



LARGE CAP VALUE COMMENTARY

In the third quarter the Large Cap Value Composite had a preliminary gross return of 8.98% (net of fees: 8.89%) compared to 5.70% for the Russell 1000 Value Index (“Index”).

Below you will find the portfolios best and worst performing stocks in the quarter.

<u>Best Securities</u>	<u>Average Weight</u>	<u>**Contribution to Portfolio Return</u>
Acuity Brands	2.83%	0.70%
Apple	3.11%	0.46%
Biogen	2.97%	0.43%
QUALCOMM	2.72%	0.41%
Discovery	3.20%	0.30%

<u>Worst Securities</u>	<u>Average Weight</u>	<u>**Contribution to Portfolio Return</u>
Western Digital	1.91%	-0.57%
BankUnited	2.36%	-0.48%
Liberty SiriusXM	3.03%	-0.28%
Northrop Grumman	1.64%	-0.17%
Liberty Formula One	2.90%	-0.17%

**Contribution calculation methodology is available upon request

Stock selection in the Consumer Staples, and Communications Services, Industrials, Energy, Healthcare, Information Technology and Financials sectors contributed to the relative performance of the strategy during the quarter. The portfolio’s absence of exposure to Real Estate, Utilities, and Materials also added to this quarter’s performance.

Western Digital Corporation (WDC) in the Information Technology sector was again the largest detractor in the quarter. The stock continued to underperform though the summer as their third quarter earnings release indicated a contraction in demand and a decline in pricing would continue. Softer demand in key areas of mobility have caused flash pricing to decline in a rate faster than in past quarters. The flash industry has been in the midst of adjusting to normalization trends. To account for the normalization in demand, Western Digital has focused on rationalizing their foot print and has decommissioned hard drive manufacturing at their Kuala Lumpur site. During this time, Western Digital has continued to generate positive free cash flow while targeting share repurchases and issuing a dividend. We continue to hold the stock in the portfolio.

In the Industrial sector, Acuity Brands (AYI) was the largest contributor for the quarter. The stock had been under pressure when we initiated the position in May of 2018 due to a weak commercial lighting market. Acuity’s higher priced solutions had experienced a decline in demand as consumers appeared to be looking for lower cost solutions. Sales through their commercial and industrial channel were down slightly though the summer compared with the year-ago period, primarily for larger non-residential projects. To offset the decline in demand, management focused on reducing costs and rationalizing expenses while expanding their product offerings in the growing areas of the market. Management also remains committed to returning capital to shareholders through their share repurchase program.



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We remain focused on identifying companies with strong returns, attractive balance sheets, quality management teams and that are attractively valued. The portfolio is overweight Information Technology, Health Care, Industrials and Communication Services and it is underweight Energy, Financials, Consumer Staples and Consumer Discretionary. The portfolio is also absent from investments in Materials, Utilities and Real Estate.

Sector characteristics and security performance reflect information for a representative account from the Large Cap Value composite over the time period. Results for accounts in the composite may vary over time, due to timing, cash flows, among others things. The information provided should not be considered a specific recommendation to purchase or sell any securities and is subject to change. Gross composite performance figures shown are based on time weighted rates of return, and are net of transaction costs. The net composite performance figures shown reflect gross performance less investment management fees, net of transaction costs. Our advisory fees are disclosed in Form ADV, Part 2A. All returns reflect the reinvestment of investment income (dividends and/or interest) and capital gains. At the time of publication, the highlighted holdings are "current" holdings of the composite. The holdings identified do not represent all securities purchased or sold for advisory clients during the relevant time periods. We make no representations that securities purchased, sold, or held in the composite or client accounts will be profitable or will equal the performance of the securities in this commentary. A complete list of holdings for the preceding 12-month period is available upon request. The securities mentioned are selected solely as the largest contributors and detractors to performance of the composite. Estimates and certain information contained in this commentary are based upon proprietary research and should not be considered as investment advice. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. Estimates and certain information contained in this commentary are based upon proprietary research and should not be considered as investment advice. Index performance information was furnished by Interactive Data Services and, is deemed reliable, and is believed to be accurate but not guaranteed and the information is subject to correction. Past performance does not guarantee future results.