A unique approach to small-cap investing

Combining a bottom-up and top-down strategy for long-term success

Most active investing entails bottom-up, fundamental analysis. By analyzing valuation metrics and financial statements, investors try to determine what to buy, what to sell and when. However, when investors use similar processes, they may produce strikingly similar blind spots when external influences are not considered. We believe the ability to incorporate exogenous factors into one's decision making is what differentiates the thousands of average investors from the few great ones.

The Mesirow Equity Management team features an additional layer of analysis that augments our fundamental assessments of companies: We incorporate top-down, thematic considerations in a way that we believe distinguishes us from most other small cap equity investors. In our view, it's what helps us make outstanding decisions designed to deliver long term success.

It's not just the house, it's the location

For most investors, top-down investing is the over- and under-weighting of sectors based on macroeconomic analysis. While macroeconomic analysis is part of a top-down investment process, we believe that incorporating thematic elements – in addition to macroeconomic analysis – creates a more robust process. The goal is to generate returns that are far more additive to results.

Our macroeconomic analysis is comprehensive and covers three main categories:

Economic cycle | **Monetary policy** | **Fiscal/regulatory issues**

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We like to say that combining top-down analysis with bottom-up selection is akin to buying a house. The “bottom-up” portion is valuing the house on its individual merits: when was it built, how recently it’s been renovated, are the plumbing and electrical systems functioning properly and so on. The “top-down” portion examines the exogenous forces that impact the value of the house, such as the neighborhood, the school system, the risk of flooding, taxes and other factors affecting the home’s value. An insightful top-down process can boost confidence in purchase decisions. But just as important, it helps identify risks not revealed in the bottom-up approach. We believe it is critical to avoiding unnecessary or unwanted risks. Our two-pronged combined approach is designed to deliver a more thorough analysis and a higher likelihood of outperforming the benchmark.
Our investment results support this claim.

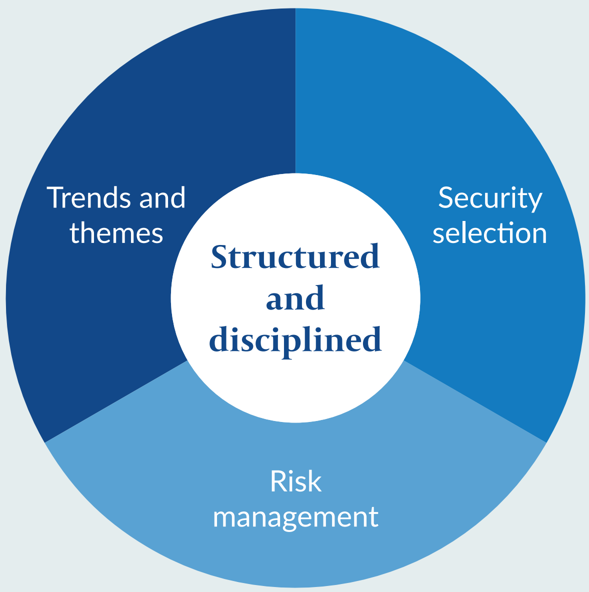
Our thematic analysis considers variables not captured in macro analysis. These include:

Industrial trends	**Consumer trends**
Secular trends	**Global regional trends**

Mesirow Equity Managment Investment process | A simple, repeatable discipline

1. Top-down analysis

- Macro-economic data
- Monetary and fiscal policy
- Geo-political influences
- Fiscal regulatory issues



2. Bottom-up selection

- Implementation of trends and themes
- Quantitative and qualitative analysis of securities
- Emphasis on attractive valuation and impending catalysts

3. Downside protection

Disciplined portfolio construction emphasizing:

- Diversification
- Liquidity
- Risk management

Past performance is not necessarily indicative of future results. Please refer to the disclosures at the end of this material and the GIPS Report for complete performance information and benchmark /index definitions.

Mesirow Equity Management's analysis in action

The past three years have provided **four distinct periods** when our macro + thematic analysis added value to our investment process and helped generate positive excess performance versus the index.

1

1.2020–3.2020
Pandemic proliferation:
Initial spread of the COVID-19 coronavirus

2

4.2020–3.2021
Stimulus response:
$6 trillion in monetary and fiscal stimulus

3

4.2021–10.2021
Conflicting signals:
(COVID-19 variants)

4

11.2021–9.2022
Market downturn:
Inflation and the threat of recession

PERIOD 1 | Pandemic proliferation
(January 2020 – March 2020)

After nearly three years, COVID-19 and its related issues have become normalized. But in the early days of the pandemic, feelings of confusion and denial were fresh and its impact on global markets was swift and unrelenting. In January 2020, a distant threat in China quickly turned into a domestic disaster by mid-March. Initial concerns accelerated into an immense health crisis with an unknown set of outcomes. Secondary impacts were quickly realized in the economy as stay-at-home orders and shutdowns by states led to a sudden deceleration in economic activity. The mass liquidation of risky assets led to a significant decline in equity prices as investors attempted to assess the depth and duration of a full-blown recession. Simultaneously, Saudi Arabia and Russia were battling over the appropriate amount of oil production, causing prices to plummet to less than $20/barrel.

Top-down analysis: Although it would seem there were no safe harbors, specific areas of the market were less affected than others. Our top-down analysis and prompt execution helped us pivot and reallocate assets to safer sectors such as Utilities and sectors where we expected relative fundamental strength such as Technology and Health Care. While no sector produced positive returns, Utilities, Consumer Staples, Health Care and Technology were the best performers. Energy and Consumer Discretionary (impacted by a sudden stop in retail and leisure activity) were the worst performers.

Bottom-up selection: During the quarter, we reduced exposure to Financials by 600 bps, Energy by 500 bps and Materials by 200 bps and increased Technology by 1000 bps and Utilities by 150 bps.

From a risk perspective, we reduced industrial and consumer cyclicality and overall beta to reduce the portfolio's sensitivity to the market downturn. About 60% of the outperformance during the period was due to our ability to sense that market leadership would be defensive and higher in quality. The remaining 40% is attributed to stock selection.

PERIOD 2 | Stimulus response
(April 2020 – March 2021)

The federal government and the Federal Reserve Bank (Fed) did not waste any time responding to the crisis. The target federal funds rate was lowered to 0%–0.25% by the end of March 2020. By the end of the year, the Fed and Congress produced more than $6 trillion of monetary and fiscal stimulus to limit risk and to act as an income bridge for workers displaced by the pandemic. Almost every investment decision of consequence centered around the impact, duration and response to a non-economic event – an incredibly rare occurrence. This tested investors' abilities to think beyond financial statements and fundamental analysis. The big picture was front and center.

Top-down analysis: We asked the question, "How would a global pandemic affect global economies and capital markets?" In the US, we experienced the deepest but shortest recession on record. As investors, we understood that early cyclical stocks and high beta stocks would perform best in a recovery environment.

Bottom-up selection: During the entire period, we tilted our portfolio in the direction of Industrial Cyclic (Capital Goods, Materials, Energy) and Consumer sectors and away from secular growth sectors (Health Care and Technology), which was essentially the opposite of what we did in 1Q 2020.

Also, of note during the period, the long streak of growth stock outperformance ended as value stocks assumed leadership in 4Q 2020.

PERIOD 3 | Conflicting signals
(April 2021 – October 2021)

Beginning in April 2021, the small cap market stayed in a trading range for seven months due to a series of conflicting data points.

Top-down analysis: During the period, the economy gradually reopened and recovered as COVID restrictions were reduced and, in some cases, eliminated. Fiscal and monetary stimulus fostered increased spending. There was significant employment formation and job growth, which ultimately led to corporate earnings results that were well ahead of expectations.

Offsetting these generally positive trends, COVID cases spiked in the spring and summer months when the new Delta variant spread nationwide and placed doubts on whether the recovery was sustainable. Concurrent supply chain disruptions and increased input costs—particularly wages and raw materials—led to the first signs of inflation. Restrictive Fed policy changes followed, and an issue that had been considered "transient" soon became a legitimate concern, as inflation increasingly appeared to be stubborn and persistent.

Bottom-up selection: When there are no clear trends, top-down and thematic investing is quite difficult and generally ineffective. Stock selection skill becomes the preferrable method for generating positive excess returns. During this stage, we realized gains in our Consumer and Industrial winners and reallocated to higher quality and less cyclical positions in Health Care, Technology and Utilities. The repositioning served us well for the final stage.

PERIOD 4 | Inflation and the bear market downturn
(November 2021 – September 2022)

After reaching a market top on November 8, 2021, the Russell 2000 Index steadily dropped, ending down -25.1% year-to-date on September 30, 2022. The 12-month inflation rate climbed from 6.2% at the end of October 2021 to 8.2% at the end of September 2022. The Fed found itself playing catch-up when it began to raise the Fed Funds Rate (from near zero) in March 2022.

While we expected higher-than normal inflation driven by fiscal spending and accommodative monetary policy, by the first quarter of 2022 it became clear that the inflation rate was more than "transitory." Lingering supply-chain disruptions and Russia's invasion of Ukraine added to inflationary pressures, which prompted the Federal Reserve to declare that their top priority was taming inflation, even at the cost of a healthy, growing economy.

Top-down analysis: On the surface, the portfolios increased exposure to Financials and REITs by more than 700 basis points and simultaneously decreased exposure to cyclical sectors like Consumer Discretionary, Technology and Materials. However, appearances can be misleading because they often do not tell the whole story. In a time of rising rates and growing concerns about a recession, we were thinking about risk and safety. Below the surface where sector exposures are evident, we were making changes to the composition of the portfolio. A top-down call by the portfolio managers guided our analysts to focus on positioning the portfolio with more meaningful exposure to higher quality, lower leverage and beta characteristics, all to reduce risk and transition toward a more defensive stance.

Bottom-up selection: Our top-down call also placed an emphasis on companies with the ability to raise prices faster than input costs as an underlying trend. Attribution for the period suggests that it was solely our skill in stock selection that was responsible for outperformance. However, this analysis masks the impact of our top-down decisions. Standard attribution is generally unable to capture allocation decisions when they are made at the subsector level. This period demonstrates how it is possible for thoughtful top-down decisions—ones that impact the composition and complexion of the portfolio—to be reflected entirely as selection skill with no mention of or reference to effective top-down allocation decisions.

An adaptable process designed to deliver consistent results

Plan sponsors and capital allocators are tasked with identifying investment managers who will add value over time, which is not an easy job. With the basics of investing well defined, conventional wisdom says that an investor must not only harness available information, but also add perceptive analysis that distinguishes results from other investors. Allocators of capital sometimes call this a unique and sustainable competitive advantage.

Past performance is not necessarily indicative of future results. Please refer to the disclosures at the end of this material and the GIPS Report for complete performance information and benchmark /index definitions.

At Mesirow Equity Management, we believe we have created a formula for success that is quite different than most small cap value strategies. We integrate top-down macroeconomic and thematic investing with traditional bottom-up fundamental analysis. Just like the combination of two uncorrelated assets can lead to an efficient frontier of optimal risk and return results, we see the same type of outcome from combining top-down analysis and bottom-up selection. The risk and return output of the combination, adjusted depending on market conditions, is better than using either of the components on their own. The results are indisputable.

Small Cap Value strategy performance*
As of September 30, 2022

6th	12th
percentile for the 1-year period	percentile for the 3-year period

*Versus peers in the eVestment small cap value universe | eVestment as of 9.30.22. Rankings and/or recognition by unaffiliated rating services and/or publications are not indicative of a firm's future performance nor do they evaluate the quality of services provided to clients or guarantee that he/she will experience a certain level of results if Mesirow is engaged, or continues to be engaged, to provide investment advisory services, nor should they be construed as a current or past endorsement of Mesirow by any of its clients. The organization does not receive direct compensation from the advisor in exchange for placement on a ranking.

The benefits of adding top-down analysis to traditional bottom-up fundamental analysis can vary. Nevertheless, the value is there, and it can be quite substantial depending on market conditions. With the addition of a top-down process, Mesirow Equity Management and its investment strategies are distinct, distinguished and unrivalled compared to other small cap value managers.

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 and follow us on LinkedIn.

Please see the GIPS report on the next page for important additional information.

The Russell 2000 Index is a small-cap stock market index that makes up the smallest 2,000 stocks in the Russell 3000 Index. It was started by the Frank Russell Company in 1984.

Mesirow

GIPS REPORT – MEM SMALL CAP VALUE EQUITY COMPOSITE

Gross and Net of Fees Total Returns from January 1, 2012 – September 30, 2022

	Year end			Annual performance results					3-year annualized dispersion		
Year	No. of portfolios	Composite Asset at end of period ($MM)	Total Firm Assets (1) ($MM)	MEM (gross) Composite (%)	MEM (net) Composite (%)	Russell 2000 Value Index (%)	Russell 2000 Index (2) (%)	Composite Dispersion (%)	MEM (gross) Composite (%)	Russell 2000 Value Index (%)	Russell 2000 Index (%)
2012	23	1,060	n/a	11.71	11.07	18.05	16.35	0.03	19.19	19.89	20.20
2013	20	1,243	n/a	36.27	35.54	34.52	38.82	0.04	15.62	15.82	16.45
2014	21	1,259	n/a	6.51	5.93	4.22	4.89	0.04	11.54	12.79	13.12
2015	20	1,077	n/a	0.27	-0.26	-7.47	-4.41	0.05	12.57	13.46	13.96
2016	18	1,091	1,684	15.76	15.13	31.74	21.31	0.05	14.37	15.50	15.76
2017	15	976	1,477	14.51	13.88	7.84	14.65	0.03	12.60	13.97	13.91
2018	15	659	789	-14.96	-15.42	-12.86	-11.01	0.04	15.00	15.76	15.79
2019	11	516	678	24.37	23.73	22.39	25.52	0.05	14.86	15.68	15.71
2020	7	501	722	8.46	7.89	4.63	19.96	0.06	23.99	26.12	25.27
2021	9	646	886	30.39	29.74	28.27	14.82	0.09	22.60	25.00	23.35
Current Performance Results - PRELIMINARY											
2022 YTD	6	493	724	-12.40	-12.72	-21.12	-25.10	n/a	23.30	26.11	25.11

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 Cap Value Equity Composite has had a performance examination for the periods 01.01.2016 - 12.31.2021. The verification and performance examination reports are available upon request.

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

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"). The historical performance presented prior to the creation of MFIM was managed by MFIM or its predecessor firms prior to 01.01.2005. 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.

In 2016, MFIM acquired the asset management rights for all managed portfolios from an independent investment advisory firm and retained all of the principals and employees related to such portfolios. Performance results of the Small Cap Value Equity Composite at the prior firm are the performance record of the Firm.

(1) Total Firm Assets are not presented for periods prior to 2016 because the Composite was not part of the Firm.

Performance and composite inception and creation date is 07.01.1994.

The Small Cap Value Equity Composite includes all institutional portfolios that invest in the small capitalization strategy with a minimum initial account size of $1,000,000. The strategy allows for investments in equity securities of companies with market capitalizations in a range representative of constituents in the Russell 2000 Index. The strategy aims to deliver a total return primarily through long-term capital appreciation. The benchmarks for the strategy are the Russell 2000 Index and the Russell 2000 Value 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 composite policy requires the temporary removal of any portfolio incurring a client-initiated significant inflow or outflow of 10% of portfolio assets. 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.

Balanced portfolio segments were included in this composite prior to 10.01.1999 and cash was equally distributed among asset segments in their respective composites. On 06.30.2008, MEM redefined the requirements for membership in the composite to exclude accounts or carve-out segments of accounts with client mandated cash allocations in excess of 5%. The membership of this composite did not change as a result of this redefinition. On of 04.01.2009, MEM redefined the requirements for membership in the composite to exclude all carve-out accounts. The membership of this composite did not change as a result of this redefinition.

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.

Performance / Net of Fee Disclosure

Net of fee performance is calculated using the actual monthly fee accrued to each account in the composite as of 01.01.2010. Prior to 01.01.2010, Net of fee performance was calculated using the highest actual management fee charged to a member of the composite during the calendar year, applied monthly. 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.

In presentations shown prior to 09.30.2014, net of fee performance was calculated using the actual monthly fee accrued to each account in the composite as of 04.01.2014. Prior to 04.01.2014, Net of fee performance was calculated using the highest actual management fee charged to a member of the composite during the calendar year, applied monthly.

10.01.2011 – 03.31.2014 the annual fee rate used was 0.95% which was the highest fee.
06.01.2011 – 09.30.2011 the annual fee rate used was 1.00%
01.01.2010 – 05.31.2011 the annual fee rate used was 0.90%
01.01.2008 – 12.31.2009 the annual fee rate used was 0.80% prior to 01.01.2008 the annual fee rate used was 0.79%

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 Cap 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 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. (Source: Russell).

These indexes have been displayed as comparisons to the performance of the Small Cap Value Equity Composite.

(2) Additional Information.

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 Effective 07.01.2022, Mesirow Equity Management ("MEM") became a division of Mesirow Institutional Investment Management ("MIIM") an SEC-registered investment manager. Prior to 07.01.2022, MEM was a division of Mesirow Financial Investment Management, Inc., ("MFIM). This communication is for institutional use only and may contain privileged and/or confidential information. It is intended solely for the use of the addressee. If this information was received in error, you are strictly prohibited from disclosing, copying, distributing or using any of this information and are requested to contact the sender immediately and destroy the material in its entirety, whether electronic or hardcopy. Nothing contained herein constitutes an offer to sell or a solicitation of an offer to buy an interest in any Mesirow Financial investment vehicle. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. Any opinions expressed are subject to change without notice. It should not be assumed that any recommendations incorporated herein will be profitable or will equal past performance. Model, theoretical or hypothetical performance information and results do not reflect actual trading or asset or fund advisory management and the results may not reflect the impact that material economic and market factors may have had, and can reflect the benefit of hindsight, on MEM's decision-making if MEM were actually managing client's money. Any chart, graph, or formula should not be used by itself to make any trading or investment decision. Mesirow Financial Investment Management, Inc. and its affiliated companies and/or individuals may, from time to time, own, have long or short positions in, or options on, or act as a market maker in, any securities discussed herein and may also perform financial advisory or investment banking services for those companies. Mesirow Financial does not provide tax or legal advice. Securities offered through Mesirow Financial, Inc. member FINRA, SIPC.