Foundry Partners

**A Presentation for**

# Mid-Atlantic UFCW:

Large Cap Value

September 25, 2019

**Presented by**


| | |
|---|---|
| Mary Jane Matts, CFA | Partner, Portfolio Manager – Value Strategies |
| Seamus Murphy | Partner, Marketing and Client Service |

# Contents

FOUNDRY PARTNERS

# Foundry Partners Overview



## Foundry Partners, LLC

- Investment adviser registered under the Investment Advisers Act of 1940.
- A limited liability company in which key professionals within the organization hold majority equity ownership. Private equity firm Rosemont Investment Partners, LLC is a non-controlling minority stakeholder.
- A cohesive team of investment professionals whose diverse backgrounds and experience broaden and strengthen the firm's vision.
- 26 employees:
  - 11 CFA® charterholders
  - 11 MBA graduates
- Headquartered in Minneapolis, MN with an additional office in Cleveland, OH.

## Asset Breakdown

As of 6/28/2019

| Total Assets: | Discretionary Assets: | Advisory-Only UMA Assets: |
|---|---|---|
| $3.41 Billion | $2.67 Billion | $732 Million |

2013: Foundry Commences Operations: $1.72 Billion in Total Assets

2014: Foundry Adds Three Partners (PMs) - Six Total

2016: Foundry Acquires Team & Assets from Dreman Value Management

2016: Foundry Acquires Team & Assets from Arbor Capital Management

2018: 18 Total Partners: $2.99 Billion in Total Assets

# Foundry Partners Overview

## What Makes Us Unique

Foundry Partners is composed of experienced professionals who provide a solid foundation of market knowledge and investment skill to the business of portfolio management.

Similar to an actual foundry, we use our experience to implement a consistent and disciplined process that takes raw assets and molds them into refined portfolios, helping clients to achieve their investment objectives.

In addition to our core pillars of experience, consistency, and discipline, is our focus on our clients. By providing top-level service, we aspire to build and maintain mutually beneficial long-term relationships.

### Institutional Product Offering - U.S. Equity

**VALUE**
- Large Cap Value
- All Cap Value
- Fundamental Mid Cap Value
- Fundamental Small Cap Value
- Micro Cap Value Plus
- Micro Cap Value

**CORE**
- All Cap Core

**GROWTH**
- Active Growth
- Mid Cap Growth
- Alpha Sm. Cap Growth

# Large Cap Value Investment Team

Foundry Partners

- Highly seasoned, well-credentialed investment professionals
- Long-term shared track record – all three portfolio managers have worked together since 2006, with professional associations dating back further
- Portfolio managers function as research analysts conducting bottom-up fundamental analysis and valuation exercises on companies within their particular industries
- Vast majority of decisions are arrived at via consensus, with team lead having ultimate responsibility
- Supported by Senior Equity Head Trader

* Team Lead

**Mary Jane Matts, CFA***
*Partner*
*Portfolio Manager - Value Strategies*

- Started in the industry in 1987
- Started with Foundry Partners in 2013
- Previously with Fifth Third Asset Management in a similar capacity
- B.A. in Economics from Kenyon College
- MBA from Case Western Reserve University

**Peter M. Klein, CFA**
*Partner*
*Director - Value Strategies*

- Started in the industry in 1979
- Started with Foundry Partners in 2013
- Previously with Fifth Third Asset Management in a similar capacity
- B.A. in Philosophy from John Carroll University
- MBA from Cleveland State University

**Ted Y. Moore, CFA**
*Partner*
*Portfolio Manager - Value Strategies*

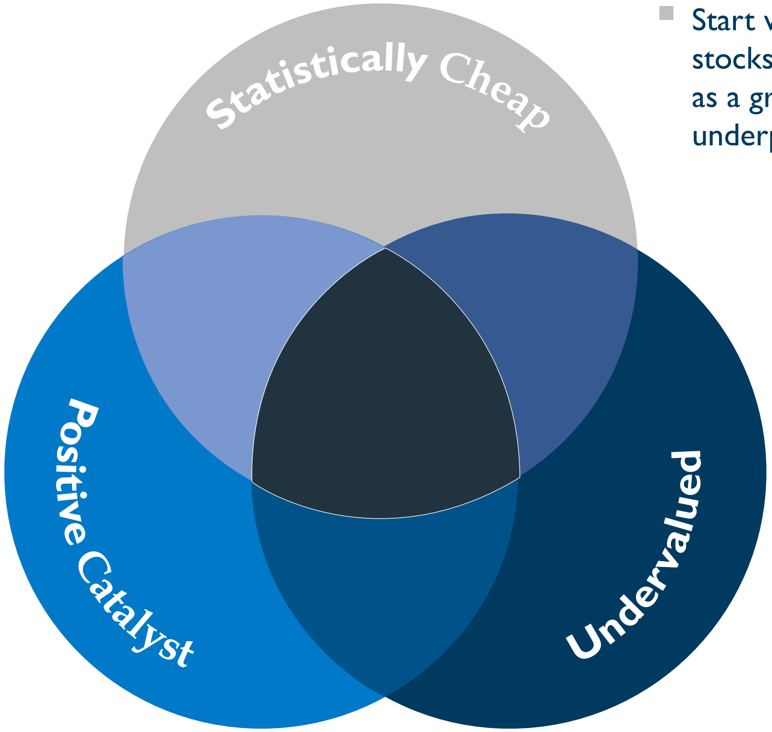
- Started in the industry in 1997
- Started with Foundry Partners in 2013
- Previously with Fifth Third Asset Management in a similar capacity
- B.A. in History from Williams College
- MBA from Indiana University

**Scot Heggen, CFA**
*Partner*
*Senior Equity Head Trader*

- Started in the industry in 1999
- Started with Foundry Partners in 2013
- Previous experience as a trader, equity analyst, and quantitative analyst
- B.A. in Mathematics and Business Management from Luther College
- MBA from the University of Minnesota

# Investment Philosophy

**"Attractive stocks possess an elusive combination of three essential criteria: statistical cheapness, undervaluation, and timeliness. Our process is dedicated to identifying stocks that meet all three."**




- Start with neglected, out-of-favor stocks trading at low multiples, which as a group are consistently underpriced.
- Avoid value traps by waiting until investment sentiment ceases to deteriorate. A value stock becomes timely when a positive catalyst sparks interest and propels the stock toward fair value.
- Distinguish between stocks that are merely "cheap" and those that are truly undervalued via fundamental analysis and rigorous valuation techniques.

# Stock Selection Process

FOUNDRY PARTNERS

**Initial universe of stocks above $3 billion in market capitalization subject to liquidity constraints (Approximately 500 - 600 stocks)**

**Stage 1: Statistically Cheap**

Screen for *statistically cheap* stocks:

- Below average P/E
- Below average P/B
- Below average P/CF
- Above average dividend yield

**200 – 250 Stocks**

**Stage 2: Undervalued**

Perform in-depth, fundamental analysis to determine stocks trading below their *fair value* by developing key inputs:

- Normalized earnings estimate
- Long-term growth rate
- Assessment of risk

**100 – 125 Stocks**

**Stage 3: Positive Catalyst**

Timely stocks possess a *positive catalyst* which can improve investor sentiment:

- New products
- New management/restructuring
- Improved competitive position

**40 – 60 Stocks**

# Sell Discipline

FOUNDRY PARTNERS

| Buy Discipline | Sell Discipline |
| --- | --- |
| Statistically Cheap | The stock performs well and is ***no longer statistically cheap***, neglected, out-of-favor |
| Undervalued | The fundamental outlook deteriorates, our fair value estimate is revised downward and the stock ***no longer appears undervalued*** |
| Positive Catalyst | Negative catalysts emerge, such as product failure, suspect financial reporting, changes in regulatory environment, and the stock is ***no longer timely*** |

# Portfolio Construction

Foundry Partners

Foundry Partners Large Cap Value

## Discipline

- Consistent application of risk-aware stock selection discipline, grounded by fundamental analysis
- Portfolio holdings constantly evaluated against buy discipline criteria
- Position weights determined by relative attractiveness and impact on active risk; highest conviction holdings contribute most to active risk
- Sector and industry weight decisions are *bottom-up*, reflecting a roll-up of measures of statistical cheapness, valuation and timeliness

## Diversification

- Typically holds 40 - 60 stocks
- Positions no more than the greater of 5% or benchmark weight
- Minimum sector weight is $^1/_3$ the Russell 1000® Value Index, unless the Index Sector is 5% or less, the minimum allocation is 0%
- Maximum sector weights equal to the Russell 1000® Value Index plus 10 percentage points

## Risk Controls

- Active risk range (tracking error) of 2 - 6%, with stock selection decisions generally responsible for the majority of the deviation
- Minimize risk by avoiding style drift and market timing
- Utilize risk-based performance attribution to understand drivers of alpha and serve as a process feedback
- Risk Model: Axioma US Fundamental Equity Risk Model MH4

**Objective: Outperform the Russell 1000® Value Index**

*There is no guarantee that these objective will be achieved

# Composite Overview as of 6/28/19

*Supplemental Information*

FOUNDRY PARTNERS

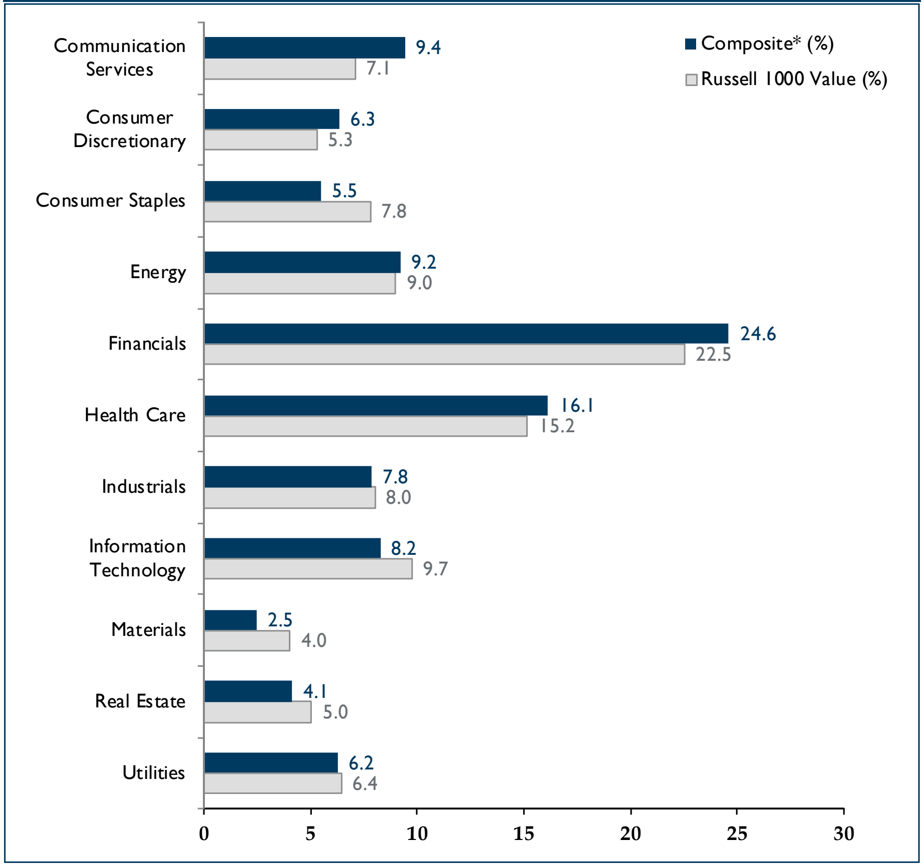
## Characteristics

| | Composite | Russell 1000 Value |
|---|---|---|
| Number of Holdings | 55 | 722 |
| Price/Book | 2.43 | 2.86 |
| Price/Sales | 2.27 | 3.05 |
| Price/Cash Flow | 8.77 | 12.65 |
| Cal 2019 P/E | 12.74 | 17.61 |
| Cal 2020 P/E | 11.90 | 16.00 |
| Dividend Yield (%) | 3.28 | 2.52 |
| Lt Debt/Capital (%) | 43.45 | 40.20 |
| Predicted Beta | 1.04 | 1.00 |
| Wtd. Avg. Market Cap ($M) | 118,327.8 | 129,491.3 |

## Top Ten Holdings

| | Composite* | Russell 1000 Value |
|---|---|---|
| JPMorgan Chase & Co. | 4.66 | 2.75 |
| Citigroup Inc. | 4.38 | 1.24 |
| Johnson & Johnson | 4.04 | 2.28 |
| AT&T Inc. | 3.76 | 1.81 |
| Cisco Systems, Inc. | 3.25 | 1.85 |
| Exelon Corporation | 3.13 | 0.34 |
| Pfizer Inc. | 3.03 | 1.85 |
| Capital One Financial Corporation | 2.86 | 0.29 |
| Verizon Communications Inc. | 2.85 | 1.76 |
| Comcast Corporation Class A | 2.80 | 1.41 |

## Sector Diversification*



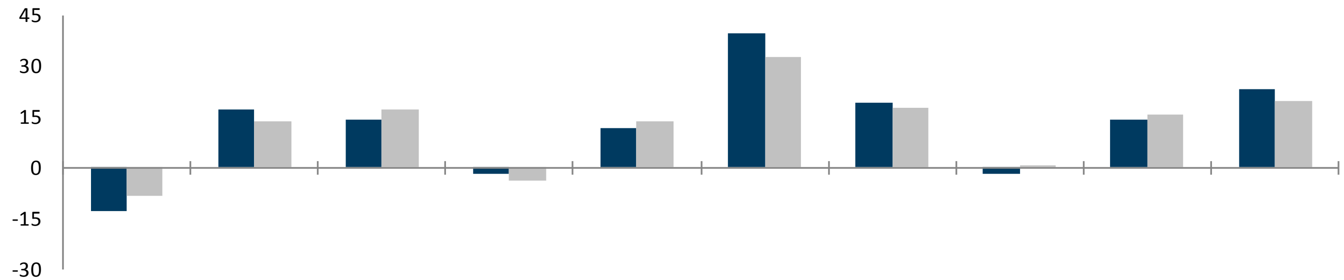

*Sources: FactSet and Axioma*

*The Sectors and Holdings listed should not be considered recommendations to buy or sell a particular security. The information presented is for a model portfolio and for illustrative purposes only. Actual holdings will vary depending on size of an account, cash flows within an account, and restrictions on an account. Portfolio holdings are subject to change daily.*

**Footnote:** *The Characteristics, Holdings, and Sector Diversification information displayed above is based on a model portfolio.*

# Composite Return History as of 6/28/19

FOUNDRY PARTNERS




| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Return Gross (%) | -12.63 | 16.92 | 14.09 | -1.72 | 11.62 | 39.48 | 19.12 | -1.75 | 14.34 | 23.03 |
| Total Return Net (%) | -13.05 | 16.30 | 13.54 | -2.21 | 11.09 | 38.82 | 18.31 | -2.43 | 13.55 | 22.18 |
| Russell 1000 Value (%)* | -8.27 | 13.66 | 17.34 | -3.83 | 13.45 | 32.53 | 17.51 | 0.39 | 15.51 | 19.69 |
| Number of Portfolios | 30 | 25 | 26 | 24 | 16 | 13 | 32 | 39 | 39 | 46 |
| Composite Assets (US $M) | 799.6 | 716.7 | 706.5 | 522.1 | 378.9 | 320.1 | 511.7 | 720.1 | 796.4 | 884.4 |
| Total Firm Assets (US $B) | 2.3 | 2.5 | 2.4 | 1.2 | 1.1 | 1.2 | 1.6 | 14.6 | 17.1 | 17.7 |
| Composite Dispersion (%) | 0.05 | 0.15 | 0.33 | 0.08 | 0.16 | 0.22 | 0.16 | 0.10 | 0.21 | 0.36 |
| External Composite Dispersion (%) | 11.49 | 10.85 | 11.39 | 11.18 | 10.57 | 14.52 | 17.15 | 20.79 | (a) | (a) |
| External Benchmark Dispersion (%) | 10.82 | 10.20 | 10.77 | 10.68 | 9.20 | 12.70 | 15.51 | 20.69 | (a) | (a) |

## Annualized Returns (%)

| | *3 Months* | *YTD* | *1 Year* | *3 Years* | *5 Years* | *10 Years* |
|---|---|---|---|---|---|---|
| Total Return Gross (%) | 3.87 | 16.11 | 4.62 | 10.49 | 6.50 | 12.99 |
| Total Return Net (%) | 3.74 | 15.84 | 4.13 | 9.94 | 5.98 | 12.36 |
| Russell 1000 Value (%)* | 3.84 | 16.24 | 8.46 | 10.19 | 7.46 | 13.19 |

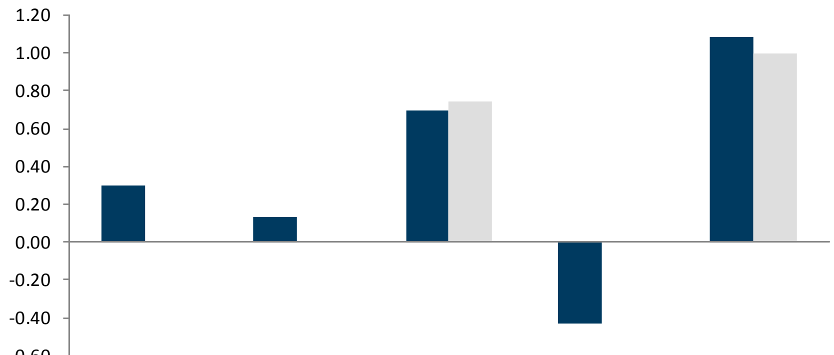
***Additional Information***

*Past performance is not a guarantee of future results.*

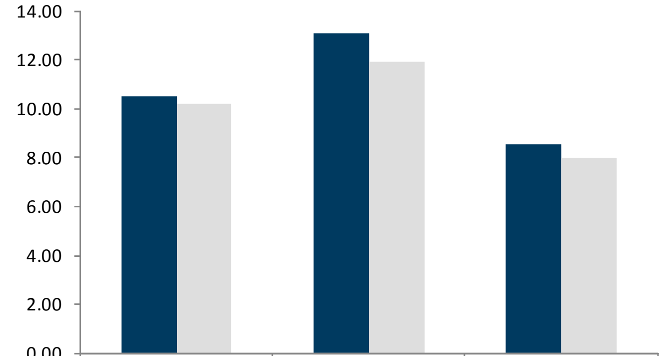
**The benchmark returns for the periods January 1, 2009 - December 31, 2011, are not covered by the other independent verifier's Report of Independent Accountants.*
*(a) External dispersion is not presented as it is not required for periods ended prior to January 1, 2011.*

Large Cap Value

# 3 Year Composite Statistics as of 6/28/19




| | Excess Return | Information Ratio | Sharpe Ratio | Alpha (%) | Beta |
|---|---|---|---|---|---|
| Composite | 0.30 | 0.13 | 0.70 | -0.43 | 1.08 |
| Russell 1000 Value | 0.00 | 0.00 | 0.74 | 0.00 | 1.00 |




| | Annualized Returns (%) | Standard Deviation (%) | Downside Deviation (%) |
|---|---|---|---|
| Composite | 10.49 | 13.09 | 8.58 |
| Russell 1000 Value | 10.19 | 11.94 | 7.98 |

## Additional Statistics

| | Batting Average | Up Capture | Down Capture | R-Squared | Sortino Ratio | Treynor Ratio | Tracking Error |
|---|---|---|---|---|---|---|---|
| Composite | 47.22 | 103.99 | 102.57 | 97.38 | 1.04 | 8.45 | 2.33 |
| Russell 1000 Value | - | 100.00 | 100.00 | 100.00 | 1.08 | 8.83 | 0.00 |

*Composite performance is shown gross of fees and assumes the reinvestment of dividends and capital gains.*

*Source: FactSet SPAR*

# Appendix: Risk Snapshot as of 6/28/19

FOUNDRY PARTNERS

## Portfolio Summary

| | Portfolio | Benchmark |
|---|---|---|
| # of Securities | 57 | 722 |
| % Cash | 2.07 | |
| % of Top 10 | 34.0 | 21.4 |
| Market Capitalization | 118,328 | 129,494 |
| Dividend Yield | 2.54 | 1.34 |
| Price/Earnings | 13.2 | 17.3 |
| Price to Book | 1.7 | 0.9 |
| Price to Sales | 1.1 | 1.6 |
| Price to Cash Flow | 7.3 | 9.7 |
| Est 3-5 Yr EPS Growth | 6.7 | 7.7 |
| LT Debt/Capital | 36.9 | 11.3 |
| ROE | 4.5 | 2.5 |

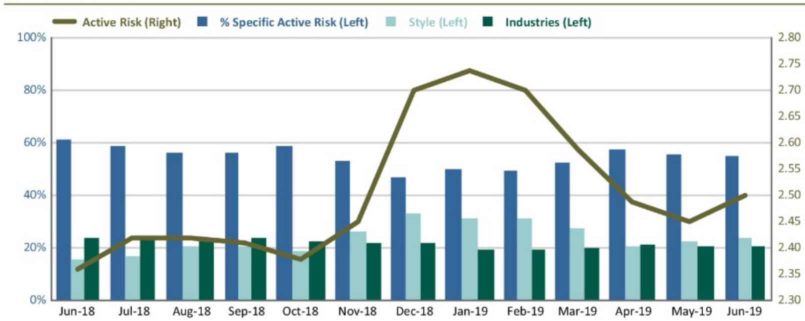
## Risk Summary

| | Portfolio |
|---|---|
| Predicted Beta | 1.01 |
| Portfolio Risk | 12.66 |
| Benchmark Risk | 12.24 |
| Active Risk | 2.50 |
| % Specific Active Risk | 55.29 |
| % Factor Active Risk | 44.71 |
| % Contr to Active Risk | |
| Market | -0.41 |
| Style | 24.32 |
| Industries | 20.79 |

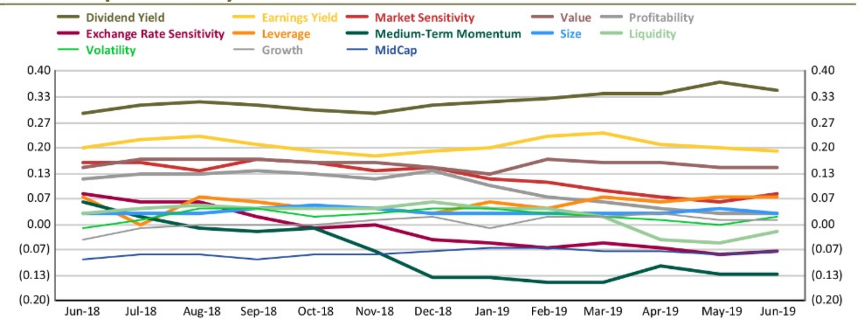
## Risk Decomposition: Style Factors

| | Contribution to Risk (%) | Portfolio Exposure | Benchmark Exposure | Active Exposure |
|---|---|---|---|---|
| Medium-Term Momentum | 8.12 | -0.14 | -0.02 | -0.13 |
| Earnings Yield | 5.62 | 0.29 | 0.10 | 0.19 |
| Dividend Yield | 3.71 | 0.74 | 0.39 | 0.35 |
| Market Sensitivity | 3.25 | -0.25 | -0.33 | 0.08 |
| Value | 2.99 | 0.44 | 0.29 | 0.15 |
| Volatility | 0.65 | 0.02 | 0.00 | 0.02 |
| MidCap | 0.45 | 0.07 | 0.14 | -0.07 |
| Leverage | 0.34 | 0.01 | -0.07 | 0.07 |
| Profitability | 0.14 | -0.16 | -0.19 | 0.03 |
| Growth | -0.08 | -0.27 | -0.28 | 0.01 |
| Liquidity | -0.08 | -0.12 | -0.10 | -0.02 |
| Exchange Rate Sensitivity | -0.11 | -0.16 | -0.09 | -0.07 |
| Size | -0.68 | 0.03 | 0.00 | 0.03 |

## Risk Over Time




## Active Exposures: Style Factors




## Top Contributors to Stock Specific Risk

| | Portfolio Weight | Benchmark Weight | Active Weight | % Specific Active Risk |
|---|---|---|---|---|
| **10 Highest** | **19.13** | **6.58** | | **21.42** |
| Allergan plc | 2.16 | 0.42 | 1.74 | 4.24 |
| BP p.l.c. Sponsored ADR | 2.58 | 0.00 | 2.58 | 2.52 |
| Royal Dutch Shell Plc Sponsored ADR Clas... | 2.58 | 0.00 | 2.58 | 2.45 |
| Citigroup Inc. | 4.28 | 1.24 | 3.05 | 2.32 |
| Tyson Foods, Inc. Class A | 2.07 | 0.17 | 1.90 | 1.93 |
| Intel Corporation | 0.00 | 1.60 | -1.60 | 1.83 |
| Target Corporation | 2.06 | 0.34 | 1.72 | 1.68 |
| Exxon Mobil Corporation | 0.00 | 2.42 | -2.42 | 1.66 |
| Marathon Petroleum Corporation | 1.60 | 0.28 | 1.32 | 1.55 |
| LyondellBasell Industries NV | 1.79 | 0.10 | 1.69 | 1.24 |

## Risk Decomposition: Industries

| | Portfolio Weight | Benchmark Weight | Active Weight | Industry Risk Effect |
|---|---|---|---|---|
| Health Care | 15.76 | 15.15 | 0.60 | 6.54 |
| Information Technology | 8.06 | 9.73 | -1.67 | 4.67 |
| Consumer Discretionary | 6.19 | 5.28 | 0.91 | 4.47 |
| Financials | 24.05 | 22.50 | 1.55 | 3.16 |
| Communication Services | 9.19 | 7.08 | 2.12 | 2.13 |
| Real Estate | 4.03 | 5.04 | -1.01 | 0.56 |
| Industrials | 7.67 | 8.00 | -0.34 | 0.14 |
| Utilities | 6.11 | 6.42 | -0.31 | 0.01 |
| [Cash] | 2.21 | 0.00 | 2.21 | 0.00 |
| Materials | 2.40 | 4.03 | -1.62 | -0.21 |
| Consumer Staples | 5.35 | 7.78 | -2.44 | -0.29 |
| Energy | 8.98 | 8.98 | -0.01 | -0.39 |

*Generated by FactSet Research Systems, Inc.*
*Risk Model: Axioma US Fundamental Equity Risk Model MH 4*

## Mary Jane Matts, CFA

*Partner, Portfolio Manager - Value Strategies*

Mary Jane Matts is the Lead Portfolio Manager of the Large Cap Value Strategies team for Foundry Partners. Mary started in the industry in 1987 and has been with Foundry Partners since the company's transition from ClearArc Capital, formerly Fifth Third Asset Management (FTAM). She was with FTAM from 2005-Jan 31, 2013 in a similar capacity. Prior to her time with FTAM, she served in various investment management capacities at National City beginning in 1995, including leading the Value Equity Team for National City's institutional asset management group and serving as Director of Research for National City Wealth Management. Prior to that, she was the Director of Research at Society Asset Management Inc. (now known as Victory Capital Management).

Ms. Matts earned a B.A. in Economics, conferred with Honors with Distinction, from Kenyon College, and earned her MBA from Case Western Reserve University. She is a CFA charterholder and member of the CFA Society of Cleveland.

## Peter M. Klein, CFA

*Partner, Director - Value Strategies*

Peter M. Klein is the Managing Director of Value Strategies and the Lead Portfolio Manager of the All Cap Value Strategy for Foundry Partners. Peter started in the industry in 1979 and has been with Foundry Partners since the company's transition from ClearArc Capital, formerly Fifth Third Asset Management (FTAM). He was with FTAM from 2001-Jan 31, 2013 in a similar capacity. Prior to his time with FTAM, he served as Portfolio Manager with Gelfand/Maxus Asset Management which was acquired by Fifth Third Bank in 2001. In this capacity, he was actively involved in the investment management of individual and institutional portfolios.

Mr. Klein graduated *magna cum laude* from John Carroll University with a B.A. in Philosophy, and earned his MBA from Cleveland State University. He is a CFA charterholder and member of the CFA Society of Cleveland.

## Ted Y. Moore, CFA

*Partner, Director - Value Strategies*

Ted Y. Moore is a Portfolio Manager on the Large Cap Value Strategies team for Foundry Partners. Ted started in the industry in 1997 and has been with Foundry Partners since the company's transition from ClearArc Capital, formerly Fifth Third Asset Management (FTAM). He was with FTAM from 2006-Jan 31, 2013 in a similar capacity. Prior to FTAM, he was an Equity Research Analyst for National City Private Client Group, and earlier, Morgan Keegan & Co.

Mr. Moore graduated from Williams College with a B.A. in History, and earned his MBA in Finance from Indiana University. He is a CFA charterholder and member of the CFA Society of Cleveland.

## Scot Heggen, CFA

*Partner, Senior Equity Head Trader*

Scot Heggen is the Senior Equity Head Trader for Foundry Partners. He started in the industry in 1999. Prior to joining Foundry Partners in 2013, Scot served as a senior equity analyst at Black River Asset Management performing both the trading and quantitative analysis functions. Before Black River, Scot was a quantitative analyst at Red Sky Partners and Lutheran Brotherhood (now Thrivent Financial) where he gained experience handling trading, operations, performance attribution, and risk management responsibilities.

Mr. Heggen graduated with a B.A. in Mathematics and Business Management from Luther College and earned his MBA from the University of Minnesota's Carlson School of Management. He is a CFA charterholder and a member of the CFA Society of Minnesota.

## Composite Return History as of 6/28/19

THE FIRM - Foundry Partners, LLC (the "Firm" or "Foundry") is an investment adviser registered under the Investment Advisers Act of 1940, established in September 2012. Foundry is defined as an independent investment advisory firm that is not affiliated with any parent organization. Effective February 1, 2013, Foundry purchased the assets of the Large Cap Value Composite (the "Composite") from ClearArc Capital, Inc., ("ClearArc") formerly known as Fifth Third Asset Management, Inc. Foundry utilizes past performance from ClearArc to link current performance and present historical returns in order to meet the requirements under the Global Investment Performance Standards (GIPS® standards). The investment management team and the investment decision process for the Large Cap Value Composite remained intact throughout the period including the purchase by Foundry, and Foundry retains the records that support the reported performance.

COMPLIANCE STATEMENT - Foundry Partners, LLC claims compliance with the GIPS® standards and has prepared and presented this report in compliance with the GIPS® standards. ClearArc has been independently verified for the periods from January 1, 1995, to December 31, 2012, and Foundry has been independently verified from January 1, 2013, to December 31, 2018. 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 Large Cap Value Composite has been examined for the periods from January 1, 2000, to December 31, 2018. The verification and performance examination reports are available upon request.

THE COMPOSITE - The Large Cap Value strategy seeks to outperform the Russell 1000® Value Index over a market cycle using a fundamental investment approach. The strategy invests primarily in large-capitalization stocks of $3 billion and above at purchase. This Composite includes fully discretionary, non-SMA/Wrap accounts greater than $250,000 from inception through March 31, 2007, and greater than $100,000 from April 1, 2007 through January 31, 2013. Effective February 1, 2013, all accounts, regardless of size, are included in the Composite. Terminated accounts are included in the historical performance of the Composite through the last full month the account was managed. Performance results are shown gross-of-fees which are net of actual trading expenses. Fees, including management fees, custodial fees, performance fees, and other expenses incurred will reduce the return. Net returns are net of actual trading expenses and, prior to January 1, 2013, the highest net model fee. Effective January 1, 2013, net-of-fee performance is calculated using actual management fees that were paid and do not include custodial fees. Foundry's standard investment management fee schedule for the Composite is: 0.70% on the first $25 million; 0.50% on the next $25 million; and 0.40% on the remainder. Actual investment advisory fees, inclusive of performance based fees, if applicable, incurred by clients may vary due to various conditions, including account size. The Firm values portfolios at least monthly and geometrically links periodic returns. The Firm uses trade date accounting and income is accrued as earned. Performance returns include realized and unrealized gains and losses, and the reinvestment of all income. Composite performance is presented net of foreign withholding taxes on dividends, interest income, and capital gains. From inception through January 31, 2013, the monthly composite returns are computed by weighting each account's monthly return by its beginning market value as a percent of the total composite beginning market value. Effective February 1, 2013, Foundry asset-weights the portfolios within the Composite using the aggregate return method, which combines all the Composite assets and external cash flows before any calculations occur to calculate returns as if the Composite were one portfolio. Valuations and returns are computed and stated in U.S. dollars. The Composite's inception date is December 31, 1999, and the Composite's creation date is September 30, 2003. Composite internal dispersion is calculated using an equal-weighted standard deviation methodology from inception to December 31, 2007, and a cap-weighted standard deviation methodology from January 1, 2008, to December 31, 2012. Effective for the period January 1, 2013, to December 31, 2018, the annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the Composite the entire year. The three-year annualized ex-post standard deviation (external dispersion) measures the volatility of the Composite and benchmark monthly returns over the past 36 months as of each year end. No leverage, derivatives, or short positions are used in this Composite.

THE BENCHMARK – The Russell 1000® Value Index (the "Index") measures the performance of those companies in the Russell 1000® Index with lower price-to-book ratios and lower forecasted growth values. The Index is calculated on a total return basis with dividends reinvested and is not assessed a management fee. It is not possible to invest directly in an index.

ADDITIONAL INFORMATION – Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations, as well as additional Firm definition information, is available upon request. A complete list and description of the Firm's Composites is available upon request. This report presents past performance, which is not indicative of future results. Graphs and charts, by themselves, cannot be used to make investment decisions.

The information provided should not be construed as a recommendation. This presentation may contain confidential information and any unauthorized use or redistribution is strictly prohibited. Additional information regarding Foundry's fees is included in Part 2A of Form ADV. For additional firm disclosures, please visit http://foundrypartnersllc.com/disclosure/.

# Appendix: Disclosures

## General Disclosures

Foundry Partners, LLC (Foundry Partners) is an investment adviser registered under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply any level of skill or training. The information presented in the material is general in nature and is not designed to address your investment objectives, financial situation or particular needs. Prior to making any investment decision, you should assess, or seek advice from a professional regarding whether any particular transaction is relevant or appropriate to your individual circumstances. Although taken from reliable sources, Foundry Partners cannot guarantee the accuracy of the information received from third parties.

The opinions expressed herein are those of Foundry Partners and may not actually come to pass. This information is current as of the date of this presentation and is subject to change at any time, based on market and other conditions. Index performance used throughout this presentation is intended to illustrate historical market trends and performance. Indexes are unmanaged and do not incur investment management fees. An investor is unable to invest in an index. The performance shown may not reflect a Foundry Partners portfolio. Past performance is not indicative of future results.

The mention of specific securities and sectors illustrates the application of our investment approach only and is not to be considered a recommendation by Foundry Partners. The specific securities identified and described above do not represent all of the securities purchased and sold for the portfolio, and it should not be assumed that investment in these securities were or will be profitable. There is no assurance that the securities purchased remain in the portfolio or that securities sold have not been repurchased. Charts, diagrams and graphs, by themselves, cannot be used to make investment decisions.