



Market Analysis

The equity indices plowed higher again in the second quarter of 2014, recording low- to mid-single-digit appreciation to cap a solid first half on Wall Street.

Investors rotated out of growth into value strategies earlier in the quarter, before more broadly favoring all styles of equity later in the period as signs of economic re-acceleration emerged.

For the second quarter, our Small Cap Equity strategy performed roughly in-line with the Russell 2000® Index.

During the quarter, stock selections detracted modestly from relative performance. Our stocks in the Consumer Discretionary and Energy sectors trailed those in the index while our selections in the Health Care and Industrials sectors helped offset some of the shortfall.

Sector allocation had a modest positive impact on relative performance due to our overweight to the Energy sector.

Our research suggests that the economy remains in the middle to later innings of an elongated, sustained earnings cycle, which we believe will be constructive for the equity markets and our fundamentally focused investment discipline.

Comments above relating to portfolio results are based upon composite performance data, and may not be representative of individual client portfolio performance due to a number of factors, including but not limited to, account specific restrictions and timing of client cash flows.

Further, the views and the assumptions underlying Systematic's comments are subject to change. The comments and opinions contained herein may be based on or derived from third party sources and/or Systematic's internal analysis of financial data, public filings and/or our fundamental research efforts. We believe the third party sources from which information is derived to be accurate and dependable however, we are not responsible for errors by them on which we reasonably rely.

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Performance (Gross of Fees)

	2Q14	YTD	1 Year	3 Year	5 Year	Since Inception*
Total Portfolio	--	--	--	--	--	0.56%
Russell 2000®	2.05%	3.19%	23.64%	14.55%	20.20%	0.70%
Russell 2000® Value	2.38%	4.20%	22.54%	14.63%	19.87%	1.21%

*Inception date: 3/31/2014

Market Value

	Trade Date Market Value
Total Portfolio	\$5,946,157
Equity	\$5,894,468
Cash	\$51,690

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