



DGHM UltraValue

Team Leader: Randall F. Watsek III, CFA
First Quarter 2017
Assets: \$62mm

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.

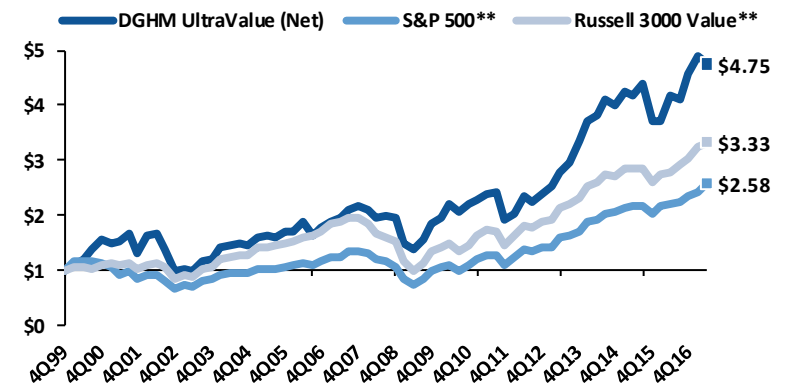
DGHM ULTRAValue PORTFOLIO

The strategy of DGHM's UltraValue product is to invest in a concentrated portfolio of approximately 10 securities which represent the most compelling ideas of our experienced team of nine Sector Specialists, eight of whom are CFA® Charterholders. Our goal is to achieve superior absolute and relative capital appreciation. The securities that we invest in are, in our opinion, deeply undervalued. We will seize the opportunity to invest in attractive businesses with excellent track records of growth and profitability, quality management, strong balance sheets, and significant free cash flow generation, across the capitalization spectrum.

ANNUALIZED COMPOSITE PERFORMANCE

	DGHM UltraValue (Gross)	DGHM UltraValue (Net)	S&P 500**
YTD	-2.6%	-2.8%	6.1%
1YR	14.7%	13.4%	17.2%
3YR	8.9%	7.5%	10.4%
5YR	16.8%	15.3%	13.3%
10YR	10.6%	9.4%	7.5%
15YR	8.4%	7.2%	7.1%
Inception	10.8%	9.3%	5.6%

VALUE OF A DOLLAR



DGHM UltraValue returns are since inception (10/1999). See the provided Explanation of Performance.

QUARTERLY REVIEW

DGHM UltraValue returned -2.6% during the quarter, which was below the Russell 3000 Value return of 3.0% and the S&P 500 return of 6.1%. Because it is a ten-stock portfolio, volatility in both directions is unavoidable. We actively review the portfolio and compare it against all available stocks to ensure that the stocks we believe have the best risk-reward tradeoffs are in the portfolio; this discipline, we believe, gives us the best potential for superior long-term performance.

The biggest detractors during the quarter were QEP Resources (QEP), Brookdale Senior Living (BKD), and American Eagle Outfitters (AEO). QEP was weak due to lower oil prices and concerns over recent drilling results in their Bakken and Permian shale assets. BKD was weak primarily due to a timing issue. We started buying while there was talk of the company selling its real estate because we felt the value of the real estate offered significant upside to the stock price. The deal fell through, causing the price to go down. However, we still find the upside potential very attractive and will continue holding it. AEO was not immune to the retail malaise. We still believe that they will benefit from an industry shakeout, but some of the company-specific positives were not enough to offset the current primary industry problem of overcapacity. Their cash-rich balance sheet, strong free cash flow, and highly attractive valuation provide for a compelling upside/downside tradeoff.

The strongest performers during the quarter were Cisco Systems (CSCO), Twenty-First Century Fox (FOX), and Eastman Chemical (EMN). CSCO reported slightly better results with inline guidance. In addition, they increased the dividend and went back to product book-to-bill over 1x. FOX had a strong quarter on affiliate fee acceleration and a strong ad market. EMN's earnings results came in slightly better than expected and sentiment turned more positive. EMN should see a rebound in earnings growth in 2017, benefiting from favorable raw material trends and product mix. Additionally, free cash flow acceleration and reasonable valuation keep us positive on the stock.

During the quarter we bought Brookdale Senior Living (BKD), MetLife (MET), and Twenty-First Century Fox (FOX). BKD is one of the largest owners and operators of senior housing. Based on our analysis, the company's real estate and management contracts are worth \$20-23 per share, which offers significant upside. ME is one of the largest life insurance, annuity, and workplace benefits providers. As the current price/book is only 0.8x and the current price/earnings is only 9.5x, we believe it offers compelling value, particularly with the tailwind of rising interest rates and restructuring programs which together will improve return on equity over time. If return on equity continues improving, price/book could go to 1.5x, which would result in significant upside.

RETURN CHARACTERISTICS: SINCE INCEPTION

	DGHM UltraValue (Gross)	S&P 500**
Annualized Return Since Inception	10.8%	5.6%
Alpha	5.8%	
Beta	1.04	
Standard Deviation	21.1%	16.3%
Information Ratio	0.42	
Sharpe Ratio***	0.43	0.24
Upside Capture	125%	
Downside Capture	88%	
Correlation to Benchmark (R ²)	65%	
Average Turnover	124%	
Tracking Error	12.5%	

DGHM UltraValue returns are gross since inception (10/1999). See the provided Explanation of Performance.

TOP 5 HOLDINGS

Symbol	Company Name	Weight
BKD	Brookdale Senior Living Inc.	9.6%
EMN	Eastman Chemical Company	9.3%
FOX	Twenty-First Century Fox, Inc. Class B	9.1%
PRU	Prudential Financial, Inc.	9.1%
IPG	Interpublic Group of Companies, Inc.	9.0%
Total % of UltraValue portfolio		46.1%

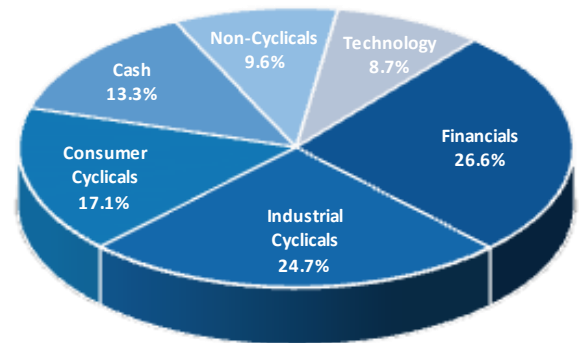
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PORTFOLIO CHARACTERISTICS

	DGHM UltraValue
Weighted Average Market Cap (mm)	\$38,243
Enterprise Value/EBITDA	9.8x
Free Cash Flow Yield	3.2%
2017 Estimated P/E	12.5x
5-Year EBITDA ROA (excluding cash)	10.0%
5-Year CAGR EBITDA/SHR	7.4%
Net Debt (Cash) / Total Cap %	17.0%
Active Share (vs. Russell 3000 Value)	97.6%

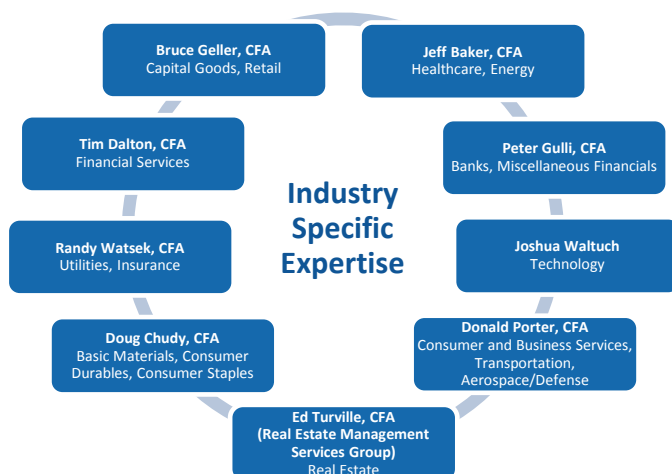
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ECONOMIC SECTOR ALLOCATION



This is supplemental information.

TEAM STRUCTURE



CONTACT INFORMATION

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EXPLANATION OF PERFORMANCE

The DGHM UltraValue Composite is a concentrated portfolio of approximately 10 securities which represent the most compelling ideas of DGHM’s experienced investment team. The goal of the product is to achieve superior absolute and relative capital appreciation. The securities in the UltraValue product are, in DGHM’s opinion, deeply undervalued. The DGHM investment team will seize the opportunity to invest in attractive businesses with excellent track records of growth and profitability, quality management, strong balance sheets, and significant free cash flow generation, across the capitalization spectrum. The DGHM UltraValue composite was created in October 1999.

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 UltraValue composite has been examined for the periods 10/1/99- 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 UltraValue Gross Return	DGHM UltraValue Net Return	Russell 3000 Value Index	Composite Assets (\$mm)	# of Portfolios	% of Total Assets	% of Non-Fee Paying Assets	Composite Dispersion	Composite 3-year Annualized Std Deviation	Russell 3000 Value 3-year Annualized Std Deviation
2016	32.63%	31.14%	18.40%	\$62	5	4%	4%	0.20%	15.72%	10.97%
2015	-11.09%	-11.97%	-4.13%	\$46	4	3%	5%	N/A	14.69%	10.74%
2014	16.45%	14.01%	12.70%	\$11	2	1%	33%	N/A	11.98%	9.36%
2013	49.17%	47.47%	32.69%	\$9	2	1%	32%	N/A	16.07%	12.90%
2012	25.49%	24.28%	17.55%	\$11	2	1%	13%	N/A	18.48%	15.81%
2011	-10.27%	-11.16%	-0.10%	\$16	3	1%	10%	N/A	21.14%	21.04%
2010	18.24%	17.10%	16.23%	\$14	3	1%	11%	N/A		
2009	32.58%	31.35%	19.77%	\$6	2	1%	24%	N/A		
2008	-28.02%	-28.80%	-36.25%	\$3	1	0%	N/A	N/A		
2007	11.05%	9.97%	-1.00%	\$6	1	0%	N/A	N/A		
2006	12.45%	11.36%	22.34%	\$7	1	0%	N/A	N/A		
2005	8.40%	7.34%	6.85%	\$7	1	0%	N/A	N/A		
2004	12.42%	11.33%	16.95%	\$8	2	0%	N/A	N/A		
2003	43.21%	41.90%	31.13%	\$8	2	0%	N/A	N/A		
2002	-38.28%	-38.98%	-15.18%	\$44	6	2%	N/A	0.19%		
2001	12.62%	10.61%	-4.33%	\$97	10	5%	N/A	N/A		
2000	44.14%	35.88%	8.04%	\$30	4	2%	N/A	N/A		
*4Q99	9.24%	7.64%	5.14%	\$10	2	1%	N/A	N/A		

*Composite start date October 1, 1999 through December 31, 1999.

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.
- 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.
- 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. 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:

- A complete list and description of DGHM’s composites is available upon request.

2. The net-of-fee return is presented after the deduction of brokerage & transaction fees. Net returns presented from inception through 12/31/11 are calculated under the original fee schedule of 1% management fee, 8% hurdle rate and 15% performance incentive fee on all profits above zero. Net returns beginning 1/1/12 are calculated under the current fee schedule offered to new clients, which is a 1% management fee, 8% hurdle rate (applied to the portfolio's gross return), and 15% performance incentive fee on profits above the hurdle rate, subject to a high water mark. DGHM has the right to waive the performance incentive fee for investors who are also employees of the Firm.
3. At 12/31/16, SMA and model assets excluded from Firm assets totaled \$370 Million.
4. Composite dispersion is calculated as the equal-weighted standard deviation of portfolio results.
5. Composite dispersion is not shown for periods where five or fewer portfolios are in the composite for the entire year.
6. The inception date of the composite is October 1999.

III. MANDATORY HISTORICAL DISCLOSURES:

1. Performance is presented since the inception of the composite (October 1999).

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 3000 Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

These 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 3000 Value and S&P 500 are trademarked by Frank Russell Company and Standard & Poor's, respectively.

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