

Dahab Associates, Inc.  
Request for Proposal – 2016

**Small Cap Core**

**Franklin Regional Retirement System**

Company Name	Chatham Capital Group, Inc.
Investment Style	Small Cap Core
Product Name	Chatham Small Company Investing
Principal Address	6602 Abercorn Street, Suite 100, Savannah, GA 31405
Telephone Number	(912) 691-2320
Email Address	bill.fielitz@chathamcapitalgroup.com
Individual Completing this RFP	William J. Fielitz, CHFC <sup>®</sup> , CFP <sup>®</sup>
Position	Principal
Mailing Address (if different from above)	N/A
Telephone Number (if different from above)	N/A
Fax Number	(912) 691-0991
Date Completed	November 1, 2016

Firm Name	Chatham Capital Group, Inc.
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## Summary

### General Information:

Firm Name	Chatham Capital Group, Inc.
Product Name	Chatham Small Company Investing
<b>City, State</b> of firm's headquarters	Savannah, GA
Name of Parent Company, or "Independent"	Independent
Tax-Exempt Assets Under Management	\$102mm
Total Assets Under Management	\$411mm
Year Founded	1996
Year Registered	1996
Contact Name	William J. Fielitz, CHFC®, CFP®
Contact Number	(912) 691-2320
Contact Email	bill.fielitz@chathamcapitalgroup.com

Which of the following types of products are available for this search? You may offer multiple product types if you choose. Indicate with an "X." There will be room to elaborate on the product offerings elsewhere in this document.

This selection should indicate that any minimum account sizes for the product are either met or waived for this search.

Separate Account	X
Commingled Funds	
Mutual Fund	

**Equity Product Information:**

Please provide the following figures for a representative account, with the data as of **the end of 3rd Quarter 2016** only.

**Do not submit the following data for any other quarter, even if footnoted as such.**

It is acceptable to submit preliminary data, if necessary.

Only provide statistics for indicated time-periods.

**Do not put** “since inception” statistics in lieu of the requested time-period.

If statistics for a given time period are not available, leave the response area blank.

All statistics must be **based on quarterly** numbers, never monthly, even when the question isn’t explicit in that regard.

All statistics should be made with regard to the following benchmark:

**Russell 2000**

Do not submit statistical data compared to any other benchmark, even if your product is traditionally benchmarked against a different index, **even** if you choose to indicate it as such.

Product Name	Chatham Small Company Investing
Style (Core, Growth, Value) Please answer as to your firm’s specific classification of this product.	Core
Typical Number of Securities Held	30-40
Portfolio Turnover, 12-month rolling (%)	7.4%
P/E of typical portfolio- Estimate	19.9x
P/E of typical portfolio- Trailing	23.3x
5-year information ratio	0.2
5-Year Tracking Error	5.5
5-year Upside Capture Ratio	87.9
5-year Downside Capture Ratio	76.8
5-year R-squared statistic	0.9
Strategy Inception	March 31, 1998
Benchmark Used for Above and below statistics (Must be the required benchmark as indicated)	Russell 2000
Benchmark for product	Russell 2000
Total Assets In This Strategy	\$37mm
Soft/Hard Close Amount for the Strategy	N/A – Open Strategy

	<b>3-Year</b>	<b>5-Year</b>
Alpha	1.9	3.4
Batting Average (% of quarters beating benchmark)	0.5	0.5
Standard Deviation	13.5	13.4
Beta	0.9	0.8

**Firm Affiliation**

1. Is the firm independent? | Yes
2. Is the firm registered under the Investment Advisors Act of 1940? | Yes
3. Is the firm minority owned? If so, what percent? | No
4. Is the firm women owned? If so, what percent? | No
5. Is the firm a subsidiary of, or related in any way to:

A brokerage firm	No
Insurance company	No
A bank	No
Other	No

6. What is the name of the parent company? | N/A – Independently Owned

7. Please provide details of the ownership structure of the firm.

Chatham is a private corporation owned by Frederick R. Muller, Philip B. Palmer, Jason G. Allen, and William J. Fielitz. The owners serve as principals and portfolio managers.

8. If the firm is related in any fashion (financially or otherwise) to any other entity, explain.

N/A

## General Background Information

1. Please indicate the types of accounts that your firm currently manages:

Domestic Equity	X	Socially Conscious	
Fixed Income	X	Hedge Fund of any type	
Balanced	X	Institutional Mutual Funds	
International		Retail Mutual Funds	
Global			

2. Please provide the location and function of each of the firm's offices.

6602 Abercorn Street, Suite 100, Savannah, GA 31405 (Principal Office)  
90 Main Street, Suite A, Hilton Head Island, SC 29926 (Secondary Office)

3. Please give a brief history of the firm.

Chatham Capital Group's founders established this firm in 1996 in order to provide professional, unbiased wealth management advice to individuals, families, and their related foundations, as well as to manage their own financial affairs. Today, after adding a second generation of principals, Chatham remains 100% employee owned, and operates as a fee only Registered Investment Adviser. With an office in Savannah, GA and on Hilton Head Island, SC, the majority of Chatham's client relationships are regionally located within a handful of southeastern states.

4. When was the firm founded?

1996

5. When was it registered as an investment advisor?

1996

6. When did the firm begin to manage tax exempt accounts?

1996

7. Describe the level of error and omission insurance coverage the firm carries.

Chatham has \$1mm in insurance coverage.

8. Are you now the subject of a SEC or other regulatory body sanction? If so, explain.

No

9. Has the firm ever been subject to a SEC or other regulatory body sanction? If so, explain.

No

10. Discuss, in detail, any litigation brought against the firm in the last five years.

Chatham and its principals were the subject of a civil suit filed by Boys Arnold & Company, based in Asheville, NC, in conjunction with Chatham's hiring of two former employees of Boys Arnold in July 2014. The lawsuit related to Boys Arnold's desire to be compensated under employment agreements that the two employees had signed while employed by Boys Arnold. The suit was settled out of court via arbitration in November 2014.

11. Please provide details on the financial condition of the firm.

Chatham maintains a sound financial position with profits earned in most years since inception. Earnings are paid out annually to employees. Additional financial information will be provided upon request.

Provide a breakdown of assets by type of Investment Strategy. (for example, Mid Cap Growth, Core Fixed Income, Emerging Markets, etc.) You may add additional rows to this table as needed.

- 12.

Investment Strategy	# of Accounts	\$ Value
SMALL CAP	5	\$37mm
BALANCED	405	\$374mm

13. Please provide a breakdown of the *FIRM'S* accounts & assets in the following table:

	# of Accounts	\$ Value
<b>Tax Exempt Assets:</b>		
ERISA	9	\$6mm
Public	0	0
Taft-Hartley	0	0
Endowment	4	\$3mm
Foundation	2	\$3mm
Religious Order	0	0
Other	168	\$90mm
<b>Total Tax-Exempt</b>	<b>183</b>	<b>\$102mm</b>
<b>Taxable Assets:</b>		
Personal Trusts	225	\$285mm
Commingled	2	\$23mm
<b>Total Taxable</b>	<b>227</b>	<b>\$308mm</b>
<b>Mutual Funds:</b>		
Equity	0	0
Fixed Income	0	0
Money Market	0	0
<b>Total Mutual Funds</b>	<b>0</b>	<b>0</b>
<b>Overall Total</b>	<b>410</b>	<b>\$411mm</b>

14. Provide a breakdown of the *PRODUCT'S* accounts & assets in the following table:

	# of Accounts	\$ Value
<b>Tax Exempt Assets:</b>		
ERISA	0	0
Public	0	0

Taft-Hartley	0	0
Endowment	0	0
Foundation	0	0
Religious Order	0	0
Other	1	\$6mm
<b>Total Tax-Exempt</b>	<b>1</b>	<b>\$6mm</b>
<b>Taxable Assets:</b>		
Personal Trusts	2	\$10mm
Commingled	1	\$21mm
<b>Total Taxable</b>	<b>3</b>	<b>\$31mm</b>
<b>Mutual Funds:</b>		
Equity	0	0
Fixed Income	0	0
Money Market	0	0
<b>Total Mutual Funds</b>	<b>0</b>	<b>0</b>
<b>Overall Total</b>	<b>4</b>	<b>\$37mm</b>

15. What are your firm's plans for growth of these assets?

Chatham seeks growth in terms of clients and assets under management. The principals develop annual target growth plans for the firm. Chatham is actively marketing the small cap strategy as part of its growth plans.

16. Are there plans for limiting growth in any of the above areas?

Growth in the small cap strategy will be revisited once assets reach approximately \$750 million.

17. How does your firm plan to staff the growth of the firm described above?

Chatham plans to add staff as needed in order to continue providing a high level of service to our clients.

18. Give five (5) references for your services.

1. Mr. Gerald (Jerry) Stephens, Founder and former CEO, RLI Corp., (912) 598-9301, jerry\_stephens@rlicorp.com.

2. Mr. Thomas V. Reilly, Endowment Committee at Telfair, Telfair Museum of Art, (912) 598-8958, tvreilly1@aol.com

3. Mr. Dale C. Critz, Sr., (912) 447-0019, daleccritz@gmail.com.

4. Mr. H. Jay Bird, Curtis Investment Company, LLC, (770) 754-1164, hjbird@mindspring.com.

5. Mr. Craig Barrow, III, Wormsloe Foundation, (912) 313-5602, cbarrow111@gmail.com.

19. State the average size of the firm's 5 largest tax-exempt funds. | \$5mm

20. Indicate the number & assets of tax-exempt accounts the FIRM gained & lost in each category:

Gained	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$
Public	0	0	0	0	0	0	0	0	0	0
ERISA	0	0	0	0	2	\$1mm	1	\$1mm	0	0
Taft-Hartley	0	0	0	0	0	0	0	0	0	0
Endowment	0	0	0	0	0	0	0	0	0	0
Foundation	0	0	0	0	0	0	0	0	0	0
Religious Order	0	0	0	0	0	0	0	0	0	0
Other	4	\$2mm	3	\$1mm	4	\$2mm	47	\$22m m	12	\$4mm
<b>Total</b>	<b>4</b>	<b>\$2mm</b>	<b>3</b>	<b>\$1mm</b>	<b>6</b>	<b>\$3mm</b>	<b>48</b>	<b>\$23m m</b>	<b>12</b>	<b>\$4mm</b>

Lost	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$
Public	0	0	0	0	0	0	0	0	0	0
ERISA	0	0	0	0	0	0	0	0	0	0
Taft-Hartley	0	0	0	0	0	0	0	0	0	0
Endowment	0	0	0	0	0	0	0	0	0	0
Foundation	0	0	0	0	0	0	0	0	0	0
Religious Order	0	0	0	0	0	0	0	0	0	0
Other	0	0	2	\$1mm	0	0	1	\$13k	5	\$472k
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>\$1mm</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>\$13k</b>	<b>5</b>	<b>\$472k</b>

21. Please discuss any unusually large number of accounts or assets lost.

N/A

22. Indicate the number & assets of tax-exempt accounts the *PRODUCT* gained & lost:

Gained	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$
Public	0	0	0	0	0	0	0	0	0	0
ERISA	0	0	0	0	0	0	0	0	0	0
Taft-Hartley	0	0	0	0	0	0	0	0	0	0
Endowment	0	0	0	0	0	0	0	0	0	0
Foundation	0	0	0	0	0	0	0	0	0	0
Religious Order	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Lost	2011		2012		2013		2014		2015	
	#	\$	#	\$	#	\$	#	\$	#	\$
Public	0	0	0	0	0	0	0	0	0	0
ERISA	0	0	0	0	0	0	0	0	0	0
Taft-Hartley	0	0	0	0	0	0	0	0	0	0
Endowment	0	0	0	0	0	0	0	0	0	0
Foundation	0	0	0	0	0	0	0	0	0	0
Religious Order	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

23. For the PRODUCT, please discuss any unusually large # of accounts or assets lost.

N/A

In the following table, list the 5 clients (or all clients, if fewer than 5 in the strategy) with the most invested in the product (including clients that aren't included in the composite), and the requested details.

If the client is public (or you may disclose its name) please do. Otherwise state the type of client (e.g. Taft-Hartley, Foundation, Sub-Advisory, Mutual Fund, etc.).

For Vehicle, potential choices would include (but aren't limited to) Separate Account, Commingled Fund, CIT, Mutual Fund, etc.

	<b>Client Name or Type</b>	<b>\$ Invested</b>	<b>State (or Nation)</b>	<b>Investment Year</b>	<b>Vehicle</b>	<b>Included In Composite?</b>
1	Commingled Fund	\$21mm	GA	1997	Commingled	Yes
2	High Net Worth	\$6mm	GA	2000	Separate	Yes
3	Commingled Fund	\$6mm	GA	1998	Commingled	Yes
4	High Net Worth	\$4mm	GA	2005	Separate	Yes
5	High Net Worth	\$2mm	TN	1996	Separate	Yes

## Investment Philosophy Implementation

1. Describe the structure of the product's investment team, including how many members the team has and the responsibilities of each member. Include an organizational chart which details the flow of information used in the decision making process.

Chatham has a seven person equity investment team consisting of:

Frederick R. Muller

Philip B. Palmer

Jason G. Allen

William J. Fielitz

Frederick L. Muller

Bruce D. Fielitz

Heidi O. Yoshida

Members serve both portfolio manager and research analyst roles. All members contribute new ideas and are part of buy and sell decisions. All members have equal say in final decision-making and all contribute to idea generation and research. Frederick R. Muller and Philip B. Palmer coordinate the research activity for this strategy.

2. How long have the key members of the team worked with this product? Have there been additions or departures in the last 3 years for the team managing the proposed product? Please explain.

Frederick R. Muller and Philip B. Palmer coordinate the research activity for this strategy and have worked with this product since the inception in 1998. Jason Allen and Heidi Yoshida joined the equity investment team in July 2014.

3. What is the # of accounts and account volume (in \$) that is handled by this team?

As of September 30, 2016, Total Firm = 410 accounts (number includes total accounts for about 200 clients; multiple accounts for many relationships); \$411mm

4. Do the same groups manage equity, fixed income, & balanced portfolios at the firm?

Yes

5. Does the firm employ a central trading desk?

Yes, Chatham's staff includes a head trader and a backup trader.

6. If yes, describe the trading operation & the traders' qualifications.

Chatham's trader directs the trades to the appropriate custodian/broker for execution. Trades are entered using Advent Software to ensure the accuracy of trades and to meet compliance requirements. The head trader holds a B.A. in History and an M.B.A, in addition to over thirteen years of experience in the industry.

7. Does the firm have an investment committee?

Yes

8. If yes, describe how it operates & the background/experience of the members.

All portfolio managers participate in the research process and average more than 25 years of experience. Portfolio management decisions are made on a regular basis in weekly research meetings and quarterly asset allocation meetings. These group decisions are applied by each portfolio manager to specific portfolios as appropriate to the circumstances of each client, such as relevant tax, estate, business, and family matters.

New ideas come from two primary sources: (1) variety of external activities, such as conferences, street research, and general reading; and (2) quarterly stock screening process. All members contribute new ideas and are part of buy and sell decisions. Portfolios are reviewed on a regular basis by each respective portfolio

manager and may also be reviewed periodically as a group.

9. If applicable, how often does the investment committee meet?

On a daily basis, members of the equity investment team discuss market events and work on aspects of the research process, e.g. listen to webcasts, read reports, analyze data, and write reports for the team. They meet once a week for formal discussion.

## Equity Investment Philosophy

1. Please indicate which categories most correctly identify the equity investment style of the product:

Large Cap		Core	X
Mid Cap		Bottom-Up	X
Small Cap	X	Top-Down	
Micro Cap		Momentum	
All Cap		Sector Rotator	
Value		Market Neutral	
Relative Value		Low P/E	
Deep Value		Quantitative	
Growth		Fundamental	
GARP		Index Funds	

2. In one or two brief sentences, please state the product's investment philosophy.

Chatham Capital Group is a high quality and high conviction manager that invests in small cap US companies. Our philosophy utilizes bottom-up research to identify undervalued, high quality businesses with above average profitability and stability, which generate attractive absolute and relative returns over longer time horizons.

3. Describe the equity investment philosophy including how buy and sell decisions are made.

Chatham Capital Group views our portfolio companies as businesses, not simply shares of stock. We do not generate returns through trading activity; instead, we identify businesses we want to "own." We make buying decisions based on the identification of high quality, undervalued businesses with attractive fundamentals and then let the businesses do the work over longer time periods. Our portfolio consists of our 30 to 40 best ideas that meet or exceed our high standards including low debt, high free cash flow, attractive ROE, and a defensible and expandable market position.

Chatham Capital Group is always conscious of risk in the portfolio. Historically, we have delivered attractive returns while assuming less risk than the Russell 2000 Index. An important aspect of that is our sell discipline. Our primary reason for selling a holding is the original investment thesis is no longer intact for that particular company. This could be due to market factors or management decisions, but we are quick to exit when the fundamentals of a business show signs of erosion. We will also sell or trim positions if valuations become too high for our comfort level or a better idea has greater appeal.

4. When was the investment philosophy established?

1996.

5. Has this philosophy been implemented for the last five years? If not, are the creators of the previous philosophy still with the firm?

Yes, and the creators of the philosophy are still with the firm.

6. What is considered to be the competitive advantage of the philosophy?

Chatham Capital's competitive advantage is a combination of the following:

- Small cap companies typically have very concentrated business models that are vulnerable and negatively impacted by downturns and changes in the competitive landscape. Our focus, on 30 to 40 fundamentally strong businesses with defensible business models and niche products that dominate their sectors, allows our portfolio to better weather difficult environments. This is evident in our

portfolio capturing about 83% of the downside in the last three years.

- We do not overpay for the quality we find. Chatham Capital Group is very conscious of valuation and how that affects our future returns. Although our overwhelming focus is on finding the best 30 to 40 businesses for our portfolio, we will not overpay for that quality.
- Risk management is a keystone of our investment philosophy. A large part of this is the fact that businesses that do not meet our strict standards do not make it into the portfolio. By not “watering down” our portfolio with substandard holdings, we are protecting our investor’s capital by deploying it only in our best ideas and nothing else. This is evident in our data, as our high quality portfolio tends to outperform in weak markets, allowing us to compound performance off a larger capital base than many of our competitors.
- Chatham Capital also runs balanced accounts for many of our clients. This analysis of macro factors often gives insight into what macro factors would impact the small cap market and to act on those insights in the small cap product.

We use cash tactically to mitigate risk in the portfolio and also to position ourselves to make buying decisions when valuations become attractive.

7. What changes have been made to the investment process in the past 5 years?

No significant changes.

8. In what market environments is the strategy expected to outperform/underperform?

Chatham has historically protected capital during adverse market environments with a downside capture rate of 77% over the last five years. We tend to underperform during market environments when strong relative returns are driven by lower quality stocks and rapid expansion of P/E multiples.

9. Please explain any significant quarterly underperformance over the past five years.

There were three quarters in the last five years during which we lagged the benchmark by more than 300 bps. The strategy returns were still positive during these quarters. Both of these were periods when the Russell 2000 Index experienced a significant upward move (1Q2012 Russell = +12.4% and CCG = +6.9%; 4Q2014 Russell = +9.7% and CCG = +5.2%; 3Q2016 Russell = +9.1% and CCG = +4.7%). We generally lag in markets like this because of our high quality and lower beta bias.

10. Indicate the % of equity market capitalization as of the most recent quarter-end, as well as a range over the last three years.

	<u>Current</u>	<u>3 year range</u>
Micro Cap (<\$100mm)	0%	0%
Small Cap (\$100mm - \$2b)	41%	40-70%
Mid Cap (\$2b - \$15b)	59%	30-60%
Large Cap (>\$15b)	0%	0%

11. Indicate the median and average market capitalizations for the most recent quarter-end.

	<u>(Product)</u>	<u>(Benchmark)</u>
Median Market Cap	\$2.1B	\$695mm
Average Market Cap	\$3.1B	\$1.7B

12. Please share some of the risk constraints that are used by the firm (e.g., maximum sector weightings, maximum % for an individual holding, tracking error, etc.)

Initial purchases are limited to companies in the cap size range from \$200mm to \$5B; however, we emphasize new ideas with a cap size of \$200mm to \$1.5B. Portfolios are relatively concentrated and will own 30 to 40 stocks. Initial purchases range in weighting from 1% to 2% depending on conviction and our assessment of risk. We typically trim back positions as they exceed 5% and, with few exceptions, our maximum position size is 8%. The largest ten positions will typically be approximately 35% of the portfolio. Cash exposure will range

between 0% and 10%. We always want to have some exposure to every sector, and our weights relative to the benchmark are typically between .5x and 2x. It is important to point out that because we have a relatively concentrated portfolio, and the fact that some of the companies we own are arbitrarily categorized by sector, traditional attribution results can be less precise and reliable. Though dependent on market conditions, relative to small cap indices, we tend to be underweight in the retail and financial sectors, and are frequently overweight in the producer durable and health care sectors. Our definition of risk has a distinct focus on preservation of capital and reducing volatility, with less emphasis on tracking error or risk relative to a benchmark. Because we are less sensitive to benchmark considerations and “active risk,” we will never hold neutral conviction stocks solely for diversification reasons.

13. Are your managers given an approved stock list?

Yes

14. If so, how many securities are typically on that list?

30-40

15. Are there provisions so that securities that are not on the approved list may be purchased?

Generally, Chatham only purchases stocks from the approved stock list. However, clients can request a security be purchased that is not on the approved list.

16. Does the product invest in ADRs? If so, what are the current and maximum exposures?

Yes. Currently the product has no ADRs.

17. Does the product invest in foreign ordinary shares?

No

18. Describe, in detail, the use of cash in the equity process.

We proactively use cash. We raise cash to control the volatility based on portfolio volatility levels. When our returns are exhibiting higher volatility (standard deviation) relative to our benchmark, Russell 2000 Index, over moving six, and 12-month periods, we will raise cash to lower risk.

19. What range of cash is typical?

0% to 10%

20. For the most recent period available please indicate the Product’s top ten holdings:

	<u>Name</u>	<u>Industry</u>	<u>%</u>
(1)	US SMALL CAP ETF (VB)	N/A	8%
(2)	S&P SMALL CAP FINANCIALS ETF (PSCF)	Diversified Financials	7%
(3)	COPART	Auto Dealerships	6%
(4)	RAYMOND JAMES FINL	Investment Brokerage – Regional	4%
(5)	MAXIMUS	Business Services	4%
(6)	CSG SYSTEMS INTL	Business Software & Supplies	3%
(7)	COGNEX	Scientific & Tech. Instruments	3%
(8)	RESMED	Medical Appliance and Equip.	3%
(9)	MIDDLEBY	Diversified Machinery	3%
(10)	SYNCHRONOSS	Application Software	3%

% Total	44%
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## Research

1. What percentage of research is generated internally? 90%
2. What percentage of research is obtained from outside sources? 10%
3. Please describe how the research operation within your firm works.  
All members of the equity investment team act as portfolio managers and participate in the research process. Chatham's initial universe is approximately 7,000 stocks that are screened for cap size, financial quality, valuation, and profitability. This screen generally narrows the universe down to 100 to 150 stocks that can be selected for more intensive qualitative analysis. It is important to note that there is nothing automated about our decision-making process. All new idea generation is simply a step to identify stocks for the next level of research. All members are part of buy and sell decisions.
4. Please describe how your firm obtains and pays for outside research reports.  
Chatham receives research services from its approved broker-dealers/custodians, but has no formal soft dollar arrangements.
5. Please name the three primary sources of data and/or analyses upon which your firm relies.

(1) Company specific brokerage research reports.

(2) General macro-economic research reports.

(3) Databases covering stock universe.

6. Who coordinates the firm's research effort & what are their qualifications for that position.

Frederick R. Muller and Philip B. Palmer coordinate the research activity for this strategy. Yet, all seven members of the equity investment team act as portfolio managers and participate in the research process.

Frederick R. Muller led the equity research effort at Crawford Investment Counsel in Atlanta and was an equity research analyst at Merrill Lynch in New York, both for two years. He joined Chatham in 1998. He received a B.A. in economics from The College of William & Mary and an M.B.A. from Columbia University. He holds the Chartered Financial Analyst® designation.

Philip B. Palmer managed investment portfolios for the Rockefeller family and other select high net worth families at Rockefeller & Company for seven years. He also worked for three years as a financial consultant with Merrill Lynch in New York. He joined Chatham in 1998. He received a B.A. from Yale University and an M.B.A. with High Distinction from the University of Michigan. Philip also has a Ph.D. in Theology. He holds the Chartered Financial Analyst® designation.

Jason G. Allen was responsible for portfolio management and investment strategy at Boys, Arnold & Company's Hilton Head Island office for four years. He also worked for seven years as a managing partner at Atlanta Equity Research in Atlanta. Jason worked two years as an equity research analyst at SunTrust Robinson Humphrey and as a financial analyst at Delta Airlines, both in Atlanta. He joined

Chatham in 2014. Jason received a B.S. in finance and obtained his M.B.A. from Wake Forest University. He holds the Chartered Financial Analyst® designation.

William J. Fielitz worked in the investment industry as a financial advisor for Prudential Securities and A.G. Edwards & Sons for six years. He joined Chatham in 2003. He received a B.A. degree in finance from Birmingham Southern College. He holds the CERTIFIED FINANCIAL PLANNER™ and Chartered Financial Consultant (CHFC) designations.

Frederick L. Muller was at Atlanta Capital Management in Atlanta, GA, where he served as CEO and was the major shareholder. Ted earned a B.A. from the University of Pennsylvania and received an M.B.A. from George Washington University. He is a past Chairman of the CFA Institute and was awarded four of its highest professional honors. He holds the Chartered Financial Analyst® designation.

Bruce D. Fielitz was the Chief Investment Officer of Atlanta Capital Management in Atlanta, GA. Prior to that, Bruce was Research Professor of Finance at Georgia State University and published two textbooks and over 40 papers in leading financial journals. Bruce holds a B.A. from the College of Wooster, and M.B.A. and D.B.A. degrees from Kent State University. He holds the Chartered Financial Analyst® designation.

Heidi O. Yoshida worked for Boys, Arnold & Company's Hilton Head Island office as Account Administrator and most recently as Director of Financial Planning for ten years. Prior to that, Heidi worked for six years as a registered representative in institutional sales at Wachovia Securities and A.G. Edwards & Sons. She joined Chatham in 2014. Heidi received a B.S. in resource economics from Cornell University and obtained her M.A. in Japanese from San Francisco State University. She holds the CERTIFIED FINANCIAL PLANNER™ designation.

## Personnel

1. In the table below, indicate the appropriate number of employees employed in each category.

	2012	2013	2014	2015
Equity portfolio managers	5	5	7	7
Bond portfolio managers	0	0	0	0
Balanced fund managers	0	0	0	0
Equity research analysts	0	0	0	0
Bond research analysts	0	0	0	0
Economists	0	0	0	0
Management and Administrative (Compliance, Operations)	3	3	3	3
Computer professionals	0	0	0	0
Clerical	0	0	0	0
Other (Marketing, Client Service, Trading)	0	0	0	0
<b>Total</b>	<b>8</b>	<b>8</b>	<b>10</b>	<b>10</b>

2. Please provide biographical information on all key members of the proposed product's asset mgmt team, including years of experience with this asset class & years with the firm.

Frederick R. Muller, 22 years with asset class, and 18 years with Chatham.  
 Philip B. Palmer, 30 years with asset class, and 18 years with Chatham.  
 William J. Fielitz, 19 years with asset class, and 13 years with Chatham.  
 Frederick L. Muller, 43 years with asset class, and 20 years with Chatham.  
 Bruce D. Fielitz, 43 years with asset class, and 20 years with Chatham.  
 Jason G. Allen, 18 years with asset class and 2 years with Chatham.  
 Heidi O. Yoshida, 18 years with asset class and 2 years with Chatham.

3. In the last 3 years, how many professional employees have left the firm for any reason?

No professional employees have left Chatham. Chatham has a very low turnover of employees.

4. What qualifications are typical of the PMs, include yrs w/ firm, \$ under mgmt & # of accounts.

Portfolio managers earned graduate degrees, industry-related designations, and have extensive industry experience. The portfolio managers manage \$411mm under management and 410 accounts.

Frederick R. Muller, 18 years with Chatham.  
 Philip B. Palmer, 18 years with Chatham.  
 William J. Fielitz, 13 years with Chatham.  
 Frederick L. Muller, 20 years with Chatham.  
 Bruce D. Fielitz, 20 years with Chatham.  
 Jason G. Allen, 2 years with Chatham.  
 Heidi O. Yoshida, 2 years with Chatham.

5. Please describe the method of compensation employed for portfolio managers.

Salary and bonus driven by firm profitability and individual contribution.

6. Please describe the method of compensation employed for research analysts.

Same as above, since portfolio managers also serve as research analysts.

## Client Service

1. Who would be the individual providing service for this client? Please provide a brief bio and description of responsibilities for this individual.  
 William J. Fielitz worked in the investment industry as a financial advisor for Prudential Securities and A.G. Edwards & Sons for six years. He joined Chatham in 2003. He received a B.A. degree in finance from Birmingham Southern College. He holds the CERTIFIED FINANCIAL PLANNER™ and Chartered Financial Consultant (CHFC) designations. Bill Fielitz is a portfolio manager, research analyst, and head of marketing.
2. What information about investments made in the submitted product is available to institutional clients in this strategy? How regular/up-to-date is this information, and how detailed?  
 Chatham will provide ongoing monitoring of the assets with quarterly reports detailing the status and performance of all the investment portfolios. Face-to-face meetings will be scheduled as needed to review and update objectives and to provide an evaluation of the investment portfolios. Intra-quarter updates can be received as requested.  
  
 Investment performance will be measured and provided in each quarterly report in the following ways:
  - End-of-quarter status regarding asset allocation.
  - Portfolio performance results over the last quarter, one year, three years, five years, and inception-to-date in percentage and cumulative dollar returns.
3. Does your firm offer an online portal for accessing information about this product?  
 Yes, Chatham provides secure online access for clients through Black Diamond.
4. How often does your firm create attribution reports for the portfolio (either on a perfunctory basis, or as solicited by clients).  
 Quarterly and by request.
5. Would your firm have a representative accept invitations to present to the board on a regular basis (roughly once per year, though possibly more or less often?) Would your firm be willing to have a portfolio manager present to the board as part of those presentations?  
 Yes, Chatham would be able to send a representative and/or portfolio manager to present to the board on a regular basis.

**Performance**

1. Is your firm in compliance with GIPS?
2. If yes to the above, has your GIPS compliance been audited?
3. If yes to the above, who performed the audit?

No

N/A

N/A

**Performance – as of 3Q16**

Investment Style	Small Cap Core
Product Name Used For Performance	Chatham Small Company Investing
Inception Date	March 31, 1998
Account Type	Separately Managed
Benchmark Used	<b>Russell 2000 Index</b>
Portfolio Manager/Team Leader	Frederick R. Muller, CFA
Years Managing this Product	18 Years

Only include **RETURNS FOR COMPLETE YEARS'** performance in the table below.

Do NOT place returns for partial years in the table below, even if noted as incomplete.

Partial years and their performance may **only** go in the indicated box above.

Only complete years may be included in the returns below. List incomplete years, if any, this product has had in the box to the right.	
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Commingled Funds and Separate Accounts **must** provide Gross of Fees Returns  
 Mutual Funds **should** submit Gross of Fees numbers if you have access to those numbers,  
 and must provide Net of Fees numbers at a minimum.

Never delete any of the below columns for any reason, even if you are leaving it blank.  
 These returns are **in addition** to the requirement to submit a complete quarterly returns since inception document, as described in the instructions section at the beginning of this RFP.

Are you providing Net of Fees instead of Gross of Fees returns below? Indicate with an "X" to the right <b>only</b> if yes. Otherwise, leave blank. (Only Mutual Fund submissions may do this)	
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Period	Return Gross of Fees	Return Net of Fees	Preferred Benchmark Return	# of Accounts for Product	Assets (\$) in Composite
2006	9.6%	8.6%	18.4%	4	\$24mm
2007	9.8%	8.8%	-1.6%	4	\$26mm
2008	-26.2%	-26.9%	-33.8%	4	\$18mm
2009	19.6%	18.5%	27.2%	4	\$20mm
2010	16.0%	15.0%	26.9%	4	\$22mm
2011	6.4%	5.4%	-4.2%	5	\$38mm
2012	14.8%	13.9%	16.4%	4	\$25mm
2013	44.4%	43.1%	38.8%	4	\$36mm
2014	2.2%	1.2%	4.9%	4	\$35mm
2015	1.0%	0.0%	-4.4%	4	\$34mm
1 <sup>st</sup> Quarter 2016	2.2%	2.0%	-1.5%	4	\$35mm
2 <sup>nd</sup> Quarter 2016	3.3%	3.1%	3.8%	4	\$36mm
3 <sup>rd</sup> Quarter 2016	4.7%	4.5%	9.1%	4	\$37mm
Annualized 3-year	7.8%	6.8%	6.7%		
Annualized 5-year	16.8%	15.8%	15.8%		

