

# Westwood LargeCap Value

High Conviction Active Management

## Quality & Value

Team based, bottom-up fundamental strategy focused on identifying well run businesses with strong balance sheets and solid management teams.

## Asymmetric Return Focus

We believe quality and value stocks that are attractively priced offer limited downside over the long term. Strong emphasis on loss limitation by quantifying the absolute downside risk for every security throughout the process.

## High Conviction

Differentiated investment performance with historically high active share for “true active” management. Number of holdings typically ranges between 40-60.

## Strategy | 1Q17

**Objective:** We seek to outperform the Russell 1000 Value over a full market cycle while delivering an asymmetric outcome for our clients.

**Strategy:** Actively managed, utilizing a team based, fundamental bottom-up approach to identify high quality companies with undervalued earnings potential.

**Benchmark:** Russell 1000 Value

**Beta:** 0.92

**Current Yield:** 2.2%

**Assets Under Management:** \$4.0 B

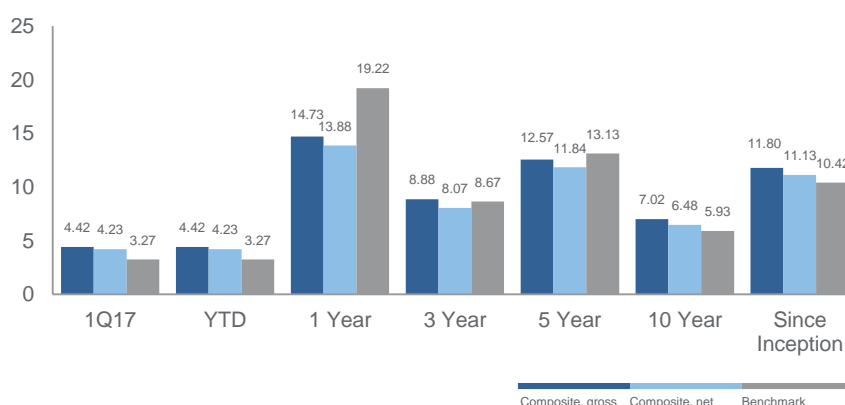
**Number of Holdings:** 48

**Active Share:** 77%

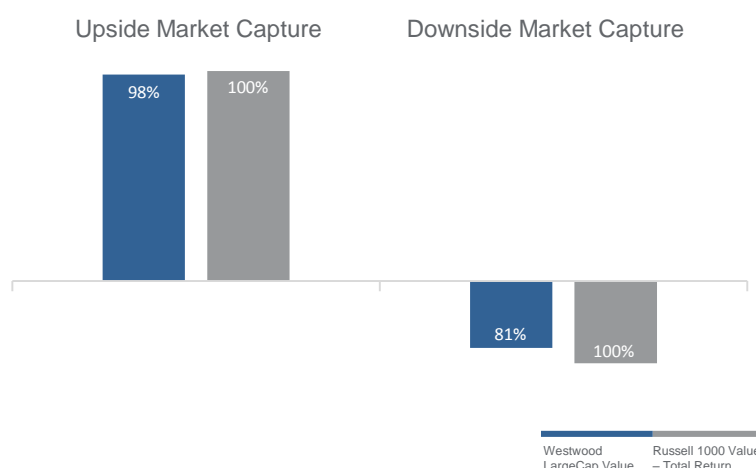
**Team:** Our U.S. Value team includes over 20 investment professionals supporting the Portfolio Team which includes five members with an average of 21 years’ industry experience and 12 years’ tenure.

**Inception Date:** January 1, 1987

## Performance (%)



## Upside-Downside Market Capture



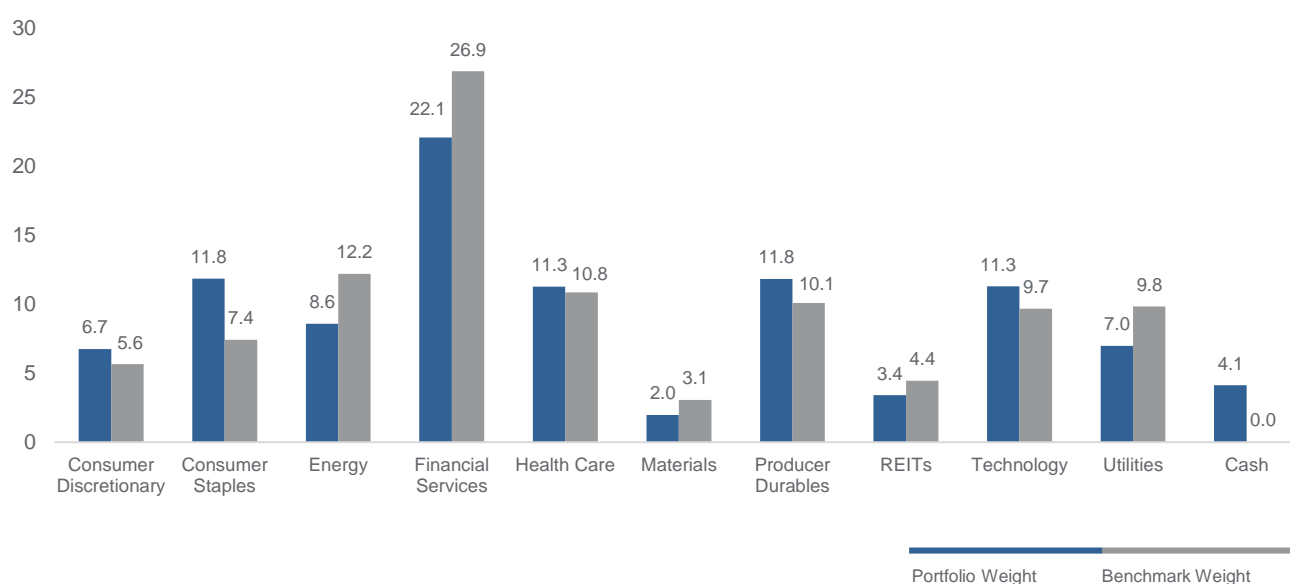
Inception date: January 1, 1987. All data as of March 31, 2017, unless otherwise noted. **Past performance is not indicative of future results.** Returns are calculated in U.S. Dollars and include reinvestment of dividends.

## Westwood LargeCap Value

Characteristics	Portfolio	Benchmark	Top 10 Holdings	(%)
Free Cash Flow Margin*	11.6%	5.2%	Bank of America Corp.	3.6
Free Cash Flow Yield*	4.1%	3.9%	JPMorgan Chase & Co.	3.4
Return on Equity	18%	11%	Wells Fargo & Co.	3.4
Return on Invested Capital*	16%	4%	AT&T Inc.	2.9
EBITDA Volatility*	12%	14%	Johnson & Johnson	2.9
Net Debt/Capital	25%	29%	Home Depot Inc.	2.9
Average Market Cap (Weighted)	\$124.0 B	\$120.9 B	Chevron Corp.	2.5
Median Market Cap	\$60.1 B	\$8.6 B	Abbott Laboratories	2.4
Portfolio Turnover**	32%	--	Dr Pepper Snapple Group Inc.	2.2
Westwood Forecasted Growth Rate	16%	11%	WEC Energy Group Inc.	2.1
Westwood Forward P/E Ratio	17.4x	16.7x		
Westwood P/E to Growth	1.1x	1.6x		

\*Portfolio and index free cash flow excludes financial services due to cash flow statement calculation methods within the sector. EBITDA Volatility and Return on Invested Capital also exclude financial services. Portfolio forecasted growth rate and P/E reflect Westwood's analysts' estimates. There is no guaranty that these forecasts and estimates will be accurate, or even approximately accurate, and the performance of the portfolio versus the benchmark may not correlate with the financial results of constituent investments. \*\*Portfolio Turnover is on a trailing twelve month, name-in/name-out basis. Ratios are equally weighted. Benchmark Data Source: © 2017 FactSet Research Systems Inc.

### Sector Weight Distribution



## Westwood LargeCap Value

### Risk/Reward Statistics      Portfolio      Benchmark

Alpha	2.14	0.00
Beta	0.92	1.00
R-Squared	0.89	1.00
Standard Deviation	15.05	15.52
Tracking Error	5.05	0.00
Information Ratio	0.27	N/A
Sharpe Ratio	0.56	0.45

Data Set: January 1, 1987 – March 31, 2017 (Quarterly)  
Risk Free Proxy: Citigroup (3 M) Treasury Bill (LOC)  
Market Proxy: Russell 1000 Value - Total Return

### Investment Team

Westwood believes that team management creates a sense of ownership, accountability, and consistency in the investment process. Westwood's U.S. Value team includes over 20 investment professionals conducting cross capitalization research of specific sectors/industries.

The LargeCap Value team members are:

Name	Industry Experience	Firm Tenure
Matthew R. Lockridge	15 years	2010
Lisa Dong, CFA	19 years	2000
Mark R. Freeman, CFA	28 years	1999
Scott D. Lawson, CFA	27 years	2003
Varun V. Singh, PhD, CFA	14 Years	2012

### Disclosures

**For Institutional Use Only. Past performance is not indicative of future results.** For purposes of compliance with the Global Investment Performance Standards (GIPS®), the firm ("Westwood" or the "Firm") is defined as the assets of Westwood Management Corp. and Westwood International Advisors Inc. Westwood Management Corp. is an SEC registered investment adviser under the Investment Advisers Act of 1940 that provides investment supervisory services, managing equity and fixed income portfolios. Westwood International Advisors Inc. is a registered portfolio manager with the Ontario Securities Commission and the Autorité des marchés financiers in Quebec that provides investment supervisory services for global and emerging markets equity portfolios. Registration does not imply a certain level of skill or training. Westwood Management Corp. and Westwood International Advisors Inc. are wholly owned subsidiaries of Westwood Holdings Group, Inc. (NYSE: WHG). Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request, as is a complete list and description of the firm's composites, by contacting performance@westwoodgroup.com. Westwood claims compliance with the Global Investment Performance Standards (GIPS®).

The LargeCap Value Composite, previously known as the LargeCap Equity Composite, includes all taxable and tax-exempt, fee-paying fully discretionary accounts invested primarily in equity securities with market capitalizations above \$5 billion and having comparable objectives. The minimum portfolio size for inclusion in the LargeCap Value Composite is \$5 million beginning January 1, 2006. The Russell 1000 Value Index is an unmanaged market index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Index is an unmanaged market index that measures the performance of the 1000 largest companies in the Russell 3000 Index.

†"Top 10 Holdings(%)" represent the ten largest portfolio positions by market value in the representative account of the strategy as of the period end date. Each quarter, Westwood uses this same objective, non-performance based criteria to select the ten largest holdings. References to specific securities and their characteristics are examples of securities held in the portfolio and are not intended to be, and should not be interpreted as, an offer, solicitation or recommendation to purchase or sell any securities mentioned.

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