



DGHM MidCap Value

Team Leader: Joshua Waltuch
 First Quarter 2017
 Assets: \$17mm*

THE FIRM

DGHM employs a fundamental, value-driven investment philosophy that focuses specifically on domestic equity across the market capitalization spectrum. Our team of Sector Specialists combines quantitative tools with rigorous fundamental analysis. These specialists are experts in their fields and utilize a time-tested, disciplined approach to purchase high quality companies at compelling valuations. We are committed to value creation over the long term. We strive for consistent alpha generation, yielding superior risk-adjusted results across our product line. Established in 1982, DGHM currently manages \$1.8 billion* in assets.

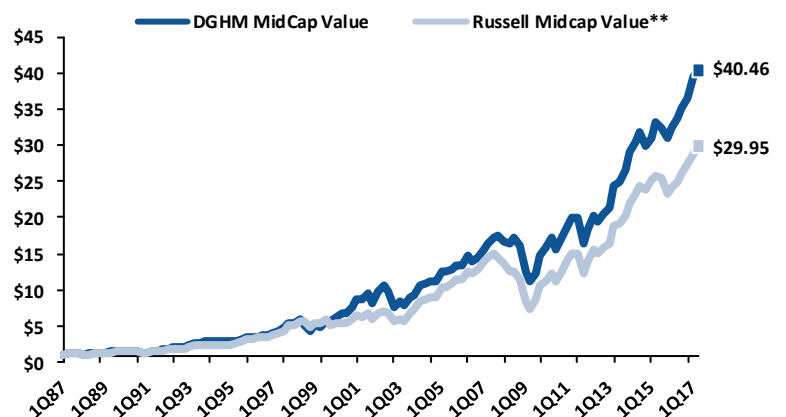
DGHM MIDCAP VALUE PORTFOLIO

DGHM's MidCap Value portfolio has achieved an annualized return of 13.0% since its inception in 1987. The investment objective of the fund is long-term capital appreciation reached through a diversified portfolio of midcap US-listed equity securities. The fund will comprise approximately 30 to 40 equity securities between \$1 billion and \$25 billion in market capitalization with initial and maximum position sizes of 2.5% and 6%, respectively. The fund will remain within a 75% to 125% band of the benchmark sector weight (Russell Midcap Value) and target cash to 3% of assets.

ANNUALIZED COMPOSITE PERFORMANCE

	DGHM MidCap Value	Russell Midcap Value**
YTD	2.0%	3.8%
1YR	20.1%	19.8%
3YR	9.8%	8.9%
5YR	14.7%	14.1%
10YR	9.5%	7.5%
15YR	9.4%	10.0%
20YR	12.0%	10.7%
25YR	12.7%	11.9%
Inception	13.0%	11.9%

VALUE OF A DOLLAR



DGHM MidCap Value returns are gross since inception (1/1987). See the provided Explanation of Performance.

QUARTERLY REVIEW

The DGHM MidCap Value portfolio underperformed the Russell Midcap Value benchmark this quarter, as it appreciated ~2.0% on an absolute basis while the benchmark appreciated ~3.8%. We also underperformed our peers by ~90 basis points for the quarter. (Peers are represented by the Lipper Midcap Value Index. Comparisons versus the Lipper Index are net of fees.) For the longer term, we are still besting the Russell Midcap Value benchmark on a trailing 1, 3, 5, and 10-year basis.

Leading our performance on a relative sector basis this quarter were the Healthcare and Retail sectors, while the Energy and Real Estate sectors were laggards. In the Healthcare sector, outperformance was led by VCA Inc. (WOOF) who received a takeout offer. In the Retail sector, Best Buy Co., Inc. (BBY) led performance as they reported a strong fourth quarter with prospects for increased capital return to shareholders including dividend and buybacks. On the negative side, in the Energy sector, our underperformance was due to lower commodity pricing. Despite the near term underperformance, we view the stocks as inexpensive and are generally positive on the commodity pricing trends over the medium term. In the Real Estate sector Brixmor Property Group Inc. (BRX) led underperformance as negative news emerged on the retail front with department store closings and market sentiment turned negative toward retail real estate landlords. We remain bullish because Brixmor's open-air food/value/service-oriented centers are experiencing increased occupancy, higher rents, and cash flow as financial markets over-discount this real estate.

During the quarter we remained active as we purchased three new positions in the MidCap portfolio, which were funded through the sale of three positions. The stocks we purchased were Brookdale Senior Living, Inc. (BKD), Invitation Homes Inc. (INVH), and Smith & Nephew PLC (SNN). The stocks we sold were Alexandria Real Estate Equities, Inc. (ARE), Forest City Realty Trust, Inc. (FCE.A), and Textron Inc. (TXT). We ended the quarter with 41 stocks in the portfolio.

We would like to highlight the recent purchase of Smith & Nephew PLC (SNN) a global medtech company operating in hips/knees, sports medicine, trauma, and wound care. The basic investment thesis is that their growth rate will accelerate to the mid-single digits as inventory destocking in China comes to an end and competitive pressures in wound care ease. Additionally, the company is working to expand their operating margins which are materially below that of their peers. If these occur we could see the multiples expand to industry averages. Even at the current EV/ EBITDA multiple if they are successful at increasing growth and margins we see strong potential appreciation.

RETURN CHARACTERISTICS: SINCE INCEPTION

	DGHM MidCap Value	Midcap Value**
Annualized Return Since Inception	13.0%	11.9%
Alpha	1.9%	
Beta	0.93	
Standard Deviation	17.2%	17.0%
Information Ratio	0.16	
Sharpe Ratio***	0.57	0.50
Upside Capture	103%	
Downside Capture	96%	
Correlation to Benchmark (R ²)	85%	
Average Turnover	65%	
Tracking Error	6.8%	

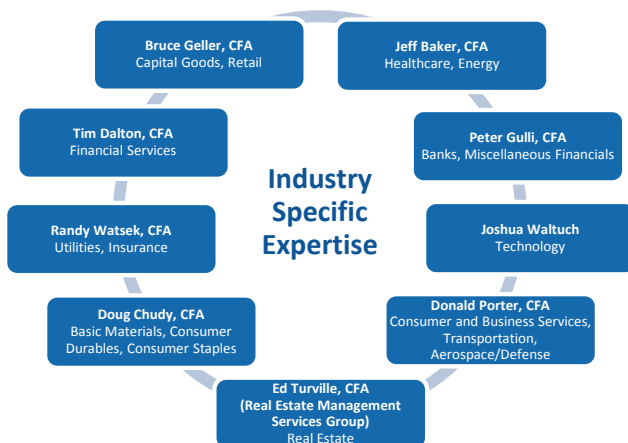
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PORTFOLIO CHARACTERISTICS

	DGHM MidCap Value
Weighted Average Market Cap	\$9,666
Enterprise Value/EBITDA	11.4x
Free Cash Flow Yield	4.5%
2017 Estimated P/E	21.6x
5-Year EBITDA ROA (excluding cash)	13.2%
5-Year CAGR EBITDA/SHR	4.5%
Net Debt (Cash) / Total Cap %	28.8%
Active Share (vs. Russell Midcap Value)	93.2%

This is supplemental information.

TEAM STRUCTURE

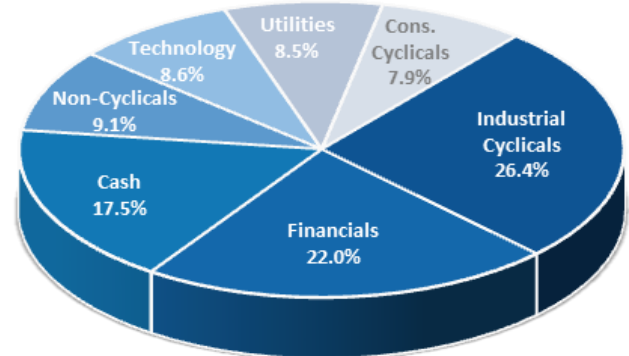


TOP 10 HOLDINGS

Symbol	Company Name	Weight
WOOF	VCA Inc.	3.7%
RNR	RenaissanceRe Holdings Ltd.	3.5%
STI	SunTrust Banks, Inc.	3.3%
AHL	Aspen Insurance Holdings Limited	3.1%
CFG	Citizens Financial Group, Inc.	3.0%
UNFI	United Natural Foods, Inc.	2.8%
ODFL	Old Dominion Freight Line, Inc.	2.8%
WHR	Whirlpool Corporation	2.7%
NTRS	Northern Trust Corporation	2.7%
COG	Cabot Oil & Gas Corporation	2.7%
Total % of MidCap Value portfolio		30.2%

This is supplemental information.

ECONOMIC SECTOR ALLOCATION



This is supplemental information.

CONTACT INFORMATION

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EXPLANATION OF PERFORMANCE

The DGHM MidCap Value composite is an actively managed, diversified portfolio of the equity securities of primarily U.S. based value companies in the midcap range of the market capitalization spectrum, currently defined by the firm as companies between \$1 billion and \$25 billion. The MidCap Value composite was created in January 1987.

Dalton, Greiner, Hartman, Maher & Co., LLC (“DGHM”) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. DGHM has been independently verified for the periods 12/31/92-12/31/16. 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 DGHM MidCap Value composite has been examined for the periods 12/31/93-12/31/16. The verification and performance examination reports are available upon request. The benchmark returns are not covered by the report of independent verifiers.

Period	DGHM Midcap Value Gross Return	DGHM Midcap Value Net Return	Russell Midcap Value Index	Composite Assets (\$mm)	# of Portfolios	% of Total Assets	% of Non-Fee Paying Assets	Composite Dispersion	Composite 3-year Annualized Std Deviation	Russell Midcap Value 3-year Annualized Std Deviation
2016	22.65%	21.76%	20.00%	\$2	1	0%	100%	N/A	11.98%	11.30%
2015	3.84%	3.06%	-4.78%	\$1	1	0%	100%	N/A	10.92%	10.71%
2014	6.76%	5.97%	14.75%	\$2	1	0%	100%	N/A	10.63%	9.81%
2013	37.19%	36.19%	33.46%	\$2	1	0%	100%	N/A	12.91%	13.69%
2012	15.70%	14.85%	18.51%	\$1	1	0%	100%	N/A	15.83%	16.76%
2011	-2.19%	-2.90%	-1.38%	\$18	3	2%	8%	N/A	19.46%	22.78%
2010	19.20%	18.35%	24.75%	\$31	6	3%	5%	N/A		
2009	25.45%	24.56%	34.21%	\$33	5	4%	4%	N/A		
2008	-25.25%	-25.85%	-38.45%	\$26	4	3%	N/A	N/A		
2007	8.42%	7.62%	-1.43%	\$57	5	4%	N/A	0.08%		
2006	14.68%	14.18%	20.21%	\$64	5	3%	N/A	0.09%		
2005	8.48%	7.68%	12.64%	\$183	14	6%	N/A	0.14%		
2004	18.32%	17.47%	23.71%	\$389	22	12%	N/A	0.29%		
2003	22.99%	22.11%	38.07%	\$439	29	16%	N/A	0.42%		
2002	-13.33%	-14.00%	-9.65%	\$157	24	7%	N/A	0.31%		
2001	13.67%	12.84%	2.33%	\$55	8	3%	N/A	N/A		
2000	41.98%	41.01%	19.19%	\$20	3	2%	N/A	N/A		
1999	19.17%	18.31%	-0.11%	\$6	2	1%	N/A	N/A		
1998	-4.64%	-5.37%	5.07%	\$267	3	27%	N/A	N/A		
1997	29.53%	28.62%	34.37%	\$400	5	31%	N/A	0.17%		
1996	23.38%	22.51%	20.26%	\$259	5	17%	N/A	1.04%		
1995	17.43%	16.59%	34.93%	\$290	5	10%	N/A	0.37%		
1994	-4.28%	-5.01%	-2.13%	\$246	5	8%	N/A	N/A		
1993	25.07%	24.19%	15.62%	\$176	1	6%	N/A	N/A		

I. GIPS COMPLIANCE REQUIREMENTS:

- DGHM is an autonomous investment advisory firm organized as a Limited Liability Company (LLC). DGHM is 80% owned by Boston Private Financial Holdings, Inc., a bank holding company focusing on wealth management through private banking and investment services, and 20% owned by the following DGHM professionals; Tim Dalton, Ken Greiner, Bruce Geller, Jeffrey Baker, Peter Gulli, Joshua Waltuch, Randall Watsek, Michael Dunn, Dolores Casaletto, Kate O'Brien, Erika Donalds, Donald Porter, Douglas Chudy and Lisa Hurst. The Firm is registered with the Securities and Exchange Commission, which oversees its investment management activities. For GIPS purposes, the Firm is defined to exclude SMA (Wrap) and UMA relationships.
- Portfolio valuations are based on fair values and are expressed in U.S. Dollars.
- Performance is calculated using total return. Performance includes the reinvestment of dividends and other earnings.
- Rates of Return are time-weighted, with valuation on a daily basis with geometric linking of period returns.

5. Individual portfolios are valued on a daily basis. Composite returns are calculated monthly with the creation of one performance file using the combined transaction history of all the portfolios in the composite. Monthly composite returns are geometrically linked to calculate performance for longer periods.
6. DGHM's gross and net performance is reported after the deduction of brokerage and other transactions fees. Net performance is reported after the deduction of the highest management fee currently charged by DGHM for the particular product (0.75%). Custodial fees are not deducted. Management fees are more fully described in Part 2A of Form ADV which is available upon request. Withholding taxes are not included as an expense in the calculation of performance.

II. MANDATORY DISCLOSURES:

1. A complete list and description of DGHM's composites is available upon request.
2. At 12/31/16, SMA and model assets excluded from Firm assets totaled \$370 Million.
3. Composite dispersion is calculated as the equal-weighted standard deviation of portfolio results.
4. Composite dispersion is not shown for periods where five or fewer portfolios are in the composite for the entire year.
5. The inception date of the composite is January 1987.
6. The management tiered fee schedule is:

	Assets (MM's)	Fee (bps)
First \$40MM	<\$40	75
Next \$35MM	\$40-75	60
Next \$25MM	\$75-\$100	50
Portion >\$100MM	\$100+	40

III. MANDATORY HISTORICAL DISCLOSURES:

1. Performance is presented since January 1, 1993.

IV. PERFORMANCE DISCLOSURES:

1. Past performance is no guarantee of future results. No assurance can be given that an investor will not lose invested capital. The performance data presented in this report represent the quarter-to-quarter and annual Total Return of an investment in the applicable DGHM portfolio and describe results for the indicated portfolio ONLY for the full period reported; results for specific separately managed accounts may vary due to the cash flows and timing of (a) investment made or withdrawn by the respective account and (b) fees paid to DGHM in accordance with applicable fee agreements between said investor(s) and DGHM. These materials include the discussion of certain companies. These case studies are for information purposes only and should not be considered as investment recommendations. There can be no guaranty that the investment adviser continues to maintain its view of these companies or that the investment adviser continues to hold positions in the companies for its client's accounts. Upon request, DGHM will provide you with similar performance information for all of its investments held during the periods shown.
2. This report is for informational purposes only and does not constitute an offering of securities unless accompanied by the DGHM Form ADV and/ or Investment Management Agreement as the case may be for Separate Accounts. These documents may be amended from time to time.
3. The summary of performance stated herein is internally prepared and results are unaudited.
4. An investment in this product is suitable only for qualified individuals that fully understand the risks of such a portfolio. An investor should review thoroughly the Investment Management Agreement.
5. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

V. INDEX DESCRIPTIONS:

The Russell Midcap Index is composed of the 800 smallest companies in the Russell 1000 index (the 1,000 largest U.S. companies based on total market capitalization). The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. Both indices are non-managed and do not accrue advisory or transactional expenses. Index performance data is sourced from Interactive Data Corporation.

* DGHM AUM includes third party platform assets for which DGHM does not have full conditional authority, and which have been excluded from the definition of the firm for GIPS purposes. The assets consist of direct wrap relationships of \$354 million and model portfolio relationships of \$28 million as of March 31, 2017.

** References to the Russell Midcap Value are trademarked by Frank Russell Company.

*** Sharpe Ratio calculated using Citigroup 3-Month T-Bill.