

# Small Cap Value

## MANAGEMENT TEAM

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## OBJECTIVE

- Seeks to identify attractively valued, small-sized companies with the potential for above-average capital appreciation
- Seeks to generate consistent, long-term investment performance superior to the Russell 2000® Value Index and appropriate peer groups
- Seeks broad exposure across sectors in an effort to generate alpha while minimizing volatility

## HIGHLIGHTS

- The investment universe includes all stocks generally within the market cap range of the benchmark at initial purchase
- Invests in what we view as promising companies through rigorous fundamental, bottom-up analysis
- Seeks to capture price inefficiencies available in the marketplace to generate potential excess return
- Inefficiencies can be categorized into three areas: misunderstood, underfollowed and special situations
- Disciplined risk awareness within a high-conviction active investment process
- Sector/industry exposure: +/-50% of benchmark allocation for sectors greater than 10%
- Individual security exposure: typical range is 0.3% to 0.6% weighting at the time of purchase, with a 2.5% maximum weighting
- 150 to 180 stocks typically
- Turnover: 20% to 40%

## BENCHMARK

Russell 2000® Value Index

### FACTS

Strategy inception	5/13/91
Composite inception	4/1/92
Strategy assets	\$1,960.3M
Composite assets	\$368.9M

## COMPOSITE PERFORMANCE (%)

	CUMULATIVE RETURN		AVERAGE ANNUALIZED RETURN				
	3 MO	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
<b>GROSS</b>	2.28	3.85	7.14	14.63	10.55	11.54	12.54
<b>NET</b>	2.09	3.27	6.35	13.78	9.78	10.80	11.83
<b>BENCHMARK</b>	1.60	7.14	9.33	16.12	9.91	9.52	10.97

## COMPOSITE PERIOD PERFORMANCE(%)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>GROSS</b>	10.39	26.90	-2.30	6.23	36.22	16.82	-0.25	25.30	29.32	-31.18
<b>NET</b>	9.57	25.96	-2.99	5.59	35.40	16.11	-0.91	24.54	28.51	-31.59
<b>BENCHMARK</b>	7.84	31.74	-7.47	4.22	34.52	18.05	-5.50	24.50	20.58	-28.92

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**Performance data shown represents past performance and is no guarantee of future results. Current performance may be lower or higher than quoted.** Returns are shown in US dollars and are annualized for one and multi-year periods. Gross returns are net of trading costs. Net returns are gross returns less effective management fees.

There is no guarantee that the investment objective will be realized or that the strategy will generate positive or excess return.



## PORTFOLIO CHARACTERISTICS

	Rep. Account	Index
Price/earnings (trailing 12 mths)	17.87x	15.72x
Est. P/E (forward 12 months)	17.09x	15.11x
5 Year Historical EPS Growth	12.75%	6.35%
3-5 yr EPS growth	10.39%	11.16%
ROE (1-yr equal wtd)	16.51%	11.36%
Price/book	2.01	1.46
Dividend Yield	1.22%	1.98%
Wtd avg market cap	\$3,524M	\$2,117M
Median market cap	\$2,804M	\$792M
Active Share	89.55%	-

## TOP 10 HOLDINGS (%)

	Rep. Account
Littelfuse Inc	1.4
KAR Auction Services Inc	1.3
Popular Inc	1.1
ALLETE Inc	1.1
WEX Inc	1.1
Euronet Worldwide Inc	1.1
Employers Holdings Inc	1.1
Retail Opportunity Investments Corp	1.1
Wintrust Financial Corp	1.1
Churchill Downs Inc	1.1
Total	11.4

## SECTOR DISTRIBUTION (%)

	Rep. Account	Index
Financials	23.6	28.2
Industrials	18.3	12.1
Information Technology	15.6	10.5
Consumer Discretionary	10.4	11.6
Real Estate	6.8	11.5
Healthcare	5.4	5.0
Materials	4.7	4.4
Consumer Staples	4.5	2.5
Energy	4.2	7.5
Utilities	2.6	6.0
Telecommunication Services	-	0.7
Cash	4.0	-

Please note that effective 9/28/18, MSCI changed their GICS (Global Industry Classification Standard) sector classifications. Given the change occurred after market close, all data as of 9/28/18 will continue to reflect the former GICS sector classifications. As of 10/1/2018, all data will reflect the new GICS sector classifications as well as the new Communications Services sector title, also effective on 9/28/18.

## MARKET CAPITALIZATION (%)

	Rep. Account	Index
> \$2 Billion	69.5	49.6
\$1 to 2 Billion	18.0	28.9
\$0.5 to 1 Billion	7.1	13.4
< \$0.5 Billion	1.4	8.1
Cash	4.0	-

## KEY RISKS

Equity Risk, Market Risk, Non-US Securities Risk, Liquidity Risk. Investing involves risk including possible loss of principal.

Due to rounding, **Market Capitalization** and **Sector Distribution** totals may not equal 100%. This portfolio is actively managed and characteristics are subject to change. **Top 10 Holdings** may combine more than one security from the same issuer and related depository receipts. Portfolio weight calculations include accrued interest. Holdings are based on total gross assets before any fees are paid; any cash held is included. Reference to specific securities or holdings should not be considered recommendations for action by investors. There is no guarantee the account continues to invest in the securities referenced. **Cash** may include unsettled trades, fees and/or derivatives.

Characteristics are shown for a representative account. Due to systems limitations, it is difficult to analyze characteristics on a composite basis. The representative account was selected because it closely reflects the Loomis Sayles Small Cap Value investment strategy. Due to guideline restrictions and other factors, there is some dispersion between the returns of this account and other accounts in the Composite.

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The Small Cap Value Composite includes all discretionary separate accounts with market values greater than \$1 million managed by Loomis Sayles that seek to identify attractively-valued, small-sized companies with the potential for above average capital appreciation. The strategy objective is to generate consistent, long-term investment performance over a full market cycle superior to the Russell 2000 Value Index, and generally within the market capitalization range of the Index. The Composite was created in 1993. For additional information on this and other Loomis Sayles strategies, please visit our web site at [www.loomisayles.com](http://www.loomisayles.com).

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(For ERISA accounts only)

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