



# **HAHN CAPITAL MANAGEMENT, LLC**

## **MID-CAP EQUITY STRATEGY**

**\*\*\* *OUR MISSION* \*\*\***

***Protecting Capital and Building Wealth for the Long Term***

# HAHN CAPITAL MANAGEMENT, LLC

## *COMPANY PROFILE*

### COMPANY BACKGROUND

- Founded In 1988 By Elaine F. Hahn
- Located In Walnut Creek, California
- Specialized Strategy - Mid Cap Equities

### BUSINESS STRUCTURE

- 100% Employee - Owned
- 3 Partners; 5 Investment Professionals
- Boutique Firm With Significant Capacity To Grow
- Consensus-Based Decision Process

### OUR TEAM

#### **President and Chief Investment Officer**

John D. Schaeffer (Partner)

#### **Portfolio Manager and Director of Research**

Michael A. Whitfield (Partner)

#### **Chief Compliance Officer and Dir. of Ops**

Paul O. Javier (Partner)

#### **Senior Analysts**

Helen C. Chen, CFA

Patrick T. Tinucci, CFA

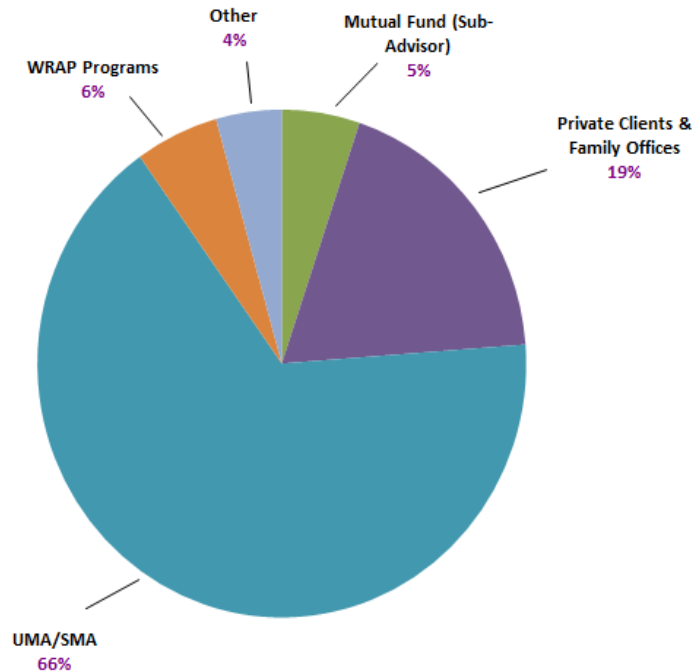
#### **Equity Research Analysts**

Jordan B. Herley

# HAHN CAPITAL MANAGEMENT, LLC

## *REPRESENTATIVE CLIENTS*

As of March 31, 2023



### CLIENTS\*

- Northern Trust Global Advisors
- Envestnet Asset Management
- FolioDynamix
- Scotia Bank of Canada
- Morgan Stanley Smith Barney LLC
- Metropolitan Transit Authority of Harris Co.
- Various HNW And Family Offices

*\*Hahn Capital Management, LLC ("HCM") has selected Mid-Cap Equity accounts for inclusion in this Representative Client List. HCM has selected the clients to be included in the Representative Client List based on the size of the account. The selection of clients represents HCM's diverse client-base and does not take into account the performance of any client account or investment. Inclusion in this list should not be construed as approval or disapproval by these clients of HCM or its advisory services.*

# HAHN CAPITAL MANAGEMENT, LLC

## *HOW DO WE ADD VALUE?*

- Our **independence** and **employee ownership** business structure
  - We control our own destiny; maintain integrity of investment process
  
- Our investment process intensely focused on **risk management**
  - Our first question is: how much can we lose ?
  
- The **depth** and **quality** of our proprietary investment analysis
  - Our process is built upon “continuous improvement”
  
- Our **low turnover** and **long-term holding period** enhance real returns
  - We take advantage of short-term price volatility to realize long term value

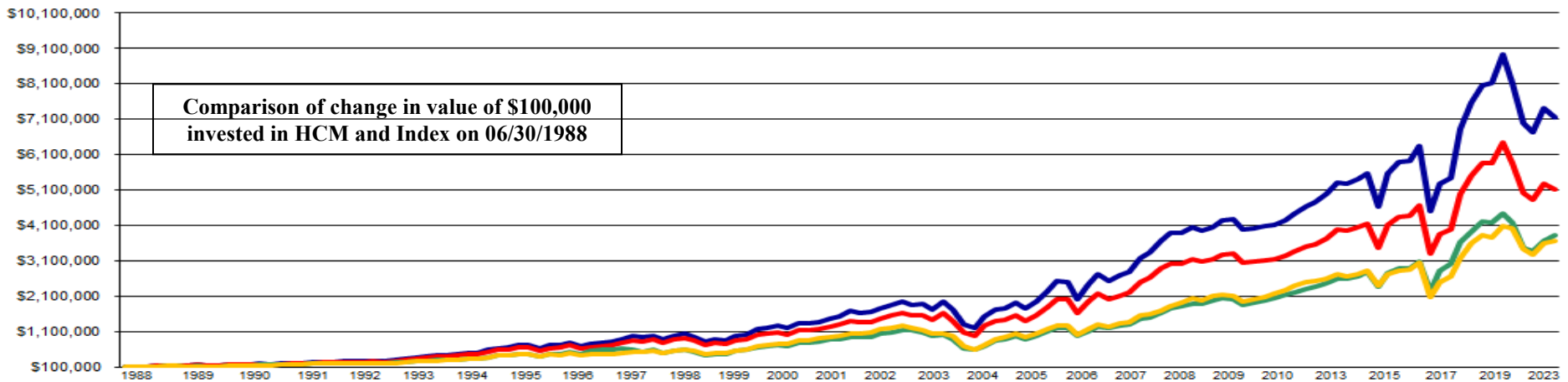
# HAHN CAPITAL MANAGEMENT, LLC

## *PERFORMANCE HISTORY*

**HCM Mid-Cap Value Composite vs. Russell Mid-Cap Value Index & Russell Mid-Cap Index  
Since Inception – 06/30/1988 to 03/31/2023**

### % Annualized Returns

	<u>1Q23</u>	<u>1YR</u>	<u>3YRS</u>	<u>5YRS</u>	<u>7YRS</u>	<u>10YRS</u>	<u>INCEPTION</u>
<b>HCM GROSS</b>	-3.25%	-11.73%	16.84%	6.37%	8.42%	8.44%	13.08%
<b>HCM NET</b>	-3.50%	-12.64%	15.71%	5.32%	7.36%	7.38%	11.98%
<b>RMCV</b>	1.32%	-9.22%	20.69%	6.54%	8.33%	8.80%	10.91%
<b>RMC</b>	4.06%	-8.78%	19.20%	8.05%	9.88%	10.05%	11.05%



% Annual Returns	1988*	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
HCM Gross	10.82	34.84	2.37	25.00	13.68	16.53	4.27	46.38	26.61	34.35	7.15	5.96	30.02	1.95	-10.30	31.01	14.46	15.24	14.10	7.36	-30.97	35.77	26.61	9.52	13.94	39.45	4.27	-0.70	10.68	19.55	-12.63	36.22	7.98	30.85	-17.16	-3.25
HCM Net	10.30	33.58	1.36	23.81	12.60	15.41	3.24	45.05	25.42	33.09	6.10	4.91	28.80	0.93	-11.22	29.79	13.36	14.11	12.99	6.30	-31.72	34.51	25.41	8.44	12.85	38.18	3.24	-1.69	9.61	18.41	-13.55	34.96	6.89	29.63	-18.03	-3.50
Russell Mid-Cap Value	1.56	22.70	-16.09	37.92	21.68	15.62	-2.13	34.93	20.26	34.37	5.08	-0.11	19.19	2.33	-9.65	38.06	23.71	12.65	20.22	-1.42	-38.44	34.21	24.75	-1.38	18.51	33.46	14.75	-4.78	20.00	13.34	-12.29	27.06	4.97	28.34	-12.03	1.32
Russell Mid-Cap	-0.45	26.27	-11.50	41.51	16.34	14.30	-2.09	34.45	19.00	29.01	10.09	18.23	8.25	-5.62	-16.19	40.06	20.22	12.65	15.26	5.60	-41.46	40.48	25.48	-1.55	17.28	34.76	13.22	-2.44	13.80	18.52	-9.06	30.54	17.10	22.58	-17.32	4.06

\* HCM Gross and Net of Fees are from 06/30/88 – 12/31/88

HCM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. HCM has been independently verified for the periods January 1, 2004 to December 31, 2022. The HCM Mid-Cap Value Composite has been examined for the periods from January 1, 2004 to December 31, 2022. The verification and performance examination reports are available upon request. Performance disclosures on pages 16-17.

# HAHN CAPITAL MANAGEMENT, LLC

## *INVESTMENT PHILOSOPHY*

*Risk Management is the key to superior long-term investment results*

### *How Do We Manage Risk?*

- **Identify And Purchase High-Quality Mid-Capitalization Companies**
  - Strong Financial Structure
  - Seasoned Management Team
  - Sustainable Competitive Advantage
- **Isolate And Address Risk First, Then Return Potential**
  - Separate Acceptable Risk From Unacceptable Risk
- **Buy Only Our “Best Ideas”**
  - Fewer Companies But We Know Them Better

# HAHN CAPITAL MANAGEMENT, LLC

## *INVESTMENT PROCESS*

### IDEA GENERATION (Phase 1)

- \$2B to \$50B market capitalization range
- Must be at compelling discount to business value
- Must see one or more ‘Value Creators’
- Must pass *initial* risk assessment



### DUE DILIGENCE-In-Depth Risk Analysis (Phase 2)

- Evaluate risk before return potential
  - Stock Ownership Risk
  - Capital Resource & Accounting Risk
  - Management Risk



### ANALYSIS & DECISION (Phase 3)

- Quantitative: Proprietary model tailored to business
- Qualitative: Access to management essential
- Review risk factors again
- Set Buy and Sell Prices

**“*Discovery* consists of seeing what everyone has seen but thinking what no one has thought”**

*Albert Szent-Gyorgyi Von Nagrapolt*

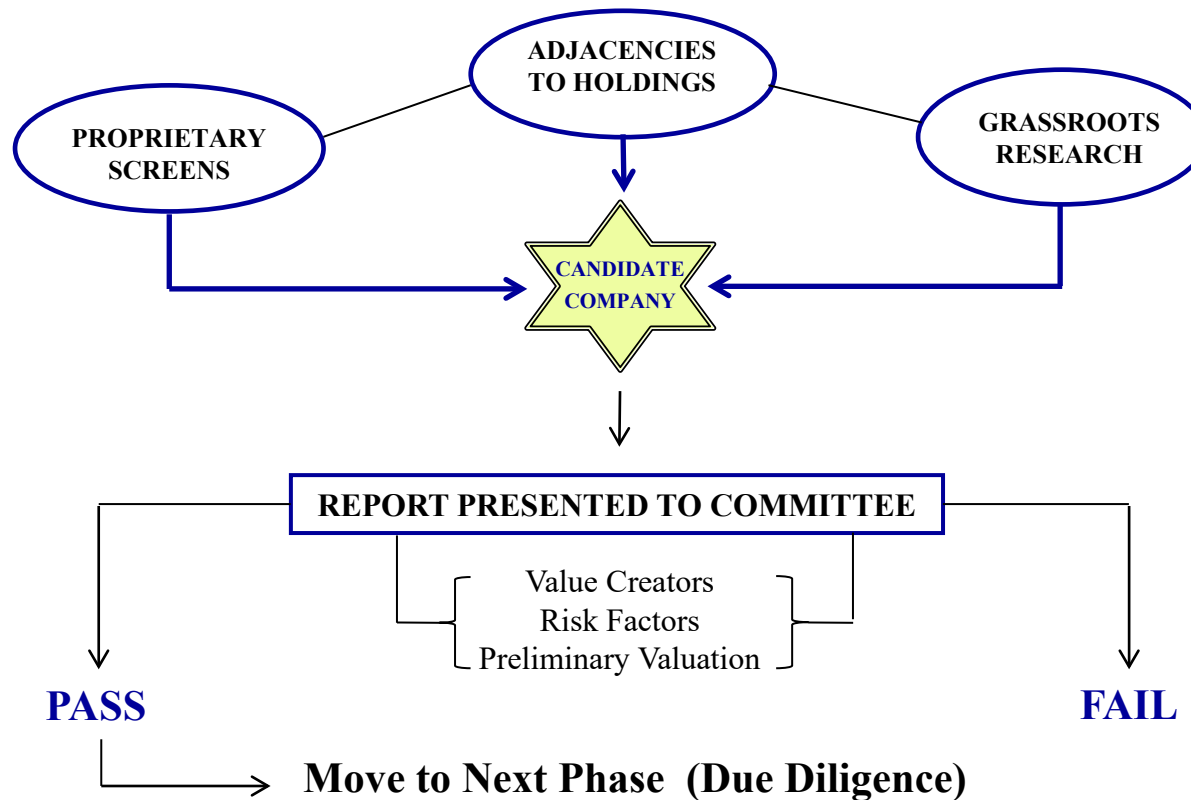
*Nobel Prize Winner of Medicine, 1937*

# HAHN CAPITAL MANAGEMENT, LLC

## *IDEA GENERATION (Phase 1)*

The Goal of The Idea Generation Phase is to identify candidate companies between \$2-50B market capitalization with a **well-defined value creation thesis, a compelling discount to intrinsic value, and an acceptable risk profile based on initial risk analysis (report card)**

### Three Primary Sources of Ideas





# HAHN CAPITAL MANAGEMENT, LLC

## *DUE DILIGENCE (Phase 2)*

The Goal of the Due Diligence Phase is to identify all risk factors that are *not related* to the business model; understand and categorize these risks in order of relative importance

➤ **Ownership Risk** → Understanding the non-fundamental risks of holding the security

- Shareholder Profile
- Liquidity
- Stock Trading Characteristics

➤ **Capital Resource & Accounting Risk** → Understanding the capital structure and the nature of all potential liabilities

- Capital Structure
- Pension Liabilities
- Off Balance Sheet Liabilities

➤ **Management Risk** → Understanding the true relationship between shareowners and managers

- Stock Ownership Profile
- Management Compensation Structure
- Insider Trading Activity

# HAHN CAPITAL MANAGEMENT, LLC

## *ANALYSIS AND DECISION (Phase 3)*

The Goal of the Analysis and Decision Phase is to develop an in-depth understanding of the business model and associated risks and establish an estimate of intrinsic value

### QUALITATIVE ANALYSIS

- Unit Economics
- Barriers To Entry
- Power of Customers/Suppliers
- Sustainable Competitive Advantage
- Quality of Management



### QUANTITATIVE ANALYSIS

- Evaluate Balance Sheet
- Customize Methodology
- Measure Business Value
- Multiple Scenarios/Outcomes
- Establish Expected Return



Independent Judgments & Long-Term Time Horizon



**Value-Added Decisions**

# HAHN CAPITAL MANAGEMENT, LLC

## *PORTFOLIO MANAGEMENT PROCESS*

**CONTINUOUS REVIEW** → **Challenge our original investment thesis in the context of:**

- Progress towards value creation
- Management execution
- Strength of business model

**RISK MATRIX** → **Provide a framework for rebalancing portfolio to optimize risk and return**

- Position size
- Discount/Premium to intrinsic value
- Fundamental risk profile
  - Balance sheet, Management Execution, Industry Conditions, Insider Activity

**SELL DISCIPLINE** → **Take the emotion out of the decision by applying our discipline consistently**

- Reduce positions when stock weight > 5% and/or sector weight > 25%
- Sell position when intrinsic value has been realized
- Sell position if value creation thesis fails to materialize

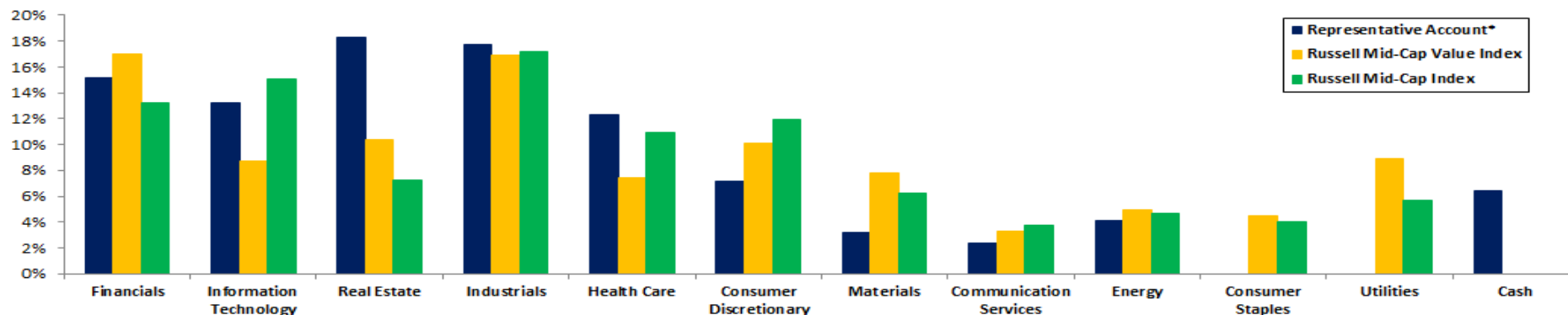
**\*\*\* CONTINUOUS REVIEW + RISK MATRIX + SELL DISCIPLINE = VALUE-ADDED DECISIONS \*\*\***

# HAHN CAPITAL MANAGEMENT, LLC

## *REPRESENTATIVE ACCOUNT STRUCTURE AND CHARACTERISTICS*

### Mid-Cap Equity Strategy

As of March 31, 2023



	Representative Account*	Russell Mid-Cap Value Index	Russell Mid-Cap Index
Number of Holdings:	32	695	814
% in Top 10 Holdings:	42.3%	6.0%	4.1%
Wtd Avg Mkt Cap (\$B):	\$27.2	\$20.2	\$22.5
Median Market Cap (\$B):	\$17.3	\$9.2	\$9.7
P/E:	15.8x	16.6x	20.3x
Price to Book:	2.6x	2.2x	3.0x
P/Sales:	1.9x	1.3x	1.6x
P/Cash Flow:	10.3x	10.2x	12.3x
Beta:	0.95	1.00	1.00
Return on Equity:	14.3%	10.4%	11.5%
Long-Term Sharpe Ratio:	-0.51	-0.42	-0.35
Debt/Capital:	53.0%	51.5%	52.5%
Long-Term EPS Growth:	12.9%	9.9%	12.6%
Dividend Yield:	1.7%	2.8%	2.5%

\* The representative account above is to illustrate the characteristics of a fully invested account in the Mid-Cap Value Strategy. Each account is managed individually; actual holdings will vary for each client and there is no guarantee that a particular account will have the same characteristics as shown above. The representative account information is supplemental to the GIPS Report for the HCM Mid-Cap Value Composite included as part of these materials.

# HAHN CAPITAL MANAGEMENT, LLC

## ***REPRESENTATIVE ACCOUNT*** **Mid-Cap Equity Strategy**

### **TOP TEN HOLDINGS – 03/31/2023**

<b>Company</b>	<b>% of Assets</b>	<b>Sector</b>	<b>Industry</b>
KEYSIGHT TECHNOLOGIES IN	4.8%	Information Technology	Electronic Equipment, Instrume
AGILENT TECHNOLOGIES INC	4.6%	Health Care	Life Sciences Tools & Services
EMCOR GROUP INC	4.5%	Industrials	Construction & Engineering
JACOBS SOLUTIONS INC	4.3%	Industrials	Professional Services
LABORATORY CRP OF AMER HLDGS	4.2%	Health Care	Health Care Providers & Servic
OCCIDENTAL PETROLEUM CORP	4.1%	Energy	Oil, Gas & Consumable Fuels
GENPACT LTD	4.0%	Industrials	Professional Services
EURONET WORLDWIDE INC	4.0%	Financials	Financial Services
CBRE GROUP INC - A	3.9%	Real Estate	Real Estate Management & Devel
ROSS STORES INC	3.9%	Consumer Discretionary	Specialty Retail

*The representative account above is to illustrate the top ten holdings of a fully invested account in the Mid-Cap Value Strategy. Each account is managed individually; actual holdings will vary for each client and there is no guarantee that a particular account will have the same top ten holdings as shown above. The representative account information is supplemental to the GIPS Report for the HCM Mid-Cap Value Composite included as part of these materials.*

# **HAHN CAPITAL MANAGEMENT, LLC**

## ***WHY HAHN CAPITAL MANAGEMENT?***

### **❖ OUR PRODUCT**

**Specialized In What We Do Best—Mid Cap Equity Strategy**

### **❖ OUR PROCESS**

**Transparent, Repeatable, Fundamental, Long-Term Oriented**

### **❖ OUR PEOPLE**

**Highly-Motivated Professionals With Vested Ownership In The Business**

### **❖ OUR PASSION**

**The Most Important Ingredient To Our Success**

# HAHN CAPITAL MANAGEMENT, LLC

## **TEAM BIOGRAPHIES**

### **JOHN D. SCHAEFFER (Partner)**

#### **President and CIO**

Joined Hahn Capital Management, LLC – February 2003  
3 years investment experience with 3Bridge Capital  
3 years investment experience with Hanson Investment  
BA, Political Science, Duke University  
MBA, University of California - Berkeley

### **PAUL O. JAVIER (Partner)**

#### **Director of Operations and Chief Compliance Officer**

Joined Hahn Capital Management, LLC – August 2000  
2 years operations experience with Lehman Brothers  
3 years operations experience with Smith Barney  
BS, Business Administration  
University of Santo Tomas – Manila, Philippines

### **PATRICK T. TINUCCI, CFA**

#### **Senior Equity Analyst**

Joined Hahn Capital Management, LLC – July 2017  
2 years senior equity research associate with RBC Capital Markets  
1 year equity research associate with Stifel  
BS, Business Administration - University of Colorado - Boulder  
CFA Charter received in 2017

### **CEDAR PARTNERS, LTD**

#### **Marketing Support Team**

Chris White – Managing Director  
Erick Egender-Director  
Brian Kneuer- Director  
Christy Ping- Director

### **MICHAEL A. WHITFIELD, CFA (Partner)**

#### **Director of Research and Co-Portfolio Manager**

Joined Hahn Capital Management, LLC – May 2005  
6 years as Equity Analyst with Wachovia Securities  
6 years as a Patent Examiner with U.S. Patent and Trademark Office  
BS, Electrical Engineering, Virginia Polytechnic Institute and State University  
MBA, Southern Methodist University  
CFA Charter received in 2001

### **HELEN C. CHEN, CFA**

#### **Senior Equity Analyst**

Joined Hahn Capital Management, LLC – January 2015  
2 years investment analyst with Quantum Capital  
Summer of 2011 – investment analyst experience with PIMCO  
4 years as Assistant Portfolio Manager and 1 year as Asset Allocation Analyst with TCW Group  
2 years as Investment Banking Analyst – Financial Restructuring with Houlihan Lokey  
BA, Economics - University of California – Los Angeles  
MBA, The Wharton School of Business, University of Pennsylvania  
CFA Charter received in 2006

### **JORDAN B. HERLEY**

#### **Equity Research Analyst**

Joined Hahn Capital Management, LLC - January 2019  
2 years marketing research and analysis experience with Ironbound USA  
1 year Associate MBA intern, Business Development experience with The Gores Group  
BA, Communication – University of California – Davis  
MBA, Pepperdine University  
CFA Level 1 Candidate

# HCM MID CAP VALUE COMPOSITE

## ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets *	Total Firm GIPS Assets **	UMA/SMA Assets ***	Composite Assets **	Number of Accounts	Annual Performance HCM Mid-Cap Value Composite		Annual Performance Russell Mid-Cap Value Index	Annual Performance Russell Mid-Cap Index	Composite Dispersion *****	Composite EX-Post Standard Deviation	Russell Mid-Cap Value EX-Post Standard Deviation	Russell Mid-Cap EX-Post Standard Deviation	
	(USD Millions)	(USD Millions)	(USD Millions)	(USD Millions)		% Gross	% Net	% Gross	% Gross	% Gross	% Gross	% Gross	% Gross	% Gross
2022	967.31	367.28	600.03	314.01	79	-17.16	-18.03	-12.03	-17.32	0.55	23.66	24.44	23.62	
2021	1280.61	508.95	771.67	442.95	82	30.85	29.63	28.34	22.58	0.71	21.66	21.95	20.55	
2020	1002.11	441.18	560.93	387.58	94	7.98	6.89	4.97	17.10	1.10	23.08	22.62	23.62	
2019	1305.60	779.81	525.79	717.51	101	36.22	34.96	27.06	30.54	0.60	14.13	12.79	12.89	
2018	1146.74	693.31	453.43	639.95	105	-12.63	-13.55	-12.29	-9.06	0.32	12.66	11.96	11.98	
2017	1626.14	1060.89	565.25	1002.84	108	19.55	18.41	13.34	18.52	0.18	10.86	10.33	10.36	
2016	1598.89	1054.81	544.08	1041.00	118	10.68	9.61	20.00	13.80	0.43	12.00	11.30	11.55	
2015	1465.61	1004.90	460.71	945.84	120	-0.70	-1.69	-4.78	-2.44	0.47	11.75	10.71	10.85	
2014	1345.00	882.23	462.76	831.07	121	4.27	3.24	14.75	13.22	0.35	11.52	9.81	10.14	
2013	1051.27	722.73	328.54	673.42	116	39.45	38.18	33.46	34.76	0.23	16.41	13.69	14.03	
2012	624.65	434.28	190.37	393.77	105	13.94	12.85	18.51	17.28	0.37	19.14	16.76	17.20	
2011	495.47	358.15	137.32	275.39	86	9.52	8.44	-1.38	-1.55	0.54	21.70	22.78	21.55	
2010	284.35	193.51	90.84	145.83	75	26.61	25.41	24.75	25.48	0.63	24.91	27.11	26.46	
2009	228.32	134.78	93.54	104.23	74	35.77	34.51	34.21	40.48	0.75	22.63	25.01	24.21	
2008	161.51	102.18	59.33	55.85	57	-30.97	-31.72	-38.44	-41.46	0.30	19.13	18.74	19.36	
2007	245.24	153.38	91.86	101.83	47	7.36	6.30	-1.42	5.60	0.27	9.73	9.13	9.48	
2006	240.21	139.21	101.00	109.80	46	14.10	12.99	20.22	15.26	0.43	9.46	8.65	9.62	
2005	218.14	115.44	102.70	97.94	42	15.24	14.11	12.65	12.65	0.32	10.03	10.92	11.22	
2004	344.93	278.93	66.00	85.03	41	14.46	13.36	23.71	20.22	0.54	13.09	14.47	15.28	
2003	216.59	194.77	21.82	41.84	39	31.01	29.79	38.06	40.06	0.40	13.96	15.72	18.51	
2002	143.80	138.27	5.53	30.13	34	-10.30	-11.22	-9.65	-16.19	0.37	15.32	16.85	19.65	
2001	108.97	108.76	0.21	31.49	35	1.95	0.93	2.33	-5.62	0.62	15.09	15.33	18.35	
2000	50.94	50.94	0.00	27.92	32	30.02	28.80	19.19	8.25	2.61	18.33	17.25	18.96	
1999	36.03	36.03	0.00	19.92	34	5.96	4.91	-0.11	18.23	2.43	16.70	15.65	17.22	
1998	48.76	48.76	0.00	24.90	41	7.15	6.10	5.08	10.09	2.36	14.90	14.53	16.48	
1997	41.93	41.93	0.00	16.52	42	34.35	33.09	34.37	29.01	4.01	8.33	9.33	10.82	
1996	11.38	11.38	0.00	11.37	36	26.61	25.42	20.26	19.00	6.18	10.36	9.34	10.19	
1995	7.50	7.50	0.00	7.50	29	46.38	45.05	34.93	34.45	6.32	9.95	8.66	9.04	
1994	4.04	4.04	0.00	4.04	23	4.27	3.24	-2.13	-2.09	3.29	10.15	8.56	8.83	
1993	4.79	4.79	0.00	4.79	28	16.53	15.41	15.62	14.30	2.78	12.66	10.54	11.45	
1992	3.29	3.29	0.00	2.90	23	13.68	12.60	21.68	16.34	4.88	16.21	16.30	17.01	
1991	2.02	2.02	0.00	2.02	18	25.00	23.81	37.92	41.51	2.58	16.59	16.89	17.62	
1990	0.50	0.50	0.00	0.64	6	2.37	1.36	-16.09	-11.50	N.A.1	N.A.2	N.A.2	N.A.2	
1989	0.28	0.28	0.00	0.49	4	34.84	33.58	22.70	26.27	N.A.1	N.A.2	N.A.2	N.A.2	
1988 ****	0.10	0.10	0.00	0.10	1	10.82	10.30	1.56	-0.45	N.A.1	N.A.2	N.A.2	N.A.2	

\* Supplemental Information - Total Firm Assets includes UMA/SMA assets not included in the GIPS defined total firm assets.

\*\* Total Firm GIPS Assets and Composite Assets do not include UMA/SMA assets.

\*\*\* Advisory Only Assets - Assets are not included in the GIPS defined total firm assets.

\*\*\*\* Composite and benchmark returns are for the period 06/30/1988 through 12/31/1988.

\*\*\*\*\* The annual composite dispersion is an asset-weighted standard deviation, using gross-of-fee returns, calculated for the accounts in the composite for the entire year.

The three-year annualized standard deviation measures the variability of the composite gross returns over the preceding 36-month period.

N.A.1 - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

N.A.2 - Information is not statistically meaningful due to an insufficient period-of-time.

Performance Disclosures on page 17



# HCM MID CAP VALUE COMPOSITE

## *ANNUAL DISCLOSURE PRESENTATION*

Hahn Capital Management, LLC ("HCM") is an investment adviser registered with the Securities and Exchange Commission. Hahn Capital Management, LLC is not affiliated with any parent organization.

Hahn Capital Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. HCM has been independently verified for the periods January 01, 2004 through December 31, 2022. 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. The HCM Mid Cap Value has had a performance examination for the periods January 01, 2004 to December 31, 2022. The verification and performance examination reports are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

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.

HCM employs a Mid-Cap Value Strategy for portfolios in the HCM Mid-Cap Value Composite. The Mid-Cap Value Composite accounts are invested in mid cap U.S. stocks with a market capitalization between \$2 billion and \$50 billion at the time of initial purchase, and that have a similar investment objective of exceeding the annualized return of the Russell Mid-Cap Value Index over a three-to-five-year time-period. The foundation of HCM's investment selection process is bottom-up, fundamentally driven security selection. Our approach combines our original quantitative research with our fundamental judgment. We place significant emphasis on due diligence to assess the risk potential of each investment candidate before assessing its return potential. The discovery of value within specific securities, rather than market sectors, drives the construction of the portfolio. Our in-depth research process results in a concentrated portfolio of companies. A list of all composite and pooled fund investment strategies offered by the firm, with a description of each strategy, is available upon request. The type of portfolios in which each strategy is available (segregated account, limited distribution pooled fund, or broad distribution pooled fund) is indicated in the description of each strategy.

Composite Description: All actual, fee-paying, discretionary portfolios are included in at least one composite and there are no non-fee-paying portfolios included in any composite. List of composite descriptions is available upon request. The mid cap value equity strategy composite includes all actual, fee-paying, discretionary taxable and tax-exempt portfolios that do not contain any restrictions, which were under management for the first full month for which results were calculated. The composite includes zero transaction cost(-commission-) accounts.

Performance results are determined with monthly valuations geometrically linked for period returns. The U.S. Dollar is the currency used to express performance. It should not be assumed that past performance is indicative of future results. Results are based on fully discretionary accounts under management, including accounts no longer with the firm. All performance calculations are on a time-weighted, asset-weighted return basis and include the reinvestment of all income. Net of fee performance is net of an annual, model management fee of 1.00%, commissions and custodian fees. The model fee is the highest fee charged to any account included in the HCM Mid-Cap Value Composite. Gross of fee performance is gross of management fees and net of commissions and custodian fees. HCM's advisory fees are described in its Form ADV Part II. The fee schedule for the HCM Mid-Cap Value Composite; First \$5 MM at 1.00%, Over \$5 MM but less than \$10 MM at 0.75%, Over \$10 MM but less than \$15 MM at 0.60%, Over \$15 MM Negotiated. Actual fees for each client may vary. Non-discretionary portions of an otherwise discretionary portfolio have been excluded from composite performance. Performance calculations: June 1988 to December 1999 excludes all non-discretionary cash from an otherwise discretionary portfolio, consistent with guidelines established by client(s) designating uninvested cash as non-discretionary assets. HCM Mid-Cap Value Composite was created on June 30, 1988; HCM Mid-Cap Value Composite since inception date is June 30, 1988.

The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

HCM compares performance of its Mid-Cap Value Equity Composite against the Russell Mid-Cap Value Index, which is an unmanaged index and does not reflect any adjustment for management fees or other transaction costs. The Russell Mid-Cap Value Index measures the performance of those Russell Mid-Cap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index. The returns shown reflect the reinvestment of dividends. Investors cannot invest directly in an index. The Russell Mid-Cap Value Index and Russell is a trademark/service mark of the Frank Russell Company.

HCM compares performance of its Mid-Cap Value Equity Composite against the Russell Mid-Cap Index, which is an unmanaged index and does not reflect any adjustment for management fees or other transaction costs. The Russell Mid-Cap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Mid-Cap 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. The Russell Mid-Cap represents approximately 31% of the total market capitalization of the Russell 1000 companies. The Russell Mid-Cap Index is constructed to provide a comprehensive and unbiased barometer for the mid-cap segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap opportunity set. The returns shown reflect the reinvestment of dividends. Russell Mid Cap Index comparison was included on January 01, 2013, in response to client mandate to compare the HCM Mid-Cap Value Composite against the broader Russell Mid-Cap Index. Investors cannot invest directly in an index. The Russell Mid-Cap Index and Russell is a trademark/service mark of the Frank Russell Company.

# **HAHN CAPITAL MANAGEMENT, LLC**

## ***SOLICITATION DISCLOSURE STATEMENT***

Hahn Capital Management, LLC (“HCM”) maintains a solicitation arrangement with Cedar Partners, Ltd. (“Cedar”), a third party marketing firm, effective April 1 2008. Cedar receives an annual retainer fee as well as 20% of the investment management fees earned on assets placed under management at HCM by the efforts of Cedar. Cedar is not affiliated with and has no relationship with HCM other than a separate written agreement covering the solicitation of business on the behalf of HCM. Cedar is not a broker-dealer. All fees paid to Cedar are in hard dollars. HCM has a standard fee schedule and is not adding a differential to compensate Cedar for any solicitations by them.

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