

Micro Cap Equity Composite

4Q18

Why Micro Cap?

We believe that micro cap strategies serve a meaningful role in risk-tolerant investor portfolios with the benefit of a long-term time horizon. Historically, the benefits achieved by our clients from owning micro cap securities have included higher than market returns, lower correlation versus other asset classes, and capital preservation in difficult markets.

Micro cap securities have unique attributes that should allow for these benefits to continue. These attributes consist of market inefficiencies including lower levels of liquidity, limited to no research coverage, access to company decision makers and the ability to own companies in their highest point in their growth cycle.

Due to the low levels of analyst coverage and liquidity, we believe these benefits are enduring and cannot be arbitrated away. Further, we believe that micro cap is one of the few asset classes that remain inefficiently priced and that active management will continue to add value.

Our Philosophy and Process

We believe patient investing in a select portfolio of quality micro cap companies can lead to compelling risk adjusted returns. Quality micro cap companies tend to have the ability to compound higher than market growth in earnings and cash flow. Further, we believe in-depth research can identify mispriced companies that are compelling investment prospects.

While ours is fundamentally a bottom-up stock selection process, we seek a well-diversified portfolio. Screens and fundamental research keep us grounded in identifying undervalued stocks with strong risk/reward profiles. Additionally, the research process incorporates an analysis of the risk versus reward potential prior to purchase of any position.

The Mesirow Advantage

- 20-year tradition of success
 - Launched in July 1998, one of the longest running micro cap strategies in the market
 - Continues to be led by Tim Ewing, one of the original portfolio managers
- Patient, disciplined approach: take advantage of volatility while controlling risk
- Strong risk-adjusted, net-of-fee performance
 - Annualized, since July 1998 inception, net return of 8.9% versus Russell 2000 return of 6.8%

Performance and Risk Highlights

Historical Returns

	Mesirow Micro Cap (Gross)	Mesirow Micro Cap (Net)	Russell Micro Cap Index	Russell 2000 Index	S&P 500 Index
1 Year	-13.4%	-14.2%	-13.1%	-11.0%	-4.4%
3 Year	6.8%	5.8%	5.8%	7.4%	9.3%
5 Year	5.7%	4.5%	3.1%	4.4%	8.5%
10 Year	12.5%	11.3%	11.7%	12.0%	13.1%
Since inception [07/1998]	10.1%	8.9%	N/A ¹	6.8%	5.9%

Source: Mesirow, Standard and Poor's. Past performance is not necessarily indicative of future results. Any performance information that is provided gross of fees does not reflect the deduction of advisory fees. Client returns will be reduced by such fees and other expenses that may be incurred in the management of the account. Advisory fees are described in Part 2A of Form ADV of MFIM. Beginning April 1, 2016 Net of Fee performance was calculated using the actual monthly fee accrued to each account in the composite. Prior to April 1, 2016, MFIM used the maximum stated fee to calculate net performance. MFIM did, however, have clients that pay lower fees than the maximum. S&P is included to demonstrate micro cap performance versus the broader equity market. Indices are unmanaged and do not incur management fees, transaction costs or other expenses associated with investable products. It is not possible to directly invest in an index.

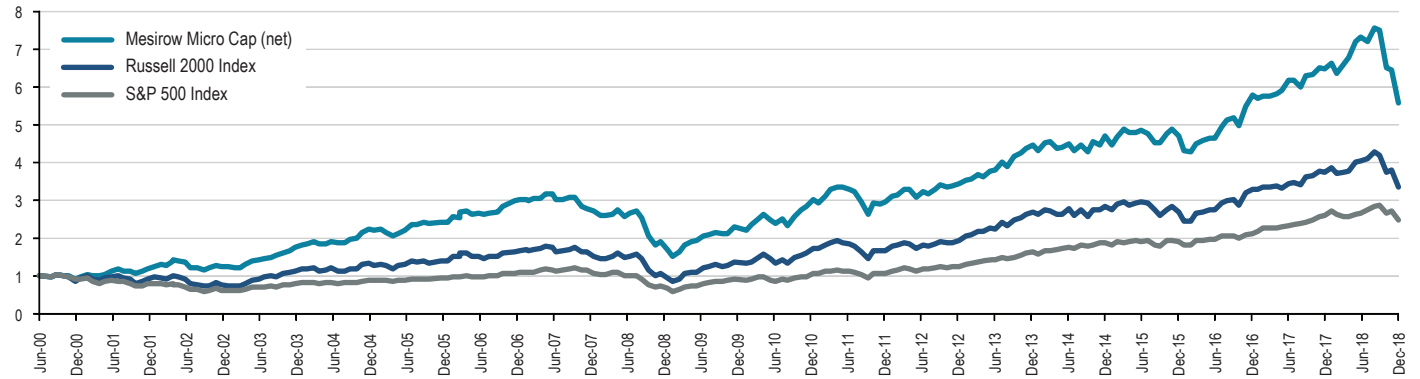
¹ The Russell Micro Cap Index has an inception date of 07/2000.

Characteristics

	Number of Positions	Median Market Cap (\$MM)	3-Years Std Dev	Forward PE Ratio	One Year EPS Growth
Mesirow Micro Cap	63	\$568	12.8%	12.9x	15.0%
Russell Micro Cap	1,557	\$524	12.8%	13.3x	15.0%

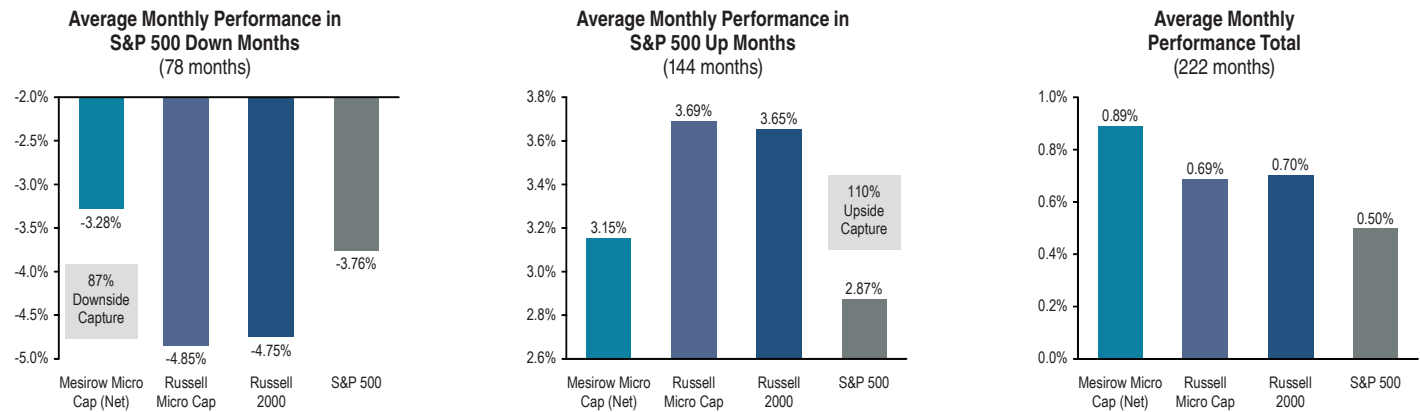
Source: Mesirow. Past performance is not necessarily indicative of future results.

Cumulative Performance (Growth of a Dollar)



Source: Mesirow, Standard and Poor's. Past performance is not necessarily indicative of future results. S&P included to demonstrate micro cap performance versus the broader equity market.

Upside and Downside Capture



From 1/1/00 to 12/31/18.

Source: Mesirow, Standard and Poor's. Past performance is not necessarily indicative of future results. Russell 2000 Index used in this analysis as Russell Micro Cap Index does not have sufficient length of track record. S&P included to demonstrate micro cap performance versus the broader equity market.

About Mesirow Financial

Founded in 1937, Mesirow Financial is a diversified financial services firm serving corporations, public and private pension plans, charitable organizations and individuals. We have approximately \$27.9 billion in assets under management, and an additional \$88.1 billion in currency risk management assets.*

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Performance Disclosure

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Benchmark Definition

Starting 01/01/2006, the primary benchmark changed from the Dimensional Fund Advisors (DFA) U.S. Micro Cap Portfolio to the Russell Microcap Index. MFIM believes the Russell Microcap Index better represents the available universe of equity securities for micro cap managers.

The Russell Microcap Index offers investors access to the smallest capitalization segment of the U.S. equity universe. The Russell Microcap Index is constructed to provide a comprehensive and unbiased barometer of the micro cap market.

The Russell 2000 Index is constructed to provide a comprehensive and unbiased barometer of the small cap market.

The S&P 500 Index is constructed to provide a comprehensive and unbiased barometer of the U.S. equity market.

1 The Russell Microcap Index has been displayed as comparison to the performance of the Micro Cap Value Equity Composite and is the primary benchmark.

To learn more about how Mesirow can help you,
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