

Presentation For
**City of Fort Pierce, Florida Retirement
and Benefit System**

First Quarter 2020

June 18, 2020
Conference Call

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AFFILIATES

CEREDEX
VALUE ADVISORS®
A VIRTUS INVESTMENT PARTNER

DUFF & PHELPS
INVESTMENT MANAGEMENT CO.
A VIRTUS INVESTMENT PARTNER

KAR
Koyne Anderson Rudnicki
A VIRTUS INVESTMENT PARTNER

Newfleet
ASSET MANAGEMENT
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SEIX
INVESTMENT ADVISORS LLC®
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CAPITAL MANAGEMENT™
A VIRTUS INVESTMENT PARTNER

Virtus ETF Solutions



SUBADVISERS

AVIVA INVESTORS

HERZFELD

HORIZON KINETICS

Vontobel

ZVNBGRN¹
zevenbergen capital investments

¹ Virtus has a minority ownership position in Zevenbergen Capital Investments.
As of 3/31/20.



OUR FIRM

- Value Equity investing roots trace back to 1989
- Approximately \$6.3 billion AUM* in three primary strategies
- Headquartered in Orlando, Florida

OUR INVESTMENT STRATEGIES

	Large Cap Value	Mid-Cap Value	Small Cap Value
Assets	\$2.3 billion	\$3.0 billion	\$1.0 billion
Lead Manager Experience	37 Years	23 Years	34 Years

OUR INVESTMENT PROFESSIONALS*

- 13 Investment Professionals
- 3 Portfolio Managers have worked together for 23 years
- 10 CFA Charterholders

*AUM as of 3/31/20 (includes sub-advisory relationships and separate accounts).



PORTFOLIO MANAGERS

Mills Riddick, CFA
Chief Investment Officer
Large Cap Value Portfolio Manager

- BS Accounting, Florida State University, 1980
- Certified Public Accountant (CPA), State of Florida 1981
- 37 years investment experience

Donald Wordell, CFA
Mid-Cap Value Portfolio Manager

- BS Finance, University of Central Florida, 1992
- MBA, University of Central Florida, 1996
- 23 years investment experience

Brett Barner, CFA
Small Cap Value Portfolio Manager

- BSBA Finance, University of Central Florida, 1985
- 34 years investment experience

VALUE EQUITY ANALYSTS

Charlie Carter, CFA
Consumer Discretionary, Consumer Staples

- BS Management, Georgia Institute of Technology, 2000
- 18 years investment experience

Melissa Miller, CFA
Financials

- BA Accounting, Creighton University, 1996
- MBA, University of Iowa, 2001
- 18 years investment experience

Cody Smith, CFA
Health Care, Technology

- BSBA Finance, Drake University, 2004
- 15 years investment experience

Hein Hanekom, CFA
Energy, Utilities

- BS Finance, Western Carolina University, 2005
- MBA, University of Central Florida, 2007
- 14 years investment experience

Jason Fraser, CFA
Financials, Telecom

- BS Finance, University of Florida, 2005
- 14 years investment experience

Jennifer Graff, CFA
Industrials, Materials

- BA Psychology, University of Central Florida, 1999
- 19 years investment experience

Nicole Blakley, CFA
Materials

- BS Finance, Louisiana State University, 2003
- MBA, University of South Florida, 2005
- 15 years investment experience

David Maynard
Industrials

- BA Economics and Mathematics, Vanderbilt University, 2005
- MBA, University of Virginia, 2012
- 14 years investment experience

PORTFOLIO SPECIALIST

Sarah Thompson

- BA Psychology, Purdue University, 1995
- 19 years investment experience

CLIENT PORTFOLIO MANAGER

Steve Loncar

- BS Finance, Florida State University, 1994
- MBA, Rollins College, 2001
- 22 years investment experience



Principles that have enabled the approach to be successful





How We Define Ourselves

- Traditional Value
- Bottom-Up Stock Selection
- Fundamental Research Focus

What Differentiates Us

- Dividend Focus
- Buy and Sell Decision Equally Important
- Equity Investing Equal Parts Art and Science
- Portfolio Manager/Analyst Dynamic; Stable and Seasoned Investment Management Team

Our Process

- Dividends
- Valuation
- Fundamentals



*Ceredex has been reducing the number of holdings in its strategies to allow focus on the securities in which there is higher conviction.

Large Cap Value – from 40-60 companies

Mid-Cap Value – from 50-70 companies

Small Cap Value – from 80-100 companies

Dividends reflect past performance and there is no guarantee they will continue to be paid.



Stock requires all three for purchase, but only one could trigger a sell:

Dividend Policy Change

- Eliminated – Automatic Sell
- Cut unexpectedly – Reevaluate Fundamentals
- Cut expectedly – Retain

Relative Value Weakens

- Stock Reaches its Previously Established Price Target
- More Attractive Risk/Reward Prospects

Fundamentals Deteriorate

- Cyclical
- Structural
- Timing of Catalyst Extended



Risk Management

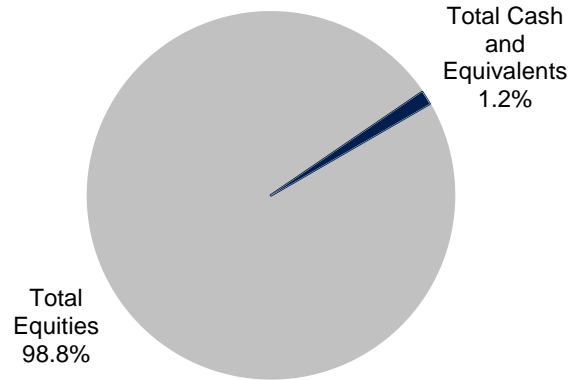
Investment Philosophy	<ul style="list-style-type: none">• Focus on “high-quality” companies• Company’s “business risk” is primary risk control factor
Portfolio Level Controls	<ul style="list-style-type: none">• Individual security weights initiated at 1% to 3% of portfolio
Position Reviews	<ul style="list-style-type: none">• Portfolios monitored daily and adjusted for fundamental news flow and price movement
Trading Guidelines	<ul style="list-style-type: none">• Guidelines provided by portfolio managers when initiating and exiting portfolio holdings• Relative benchmarks and transaction costs are monitored to ensure investments are implemented both efficiently and effectively

Portfolio Monitoring

Risk and Compliance	<ul style="list-style-type: none">• Chief Investment Officer conducts a monthly evaluation of portfolio risk exposures – risk factors reports from FactSet and Axioma are reviewed monthly by the CIO• A Compliance Analyst reviews portfolios against guidelines on a daily basis
CIO/PM Meetings	<ul style="list-style-type: none">• The CIO and PMs meet daily to review, discuss, and explain each strategy’s portfolio positioning and its performance
Research Meetings	<ul style="list-style-type: none">• Daily interaction between analysts and PMs to discuss and evaluate the portfolio holdings and overall industry trend
Performance Analytics & Portfolio Attribution	<ul style="list-style-type: none">• Allows PMs to quantify investment decisions and understand drivers of return and risk characteristics on a regular basis



Portfolio Composition



Assets		Market Value	% of Total
Total Portfolio	\$	4,113,898.78	100.0%
Total Equities	\$	4,064,594.38	98.8%
Total Cash and Equivalents	\$	49,304.40	1.2%

Period Ending March 31, 2020. Source: Eagle Investment Systems, April 30, 2020.

Past performance is not indicative of future results.

This perspective was prepared for City of Fort Pierce, Florida Retirement and Benefit System, specific one-on-one presentation.



Account Activity Summary - Quarter

Beginning Portfolio Market Value 12/31/2019	\$	7,957,237.92
Contributions	\$	-
Withdrawals	\$	(1,817,887.97)
Net Contributions/Withdrawals	\$	(1,817,887.97)
Portfolio Earnings		
Interest	\$	1,015.22
Dividends	\$	33,820.78
Realized Gains/Losses	\$	(631,387.28)
Unrealized Gains/Losses	\$	(1,428,899.89)
Total Portfolio Earnings	\$	(2,025,451.17)
Ending Portfolio Market Value 03/31/2020	\$	4,113,898.78
Net Change	\$	(3,843,339.14)

Period Ending March 31, 2020. Source: Eagle Investment Systems, April 30, 2020.

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Account Activity Summary - Annual

Beginning Portfolio Market Value 03/31/2019	\$	7,531,395.99
Contributions	\$	-
Withdrawals	\$	(1,869,564.07)
Net Contributions/Withdrawals	\$	(1,869,564.07)
Portfolio Earnings		
Interest	\$	4,931.00
Dividends	\$	195,743.84
Realized Gains/Losses	\$	(691,440.90)
Unrealized Gains/Losses	\$	(1,057,167.08)
Total Portfolio Earnings	\$	(1,547,933.14)
Ending Portfolio Market Value 03/31/2020	\$	4,113,898.78
Net Change	\$	(3,417,497.21)

Period Ending March 31, 2020. Source: Eagle Investment Systems, April 30, 2020.

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Inception to Date Reconciliation

City of Fort Pierce Retirement & Benefit System Inception to Date Statement of Cash Flow January 5, 1999 through March 31, 2020		
\$ Original Investment		\$ 5,459,900.00
+ Subsequent Contributions		\$ 1,343,255.15
- Subsequent Withdrawals		\$ (21,814,136.15)
- Management Fees		\$ (1,352,540.19)
+ Total Investment Earnings		\$ 20,477,419.97
+ Income	\$ 3,529,880.66	
+/- Capital Appreciation (Depreciation)	\$ 16,947,539.31	
Total Assets as of March 31, 2020		\$ 4,113,898.78

Period Ending March 31, 2020. Source: Eagle Investment Systems and SunTrust Portfolio View, April 30, 2020.
See Investment Performance in Appendix.

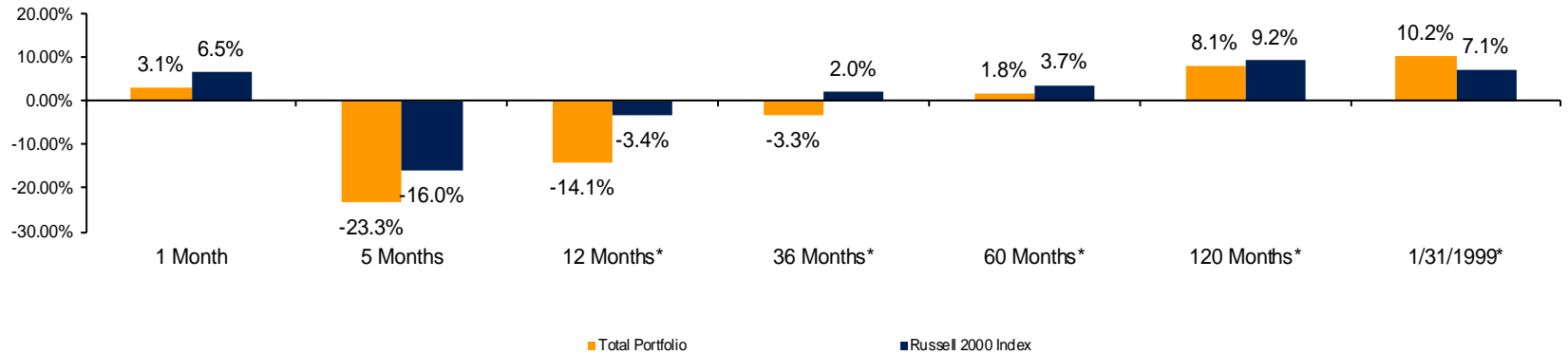
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Performance Comparisons

	<u>1 Month</u>	Year To Date <u>5 Months</u>	<u>12 Months*</u>	<u>36 Months*</u>	<u>60 Months*</u>	<u>120 Months*</u>	Inception To Date <u>1/31/1999*</u>
Total Portfolio	3.14%	-23.32%	-14.11%	-3.32%	1.84%	8.12%	10.21%
Russell 2000 Value Index	2.87%	-25.65%	-14.69%	-4.16%	0.71%	6.54%	7.34%
Russell 2000 Index	6.51%	-15.95%	-3.44%	1.98%	3.72%	9.23%	7.13%



Period Ending May 31, 2020. Source: Eagle Investment Systems, June 4, 2020.

*Annualized returns.

Past performance is not indicative of future results.

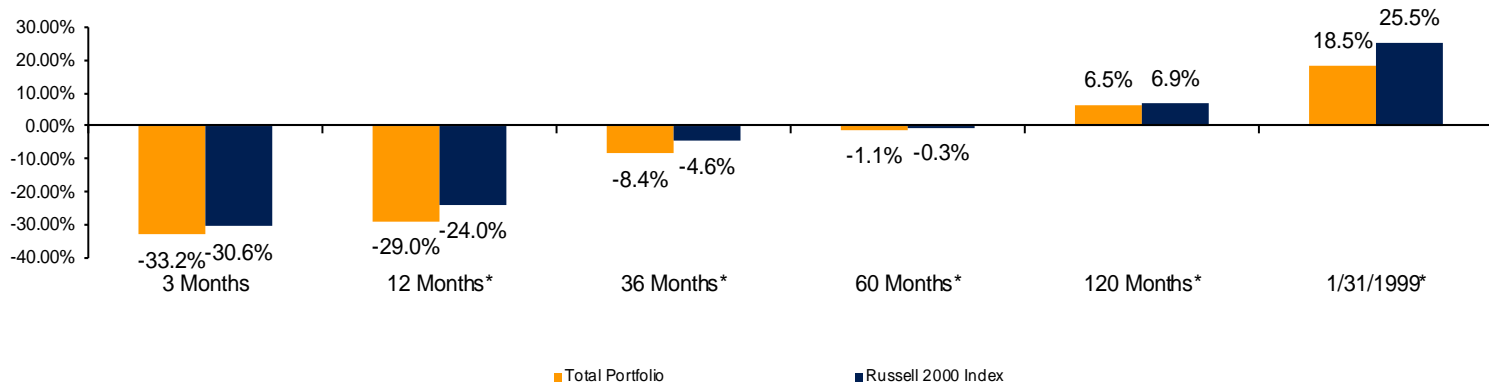
The comparative performance contained herein reflects annualized returns for specific time periods, are gross of all fees, are not indicative of actual annual returns, and may not be relied upon for investment decisions. See Investment Performance Disclosure in Appendix.

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Performance Comparisons

	<u>3 Months</u>	<u>12 Months*</u>	<u>36 Months*</u>	<u>60 Months*</u>	<u>120 Months*</u>	<u>Inception To Date 1/31/1999*</u>
Total Portfolio	-33.20%	-28.95%	-8.43%	-1.10%	6.48%	18.48%
Russell 2000 Value Index	-35.66%	-29.64%	-9.51%	-2.42%	4.79%	22.39%
Russell 2000 Index	-30.61%	-23.99%	-4.64%	-0.25%	6.90%	25.52%



Period Ending March 31, 2020. Source: Eagle Investment Systems, April 30, 2020.

*Annualized returns.

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The comparative performance contained herein reflects annualized returns for specific time periods, are gross of all fees, are not indicative of actual annual returns, and may not be relied upon for investment decisions. See Investment Performance Disclosure in Appendix.

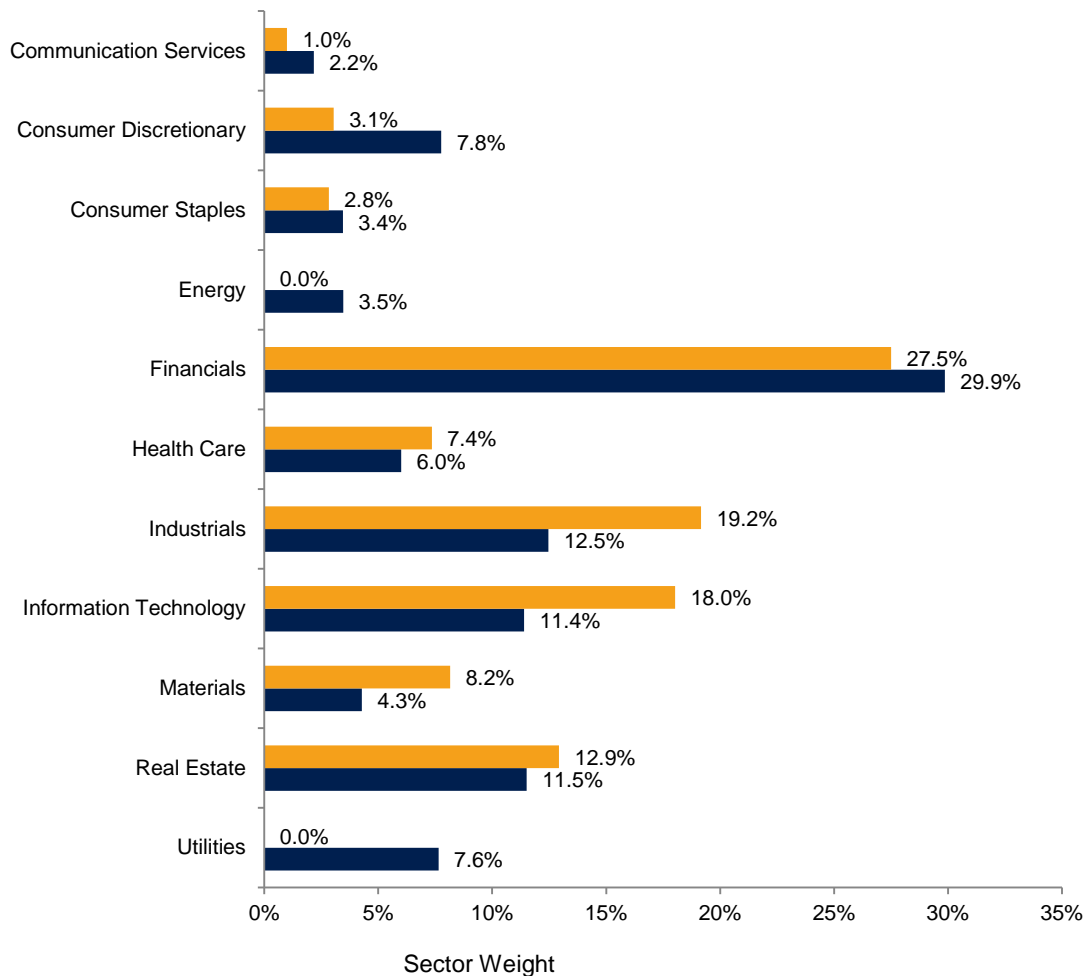
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Sector Concentration*

● Portfolio

● Russell 2000 Value



Portfolio Characteristics*

Characteristic	Portfolio	Russell 2000 Value
Market Cap (billion)	\$3.6	\$1.6
Dividend Yield	2.8%	3.3%
Price-to-Earnings (12 months trailing)	13.2	10.1
Price-to-Book	1.6	0.9
Price-to-Sales	0.9	0.5

Top 10 Holdings*

Security	%
Kemper Corporation	6.6
Hill-Rom Holdings, Inc.	5.9
Power Integrations, Inc.	5.4
Healthcare Trust of America, Inc.	4.7
Cubic Corporation	4.7
Physicians Realty Trust	4.4
Aptargroup, Inc.	4.4
Quanta Services, Inc.	4.2
First American Financial Corporation	4.1
SLM Corp	3.6

See Holdings Disclosure in Appendix.

* Period Ending March 31, 2020. Source: FactSet, April 30, 2020.

Past performance is not indicative of future results.

Portfolio characteristics, sector analysis, and holdings exclude cash and may change at any time without notice.

See Holdings Disclosure, Sector Weightings and Portfolio Characteristics in Appendix.

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Top 10 Holdings

Security	Description
Kemper Corporation	Kemper Corp. is a holding company, which engages in the property and casualty insurance, and life and health insurance businesses. It operates through the following segments: Specialty Property and Casualty Insurance, Preferred Property and Casualty Insurance, and Life and Health Insurance. The Specialty Property and Casualty Insurance segment provides personal and commercial automobile insurance.
Hill-Rom Holdings, Inc.	Hill-Rom Holdings, Inc. is a medical technology company, which focuses on patient care solutions that improve clinical and economic outcomes. It operates through the following business segments: Patient Support System, Front Line Care, and Surgical Solutions. The Patient Support Systems segment provides bed frames and surfaces, mobility, and clinical workflow solutions.
Power Integrations, Inc.	Power Integrations, Inc. engages in the design, development and marketing of analog and mixed-signal integrated circuits and other electronic components and circuitry used in high voltage power conversion. Its products are used in power converters that convert electricity from a high-voltage source to the type of power required for a specified downstream use.
Healthcare Trust of America, Inc.	Healthcare Trust of America, Inc. operates as a real estate investment trust. It owns, operates and invests medical office buildings. The company was founded by Scott D. Peters on April 20, 2006 and is headquartered in Scottsdale, AZ.
Cubic Corporation	Cubic Corp. is a technology provider of integrated solutions. The company designs, integrates and operates systems, products and services focused in the transportation, defense C4ISR and training markets. It operates through the following segments: Cubic Transportation Systems, Cubic Mission Solutions, and Cubic Global Defense Systems.
Physicians Realty Trust	Physicians Realty Trust is a real estate investment trust, which engages in the acquisition, development, owning, and managing of healthcare properties. It offers leases to physicians, hospitals, and healthcare delivery systems. The firm's principal investments include medical office buildings; outpatient treatment facilities; acute and post-acute care hospitals; as well as other real estate integral to healthcare providers.
Aptargroup, Inc.	AptarGroup, Inc. develops manufactures and sales of consumer product dispensing systems. It operates through the following business segments: Beauty & Home, Pharma and Food & Beverage. The Beauty & Home segment primarily sells pumps, aerosol valves and accessories to the personal care and household markets and pumps and decorative components to the fragrance/cosmetic market.
Quanta Services, Inc.	Quanta Services, Inc. engages in the provision of specialty contracting services, offering infrastructure solutions to the electric power, oil and gas, and communication industries. It also focuses on the design, installation, upgrade, repair, and maintenance of infrastructure within each of the industries it serves.
First American Financial Corporation	First American Financial Corp. operates as an insurance company. It provides title insurance and settlement services to the real estate and mortgage industries. The company operates its business through the following segments: Title Insurance & Services and Specialty Insurance. The Title Insurance & Services segment provides title insurance, escrow, closing services and similar or related financial services domestically and internationally in connection with residential and commercial real estate transactions.
SLM Corp	SLM Corp. engages in the provision and administration of education loans. Its services include private education loans, banking, college savings, and insurance services. The company was founded in 1972 and is headquartered in Newark, DE.

Period Ending March 31, 2020. Source: Factset, April 30, 2020.

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Performance Review - Portfolio Holdings

	Units	Security	Unit Cost	Book Value	Price	Market Value	Alloc.
City of Fort Pierce, Florida Retirement and Benefit System				\$ 4,698,956.69		\$ 4,113,898.78	100.00%
Currency				\$ 49,304.40		\$ 49,304.40	1.20%
	49,304	US DOLLAR	\$ 1.00	\$ 49,304.40	\$	\$ 49,304.40	1.20%
Common Stock				\$ 4,649,652.29		\$ 4,064,594.38	98.80%
COMMUNICATION SERVICES				\$ 47,606.32		\$ 40,475.00	0.98%
	2,500	INTERPUBLIC GROUP OF COS INC/THE	\$ 19.04	\$ 47,606.32	\$ 16.19	\$ 40,475.00	0.98%
CONSUMER DISCRETIONARY				\$ 215,896.78		\$ 124,485.00	3.03%
	1,300	AMERICAN EAGLE OUTFITTERS INC	\$ 14.84	\$ 19,293.12	\$ 7.95	\$ 10,335.00	0.25%
	2,000	DESIGNER BRANDS INC	\$ 16.26	\$ 32,527.38	\$ 4.98	\$ 10,550.00	0.26%
	3,700	PENSKE AUTOMOTIVE GROUP INC	\$ 44.34	\$ 164,076.28	\$ 28.00	\$ 103,600.00	2.52%
CONSUMER STAPLES				\$ 155,596.38		\$ 114,884.00	2.79%
	1,100	CALAVO GROWERS INC	\$ 78.04	\$ 85,843.77	\$ 57.69	\$ 63,459.00	1.54%
	1,700	ENERGIZER HOLDINGS INC	\$ 41.03	\$ 69,752.61	\$ 30.25	\$ 51,425.00	1.25%
FINANCIALS				\$ 1,176,186.90		\$ 1,116,975.06	27.15%
	600	AMERISAFE INC	\$ 60.88	\$ 36,528.94	\$ 64.47	\$ 38,682.00	0.94%
	700	ARTISAN PARTNERS ASSET MANAGEMENT	\$ 29.15	\$ 20,406.17	\$ 21.49	\$ 15,043.00	0.37%
	1,234	BANK OF HAWAII CORP	\$ 53.50	\$ 66,017.41	\$ 55.24	\$ 68,166.16	1.66%
	1,700	CATHAY GENERAL BANCORP	\$ 37.72	\$ 64,125.13	\$ 22.95	\$ 39,015.00	0.95%
	1,800	EVERCORE INC	\$ 29.93	\$ 53,882.81	\$ 46.06	\$ 82,908.00	2.02%
	3,900	FIRST AMERICAN FINANCIAL CORP	\$ 58.01	\$ 226,251.29	\$ 42.41	\$ 165,399.00	4.02%
	5,800	FIRST HAWAIIAN INC	\$ 25.43	\$ 147,484.12	\$ 16.53	\$ 95,874.00	2.33%
	2,000	FIRST INTERSTATE BANCSYSTEM INC	\$ 37.82	\$ 75,637.07	\$ 28.84	\$ 57,680.00	1.40%
	905	HANOVER INSURANCE GROUP INC/THE	\$ 42.78	\$ 38,715.90	\$ 90.58	\$ 81,974.90	1.99%
	1,600	HORACE MANN EDUCATORS CORP	\$ 26.12	\$ 41,794.48	\$ 36.59	\$ 58,544.00	1.42%
	3,600	KEMPER CORP	\$ 60.73	\$ 218,611.00	\$ 74.37	\$ 267,732.00	6.51%
	20,300	SLM CORP	\$ 9.20	\$ 186,732.58	\$ 7.19	\$ 145,957.00	3.55%
HEALTH CARE				\$ 273,706.72		\$ 298,816.00	7.26%
	1,600	BRUKER CORP	\$ 38.62	\$ 61,789.81	\$ 35.86	\$ 57,376.00	1.39%
	2,400	HILL-ROM HOLDINGS INC	\$ 88.30	\$ 211,916.91	\$ 100.60	\$ 241,440.00	5.87%
INDUSTRIALS				\$ 952,734.62		\$ 779,208.28	18.94%
	1,800	APOGEE ENTERPRISES INC	\$ 50.67	\$ 91,214.31	\$ 20.82	\$ 37,476.00	0.91%
	0	COVANTA HOLDING CORP	\$ 1.00	\$ 0.00	\$ 8.55	\$ 350.00	0.01%
	4,600	CUBIC CORP	\$ 47.81	\$ 219,935.96	\$ 41.31	\$ 190,026.00	4.62%
	1,500	ENERSYS	\$ 67.07	\$ 100,601.46	\$ 49.52	\$ 74,280.00	1.81%
	800	ENPRO INDUSTRIES INC	\$ 69.02	\$ 55,214.98	\$ 39.58	\$ 31,664.00	0.77%
	2,200	HERMAN MILLER INC	\$ 26.71	\$ 58,767.44	\$ 22.20	\$ 49,302.00	1.20%
	2,700	PENTAIR PLC	\$ 30.05	\$ 81,144.14	\$ 29.76	\$ 80,352.00	1.95%
	5,400	QUANTA SERVICES INC	\$ 32.43	\$ 175,118.36	\$ 31.73	\$ 171,342.00	4.16%

Period Ending March 31, 2020. Source: Eagle Investment Systems, April 30, 2020.

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Performance Review - Portfolio Holdings

Units	Security	Unit Cost	Book Value	Price	Market Value	Alloc.
1,200	RITCHIE BROS AUCTIONEERS INC	\$ 26.83	\$ 32,192.25	\$ 34.18	\$ 41,016.00	1.00%
2,000	STANTEC INC	\$ 29.95	\$ 59,898.51	\$ 25.56	\$ 51,340.28	1.25%
400	TENNANT CO	\$ 32.97	\$ 13,189.02	\$ 57.95	\$ 23,180.00	0.56%
4,000	WABASH NATIONAL CORP	\$ 16.36	\$ 65,458.19	\$ 7.22	\$ 28,880.00	0.70%
INFORMATION TECHNOLOGY			\$ 746,000.43		\$ 732,637.00	17.81%
600	CABOT MICROELECTRONICS CORP	\$ 109.72	\$ 65,833.67	\$ 114.14	\$ 68,792.00	1.67%
2,000	COHU INC	\$ 19.45	\$ 38,905.09	\$ 12.38	\$ 24,880.00	0.60%
300	COMTECH TELECOMMUNICATIONS CORP	\$ 29.51	\$ 8,851.50	\$ 13.29	\$ 3,987.00	0.10%
900	DOLBY LABORATORIES INC	\$ 67.41	\$ 60,668.92	\$ 54.21	\$ 48,789.00	1.19%
200	ENTEGRIS INC	\$ 46.98	\$ 9,396.02	\$ 44.77	\$ 8,954.00	0.22%
2,700	FLIR SYSTEMS INC	\$ 37.97	\$ 102,523.11	\$ 31.89	\$ 86,103.00	2.09%
500	LITTELFUSE INC	\$ 179.94	\$ 89,967.61	\$ 133.42	\$ 66,710.00	1.62%
900	MKS INSTRUMENTS INC	\$ 83.56	\$ 75,206.74	\$ 81.45	\$ 73,305.00	1.78%
500	MONOLITHIC POWER SYSTEMS INC	\$ 132.61	\$ 66,306.86	\$ 167.46	\$ 83,980.00	2.04%
1,400	NATIONAL INSTRUMENTS CORP	\$ 44.35	\$ 62,092.77	\$ 33.08	\$ 46,312.00	1.13%
2,500	POWER INTEGRATIONS INC	\$ 66.50	\$ 166,248.14	\$ 88.33	\$ 220,825.00	5.37%
MATERIALS			\$ 436,174.44		\$ 331,150.00	8.05%
1,800	APTARGROUP INC	\$ 102.32	\$ 184,184.18	\$ 99.54	\$ 179,172.00	4.36%
1,400	ASHLAND GLOBAL HOLDINGS INC	\$ 69.10	\$ 96,746.34	\$ 50.07	\$ 70,098.00	1.70%
2,300	WR GRACE & CO	\$ 67.50	\$ 155,243.92	\$ 35.60	\$ 81,880.00	1.99%
REAL ESTATE			\$ 645,749.70		\$ 525,964.04	12.79%
2,282	ALEXANDER & BALDWIN INC	\$ 34.21	\$ 78,066.04	\$ 11.22	\$ 25,604.04	0.62%
2,200	AMERICAN CAMPUS COMMUNITIES INC	\$ 45.89	\$ 100,957.34	\$ 27.75	\$ 61,050.00	1.48%
1,700	CUBESMART	\$ 23.10	\$ 39,272.56	\$ 26.79	\$ 46,104.00	1.12%
7,900	HEALTHCARE TRUST OF AMERICA INC	\$ 23.59	\$ 186,398.78	\$ 24.28	\$ 191,812.00	4.66%
1,600	OUTFRONT MEDIA INC	\$ 20.89	\$ 33,423.75	\$ 13.48	\$ 21,568.00	0.52%
12,900	PHYSICIANS REALTY TRUST	\$ 16.10	\$ 207,631.23	\$ 13.94	\$ 179,826.00	4.37%

Period Ending March 31, 2020. Source: Eagle Investment Systems, April 30, 2020.

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Appendix



**Active Position**

Absolute portfolio weight minus the benchmark portfolio weight.

Free Cash Flow Yield

Cash flow from operations for a particular year less capital expenditures divided by the diluted weighted average shares outstanding for that fiscal year.
Free cash flow per share for the current fiscal year divided by current stock price.

Market Capitalization

The total dollar value of all outstanding shares. It is calculated by multiplying the number of shares outstanding by the current price of one share.

Operating Margin

Operating income divided by revenues, expressed as a percentage.

Price to Sales Ratio (P/S)

A stock's capitalization divided by its sales over a trailing 12 months. The value is the same whether the calculation is done for the whole company or a per-share basis.

Return on Equity (ROE)

Equal to a fiscal year's after-tax income (after preferred stock dividends but before common stock dividends) divided by book value, expressed as a percentage.

Tracking Error

Tracking error is the standard deviation of the difference between the periodic total returns of a portfolio of stocks and those of a benchmark. An estimated tracking error estimates the likelihood that a portfolio will outperform or underperform its benchmark by a certain amount or more at the end of a specified period.

CLIENT REPORTS AND CUSTODY STATEMENT

It is important to receive and review the statement you receive from your custodian. Any client account report provided by our Firm is not intended to replace your custody statement, which should be considered your official record for all pertinent account information. And while our Firm's reports are provided in a different format from the custodian's, and may vary in content and scope, you should compare the asset information to that of your custody statement. Please notify us promptly if you do not receive statements on all accounts from the custodian on at least a quarterly basis.

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Russell 1000[®] Value: Is an unmanaged index which is comprised of the securities in the Russell 1000[®] Index, as defined by Russell Investment Group, with less-than-average growth orientation. Companies in this index generally have low price-to-book and price-to-earnings ratios, higher dividend yields, and lower forecasted growth values.

Russell Midcap[®] Value: Is an unmanaged index which measures the performance of those securities found in the Russell Midcap universe, as defined by Russell Investment Group, with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000[®] Value Index.

Russell 2000[®] Value: Is an unmanaged index which is comprised of the securities in the Russell 2000[®] Index, as defined by Russell Investment Group, with a less-than-average growth orientation. Companies in this index generally have low price-to-book and price-to-earnings ratios.

Investors cannot invest directly in an index.

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Fees have a compounding effect on cumulative results. For example, assume the account achieves a 10% annual return prior to the deduction of fees each year for a period of ten years. If an annual fee of 0.5% of assets under management were charged each of the ten years, the resulting annual average return net of fees would be reduced to 9.48%.

eA Large Cap Value: US Equity products that invest primarily in large capitalization stocks with fundamental characteristics showing high earnings growth expectations or in fast growing economic sectors. The expected benchmarks for this universe would include Russell 1000[®] Value, S&P 500[®], or the S&P/BARRA Value.

eA Mid Cap Value: US Equity Products that invest primarily in mid capitalization stocks with fundamental characteristics showing high earnings growth expectations or in fast growing economic sectors. The expected benchmarks for this universe would include Russell Midcap[®] Value, Russell Midcap[®], or the S&P 400[®].

eA Small Cap Value: US Equity products that invest primarily in small capitalization stocks with fundamental characteristics showing them to be underpriced or in slower growing economic sectors. The expected benchmarks for this universe would include Russell 2000[®] or the Russell 2000[®] Value.

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All investments involve risk. Equity securities (stocks) may be more volatile and carry more risk than other forms of investments. Value-based investments are subject to the risk that the broad market may not recognize their intrinsic value. Dividends reflect past performance and there is no guarantee they will continue to be paid. Mid- and small-capitalization stocks typically carry additional risks since smaller companies generally have a higher risk of failure. Securities of mid-cap companies may be more volatile and less liquid than the securities of large-cap companies. There is no guarantee a specific investment strategy will be successful. Individual investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decisions.

SECTOR WEIGHTINGS AND PORTFOLIO CHARACTERISTICS

The sector weightings and portfolio characteristics are presented as of the date shown on this presentation, and may change without notice.

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MPT STATISTICS/OTHER MEASUREMENTS

Alpha - is defined as the difference between the average realized return of a portfolio manager with private information and the expected return of the passive strategy based upon public information with equal systematic risk.

Beta – is a measure of an investment's volatility, relative to an appropriate asset class.

R-Squared – a statistical measure of how well a regression line approximates real data points; an r-squared of 1.0 (100%) indicates a perfect fit. r-squared measures how well the Capital Asset Pricing Model predicts the actual performance of an investment or portfolio.

Sharpe Ratio - also known as Reward-to-Volatility-Ratio, indicates the excess return per unit of risk associated with the excess return. The higher the Sharpe Ratio, the better the performance.

Standard Deviation – a statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time.

PORTFOLIO CHARACTERISTICS DEFINITIONS

30 Day SEC Yield – is calculated by dividing the net investment income per share for the 30 days ended on the date of calculation by the offering price per share on that date. The figure is compounded and annualized.

3-5 Year EPS Growth – Analyst's estimated 3-5 year growth in earnings.

Price-to-Book (P/B) – A stock's capitalization divided by its book value. The value is the same whether the calculation is done for the whole company or a per-share basis.

Price-to-Earning P/E – The price of the stock divided by its historical earnings per share.

Price-to-Earning P/E (FY1) – The P/E ratio is equal to a stock's market capitalization divided by its projected after-tax earnings the next 12-months.

Return on Equity – Equal to a fiscal year's after tax income (after preferred stock dividends but before common stock dividends) divided by book value, expressed as a percentage.

Thank You

