



# 2022 Sustainability Report





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## Sustainable equity investment strategies

Engagement with companies identifies transformations in both policies and business models which drive successful outcomes for sustainable investing.

Many critics of sustainable-focused investing believe it limits the universe of investible companies, and therefore sacrifices higher potential returns for the sake of better sustainable metrics. However, we do not believe these outcomes are mutually exclusive. In fact, we believe active engagement with company management surrounding environmental, social and governance (ESG) issues can expand the universe of companies that fit your sustainability profile by helping to motivate and identify transitional companies. Through engagement, we use our position as an institutional investor with access to management to advocate for positive change. We also seek out transformational stories: companies that are making changes to their business model that will significantly improve their environmental footprint or dramatically improve their impact as a corporate citizen while producing increased opportunities for growth and profitability.



# A better way forward

## National Health Investors

National Health Investors is a real estate investment trust which owns or makes mortgage investments in health care properties. With about 240 properties in nearly 35 states, its holdings include independent living, assisted living, memory care, entrance-fee communities, skilled nursing, medical office buildings and specialty hospitals. While the stock's risk/return profile was attractive, we were disappointed in the level of board diversity, board independence and what we perceived as very limited attention to sustainability issues at the management level.

We engaged with the CEO and CFO and determined that they were incorporating more sustainability-related concepts than was obvious from the outside. For example, they were already talking to several consultants about improving sustainability disclosures and were working on their first Corporate Responsibility Report. Shortly before our engagement, they began purchasing carbon credits and secured enough to offset their corporate carbon footprint. This was a more encouraging start than we expected.

Additionally, management asked for feedback related to their sustainability practices, and we suggested they go through the GRESB process to understand their environmental starting point. (GRESB is an independent organization providing validated ESG performance data and peer benchmarks for investors and managers to improve business intelligence, industry engagement and decision-making.) Once they measured their environmental baseline, we would advocate for specific measurable environmental targets. We came away from our engagement very pleased with the steps management was already taking, as well as their receptivity to our advocacy.

Diversity and independence were deemed to be more complex and sensitive topics for management. We were

concerned about related-party relationships within its governance structure (two brothers on the board), along with the fact that the only woman on the board was linked to the former parent company which remained a meaningful tenant. Furthermore, there was no racial or ethnic diversity on the board. We advocated for less board influence from the former parent and for improved diversity. Management indicated that the board engaged an executive search firm to help identify diverse board candidates and that they expected to have that candidate on the next proxy.

Following our discussion with management, we engaged with the chair of the nominating committee where we expressed our views that the board was less independent than suggested, stressed that adding diversity to the board was important and that we would be watching for changes in these metrics on the next proxy. In addition, we advocated for declassifying the board, however, there were no plans to improve the board structure. We were generally disappointed in the conversation, as they did not seem to see our concerns as particularly important and generally defended the status quo.

When the new proxy was issued in February of 2022, there were no diverse candidates nominated for the board. In response, we voted against both directors up for election.

When we subsequently met with management at an industry conference, they were happy to report that shareholder advocacy, exemplified by our efforts, motivated the board to appoint Tracy Colden, a woman of color with extensive industry experience, to the board in May of 2022.

While National Health Investors still has a lot of room for improvement, and we will continue our advocacy efforts, this was an important improvement, and we are gratified to be among the voices contributing to positive change.

The above referenced security or company has been included to illustrate the investment process utilized by MIIM in the selection and liquidation of individual securities. The inclusion of these is not designed to convey a past specific selection by MIIM would have been profitable to any person. It should not be assumed that any security selection in the future will be profitable or will equal the performance of the those described above.



# Doing well by doing better – A business transformation

## Green Plains Inc.

Green Plains Inc. (GPRE), a holding in our small cap portfolios, is an example of a company undergoing a significant green business transformation where we have had ESG engagement. Founded in 2004, GPRE is a company in transition with a rapidly changing business model from being one of the largest US commodity corn processing businesses running generation 1 biofuel plants (ethanol producer with dried distiller grain byproducts) into GPRE 2.0, a value-added, environmentally-aligned corn agriculture biorefinery derivative products company focused on more diverse and less cyclical products with higher margins that are sold into the following markets:

- Sustainable, high-protein feed (protein/yeast ingredient product for pet/fish/poultry/swine feed)
- Low-carbon, renewable corn oil for biofuels transportation (40% higher production yield vs legacy process with a materially lower carbon intensity score than industry standard soybean oil)
- Producer of dextrose and glucose from their emerging proprietary clean sugar technology process
- Specialty alcohol, potentially for sustainable aviation fuel (SAF)
- Carbon capture and sequestration (CCUS) from the installation of carbon capture equipment at their existing ethanol plants with the potential to produce near-zero carbon ethanol.

This significant transformation is enabled by a technology that became commercially available over the last decade – Fluid Quip Technologies’ (FQT) maximum stillage co-product (MSC) protein separation technology – which sourced equipment from FQT incorporated, leveraging their 30 years of experience in separation and grinding equipment for the corn wet mill industry. Effectively, it allows an ethanol dry mill plant to make products that could previously only be made at a wet mill and is a game-changer for profitability. GPRE management was so excited about this technology that in January 2021 they announced the acquisition of a majority stake in FQT.

For some perspective, GPRE has only had one year (2014) since its founding where earnings before interest, taxes, depreciation and amortization (EBITDA) has exceeded \$200MM. During half of the remaining years EBITDA was less than \$100MM. With the implementation of FQT’s MSC technology on all their ethanol plants, by the end of 2024 GPRE is targeting run rate annual EBITDA of at least \$400MM with an upside case of \$600MM (prior to considering any ethanol contribution). Consequently, this is a dramatic step change in profitability that commenced in 2022 and is expected to continue moving higher through 2025 with additional opportunities through the end of the decade, particularly if Clean Sugar Technology meets the company’s expectations and becomes a material product line.



We have witnessed dramatic changes in regard to GPRE's journey to become more sustainably aware and compliant. When we first engaged with the company regarding their sustainability disclosures and actions, we explained to their CEO that the company's blocking and tackling on basic ESG issues was well below expectations, and their disclosures, at that point, were extremely limited. We also explained that the company needed to be more active in developing internal ESG-friendly policies and disclosing them. At the time, their sustainability scores as measured by our ratings agencies were well below average. In addition, we had concerns related to the company's board structure with several longstanding board members serving well over the average board tenure along with a lack of gender and racial diversity.

Our discussion was productive, and we learned that GPRE had initiated a "massive ESG effort" to address our concerns (and those of the major reporting agencies). GPRE had just started to collect and preliminarily disclose environmental data, assigned a dedicated individual to lead its ESG efforts and was considering making changes to their board of directors. Subsequently, we saw significant improvements in sustainability profiles as measured by our major rating agencies. Additionally, GPRE added three new members to the board, which now has 33% women and/or diverse members where there were 0% until late 2020. The company also published two in-depth corporate sustainability reports in the last year, making select disclosures under the Global Reporting Initiative and United Nations Sustainable Development Goals as well as disclosures under the biofuel standard from the Sustainability Accounting Standards Board, and aligning with the Task Force on Climate-related Financial Disclosures framework.

GPRE has set carbon emission reduction targets (50% reduction by 2030, carbon neutrality by 2050) and thus far has reached a 35% reduction in operational greenhouse gas emissions from their 2018 baseline. Furthermore, their products are materially less carbon intensive than the alternatives with their high-protein feed having 15-20% less carbon intensity than the common protein alternative, their dry mill clean sugar having nearly 40% lower carbon intensity than the common wet mill sugar alternative, and their renewable corn oil having a carbon intensity score of 30 vs the standard soybean oil carbon intensity score of 55. GPRE also discloses performance metrics across all the major environmental reporting categories with significant improvements in climate, energy use and efficiency, water management, and biodiversity/land stewardship.

Regarding social disclosures, GPRE showed significant improvement in 2021 vs. 2020 with a 14% increase in both female and diverse employees. Additionally, community engagement activities are prioritized with volunteer hours measured and encouraged and donations and sponsorships planned to grow. Lastly, GPRE has made major strides in governance. In addition to the board changes cited above, governance policies have become much more shareholder friendly (board declassification, bylaw changes), and employee training on ethics, anti-corruption and labor rights policies will be mandatory in 2022.

In summary, GPRE is a prime example of how a strong fundamental thesis can be aligned with a sustainable framework to create both value-added economic improvements along with alignment with our sustainable goals. GPRE is a dramatically changed company from just two years ago and we expect the journey to higher profitability and more ESG-friendly policies to continue.

# Sustainable equity investment strategies

## Sustainable investment philosophy and integration

Over the last decade, demand for sustainable investing has risen as clients and practitioners evaluate the impact on a company's valuation of energy conservation, carbon usage, boardroom diversity, workplace safety and human rights.

Assets domiciled in some form of sustainable, responsible or impact investing strategy have more than quintupled from roughly \$3T in 2010 to over \$17T in 2020. This represents a 42% increase since last measured in 2018 and is now 33% of all assets under management in the US.<sup>1</sup>

At Mesirow Equity Management, our comprehensive framework integrates fundamental and ESG analysis along with aspects of responsible investing and company engagement to provide our clients an opportunity to do well and do good (i.e., influence positive behavior while delivering favorable performance).

We believe that excess returns can be produced by investing in attractively valued stocks that are poised to appreciate due to catalyst-driven earnings and cash flow growth. We also believe that ESG factors are interconnected with our fundamental assessment of macro, sector and company specific trends and can have a material impact on investment performance during our investment time horizon. As a result, we consider ESG factors in conjunction with other material risk and fundamental factors that, in aggregate, influence our decision to invest in an individual company.

In addition, we seek to make a positive impact on the environment and society as well as encourage incremental improvements through active engagement with companies in which we invest. We believe that companies that incorporate sustainability assessments into their strategic plans have an opportunity to enhance firm value and/or reduce overall levels of risk.

### Our sustainable investing framework

We actively incorporate environmental, social, and governance factors into our investment decisions to derive favorable performance and risk characteristics for our portfolios.

**Environment** | It is often economically logical for a company to take actions that benefit themselves but harm the environment. By investing in companies that think carefully about their environmental impact, we help incentivize long-term, environmentally-friendly decisions.

**Social** | Caring for those in need and protecting the vulnerable are foundational human ethics. We believe it is incumbent on corporations to contribute to these human ethics. By investing in companies that help fulfill this social responsibility, we help enable those companies who seek to become stronger corporate citizens.

**Governance** | As a fiduciary for our clients, we have long sought investment opportunities at companies with good governance policies. At its core, good governance protects the interests of minority shareholders, reduces the probability of fraud, and aligns the goals of companies with investors.

1. U.S. SIF Foundation, Report on U.S. Sustainable, Responsible, and Impact Investing Trends 2020.

## Alignment and sustainable development goals

Corporate responsibility has been a core value at our firm since its founding in 1937. Today, Mesirow's enduring and diverse set of commitments forms the foundation for how we embrace and align our actions across the firm with the United Nations Sustainable Development Goals.

### ALIGNMENT WITH UNITED NATIONS CAUSE PILLARS<sup>2</sup>



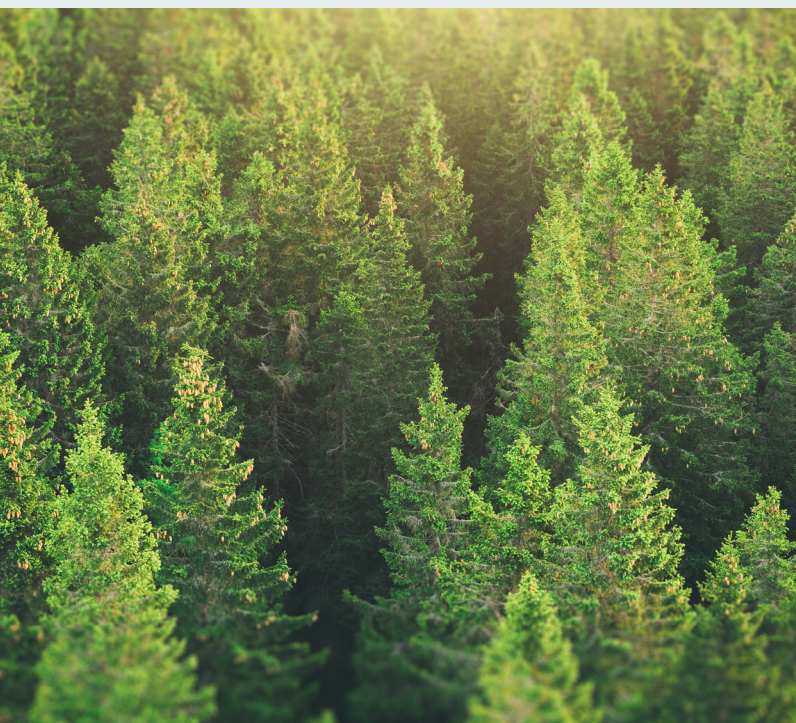
ENVIRONMENT



COMMUNITY  
IMPROVEMENT



HUMAN RIGHTS  
& EQUALITY



## MESIROW CORPORATE RESPONSIBILITY



### Sustainability

Strategies that seek to help investors prosper while doing good

- Signatory, Principles for Responsible Investment (PRI)
- Signatory, FX Global Code of Conduct
- Offerings across the capital structure and investment vehicles: Equity, Income and Alternatives
- LEED certified headquarters; environmental improvement initiatives



### Community engagement

Investment of time, talent and financial support

- Neighborhoods: Family services, education, youth guidance, wrap-around support
- Education & opportunity: Scholarship, opportunity and financial literacy
- Social justice: Tolerance, gun safety, racial equity



### Diversity, equity and inclusion

Within a collaborative, entrepreneurial culture

- Mesirow Diversity, Equity and Inclusion Council leads a Six-Point DEI Commitment
- Perfect score of 100 on Human Rights Campaign Corporate Equality Index<sup>3</sup>
- WomenConnect, PeerConnect, PrideConnect and ParentsConnect Employee Resource Groups
- Top workplace awards from *Pensions and Investments*, *Investment News*, *Crain's*

2. For more information on the United Nations Sustainable Development Goals underlying these cause pillars, please visit <https://www.un.org/sustainabledevelopment/sustainable-development-goals> |

3. Human Rights Campaign Foundation's 2020 Corporate Equality Index (CEI)

## Performance

The cornerstone of any investment strategy is the ability to deliver desired performance and outcomes for clients. Conventional wisdom asserts that maximization of firm value drives investment returns. As such, it has been believed that companies primarily focused on “non-fundamental issues” cannot meet desired performance goals. However, sustainable investing and competitive returns are not mutually exclusive concepts. More than 2200 unique studies analyzing ESG criteria in relationship to corporate financial performance show that companies with high ESG profiles or ESG orientation are 4–7x more likely to have positive relative performance.<sup>4</sup>

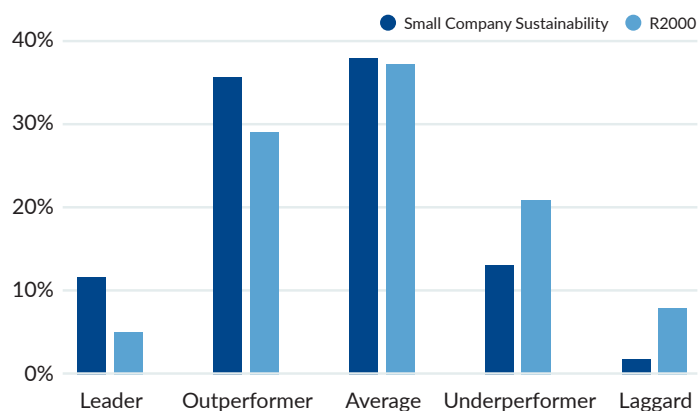
The same holds true for our sustainable equity strategies.

TABLE 1: PERFORMANCE (ROUNDED) THROUGH JUNE 30, 2022

Returns (%)	YTD	1 yr	3yr	ITD (4.1.19)
MEM Small Company Sustainable Equity (gross)	-12.1	-6.6	9.2	8.3
MEM Small Company Sustainable Equity (net)	-12.6	-7.3	8.4	7.5
Russell 2000 Index	-25.1	-23.5	4.3	3.6
Russell 2000 Value Index	-21.1	-17.7	4.7	4.3
MEM SMID Sustainable Equity (gross)	-13.6	-6.4	8.1	7.8
MEM SMID Sustainable Equity (net)	-14.0	-7.1	7.3	7.0
Russell 2500 Index	-24.0	-21.1	5.4	5.1
Russell 2500 Value Index	-20.4	-15.4	4.5	4.5
<b>Carbon emissions / \$1 invested</b>				
Small Company Sustainable	59			
Russell 2000	86			
SMID Sustainable	70			
Russell 2500	104			

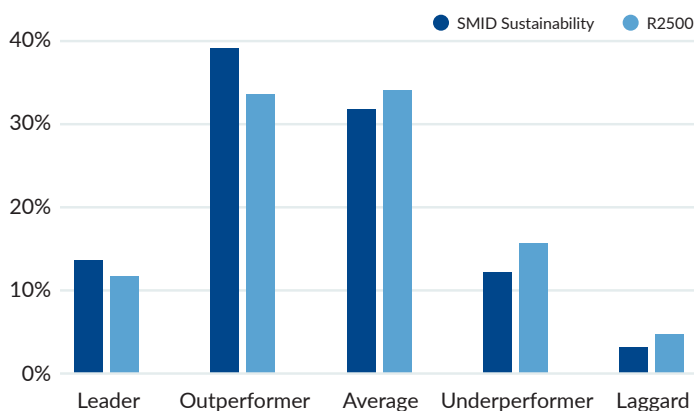
Note: Periods over 1 year are annualized. | Source: MEM and Bloomberg. | Effective 1.1.22, the primary benchmarks for the MEM Small Company Sustainable strategy and the MEM SMID Company Sustainable strategy were changed from the Russell 2000 Value Index to the Russell 2000 Index and Russell 2500 Value Index to the Russell 2500 Index, respectively. In addition, the MEM Small Cap Value Sustainable Equity Strategy was renamed to MEM Small Company Sustainable Equity Strategy and the MEM SMID Cap Value Sustainable Equity Strategy was renamed to MEM SMID Company Sustainable Equity Strategy. Please see following page for supplemental performance information. | Performance results are shown gross and net of fees. Past performance is not necessarily indicative of future results. Please see GIPS Reports at the end for complete performance information, including benchmark/index definitions.

CHART 1: SMALL COMPANY SUSTAINABILITY VS R2000 – COMPOSITE SCORE



Source: MEM, ISS Datadesk As of June 30, 2022. Composite sustainability scores are weighted as follows: 40% governance, 30% environmental and 30% social.

CHART 2: SMID SUSTAINABILITY VS R2500 – COMPOSITE SCORE



Source: MEM, ISS Datadesk As of June 30, 2022. Composite sustainability scores are weighted as follows: 40% governance, 30% environmental and 30% social.

4. Fride, Busch, Bassen – Journal of Sustainable Finance & Investment, Vol 5, Issue 4, ESG and Financial Performance. | Past performance is not necessarily indicative of future results. Please refer to the final pages for GIPS Reports and complete performance information, including net, and other important information, including benchmark descriptions.



## Sustainability scores and profile

Along with traditional fundamental metrics, our analysts make broad assessments of a company's ESG profile and sustainability framework. Mesirow Equity Management obtains ESG profile scores and sustainability rankings from third-party vendors and aggregates them into a composite score based on our proprietary methodology. Based on the composite scoring process described above, as well as incremental due diligence with individual companies, we then generate a list of companies that we believe possess favorable ESG profiles.

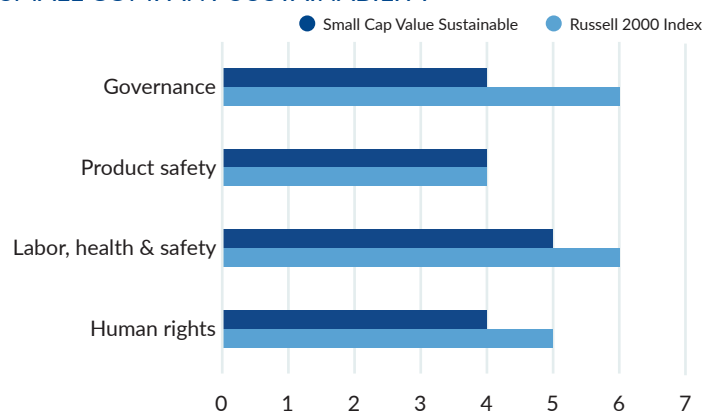
Accordingly, our methodology shows a significantly positive skew toward companies we would classify as leaders or outperformers based on their sustainability profiles with diminished exposure to those considered underperformers or laggards.

## Responsible impact

While we employ ESG analysis to evaluate how corporate governance issues such as staggered boards of directors, board independency and executive compensation can affect firm volatility, credit spreads and cost of capital, we also evaluate the impact of environmental and social factors on firm value.

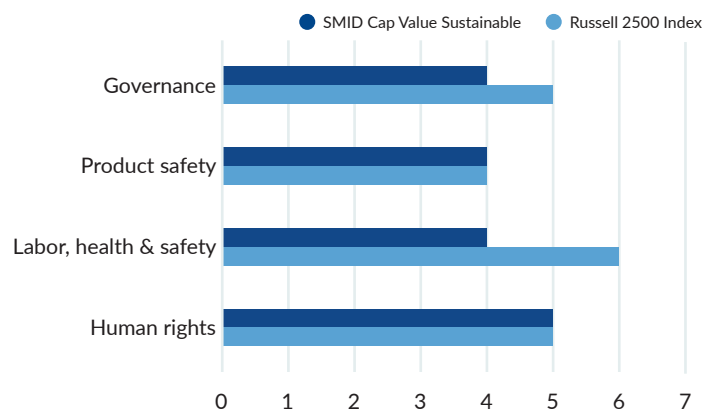
We believe that, by investing in companies that carefully consider their environmental impact, we help incentivize long-term, environmentally-friendly decisions that can also help improve company profitability. In addition, we believe that by investing in companies that help fulfill social responsibilities and reduce negative impacts on communities, we enable those companies to become stronger corporate citizens and reduce levels of fundamental risk. The tables below illustrate exposure risk factors that could impact performance or increase risk where in most cases our exposure is lower than the benchmark index.

CHART 3: QUALITY SCORE FACTOR EXPOSURE – SMALL COMPANY SUSTAINABILITY



Source: MEM, ISS Datasdesk as of June 30, 2022. Equal-weighted average of all companies in the index and portfolio for those various categories.

CHART 4: QUALITY SCORE FACTOR EXPOSURE – SMID SUSTAINABILITY



Source: MEM, ISS Datasdesk. As of June 30, 2022. Equal-weighted average of all companies in the index and portfolio for those various categories.

## Social and community responsibility

We are also mindful of how our investments can impact our society and communities, and believe it is important that this impact be measurable.



NO EXPOSURE  
TO TOBACCO



NO EXPOSURE TO  
PAY-DAY LOANS



NO EXPOSURE  
TO FOR-PROFIT  
PRISONS



NO EXPOSURE TO  
NUCLEAR WEAPONS  
AND FIREARMS



NO EXPOSURE TO  
GAMBLING AND  
GAMING

Source: MEM, Bloomberg, FTSE Russell

## Materiality

Fundamental research is the primary driver of excess performance through stock selection. We combine fundamental and ESG analysis along with other factors in our investment selection process to identify specific opportunities. A valuable part of this analysis is the broad qualitative consideration of material factors which may have more influence on financial performance. Material factors are given more consideration within the overall evaluation of an investment opportunity. The chart below is an example of select ESG issues and the degree of consideration given within certain sectors.

In conclusion, we continue to believe that by combining our time-tested investment process with robust ESG integration and management engagement, we can generate attractive risk-adjusted returns and make the world better for everyone.

Select material ESG issues		Consumer products	Financials	Healthcare	Technology	Transportation
Environment	Energy management	High	Low	High	High	High
	Water & wastewater management	High	Low	Low	Low	Low
	Waste & hazardous materials management	Low	Low	High	Low	Low
Social	Human rights & community relations	High	High	High	Low	Low
	Employee health & safety	Low	Low	High	Low	High
	Employee engagement, diversity & inclusion	High	High	High	High	Low
Governance	Product quality & safety	High	Low	High	Low	High
	Business ethics	High	High	High	High	High
	Board structure and diversity	High	High	High	High	High
	Management of the legal & regulatory environment	Low	High	High	High	High

Source: MEM, ISS Datadesk.

Materiality consideration ● High ● Medium ● Low



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## About Mesirow

Mesirow is an independent, employee-owned financial services firm founded in 1937. Headquartered in Chicago, with locations around the world, we serve clients through a personal, custom approach to reaching financial goals and acting as a force for social good. With capabilities spanning Global Investment Management, Capital Markets & Investment Banking, and Advisory Services, we invest in what matters: our clients, our communities and our culture. To learn more, visit [mesirow.com](https://mesirow.com) and follow us on [LinkedIn](#).

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Benchmark Definition: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. There is over USD 9.9 trillion indexed or benchmarked to the index, with indexed assets comprising approximately USD 3.4 trillion of this total. The index includes 500 leading companies and covers approximately 80% of available market capitalization. Please see the following GIPS disclosure for additional benchmark definitions.

The Russell 2000 Index® offers investors access to the small-cap segment of the U.S. equity universe. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. The Russell 2000 includes the smallest 2000 securities in the Russell 3000. The Russell 2000 Value Index® offers investors access to the small-cap value segment of the U.S. equity universe. The Russell 2000 Value is constructed to provide a comprehensive and unbiased barometer of the small-cap value market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine value probability approximates the aggregate small-cap value manager's opportunity set.

The Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500 Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2500 Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment. Both Indices are completely reconstituted annually to ensure large stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect value characteristics.

## GIPS REPORT – MEM SMALL COMPANY SUSTAINABLE EQUITY COMPOSITE

Gross and Net of Fees Total Returns from April 1, 2019 – September 30, 2022

Year	Year end			Annual performance results					3-year annualized dispersion <sup>(2)</sup>	
	No. of portfolios	Composite Asset at end of period (\$MM)	Total Firm Assets (\$MM)	MEM (gross) Composite (%)	MEM (net) Composite (%)	Russell 2000 Index (%)	Russell 2000 Value Index (%)	Composite Dispersion (%)	MEM (gross) Composite (%)	Russell 2000 Index - Linked <sup>(1)</sup> (%)
2019*	5 or fewer	1	678	9.28	8.65	9.55	9.35	n/a	—	—
2020	5 or fewer	12	722	7.61	6.81	19.96	4.63	n/a	—	—
2021	5 or fewer	15	886	28.04	27.10	14.82	28.27	n/a	—	—
<b>Current Performance Results - PRELIMINARY</b>										
2022 YTD	5 or fewer	16	724	-12.09	-12.57	-25.10	-21.12	n/a	23.66	26.51

Mesirow Equity Management ("MEM") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. MEM has been independently verified for the periods 01.01.1996 – 12.31.2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Small Company Sustainable Equity Composite has had a performance examination for the periods 04.01.2019–12.31.2021. The verification and performance examination reports are available upon request.

Benchmark returns are not covered by the report of independent verifiers.

The benchmarks for the strategy are the Russell 2000 Index and the Russell 2000 Value Index. Effective 01.01.2022 the primary benchmark changed from the Russell 2000 Value Index to the Russell 2000 Index.

(1) The Russell 2000 Index–Linked is comprised of the Russell 2000 Value from inception through 12.31.2021, and the Russell 2000 index since 01.01.2022.

Effective 07.01.2022, MEM transferred its assets and associated composites to Mesirow Institutional Investment Management, Inc. ("MIIM"), a registered investment advisor (RIA) registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Prior to 07.01.2022, MEM's assets and associated composites were part of Mesirow Financial Investment Management, Inc. ("MFIM"). For purposes of claiming GIPS compliance, as of 01.01.2010 the "Firm" was further defined as the US Value Equity business unit, now defined as MEM which manages portfolios primarily for institutional investors adhering to an investment process incorporating fundamental analysis of security valuation factors and drivers. The composites within this unit vary primarily by the capitalization range of the equity securities held. MEM is comprised of the legacy entities of Mesirow Financial Investment Management - US Value Equity (the surviving entity) and Fiduciary Management Associates, LLC (the acquired entity), with each prior to this effective date being held out to the public as separate firms, and each claiming compliance with the GIPS Standards. Effective 04.01.2016, the firm was redefined and renamed for GIPS purposes to include both the legacy Mesirow Financial Investment Management - US Value Equity division and the legacy Fiduciary Management Associates, LLC division as one combined entity.

\*Performance and composite inception and creation date is 04.01.2019.

On 01.01.2022 the composite and strategy were renamed to Small Company Sustainable Equity (former name: Small Cap Value Sustainable Equity)

The Small Company Sustainable Equity Composite includes all institutional portfolios that invest in the Small Company Sustainable Equity Strategy. The strategy allows for investments in equity securities of companies with market capitalizations in a range representative of constituents in the Russell 2500 Index. The strategy aims to deliver a total return primarily through long-term capital appreciation. Further, sustainable investment criteria such as environmental, social and governance ("ESG") factors are emphasized within the fundamental assessment of macro, sector and company specific trends. ESG factors are incorporated through creating aggregate sustainability profiles for companies in the investable universe and removing companies that have less favorable profiles from investment consideration. The performance presented herein represents past performance and is no guarantee of future results. MEM and benchmark performance reflect the reinvestment of dividends and interest income, expressed in U.S. dollars. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The firm maintains a complete list of composite descriptions, a list of pooled fund descriptions for limited distributions pooled funds and a list of broad distributions pooled funds, which is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

### Calculation of Risk Measures: Annual / 3 Years Dispersion

Composite internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. Because it is not statistically meaningful, MEM does not calculate the dispersion of annual returns for the years the composite held five or fewer accounts. Inclusion of the three-year annualized ex-post standard deviation of the composite and benchmark was added as a requirement effective 12.31.2011.

(2) Data are not presented for periods containing less than 36 monthly returns for the composite.

### Performance / Net of Fee Disclosure

The net of fees returns, for non-fee-paying assets, is calculated by reducing the monthly gross performance by one-twelfth of the maximum applicable fee, .75bps. These returns are then geometrically linked to produce annual returns. The Composite's market value includes non-fee-paying assets. From inception through 12.31.2019 those assets comprised 100% of composite assets. At 12.31.2020 and 12.31.2021 those assets comprised 10% of composite assets. Performance information that is provided gross of fees does not reflect the deduction of advisory fees. Client returns will be reduced by such fees and other expenses that may be incurred in the management of the account. Advisory fees are described in Part 2 of Form ADV of MIIM.

### Investment Fee Disclosure

MEM requests that any third party, including investment management consultants, provide our performance data only on a one-on-one basis. Performance results are presented before management and custodial fees. As described in MEM's Form ADV, Part 2, investment management fees for the Small Company Sustainable Equity Strategy are:

- 0.85% on the first \$25 million
- 0.75% on the next \$25 million
- 0.60% on the next \$50 million
- 0.55% on the balance

An actual fee charged to an individual portfolio may vary by size and type of portfolio. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) \$1,000,000 investment, (b) portfolio return of 8% a year, and (c) 0.85% annual investment advisory fee would reduce the portfolio's value by \$8,892 in the first year, by \$51,223 over five years and \$123,351 over 10 years. Actual investment advisory fees incurred by clients will vary.

### Benchmark Definitions

The Russell 3000® Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. The Russell 2000 Index® offers investors access to the small-cap segment of the U.S. equity universe. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. The Russell 2000 includes the smallest 2,000 securities in the Russell 3000.

The Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership.

The Russell 2000 Value Index® offers investors access to the small-cap value segment of the U.S. equity universe. The Russell 2000 Value is constructed to provide a comprehensive and unbiased barometer of the small-cap value market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine value probability approximates the aggregate small-cap value manager's opportunity set. (Source: Russell).

Indexes have been displayed as comparisons to the performance of the Small Company Sustainable Equity Composite.



## GIPS Report – MEM Small Company Sustainable Equity Composite

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## GIPS REPORT – MEM SMID COMPANY SUSTAINABLE EQUITY COMPOSITE

Gross and Net of Fees Total Returns from April 1, 2019 – September 30, 2022

Year	Year end			Annual performance results					3-year annualized dispersion <sup>(2)</sup>	
	No. of portfolios	Composite Asset at end of period (\$MM)	Total Firm Assets (\$MM)	MEM (gross) Composite (%)	MEM (net) Composite (%)	Russell 2500 Index (%)	Russell 2500 Value Index (%)	Composite Dispersion (%)	MEM (gross) Composite (%)	Russell 2500 Index - Linked <sup>(1)</sup> (%)
2019*	5 or fewer	2	678	11.18	10.50	10.32	9.24	n/a	—	—
2020	5 or fewer	2	722	6.83	6.05	19.99	4.88	n/a	—	—
2021	5 or fewer	3	886	26.68	25.71	18.18	27.78	n/a	—	—
<b>Current Performance Results - PRELIMINARY</b>										
2022 YTD	5 or fewer	2	724	-13.57	-14.04	-24.01	-20.41	n/a	23.64	25.75

Mesirow Equity Management ("MEM") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. MEM has been independently verified for the periods 01.01.1996 – 12.31.2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The SMID Company Sustainable Equity Composite has had a performance examination for the period 04.01.2019 – 12.31.2021. The verification and performance examination reports are available upon request.

Benchmark returns are not covered by the report of independent verifiers.

The benchmarks for the strategy are the Russell 2500 Index and Russell 2500 Value Index. Effective 01.01.2022 the primary benchmark changed from the Russell 2500 Value to the Russell 2500 Index.

(1) The Russell 2500 Index-Linked is comprised of the Russell 2500 Value Index from inception through 12.31.2021, and the Russell 2500 Index since 01.01.2022.

Effective 07.01.2022, MEM transferred its assets and associated composites to Mesirow Institutional Investment Management, Inc. ("MIIM"), a registered investment advisor (RIA) registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Prior to 07.01.2022, MEM's assets and associated composites were part of Mesirow Financial Investment Management, Inc. ("MFIM"). For purposes of claiming GIPS compliance, as of 01.01.2010 the "Firm" was further defined as the US Value Equity business unit, now defined as MEM which manages portfolios primarily for institutional investors adhering to an investment process incorporating fundamental analysis of security valuation factors and drivers. The composites within this unit vary primarily by the capitalization range of the equity securities held. MEM is comprised of the legacy entities of Mesirow Financial Investment Management - US Value Equity (the surviving entity) and Fiduciary Management Associates, LLC (the acquired entity), with each prior to this effective date being held out to the public as separate firms, and each claiming compliance with the GIPS Standards. Effective 04.01.2016, the firm was redefined and renamed for GIPS purposes to include both the legacy Mesirow Financial Investment Management - US Value Equity division and the legacy Fiduciary Management Associates, LLC division as one combined entity.

\*Performance and composite inception and creation date is 04.01.2019.

On 01.01.2022 the composite and strategy were renamed to SMID Company Sustainable Equity (former name: SMID Cap Value Sustainable Equity).

The SMID Company Sustainable Equity Composite includes all institutional portfolios that invest in the SMID Company Sustainable Equity strategy. The strategy allows for investments in equity securities of companies with market capitalizations in a range representative of constituents in the Russell 2500 Index. The strategy aims to deliver a total return primarily through long-term capital appreciation. Further, sustainable investment criteria such as environmental, social and governance ("ESG") factors are emphasized within the fundamental assessment of macro, sector and company specific trends. ESG factors are incorporated through creating aggregate sustainability profiles for companies in the investable universe and removing companies that have less favorable profiles from investment consideration. The benchmarks for the strategy are the Russell 2500 Value Index and the Russell 2500 Index. The performance presented herein represents past performance and is no guarantee of future results. Gross returns presented are net of any withholding taxes incurred. MEM and benchmark performance reflect the reinvestment of dividends and interest income, expressed in U.S. dollars. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The firm maintains a complete list of composite descriptions, a list of pooled fund descriptions for limited distributions pooled funds and a list of broad distributions pooled funds, which is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

### Calculation of Risk Measures: Annual / 3 Years Dispersion

Composite internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. Because it is not statistically meaningful, MEM does not calculate the dispersion of annual returns for the years the composite held five or fewer accounts. Inclusion of the three-year annualized ex-post standard deviation of the composite and benchmark was added as a requirement effective 12.31.2011.

(2) Data are not presented for periods containing less than 36 monthly returns for the composite.

### Performance / Net of Fee Disclosure

The net of fees returns, for non-fee-paying assets, is calculated by reducing the monthly gross performance by one-twelfth of the maximum applicable fee, .75bps. These returns are then geometrically linked to produce annual returns. From composite inception through 12.31.2021, 100% of the composite's market value consisted of non-fee-paying assets. Performance information that is provided gross of fees does not reflect the deduction of advisory fees. Client returns will be reduced by such fees and other expenses that may be incurred in the management of the account. Advisory fees are described in Part 2 of Form ADV of MIIM.

### Investment Fee Disclosure

MEM requests that any third party, including investment management consultants, provide our performance data only on a one-on-one basis. Performance results are presented before management and custodial fees. As described in MEM's Form ADV, Part 2, investment management fees for the SMID Company Sustainable Equity Strategy are:

- 0.85% on the first \$25 million
- 0.75% on the next \$25 million
- 0.60% on the next \$50 million
- 0.55% on the balance

An actual fee charged to an individual portfolio may vary by size and type of portfolio. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) \$1,000,000 investment, (b) portfolio return of 8% a year, and (c) 0.85% annual investment advisory fee would reduce the portfolio's value by \$8,892 in the first year, by \$51,223 over five years and \$123,351 over 10 years. Actual investment advisory fees incurred by clients will vary.

### Benchmark Definition

The Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500 Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 2500 Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment. The Index are completely reconstituted annually to ensure large stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect value characteristics. (Source: Russell)

Indexes have been displayed as comparisons to the performance of the SMID Company Sustainable Equity Composite.



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