



## OBJECTIVE

The Disciplined Equity SMidCap strategy seeks to outperform the Russell 2500® Index over time through superior stock selection while maintaining risk characteristics that are similar to the benchmark.

**Benchmark:** Russell 2500 Index

**Inception Date:** November 1, 2002

## PHILOSOPHY

We believe the stock market is a complex adaptive system and that no static approach works for all market segments or under all market conditions. Our analysis must emphasize the most important characteristics at any given point in time.

### The Solution for our Clients

- Employ a diverse set of factors
- Evaluate relative to multiple peer groups
- Adapt to evolving market conditions
- Construct a portfolio with an optimal balance of risk and return

### A Disciplined Approach

- Deliver more consistent excess returns for our clients
- Provide style, sector, and market cap diversification in one portfolio

## PORTFOLIO GUIDELINES

**Holdings:** Approximately 100-125 positions

**Sector Over/Underweights:** Russell 2500 +/-5.00%<sup>1</sup>

**Position weights:** 0.25% to Russel2500 weight +1.50%<sup>1</sup>

**Cash position:** Typically 0.5% to 1.5%

**Average Annual turnover:** Typically 60% to 120%

## PROCESS

We use a “bottom up” systematic process to evaluate the universe of stocks using three independent analyses, each of which is designed to provide a unique valuation perspective.

### Broad Universe Analysis

- Evaluates each stock relative to all other stocks in the universe using financial and technical factors

### Style-Specific Analysis

- Segregates the universe into four style and market cap groups and evaluates each stock relative to its peers using a customized model which includes financial and technical factors specific to each style and market cap combination

### Sector-Specific Analysis

- Divides the universe into 11 economic sectors and evaluates each stock relative to its sector peers using financial and technical factors.

## COMPOSITE PERFORMANCE



**PORTFOLIO COMPOSITION**

Top 10 Holdings <sup>3</sup>	SMidCap
Square	2.31%
Ansys	2.03%
Five Below	1.84%
TripAdvisor	1.76%
Monolithic Power Systems	1.75%
Deckers Outdoor Corp.	1.70%
Zions	1.70%
Ralph Lauren	1.67%
Jones Lang LaSalle	1.67%
Resmed	1.66%

Sector Weightings <sup>4</sup>	SMidCap	Russell 2500
Consumer Discretionary	6.70%	9.98%
Consumer Staples	4.06%	2.75%
Energy	6.27%	4.59%
Financials	23.46%	25.91%
Health Care	12.78%	11.73%
Industrials	4.49%	9.48%
Materials	3.54%	6.22%
Retail	9.33%	3.88%
Services	10.51%	6.88%
Technology	18.86%	15.40%
Utilities	0.00%	3.18%

**STRATEGY CHARACTERISTICS<sup>5</sup>**

	SMidCap	Russell 2500
Average Market Cap	\$6.23 B	\$4.86 B
EPS 5 Year Growth Rate (Trailing)	24.22%	18.78%
Return on Equity (ROE)	12.59	9.99
Price/Earnings Ratio	21.45x	20.77x
Price/Book Ratio	2.72	2.62
Dividend Yield	1.00%	1.52%
Beta <sup>4</sup>	1.03	1.00
Number of Holdings	120	2505

**ABOUT GREAT LAKES ADVISORS**

Founded in 1981, Great Lakes Advisors is headquartered in Chicago, Illinois with an additional office in Tampa, Florida. The firm has \$9.21 billion in assets under management and advisement and offers a wide range of fixed income and equity strategies across all market capitalizations. We have deep portfolio management capabilities within ESG, Socially Responsible, Tax-Managed, and Customized account solutions. Our clients include public funds, multi-employer plans, corporations, religious communities, endowments/foundations, health care plans, and private wealth management clients.

## FOR INSTITUTIONAL USE ONLY

1. At time of purchase

2. Pure Gross of Fee Returns do not reflect the deduction of investment management fees or bundled fees for certain accounts where transaction costs cannot be separately identified from other service fees charged by the client's broker/dealer or custodian. Information presented on a pure gross of fee basis has not been independently verified. Net performance reflects the deduction of investment management fees and bundled fees as applicable.

3. Source: Holdings are representative of a Disciplined Equity SMidCap account, are subject to change at any time, and are not recommendations to buy or sell any securities.

4. MSCI Barra's analytics and data were used in preparation of this report (msci.com).

5. Source: Bloomberg. Characteristics data is representative of a Disciplined Equity SMidCap account.

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The Disciplined Equity SMidCap Composite includes all unrestricted, institutional, discretionary fee-paying accounts managed under the SMidCap strategy and is benchmarked to the Russell 2500 Index. Accounts within this composite do not employ leverage. The composite inception date was October 31, 2002. All cash reserves and equivalents are included in returns. Returns are time weighted and include reinvestment of dividends, income and gains. The value of assets and returns is expressed in U.S. dollars. All holdings available upon request. Performance prior to October 1, 2013 occurred at Advanced Investment Partners prior to being acquired by Great Lakes Advisors. Additionally, market commentary is available on the firm's website at: [www.greatlakesadvisors.com](http://www.greatlakesadvisors.com) or upon request.

The benchmark selected for comparison of returns for the SMidCap Composite is the Russell 2500 (which measures the performance of the 2,500 smallest companies in the Russell 3000 Index and represent less than 20% of the capitalization of the Russell 3000 Index.); Frank Russell Company ("FRC") is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. The presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination, or redistribution is strictly prohibited. This is a GLA presentation of the Russell Index data. FRC is not responsible for the formatting or configuration of this material or for any inaccuracy in GLA's presentation thereof. Index returns are provided to represent the investment environment existing during the time periods shown. All indexes are fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs. The index is not available for direct investment. Industry sectors are presented to illustrate the diversity of areas in which we may invest, and may not be representative of current or future investments.

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