

Structured Small Cap Equity

Quarterly Commentary

Third Quarter 2018

Market Commentary

During the third quarter, the U.S. domestic backdrop continued to be highly positive for small-cap equities. The economy continued to grow at a steady pace, while interest rates edged up to more historically typical levels. Earnings, employment, and future profit growth expectations remained strong.

While overall equity market performance trended positively, the drivers behind stock price performance shifted as the third quarter progressed. Within the small-cap equity universe, performance in July was driven by cyclical sectors, such as Industrials and Materials, with each posting returns in excess of 3% for the month. As a result, small-cap value stocks outperformed their growth counterparts, as measured by the Russell 2000 Value and Russell 2000 Growth indexes, respectively. A rise in investor sentiment in growth-oriented sectors helped drive the Russell 2000 Index for August, although absolute returns were less robust as the quarter continued. The Russell 2000 Index posted a negative absolute return for September, with Telecommunications as the only positive sector.

While growth outperformed value in a reversal from the previous quarter, it was a continuation of the trend that has persisted for nearly the last two years. Besides second quarter 2018, the last time value outperformed growth was during fourth quarter 2016. We believe growth has and will continue to lead the market on the basis of a growing economy, strong corporate earnings, and low unemployment, among other factors.

So far this year, size (i.e., market capitalization) has been a notable driver of returns. As of the end of September, on a year-to-date basis, small-cap stocks have outperformed large caps, as measured by the Russell 2000 and S&P 500 indexes, respectively, with a majority of the gains occurring during the second quarter. Large caps outperformed small caps in the third quarter, which narrowed the year-to-date gap. Within the small-cap universe, larger market-cap stocks in the index also outperformed.

Because our models favor larger-cap stocks among the overall small-cap universe, when the market favors the highest market caps of the group, this creates a tailwind for our process. The weighted average market-cap for the Structured Equity portfolios will almost always be notably higher than the Index, due to the risk constraints we place on portfolio construction related to liquidity and solvency.

Looking forward, we believe there is a strong positive outlook for consumers as we approach the tax return season. Given recent changes to the individual income tax code, leading researchers anticipate that workers may receive higher tax refunds next year. We anticipate this extra income will propel the Consumer Discretionary sector through 2019.

Additionally, the impact of tax reform is ongoing and contributing to a positive fundamental backdrop for U.S. businesses as well. Corporate earnings growth has been strong, as expected, but revenue growth has also been robust, indicating businesses are getting a boost beyond the bottom line. Notably, the National Federation of Independent Business's Small Business Optimism Index reached new highs during the quarter. In August, the index soared to 108.8, topping the July 1983 high-water mark of 108. This index, based on a survey of small and independent business owners, measures expectations for compensation, profits, sales, inventory levels, and employment, among others. Fortunately, this optimism has persisted in spite of ongoing international trade tariff disputes, which escalated further during the quarter, particularly between the U.S. and China.

We expect investors to continue to favor more growth-centric companies, such as those within the Information Technology and Consumer Discretionary sectors. Earnings dispersion, a factor measuring the variation in analyst estimates, has been one of the strongest factors over the trailing 12-month period, suggesting consensus among analysts has been a driving force behind market returns year-to-date. At this point in the business cycle, valuations have not been a driver of investor interest, a condition that we believe will persist until there is a notable shift in the market. Until we see valuation compression, we expect valuation will take a back seat to persistent trends and growth.

Structured Small Cap Equity

STRUCTURED SMALL CAP CORE EQUITY

Performance Summary

For the quarter ended September 30, 2018, the PNC Capital Advisors Structured Small Cap Core Equity Composite underperformed its benchmark, the Russell 2000 Index, returning 3.23% gross of fees and 3.00% net of fees. This compares with a return of 3.58% for the Russell 2000 Index during the same period.

Performance Summary as of September 30, 2018 ¹		3Q18	1 Year	3 Year	5 Year	10 Year
Structured Small Cap Core Equity Composite	Gross	3.23%	11.86%	14.09%	12.35%	13.33%
	Net	3.00%	10.86%	13.06%	11.34%	12.32%
Russell 2000 Index		3.58%	15.24%	17.12%	11.07%	11.11%

¹Data as of September 30, 2018. Source: Advent Portfolio Exchange® (APX). Performance returns are presented gross and net of fees and include the reinvestment of all income. Gross of fee performance returns do not reflect the payment of investment advisory fees and other expenses. Actual returns will be reduced by advisory fees and other expenses that may be incurred in the management of the account. Net of fee performance was calculated using the highest management fee of 0.90%, representing the maximum advisory fees charged to client accounts invested in the Structured Small Cap Core Equity Composite during the respective period. **Past performance is no guarantee of future results.**

For information regarding the current investment advisory fees of PNC Capital Advisors, LLC, please refer to Form ADV, Part 2A, which is available at: <https://pnccapitaladvisors.com>. Please refer to our GIPS®-compliant Presentation, which includes additional important disclosures and is located at the end of this commentary.

Underperformance was driven by stock selection, which was offset somewhat by a positive contribution from sector allocation. From a sector perspective, the largest detractor from stock selection was Financials, followed by Information Technology and Materials. We underperformed in financials mainly due to our overweight to banks, as the rising interest rate environment is creating a hurdle for the industry. Additionally, our underweight to the insurance industry, which performed well on an absolute basis, hurt relative results. Stock selection in Industrials, led by the aerospace and building products industries, as well as Consumer Discretionary, and Consumer Staples contributed positively to relative investment results.

Sector allocation benefitted from our overweight to the Telecommunications and Information Technology sectors and underweight to Real Estate. We believe the Telecommunications sector may have benefitted from increased market activity as a result of a major reclassification within the sector by the Global Industry Classification Standard (GICS), which is used by some major index providers, such as S&P and MSCI. The strategy's underweight to Healthcare and Consumer Discretionary and overweight to Materials detracted from relative investment results only slightly. Within Materials, the chemicals industry was the primary underperformer.

As mentioned in our Market Commentary, larger-cap stocks outperformed smaller-cap stocks within the small-cap universe during the quarter. As our portfolio is typically underweight smaller-cap stocks due to portfolio construction risk and liquidity constraints, this trend was a tailwind to the strategy's performance during the quarter.

STRUCTURED SMALL CAP GROWTH EQUITY

Performance Summary

For the quarter ended September 30, 2018, the PNC Capital Advisors Structured Small Cap Growth Equity Composite outperformed its benchmark, the Russell 2000 Growth Index, both on a gross of fees and net of fees basis, returning 9.73% and 9.47%, respectively. This compares with a return of 5.52% for the Russell 2000 Growth Index during the same period.

Structured Small Cap Equity

Performance Summary as of September 30, 2018²

		3Q18	1 Year	3 Year	5 Year	10 Year
Structured Small Cap	Gross	9.73%	24.25%	18.03%	14.51%	13.86%
Growth Equity Composite	Net	9.47%	23.13%	16.97%	13.49%	12.84%
Russell 2000 Growth Index		5.52%	21.06%	17.98%	12.14%	12.65%

²Data as of September 30, 2018. Source: Advent Portfolio Exchange® (APX). Performance returns are presented gross and net of fees and include the reinvestment of all income. Gross of fee performance returns do not reflect the payment of investment advisory fees and other expenses. Actual returns will be reduced by advisory fees and other expenses that may be incurred in the management of the account. Net of fee performance was calculated using the highest management fee of 0.90%, representing the maximum advisory fees charged to client accounts invested in the Structured Small Cap Growth Equity Composite during the respective period. **Past performance is no guarantee of future results.**

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The strategy's outperformance was driven entirely by stock selection; sector allocation detracted by a negligible amount. Stock selection within the Consumer Discretionary sector contributed the most, led by the retail industry, followed by Healthcare and Industrials. The positive contribution from Healthcare was led by biotechnology stocks, which has historically been a difficult industry for our model. The positive impact was mitigated somewhat by the healthcare equipment industry, which underperformed. Stock selection within financials, led by the insurance and thrifts & mortgage finance industries, detracted from relative investment results. Utilities also detracted from relative results, but by a very small amount.

As mentioned in our Market Commentary, larger-cap stocks outperformed smaller-cap stocks within the small-cap universe during the quarter. As our portfolio is typically underweight smaller-cap stocks due to portfolio construction risk and liquidity constraints, this trend was a tailwind to the strategy's performance during the quarter.

STRUCTURED SMALL CAP VALUE EQUITY

Performance Summary

For the quarter ended September 30, 2018, the PNC Capital Advisors Structured Small Cap Value Equity Composite underperformed its benchmark, the Russell 2000 Value Index, returning 0.87% gross of fees and 0.65% net of fees. This compares with a return of 1.60% for the Russell 2000 Value Index during the same period.

Performance Summary as of September 30, 2018³

		3Q18	1 Year	3 Year	5 Year	10 Year
Structured Small Cap	Gross	0.87%	8.56%	11.74%	9.63%	10.20%
Value Equity Composite	Net	0.65%	7.59%	10.74%	8.65%	9.22%
Russell 2000 Value Index		1.60%	9.33%	16.12%	9.91%	9.52%

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Structured Small Cap Equity

The strategy's relative underperformance was driven by stock selection, mitigated somewhat by sector allocation. Stock selection within the Consumer Staples, Energy, and Industrials sectors contributed the most. Consumer Staples was led by the strategy's holdings in the food products and food retailing industries. Strong performance in Energy was led by the strategy's overweight in one stock on better-than-expected quarterly financial results. However, the positive performance was more than offset by the top three sector detractors to stock selection—Consumer Discretionary, Information Technology, and Healthcare. The negative impact from Consumer Discretionary was led by the hotels, restaurants, & leisure industry, with the bulk of the underperformance tied to the strategy's overweight position in Stars Group, Inc., which is in the midst of digesting a large acquisition.

As mentioned in our Market Commentary, larger-cap stocks outperformed smaller-cap stocks within the small-cap universe during the quarter. As our Value portfolio typically targets smaller, lesser-known stocks, the strategy had an overweight position in smaller-cap stocks within the universe. As a result, this trend posed a headwind to the strategy's performance during the quarter.

STRUCTURED SMALL CAP EQUITY STRATEGY FACTOR ANALYSIS

The Structured Small Cap Equity strategies are systematic and disciplined in nature, modeled after scientific evidence. All of our strategies utilize a multi-factor model composed of factors that are academically sound and extensively tested for robustness over long periods in the Russell small and small-to-mid cap universes.

Throughout the year so far, we have seen constant transition and flux within the small-cap market, a trend that carried through to the end of the third quarter. In fact, during the most recent quarter, we saw leading factors fluctuate from month to month—value showed slight positive strength during July, then growth in August, and finally sentiment shifted towards defensive quality midway through September. While our models were most effective during the month of September, end-of-quarter strength was not compelling enough to lead to quarterly outperformance across all Structured Small Cap Equity strategies. Indeed, this ebb and flow caused our multi-factor model to post a flat correlation of alpha scores to price return for the third quarter.

Top Performing

Price Momentum

Short-term price momentum factors, such as 1-month Price Reversal, persisted as we entered the third quarter, although they fell off as September approached. These short-term factors that measure the quick month-to-month swings in price performance are not an effective alpha-generating tool for long-term investing. Positively, traditional long-term factors, such as Price to 200-day Moving Average, were effective during most of the quarter. These factors that look for trends over the long-term have played an important role in the Structured Small Cap Equity strategies' ability to track the index.

- Price to 200-day Moving Average
- Price-to-52-week High
- 12-Month Price Change

Quality Factors

Particularly strong at the end of the quarter, quality factors, such as those measuring cash flow strength and low leverage, had high correlations with price return for the quarter. This signals a shift toward quality. Market participants have decided to place their funds in securities that are backed by companies with strong balance sheets and improving margins. This is a positive sign for our strategies that specifically look for quality-driven companies.

- Cash Flow-to-Assets
- Long-term Sales Growth
- Debt-to-Assets

Structured Small Cap Equity

Bottom Performing

Volatility & Risk Factors

Stocks that had high volatility, as measured by standard deviation of price returns, underperformed for the quarter. This is consistent with the narrative that investors flocked to stability and quality as the quarter progressed. As we potentially reach the end of the business cycle and interest rates continue to rise, investors are wary of increased risk in the market. Notably, Beta, a factor used to measure risk of a security relative to the market, posted flat correlations

- 22-Day Standard Deviation of Price
- 1-Year Daily Price Volatility

Price-Based Valuations Factors

Valuation-based factors have been the laggards of 2018 and the last 3-year period. Specifically, valuation factors based on price have been significantly ineffective this quarter. Earnings-to-Price posted the lowest correlations with forward price return across all factors. It was completely ineffective across all sectors except Energy. As growth-based factors continue to lead the market, we do not anticipate valuations to rebound before the end of the year.

- Forward and Trailing Earnings-to-Price
- Book-to-Price
- Sales-to-Price

MANAGEMENT TEAM

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Portfolio Manager

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Senior Portfolio Manager

Chen Chen, Ph.D.
Portfolio Manager

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Structured Small Cap Equity

Firm Description: As of September 29, 2009, PNC Capital Advisors, Inc. and its affiliate Allegiant Asset Management Company each merged into and with PNC Capital Advisors, LLC (“PNC Capital Advisors” or “the Firm”). PNC Capital Advisors, a registered investment adviser and direct wholly owned subsidiary of The PNC Financial Services Group, Inc. (“PNC”), provides investment advice with respect to equity and fixed income securities for a variety of clients, including institutional accounts and registered investment companies.

For Global Investment Performance Standards (GIPS®) purposes, PNC Capital Advisors, LLC includes:

- 1) Assets under management of PNC Bank, N.A. that were previously attributed to a predecessor firm, Mercantile, which prior to September 14, 2007 was defined to include the assets of Mercantile-Safe Deposit and Trust Company and its subsidiary, Mercantile Capital Advisors, Inc. Effective September 14, 2007, Mercantile-Safe Deposit and Trust Company was merged into PNC Bank, N.A., and in conjunction with such merger, PNC Capital Advisors, Inc. became a subsidiary of PNC Bank, N.A. PNC Capital Advisors, Inc. commenced serving as subadvisor to certain clients of PNC Bank, N.A. effective February 11, 2008.
- 2) Assets under management of PNC Municipal Investment Group, formerly a part of PNC Bank, N.A., now a business unit of PNC Capital Advisors.
- 3) Assets under management of the Advantage Equity Portfolio Management Team, formerly a part of PNC Institutional Investment Group (“PNC IIG”), a part of PNC Bank, N.A., now a business unit of PNC Capital Advisors.
- 4) Wrap program assets managed by Allegiant Advisory Services, formerly a part of Allegiant Asset Management Company.
- 5) Assets under management of Allegiant Asset Management Company (excluding Allegiant Advisory Services), formerly a wholly owned subsidiary of National City Corporation, now an institutional subsidiary of the PNC Financial Services Group, Inc. and part of PNC Capital Advisors.

Compliance Statement: PNC Capital Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PNC Capital Advisors, LLC has been independently verified for the period beginning September 29, 2009 through December 31, 2016 by Ashland Partners and Company, LLP, and for the periods January 1, 2017 through December 31, 2017 by ACA Performance Services, LLC. 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 Structured Small Cap Core Equity Composite has been examined by Ashland Partners & Company LLP for the period January 1, 2008 through December 31, 2016, and for the periods January 1, 2017 through December 31, 2017 by ACA Performance Services, LLC. The verification and performance examination reports are available upon request.

Verification: Compliance with the GIPS standards for the predecessor firm (Allegiant Asset Management Company) was verified by Ashland Partners & Company LLC for the period January 1, 2008 through September 29, 2009 and by a previous verifier for the period January 1, 1998 through December 31, 2007. In addition, a performance examination was conducted on the Structured Small Cap Core Equity Composite for the period May 1, 2005 through December 31, 2007 by a previous verifier. Copies of the verification reports as well as policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. A list of composite descriptions is also available upon request.

PNC Capital Advisors Structured Small Cap Core Equity Composite

Composite Inception Date: April 30, 2005 | Composite Creation Date: April 30, 2005

Year	Gross of Fees Return %	Net of Fees Return %	3 Yr Ex-Post Std Dev Comp %	Benchmark Return %	3 Yr Ex-Post Std Dev Benchmark %	Number of Portfolios (Year-end)	Composite Dispersion (Std Dev %)	Composite Assets (\$ millions)	Firm Assets (\$ millions)
2017	13.34	12.33	11.65	14.65	13.91	186	0.08	645.2	50,300
2016	18.51	17.44	14.16	21.31	15.76	118	0.24	407.7	48,659
2015	(0.24)	(1.12)	14.36	(4.41)	13.96	86	0.13	212.4	41,592
2014	8.99	8.01	13.28	4.89	13.12	29	0.18	107.8	41,062
2013	51.57	50.21	15.69	38.82	16.45	6	N/A	69.2	36,882
2012	22.94	21.86	18.00	16.35	20.20	4	N/A	46.9	34,425
2011	1.87	0.96	21.52	(4.18)	24.99	4	N/A	38.7	35,113
2010	29.55	28.41		26.86		6	1.03	48.6	33,318
2009	17.73	16.69		27.17		7	1.38	77.5	32,318
2008	(35.35)	(35.95)		(33.79)		7	0.32	76.3	27,606

Composite Description: The investment objective of the Structured Small Cap Core Equity Composite is to provide capital appreciation by investing in a diversified portfolio of small cap securities. Results from all accounts have been continuous from the first full month under management to present or last full month under management. The Structured Small Cap Core Equity Composite was created April 30, 2005. Effective June 1, 2015 the composite was redefined to exclude accounts with client imposed restrictions to allow for a more pure representation of the intended strategy.

Benchmark: The benchmark for the composite is the Russell 2000® Index. The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership and is constructed to provide a comprehensive and unbiased small-cap barometer.

Minimum Account Size: All discretionary accounts in excess of \$2 million have been included in the composite. Effective July 1, 2010, the minimum account size is \$100,000.

Calculation of Results: Accounts are valued using trade date accounting and are denominated in U.S. dollars. Performance results reflect the reinvestment of interest, dividends, and realized capital gains and include cash, cash equivalents, convertible securities, and preferred securities, if applicable. Dividends and interest are recorded on an accrual basis and are gross of all applicable foreign withholding taxes, if any.

Performance results are presented on a gross and net basis. The net results reflect a deduction of 0.90%, representing the maximum advisory fee charged to client accounts in the Structured Small Cap Core Equity Composite. The actual fees paid by a client may vary based on assets under management and other factors. **Past performance is no guarantee of future results.**

Dispersion: The dispersion of annual return is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for a full year. Prior to 2007, the dispersion of annual return was calculated across equal-weighted portfolio returns. For periods during which five or fewer accounts were included in the composite for a full year, standard deviation is not disclosed because it is not considered meaningful.

Fee Schedule: The management fee schedule is as follows: 0.90% on amounts up to \$25 million, 0.80% on next \$25 million, and 0.70% on amounts over \$50 million. The actual fees paid by a client may vary based on assets under management and other factors.

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PNC Capital Advisors Structured Small Cap Growth Equity Composite

Composite Inception Date: April 30, 2005 | Composite Creation Date: April 30, 2005

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2017	15.87	14.83	12.95	22.17	14.59	24	0.02	189.1	50,300
2016	11.04	10.04	15.10	11.32	16.67	17	0.02	189.2	48,659
2015	6.91	5.96	14.66	(1.38)	14.95	9	N/A	89.6	41,592
2014	6.70	5.75	12.85	5.60	13.82	4	N/A	39.0	41,062
2013	48.27	46.94	14.96	43.30	17.27	1	N/A	34.3	36,882
2012	15.36	14.33	17.21	14.59	20.72	1	N/A	24.7	34,425
2011	2.75	1.83	20.84	(2.91)	24.31	1	N/A	27.1	35,113
2010	31.86	30.70		29.09		1	N/A	30.0	33,318
2009	17.50	16.45		34.47		1	N/A	34.0	32,318
2008	(36.38)	(36.97)		(38.54)		3	N/A	91.7	27,606

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Benchmark: The benchmark for the composite is the Russell 2000® Growth Index. The Russell 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000® Index companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment.

Minimum Account Size: All discretionary accounts in excess of \$2 million have been included in the composite. Effective July 1, 2010, the minimum account size is \$100,000.

Calculation of Results: Accounts are valued using trade date accounting and are denominated in U.S. dollars. Performance results reflect the reinvestment of interest, dividends, and realized capital gains and include cash, cash equivalents, convertible securities, and preferred securities, if applicable. Dividends and interest are recorded on an accrual basis and are gross of all applicable foreign withholding taxes, if any.

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- 4) Wrap program assets managed by Allegiant Advisory Services, formerly a part of Allegiant Asset Management Company.
- 5) Assets under management of Allegiant Asset Management Company (excluding Allegiant Advisory Services), formerly a wholly owned subsidiary of National City Corporation, now an institutional subsidiary of the PNC Financial Services Group, Inc. and part of PNC Capital Advisors.

Compliance Statement: PNC Capital Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PNC Capital Advisors, LLC has been independently verified for the period beginning September 29, 2009 through December 31, 2016 by Ashland Partners and Company, LLP, and for the periods January 1, 2017 through December 31, 2017 by ACA Performance Services, LLC. 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 Structured Small Cap Value Equity Composite has been examined by Ashland Partners & Company LLP for the period January 1, 2008 through December 31, 2016, and for the periods January 1, 2017 through December 31, 2017 by ACA Performance Services, LLC. The verification and performance examination reports are available upon request.

Verification: Compliance with the GIPS standards for the predecessor firm (Allegiant Asset Management Company) was verified by Ashland Partners & Company LLC for the period January 1, 2008 through September 29, 2009 and by a previous verifier for the period January 1, 1998 through December 31, 2007. In addition, a performance examination was conducted on the Structured Small Cap Value Equity Composite for the period May 1, 2005 through December 31, 2007 by a previous verifier. Copies of the verification reports as well as policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. A list of composite descriptions is also available upon request.

PNC Capital Advisors Structured Small Cap Value Equity Composite

Composite Inception Date: April 30, 2005 | Composite Creation Date: April 30, 2005

Year	Gross of Fees Return %	Net of Fees Return %	3 Yr Ex-Post Std Dev Comp %	Benchmark Return %	3 Yr Ex-Post Std Dev Benchmark %	Number of Portfolios (Year-end)	Composite Dispersion (Std Dev %)	Composite Assets (\$ millions)	Firm Assets (\$ millions)
2017	1.81	0.90	12.38	7.84	13.97	13	N/A	40.8	50,300
2016	26.81	25.67	13.55	31.74	15.50	8	0.01	37.8	48,659
2015	(3.61)	(4.46)	12.99	(7.47)	13.46	7	N/A	27.4	41,592
2014	7.75	6.78	12.56	4.22	12.79	3	N/A	27.0	41,062
2013	46.82	45.50	14.96	34.52	15.82	1	N/A	27.4	36,882
2012	10.65	9.67	17.57	18.05	19.89	1	N/A	20.9	34,425
2011	0.38	(0.52)	21.64	(5.50)	26.05	2	N/A	46.2	35,113
2010	28.68	27.55		24.50		2	N/A	60.6	33,318
2009	10.89	9.90		20.58		2	N/A	69.3	32,318
2008	(28.25)	(28.91)		(28.92)		6	0.29	176.9	27,606

Composite Description: The investment objective of the Structured Small Cap Value Equity Composite is to provide capital appreciation by investing in a diversified portfolio of small-cap value securities. Results from all accounts have been continuous from the first full month under management to present or last full month under management. The Structured Small Cap Value Equity Composite was created April 30, 2005. Effective June 1, 2015 the composite was redefined to exclude accounts with client imposed restrictions to allow for a more pure representation of the intended strategy.

Benchmark: The benchmark for the composite is the Russell 2000® Value Index. The Russell 2000® Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment.

Minimum Account Size: All discretionary accounts in excess of \$2 million have been included in the composite. Effective July 1, 2010, the minimum account size is \$100,000.

Calculation of Results: Accounts are valued using trade date accounting and are denominated in U.S. dollars. Performance results reflect the reinvestment of interest, dividends, and realized capital gains and include cash, cash equivalents, convertible securities, and preferred securities, if applicable. Dividends and interest are recorded on an accrual basis and are gross of all applicable foreign withholding taxes, if any.

Performance results are presented on a gross and net basis. The net results reflect a deduction of 0.90%, representing the maximum advisory fee charged to client accounts in the Structured Small Cap Value Composite. The actual fees paid by a client may vary based on assets under management and other factors. **Past performance is no guarantee of future results.**

Dispersion: The dispersion of annual return is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for a full year. Prior to 2007, the dispersion of annual return was calculated across equal-weighted portfolio returns. For periods during which five or fewer accounts were included in the composite for a full year, standard deviation is not disclosed because it is not considered meaningful.

Fee Schedule: The management fee schedule is as follows: 0.90% on amounts up to \$25 million, 0.80% on next \$25 million, and 0.70% on amounts over \$50 million. The actual fees paid by a client may vary based on assets under management and other factors.

Structured Small Cap Equity

Definitions

1-Month and 1-Year Price Momentum: The rate of change on price movements for a particular stock.

TSTATV: A statistical measure of correlation to a consistent upward trend line adjusted by price volatility, used to gauge the momentum in price behavior.

Price to 52-week high: Compares a stock's price to its 52-week high.

EPS Growth: Year over year growth of a company's profit allocated to each outstanding share of common stock.

Debt to Asset Ratio: A leverage ratio that measures the amount of total assets that are financed by creditors instead of investors.

Free Cash Flow to Total Assets: Measure of valuation based on a free cash flow relative to a company's total assets.

Stable Growth: A ratio of a stock's five-year growth rate in price to its five-year earnings stability rate.

Debt to Equity Ratio: A ratio indicating the relative proportion of a shareholders' equity and debt.

Earnings to Price: A factor based on the earnings per share of a company relative to its price, used in valuation.

Book to Price: A factor based on the book value of a company relative to its price, used in valuation.

The **Russell 2000 Index** is an unmanaged index that tracks the common stock price movement of the 2000 smallest companies of the Russell 3000 Index, which measures the performance of the 3000 largest US companies based on total market capitalization.

The **Russell 2000 Growth Index** is an unmanaged index representative of small-cap growth stocks that measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index** is an unmanaged index representative of small-cap value stocks that measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The **S&P 500 Index** is an unmanaged cap-weighted index of 500 publicly traded stocks generally representative of the large-cap U.S. stock market performance and includes a representative sample of leading companies in leading industries. An investor cannot invest in the S&P 500 Index.

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PNC Capital Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of PNC Capital Advisors, LLC and/or a presentation that complies with the GIPS® standards, please send an email to Compliance at pcacompliancegroup@pnc.com.

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INVESTMENTS: NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE