WEDGE Capital Management

FOCUS ON VALUE

# **INVESTMENT PRESENTATION** 2Q 2013

**Date:** September 18, 2013

**Prepared for:** UFCW Unions & Participating Employers Pension Fund

**Presented by:** Caldwell Calame, CFA, Executive Vice President


**WEDGE CAPITAL MANAGEMENT, L.L.P**

301 South College Street, #2920

Charlotte, North Carolina 28202

704-334-6475

www.wedgecapital.com

Tab 1

WEDGE Capital Management



## AT-A-GLANCE

**Assets Under Management (AUM):**

- $9.7 Billion

**Founded:** 1984

**Ownership:**

- 8 General Partners

**Investment Team:**

- 6 Client Portfolio Managers
- 18 Research and Quantitative Analysts
- 4 Trading Professionals

**Investment Team Experience:**

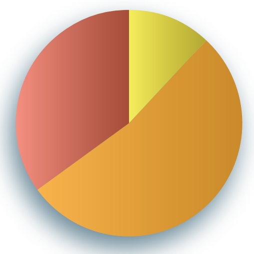
- 17 average years

**Strategies:**

- Traditional Equity
- Quantitative Equity
- Fixed Income

# OVERVIEW

## AUM BY STRATEGY



Total AUM: $9.7 Billion

**Traditional Equity: 53% ($5.2 billion)**

*Characterized by deep fundamental research enhanced with quantitative tools – portfolios are constructed through a bottom-up stock-by-stock selection process*

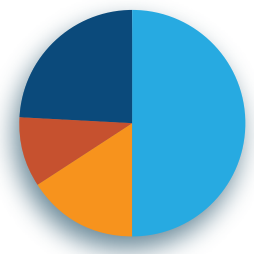
**Quantitative Equity: 35% ($3.4 billion)**

*Rooted in fundamental analysis, our quantitative strategies combine value, contrarian and momentum factors to construct a diverse portfolio of value stocks*

**Fixed Income: 12% ($1.1 billion)**

*Investing in dollar-denominated, investment grade bonds, our fundamental bottom-up research and risk-controlled approach where we strive to add incremental value while preserving principal and maintaining a low correlation to the equity markets.*

## AUM BY CLIENT TYPE



**Corporate: 50% ($4.8 billion)**

**Endowment & Foundation: 10% ($987 million)**

**Public: 16% ($1.6 billion)**

**Multiemployer/Taft-Hartley: 24% ($2.4 billion)**

# OUR VALUE FOCUS SPANS STRATEGIES | 2Q 2013

## TRADITIONAL EQUITY

| STRATEGY | MARKET CAPITALIZATION | ASSETS $(MILLIONS) |
|---|---|---|
| Small Cap | $250 million - $2.5 billion | 1,890 |
| Mid Cap | $1.0 billion - $15.0 billion | 2,390 |
| Small/Mid Cap | $250 million - $15.0 billion | 510 |
| Large Cap | $3.0 billion plus | 310 |
| Large Cap – Expanded | $1.0 billion plus | 10 |
| Total Cap | $250 million plus | 50 |
| | | **$5,160** |

## QUANTITATIVE EQUITY

| STRATEGY | MARKET CAPITALIZATION | ASSETS |
|---|---|---|
| QVM Large Cap | Largest 1000 companies | 3,300 |
| QVM Small/Mid Cap | Largest 501 - 2500 companies | 40 |
| Micro Cap | $40 million - $400 million | 100 |
| | | **$3,440** |

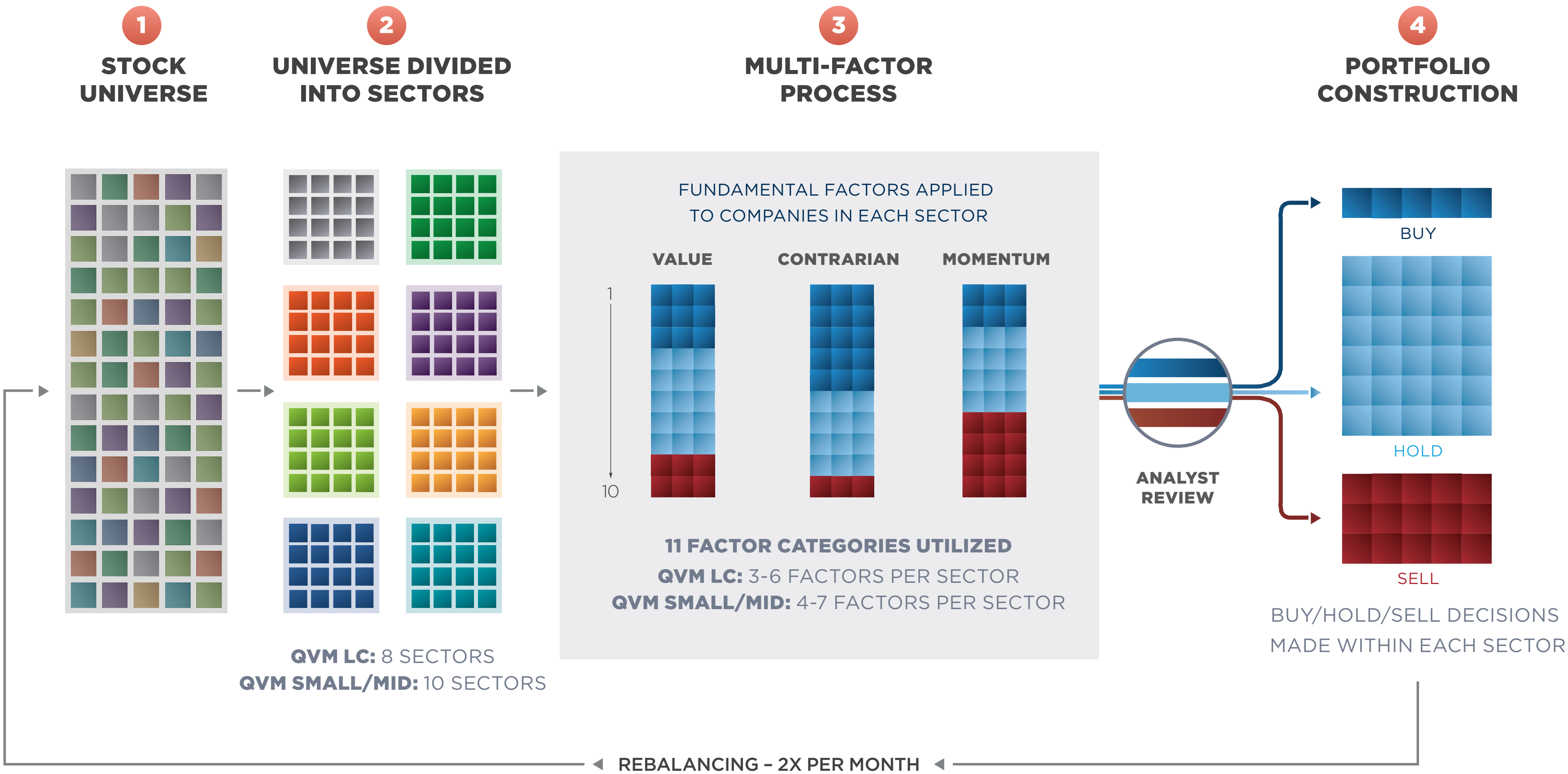
## FIXED INCOME

| STRATEGY | | ASSETS |
|---|---|---|
| Core | | 930 |
| Liability-Driven Investing | | 20 |
| Short Duration | | 180 |
| | | **$1,130** |

**TOTAL $9,730**

Balanced assets of $221 million are included in asset categories.

## SYSTEMATIC INVESTMENT PROCESS

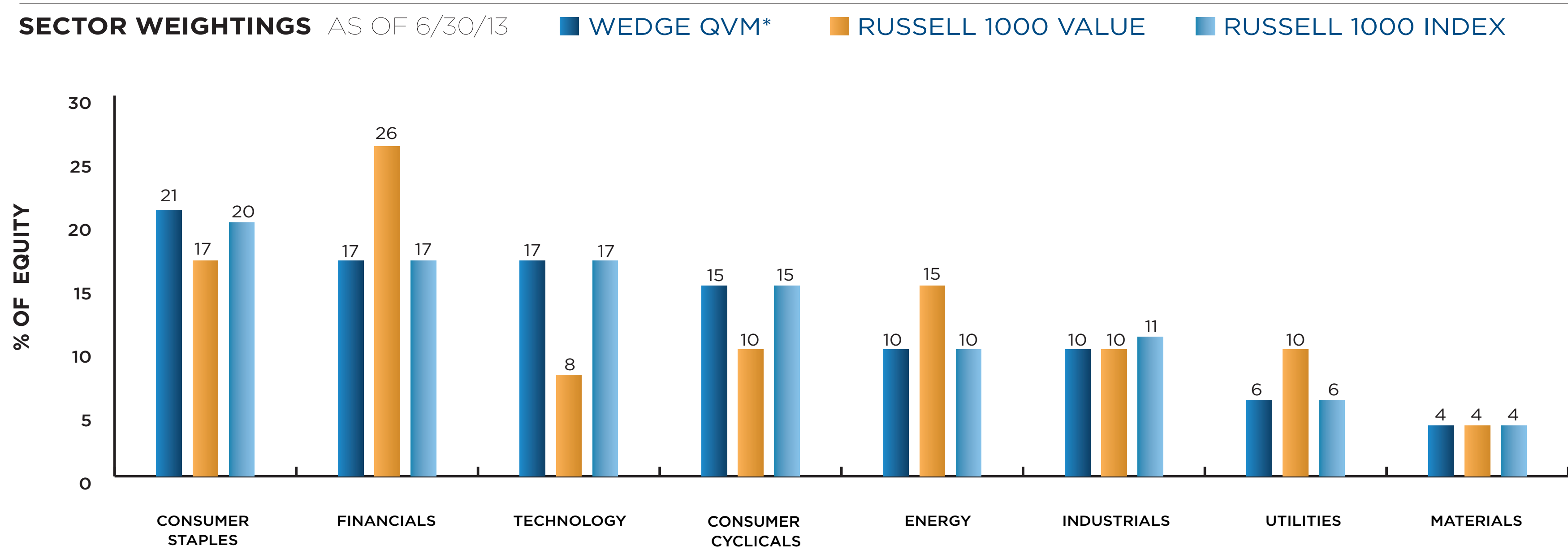


# QUANTITATIVE EQUITY: QVM LARGE CAP

## CHARACTERISTICS AS OF 6/30/13

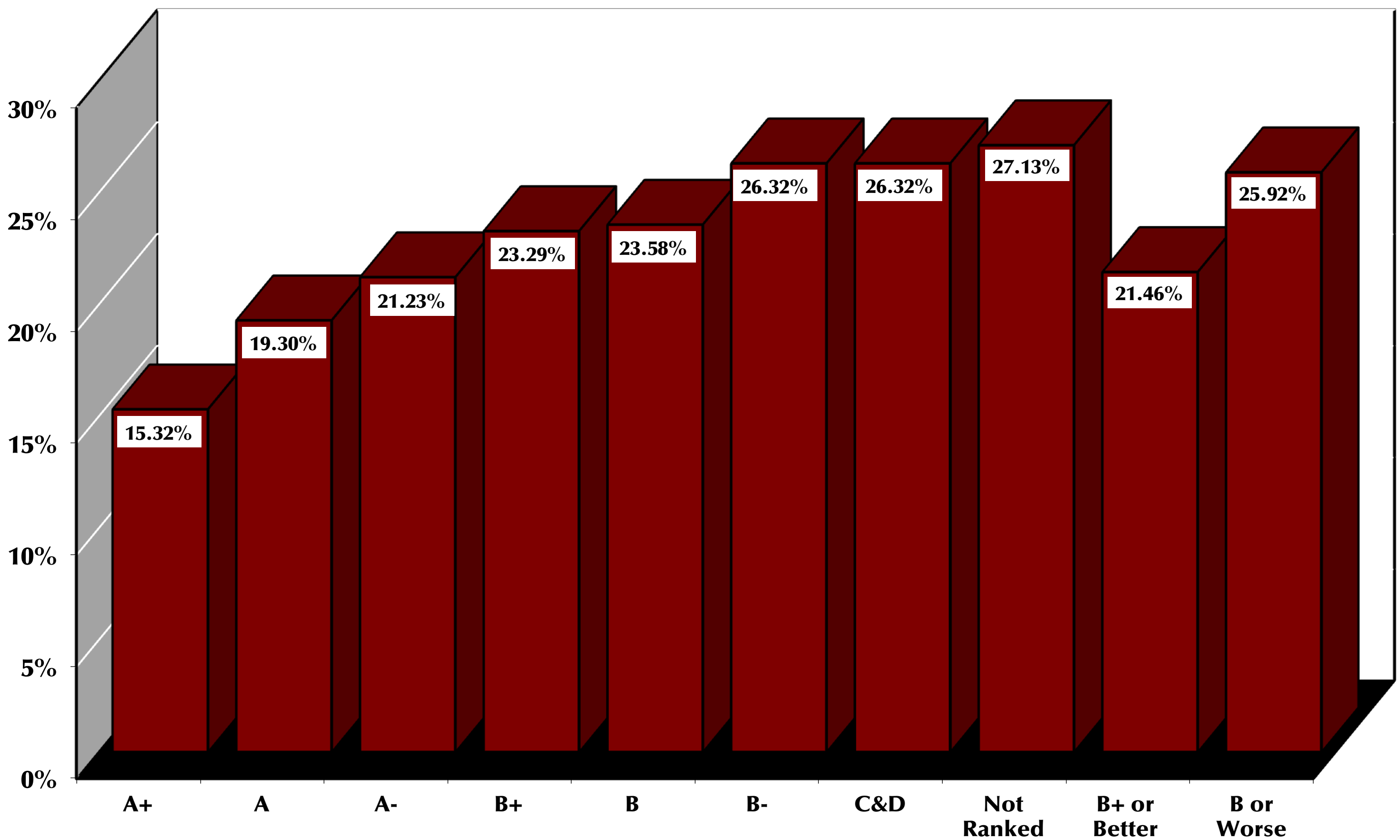
| | WCM | RUSSELL 1000 VALUE | RUSSELL 1000 |
|---|---|---|---|
| Price/Earnings (Projected) | 12.5x | 13.3x | 14.6x |
| Price/Sales | 1.1x | 1.3x | 1.6x |
| Price/Book | 1.95x | 1.67x | 2.39x |
| Weighted Average Capitalization | $45.97B | $98.62B | $96.13B |
| Median Capitalization | $17.05B | $5.87B | $6.55B |

## SECTOR WEIGHTINGS AS OF 6/30/13




*Sector neutral to the largest 1000 stocks.

# MLQS "Quality" Indices
## 12 Months Ending Price Performance
as of 6/30/13




**Source: BofA Merrill Lynch US Quantitative Strategy, Standard & Poor's**

# Performance Review

**July 31, 2013**

## UFCW Unions & Participating Employers

*W00788*

| Portfolio Asset Allocation | Market Value | % of Total | % Yield |
|---|---|---|---|
| Equities | 11,585,305 | 97.6 | 2.2 |
| Cash Equivalents | 289,914 | 2.4 | 0.1 |
| **Total** | **11,875,219** | **100.0** | **2.2** |
| Accrual | 9,695 | | |
| **Grand Total** | **$11,884,914** | | |

| Portfolio Changes | |
|---|---|
| Market Value as of 04/22/05 | 10,983,302 |
| Net Additions / Withdrawals | (6,661,849) |
| Income Received | 2,049,463 |
| Accrued Income Change | 9,695 |
| Market Appreciation (+/-) | 5,504,304 |
| **Market Value as of 07/31/13** | **$11,884,914** |

| Sector Description | Three Months | Year to Date | 1 Year | 3 Year Annualized | 5 Year Annualized | Since Inception Annualized |
|---|---|---|---|---|---|---|
| Total Portfolio | 6.92 | 20.93 | 28.58 | 18.04 | 7.91 | 7.51 |
| Equities | 7.09 | 21.38 | 29.20 | 18.43 | 8.06 | 7.56 |
| Cash Equivalents | 0.03 | 0.07 | 0.12 | 0.12 | 0.35 | 3.81 |
| Russell 1000 Value | 7.15 | 22.16 | 30.73 | 18.00 | 7.88 | 6.47 |
| Russell 1000 | 6.23 | 20.00 | 26.23 | 18.04 | 8.49 | 7.27 |

**QVM: Composite Performance**

| | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| QVM | 25.57 | 17.87 | 1.74 | 15.14 |
| R1000V | 19.69 | 15.51 | 0.39 | 17.50 |

Please compare the information provided in our statement with the statement you receive directly from your custodian.

Please see the QVM:LC Fact Sheet for the fully compliant presentation at the appendix.

**WEDGE Capital Management L.L.P.**
**QVM: Large Cap Value Performance Attribution**
**Versus Russell 1000 Value Index**
**Second Quarter 2013**

Quarter-to-Date:

Positive

- Technology overweight
- Consumer Staples stock selection
- Financials stock selection

Negative

- Consumer Cyclicals stock selection
- Technology stock selection
- Financials underweight

Year-to-Date:

Positive

- Financials stock selection
- Technology overweight
- Consumer Staples stock selection and underweight
- *Other Factors: Underweight higher P/E stocks*

Negative

- Technology stock selection
- Consumer Cyclicals stock selection
- Energy stock selection

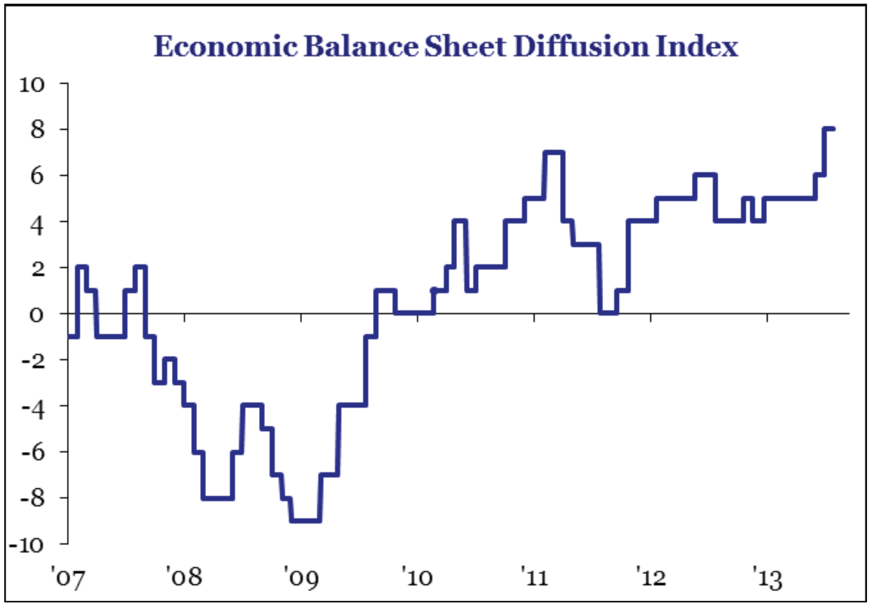
## QUANTITATIVE EQUITY: PERFORMANCE | JUNE 30, 2013

| | Annualized Returns | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2nd Qtr. | Year to Date | One Year | Three Years | Five Years | Ten Years | Since Inception |
| **QVM: Large Cap** | **3.88%** | **14.95%** | **22.83%** | **19.12%** | **6.56%** | **9.81%** | **12.44%** |
| Russell 1000 Value | 3.20 | 15.91 | 25.32 | 18.51 | 6.67 | 7.78 | 9.63 |
| Russell 1000 | 2.65 | 13.90 | 21.23 | 18.64 | 7.12 | 7.67 | 9.08 |
| | | | | | | | |
| **QVM: Small/Mid Cap** | **3.57%** | **16.48%** | **26.73%** | **21.14%** | **-** | **-** | **22.37%** |
| Russell 2500 Value | 1.54 | 15.09 | 26.87 | 18.92 | - | - | 18.09 |
| Russell 2500 | 2.28 | 15.43 | 25.62 | 19.57 | - | - | 19.84 |
| | | | | | | | |
| **Micro Cap** | **5.53%** | **18.69%** | **26.49%** | **20.41%** | **11.36%** | **-** | **9.95%** |
| Russell Microcap Value | 4.43 | 16.07 | 25.26 | 17.21 | 7.97 | - | 5.45 |
| Russell Microcap | 5.10 | 18.32 | 25.38 | 18.28 | 8.53 | - | 5.05 |

Inception Dates: QVM LC: 10/01/94, QVM SMC: 12/01/08, Micro: 01/01/04. These returns are presented gross of fees and are provided as supplemental information to the returns required by the GIPS® Advertising Guidelines. Please see appendix for net of fee results and performance disclosures.

# Tab 2

# ECONOMIC BALANCE SHEET



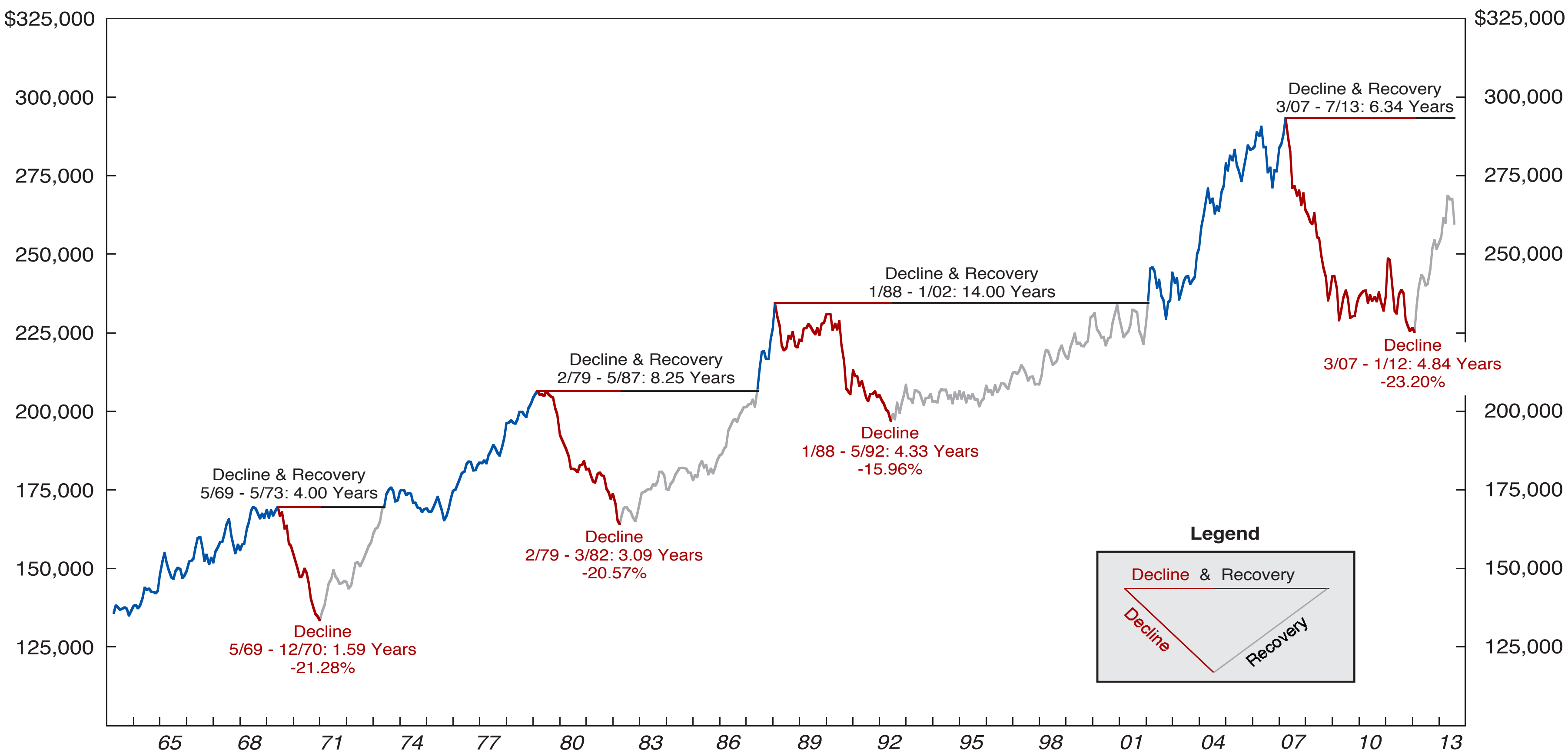

| Assets | Neutral | Liabilities |
|---|---|---|
| Interest Rate Env | Price Inflation | |
| Credit Environ | Wage Inflation | |
| Employment | Nonres Constr | |
| Housing | Trade Deficit | |
| Cons. Spend | Manufacturing | |
| Consumer Conf | Budget Deficit | |
| Business Conf | | |
| Capex Eqp | | |

| Economic: | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | **Jun** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 8 | **8** |
| **Liabilities** | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | **0** |
| **Net** | 4 | 4 | 4 | 5 | 4 | 5 | 5 | 5 | 5 | 5 | 6 | 8 | **8** |

*Source: Strategas Research Partners LLC*

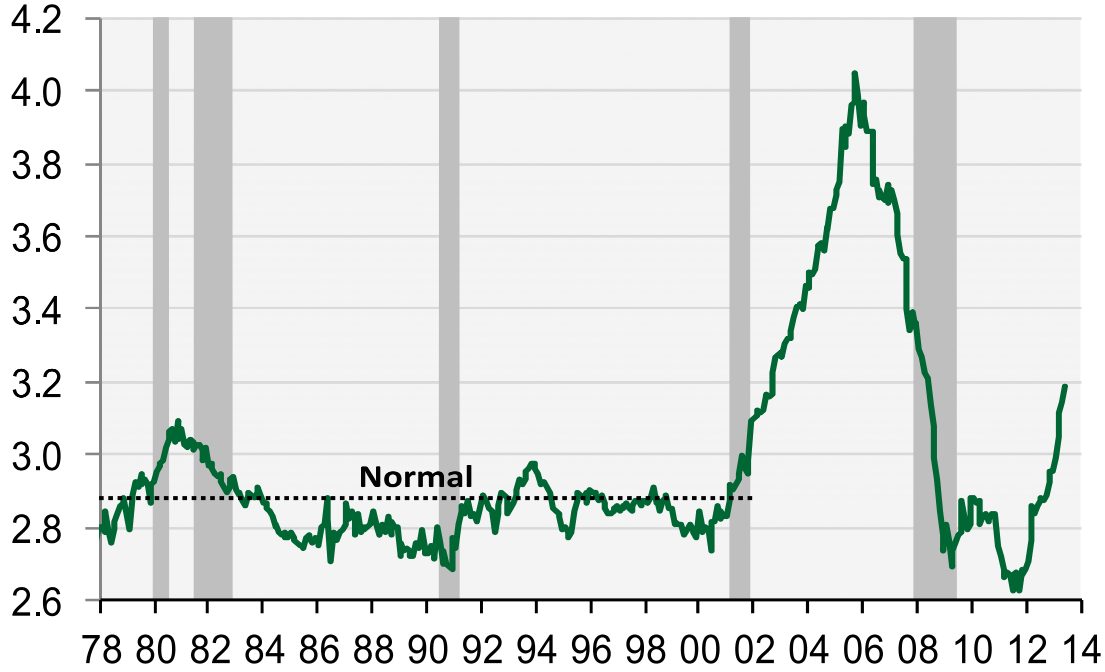
## Median New Home Sales Prices - Adjusted for Inflation

### Declines & Recoveries

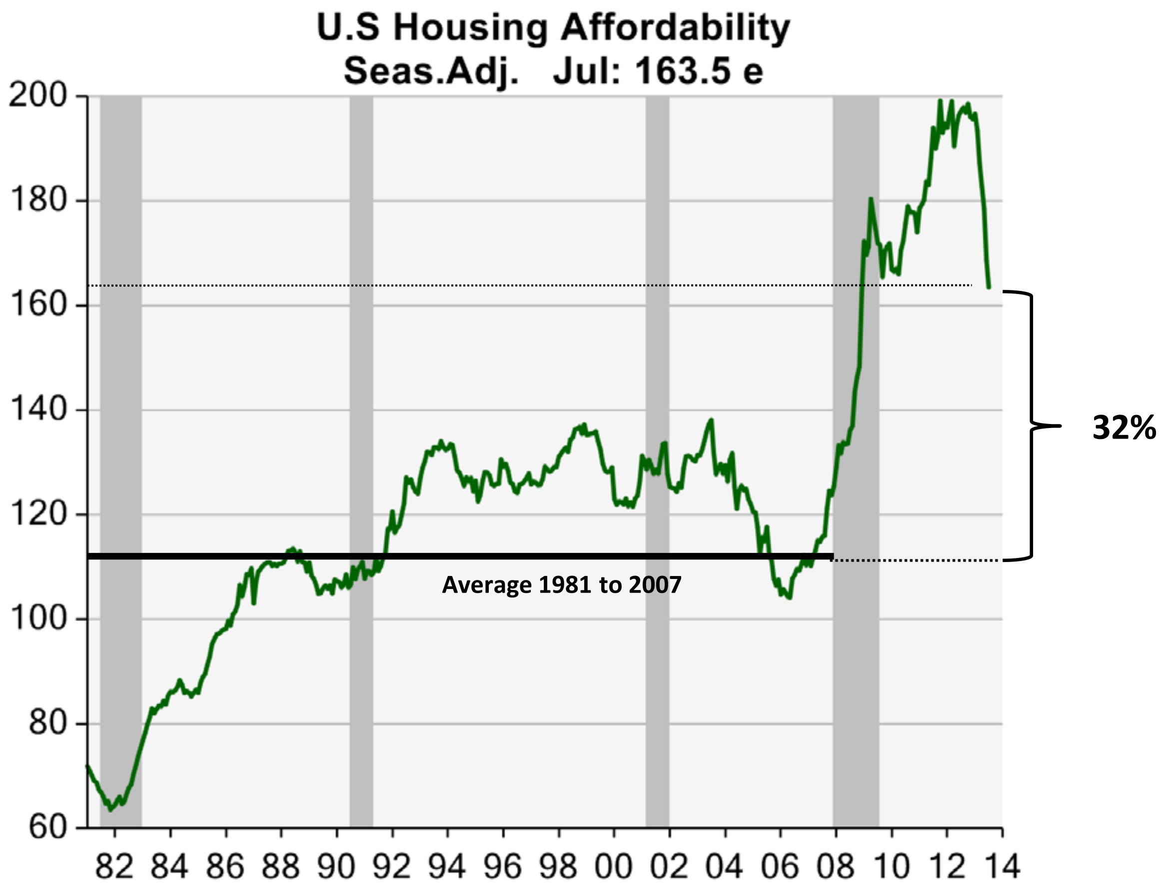



*The compound annual rate for Inflation-Adjusted Median New Home Sales Prices, 3/31/63 through 7/31/13 (50.34 years), was 1.30%.*
*Data: Monthly Median New Home Sales Prices, adjusted for inflation (Consumer Price Index), 3 month moving average, July 2013 dollars*

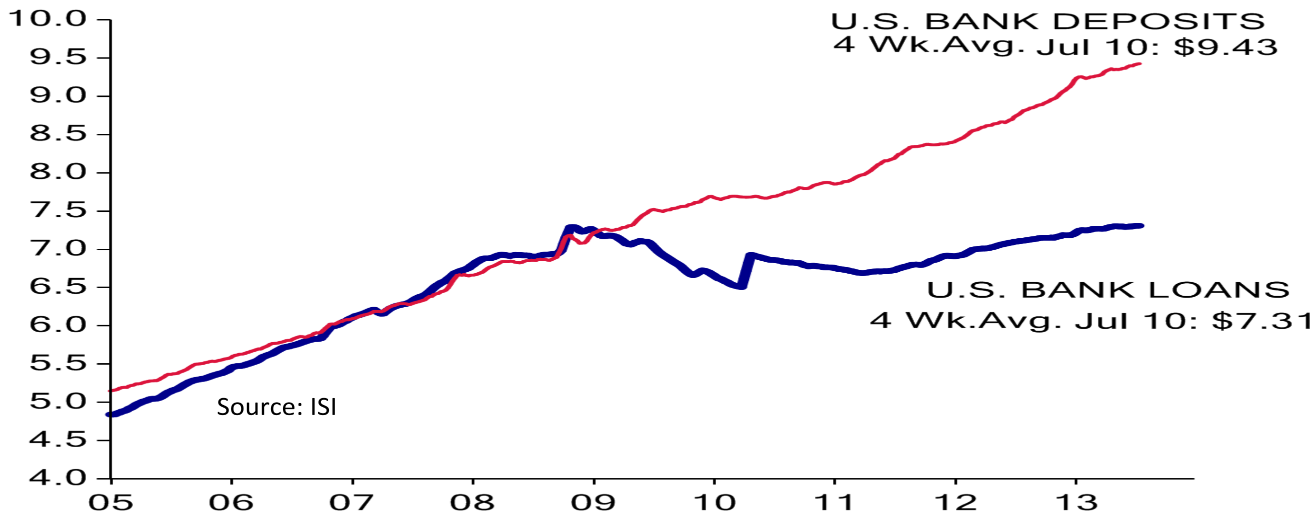
## U.S. Existing House Price div by Median Family Income (NAR) Jun: 3.19 e




*Source: Cornerstone Macro*




*Source: Cornerstone Macro*


U.S. BANK DEPOSITS
4 Wk.Avg. Jul 10: $9.43
U.S. BANK LOANS
4 Wk.Avg. Jul 10: $7.31
Source: ISI
10.0
9.5
9.0
8.5
8.0
7.5
7.0
6.5
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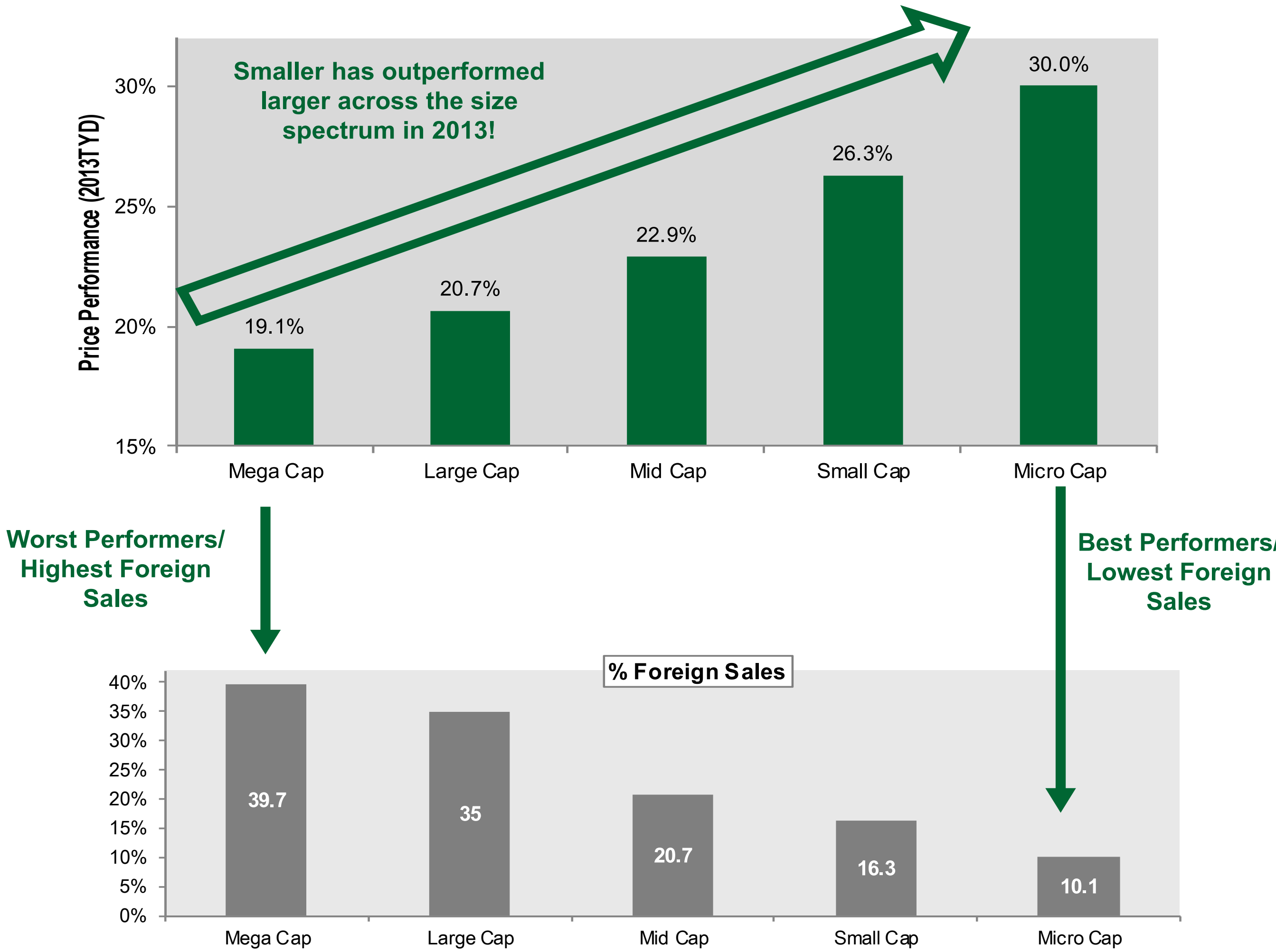
## Smaller (More Domestically Focused) Stocks Are Outperforming




*Source: Cornerstone Macro*

# The Callan Periodic Table of Investment Returns

## Annual Returns for Key Indices (1993–2012) Ranked in Order of Performance

| 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MSCI Emerging Markets 74.84% | MSCI EAFE 7.78% | S&P 500 Growth 38.13% | S&P 500 Growth 23.97% | S&P 500 Growth 36.52% | S&P 500 Growth 42.16% | MSCI Emerging Markets 66.42% | Russell 2000 Value 22.83% | Russell 2000 Value 14.02% | Barclays Agg 10.26% | MSCI Emerging Markets 56.28% | MSCI Emerging Markets 25.95% | MSCI Emerging Markets 34.54% | MSCI Emerging Markets 32.59% | MSCI Emerging Markets 39.78% | Barclays Agg 5.24% | MSCI Emerging Markets 79.02% | Russell 2000 Growth 29.09% | Barclays Agg 7.84% | MSCI Emerging Markets 18.63% |
| MSCI EAFE 32.57% | S&P 500 Growth 3.13% | S&P 500 37.58% | S&P 500 22.96% | S&P 500 33.36% | S&P 500 28.58% | Russell 2000 Growth 43.09% | Barclays Agg 11.63% | Barclays Agg 8.43% | MSCI Emerging Markets -6.00% | Russell 2000 Growth 48.54% | Russell 2000 Value 22.25% | MSCI EAFE 13.54% | MSCI EAFE 26.34% | MSCI EAFE 11.17% | Russell 2000 Value -28.92% | Russell 2000 Growth 34.47% | Russell 2000 26.85% | S&P 500 Growth 4.65% | Russell 2000 Value 18.05% |
| Russell 2000 Value 23.77% | S&P 500 1.32% | S&P 500 Value 36.99% | S&P 500 Value 22.00% | Russell 2000 Value 31.78% | MSCI EAFE 20.00% | S&P 500 Growth 28.24% | S&P 500 Value 6.08% | Russell 2000 2.49% | Russell 2000 Value -11.43% | Russell 2000 47.25% | MSCI EAFE 20.25% | S&P 500 Value 5.82% | Russell 2000 Value 23.48% | S&P 500 Growth 9.13% | Russell 2000 -33.79% | MSCI EAFE 31.78% | Russell 2000 Value 24.50% | S&P 500 2.11% | S&P 500 Value 17.68% |
| Russell 2000 18.88% | S&P 500 Value -0.64% | Russell 2000 Growth 31.04% | Russell 2000 Value 21.37% | S&P 500 Value 29.98% | S&P 500 Value 14.69% | MSCI EAFE 26.96% | Russell 2000 -3.02% | MSCI Emerging Markets -2.37% | MSCI EAFE -15.94% | Russell 2000 Value 46.03% | Russell 2000 18.33% | S&P 500 4.91% | S&P 500 Value 20.81% | Russell 2000 Growth 7.05% | S&P 500 Growth -34.92% | S&P 500 Growth 31.57% | MSCI Emerging Markets 19.20% | S&P 500 Value -0.48% | MSCI EAFE 17.32% |
| S&P 500 Value 18.61% | Russell 2000 Value -1.54% | Russell 2000 28.45% | Russell 2000 16.49% | Russell 2000 22.36% | Barclays Agg 8.70% | Russell 2000 21.26% | S&P 500 -9.11% | Russell 2000 Growth -9.23% | Russell 2000 -20.48% | MSCI EAFE 38.59% | S&P 500 Value 15.71% | Russell 2000 Value 4.71% | Russell 2000 18.37% | Barclays Agg 6.97% | S&P 500 -37.00% | Russell 2000 27.17% | S&P 500 Value 15.10% | Russell 2000 Growth -2.91% | Russell 2000 16.35% |
| Russell 2000 Growth 13.37% | Russell 2000 -1.82% | Russell 2000 Value 25.75% | Russell 2000 Growth 11.26% | Russell 2000 Growth 12.95% | Russell 2000 Growth 1.23% | S&P 500 21.04% | MSCI EAFE -14.17% | S&P 500 Value -11.71% | S&P 500 Value -20.85% | S&P 500 Value 31.79% | Russell 2000 Growth 14.31% | Russell 2000 4.55% | S&P 500 15.79% | S&P 500 5.49% | Russell 2000 Growth -38.54% | S&P 500 26.47% | S&P 500 15.06% | Russell 2000 -4.18% | S&P 500 16.00% |
| S&P 500 10.08% | Russell 2000 Growth -2.43% | Barclays Agg 18.46% | MSCI EAFE 6.05% | Barclays Agg 9.64% | Russell 2000 -2.55% | S&P 500 Value 12.73% | S&P 500 Growth -22.08% | S&P 500 -11.89% | S&P 500 -22.10% | S&P 500 28.68% | S&P 500 10.88% | Russell 2000 Growth 4.15% | Russell 2000 Growth 13.35% | S&P 500 Value 1.99% | S&P 500 Value -39.22% | S&P 500 Value 21.17% | S&P 500 Growth 15.05% | Russell 2000 Value -5.50% | S&P 500 Growth 14.61% |
| Barclays Agg 9.75% | Barclays Agg -2.92% | MSCI EAFE 11.21% | MSCI Emerging Markets 6.03% | MSCI EAFE 1.78% | Russell 2000 Value -6.45% | Barclays Agg -0.82% | Russell 2000 Growth -22.43% | S&P 500 Growth -12.73% | S&P 500 Growth -23.59% | S&P 500 Growth 25.66% | S&P 500 Growth 6.13% | S&P 500 Growth 4.00% | S&P 500 Growth 11.01% | Russell 2000 -1.57% | MSCI EAFE -43.38% | Russell 2000 Value 20.58% | MSCI EAFE 7.75% | MSCI EAFE -12.14% | Russell 2000 Growth 14.59% |
| S&P 500 Growth 1.68% | MSCI Emerging Markets -7.32% | MSCI Emerging Markets -5.21% | Barclays Agg 3.64% | MSCI Emerging Markets -11.59% | MSCI Emerging Markets -25.34% | Russell 2000 Value -1.49% | MSCI Emerging Markets -30.61% | MSCI EAFE -21.44% | Russell 2000 Growth -30.26% | Barclays Agg 4.10% | Barclays Agg 4.34% | Barclays Agg 2.43% | Barclays Agg 4.33% | Russell 2000 Value -9.78% | MSCI Emerging Markets -53.18% | Barclays Agg 5.93% | Barclays Agg 6.54% | MSCI Emerging Markets -18.17% | Barclays Agg 4.21% |

**S&P 500** measures the performance of large capitalization U.S. stocks. The S&P 500 is a market-value-weighted index of 500 stocks that are traded on the NYSE, AMEX, and NASDAQ. The weightings make each company's influence on the Index performance directly proportional to that company's market value.

**S&P 500 Growth** and **S&P 500 Value** measure the performance of the growth and value styles of investing in large cap U.S. stocks. The indices are constructed by dividing the market capitalization of the S&P 500 Index into Growth and Value indices, using style "factors" to make the assignment. The Value Index contains those S&P 500 securities with a greater-than-average value orientation, while the Growth Index contains those securities with a greater-than-average growth orientation. The indices are market-capitalization-weighted. The constituent securities are not mutually exclusive.

**Russell 2000** measures the performance of small capitalization U.S. stocks. The Russell 2000 is a market-value-weighted index of the 2,000 smallest stocks in the broad-market Russell 3000 Index. These securities are traded on the NYSE, AMEX, and NASDAQ.

**Russell 2000 Value** and **Russell 2000 Growth** measure the performance of the growth and value styles of investing in small cap U.S. stocks. The indices are constructed by dividing the market capitalization of the Russell 2000 Index into Growth and Value indices, using style "factors" to make the assignment. The Value Index contains those Russell 2000 securities with a greater-than-average value orientation, while the Growth Index contains those securities with a greater-than-average growth orientation. Securities in the Value Index generally have lower price-to-book and price-earnings ratios than those in the Growth Index. The indices are market-capitalization-weighted. The constituent securities are not mutually exclusive.

**MSCI EAFE** is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

**MSCI Emerging Markets** is a Morgan Stanley Capital International Index that is designed to measure the performance of equity markets in 21 emerging countries around the world.

**Barclays Aggregate Bond Index** (formerly the Lehman Brothers Aggregate Bond Index) includes U.S. government, corporate, and mortgage-backed securities with maturities of at least one year.

# The Callan Periodic Table of Investment Returns 1993–2012

The Callan Periodic Table of Investment Returns conveys that the ***case for diversification*** across asset classes (stocks vs. bonds), investment styles (growth vs. value), capitalizations (large vs. small), and equity markets (U.S. vs. international) is strong.

While past performance is no indication of the future, consider the following observations:

- The Table highlights the uncertainty inherent in all capital markets. Rankings change every year. Also noteworthy is the difference between absolute and relative performance. For example, witness the variability of returns for large cap growth, when it ranked second from last for the six years from 2001 to 2006, or the variability in the ranking for fixed income over the last 10 years while returns remained bound in a relatively narrow range.
- Stock markets around the world rebounded smartly in 2012 after suffering through incredible volatility in 2011. Global economic growth remained subdued and policy uncertainty persisted in Europe and the U.S., unnerving investors. Nonetheless, equity markets broadly outperformed long-term averages and notched solid gains in the 15% to 20% range. The **U.S. stock market** generated 16%, with much of the gain recorded in a strong third quarter, and the **developed markets overseas** did even better (+17.32%). **Emerging markets** notched the highest return (+18.63%) among all asset classes displayed in the table during 2012, after suffering the worst loss in 2011 (-18.17%). After underperforming in four of the previous five years, **large cap value** (+17.68%) led the way in the U.S. large cap market, outperforming **growth** (+14.61%) by 3.07%.
- Reverting to long-term trends, **small cap** (+16.35%) beat large cap (+16.00%) stocks in 2012, the 11th time in the past 14 years. **Small cap value** (+18.05%) bested **small cap growth** (+14.59%) for the first time in four years.
- **Fixed income** (+4.21%) generated the lowest return among asset classes in 2012 after leading the pack in 2011. While muted, fixed income gains surprised on the upside, just as in 2010 and 2011. At the start of the 2012, yields remained exceptionally low (2.24% for the Barclays Aggregate). Economic growth was expected to lead to inevitably higher interest rates, and therefore weak performance for fixed income. However, investor confidence in the economic recovery wavered during the first half of 2012. Interest rates declined into the third quarter, with the yield on the Aggregate falling to 1.56% at the end of September, driving up bond prices and total returns. Yields backed up modestly in the fourth quarter, tempering total return for the year. The stage remains set for weak bond market performance should interest rates begin to rise.
- The Table illustrates several sharply distinct periods for the capital markets over the past 20 years. First, note the unique experience of the 1995–1999 period, when large cap growth significantly outperformed other asset classes and the U.S. stock market in general enjoyed one of its strongest five-year runs.
- The subsequent three years (2000–2002) saw consecutive declines in large cap stocks for the first time since 1929–1932. The S&P 500 suffered its largest loss since 1974, declining 40% from its peak in March 2000 through the end of 2002.
- Stocks recorded five years of gains from 2003-2007, led by particularly strong growth in emerging markets. Then the bottom fell out in 2008, and the U.S. stock market sustained its worst drubbing since the 1930s. Large cap stocks suffered the second-worst annual decline (-37.00%) since 1926.

This analysis assumes that market indices are reasonable representations of the asset classes and depict the returns an investor could expect from exposure to these styles of investment. In fact, investment manager performance relative to the different asset class indices has varied widely across the asset classes during the past 20 years.

Callan

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Chicago 800.999.3536
Denver 855.864.3377
Summit 800.274.5878

*Note: A printable copy of The Callan Periodic Table of Investment Returns is available on our website at* ***www.callan.com****.*

## Stock Market Recovery Monitor

*Standard & Poor's 500 Stock Index*


Sources: Standard & Poor's Corporation • Copyright © 2013 Crandall, Pierce & Company • All rights reserved.

# Appendix

## QUANTITATIVE EQUITY: PERFORMANCE & DISCLOSURES | JUNE 30, 2013

| | | | | Annualized Returns | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 2nd Qtr. | Year to Date | One Year | Three Years | Five Years | Ten Years | Since Inception |
| **QVM: Large Cap** | **Gross** | **3.88%** | **14.95%** | **22.83%** | **19.12%** | **6.56%** | **9.81%** | **12.44%** |
| | **Net** | **3.75** | **14.67** | **22.22** | **18.53** | **6.03** | **9.27** | **11.88** |
| Russell 1000 Value | | 3.20 | 15.91 | 25.32 | 18.51 | 6.67 | 7.78 | 9.63 |
| Russell 1000 | | 2.65 | 13.90 | 21.23 | 18.64 | 7.12 | 7.67 | 9.08 |
| **QVM: Small/Mid Cap** | **Gross** | **3.57%** | **16.48%** | **26.73%** | **21.14%** | **-** | **-** | **22.37%** |
| | **Net** | **3.37** | **16.03** | **25.74** | **20.19** | **-** | **-** | **21.41** |
| Russell 2500 Value | | 1.54 | 15.09 | 26.87 | 18.92 | - | - | 18.09 |
| Russell 2500 | | 2.28 | 15.43 | 25.62 | 19.57 | - | - | 19.84 |
| **Micro Cap** | **Gross** | **5.53%** | **18.69%** | **26.49%** | **20.41%** | **11.36%** | **-** | **9.95%** |
| | **Net** | **5.21** | **17.97** | **24.95** | **18.94** | **9.98** | **-** | **8.59** |
| Russell Microcap Value | | 4.43 | 16.07 | 25.26 | 17.21 | 7.97 | - | 5.45 |
| Russell Microcap | | 5.10 | 18.32 | 25.38 | 18.28 | 8.53 | - | 5.05 |

## DISCLOSURES

WEDGE Capital Management L.L.P. claims compliance with the Global Investment Performance Standards (GIPS®). Returns for the quarter, year-to-date, ten years, and since inception (for all strategies except QVM: Small/Mid Cap) are presented as supplemental information to the returns required by the GIPS® Advertising Guidelines. WEDGE Capital Management L.L.P. is an SEC registered independent investment adviser owned by eight general partners. The firm was founded in 1984 and provides a range of equity, fixed income, and balanced investment strategies to institutional and other investors. The firm's policies for valuing portfolios, calculating performance, and preparing compliant presentations, as well as a list of all composite descriptions or a compliant presentation, is available by contacting the Performance Group, WEDGE Capital Management, 301 S. College Street, Suite 2920, Charlotte, NC 28202 or performance@wedgecapital.com.

Performance data is historical and is no indication of future results. Valuations and returns are in U.S. dollars. Investment returns reflect the reinvestment of dividends and/or interest. Gross performance results are presented before management fees but after all trading expenses. See Part 2A of Form ADV for details of management fees.

All strategies are actively managed and invest in companies traded on U.S. Exchanges. Equity composites consist of discretionary accounts with a minimum of $1MM. Prior to 2012, taxable accounts were included in separate composites. All Russell indexes include the reinvestment of dividends. Investors cannot invest directly in an index.

**QVM Large Cap:** Inception is 10/01/1994. The QVM: Large Cap Value strategy applies a quantitative approach to a selection of Large Cap Value securities. Net returns are calculated utilizing the highest fee of 0.50%. The management fee schedule is as follows: 0.50% of the first $25MM under management, 0.40% on the next $75MM, and 0.30% on all assets over $100MM. The appropriate index is the Russell 1000 Value Index which measures the performance of the large cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.

**QVM Small/Mid Cap:** Inception is 01/01/2009. The QVM: Small/Mid Cap Value strategy applies a quantitative approach to a selection of Small Cap Value and Mid Cap Value securities. Net returns are calculated utilizing the highest fee of 0.80%. The management fee schedule is as follows: 0.80% of the first $10MM under management, 0.75% on the next $15MM, and 0.70% on all assets over $25MM. The appropriate index is the Russell 2500 Value Index which measures the performance of the small to mid cap value segment of the U.S. equity universe. It includes those Russell 2500 Index companies with lower price-to-book ratios and lower expected growth values.

**Micro Cap:** Inception is 01/01/2004. The Micro Cap Value strategy applies a quantitative approach to select companies with a market cap of $40MM to $400MM. Net returns are calculated utilizing the strategy's stated fee of 1.25%. The appropriate index is the Russell Microcap Value Index which measures the performance of the microcap value segment of the U.S. Equity market. It includes those Russell Microcap Index companies with lower price-to-book ratios and lower forecasted growth values.