

## 2019 Client Letter

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### Dear Clients and Friends,

The ancient Book of Proverbs says that we should turn our ear to wisdom and apply our heart to understanding, we should call out for insight and cry aloud for understanding, we should look for it as for silver and search for it as for a hidden treasure. I believe we are at a time in history when the temptation and even celebration (think tweeting and re-tweeting) of shallow, lazy thought is as high as we can remember. The idea that one's research, or even more meaningfully, one's curiosity, could be satisfied with a headline or executive summary of an article or a push notification from an app (or an Investor Conference in a hotel in NYC or London), is troubling to say the least. When those sound bites appear to "work" in the form of rising stock prices, the danger of bias and short-term thinking grows even more. Over some short period of time one might begin to believe that their "process" of discovery and research is actually wise and will continue to "work."

At SouthernSun, we do not claim to have a corner on the market for intellect, and we certainly do not have an army of analysts or supercomputers. What we do have is the humility to know that wisdom does not come easily or over a short period of time. Understanding is something that requires continuous pursuit and a lifetime of dedication and application – we have to "search for it as for a hidden treasure" - of humility and accountability – we have to "call out" and "cry aloud" because we cannot find it on our own. We have to reflect on truth, as C.S. Lewis said in 1939 in *Learning in War-Time* (and as you have likely seen on countless SouthernSun pitchbook covers), "A man who has lived in many places is not likely to be deceived by the local errors of his native village. The scholar has lived in many times and is therefore in some degree immune from the cataract of nonsense that pours from the press and the microphone of his own age." Remember where we started in the Proverbs – "turn your ear to wisdom" – not, turn your ear to the "microphone of our age." We embrace the proposition and challenge that we must indeed live in our own age while attempting to distance some of our decision making from the "nonsense"; and, must cling tightly to the life-long pursuit of wisdom which we believe, in turn, delivers substantial long-term returns.

I hope you will see in the next few pages a glimpse into our 30th year of searching for truth "as for a hidden treasure." We continue to challenge ourselves to improve and adapt while remaining firmly committed to the key tenants of our philosophy and process. Our team's decisions over a difficult period in 2018 led to strong returns in 2019 in all three of our strategies despite the punishing headwinds of the US-China trade war and growth continuing to crush value, to name a couple. The search continues in 2020, and as always, we enter the year with humility and hope to go along with our hard work and attention to detail, as we press on toward wisdom and understanding which can be employed for the good of our clients.

### On the Road

We would now like to take a moment to summarize our learnings from the road - trade shows, facility tours, conferences and interactions with management teams and industry participants.

With years in and around the Ag sector, we were very early in identifying the reality and impact of African Swine Fever's (ASF) rapid spread and devastating results on the pig herd in China over the past 18 months. We spent significant time understanding this issue - talking with teams on the ground with **AGCO Corp. (AGCO US)** and **Darling Ingredients, Inc. (DAR US)** as well as a couple of companies in the Ag space in China with whom we maintain close contact. We also spent time with academics studying the problems in China and beyond as the disease spread. We believe the risks and opportunities created by ASF will not only be seen in 2019 (e.g. tailwind for **Sanderson Farms Inc. (SAFM US)** via record demand for US meat in the export markets) but will have long-lasting impact on protein production. In 2019, we initiated a position in a protein processing equipment company based in Iceland that we have known and followed for years. AGCO's GSI division is a leading manufacturing and distributor of poultry production equipment through their Cumberland business in China where the need to professionalize the farming sector is as critical as ever and the demand for "other proteins" is as high as ever. We believe AGCO is positioned well for long-term success as China inevitably regulates and transforms their protein production industry. We will

be back at the International Poultry Production Expo in Atlanta later in January, as we continue our study of the incredibly important role poultry has in feeding a growing middle class globally.

We also continued a multi-year study of next generation Ag Tech by spending time with existing portfolio companies, prospective companies, private businesses, and attending trade shows and seminars. As we attempt to learn and uncover opportunities, we attended the World Agri-Tech Innovation summit in the UK in October and were struck by several key themes. First, the problems to solve are massive, and they are global – malnutrition, access to/sustainability of fresh water, Greenhouse Gas (GHG) emissions, soil health, spoilage, connectivity, traceability, regulations (or lack thereof), etc. The need for data collection and measurement is growing very quickly. We heard more than once that you can't manage what you don't measure, and you cannot easily measure, evaluate, and manage the data without a reliable mobile network and infrastructure. This idea is key to our thesis in **Dycom Industries Inc. (DY US)** which is a leader in wireline and wireless telecom infrastructure in the US. AGCO is also working hard internally and with partners to drive the future of Ag to more autonomy and data driven decision-making for farmers and governments in Latin America, Africa, Asia, and all across Europe and North America. We are encouraged by the conversation, but a lot of work is left to be done by the private and public sectors to protect the soil and water supply and improve availability of quality food for populations around the globe.

Our team is in the midst of another multi-year study of distribution. Everyone knows the far-reaching and ever-increasing impact of Amazon on the global distribution eco-system. From consumer products, to industrial tools, to construction equipment, to groceries, Amazon has seemingly taken over the world. This narrative has moved the market away from many distributors in a variety of industries and allowed us the opportunity to ask the question – what industries/companies have such a strong moat, such a compelling reason to exist that the market is overlooking significant long-term value? We have studied and continue to study numerous industries. We have made investments in **Brenntag AG (BNR GY)**, a German specialty chemicals distributor, and **Watsco Inc. (WSO US)**, an HVAC/R distributor based in Miami. We have spent considerable time traveling to trade shows and facilities while talking to and visiting with competitors and suppliers/customers of these businesses, and we believe there are real opportunities created by the disruption brought to the market by Amazon. We will be headed to the AHR Expo in Orlando in February to continue to learn about the opportunities and risks in the HVAC space in the US.

Finally, I would highlight that while most of our time is spent studying companies and industries including the examples above, we also spend significant effort understanding the realities (NOT headlines) of the global macro environment. This year was filled with plenty of noise AND reality – Brexit, China-US Trade War, European economic problems, new leadership in Brazil, collapsing government and currency in Argentina, Middle East tensions, Hindu Nationalism in India, President Trump Impeachment, and Hong Kong protests to name a few. We spent time all around the world and believe the on the ground research in places like Thailand, Japan, Hong Kong, Australia, UK, France, Germany, Italy, etc., provide us with advantaged context to connect the dots on what impacts our US and non-US businesses in real life – where they do business. For example, our time studying and observing poultry in Thailand is quite relevant to our ownership of **Ingham's Group LTD (ING AU)** and SAFM. We are confident the macro observations and fundamental research have and will continue to protect and add value for our clients.

## **Portfolio Performance and Trading Activity**

For the full-year 2019, the Small Cap Strategy Composite returned approximately +36.76% on a gross basis (+35.69% net) versus the Russell 2000®, which returned +25.52% and the Russell 2000® Value, which returned +22.39% over the same period. The strategy continues to outperform both indices on a 10-year and since inception annualized gross and net basis.

For the full-year 2019, the SMID Cap Composite returned approximately +31.64% on a gross basis (+30.63% net) versus the Russell 2500™, which returned +27.77%, the Russell 2500™ Value, which returned +23.56%, and the Russell Midcap®, which returned +30.54% over the same period. The strategy continues to outperform the indices on a since inception annualized gross and net basis.

For the full-year 2019, the Global Opportunities Composite returned approximately +27.08% on a gross basis (+26.26% net) versus the MSCI ACWI, which returned +26.60%, and the MSCI ACWI Small Cap Value, which returned +21.09% over the same period.

Now we would like to briefly discuss a few of the contributors and detractors on an absolute basis for 2019.

**Koppers Holdings (KOP US)**, a provider of treated wood products, wood treatment chemicals and carbon compounds, was a top contributor for the year in the Small Cap and Global strategies. The company's multi-year efforts to shift its focus away from carbon materials for the aluminum market to specialty wood treatment chemicals began to yield results. Demand for treated lumber for the residential repair and remodel end market remained strong, and the Railroad and Utility Products segment rebounded on improved demand for rail ties from both the Class I and commercial railroads. Although the Carbon Materials and Chemicals (CM&C) segment results have historically been volatile due to correlation with oil and other commodities, recent action by management to reduce its production capacity of carbon pitch by closing several production facilities has created a more balanced dynamic with suppliers and customers, in our opinion. The company has now entered into long-term coal tar supply contracts that are tied to end market pricing, which potentially creates a much more stable business, while also reducing volumes of carbon pitch for the global aluminum market. Importantly, the reduced production footprint has permanently lowered the fixed cost base of the CM&C segment, which we believe will result in a more stable earnings profile going forward. Based on the opportunities for continued operational improvements, earnings growth and a stronger balance sheet, we believe there is still significant upside in the business.

**Clean Harbors (CLH US)** was a top contributor in Small, SMID, and Global after delivering on a multi-year plan to reduce the fixed costs, improve customer and supplier contracts and drive operational leverage. CLH is a leading provider of hazardous waste management and the largest re-refiner of used motor oil in North America. The company is looking to deliver 10% growth in EBITDA and strong discretionary cash flow driven primarily by strong performance in the Environmental Services (ES) business. Increased volumes of waste at higher pricing drove topline growth, while higher levels of incinerator utilization contributed to greater leverage of fixed costs. The outlook for the ES segment remains strong with a healthy backlog of waste in the disposal network while the outlook for Safety-Kleen also appears healthy with potential positive impacts in the coming quarters driven by International Maritime Organization 2020 sulfur regulations.

**The Timken Company (TKR US)** was also a contributor for the Small and SMID strategies in 2019. TKR posted record profits through the first 3 quarters of 2019 (Q419 has not yet been reported), driven largely by strength in its wind, solar, marine, and rail end markets. As a reminder, TKR provides tapered roller bearings and other components that enable rotating motion for a wide range of industrial applications. Recent bolt-on acquisitions have also delivered strong performance. These businesses are providing new opportunities for TKR in growing end markets and in adjacent products. There has been a lot of positive news around TKR's recent progress in driving a more flexible cost structure while participating in high-value niches and becoming a more diversified provider of solutions that enable rotating motion. We remain focused on the strength of TKR's position in mission-critical product application niches and the attractiveness of its market position. TKR's expertise and products are key to enabling industrial solutions in automation, light-weighting/miniaturization, electrification, etc. TKR scores well in our framework of 'Niche Dominance', 'Management adaptability', and 'Financial flexibility' and is positioned well in our opinion to tackle the opportunities and challenges of the coming decade and beyond.

**Pendragon (PDG LN)**, one of the UK's largest automotive retailers, was a leading detractor in 2019 for the Global Strategy. Consumer confidence in the UK remained suppressed throughout the year, prompting new car manufacturers to lower prices, which created pressure on the values of PDG's used car inventory. As the company worked through its inventory, it realized notably lower profitability. New management was brought in to make operational changes, such as closing underperforming dealerships and more aggressively rationalizing inventory levels; the corporate strategy of focusing on used cars remains the same. In our opinion, leverage levels are manageable, and the company should have flexibility to monetize its software and leasing business if liquidity needs arise. We believe the business remains well positioned for long-term success. We have spent considerable time with the leadership over the past 18 months and expect positive momentum to build in 2020.

**Encana Corp (ECA US)**, is a leading oil and gas producer which acquired Newfield this past year, and was a detractor in Small, SMID, and Global. This year was focused on integrating the Newfield business/team while further developing core assets in the Permian, Anadarko, and Montney. It may be worth noting that WTI prices ended 2018 at \$45.41/barrel and ended 2019 \$61.68/barrel, while ECA's stock price was \$5.78 at 12/31/18 and \$4.69 at 12/31/19. The company continues to grow volumes while living within cash flows and completed a \$1.25 billion share repurchase program. From a downside protection standpoint, the Encana team has improved the cost structure of the business and the operations at the wellhead and has the ability to hold production flat and be free cash flow neutral with WTI prices in the \$40s.

**Bangkok Bank (BBL TH)**, one of the largest banks in Thailand, was another detractor for the Global Strategy in the period. We believe that global trade-related uncertainties are partly to blame for the slower than expected expansion in the Thai economy this past year while the central bank cut the policy rate twice (25bps each) in the back half of the year. In addition, the stock sold off following the announcement in December of a \$2.7 billion acquisition of Indonesia's Bank Permata. Permata is roughly 10% the size of BBL and appears to be well-capitalized with strong operating/credit ratios. BBL has been active in the Indonesian market for 51 years and this transaction will provide deeper access to an Indonesian market with strong long-term growth prospects. In our view, the acquisition is not particularly high risk, and we do not view it as transformational in nature. The company expects the dividend (current ~3.5% yield) will not be adjusted as a result of the deal. We believe the Company has a strong position in the market with 29% share of business loans and 20% share of deposits along with a distinct niche for 70 years serving ethnic Chinese-led small-medium enterprises (SMEs). We have seen a lot of discipline from management and the company is currently trading at an attractive valuation, in our opinion. We will be in Jakarta later this month continuing our research on this holding and the newly announced acquisition.

Lastly, **Dycom Industries (DY US)** was a bottom performer in the Small, SMID, and Global strategies. DY is a leading specialty contractor for telecommunications infrastructure in the US and positioned very well to benefit from the insatiable demand for bandwidth and exponential growth in IP traffic. Consumer, business, and government sectors are all pushing for more and better connectivity. Infrastructure is key to enabling next generation manufacturing, video streaming, autonomous vehicles, and so much more. In 2019, the company organically grew its top line, but margins were compressed due primarily to additional costs associated with a complex new project for Verizon. Although uncertainty regarding the margin profile of future 5G work weighed on the stock in 2019, we believe the rollout of 5G is still in the very early innings and provides DY with a number of years to adjust pricing and increase efficiency driving higher levels of profitability. In our opinion, their balance sheet is strong, management is heavily invested in the stock, and their reputation with leading Telco and cable companies gives us confidence the future is bright for DY.

Finally, I want to highlight a bit of our trading activity. Because of market volatility in the fourth quarter of 2018 and the first quarter of 2019, we had opportunities to buy chunks of stock in existing names with high conviction including: Koppers Holdings, Inc., Dycom Industries, Inc., Timken Co., Thor Industries, Inc., and WestRock Co. We also had the opportunity to initiate and/or build out positions in Watsco Inc., SEI Investments Co., First Horizon National Corp., Inghams Group LTD, Stepan Co., and Klabin SA. As a result of price appreciation and decisions to appropriately size each position in 2019, we trimmed our positions in Koppers Holdings, Inc., Sanderson Farms Inc., Clean Harbors, Inc., The Brink's Co. and Timken Co. during the year. We exited SKF AB because we have a higher level of conviction in Timken Co., which is also in the global bearings industry. We completed our exit of Diebold Nixdorf Inc., and we sold out of Discover Financial Services and Federal Signal Corp. because they each hit their target valuation ranges. We exited Travelport Worldwide Limited in 2019 when the company was acquired. We also exited Flowserve Corp. after owning it for more than 18 years in the SMID Cap Composite, because we felt as if the capital could be redeployed into more attractive opportunities.

## **In Summary**

As always, our primary focus is the study of companies and industries - building an ever-increasing library of context, information, data, nuances, cultural realities, and ideas that feed the machine we have been building for 31 years. With the continuity of our investment team through the ups and downs, we can see the fruit of the discipline, reflection, and repetition as we enter a new decade for SouthernSun.

Thank you for your continued trust in SouthernSun – we wish you the best in 2020,

Michael and Phillip

**Small Cap Strategy Composite Top Contributors and Detractors  
(Preliminary; Absolute Return Basis) YTD\***

Top Contributors	Ticker	Average Weighting (%)	Contribution-to Return (bps)	Top Detractors	Ticker	Average Weighting (%)	Contribution-to Return (bps)
Koppers Holdings, Inc.	KOP	5.4	538	Dycom Industries, Inc.	DY	5.7	-63
Clean Harbors, Inc.	CLH	5.0	349	Encana Corp.**	ECA	3.1	-34
Sanderson Farms, Inc.	SAFM	4.9	333	Extended Stay America, Inc.	STAY	5.0	-4
Timken Co.	TKR	5.8	312	Travelport Worldwide Ltd.	TVPT	0.0	-3
Darling Ingredients, Inc.	DAR	6.1	290	Diebold Nixdorf Inc.	DBD	0.0	2

**SMID Cap Composite Top Contributors and Detractors  
(Preliminary; Absolute Return Basis) YTD\***

Top Contributors	Ticker	Average Weighting (%)	Contribution-to Return (bps)	Top Detractors	Ticker	Average Weighting (%)	Contribution-to Return (bps)
Clean Harbors, Inc.	CLH	5.0	339	Dycom Industries, Inc.	DY	5.7	-58
Timken Co.	TKR	5.8	312	Encana Corp.**	ECA	3.1	-26
Darling Ingredients, Inc.	DAR	6.2	284	Extended Stay America, Inc.	STAY	5.0	2
Western Union Co.	WU	4.6	255	Diebold Nixdorf, Inc.	DBD	0.0	4
The Brink's Co.	BCO	5.9	252	Watsco, Inc.	WSO	1.2	46

**Global Opportunities Top Contributors and Detractors  
(Preliminary; Absolute Return Basis) YTD\***

Top Contributors	Average Weighting (%)	Contribution-to Return (bps)	Top Detractors	Average Weighting (%)	Contribution-to Return (bps)
Koppers Holdings, Inc.	5.0	501	Pendragon PLC	2.7	-138
Clean Harbors, Inc.	4.9	313	Bangkok Bank	4.0	-60
Bakkafrost P/F	6.0	296	Dycom Industries, Inc.	5.8	-57
Darling Ingredients, Inc.	6.1	278	De'Longhi S.p.A	4.4	-47
The Brink's Co.	5.9	251	Encana Corp.**	3.0	-42

*\*Supplemental information. Source: SouthernSun Asset Management, Advent Portfolio Exchange, FactSet. Composite Top Contributors and Detractors will not include positions added to the portfolio within 30-days prior to the most recent month-end. Additionally, securities held at the request of individual client(s), such as ETFs, have been excluded. The Holdings identified above do not represent all of the securities purchased, sold or recommended for advisory clients. Holdings are subject to change and should not be construed as investment advice. Statements received directly from the account custodian should be regarded as the official record for a client's account. To obtain a complete list of all positions in the strategy and their contribution to the portfolio's performance and an explanation of performance calculation methodology, contact Client Relations at either 901-341-2700 or clientservice@southernSun.com. \*\*Encana Corporation (ECA) acquired Newfield Exploration Co. (NFX) in February 2019. As a result of the acquisition, SouthernSun now holds shares of ECA. Past performance is no guarantee of future results. Please see composite performance and disclosures for further information.*

## SMALL CAP STRATEGY COMPOSITE

SMALL CAP STRATEGY COMPOSITE - ASSET WEIGHTED RETURNS												
Year <sup>1</sup>	SouthernSun		Russell 2000	Russell 2000 Value	Composite Dispersion	Composite 3-Yr Standard Deviation (%)	Russell 2000 3-Yr Standard Deviation (%)	Russell 2000 Value 3-Yr Standard Deviation	Accounts in Composite (#)	Total Composite Assets (\$Mil)	% of Firmwide Assets	Total Firmwide Assets (\$Mil)
	Gross	Net										
2019 <sup>4</sup>	36.76%	35.69%	25.52%	22.39%	0.28%	18.46%	15.71%	15.68%	13	\$562	45%	\$1,252
2018	-23.04%	-23.66%	-11.01%	-12.86%	N/A <sup>2</sup>	15.93%	15.79%	15.76%	≤5	\$342	23%	\$1,519
2017	19.58%	18.60%	14.65%	7.84%	0.20%	15.70%	13.91%	13.97%	6	\$605	14%	\$4,213
2016	20.77%	19.87%	21.31%	31.74%	0.63%	16.61%	15.76%	15.50%	6	\$547	13%	\$4,187
2015	-14.61%	-15.27%	-4.41%	-7.47%	0.59%	16.80%	13.96%	13.46%	6	\$540	12%	\$4,542
2014	-3.26%	-3.95%	4.89%	4.22%	0.05%	14.25%	13.12%	12.79%	6	\$921	16%	\$5,696
2013	43.95%	42.81%	38.82%	34.52%	0.56%	19.17%	16.45%	15.82%	6	\$1,103	21%	\$5,317
2012	20.70%	19.79%	16.35%	18.05%	0.26%	23.98%	20.20%	19.89%	6	\$584	22%	\$2,615
2011	6.47%	5.63%	-4.18%	-5.50%	0.99%	30.96%	24.99%	26.05%	6	\$365	17%	\$2,106
2010	51.09%	49.86%	26.85%	24.50%	0.50%	33.66%	27.69%	28.37%	6	\$250	13%	\$1,974
2009	33.41%	32.35%	27.17%	20.58%	1.26%	29.89%	24.83%	25.62%	6	\$149	11%	\$1,339
2008	-33.71%	-34.17%	-33.79%	-28.92%	1.31%	21.92%	19.85%	19.14%	6	\$107	10%	\$1,025
2007	9.50%	9.03%	-1.57%	-9.78%	N/A <sup>2</sup>	13.43%	13.16%	12.59%	≤5	\$80	6%	\$1,341
2006	13.16%	12.72%	18.37%	23.48%	N/A <sup>2</sup>	13.71%	13.75%	12.33%	≤5	\$59	5%	\$1,100
2005	2.44%	2.16%	4.55%	4.71%	N/A <sup>2</sup>	N/A <sup>3</sup>	N/A <sup>3</sup>	N/A <sup>3</sup>	≤5	\$48	7%	\$733
2004	25.84%	25.78%	18.33%	22.25%	N/A <sup>2</sup>	N/A <sup>3</sup>	N/A <sup>3</sup>	N/A <sup>3</sup>	≤5	\$20	5%	\$410
2003	14.94%	14.94%	11.62%	13.06%	N/A <sup>2</sup>	N/A <sup>3</sup>	N/A <sup>3</sup>	N/A <sup>3</sup>	≤5	<\$1	1%	\$162

<sup>1</sup>2003 returns are from inception date of the composite: October 1, 2003. The return numbers are not annualized.

<sup>2</sup>Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

<sup>3</sup>Information is not statistically meaningful due to an insufficient number of periods.

<sup>4</sup>Gross and net returns for 2019 are preliminary and are subject to change.

SouthernSun Asset Management, LLC, an SEC registered investment adviser, is a research-driven investment management firm implementing long-only domestic and global equity strategies for institutions and individuals. SouthernSun provides investment advisory services for its clients using a proprietary investment research process based on fundamental analysis and seeks to invest in niche-dominant, attractively-valued companies with financial flexibility and uniquely-fitted management teams. SouthernSun Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. SouthernSun Asset Management, LLC has been independently verified for the periods January 1, 1990 through June 30, 2019. A copy of the verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements for the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Subsequent periods are currently undergoing verification by ACA Performance Services, LLC and, as such, performance may be subject to change.

Performance results shown above are included as part of a complete disclosure presentation. The SouthernSun Small Cap Strategy Composite generally contains fully discretionary accounts invested in small cap securities (defined as equity securities with market capitalizations that are within the range of the Russell 2000 Index or the MSCI USA Small Cap Index at the time of initial purchase during the most recent 12-month period, based on month-end data) and for comparison purposes is measured against the Russell 2000 and Russell 2000 Value indices. The minimum asset level to be included in this composite is \$1,000,000. Additionally, this composite does not include accounts that are overly restrictive with regard to 1) a new range for small cap securities (that are, at purchase, normally within a similar range to that of the maximum and minimum of the Russell 2000 Index on a trailing 12-month basis; and 2) maximum cash level restrictions. Any other guidelines that the chief investment officer feels are overly constraining for the management of a discretionary account will also be taken into consideration when eliminating accounts for inclusion in the Small Cap Strategy Composite. Prior to January 1, 2017, the composite did not adhere to a significant cash flow policy. From January 1, 2017 to February 6, 2017, accounts were removed when experiencing a significant cash flow. As of February 7, 2017, the composite did not adhere to a significant cash flow policy. Additional information regarding the treatment of Significant Cash Flows is available upon request. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The U.S. dollar is the currency used to express performance. Returns are stated gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees, provided that the performance returns for the initial account in the composite were only calculated on a gross basis from October 2003 to October 2004. The management fee schedule is as follows: \$0 - \$50,000,000 is 1.00%, \$50,000,001 - \$100,000,000 is 0.95%, \$100,000,001 and above is 0.90%. This schedule is subject to a \$200,000 minimum annual fee. A management fee was not applied, however, to the sole SouthernSun Small Cap Strategy account in 2003. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation of gross returns for accounts in the composite the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The SouthernSun Small Cap Strategy Composite was created January 1, 2017. The inception date of the SouthernSun Small Cap Strategy Composite is October 1, 2003. As of August 1, 2019, the SouthernSun Small Cap Strategy Composite was re-defined to include accounts with slight restrictions in market cap guidelines. Due to market conditions and trends, these restrictions have dwindled over time and become more in line with the composite's intended strategy and holdings.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. Frank Russell Company ("FRC") is the source and owner of the Russell Index Information contained or reflected in this material and all trademarks and copyrights related thereto. The Russell Index Information may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. For more information on either index, please consult FRC.

**Past performance is no guarantee of future results.** As with any investment strategy, there is a potential for profit as well as the possibility of loss. Individual investor results will vary. Performance results may be materially affected by market and economic conditions.

### Additional Disclosures:

Supplemental information. Source: SouthernSun Asset Management, Factset, Advent Portfolio Exchange, Bloomberg. 5-yr Turnover and 5-yr Standard Deviation are annualized. Price to Earnings for the portfolio is calculated as the inverse of the portfolio value weighted average of the constituents' earnings yields. Earnings yield is calculated as the LTM Recurrent Earnings divided by the Market Capitalization, both as defined by Factset. This methodology produces a measure of valuation that is comparable to the methodology used for the P/E of the benchmark. Price to Earnings for the benchmark is calculated as the ratio resulting from the sum of constituent Market Capitalization divided by the sum of constituent LTM Recurrent Earnings as defined by Factset). Return on Equity for the portfolio is calculated as the ratio resulting from the sum of the proportionate ownership of each constituent's LTM Recurrent Earnings (as defined by Factset) divided by the sum of the proportionate ownership of each constituent's Ending Shareholders Equity (as defined by Factset). Proportionate ownership of each constituent's LTM Recurrent Earnings and Ending Equity are calculated using the composite weightings of each constituent. Return on Equity for the benchmark is calculated as the ratio resulting from the sum of constituent LTM Recurrent Earnings divided by the sum of constituent Ending Shareholders Equity, both as defined by Factset. Net Debt to EBITDA for the portfolio is calculated as the ratio resulting from the sum of the proportionate ownership of each constituent's Ending Net Debt (as defined by Factset) divided by the sum of the proportionate ownership of each constituent's LTM EBITDA (as defined by Factset). Proportionate ownership of each constituent's Ending Net Debt and LTM EBITDA are calculated using the composite weightings of each constituent. Companies considered to be in banking, insurance, or other financial industries are not included in this calculation. Net Debt to EBITDA for the benchmark is calculated as the ratio resulting from the sum of constituent Ending Net Debt divided by the sum of constituent LTM EBITDA, both as defined by Factset. Companies considered to be in banking, insurance, or other financial industries are not included in this calculation. Real estate investment trusts (REITs), however, are included. Enterprise Value to EBITDA for the portfolio is calculated as the inverse of the portfolio value weighted average of the constituents' EBITDA/EV. EBITDA for each constituent is defined as the earnings before interest, taxes and depreciation (EBITDA) for the LTM. Enterprise Value for each constituent is the sum of its common equity at market value plus total debt plus preferred equity plus any accumulated minority interest minus cash. Companies considered to be in banking, insurance, or other financial industries are not included in this calculation. Enterprise Value to EBITDA for the benchmark is calculated as the ratio resulting from the sum of constituent Enterprise Value divided by the sum of constituent LTM EBITDA, both as defined by Factset. Companies considered to be in banking, insurance, or other financial industries are not included in this calculation. Real estate investment trusts (REITs), however, are included.

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SMID CAP COMPOSITE - ASSET WEIGHTED RETURNS												
Year	SouthernSun		Russell 2500	Russell MidCap	Composite Dispersion	Composite 3-Yr Standard Deviation (%)	Russell 2500 3-Yr Standard Deviation (%)	Russell Mid Cap 3-Yr Standard Deviation (%)	Accounts in Composite (#)	Total Composite Assets (\$Mil)	% of Firmwide Assets	Total Firmwide Assets (\$Mil)
	Gross	Net										
2019 <sup>3</sup>	31.64%	30.63%	27.77%	30.54%	0.89%	17.10%	14.58%	12.89%	10	\$340	27%	\$1,252
2018	-21.14%	-21.75%	-10.00%	-9.06%	0.12%	15.24%	14.10%	11.98%	38	\$693	46%	\$1,519
2017	12.33%	11.46%	16.81%	18.52%	0.17%	13.91%	12.13%	10.36%	70	\$2,309	55%	\$4,213
2016	18.05%	17.19%	17.59%	13.80%	0.33%	15.13%	13.67%	11.55%	62	\$1,242	30%	\$4,187
2015	-10.91%	-11.55%	-2.90%	-2.44%	0.27%	15.08%	12.42%	10.85%	77	\$1,120	25%	\$4,542
2014	2.33%	1.60%	7.07%	13.22%	0.24%	13.56%	11.67%	10.14%	95	\$1,186	21%	\$5,696
2013	43.17%	42.27%	36.80%	34.76%	0.19%	18.71%	15.63%	14.03%	51	\$882	17%	\$5,317
2012	19.56%	18.86%	17.88%	17.28%	0.25%	22.89%	18.97%	17.20%	24	\$378	14%	\$2,615
2011	4.86%	4.30%	-2.51%	-1.55%	0.18%	27.75%	23.40%	21.55%	24	\$309	15%	\$2,106
2010	43.20%	42.47%	26.71%	25.48%	0.31%	31.58%	26.80%	26.46%	16	\$222	11%	\$1,974
2009	49.73%	49.08%	34.39%	40.48%	0.00%	28.16%	24.25%	24.22%	7	\$142	11%	\$1,339
2008	-36.75%	-37.03%	-36.79%	-41.46%	1.28%	22.71%	19.37%	19.36%	6	\$105	10%	\$1,025
2007	12.89%	12.40%	1.38%	5.60%	0.07%	13.65%	11.52%	9.48%	6	\$175	13%	\$1,341
2006	15.78%	15.28%	16.17%	15.26%	N/A <sup>1</sup>	14.33%	11.93%	9.62%	<5	\$153	14%	\$1,100
2005	2.42%	1.96%	8.11%	12.65%	N/A <sup>1</sup>	16.75%	13.48%	11.22%	<5	\$135	18%	\$733
2004	27.64%	27.09%	18.29%	20.22%	N/A <sup>1</sup>	18.51%	16.92%	15.28%	<5	\$133	32%	\$410
2003	45.59%	44.97%	45.51%	40.06%	N/A <sup>1</sup>	22.33%	19.93%	18.51%	<5	\$97	60%	\$162
2002	-3.39%	-3.77%	-17.80%	-16.18%	N/A <sup>1</sup>	20.97%	21.92%	19.65%	<5	\$39	36%	\$107
2001	7.19%	6.76%	1.21%	-5.63%	N/A <sup>1</sup>	20.20%	21.16%	18.35%	<5	\$40	34%	\$120
2000	14.15%	13.68%	4.26%	8.26%	N/A <sup>1</sup>	20.55%	22.35%	18.96%	<5	\$38	28%	\$137
1999	14.39%	13.92%	24.14%	18.24%	N/A <sup>1</sup>	18.79%	19.46%	17.22%	<5	\$33	23%	\$145
1998	-2.23%	-2.62%	0.38%	10.10%	N/A <sup>1</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	<5	\$29	21%	\$135
1997	27.32%	26.80%	24.36%	29.02%	N/A <sup>1</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	<5	\$14	11%	\$123

<sup>1</sup>Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

<sup>2</sup>Information is not statistically meaningful due to an insufficient number of periods.

<sup>3</sup>Gross and net returns for 2019 are preliminary and are subject to change.

SouthernSun Asset Management, LLC, an SEC registered investment adviser, is a research-driven investment management firm implementing long-only domestic and global equity strategies for institutions and individuals. SouthernSun provides investment advisory services for its clients using a proprietary investment research process based on fundamental analysis and seeks to invest in niche-dominant, attractively-valued companies with financial flexibility and uniquely-fitted management teams. SouthernSun Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. SouthernSun Asset Management, LLC has been independently verified for the periods January 1, 1990 through June 30, 2019. A copy of the verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements for the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Subsequent periods are currently undergoing verification by ACA Performance Services, LLC and, as such, performance may be subject to change.

Performance results shown above are included as part of a complete disclosure presentation. SouthernSun SMID Cap Composite contains fully discretionary equity accounts invested in small cap to mid-cap (SMID cap) securities (defined as equity securities with market capitalizations that are within the range of the Russell 2500 at the time of initial purchase during the most recent 12-month period) and for comparison purposes is measured against the Russell 2500 and Russell MidCap indices. The minimum account size for inclusion into this composite is \$1,000,000. Prior to July 1, 2015, the minimum account size for inclusion in this composite was \$500,000. Prior to July 1, 2009, the minimum account size for inclusion in this composite was \$1,000,000. Composite policy requires the temporary removal of any portfolio incurring a client-initiated significant cash inflow or outflow of 20% or more of the portfolio assets. Prior to April 1, 2004, composite policy required the temporary removal of any portfolio incurring a client-initiated significant cash inflow or outflow of 50% or more of portfolio assets. Additional information regarding the treatment of Significant Cash Flows is available upon request. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Trade date valuation has been used since inception. The U.S. dollar is the currency used to express performance. Returns are stated gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. The management fee schedule is as follows: \$0 - \$50,000,000 is .90%, \$50,000,001 - \$100,000,000 is .85%, and above is .75%. This schedule is subject to a \$180,000 minimum annual fee. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation of gross returns for accounts in the composite the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The SouthernSun SMID Cap Composite was created January 1, 1997.

The Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000 Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index 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 Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies. Frank Russell Company ("FRC") is the source and owner of the Russell Index Information contained or reflected in this material and all trademarks and copyrights related thereto. The Russell Index Information may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. For more information on either index, please consult Frank Russell Company.

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## GLOBAL OPPORTUNITIES COMPOSITE

GLOBAL OPPORTUNITIES COMPOSITE - ASSET WEIGHTED RETURNS										
Year	SouthernSun		MSCI AC World Total Return Net	Composite Dispersion	Composite 3-Yr Standard Deviation (%)	MSCI AC World TR 3-Yr Standard Deviation (%)	Accounts in Composite (#)	Total Composite Assets (\$Mil)	% of Firmwide Assets	Total Firmwide Assets (\$Mil)
	Gross	Net								
2019 <sup>3</sup>	27.08%	26.26%	26.60%	N/A <sup>1</sup>	13.80%	11.22%	≤5	\$122	10%	\$1,252
2018	-12.49%	-13.09%	-9.42%	N/A <sup>1</sup>	12.15%	10.48%	≤5	83.7	6%	\$1,519
2017	18.67%	17.81%	23.97%	N/A <sup>1</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	≤5	87.5	2%	\$4,213
2016	17.27%	16.40%	7.86%	N/A <sup>1</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	≤5	71.1	2%	\$4,187

<sup>1</sup>Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

<sup>2</sup>Information is not statistically meaningful due to an insufficient number of periods.

<sup>3</sup>Gross and net returns for 2019 are preliminary and are subject to change.

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SouthernSun Asset Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SouthernSun Asset Management, LLC has been independently verified for the periods January 1, 1990 through December 31, 2019. A copy of the verification report(s) is/are available upon request.

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Performance results shown above are included as part of a complete disclosure presentation. The SouthernSun Global Opportunities Composite contains fully discretionary equity accounts invested in an active global equity portfolio that aims to deliver long-term capital appreciation by investing in a portfolio of US and non-US companies (with a market capitalization of at least \$100 million at initial purchase). The minimum account size for inclusion in this composite is \$100,000. The composite policy requires the temporary removal of any portfolio falling below the minimum account size in value. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Trade date valuation has been used. The U.S. dollar is the currency used to express performance. Composite performance is presented net of foreign withholding taxes on dividends, interest income, and capital gains. Withholding taxes may vary according to the investor's domicile. The exchange rate source may differ among the accounts and benchmark in the composite. The MSCI AC World Index (net) uses withholding tax rates applicable to Luxembourg holding companies. Returns are stated gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using model management fees for illustrative purposes as the current accounts in the composite are subject to management fees that are lesser than the firm's stated fee schedule. The model management fee, which reflects the firm's stated fee schedule, is as follows: 1.25% on all amounts. This is subject to \$125,000 minimum annual fee. Actual investment advisory fees incurred by clients may vary. The annual composite dispersion presented is an asset-weighted standard deviation of gross returns for accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The SouthernSun Global Opportunities Composite was created January 1, 2016 and represents performance calculated on a daily basis.

The MSCI ACWI Index (All Country World Index) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. As of December 2019 the MSCI ACWI captured large and mid cap representation across 23 Developed Markets (DM) and 26 Emerging Markets (EM) countries. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

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