



**Integrity Mid Cap Value Equity Strategy  
Third Quarter 2019 Performance Summary**

**Commentary Highlights:**

- Stock selection in health care, consumer discretionary, and technology led to outperformance.
- Utilities and real estate were very minor sources of underperformance. These were the two best performing sectors, and our underweights detracted slightly.
- A larger beta and a lower dividend yield hurt.
- Aramark (ARMK), Martin Marietta Materials, Inc. (MLM) and D.R. Horton Inc. (DHI) were amongst the biggest contributors.
- DXC Technology Co (DXCM), CBS Corp Class B (CBS) and Allegheny Technologies, Inc (ATI) were the largest detractors.

**Top 5 Holdings – Representative Account**

| 6/30/2019 |                                   |        | 9/30/2019 |                              |        |
|-----------|-----------------------------------|--------|-----------|------------------------------|--------|
| Ticker    | Name                              | Weight | Ticker    | Name                         | Weight |
| PPL       | PPL Corporation                   | 1.46   | STI       | SunTrust Banks, Inc.         | 1.59   |
| LH        | Laboratory Corporation of America | 1.39   | ZBH       | Zimmer Biomet Holdings, Inc. | 1.52   |
| DRE       | Duke Realty Corporation           | 1.38   | HCP       | HCP, Inc.                    | 1.47   |
| HCP       | HCP, Inc.                         | 1.35   | PPL       | PPL Corporation              | 1.45   |
| ZBH       | Zimmer Biomet Holdings, Inc.      | 1.33   | DRE       | Duke Realty Corporation      | 1.45   |

**Comments**

There was only one change to the top five holdings. SunTrust Banks, Inc. (STI) replaced Laboratory Corporation of America Holdings (LH). We added back to our position in SunTrust Banks, Inc. (STI). Laboratory Corporation of America Holdings (LH) remains a sizeable weight just outside of the top five.

**Sector Weights  
Representative Account**

|                        | 6/30/2019 | O/U   | 9/30/2019 | O/U   |
|------------------------|-----------|-------|-----------|-------|
| Communication Services | 1.87      | -2.10 | 1.67      | -1.98 |
| Consumer Discretionary | 9.27      | 0.32  | 9.01      | 0.07  |
| Consumer Staples       | 4.73      | 0.39  | 4.96      | 0.39  |
| Energy                 | 6.29      | -0.05 | 5.42      | -0.08 |
| Financials             | 18.24     | -0.59 | 18.69     | -0.23 |
| Health Care            | 7.14      | 0.12  | 7.82      | 1.11  |
| Industrials            | 15.20     | 3.59  | 13.66     | 2.26  |
| Information Technology | 8.90      | 1.51  | 9.88      | 2.66  |
| Materials              | 6.26      | -0.54 | 6.16      | -0.38 |
| Real Estate            | 10.56     | -3.09 | 11.11     | -3.62 |
| Utilities              | 9.32      | -1.77 | 9.77      | -2.06 |

**Comments**

The weights to energy and industrials declined, while the weight to financials, health care, technology, real estate, and utilities increased.

Within energy, we sold Williams Companies, Inc. (WMB) as gas production is expected to decline in 2020, leading to lower volumes in their pipelines.



We reduced overall machinery exposure, and this led to the lower weight in industrials. Cummins Inc. (CMI), Fortive Corp. (FTV), and Timken Company (TKR) were machinery positions that were sold. Cummins Inc. (CMI) is performing well but has high China truck exposure and is set to deal with higher R&D expenses and lower engine demand in 2020. Fortive Corp. (FTV) announced its intent to split/spin-off the more cyclical side of the business, while fundamentals remain murky. Timken Company (TKR) has heavy construction, truck, and agriculture exposure, all of which are reducing production rates in an uncertain macro environment. We did initiate small positions in AGCO Corporation (AGCO) and Crane Co. (CR). AGCO Corporation (AGCO) was bought after corn prices dropped. The company has several margin initiatives and is in position to take market share with new product launches. Crane Co. (CR) is a quality industrial company purchased on a pullback that has strong market positions in aerospace, fluid handling, and currency technology.

In financials, we increased our insurance and capital markets exposure while reducing our bank weight. Within insurance, we purchased Assurant, Inc. (AIZ) for its strong defensive earnings stream and increased synergies from The Warranty Group acquisition. We swapped out of Hanover Insurance Group, Inc. (THG) in favor of W.R. Berkley Corporation (WRB). W.R. Berkley Corporation (WRB) is benefiting from a strong pricing environment. The purchase of E\*TRADE Financial Corporation (ETFC) was prompted by a change of strategy away from a focus on organic growth to using capital to buy back 15% of company, which is at its lowest valuation in over a decade. Additionally, we believe selling rumors will ramp up. Huntington Bancshares Incorporated (HBAN) was sold early in the quarter to take gains as large acquisition synergies have been mostly realized. In early August, we made a portfolio decision to reduce bank exposure/interest rate sensitivity. We exited Comerica Incorporated (CMA) and CIT Group, Inc. (CIT). Comerica Incorporated (CMA) is a highly asset-sensitive bank, while we wanted to lock in gains in CIT Group, Inc. (CIT).

The higher weight in health care was due to good stock selection and adding to a couple of existing positions.

Within technology, we increased exposure in semiconductors and software. In semiconductors, we added to existing positions and swapped into Qorvo, Inc. (QRVO) from Marvell Technology Group Ltd. (MRVL). Qorvo, Inc. (QRVO) has a more attractive valuation and higher exposure to 5G spending in both base stations and handsets. Teradata Corporation (TDC) was a new addition in software. It hired a new chief revenue officer and trades at a discount to software peers. DXC Technology Co. (DXCM) was sold. The turnaround has taken longer than expected, as the core business continues to struggle with cannibalization by lower-cost, lower-margin digital solutions.

Real estate was the best performing sector, and this led to the higher absolute weight. Activity included the purchase of STORE Capital Corporation (STOR) and the sale of Welltower Inc. (WELL). STORE Capital Corporation (STOR) is a triple net REIT with good growth prospects, a solid balance sheet, and a growing dividend. Welltower Inc. (WELL) was sold to take profits, as valuation is relatively full.

Utilities were the second-best performing sector, and this was the primary reason for the higher absolute weight.

In consumer discretionary, we eliminated positions in Caesars Entertainment Corporation (CZR), Gap, Inc. (GPS), and Tapestry, Inc. (TPR). Caesars Entertainment Corporation (CZR) announced they would be acquired by Eldorado Resorts. We sold Gap, Inc. (GPS) on concerns of elevated inventory, increased promotional activity, the impact of List 4 tariffs, and worries about a secular slowdown at Old Navy. With Tapestry, Inc. (TPR), we were worried about their outlet exposure and continued weakness in their Kate Spade brand. Best Buy Co., Inc. (BBY) and Dollar Tree, Inc. (DLTR) were new additions. Best Buy Co., Inc. (BBY) is outperforming the consumer electronics industry and is rolling out rent-to-own financing to stores in time for the holiday selling period. Rent-to-own has provided a boost to comps at other retailers that have added the option. Dollar Tree, Inc. (DLTR) is trading at a discount to dollar store peers. Their Family Dollar division is showing signs of stabilization following a rationalization of the store base, while their core Dollar Tree concept continues to perform well. Potential to add products at price points exceeding \$1, currently in trials, is an additional catalyst.

Activity in materials included the sale of Cabot Corporation (CBT) and Sonoco Products Company (SON). Cabot Corporation (CBT) missed earnings and cut guidance due to weakening demand trends and compressing margins. Sonoco Products Company (SON) is struggling to grow organically and meet its investor day targets due to a mis-executed acquisition. Replacements included Celanese Corporation (CE) and Corteva, Inc. (CTVA). Celanese Corporation (CE) is a quality chemical name with opportunities for value-additive portfolio moves. Corteva, Inc. (CTVA) was bought after corn prices dropped. It has had a difficult 2019 but sets up well for 2020.

**Top Contributors/Detractors (Quarter ended 9/30/2019) – Representative Account  
Contribution to Return Relative to Benchmark**

| Best   |                                 |              | Worst  |                                |              |
|--------|---------------------------------|--------------|--------|--------------------------------|--------------|
| Ticker | Name                            | Total Effect | Ticker | Name                           | Total Effect |
| ARMK   | Aramark                         | +0.19        | DXCM   | DXC Technology Co.             | -0.21        |
| MLM    | Martin Marietta Materials, Inc. | +0.16        | CBS    | CBS Corporation Class B        | -0.16        |
| DHI    | D.R. Horton, Inc.               | +0.16        | ATI    | Allegheny Technologies Incorp. | -0.13        |
| PGE    | PG&E Corporation*               | +0.16        | CBT    | Cabot Corporation              | -0.12        |
| ZBH    | Zimmer Biomet Holdings, Inc.    | +0.13        | CXO    | Concho Resources Inc.          | -0.11        |

\*Not owned

**Comments**

DXC Technology Co. (DXCM) reported disappointing earnings results as the core business continues to struggle with cannibalization by lower-cost, lower-margin digital solutions. CBS Corporation Class B (CBS) sold off following the announcement of the long-expected merger with Viacom as the reported synergies were below some estimates and the combined management failed to provide much detail on the long-term strategy. Allegheny Technologies Incorporated (ATI) took down free cash flow guidance amid concerns about Boeing 737 MAX production cuts and slowing steel demand. Cabot Corporation (CBT) missed earnings and cut guidance due to weakening demand trends and compressing margins. We sold it. Concho Resources Inc. (CXO) reported operational miscues that resulted in increased oil decline rates, and plans to drill/complete fewer wells with the same budget was a negative surprise.

**Attribution – Representative Account**

Stock selection in health care, consumer discretionary, and technology led to outperformance. Utilities and real estate were very minor sources of underperformance. These were the two best performing sectors, and our underweights detracted slightly. A larger beta and a lower dividend yield hurt.

Positive performance in health care was driven by Zimmer Biomet Holdings, Inc. (ZBH) and Perrigo Co. Plc (PRGO). Zimmer Biomet Holdings, Inc. (ZBH) exceeded analysts' estimates and raised its 2019 outlook. Organic growth accelerated and gross margins improved to drive the earnings beat. Perrigo Co. Plc (PRGO) acquired rights to market Prevacid 24HR from GlaxoSmithKline, which aligns with the new CEO's strategy to strengthen the brand portfolio.

Aramark (ARMK) and D.R. Horton, Inc. (DHI) led the way in consumer discretionary. News of an activist taking a position and the retirement of the CEO following a spate of mis-executions boosted shares of Aramark (ARMK). Falling mortgage rates aided performance of homebuilders with exposure to entry-level customers such as D.R. Horton, Inc. (DHI). Softness in the North American business and second-half concerns for that segment led to underperformance for Ralph Lauren Corporation Class A (RL).

SYNNEX Corporation (SNX), Western Digital Corporation (WDC), and Symantec Corporation (SYMC) outperformed within technology. Strength in the distribution segment resulted in a beat-and-raise quarter at SYNNEX Corporation (SNX). Western Digital Corporation (WDC) rebounded as memory market fundamentals improved. Shares of Symantec Corporation (SYMC) rallied on the announcement of the sale of their enterprise business to Broadcom and news reports of acquisition interest for their consumer business as well. DXC Technology Co. (DXCM) reported disappointing earnings results as the core business continues to struggle with cannibalization by lower-cost, lower-margin digital solutions.

Energy was a very minor positive, as our average holding outperformed. Materials was a small help thanks to Martin Marietta Materials, Inc. (MLM), which is seeing strong aggregate volumes and pricing. Some of this was offset by Cabot Corporation (CBT), which missed earnings and cut guidance due to weakening demand trends and compressing margins.

Utilities was the second-best performing sector (+7.3%), with real estate the best performing sector (+8.2%). We were underweight both sectors, and this was a slight headwind.



Industrial performance was a very small negative. Dycor Industries, Inc. (DY) underperformed as the market sold high-beta names in favor of lower volatility. Timken Company (TKR) was down almost 15% as it reduced 2019 guidance for slower sales and earnings growth due to macro concerns.

## Outlook

*Cloudy With a Chance of Meatballs*  
(2009)

This past quarter had more twists and turns than a roller-coaster ride at Cedar Point (FUN). Volatility was the word of the quarter. We had a little bit of everything—the bombing of a Saudi Aramco oil field, the opening of the impeachment inquiry into Donald Trump, plunging global interest rates, a violent sell-off in August followed by a deep value micro-cap rally to start September, strains in the repo market, the continued saga of the U.S.-China trade war, and a yield curve that has bounced in and out of inversion.

As we enter this upcoming earnings season with the backdrop of slowing global growth and global manufacturing in a recession, we are expecting a tremendous amount of volatility. We are planning to use this volatility opportunistically to tilt the portfolio a little more cyclically. With global interest rates declining and a solid U.S. jobs market, we feel this could be an interesting time to tactically add a modest amount of exposure to smaller cyclical companies as their valuations become more attractive. While smaller/micro companies have underperformed year to date, we are mindful of the potential tailwind for these companies if we are not going off a cliff. All of this is predicated on our belief that the U.S. will not go into a recession and that global economies, while weak, are bottoming. Historical recession indicators (beyond the inverted yield curve) are not evident, such as surging oil prices, spiking initial unemployment claims, and widening of credit spreads, and there are no obvious bubbles to unwind.

With visibility very limited, maybe the 2009 movie title *Cloudy With a Chance of Meatballs* describes this market environment perfectly, as we never know what's coming next! However, with an easing global interest rate environment, a solid U.S. consumer, global economies that appear to be bottoming, negative investor sentiment, and the possibility of a China trade deal/truce, this could certainly set up a more positive economic backdrop.

**Composite Performance (%)**

As of September 30, 2019

|                                         | Quarter | YTD   | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception (07/02/02) |
|-----------------------------------------|---------|-------|--------|--------|--------|---------|----------------------------|
| Integrity Mid Cap Value Equity (Gross)  | 2.21    | 21.11 | -0.11  | 9.14   | 8.30   | 12.91   | 10.93                      |
| Integrity Mid Cap Value Equity (Net)    | 2.00    | 20.41 | -0.83  | 8.31   | 7.43   | 11.99   | 10.01                      |
| Russell Midcap <sup>®</sup> Value Index | 1.22    | 19.47 | 1.60   | 7.82   | 7.55   | 12.29   | 9.80                       |

**Past performance cannot guarantee future results.** Investing involves risk, including the possible loss of principal and fluctuation of value. Returns greater than one year are annualized. Returns are expressed in U.S. dollars. Composite returns are net of transaction costs and gross of non-reclaimable withholding taxes, if any, and reflect the reinvestment of dividends and other earnings.

Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of fees returns are calculated by deducting 1/12 of the highest tier of the standard fee schedule in effect for the period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equity to the composite net-of-fee return calculated using actual fees.

Supplemental information. Please see the GIPS<sup>®</sup> disclosure page for additional information on the composite.

**INTEGRITY MID CAP VALUE EQUITY STRATEGY – REPRESENTATIVE ACCOUNT**
**TOP 10 ACTIVE OVERWEIGHTS**

| Ticker | Company Name                                        | Active Weight |
|--------|-----------------------------------------------------|---------------|
| DRE    | Duke Realty Corporation                             | 1.18          |
| HOLX   | Hologic, Inc.                                       | 1.17          |
| PWR    | Quanta Services, Inc.                               | 1.15          |
| AIV    | Apartment Investment and Management Company Class A | 1.14          |
| ZION   | Zions Bancorporation, N.A.                          | 1.12          |
| CPT    | Camden Property Trust                               | 1.11          |
| HCP    | HCP, Inc.                                           | 1.09          |
| MLM    | Martin Marietta Materials, Inc.                     | 1.07          |
| VOYA   | Voya Financial, Inc.                                | 1.07          |
| SNV    | Synovus Financial Corp.                             | 1.06          |

**TOP 10 ACTIVE UNDERWEIGHTS**

| Ticker | Company Name                         | Active Weight |
|--------|--------------------------------------|---------------|
| SRE    | Sempra Energy                        | -0.88         |
| WELL   | Welltower, Inc.                      | -0.80         |
| XEL    | Xcel Energy Inc.                     | -0.72         |
| EQR    | Equity Residential                   | -0.68         |
| ED     | Consolidated Edison, Inc.            | -0.68         |
| PEG    | Public Service Enterprise Group Inc. | -0.68         |
| WEC    | WEC Energy Group Inc.                | -0.65         |
| AVB    | AvalonBay Communities, Inc.          | -0.65         |
| WMB    | Williams Companies, Inc.             | -0.63         |
| ES     | Eversource Energy                    | -0.60         |



## INTEGRITY MID CAP VALUE EQUITY STRATEGY – REPRESENTATIVE ACCOUNT

### NEW POSITIONS

| <b>Ticker</b> | <b>Company Name</b>                       |
|---------------|-------------------------------------------|
| AGCO          | AGCO Corporation                          |
| AIZ           | Assurant, Inc.                            |
| BBY           | Best Buy Co., Inc.                        |
| CE            | Celanese Corporation                      |
| CR            | Crane Co.                                 |
| CTVA          | Corteva Inc.                              |
| DLTR          | Dollar Tree, Inc.                         |
| ETFC          | E*TRADE Financial Corporation             |
| KNX           | Knight-Swift Transportation Holdings Inc. |
| QRVO          | Qorvo, Inc.                               |
| SPR           | Spirit AeroSystems Holdings, Inc. Class A |
| STOR          | STORE Capital Corporation                 |
| TDC           | Teradata Corporation                      |
| TXT           | Textron Inc.                              |
| WAL           | Western Alliance Bancorp                  |
| WRB           | W. R. Berkley Corporation                 |

### CLOSED POSITIONS

| <b>Ticker</b> | <b>Company Name</b>                 |
|---------------|-------------------------------------|
| CBT           | Cabot Corporation                   |
| CIT           | CIT Group Inc.                      |
| CMA           | Comerica Incorporated               |
| CMI           | Cummins Inc.                        |
| CZR           | Caesars Entertainment Corporation   |
| DXC           | DXC Technology Co.                  |
| FTV           | Fortive Corp.                       |
| GPS           | Gap, Inc.                           |
| HBAN          | Huntington Bancshares Inc.          |
| HII           | Huntington Ingalls Industries, Inc. |
| MAN           | ManpowerGroup Inc.                  |
| MRVL          | Marvell Technology Group Ltd.       |
| SON           | Sonoco Products Company             |
| SPR           | Spirit AeroSystems Holdings         |
| THG           | Hanover Insurance Group, Inc.       |
| TKR           | Timken Company                      |
| TPR           | Tapestry, Inc.                      |
| WELL          | Welltower, Inc.                     |
| WMB           | Williams Companies, Inc.            |



Integrity Mid Cap Value Equity strategy focuses on mid-cap companies that are currently trading below our estimate of intrinsic value and are characterized by improving investor sentiment.

Index returns are provided to represent the investment environment during the periods shown. The index is fully invested, including the reinvestment of dividends and capital gains. Index returns do not include transaction costs, management fees or other costs.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

The information in this article is based on data obtained from recognized services and sources and is believed to be reliable. Any opinions, projections or recommendations in this report are subject to change without notice and are not intended as individual investment advice. The securities highlighted, if any, were not intended as individual investment advice. A complete list of all recommendations of security selection is available by request for the previous 12 months. Furthermore, Victory Capital Management Inc., and its affiliates, as agents for their clients, and any of its officers or employees, may have a beneficial interest or position in any of the securities mentioned, which may be contrary to any opinion or projection expressed in this report.

Contributors and Detractors Source: FactSet. The top contributors and detractors are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. The percent displayed is contribution to return. Holdings are as of quarter end and may change at any time.

Victory Capital Management Inc. is a registered investment adviser. Integrity Asset Management is a Victory Capital Management investment franchise.

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VICTORY COMPOSITE PERFORMANCE  
INTEGRITY MID CAP VALUE EQUITY STRATEGY

| Year Ending | Gross Return | Net Return | Benchmark | 3yr Annualized Standard Deviation (%) Composite | 3yr Annualized Standard Deviation (%) Benchmark | Number of Portfolios | Internal Dispersion | Composite Assets (mm) | Total Franchise Assets (mm) | Total Firm Assets (mm) |
|-------------|--------------|------------|-----------|-------------------------------------------------|-------------------------------------------------|----------------------|---------------------|-----------------------|-----------------------------|------------------------|
| 12/31/2018  | -14.30%      | -14.87%    | -12.29%   | 13.39%                                          | 11.96%                                          | 10                   | 0.02%               | \$240                 | \$4,659                     | \$51,590               |
| 12/31/2017  | 17.52%       | 16.52%     | 13.34%    | 11.67%                                          | 10.32%                                          | 11                   | 0.03%               | \$289                 | \$6,283                     | \$60,297               |
| 12/31/2016  | 21.78%       | 20.75%     | 20.00%    | 12.88%                                          | 11.30%                                          | 14                   | 0.08%               | \$255                 | \$6,031                     | \$42,934               |
| 12/31/2015  | -4.97%       | -5.78%     | -4.78%    | 12.35%                                          | 10.71%                                          | 11                   | 0.06%               | \$248                 | \$5,182                     | \$30,889               |
| 12/31/2014  | 11.94%       | 11.00%     | 14.75%    | 11.43%                                          | 9.81%                                           | 13                   | 0.23%               | \$338                 | \$5,164                     | \$33,679               |
| 12/31/2013  | 39.60%       | 38.45%     | 33.46%    | 15.46%                                          | 13.69%                                          | 12                   | 0.26%               | \$325                 | \$4,816                     | N/A                    |
| 12/31/2012  | 18.08%       | 17.10%     | 18.51%    | 18.56%                                          | 16.76%                                          | 12                   | 0.12%               | \$227                 | \$3,283                     | N/A                    |
| 12/31/2011  | -1.37%       | -2.21%     | -1.38%    | 23.71%                                          | 22.78%                                          | 13                   | 0.08%               | \$222                 | \$3,099                     | N/A                    |
| 12/31/2010  | 27.67%       | 26.62%     | 24.75%    | 26.51%                                          | 27.11%                                          | 20                   | 0.29%               | \$302                 | \$3,269                     | N/A                    |
| 12/31/2009  | 31.82%       | 30.73%     | 34.21%    | 23.92%                                          | 25.01%                                          | 21                   | 0.22%               | \$202                 | \$2,364                     | N/A                    |

Victory Capital Management acquired composite from Munder Capital Management on 10/31/14. Firm assets prior to 2014 are shown as "N/A" above as the composite was not part of the firm.

- Victory Capital Management Inc. claims compliance with the Global Investment Performance Standards (GIPS<sup>®</sup>) and has prepared and presented this report in compliance with the GIPS standards. Victory Capital Management has been independently verified for the period from January 1, 2001 through December 31, 2017. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Integrity Mid Cap Value Equity Composite has been examined for the periods January 1, 2014 through December 31, 2017. The verification and performance examination reports are available upon request.
- Victory Capital Management Inc. (Victory Capital) is an independent multi-boutique investment advisor registered under the Investment Advisers Act of 1940 and comprised of multiple investment teams, referred to as investment franchises. Victory Capital's investment franchises are: Expedition Investment Partners, INCORE Capital Management, Integrity Asset Management, Munder Capital Management, NewBridge Asset Management, RS Investments, Sophus Capital, Sycamore Capital, Trivalent Investments, and VictoryShares & Solutions. Each investment franchise utilizes an independent approach to investing and offers one or more investment strategies that specialize in a specific asset class. Prior to August 2013, Victory Capital Management was a wholly-owned subsidiary of KeyBank National Association. Victory acquired Munder Capital Management and its wholly owned subsidiary, Integrity Asset Management on October 31, 2014. Prior to the acquisition, Munder Capital Management and Integrity Asset Management were treated as separate GIPS firms. Effective November 1, 2014, the two entities are part of the Victory Capital Management GIPS firm. Victory Capital Management acquired CEMP on April 30, 2015. Victory Capital Management acquired RS Investments, including Sophus Capital, on July 29, 2016. RS Investments and Sophus Capital joined the Victory Capital Management GIPS firm effective January 1, 2017.
- The Integrity Mid Cap Value Equity Composite includes all fee-paying, discretionary portfolios that are managed according to the Integrity Mid Cap Value Equity Composite. The strategy focuses on mid-cap companies that are currently trading below our estimate of intrinsic value and are characterized by improving investor sentiment. The composite creation date is July 2003.
- The benchmark of this composite is the Russell Midcap<sup>®</sup> Value Index. The Russell Midcap<sup>®</sup> Value Index measures the performance of those Russell Midcap companies with lower price/book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000<sup>®</sup> Value Index. The Russell Midcap<sup>®</sup> Index measures the performance of the 800 smallest companies in the Russell 1000<sup>®</sup> Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index. The benchmark returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. For comparison purposes, the index is fully invested, which includes

the reinvestment of income. The returns have been taken from a published source and do not include any transaction fees, management fees, or other costs.

- The internal dispersion of annual returns is measured by the standard deviation of asset-weighted gross returns of accounts included in the composite for the full year. If less than six portfolios are included in the composite for the full year, no dispersion measure is presented, as it is not considered meaningful (N/M). The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. It is not required to be presented for annual periods prior to 2011 or when a full three years of composite performance is not yet available.
- Composite and benchmark returns are presented net of non-reclaimable withholding taxes. Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting 1/12 of the highest tier of the standard fee schedule in effect for the period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equal to the composite net-of-fee return calculated using actual fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and may be found on Part II of its Form ADV. The complete fee schedule for this product is:

| Market Value       | Annual Fee                        |
|--------------------|-----------------------------------|
| First \$15,000,000 | 0.85% (Min. Annual Fee: \$42,500) |
| Next \$35,000,000  | 0.75%                             |
| Next \$50,000,000  | 0.65%                             |
| Thereafter         | 0.60%                             |

- Valuations and returns are stated in U.S. dollars. Past performance should not be considered indicative of future performance. A list of composite descriptions and policies of valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Registration with the SEC does not imply a certain level of skill or training.
- The composite is managed by Integrity Asset Management, a Victory Capital investment franchise. Performance prior to October 2014 occurred while the team was affiliated with a prior firm. The investment management team has managed the composite strategy since inception and the investment process has not changed. The historical performance has been linked to performance earned at Victory Capital Management.