

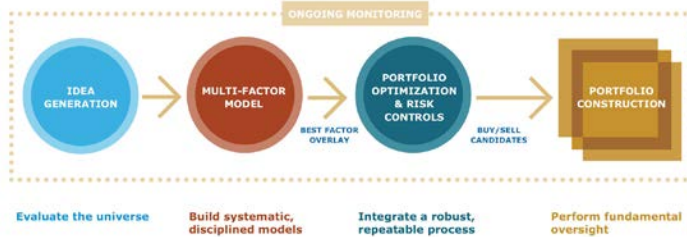
# Structured Small Cap Growth Equity

Third Quarter 2017

## Investment Philosophy

We believe quantitative methods can be developed to capture fundamental insights and capitalize on systematic market inefficiencies. Stock selection in our process is based upon sound scientific evidence. We believe key drivers of future stock performance are company valuation, fundamentals, and investor interest. Technology enables us to identify attractive stocks in a systematic, disciplined, and timely manner, resulting in a consistent out performance over time.

## Investment Process



### Multi-Factor Model Development

Multi-factor models are developed to objectively seek alpha based on:

- Academic and market research
- Economic principles
- Statistical validity
- Fundamental analysis
- Multi-scenario analysis

### Portfolio Construction

Systematic stock evaluation, portfolio optimization, fundamental oversight, and continual evaluation drives the structured equity process.

#### 1. Rank Scoring Model

- Improving fundamentals
- Attractive valuations
- Improving sentiment

#### Best Factor Overlay

- Incorporates shorter-term factor efficacy into the process to compensate for near term inflection points
- Improved downside protection

#### 2. Portfolio Optimization & Risk Controls

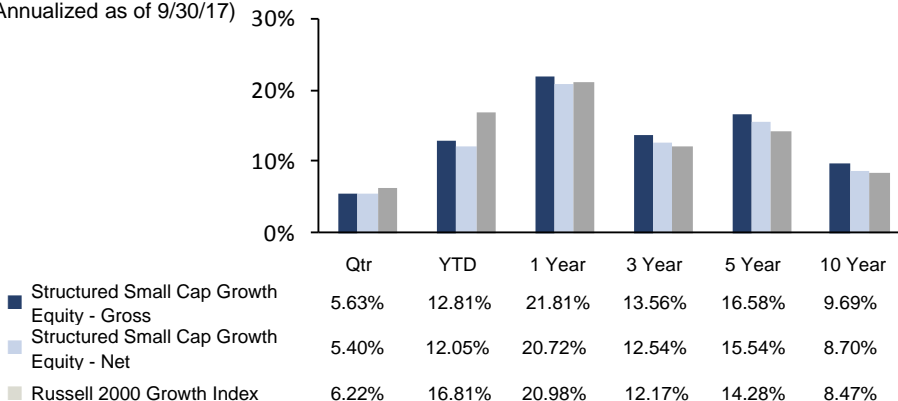
- Heuristic or hard risk constraints
- Tracking Error range (4% to 7%)
- Industry Weights (+/-3%)
- Maximum Position (relative 2.5%)

#### 3. Fundamental Oversight & Portfolio Construction

- Validation of rank data.
- Fundamental, news and management related information that might not be captured.

## Performance Summary<sup>1</sup>

(Annualized as of 9/30/17)



<sup>1</sup> Source: Advent APX®. **Past performance is no guarantee of future results.** The net results reflect the deduction of 0.90%, representing the maximum advisory fees charged to client accounts invested in that investment style. Please see PNC Capital Advisors' Form ADV for information regarding current advisory fees. Please refer to our GIPS compliant presentation, which includes performance footnotes, fee schedules, index descriptions, and disclosures located at the end of this report. Performance disclosure statements are an integral part of the firm's performance presentation.

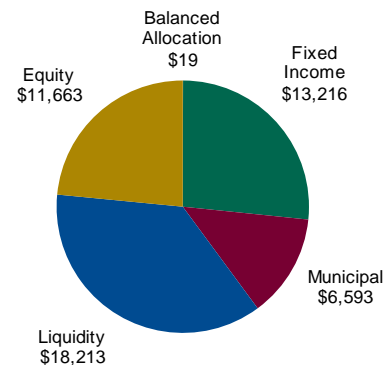
## FIRM OVERVIEW

PNC Capital Advisors, LLC and its predecessors have provided institutional asset management services for over two decades. Our investment team approach allows portfolio managers to do what they do best – manage money. Each team follows a disciplined process with a focus on style purity, consistency, and risk management. The teams are supported by centralized sales, client service, performance measurement, and compliance capabilities. PNC Capital Advisors offers a comprehensive array of investment strategies across both equity and fixed income classes to serve the investment requirements of corporate, public, multi-employer, foundations, endowments, and other tax-exempt clients, as well as select individual clients.

## ASSETS UNDER MANAGEMENT<sup>2</sup>

Total Firm:	\$49,704 million
Total Equity:	\$11,663 million
Structured Small Cap Growth Equity:	\$207 million
Inception Date:	4/30/05

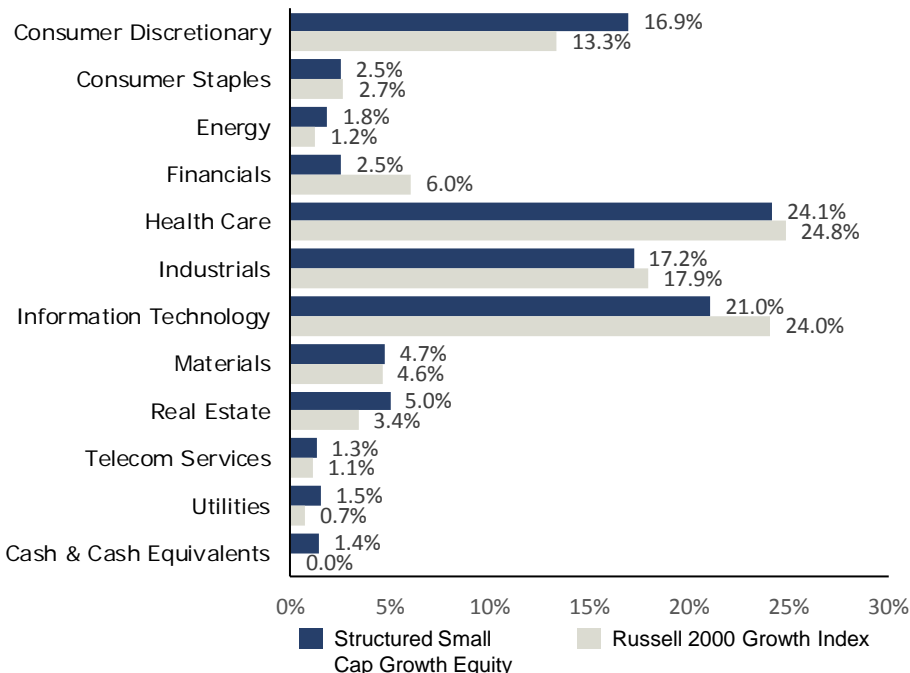
## BY ASSET CLASS<sup>2</sup>



<sup>2</sup> AUM totals in millions for the period ending September 30, 2017. PNC Capital Advisors is an SEC-registered investment adviser and a subsidiary of The PNC Financial Services Group, Inc.

# Structured Small Cap Growth Equity

## Sector Allocation<sup>3</sup>



## MANAGEMENT TEAM

Our Structured Equity investment team consists of experienced investment management professionals:

**Hitesh C. Patel, Ph.D.**  
 Managing Director  
 Structured Equity  
 23 years industry experience

**Paul Kleinaitis, CFA**  
 Senior Portfolio Manager  
 30 years industry experience

**Total Structured Equity Investment Management Staff**  
 Portfolio Managers: 3  
 Analysts: 1  
 Holding Ph.D.s: 2; CFAs: 1  
 Average Experience: 24 years

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## Characteristics<sup>3</sup>

	Structured Small Cap Growth Equity	Russell 2000 Growth Index
Weighted Average Market Cap (\$MM)	\$2,700.91	\$2,429.39
Median Market Cap (\$MM)	\$2,501.01	\$986.97
Price to Earnings (12-month forward)	22.3x	35.4x
Price to Earnings (12-month trailing)	25.8x	50.3x
Price to Cash Flow	15.8x	18.4x
Price to Sales	1.7x	1.7x
Return on Equity	13.44%	6.36%
Dividend Yield	0.75%	0.68%
Turnover (12-month trailing)	93.91%	N/A
# of Holdings	113	1,172

<sup>3</sup> Supplemental information. Data as of 9/30/17 Characteristics, sector weightings, and holdings are subject to change and should not be considered as investment recommendations. There is no guarantee that holding securities with relatively high (or low) price to earnings, price to sales, price to cash, return on equity, or dividend yield will cause the portfolio to outperform its benchmark or index. Indices are unmanaged and not available for direct investment. The views expressed herein represent the opinions of PNC Capital Advisors, LLC, and are not intended as investment advice, a forecast or guarantee of future results. PNC Capital Advisors uses a proprietary methodology for the sector assignment of foreign ADRs not classified in the benchmark. The sectors or industries discussed herein should not be perceived as investment recommendations and securities within a sector or industry may no longer be held in an account's portfolio. It should not be assumed that investments in any of the sectors or industries listed were or will prove profitable. Specific securities identified and described do not represent all of the securities purchased, sold, or recommended for advisory clients. Sector and industry weights of any particular client may vary based on investment restrictions applicable to the account. The data represents the aggregate characteristics of all securities held in the representative portfolio. Data is obtained from FactSet® (a registered trade mark of FactSet Research Systems, Inc. and its affiliates). This information is for illustrative purposes only, is subject to change at any time, and should not be considered investment advice or a recommendation to buy or sell any particular security. Please refer to our GIPS compliant presentation, which includes performance footnotes, fee schedules, index descriptions, and disclosures, located at the end of this report. **Past performance is no guarantee of future results.**

**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 by Ashland Partners & Company LLP for the period September 29, 2009 through December 31, 2016. 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 Growth Equity Composite has been examined by Ashland Partners & Company LLP for the period January 1, 2008 through December 31, 2016. 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 Growth 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 Growth Equity Composite

Composite Inception Date: May 1, 2005  
Composite Creation Date: May 1, 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)
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
2007	11.35	10.36		7.05		3	N/A	144.0	30,333

**Composite Description:** The investment objective of the Structured Small Cap Growth Equity Composite is to provide long-term capital appreciation by investing in a diversified portfolio of small cap growth 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 Growth Equity Composite was created May 1, 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 Growth Index.

**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 net 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 Growth 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.