

Channing Capital SMID-Cap Intrinsic Value CIF R2



Channing Capital Management LLC

Date as of 12/31/2018

About the Fund

The Channing Capital SMID-Cap Intrinsic Value CIF R2 is a collective investment fund ("CIF") created by the Hand Composite Employee Benefit Trust and sponsored by Hand Benefits & Trust Company, a BPAS company, that invest in the strategies of Channing Capital Management, LLC which serves as the sub-advisor to the CIF.

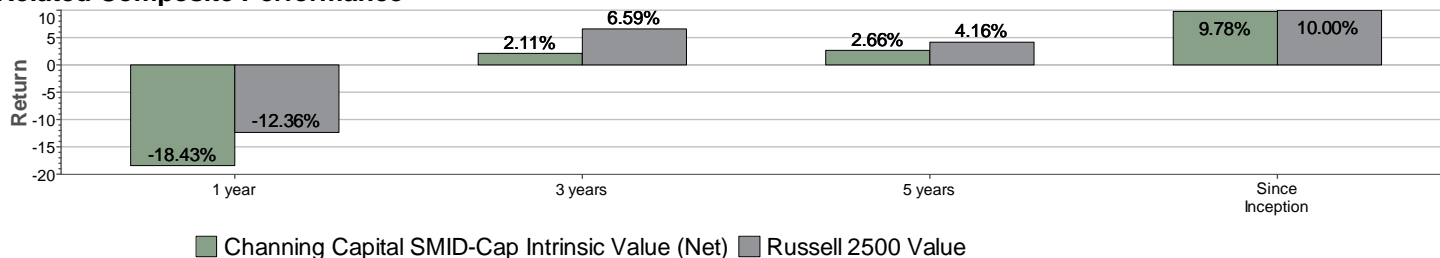
Portfolio Strategy

In seeking long-term capital appreciation, Channing's investment team utilizes a fundamental, concentrated, bottom-up value investment philosophy that focuses on undervalued and neglected small and mid capitalization stocks, primarily stocks within a market capitalization range of \$300 million to \$20 billion. With this "Best Ideas" approach, Channing looks for companies that are trading at significant discounts to their intrinsic value. Total SMID Value Assets under management were approximately \$289 million as of December 31, 2018.

Objective

The fund seeks long-term capital appreciation through investments in small and mid-capitalization value stocks.

Related Composite Performance



Sector Allocation

Communication Services	5.6%
Consumer Discretionary	7.7%
Consumer Staples	3.1%
Energy	4.2%
Financials	25.1%
Health Care	8.9%
Industrials	16.1%
Information Technology	6.0%
Materials	11.9%
Real Estate	8.1%
Utilities	3.4%

Portfolio Composition

Top Ten Holdings Ranked by % of Portfolio as of December 31, 2018

Ticker	Holding	% of total
1. ASH	ASHLAND GLOBAL HOLDINGS INC	3.60
2. ITT	ITT INC	3.60
3. HXL	HEXCEL CORP	3.40
4. CRL	CHARLES RIVER LABS INTL INC	3.40
5. BAH	BOOZ ALLEN HAMILTON HOLDING CORP	3.40
6. SNA	SNAP-ON INC	3.30
7. THG	HANOVER INS GROUP INC	3.30
8. ALE	ALLETE, INC.	3.30
9. NGVT	INGEVITY CORP	3.10
10. RXN	REXNORD CORP	3.10

Portfolio Characteristics As of 12/31/2018

Characteristics	Channing Capital Small-MID Cap R2
Cusip	41026E277
Net Expense Ratio / Gross Expense Ratio*	0.50% / 0.63%
Investment Category	U.S. Small- Mid Cap Value Equity
Inception Date	03/01/2018
Number of Holdings	38
Annual Portfolio Turnover Rate	36.94%
Effects of fees per \$1000 Investment*	\$5.00

* Gross expense ratio is the CIF's total annual operating expense for the share class indicated. Net expense ratio is the CIF's total annual operating expenses for the share class indicated and reflect a voluntary fee cap, where the cap reduces the CIF's gross expenses. Channing Capital Management has agreed to voluntarily reimburse operating expenses so that the CIF's annual net expenses do not exceed the value shown above. This cap and/or reimbursement may be reduced or terminated at any time. The related performance of the Channing SMID Value Composite historical performance for a composite of Channing Capital Management Separately Managed Accounts for the time period referenced. This performance is representative of the Channing Capital SMID Cap Intrinsic Value Strategy employed by the CIF. This information is supplemental to the GIPS Compliant Disclosures on Page 3.

Channing Capital Management, LLC 10 South LaSalle Street, Suite 2401 Chicago, Illinois 60603 (312) 223-0211 office (312) 223-0212 facsimile



Investment Philosophy – Focused and Long-Term

Channing's investment team utilizes a fundamental, bottom-up value investment philosophy that focuses on undervalued and neglected small and mid capitalization stocks, principally stocks within a market capitalization range of \$300 million to \$20 billion. With this approach the team looks for companies that are trading at significant discounts to their intrinsic value, providing what Channing and other value investors often refer to as a "margin of safety." While many Wall Street participants tend to focus on short-term company fundamentals, it is our belief that over time, stock prices will converge towards values which correspond to their intrinsic worth. We attempt to capture above average returns for our clients through our investment process and discipline based on this market tendency. As a result, Channing's relatively concentrated and low risk approach focuses on stock picking rather than market timing or sector allocation.

Investing in undervalued and small and mid-sized companies has historically proven to yield outsized returns over the long term. Channing is inspired by the pioneers of value investing such as Ben Graham, and more recently, Warren Buffett, who effectively employed related disciplines with legendary success. While the marketplace has become much larger, dynamic, and more efficient over the years given the proliferation of information and media, the short-term nature of Wall Street has not changed. The intrinsic value of business franchises often takes time to be recognized widely, particularly when a company or an industry has been out of favor. This is why we believe that our investment discipline will continue to be rewarding for long-term investors. However, our results may not always correlate closely with broader or comparable market indices. This only means that the investment rewards of Channing's approach are best measured over a full market cycle.

Investment Process – Diligent and Experienced

The investment team relies heavily on its deep knowledge and experience in certain sectors and industries to generate investment ideas. Channing believes that its specialized knowledge of select sectors and industries better enables the investment team to identify long-term value opportunities for client portfolios over a multi-year holding period.

Investment ideas are also generated internally through Channing's proprietary screening and selection process. This proprietary process is used to complement the investment team's 50 years of combined experience in identifying characteristics that have the greatest impact on the potential success of investing in a particular stock.

Regardless of the source, Channing's investment team attempts to identify quality companies with share prices that are trading at significant discounts to their intrinsic value. Typically, these are companies with operations or in industries that have not performed well for some period and/or companies that are, in our opinion, misunderstood or under-followed by Wall Street.

As part of Channing's rigorous research process, the investment team compiles information from multiple industry sources for insights including:

- Management quality
- Product and/or service quality
- Business cycle(s) for the company's key products or services
- New product or service offerings in the pipeline that could enhance future growth.
- Industry characteristics

Client portfolios are constructed on a stock-by-stock basis with emphasis given to the return potential of individual securities. Channing relies primarily on stock selection to generate above average returns as opposed to forecasts which emphasize sector weightings relative to a portfolio benchmark. However, sector and industry diversification is also employed as a risk management tool.

CIF Disclosure

The CIF is not a mutual fund. Its shares are not deposits of Hand Benefits & Trust Company, a BPAS company, or Channing Capital Management, LLC and are not insured by the Federal Deposit Insurance Corporation or any other agency. The CIF is a security which has not been registered under the Securities Act of 1933 and is exempt from investment company registration under the Investment Act of 1940. The Channing Capital SMID-Cap Intrinsic Value CIF is new and does not have actual performance data report. Performance data quoted represents past performance of Channing Capital Management, LLC. Supplemental performance displayed is of the Channing SMID Value Composite and is for illustrative purposes. Actual CIF returns may differ. The performance quoted here does not guarantee future results. As market conditions fluctuate, the investment return and principal value of any investment will change. Diversification may not protect against market risk. There are risks involved with investing, including possible loss of principal. Before investing in any investment portfolio, the client and the financial professional should carefully consider client investment objectives, time horizon, risk tolerance, and fees. This fund is available for investment by eligible qualified retirement plan trusts only.

Principal Risks - Any of the principal risks summarized below may adversely affect the Fund's net asset value, performance and ability to meet its investment objective.

Suitability: Investors are expected to select investments whose investment strategies are consistent with their financial goals and risk tolerance.

Active Management: The investment is actively managed and subject to the risk that the advisor's usage of investment techniques and risk analyses to make investment decisions fails to perform as expected, which may cause the portfolio to lose value or underperform investments with similar objectives and strategies or the market in general.

Equity Securities: The value of equity securities, which include common, preferred, and convertible preferred stocks, will fluctuate based on changes in their issuers' financial conditions, as well as overall market and economic conditions, and can decline in the event of deteriorating issuer, market, or economic conditions.

New Fund: Investments with a limited history of operations may be subject to the risk that they do not grow to an economically viable size in order to continue operations.

Channing Capital SMID-Cap Intrinsic Value CIF Series R2



Channing Capital Management LLC

Channing SMID Value Composite Disclosure December 31, 2011 - June 30, 2018*

	SMID-Cap Value					Russell 2500 Value Index		Total Composite Assets (\$ in Millions)	Total Firm Assets (\$ in Millions)
	Gross of Fees	Net of Fees	Russell 2500	Number of	Dispersion	3-Year Ex-Post	3-Year Ex-Post		
	Total Return***	Total Return***	Value Index**	Portfolios	%	Standard Deviation (%)	Standard Deviation (%)		
2012	22.19%	21.54%	19.21%	2	N/A	N/A	N/A	47	973
2013	39.43%	38.70%	33.32%	1	N/A	N/A	N/A	12	1,568
2014	7.21%	6.68%	7.11%	2	N/A	11.06%	11.25%	98	1,982
2015	0.91%	0.40%	-5.49%	4	N/A	12.59%	12.02%	146	2,294
2016	17.15%	16.52%	25.20%	3	N/A	14.20%	13.16%	149	2,856
2017	12.49%	11.95%	10.36%	6	0.01%	13.09%	11.81%	206	3,047
12/31/17 - 6/30/18	0.82%	0.59%	3.00%	8	N/A	N/A	N/A	318	2,964
Since Inception (annualized)	14.78%	14.20%	13.60%	N/A	N/A	N/A	N/A	N/A	N/A

Channing Capital Management, LLC ("Channing") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Channing has been independently verified for the periods July 1, 2004 thru June 2018. 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 Small-Cap Value Composite has been examined for the periods July 1, 2006 thru June 30, 2018. The verification and performance examination reports are available upon request.

Notes: *Composite Performance as of 6/30/18

**Benchmark Return Gross of fees

***Fees are accounted for on a cash basis

- Channing Capital Management, LLC ("CCM") is an institutional investment manager that invests solely in U.S. equities with a focus on value stocks across small-cap, mid-cap, and large-cap portfolio strategies. CCM is an independent investment management firm that is not affiliated with any parent organization.
- This composite includes all fully discretionary, non-taxable Small-Cap Value portfolios and generally does not include taxable accounts or portfolios unless such accounts have no investment restrictions and no tax-related limitations or requirements. Accounts included are primarily comprised of all actively managed institutional equity accounts with assets of at least \$2 million that are managed to the Russell 2000® Value Index and an investment mandate of Small-Capitalization Value. Client portfolios are included in the composite in their first full quarter under management after being qualified for composite inclusion. The inception date and creation date of the composite is June 30, 2006. A complete list and description of composites are available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentation are available upon request. Pursuant to CCM's discretion under GIPS guidelines, since the creation of this composite, accounts that experience significant cash flows in excess of 10% of the account's market value or repeated outgoing or incoming cash flows may be temporarily removed from the composite. If removed, such accounts are added back to the composite when they are considered fully invested and are also subject to our new account inclusion criteria.
- Composite results are time-weighted rates of return and are presented gross and net of investment advisory fees. Gross returns for the Small-Cap Value Composite are net of commission fees and transaction costs. Net-of-fees returns, where presented, are calculated net of actual advisory/management fees charged to each client account that is in the composite. Dividends are recorded on an accrual basis. Monthly composite returns are calculated using the aggregated method. Quarterly composite returns are calculated by linking the monthly composite returns geometrically through compounding. Composite dispersion is presented as the asset weighted standard deviation of accounts in the composite for the entire year. Dispersion is not presented for periods where there are 5 or fewer accounts in the composite for the entire year. The performance results have been calculated without consideration of the effects of any income taxes thereon. Returns are calculated net of withholding taxes on dividends, interest or capital gains. Composite results reflect the reinvestment of dividends, capital gains, and other earnings when appropriate.
- In one-on-one presentations, CCM may present performance returns gross of fees. Fees will reduce the returns of a client portfolio. **Fees for the Small-Cap Value strategy are assigned using a tier system:** \$0 to \$25 million at 100 bps; the next \$25 million at 90 bps; over \$50 million to \$100 million at 85 bps; and above \$100 million at 80 bps per annum. The fee schedule contained in CCM's Form ADV-Part 2 is available upon request. Actual investment advisory fees incurred by clients may vary based on portfolio size, length of mandate, mandate terms including investment guidelines and restrictions, other similar negotiable items, and performance returns.
- Minimum Account Size: The minimum account size for inclusion in the composite is \$2,000,000. CCM may, at its discretion, accept accounts below this minimum. It should be noted that some of the Small-Cap Value Composite client accounts are sub-advised relationships on behalf of other institutions. However, CCM does not engage any other firms as its sub-adviser for the management of client portfolios.
- The Russell 2000 Value Index represents the Small-Cap Value segment of the U.S. equity universe as a subset to Russell's 2000 Value Index. **The Russell 2000 Value Index** measures the performance of those Russell 2000 Value companies with lower price-to-book ratios and lower forecasted growth values.
- The performance shown in CCM's Small-Cap Value Composite represents historical performance. Historical performance is not indicative or a guarantee of future results. Investing in mid and small-cap stocks is more risky and more volatile than investing in large-cap stocks.
- U.S. dollars are used in the calculation of the presented returns and valuations.
- 3-Year Ex-Post Standard Deviation (Gross) is included starting in 2011 as required. It measures the variability of the Composite and the Benchmark returns over the preceding 36-month (or 3-Year) period and has been annualized.
- Benchmark returns are not covered by the report of independent verifier.

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