

# Mid Cap Dividend Value

As of March 31, 2020

## Objective

Long-term capital appreciation through investments in mid-cap, dividend paying equities.

## Philosophy

Typically, dividend paying stocks are only associated with larger-cap companies and the small cap companies are largely misunderstood or ignored. We believe the quality of the universe from which we generate investment ideas is inherently superior to the substantially broader universe of small cap stocks, an index, or an ETF which are cap-weighted with significant biases toward sectors and certain industries.

In addition, we believe that dividend payers offer an attractive risk-profile as they generally outperform non-dividend payers in periods where equity markets are down.

## Portfolio Construction

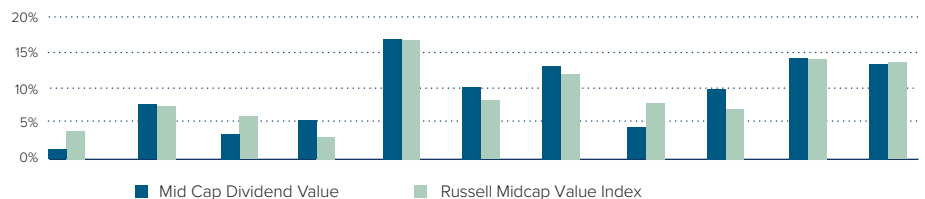
- 60 - 90 stocks
- Market capitalization: \$2 bil. - \$20 bil.
- Maximum sector weight: +/- 5% benchmark
- Initial position size: 0.5%
- Maximum position size: 5%

## Investment Highlights

In challenging investment environments, we believe the quality of our dividend-focused portfolio, coupled with our attention to valuation, will provide some degree of downside market protection. However, not all stocks are created equal and we believe our fundamental research effort can identify the most attractive stocks within this universe.

### Relative Sector Weights

	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities
Mid Cap Dividend	1.40%	7.72%	3.59%	5.08%	16.93%	10.19%	13.12%	4.48%	9.88%	14.22%	13.40%
Russell Midcap Value	3.99%	7.48%	5.63%	3.11%	16.75%	8.28%	11.96%	7.96%	7.09%	14.14%	13.62%



### Strategy Characteristics

	Mid Cap Dividend Value	Russell Midcap Value Index
Number of holdings	76	632
Cash Exposure	4.06%	—
Weighted Avg. Market Cap	\$7.9 Bil	\$12.3 Bil
Median Market Cap	\$4.5 Bil	\$5.1 Bil
Price/Earnings*	10.7x	12.3x
P/E Forecast (FY1)	10.7x	12.5x
Price/Book*	1.3x	1.3x
Price/Cash Flow*	6.5x	6.4x
Price/Sales*	1.1x	0.9x
Alpha**	1.21%	—
Beta***	1.03	1.00
Risk (Standard Deviation)****	17.74%	16.93%

- \* Last 12 Months, Weighted harmonic average.
- \*\* Alpha is a measure of performance on a risk-adjusted basis. Number shown reflects the trailing five year alpha.
- \*\*\* Beta is the current measure of a portfolio's risk in relation to the market or a benchmark. Number shown reflects the trailing five year beta.
- \*\*\*\* Standard deviation is a statistical measurement of historical volatility and can be used to gauge the amount of expected volatility. Number shown reflects the trailing five year standard deviation.

### Top Ten Equity Holdings

Security Name	Weight
FMC Corporation	2.4%
STERIS Plc	2.3%
BWX Technologies, Inc.	2.2%
Oshkosh Corp	2.0%
Agilent Technologies, Inc.	1.9%
Black Hills Corporation	1.9%
Vulcan Materials Company	1.9%
NRG Energy, Inc.	1.9%
Encompass Health Corporation	1.9%
Hudson Pacific Properties, Inc.	1.8%
<b>Total</b>	<b>20.2%</b>

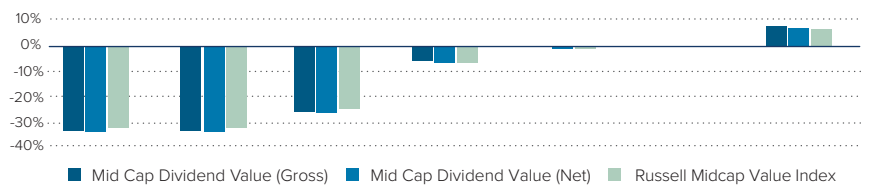
The sector weights, characteristics, and top ten holdings shown are based on the model portfolio as of the date indicated.

Strategy Inception: October 31, 2010

# Mid Cap Dividend Value

## Performance as of March 31, 2020 (Composite)

	Average Annualized						
	Quarter	YTD	1-Year	3-Years	5-Years	10-Years	Since Inception
Mid Cap Dividend (Gross)	-33.12%	-33.12%	-25.43%	-5.33%	0.32%	--	8.15%
Mid Cap Dividend (Net)	-33.22%	-33.22%	-25.93%	-5.97%	-0.49%	--	7.19%
Russell Midcap Value Index	-31.71%	-31.71%	-24.13%	-5.97%	-0.76%	--	7.10%



## Calendar Year Performance (Composite)

Calendar Year	2010*	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mid Cap Dividend Value (Gross)	7.21%	1.95%	16.79%	36.53%	12.58%	-3.02%	25.42%	16.99%	-11.20%	26.06%
Mid Cap Dividend Value (Net)	7.21%	0.81%	15.65%	35.23%	11.46%	-3.97%	24.16%	16.09%	-11.83%	25.24%
Russell Midcap Value Index	8.10%	-1.38%	18.51%	33.46%	14.75%	-4.78%	20.00%	13.34%	-12.29%	27.06%

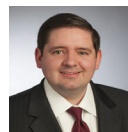
\*October 31, 2010 (inception) through December 31, 2010

## Portfolio Management Team



**Thomas E. Browne, Jr., CFA**

Portfolio Manager  
34 years experience



**Brian P. Leonard, CFA**

Portfolio Manager  
21 years experience

Smaller and medium-sized company stocks are more volatile and less liquid than larger, more established company securities. Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal will fluctuate so that an investor's portfolio, when redeemed, may be worth more or less than the original cost. Portfolio holdings will change, and should not be considered purchase recommendations. Top holdings and sector weights do not reflect cash, money markets or options/futures contracts holdings. The Russell Midcap Value Index measures the performance of the mid-cap value segment of the U.S. equity value universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values. Since inception benchmark returns are from 10/31/10. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Keeley Teton Advisors, LLC. Neither MSCI, S&P nor any third party

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### Investment Process

We focus our research efforts across a broad array of dividend-paying stocks. In evaluating the overall quality of a company, we view the investment universe in four distinct areas. Depending on company-specific valuations - as well as the current macroeconomic environment, we categorize equities into each of these groups:

#### Attractive

These stocks demonstrate attractive qualities independent from their dividends.

#### Growers

We expect these companies to grow dividends faster than the market due to earnings growth and low payout ratio.

#### Solid-Steady

These stocks offer average yields, and grow their dividends in-line with earnings.

#### High-Yield

These stocks offer above-average yields that we believe are sustainable due to strong balance sheets and/or strong cash flows.

From these four categories, fundamental research helps our team assess the sustainability of a dividend by analyzing the company's cash flow, balance sheet and dividend history.

Keeley Teton Advisors, LLC is the registered investment adviser to this strategy and is a wholly owned subsidiary of Teton Advisors, Inc.

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