
MADISON MID CAP EQUITY

June 30, 2021 | Separately Managed Account Investment Strategy Letter

Madison's philosophy revolves around the principle of "Participate and Protect", which means we strive to build portfolios that participate as fully as possible in favorable markets and, more importantly, protect principal in difficult markets with the goal of outperforming the Russell Mid Cap Index over a full market cycle. To pursue our goals, we emphasize high-quality growth companies that exhibit sustainable competitive advantages and consistent cash flow. We perform multiple screens to develop a high conviction portfolio concentrated in companies with attractive growth characteristics and purchased when valuations are reasonable.

The major stock market indices continued their march upwards. Although we are likely early in an economic recovery, which means that corporate profits should expand over the coming years, risks for investors are increasing in tandem with the market advance. Perhaps that's a tautology. In fact, we believe that the rise in risks has actually outpaced the rise in the favorable outlook. We continue to search for underappreciated stocks of well-run companies, while remaining hyper aware of the rising risks from heightened valuations.

PORTFOLIO UPDATES

We purchased two new investments and sold one. The sale was of Fastenal, a long-time holding and one of the largest industrial supply distributors in the country. We purchased our stake in 2014, and we near-tripled that original investment through capital appreciation and dividends, handily outpacing our index, the Russell Midcap. It's possibly one of the best-managed companies we've ever had the pleasure of getting to know, but we felt that the valuation ascribed to its shares more than reflected its outlook. This was our second go-around with Fastenal, having invested in it successfully almost two decades ago as well. We're sorry to have to let it go, but perhaps there will be a third bite at the apple somewhere down the road.

Our two new investments were Cannae Holdings and PACCAR.

Cannae Holdings is an investment holding company chaired by Bill Foley, an investor-executive with one of the most impressive long-term entrepreneurial track records in corporate America. Over the past three and a half decades, he has been responsible for buying and growing numerous software, data analytics, and fintech businesses, including four that are publicly traded today, with market caps of \$9 billion, \$12 billion, \$13 billion, and \$90 billion. Cannae itself became independently public several years ago, and has amassed a strong record of market-beating results.

We purchased Cannae stock at an approximately 30% discount to its net asset value ("NAV"). As the large majority of Cannae's value is in publicly-traded companies, its NAV can be reliably estimated, which makes the discount somewhat puzzling. Two investments account for a substantial portion of the value: minority stakes in Dun & Bradstreet and Ceridian HCM Holding, both of which were acquired by Cannae in leveraged buyout transactions and have returned multiples of the initial equity invested. Ceridian has matured as an investment position, and Cannae has been selling down its stake for the past year and we expect that to continue. Dun & Bradstreet is still in the middle innings of the investment timeline, and we expect Cannae to benefit greatly from further growth in value. We also own a separate position in Dun & Bradstreet in our portfolio. Cannae also has investments in a myriad of venture-stage companies and companies beginning to truly monetize their scale. Some of them look very promising, and one or two winners would add tremendously to growth in NAV.

PACCAR is the second largest manufacturer of heavy-duty trucks in the United States. More importantly, it's by far the most profitable, and has been for many years. It's the sole maker of premium trucks in the U.S., but even among a competitive set that would include the premium truck makers in Europe, PACCAR has best-in-class margins to go along with its superb 20%+ returns on capital. Despite operating in a notoriously cyclical industry, the company has been profitable for 82 consecutive years, and has paid a dividend every year for 50 years.

Management excels at both facets of its job – operations and capital allocation. It has used its premium quality and service reputation to grow market share over the years, and has spent its cash flow wisely, acquiring a strong presence in Europe by



MADISON MID CAP EQUITY

June 30, 2021 | Separately Managed Account Investment Strategy Letter

purchasing a leading manufacturer out of bankruptcy, and paying out large special dividends on an annual basis, all while maintaining a pristine balance sheet.

PACCAR was ably led by a member of the founding Pigott family for many decades until two years ago, when a non-family member was chosen as CEO for the first time. The family remains heavily involved with a large ownership stake and Mark Pigott is remaining in the chairman role that he's held for a quarter century. We have seen no drop-off in leadership quality, and expect none.

We invested at a price approximating a low-teens Price/Earnings (P/E) multiple on normalized earnings. As important as the low multiple paid, our purchase should be timely as PACCAR's investments in its steady aftermarket parts business and innovative engine technologies are really starting to bear fruit. Both of these areas should be durable sources of high-quality profits for years to come.

MANAGEMENT TEAMS

While both Cannae and PACCAR check the box for two of our three investment pillars – good business model and attractive valuation – they are excellent examples of the third pillar: a high-quality management team. Cannae is nothing but an investment portfolio of companies that will be managed by Foley and his team. PACCAR operates in a so-so industry, but has carved out an exceedingly profitable niche for itself through attention to detail and shrewd investments.

Assessing management is difficult to do. A long and clear track record is the most helpful in establishing our confidence level in management, but those are rare, and in the instances where such records exist, tend to be well-recognized by investors. Of course, we want management to be smart, and that's something we try to assess, but there are many kinds of smart, and certain kinds do well in certain situations while others don't. We're not in the room when CEOs make decisions, and we won't be in the future either. So although good past decisions are indicators of good future decisions, we like to get to the deeper fount of decision-making than just smarts. And what we've found over the years is that the trait that is most conducive to excellent long-term corporate results is having the right mindset. Here are few things we mean when we ask whether management has the right mindset:

- ▶ Do they make rational, economically justifiable capital allocation decisions?
- ▶ Are they willing to sacrifice profits today, for greater profits tomorrow?
- ▶ Do they focus on widening the moat?
- ▶ Do they treat employees well?
- ▶ Do they understand what the company is good at, and what its limitations are?
- ▶ Do they have a culture of doing what's right?

It almost seems absurd to think that management teams would NOT do the above things. And if you talk to company representatives, they will assure you, the prospective or current investor, that they indeed do all of these things. But CEOs are people like anyone else, and have pressures on them to make certain decisions from many directions. For example, we've seen countless cases where a CEO would not sell, shut down, or split off a division even when it made obvious economic sense, because such an action would reduce the CEO's compensation, or the CEO didn't want to face the fury of the manager running the division, or didn't want to have to go through the hassle of the administrative work, or wanted to prop up a single metric like Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) or Earnings Per Share (EPS), or some other reason. Of course, they never said that to us – we either put two and two together, or we found out through other channels.

An orchestra musician friend once told us: "If I miss a day of practice, I can tell. If I miss two days of practice, the orchestra can tell. If I miss three days of practice, the audience can tell." We are all audiences of the publicly traded corporate "orchestras" and if a company isn't being managed with the right framework, we may not know until it's too late. Therefore, our job is to try to hone our ears so that we can tell if executives are skipping a day of practice, or as we remarked above, invest with those that have the right mindset, so that we can be confident that they will continue to practice when we're not around.

MADISON MID CAP EQUITY

June 30, 2021 | Separately Managed Account Performance & Characteristics

Portfolio Characteristics may help you understand how the portfolio, taken as a whole, is situated relative to other portfolios or the benchmark. See the Definitions section on the last page for more details about each metric presented below.

Portfolio Characteristics

	Madison Mid Cap ¹	Russell Midcap [®] Index
Number of holdings	30	828
Weighted avg. market cap (billions)	\$24.78	\$23.06
Dividend yield	0.45%	1.16%
Active Share	96.14%	-
Turnover Range	20-30%	-

Portfolio Statistics (%)

	Madison Mid Cap	Russell Midcap [®] Index
Since Inception		
Up Capture Ratio	85.79	100.00
Down Capture Ratio	74.57	100.00
Standard Deviation	14.92	17.16

Sector Distribution (%)

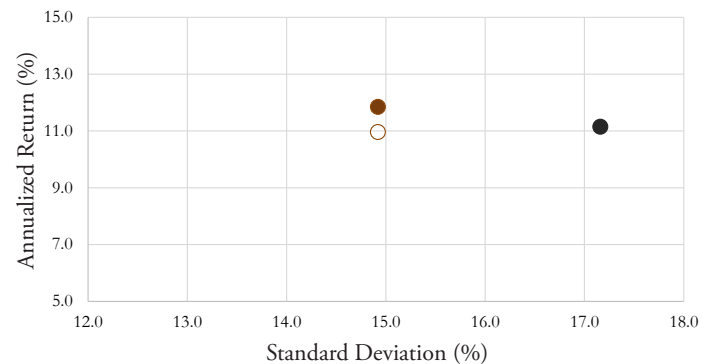
	Madison Mid Cap ¹	Russell Midcap [®] Index
Communication Services	6.44	2.38
Consumer Discretionary	11.73	13.68
Consumer Staples	1.12	3.59
Energy	--	3.50
Financials	28.92	13.21
Health Care	4.33	11.16
Industrials	20.17	14.56
Information Technology	21.21	21.78
Materials	--	5.47
Real Estate	--	6.00
Utilities	--	4.69
Cash	6.08	--

Risk/Reward

Since Inception

Please Note: Actual management fees will vary depending on each individual agreement. See footnote on the following page for more information.

- Madison Gross
- Madison Net**
- Russell Midcap[®]



MADISON MID CAP EQUITY

June 30, 2021 | Separately Managed Account Performance & Characteristics

Portfolio Performance may help you understand how the portfolio, taken as a whole, is situated relative to other portfolios or the benchmark. See the Definitions section on the last page for more details about each metric presented below.

Trailing Returns (%)

	MADISON		
	Gross	Net**	Index
QTD	6.89	6.69	7.50
YTD	13.05	12.60	16.25
1-Year*	40.15	39.05	49.80
3-Year*	17.18	16.27	16.45
5-Year*	16.02	15.11	15.62
10-Year*	13.84	12.94	13.24
Since Inception*	11.84	10.96	11.14

*Figures are annualized.

Experienced Management

Rich Eisinger
Head of Equities,
Portfolio Manager
Industry start 1994

Haruki Toyama
Portfolio Manager
Industry since 1994

Andy Romanowich, CFA
Portfolio Manager
Industry since 2004

Annual Total Returns (%)

	MADISON		
	Gross	Net**	Index
2011	6.19	5.35	-1.55
2012	17.11	16.21	17.28
2013	30.20	29.23	34.76
2014	10.76	9.87	13.22
2015	2.00	1.19	-2.44
2016	13.51	12.59	13.80
2017	16.72	15.80	18.52
2018	-0.86	-1.65	-9.06
2019	35.06	34.02	30.54
2020	10.32	9.47	17.10

**Net returns are calculated using the highest Madison annual fee of 0.80%, calculated quarterly. They do not reflect any third-party investment advisory fees or other expenses that may be incurred in the management of the account. Such fees and expenses will reduce the actual returns of the account. Actual fees and expenses will vary depending on each individual agreement, so readers should consult their advisors for additional details. See each entity's Part 2A Disclosure Brochure for more information. Actual returns may vary depending on a particular account's inception date, trading platform and trading discretion. Any differences in the timing of trades may result in various performance outcomes for Madison's separately managed accounts versus model manager differences.

DISCLOSURES & DEFINITIONS

1. Information is based on a model portfolio which is intended to provide a general illustration of the investment strategy. Individual client portfolios in the program may vary.

All or some of the information is presented as “supplemental information” included as part of the GIPS® compliant performance presentation for the Madison Mid Cap Equity Composite, which must be included with this material. Unless otherwise noted, references to “Madison” are to that composite and references to inception date refer to performance since 3/31/96. Past performance is no guarantee of future results. Year-to-date, quarterly and annualized performance figures are considered “preliminary” as of the date of this piece. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only, and do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance.

The Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap® Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russel® is a trademark of Russell Investment Group.

Risk

All investing involves risks including the possible loss of principal. There can be no assurance the portfolios will achieve their investment objectives. The portfolios may invest in equities which are subject to market volatility. Equity risk is the risk that securities held by the portfolio will fluctuate in value due to general market or economic conditions, perceptions regarding the industries in which the issuers of securities held by the portfolio participate, and the particular circumstances and performance of particular companies whose securities the portfolio holds. In addition, while broad market measures of common stocks have historically generated higher average returns than fixed income securities, common stocks have also experienced significantly more volatility in those returns.

Please consult with your financial advisor to determine your risk tolerance and investment objectives.

It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list.

Definitions

Holdings may vary depending on account inception date, objective, cash flows, market volatility, and other variables. Any securities identified and described herein do not represent all of the securities purchased or sold, and these securities may not be purchased for a new account. There is no guarantee that any securities transactions identified and described herein were, or will be profitable. Any securities identified and described herein are not a recommendation to buy or sell, and is not a solicitation for brokerage services.

Upon request, Madison may furnish to the client or institution a list of all security recommendations made within the past year.

Wtd. Avg. Market Cap: measures the size of the companies in which the portfolio invests. Market capitalization is calculated by multiplying the number of a company’s shares outstanding by its price per share.

Dividend Yield: the portfolio’s weighted average of the underlying portfolio holdings and not the yield of the portfolio.

Active Share: the percentage of a portfolio that differs from its benchmark index. Active Share can range from 0% for an index portfolio that perfectly mirrors its benchmark to 100% for a portfolio with no overlap with an index.

Portfolio Turnover: a measure of the trading activity in an investment portfolio—how often securities are bought and sold by a portfolio. The range represents the typical turnover of the portfolio.

Standard Deviation: a statistical measurement of dispersion about an average, which, for a portfolio, depicts how widely the returns varied over a certain period of time. Investors may use the standard deviation of historical performance to understand the range of returns for a portfolio. When a portfolio has a higher standard deviation than its benchmark, it implies higher relative volatility. Standard deviation has been calculated using the trailing monthly total returns for the appropriate time period. The standard deviation values are annualized.

Downside Capture Ratio: a portfolio’s performance in down markets relative to its benchmark. The security’s downside capture return is divided by the benchmark’s downside capture return over the time period. Upside Capture Ratio: a portfolio’s performance in up markets relative to its benchmark. The security’s upside capture return is divided by the benchmark’s upside capture return over the time period.

“Madison” and/or “Madison Investments” is the unifying tradename of Madison Investment Holdings, Inc., Madison Asset Management, LLC (“MAM”), and Madison Investment Advisors, LLC (“MIA”), which also includes the Madison Scottsdale office. MAM and MIA are registered as investment advisers with the U.S. Securities and Exchange Commission. Madison Funds are distributed by MFD Distributor, LLC. MFD Distributor, LLC is registered with the U.S. Securities and Exchange Commission as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority. The home office for each firm listed above is 550 Science Drive, Madison, WI 53711. Madison’s toll-free number is 800-767-0300. Any performance data shown represents past performance. Past performance is no guarantee of future results.

Any performance data shown represents past performance. Past performance is no guarantee of future results.

Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of, or guaranteed by, any financial institution. Investment returns and principal value will fluctuate.

This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.

DISCLOSURES & DEFINITIONS

3/31/2021 to 6/30/2021

Top Contributors to Return	Average Weight (%)	Contribution to Relative Return (%)	Bottom Contributors	Average Weight (%)	Contribution to Relative Return (%)
Gartner, Inc.	5.56	1.11	Dollar Tree, Inc.	4.73	-0.93
Liberty Broadband Corp. Class C	6.08	0.43	Dun & Bradstreet Holdings Inc	2.41	-0.45
Copart, Inc.	3.47	0.40	Cannae Holdings, Inc.	1.84	-0.42
Arista Networks, Inc.	3.62	0.38	CarMax, Inc.	3.93	-0.39
Carlisle Companies Incorporated	4.12	0.33	Arch Capital Group Ltd.	4.74	-0.27

This piece is not intended to provide investment advice directly to investors. Opinions stated are informational only and should not be taken as investment recommendation or advice of any kind whatsoever (whether impartial or otherwise). This piece may contain information, including portfolio weightings and other portfolio statistics that is considered as “supplemental information” to the complete GPS performance presentation for the Madison Mid Cap Equity Sub-Advisory Composite, which accompanies this piece.

Holdings may vary depending on account inception date, objective, cash flows, market volatility, and other variables. Any securities identified and described herein do not represent all of the securities purchased or sold, and these securities may not be purchased for a new account. Past performance does not guarantee future results. There is no guarantee that any securities transactions identified and described herein were, or will be profitable. Any securities identified and described herein are not a recommendation to buy or sell, and is not a solicitation for brokerage services.

Gross performance results do not reflect the deduction of investment advisory fees. Your returns will be reduced by advisory fees and other expenses that may be incurred in the management of your investment advisory account. Investment advisory fees are described in our disclosure brochure.

It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list. Upon request, Madison may furnish to the client or institution a list of all security recommendations made within the past year.

Madison’s expectation is that investors will participate in market appreciation during bull markets and be protected during bear markets compared with investors in portfolios holding more speculative and volatile securities. There is no assurance that Madison’s expectations will be realized.

MADISON
MID-CAP EQUITY COMPOSITE
GIPS COMPOSITE REPORT

Year End	Total Firm Assets (millions)	Composite Assets		Annual Performance Results					
		USD (millions)	Number of Accounts	Composite Gross	Composite Net	Russell Midcap® ¹	Composite Dispersion	Composite 3-Yr. Annualized Ex-Post Standard Deviation	Index 3-Yr. Annualized Ex-Post Standard Deviation
2020+	14,498	881	138	10.32%	9.47%	17.10%	0.9%	18.96%	21.82%
2019	13,993	814	92	35.06%	34.02%	30.54%	0.4%	10.71%	12.89%
2018	12,895	612	106	-0.86%	-1.65%	-9.06%	0.3%	10.40%	11.98%
2017	13,761	643	138	16.72%	15.80%	18.52%	0.5%	9.75%	10.36%
2016	13,312	607	126	13.51%	12.59%	13.80%	0.4%	11.28%	11.55%
2015	13,030	546	91	2.00%	1.19%	-2.44%	0.3%	10.76%	10.85%
2014	13,953	640	95	10.76%	9.87%	13.22%	0.3%	9.41%	10.14%
2013	12,112	787	96	30.20%	29.23%	34.76%	0.5%	12.35%	14.03%
2012	6,984	197	53	17.11%	16.21%	17.28%	0.3%	15.16%	17.20%
2011	7,320	11	27	6.19%	5.35%	-1.55%	0.2%	18.40%	21.55%
2010	7,349	5	9	22.14%	21.21%	25.48%	0.5%	-	-
2009	6,766	4	10	25.88%	24.92%	40.48%	1.1%	-	-
2008	5,282	3	11	-35.28%	-35.86%	-41.46%	0.3%	-	-
2007	7,273	29	14	10.47%	9.61%	5.60%	0.4%	-	-
2006	7,782	12	8	17.99%	17.09%	15.26%	0.6%	-	-
2005	8,793	10	8	1.75%	0.94%	12.65%	N.A.	-	-
2004	8,813	7	Five or fewer	21.06%	20.14%	20.22%	N.A.	-	-
2003	7,419	6	Five or fewer	32.47%	31.48%	40.06%	N.A.	-	-
2002	6,272	1	Five or fewer	-14.16%	-14.88%	-16.19%	N.A.	-	-
2001	5,526	1	Five or fewer	16.28%	15.38%	-5.62%	N.A.	-	-
2000	4,584	1	Five or fewer	20.35%	19.43%	8.25%	N.A.	-	-
1999	3,956	8	9	13.71%	12.83%	18.23%	1.2%	-	-
1998	3,682	7	10	7.59%	6.73%	10.09%	1.0%	-	-
1997	3,122	8	12	20.88%	19.96%	29.01%	2.3%	-	-
1996	2,641	7	13	10.87%*	10.23%*	12.24%*	N.A.	-	-

+Preliminary

Assets above are rounded to the nearest million.

*Partial year performance. Composite inception date of 3/31/1996.

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

As of December 31, 2020, total assets under advisement in this strategy are \$2,405 million encompassing bundled fee accounts, non-bundled fee accounts and non-discretionary accounts which include \$1,142 million in model-traded assets. This is presented as supplemental information.

Mid Cap Equity Composite contains fully discretionary direct mid cap equity accounts. The composite seeks to invest in high quality, midcap companies with a growth orientation. Generally, 80% of invested assets will fall within a market capitalization range of between \$500 million and \$50 billion. We are bottom-up stock-pickers, focused on high quality consistent growth companies trading at reasonable valuations. Our goals are to beat the market over a market cycle by fully participating in up markets, while protecting principal in difficult markets. There is no assurance that these goals will be realized. The prices of mid-cap company stocks may be more volatile than those of comparable stocks of companies with larger capitalizations. Investing in small, mid-size or emerging companies involves greater risks not associated with investing in more established companies, such as business risk, significant stock price fluctuations and illiquidity. For comparison purposes the composite is measured against the Russell Midcap® Index which measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap® Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

For the purposes of GIPS compliance and the determination of total assets under management, the Firm is defined as Madison. Madison represents Madison Investment Advisors, LLC ("MIA") and Madison Asset Management, LLC ("MAM"), two investment advisers under common control registered with the U.S. Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940. (Registration does not imply a certain level of skill or training.) Prior to December 1, 2010, this composite was maintained by Madison Investment Advisors, Inc. ("MIA Inc."). On November 30, 2010, pursuant to a corporate reorganization that involved no change of control or personnel relating to account composite management, all composite accounts managed by MIA Inc. were transferred to MIA and performance information for periods prior to December 1, 2010 refer to this composite as managed by MIA Inc. During the first quarter of 2013, MIA and its parent company, MAM (also a registered investment adviser), began the process of eliminating the distinction between accounts and products managed by the two companies. Because MIA and MAM share all resources and personnel at their mutual Wisconsin office location and because there is no longer a brand or line of business distinction between products and services offered by the two registered investment advisers, for periods after March 31, 2013, the collective definition of the firm (Madison) includes accounts and assets managed by MAM and MIA. However, the firm does not claim compliance with the GIPS standards for assets and accounts managed by MAM prior to April 1, 2013. As of December 31, 2013, Madison Scottsdale, LC ("Scottsdale"), another registered investment adviser under common control with MIA, merged its assets into, and became part of, MIA and subsequently those assets became part of the firm (Madison). The transaction resulted in no change to the resources or personnel as the sole purpose of this change was to simplify Madison's legal corporate structure. Prior to January 1, 2014, Scottsdale did not claim GIPS compliance and no performance for composites formally maintained by Scottsdale are contained in this performance presentation or included in the definition of the firm (Madison). As of October 30, 2020, Hansberger Growth Investors, LP ("HGI LP"), an affiliated registered investment adviser under common control with MIA, consolidated its assets into MIA, and subsequently those assets became part of the firm (Madison). The transaction resulted in no change to the resources or personnel as the sole purpose of this change was to simplify the legal corporate structure. Prior to October 30, 2020, HGI LP claimed GIPS® compliance and all composite accounts managed by HGI LP were transferred to MIA and performance information for periods prior to October 30, 2020 refer to those composites as managed by HGI LP. A list of composite descriptions and a list of broad distribution pooled funds are available upon request.

Madison claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The firm, as defined above, has been independently verified for the periods January 1, 1991 through December 31, 2019. A copy of the verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Beginning January 1, 2001, composite policy requires the temporary removal of any portfolio incurring a client-initiated significant cash inflow or outflow of greater than 75% of portfolio assets. Past performance is not indicative of future results.

MADISON MID-CAP EQUITY COMPOSITE GIPS COMPOSITE REPORT

The U.S. Dollar is the currency used to express performance. Time-weighted returns are presented gross and net of management fees and include the reinvestment of all income. Non-bundled fee accounts generally have gross returns which are stated gross of all fees and have been reduced by transaction costs, but effective 11/1/19, some of these accounts are no longer being charged transaction costs. Therefore, for the accounts with zero transaction costs gross returns reflect pure gross returns which are stated gross of all fees and have not been reduced by transaction costs. The pure gross returns are supplemental information. Net returns are calculated using the highest annual fee of 0.80%, as described below, applied quarterly. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be \$10,416 in the first year, and cumulative effects of \$59,816 over five years and \$143,430 over ten years. The annual composite dispersion presented is an equal-weighted standard deviation calculated using the annual gross returns of the accounts in the composite for the entire year. The three-year annualized ex-post standard deviation of both the composite (using monthly gross returns) and the benchmark are presented for year-end periods beginning in 2011. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

The management fee schedule is as follows: 0.80% annually on the first \$15 million; 0.60% annually on the balance. Actual investment advisory fees incurred by clients may vary. Additional information regarding investment advisory fees are described in our disclosure brochure.

The Mid-Cap Equity Composite was created January 1, 2003, and the inception date is March 31, 1996.

PERMIDNW-GIPS02022021

Russell Investment Group is the source and owner of trademarks, service marks and copyrights related to Russell Indexes. Russell® is a trademark of Russell Investment Group.