasury real yield has increased from -104 bps to -72 bps. Despite this rapid move, real yields remain solidly negative and supportive to equity valuations. Over the past year, interest rate futures have moved the first Fed rate increase from early 2024 to now pricing it to occur in March 2022. In addition, the timeline to start quantitative tapering, the Fed shrinking its balance sheet, has contracted from last cycle's precedent of 3 years from now to possibly within the next 6-9 months. This is a major change for the rates complex and yield curve. In the graphs below, we show last cycle's implied rate impact from the Fed shrinking its balance sheet. As you can see, a Fed balance sheet contraction is significantly more tightening than raising interest rates by themselves.

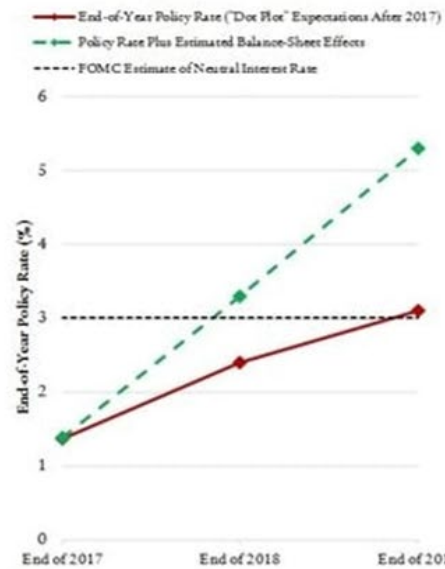
Effects of Fed Balance-Sheet Reduction Through October 2018



Notes: Data through end of October 2018. Projected balance-sheet effects assume that the Fed reduces its balance sheet at the announced rate of \$50 billion of securities per month going forward.

Data Sources: Federal Reserve; Bloomberg; authors' calculations

Fed Policy Rates and Equivalents



Benn Steil & Benjamin Della Rocca
blog.cfr.org/geographics

From an individual stock perspective, we remain focused on companies that have pricing power that can, and have, successfully operated through other periods of rising inflation. Many companies instituted price increases and/or surcharges multiple times in 2021. The market absorbed these price changes as limited inventories due to supply chain disruption forced consumers and companies flush with cash to purchase what was on the shelf. We expect more differentiation in pricing power this year as inventories normalize and consumers become more discerning as their excess cash dwindles. We expect consumer durable to be more challenged going forward as these companies enjoyed well above trend demand and pricing power during the pandemic after over two decades of negative pricing power.

From a geopolitical perspective, we see several crosscurrents this year. In the U.S., mid-term elections later this year could usher in a Red wave and allow the Republicans to wrestle back control of Congress. A split government has historically been positive for the markets. China, on the other hand, is ever the wildcard with its “common prosperity” doctrine, “Zero Covid” policy, supply chain uncertainty and its ideological divide with the U.S. Offsetting these pressures, China appears to be pivoting to monetary easing and fiscal stimulus, which should be supportive to global growth. The Russia-Ukraine border crisis has the potential to destabilize markets if the Biden administration has a misstep. These turbulent political waters are important to monitor, particularly with many of the developed market central banks starting to reduce accommodation.

With the hawkish shift in Fed policy and the normalization in many areas of the market and economy, we look for a change in market leadership. The expected rise in real rates should stymie long duration investments such as the “growth at any price” stocks. The rise in inflation and the need for more sustained pricing power should hinder the low return on equity companies and the nonearners that were the mainstay of meme investors. We look for this mid-cycle, lower accommodative market to favor relative value, active strategies with portfolios constructed with companies that have pricing power, healthy balance sheets and growing market share. We believe future stock prices will be driven more by earnings growth than multiple expansion. The further we move away from the pandemic and resulting stimulus, the more we expect a greater share of stock performance will be driven by micro factors compared to the heavy influence of macro factors during much of the past 2 years. We still believe investors are under-exposed to the value part of the market. These stocks are generally trading at significant discounts to their historical levels. As we have seen in previous cycles, these rotations tend to be aggressive and last for multiple years.

Mid Cap Value

Portfolio Commentary¹

In the fourth quarter of 2021, the CRM Mid Cap Value strategy outperformed the Russell Mid Cap Value strategy by over 250 bps on a net of fees basis, 11.16% vs. 8.54%². Our stock selection within the Consumer Discretionary, Financials, Industrials and Materials sectors was the major driver of our relative performance this quarter. The largest headwind to relative performance was our underweight and stock selection within the Real Estate sector. Based on our bottom-up stock selection, the portfolio maintains a significant overweight to the Industrials sector, with a more moderate overweight to the Materials and Financials sectors vs. the Russell Mid Cap Value benchmark. Conversely, the portfolio is currently underweight in the Real Estate, Communication Services, and Information Technology sectors.

Strategy Inception: January 1998
Assets in Strategy: \$754 Million
As of December 31, 2021

Portfolio Management Team

Thad Pollock

18 Years at CRM

21 Years of Financial Experience

Composite Characteristics

	Composite	RMidV	RMid
Wtd Avg Mkt Cap (m)	\$13,783	\$22,977	\$25,396
Wtd Median Mkt Cap (m)	\$10,840	\$20,668	\$22,849
P/E FY2	18.4x	16.3x	19.1x
Price/Book	2.7x	2.5x	3.4x
Dividend Yield	1.1%	1.6%	1.2%
Number of Holdings	40	704	832
Active Share ³	96%		

Top Ten Holdings

	% of Composite
LKQ Corporation	5.4
American Financial Group, Inc.	3.6
Clarivate Plc	3.4
Regal Rexnord Corporation	3.3
Ashland Global Holdings, Inc.	3.3
Corteva, Inc.	3.2
Steven Madden, Ltd.	3.2
Envista Holdings Corporation	3.1
Morningstar, Inc.	3.0
RPM International, Inc.	2.9
Total	34.4%

Sector Allocation

	Composite	RMidV	RMid
Communication Services	--	3.5	3.5
Consumer Discretionary	12.1	10.5	12.4
Consumer Staples	4.4	4.3	3.4
Energy	4.7	5.0	3.8
Financials	18.3	16.4	12.3
Health Care	9.5	8.0	11.2
Industrials	22.3	15.5	15.3
Information Technology	8.5	10.3	19.4
Materials	9.7	7.5	5.5
Real Estate	4.0	11.7	8.4
Utilities	6.5	7.3	4.7

LKQ Corporation (LKQ), Morningstar, Inc. (MORN), and RPM International, Inc. (RPM) were the top contributors to performance in the fourth quarter. **LKQ Corporation (LKQ)** is a leading distributor for aftermarket automotive and collision replacement parts to the U.S. and European markets. The Company is benefiting from sales and margin strength in both its North American and European operations. LKQ recently announced the initiation of a dividend, as well as large share repurchase activity as it generates strong free-cash-flow. The Company continues to take market share from its competition, and we expect LKQ to continue to improve its European operating margin profile and move towards an investment grade credit rating, which will allow for further improvements to its free-cash-flow profile. **Morningstar, Inc. (MORN)**, a leading financial information service provider, posted its strongest organic revenue quarter in recent history with high teens organic growth. Growth accelerated across all product lines driven by strong execution and reinvestment made in the business, with a notable contribution from Pitchbook, driven by continued market share gains and demand for private company information. **RPM International, Inc. (RPM)** manufactures various specialty chemical product lines including specialty paints, protective coatings and roofing systems, sealants, and adhesives, for both the industrial and consumer markets. The stock rebounded as they moved beyond recent supply chain issues, and their consumer end markets are exhibiting stronger fundamentals while they have also begun to experience a rebound in their industrial businesses.

The top detractors to performance during the quarter were **ChampionX Corporation (CHX), MultiPlan Corporation (MPLN), and Nomad Foods, Ltd. (NOMD)**. Despite a strong overall 2021, **ChampionX Corporation (CHX)**, a leading oilfield services company, saw supply chain issues linger longer-than-expected in the fourth quarter which tempered expectations around near-term volumes for their chemicals business. We believe these supply chain issues are normalizing and that oilfield activity is poised to increase substantially in 2022. **MultiPlan Corporation (MPLN)**, a healthcare transaction processor focused on reducing waste, fraud, and abuse, underperformed despite strong revenue and earnings performance in the quarter, as investors grew more concerned about the implementation of surprise billing legislation, customer concentration at the company and anticipated future management turnover. We exited the position for better risk-reward. **Nomad Foods, Ltd. (NOMD)** is a leading producer of branded frozen food in Western Europe, including vegetables, fish, pizza, ice cream, and other products. Nomad underperformed due to anticipated pressure in near-term gross margins from their acquisition of Fortenova, as well as commodity input inflation for its core products. The Company's organic growth profile of +4-5% over a two-year stacked period is amongst the highest in the packaged food peer group. We believe the Company will be taking pricing ahead of this inflation throughout FY2022E, and its 20% valuation discount to the packaged food peer group will continue to close over the coming twelve months.

We initiated a position in **Lamb Weston Holdings, Inc. (LW)**, the leading producer of frozen potato products in North America. We believe the Company's earnings power should recover significantly as outsized cost inflation impacts normalize, they lap a weaker-than-expected potato crop harvest, and strong industry fundamentals allow for price increases to more than offset cost headwinds.

Fourth Quarter 2021 Dollar¹

TOP CONTRIBUTORS

LKQ Corporation
Morningstar, Inc.
RPM International, Inc.

TOP DETRACTORS

ChampionX Corporation
MultiPlan Corporation
Nomad Foods, Ltd.

Year to Date 2021¹

TOP CONTRIBUTORS

American Financial Group, Inc.
LKQ Corporation
Valmont Industries, Inc.

TOP DETRACTORS

MultiPlan Corporation
Clarivate Plc
Terminix Global Holdings, Inc.

PRELIMINARY PERFORMANCE

Through December 31, 2021

	Gross	Net	RMidV	RMid
QTD	11.16%	11.16%	8.54%	6.44%
YTD	29.88	29.25	28.34	22.58
1-Yr	29.88	29.25	28.34	22.58
3-Yr	22.33	21.52	19.60	23.26
5-Yr	15.59	14.85	11.21	15.09
10-Yr	15.01	14.31	13.43	14.89

Past performance is not a guarantee of future results. There is no guarantee our investment performance will achieve the performance metrics shown in this analysis.

The information presented for the Composite relates to a composite of CRM client separate accounts. CRM manages each component included in this composite using the same strategy. For information regarding this composite, please reference Important Disclosures, Performance Disclosure on page 12.

¹It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this commentary/list. Please reference Important Disclosures, Product Disclosure on page 12.

²Please reference Product Disclosures on page 12 for additional information pertaining to the calculation of fees.

³Active Share is a measure of the percentage of the portfolio that differs from its benchmark on an average portfolio weightings basis.

Important Disclosures

Performance Disclosure

Investments are subject to loss in value. Past performance is no guarantee of future results and it should not be assumed that recommendations made in the future will be profitable or will equal the performance shown in this analysis. There is no guarantee our investment performance will achieve the performance metrics shown in this analysis. Our investment theses are subject to change at any time and without notice.

The performance information for each portfolio relates to composites of client accounts with particular investment strategies. 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 the applicable asset-weighted management fee.

The performance information includes a comparison to various benchmarks, which are rebalanced annually. The benchmarks used for each portfolio are as follows:

- Mid Cap Value: Russell Midcap Value Index and the Russell Midcap Index

The Mid Cap Value composites consist of all fully discretionary, fee-paying, tax-exempt accounts managed by CRM using the same strategy as the other accounts in the composite. Accounts which were active during the quarter but are no longer with the firm are included in each composite.

Product Disclosures

Portfolio Commentary & Contributors/Detractors

The views expressed in this newsletter represent our opinion, which is based upon research and information available to us at time of publication. The views expressed in this newsletter should not be relied upon as fact and are subject to change at any time based upon a change in market conditions, a company's profile, or other factors. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities mentioned.

Upon request, CRM will furnish a list of all securities purchased, sold, or held in any of the portfolios referred to in this newsletter during the twelve month period preceding the date of the list of securities for that portfolio included in this newsletter. The methodology for calculating the top contributors and detractors is based on an absolute dollar basis over the specified time period (i.e. quarterly) within the portfolios. The methodology for selecting the initiated and fully exited positions during the quarter is based on the absolute dollar basis over the specified time period (i.e. quarterly) within the portfolios.

Composite Characteristics

Information pertaining to Composite Characteristics includes weighted average market capitalization, median market capitalization, and other preliminary numbers that have been derived from FactSet Research Systems. As these numbers are preliminary, they are subject to change.

Top Ten Holdings

It should not be assumed that the Top Ten Holdings presented for each portfolio in this newsletter will, in the future, be profitable or will equal any references to performance in this commentary. Upon request, CRM will furnish a list of all securities purchased, sold, or held in any of the portfolios referred to in this newsletter during the twelve month period preceding the date of the list of securities for that portfolio included in this newsletter. Holdings are subject to change at anytime.

Sector Allocation

The Sector Allocation presented for each portfolio in this newsletter may not be representative of the portfolios' current or future investments. The source of the information for all Sector Allocations is FactSet Research Systems, GICS Sectors. Holdings are subject to change at anytime.

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