



Franklin Regional Retirement System

May 25, 2022

Representing the firm:

T. Ryan Harkins, CFA
Senior Portfolio Manager

Michael J. McCloskey
Director of Client Services

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SECTION I ORGANIZATION

Company Overview

Founded in 1997, Chartwell Investment Partners, LLC, is a Berwyn, Pennsylvania based boutique investment management firm with \$11.2B in assets under management, focusing on institutional, sub-advisory and private client relationships. Chartwell is a wholly-owned subsidiary of TriState Capital Holdings, Inc., a bank holding company listed on the NASDAQ Global Select Market (Ticker: TSC) and is based in Pittsburgh, Pennsylvania.

► EXPERIENCE OF THE TEAM

- Focused investment experience with 50+ professionals, including 18 investment team professionals
- Average portfolio management team experience of 21 years
- Disciplined, time tested investment philosophy and process

► STABLE & INCLUSIVE CULTURE THAT PROMOTES COLLABORATION

- Team-oriented approach with individual accountability
- Low turnover of investment personnel

► ALIGNMENT WITH OUR CLIENTS

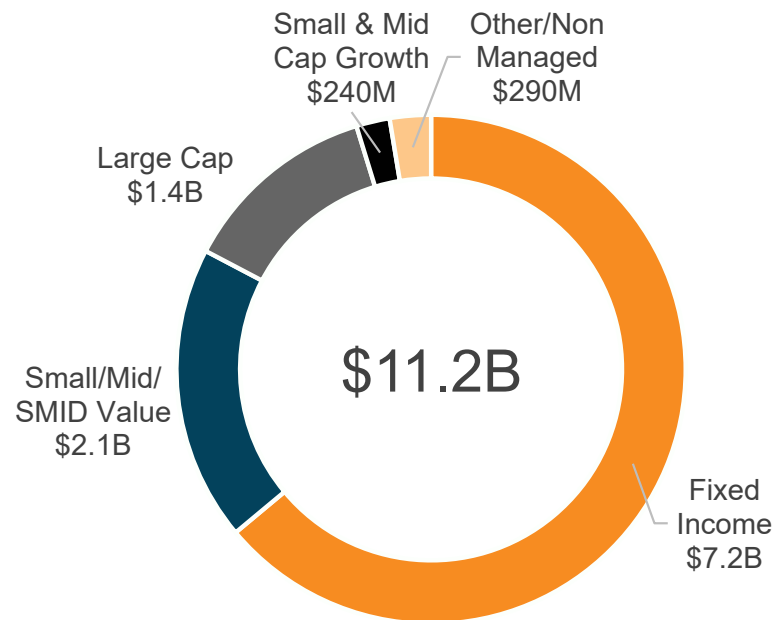
- Compensation linked to investment performance
- Focus on serving our clients is paramount with 15 Marketing and Client Services professionals
- As a signatory* of the United Nations Principles for Responsible Investing (UN PRI), Chartwell's investment teams implement sustainability considerations independently and thoughtfully.

*Signing the internationally recognized Principles for Responsible Investment allows our organization to publicly demonstrate its commitment to responsible investment, and places it at the heart of a global community seeking to build a more sustainable financial system. Being a signatory provides access to all of the support and resources that the PRI provides, including reports and guides, the Collaboration Portal, the PRI Data Portal, a regional relationship manager and reporting and assessment tools to measure and communicate our progress. Membership is voluntary, requires an annual fee, and public reporting on our responsible investment activity through the PRI Reporting Framework.

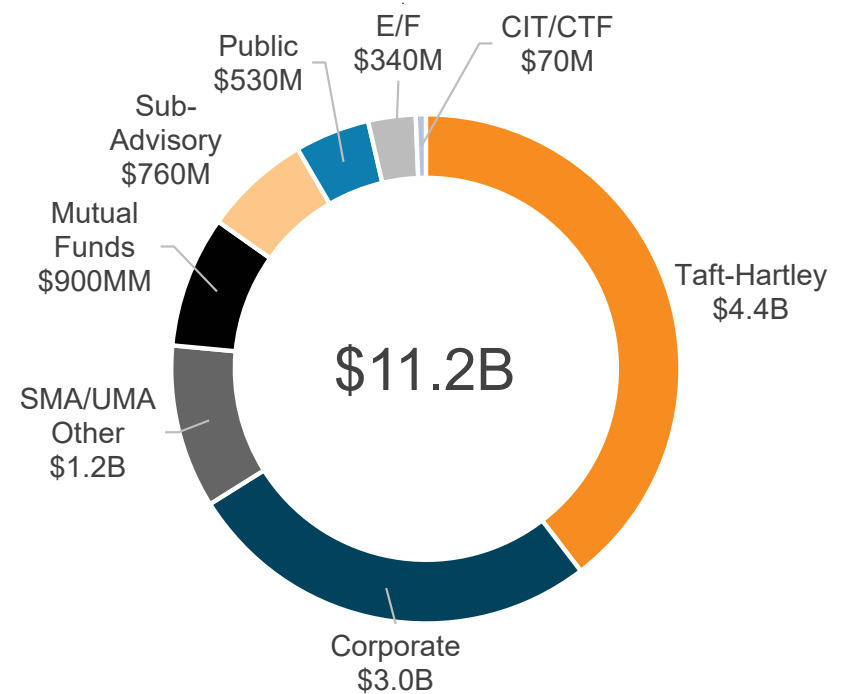
Product Summary

Chartwell Investment Partners manages \$11.2 billion in a variety of equity and fixed income investment styles, for over 250 institutional, sub-advisory and private client relationships.

Investment Styles



Client Type



Data as of 03.31.2022
May not equal total AUM due to rounding.
Source: APX, Chartwell Investment Partners

Team-Based Research and Investment Management Structure

In our view, a well-integrated team can see more than a single individual. Our investment process encourages our professionals to express their ideas, to challenge one another and to ultimately find the most promising investment opportunities.

Portfolio Management Team

David C. Dalrymple, CFA
Managing Partner
Senior Portfolio Manager (Lead PM)

T. Ryan Harkins, CFA
Senior Portfolio Manager

Investment Research

David C. Dalrymple, CFA
Managing Partner, Senior Portfolio Manager
36 years experience

T. Ryan Harkins, CFA
Senior Portfolio Manager
25 years experience

Reid T. Halloran
Research Analyst
16 years experience

Jared Marks, CFA
Research Analyst
11 years experience

Thomas W. Mattsson, CFA
Research Analyst
9 years experience

SECTION II PHILOSOPHY AND PROCESS

Investment Philosophy

Valuation History

- Most relevant indicator of upside potential

Team Research Vetting

- More insights and better understanding

Evaluate Business Quality and Financial Strength

- Valuation alone can lead to “value trap”

Identify Fundamental Catalysts

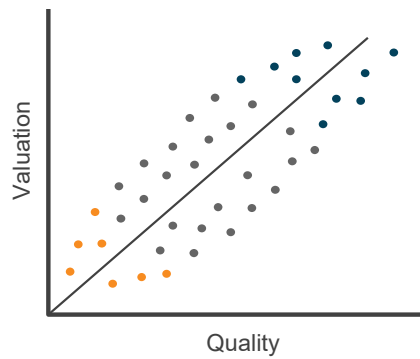
- Positive change drives improved fundamentals & valuation

Aim for Consistency

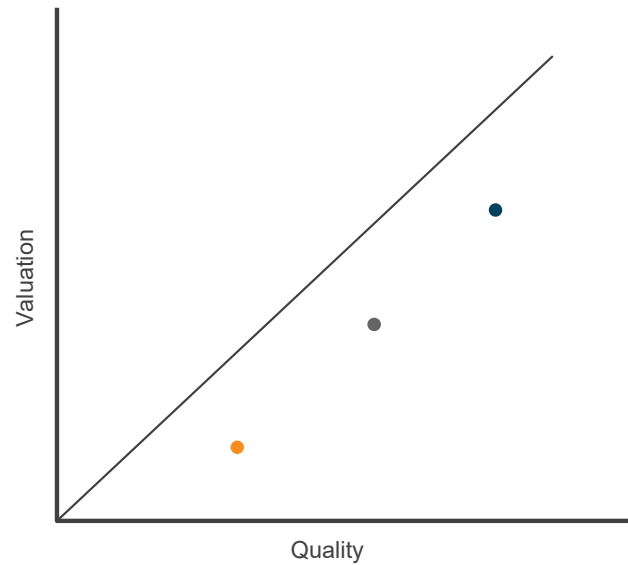
- Broad screening – variety of undervalued stocks

Selecting Undervalued Stocks

Mid Value Universe



Targeting Outliers

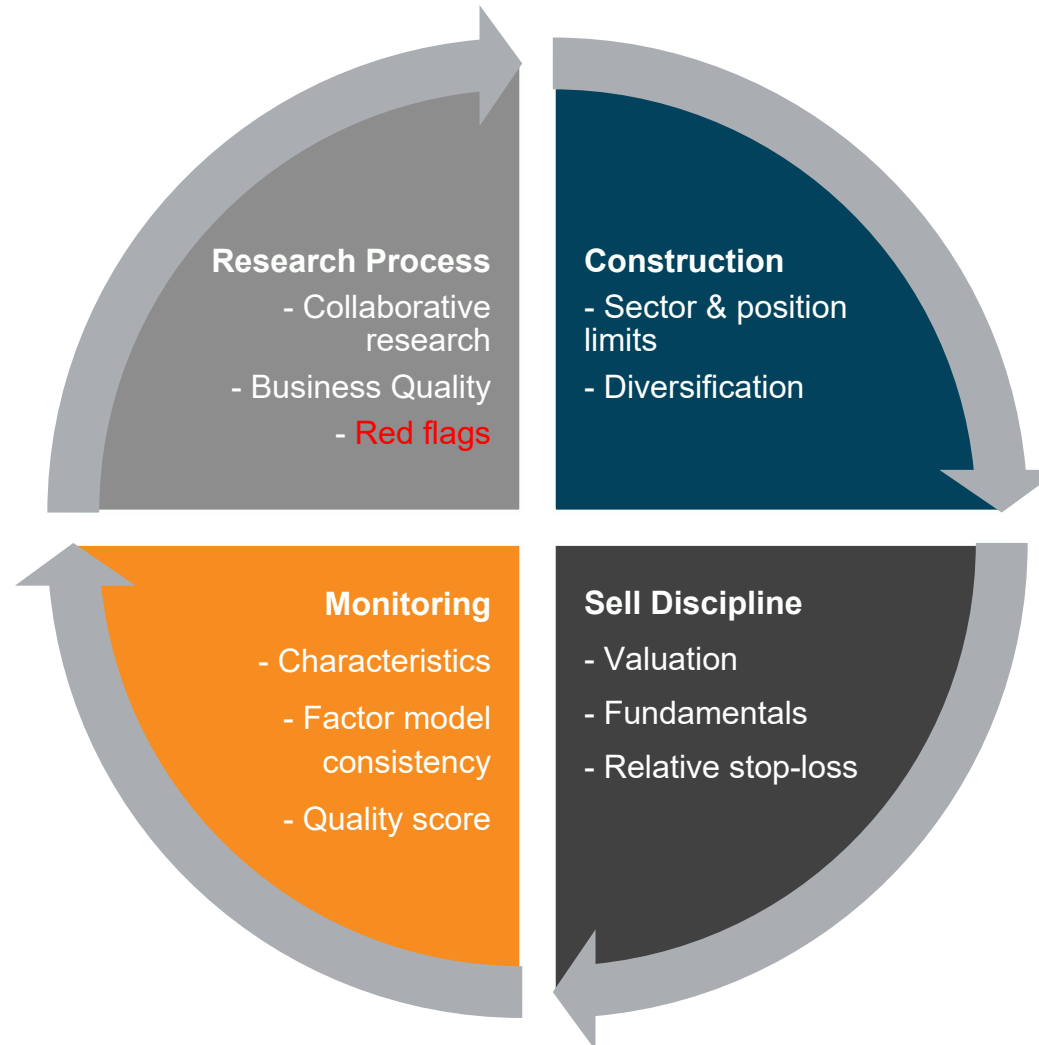


Substyles



Decision framework focuses on the outliers

Risk Control



▪ Capital Preservation

▪ Volatility

▪ Strategy Consistency

SECTION III PERFORMANCE & PORTFOLIO REVIEW

Performance

As of 03.31.2022

Portfolio net asset value as of 03.31.2022: **\$9,404,163.04**

	Q1 2022	Trailing 1 Year	Annualized Since Inception
Franklin Regional Retirement System CIT	-0.62	15.08	24.28
Russell Mid Cap Value Index	-1.82	11.45	23.03

Chartwell uses 12.31.2020 as the inception date for comparative purposes.

Actual portfolio inception date is 12.23.2020.

Account moved from a MCV separate account to the Chartwell Mid Cap Value CIT on 12.23.2020.

Composite Annual Returns	2021	2020	2019	2018	2017	2016	2015
Mid Cap Value	28.47	-3.60	25.06	-9.64	20.64	27.89	-1.45
Russell Mid Cap Value Index	28.34	4.96	27.06	-12.29	13.34	20.00	-4.78

Composite inception date is as of 01.01.2004.

Source: Chartwell Investment Partners, FactSet
Past performance does not guarantee future results.

Consistently Higher Quality – MCV vs. Benchmark

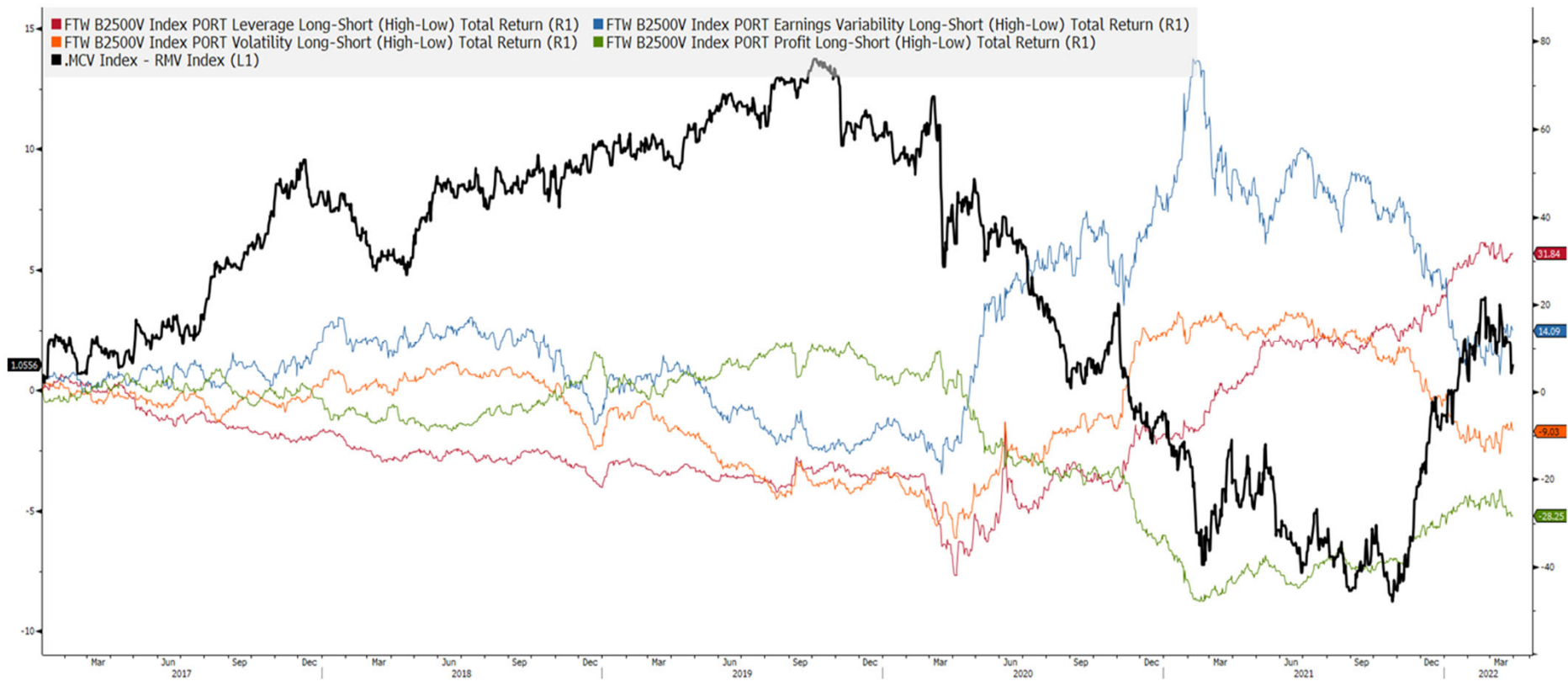
As of 03.31.2022



Source: Bloomberg
Past performance does not guarantee future results.

Low Quality Headwind

- Solid performance prior to COVID and since mid year 2021
- Major low-quality outperformance hampered 2Q20 through 2Q21 period
- Composite of Profitability, Leverage, Variability and Volatility best indicator of quality



Performance Comments

As of 03.31.2022

1Q 2022

- Continued strong outperformance early in quarter tailed off in late March
- Solid stock selection overcame a modest headwind from low quality leadership
- Good quarter overall


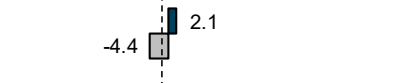
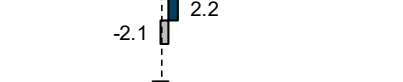

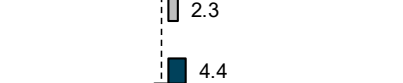

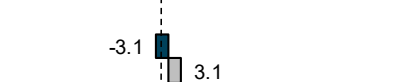





2021

- Marked the strategy's relative bottom
- Federal Reserve committing to continued stimulus in May and August extended low-quality leadership
- Second half outperformance
- Strong November/December outperformance
- Low-quality headwind receding into the rear-view mirror

3 Years Ending 1Q22

- Solid performance through 1Q20 and from 3Q21 through 1Q22
- Not as defensive in 1Q2020 drawdown as previous weak market environments
- Major headwind due to low quality leadership 2Q20 through 2Q21
- Industry allocation negative 2Q20 through 1Q21

Midcap Value Performance Attribution – Q1 2022

Sector Performance 1Q 2022		Weightings		Comments / Stocks of note
Sector	Sector Returns ■ Chartwell MCV □ Russell Mid Value	Chartwell MCV	Russell Mid Value	
CAPITAL SPENDING +		5.2	8.6	U/W helped and selection was good. Medium-duty truck transmission manufacturer Allison (ALSN) was boosted by improving demand for off-highway vehicles in energy and mining markets.
CONSUMER SERVICES +		13.7	9.9	Discount retailer Dollar Tree (DLTR) accelerated the implementation of its multi-price point strategy. Online travel company Expedia (EXPE) reported significant margin improvement fueled by brand and technology consolidation.
FINANCIAL SERVICES +		17.2	16.7	Insurers Allstate (ALL) and Hanover (THG) benefited from growing optimism that industry pricing would improve. Regional bank M&T (MTB) was favored for its asset sensitivity in a rising rate environment.
CONSUMER CYCLICAL +		1.8	2.8	U/W helped and selection was good. Tool manufacturer Snap-on (SNA) was favored over companies selling more discretionary goods.
UTILITIES +		8.4	7.8	Good selection as all three holdings outperformed. Telecoms were significant underperformers and selection was aided by focus on electric utilities.
BUSINESS SERVICES +		5.2	2.4	Chemicals distributor Univar (UNVR) benefited from share gains and chemical price inflation.
TECHNOLOGY -		9.5	11.3	Telecom equipment manufacturer Ciena (CIEN) was challenged by supply chain disruptions and component shortages. Audio/video enhancement licensor Dolby (DLB) missed estimates and issued disappointing guidance.
CONSUMER STAPLES -		3.2	4.3	Packaged food manufacturer Conagra (CAG) and valued-added potato processor Lamb Weston (LW) each struggled with inflationary pressures.
BASIC INDUSTRY -		7.7	10.9	U/W hurt, particularly lack of exposure to commodities. Aggregates and cement supplier Vulcan (VMC) struggled with input cost inflation.
REITS -		12.0	11.8	Apartment landlord Mid-America (MAA) lagged as investors anticipated difficult lease rate comparisons. Investors reacted negatively to takeover offer for Healthcare Trust of America (HTA).
ENERGY -		5.8	6.5	Modest U/W hurt and E&Ps Diamondback (FANG) and Pioneer (PXD) lagged companies with less defensive characteristics.
HEALTH CARE -		8.4	7.1	Lab testing processor Quest (DGX) was pressured as staffing became more challenging and COVID testing volumes declined. CRO services provider Syneos (SYNH) was weak on concerns that capital would be less available to biotech customers.

Source: FactSet, Chartwell Investment Partners

Midcap Value Current Strategy – Q1 2022

CURRENT STRATEGY - 3/31/2022		Underweight ←	→ Overweight	Weightings		
				Chartwell MCV	RMCV Value	
Consumer Services: Mix of offense and defense with exposure to dollar stores, auto parts retailing, online travel, death care services, and outdoor apparel.	CONSUMER SERVICES			3.0	12.7	9.7
Business Services: Chemicals distributor with improved operating efficiency and favorable external environment. Distributor of auto and industrial parts with attractive financial characteristics.	BUSINESS SERVICES			2.9	5.3	2.4
Healthcare: Exposure to acute care and behavioral facilities. Lab testing provider enjoys a strong competitive position within a duopoly. CRO holding targeting biopharma development spending growth.	HEALTH CARE			1.0	8.2	7.1
Utilities: Low cyclical and earnings stability are appealing. Focused on electrics with exposure to multiple geographies including Midwest, Great Lakes and Mid Atlantic.	UTILITIES			0.6	8.9	8.2
Financial Services: Improving credit outlook and rising interest rates are pluses for bank holdings. O/W life insurance and P&C insurance. Credit card issuer focused on private label niche.	FINANCIAL SERVICES			0.3	16.5	16.3
REITs: Focused on strong operators in stable asset classes like apartments, healthcare, and personal storage.	REITS			0.0	11.9	11.9
Consumer Cyclical: Specialized tool manufacturer with competitively advantaged distribution model. No auto or homebuilding exposure.	CONSUMER CYCLICAL	-0.7			1.7	2.4
Energy: Long-term supply-demand fundamentals a concern and price spike after Ukraine invasion is likely temporary. Financial strength a focus.	ENERGY	-1.1			6.2	7.3
Consumer Staples: Leading supplier of value-added potato products participating in restaurant reopenings. Packaged foods manufacturer with a sizeable frozen food business.	CONSUMER STAPLES	-1.3			3.1	4.4
Capital Spending: Manufacturer of transmissions for medium duty trucks and supplier of power transmission and fluid control products. Added manufacturer of electric motors and controls.	CAPITAL SPENDING	-1.5			6.8	8.2
Technology: Audio/video enhancement licensor, telecom optical equipment manufacturer, and enterprise IT services provider with new management focused on internal improvements.	TECHNOLOGY	-1.6			9.0	10.7
Basic Industry: Exposure to non-res construction and ag chemicals. Low commodity and cyclical leverage.	BASIC INDUSTRY	-3.4			8.0	11.4

Source: FactSet, Chartwell Investment Partners

RESEARCH | STABILITY | CONVICTION