Market Review

In a 100-day span, we went from a bull market, to a correction, to a bear market, and back to a bull market. Specifically, the most rapid equity market decline in history was followed by the best quarter since 1998. The six trading days following the March 23 bottom were explosive, including the best single day for the broad U.S. market in 87 years. April was the strongest month of the quarter for U.S. stocks with both large and small capitalization shares rising by over 13%, and double-digit gains for both growth and value stocks. The rapid move surprised most observers as rising prices seemed anomalous against a backdrop of visible economic and social duress.

April saw the largest advances in the sectors that were hardest hit in the first quarter such as Energy and Consumer Discretionary, implying meaningful optimism regarding a rapid economic recovery. In addition, the large cap growth stocks continued their upward climb—Amazon and Netflix were up more than 40% from their mid-March lows. The recovery in equities continued in May and June though at declining rates (the S&P 500 was up 4.8% in May and 2.0% in June). Post April, market sentiment and trading was more or less a day-to-day event based on news covering:

- Covid-19 status reports on infection and death rates contrasted by periodic projections for the progress on an effective therapeutic treatment and development of a vaccine;
- The potential for additional government or Fed support; and
- Economic indicators including unemployment.

Unlike typical recessions, this downturn was not preceded by inflation, rising interest rates, and expanding unemployment. Nor will we be consumed with repairing the broken plumbing of a banking system, as we were 11 years ago. From an industry and individual business perspective, operating results will vary greatly as some businesses thrive in a stay at home world while others will struggle as their lifeblood is based on in-person interaction.

Despite the relentless rally in equity markets, uncertainty remains at elevated levels. The virus may be better understood today than it was at the beginning of the quarter, but not well enough to make reliable projections. The governmental easing of the lockdowns that fueled a level of optimism also resulted in higher infection rates than the most pessimistic estimates. This means that the optimal level of activity and behavior that keeps the spread in check has yet to be defined. The contentious political landscape and a potential Democratic sweep in November does not appear to be factored in at this point. Finally, given 40 million lost jobs and a high probability that the U.S. economy will record its largest contraction since 1929, for the S&P 500 to be down 3.1% YTD through June 30 suggests some investors are operating with outsized optimism and blinders. The Technology and Communication Services sectors combined account for approximately a 40% weight in the S&P Index. The performance of the large technology and growth stocks has driven the S&P to almost flat returns on a YTD basis. However, using the S&P and NASDAQ as barometers presents a fallacious picture of the broader market's health as the market currently remains highly bifurcated. The equal weighted S&P Index trails the S&P by a wide margin and Russell 2000 Value Index was down 23.5% on an YTD basis.

Russell Index Returns—*As of June 30, 2020*

	Quarter to Date	Year to Date	1 Year	3 Years	5 Years	10 Years
Russell 2000 Index	25.4	-13.0	-6.6	2.0	4.3	10.5
Russell 2000 Value Index	18.9	-23.5	-17.5	-4.4	1.3	7.8
Russell 2000 Growth Index	30.6	-3.1	3.5	7.9	6.9	12.9
Russell 2500 Index	26.6	-11.1	-4.7	4.1	5.4	11.5
Russell 2500 Value Index	20.6	-21.2	-15.5	-2.6	1.9	8.8
Russell 2500 Growth Index	32.9	2.0	9.2	12.1	9.6	14.5
Russell Mid Cap Index	24.6	-9.1	-2.2	5.8	6.8	12.4
Russell 1000 Index	21.8	-2.8	7.5	10.6	10.5	14.0

Sources: Russell Investments. Full definitions of the Indexes may be found in the Disclosures and Composite Notes sections.

Small- and Mid-Cap Market Review

As equity investors operating in a sub-set of the broad market, we are keenly interested in two relationships. One trend went in our direction in the second quarter—smaller cap indices outperformed the broad market and large cap indices: S&P 500 20.5%, Russell 3000 22.0%, Russell Mid Cap 24.6%, Russell 2500 26.6%, and Russell 2000 25.4%.

This was not enough, however, to neutralize the trend over a longer period as the larger cap indices maintained a wide spread over small caps for the year to date and the trailing 12 months. For example, the Russell 1000 is up 7.5% for the past year while the Russell 2000 is down 6.6%.

The second trend remained intact as the Russell 1000 and 2000 Growth Indices beat their Value counterparts in each of the three months during the quarter—particularly in May when recession concerns intensified. The year to date spreads between growth and value are approximately 26% for large caps and 20% small caps.

From a sector perspective, a couple of themes were noticeable and there was a distinct recovery aspect to the quarter. Consumer Discretionary, Materials, and Energy were three of the worst-performing sectors in the first quarter, and were the top performers in second quarter. However, Financials stocks did not experience a similar comeback. After being down approximately 37% in Q1, Financials were up between 10% and 12% during Q2, and lagged both the Russell 2000 and 2500 Value Indices. In addition to Financials, Real Estate and Utilities also underperformed these indices by meaningful margins.

Despite the second quarter rally, on a year to date basis, all sectors posted negative returns except Health Care (up 7% in the Russell 2500 Value and essentially flat in the Russell 2000 Value). Observers have noted an increasing disparity in performance between stocks intra-sector, which in theory, should be favorable for active management.

Performance Impact

Our second quarter performance was a mirror image of the first quarter. As we wrote in our first quarter letter, the correlations became parabolic in March and several of our good businesses across sectors became oversold due to their exposure to one or more of the three factors: value, cyclicality, and leverage. As market conditions improved and volatility subsided in the second quarter, investors once again began discriminating between businesses based on underlying fundamentals. Our results in the second quarter were more a function of stock selection than about sector exposures and we delivered favorable results across multiple sectors. Several of our investments did well, we had minimal unforced errors, and a few laggards within most sectors in both portfolios. Please see the discussion below that covers the top and bottom five contributors for further color.

In the second quarter, our Small Cap Value strategy added meaningful alpha in a good beta period. Our returns were not correlated with the value factor, as growth continued to dominate value, but rather were driven by stock selection underpinned by our disciplined fundamental process. The 32.2% gross of fees (32.0% net of fees) return was 13.3% above the Russell 2000 Value Index for the quarter. Our exuberance is measured here because we still have some ground to make up on our YTD returns versus the Index. However, we are very pleased that our excess returns were derived from businesses that are executing well from an operational standpoint, along with exploiting select dislocations in the first quarter market meltdown by adding to our existing positions and establishing new positions in several businesses that we believe are high quality.

In our Small Cap Value portfolio, stock selection added value in eight of the eleven sectors with the most significant being Energy, Financials, Industrials, and Technology. Ironically, we underperformed in one of our three best absolute return sectors, which is Consumer Discretionary. Two investments, Dave & Buster's Entertainment, Inc. and Samsonite International S.A., detracted from results. In addition, there are several speculative retail and housing related stocks in the Index that bounced hard from heavily oversold levels—we would not own these businesses, as they do not meet our quality criteria.

Our SMID Cap Value portfolio outperformed the Russell 2500 Value Index by 4.6%: 25.2% gross of fees (25.1% net of fees) versus 20.6%. While we outperformed in only four of the ten sectors we own, our excess return came from nearly all of the most heavily weighted sectors: Financials, Technology, Industrials, and Real Estate. Consumer Staples was an underperformer in this portfolio as companies like TreeHouse Foods, Inc. and Post Holdings, Inc. were nearly flat. Again, while in the second quarter our SMID portfolio had good excess returns, we remain slightly behind the Russell 2500 Value Index on a year to date basis.

Portfolio Strategy and Key Exposures

Activity in both portfolios has been greater over the past four months than is typical. We have increased our exposure to higher quality businesses that became available at attractive prices, and in some cases, at downright depressed valuations. In addition, we have added to a number of our current positions on price declines. Good defense is equally as important as offense. Following that dictum, we exited certain businesses and reduced exposure in a few of our existing holdings where fundamentals have deteriorated due to the Covid-19 pandemic. We took advantage of the market recovery during the second quarter to reduce risk in selective areas within both our portfolios.

We have previously discussed our pro-active ownership of different categories of value stocks. The portfolios have evolved over 2020 as shown below along with our typical ranges for these four categories:

Types of Businesses	Exposure Range	12/31/2019	6/30/2020
Discounted Franchises	SCV: 25 – 50% SMID: 40 – 70%	SCV: 31% SMID: 49%	SCV: 34% SMID: 57%
Value with Drivers	SCV: 25 – 50% SMID: 20 – 40%	SCV: 40% SMID: 36%	SCV: 36% SMID: 27%
Undervalued Growth	SCV: 5 – 25% SMID: 5 – 25%	SCV: 12% SMID: 7%	SCV: 15% SMID: 13%
Undervalued Assets	SCV: 5 – 20% SMID: 0 -15%	SCV: 15% SMID: 8%	SCV: 15% SMID: 4%

Small Cap Value Equity Performance—*Through June 30, 2020*

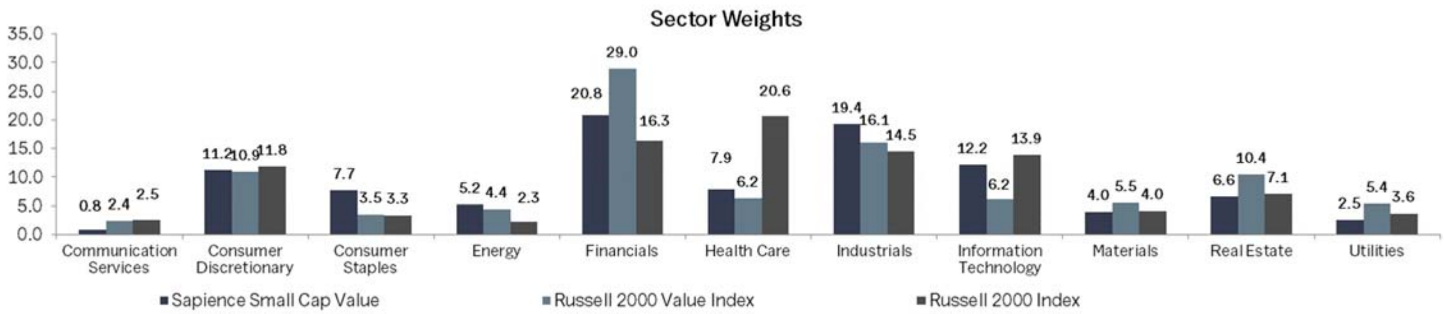
	Quarter to Date	Year to Date	1 Year	3 Years	Inception to Date
Sapience SCV Equity Composite (Gross)	32.2%	-25.5%	-21.5%	-7.8%	-3.0%
Sapience SCV Equity Composite (Net)	32.0%	-25.8%	-22.0%	-8.3%	-3.6%
Russell 2000 Value Index	18.9%	-23.5%	-17.5%	-4.3%	0.1%
Russell 2000 Index	25.4%	-13.0%	-6.6%	2.0%	5.3%

Sources: Advent Geneva, Russell Investments.
Inception Date: October 1, 2016
NOTE: The complete GIPS compliant presentation and additional disclosures can be found at the end of the document.

Small Cap Value Equity Characteristics and Sector Weights—*As of June 30, 2020*

	Sapience Small Cap Value
Largest 10 Positions – Total Weight	22.9%
Active Share [2] (relative to the Russell 2000 Value Index)	94.8%
Tracking Error [3]	9.7
Number of Buys[4]	10
Numbers of Sells[4]	9

[2 and 3] Please see disclosures for calculation
[4] Number of buys and sells during the quarter



Sources: Russell Investments, FactSet

Small Cap Value Equity

Detailed below is our discussion of overall top and bottom contributors during the second quarter.

Top and Bottom Contributors
Second Quarter 2020

Top Five Contributors	Bottom Five Contributors
Company Name	**Company Name**
The Michaels Companies, Inc.	Viper Energy Partners LP
e.l.f. Beauty, Inc.	ChampionX Corp.
Diamondback Energy, Inc.	Samsonite International S.A. ADR
Diebold Nixdorf, Inc.	Argo Group International Holdings, Ltd.
Syneos Health, Inc.	Portland General Electric Co.

The Michaels Companies, Inc.
After having declined precipitously in the first quarter, The Michaels Companies, Inc.'s stock price outperformed significantly, as it reversed its decline in the second quarter. In early June when the company released its fiscal year Q1 2021 results, the stock price reacted favorably to significant growth in its online business during the pandemic and posting +18% comps in May. This was the first quarter under the leadership of the new CEO, Mr. Ashley Buchanan. It is early days in his tenure, however, he has executed brilliantly during the Covid-19 pandemic by meeting the needs of Michael's customers—offering same day delivery and curbside pick-up at the stores that remained open. Mr. Buchanan was most recently the head of eCommerce at Walmart and held several roles with increasing responsibility over his 12 years with the firm, including the Chief Merchandising Officer at Sam's Club.

e.l.f. Beauty, Inc.
e.l.f. Beauty, Inc. is a mass manufacturer and marketer of cosmetics, skin care, and beauty products. The company's stock price rose nearly 94% during the second quarter as e.l.f. Beauty posted strong results that were well ahead of expectations across all metrics for its 2020 fiscal fourth quarter that ended March 31. The company's management did not provide guidance for fiscal year 2021, however, e.l.f. Beauty is expecting to gain shelf space at its key retail partners and make progress in its digital marketing initiatives. The point of sales data for May and June has been in the midteens range for e.l.f. Beauty compared with weaker trends in cosmetics category overall.

Diamondback Energy, Inc.
During the first quarter, oil collapsed due to the OPEC standoff with Russia and the shutdowns due to Covid-19. Diamondback Energy, Inc. sold off disproportionately compared with its peers because of slightly higher leverage even though it has ample liquidity and more than adequate debt service coverage. As demand started to return, oil rallied from oversold levels and Diamondback's stock outperformed its peers. We exited the position in our Small Cap portfolio as the stock price more than doubled during the quarter and its market cap because too large for our Small Cap portfolio.

Diebold Nixdorf, Inc.
On May 5, Diebold Nixdorf, Inc. reported results mostly in line with consensus. More importantly, operating profits were above expectations on the back of cost savings (DN Now program) and due to stability in its services and software revenue. In responding to the pandemic, the company's management team announced additional expense reductions. On June 22, as part of their debt refinancing, Diebold provided April and May results, which came in higher than consensus expectations. In addition, the company reinstated its 2020 guidance with an adjusted operating profit

expected to exceed the level achieved in 2019. In early July, Diebold's management team successfully completed an approximate $1.2 billion debt offering to refinance its 2022 debt maturities. With the ongoing cost savings, stable services/software revenues, and the debt refinancing completed, we believe that the company's stock price remains deeply undervalued.

Syneos Health, Inc.
Syneos Health, Inc.'s stock price came under pressure as clinical research sites began to close in mid-March. Most sites are located at hospitals, clinics, or medical buildings that were limiting access and in many cases having staff work from home. During the second quarter, the company's stock price outperformed as Syneos was able to quickly transition many of its sites to remote monitoring, allowing the company's staff to continue monitoring customers' trials. By mid-April, Syneos was also able to shift the majority of its contract sales teams that target physician offices to virtual visits. RFP activity for clinical research work continues to remain robust, although with some slower decision making, despite the impact of Covid-19.

Viper Energy Partners LP
Viper Energy Partners LP is one of a few companies involved in consolidating the fragmented private minerals space in the Permian as well as other basins. The company has a 4% dividend yield and has excellent leadership as it is led by Diamondback's talented management team. We initiated this position during the quarter to replace Diamondback in our Small Cap portfolio (see discussion above). After our investment, the company's stock underperformed due to both the timing of our purchase as the Energy sector softened towards the end of the quarter and the uneven pace of reopening of the economy.

ChampionX Corp.
We initiated a new position in ChampionX Corp. in June. After our investment, the company's stock underperformed due to both the timing of our purchase as the Energy sector softened towards the end of the quarter and the uneven pace of reopening of the economy. ChampionX is an oil service business that is primarily leveraged to oil production, which is more defensive than drilling and completions. In addition, half of their business is international which has proven to be more resilient in this downturn and the company has been well managed under the stewardship of the current CEO, Mr. Som Sivasankaran.

Samsonite International S.A. ADR
Samsonite International S.A. ADR is the world's largest luggage company with different brands serving the entry level, mid-market, and luxury segment. The company's stock price was more or less flat and underperformed in the second quarter on a relative basis as global travel came to a halt in April and there was not much improvement in May. The company's management has taken prudent steps to reduce its marketing spend and capex for the year, secured covenant relief, and has ample liquidity ($1.8 billion) to manage through the Covid-19 impact over the next few quarters. The second quarter is expected to be the low point in global air travel and Samsonite is well positioned as travel recovers gradually over the next 2 to 3 years.

Argo Group International Holdings, Ltd.
Bermuda-based Argo Group International Holdings, Ltd. sells specialty property and casualty insurance and reinsurance. Management negatively surprised investors in the first quarter by taking a $26 million ($0.64 per share) special reserve for catastrophe losses related to the pandemic. The adverse reserve in its international businesses was unexpected, given that the company had already taken outsized reserves in that unit in each of the past three quarters. We anticipate that the company's new management team is able to deliver reliable underwriting results in coming years from favorable pricing, new risk management initiatives, and an efficiency program that will reduce costs. Argo's shares currently trade near recession lows on a P/BV basis, representing a substantial discount to its Specialty/Bermuda insurance peer group.

Portland General Electric Co.
Portland General Electric Co. is an electric utility serving more than 50 cities in the state of Oregon, including Portland and Salem. During the quarter, Portland's stock price declined 12%, underperforming due to a capex cut through 2024 and a reduction in earnings guidance for 2020 in light of the deteriorating economic outlook due to Covid-19.

SMID Cap Value Equity Performance— *Through June 30, 2020*

	Quarter to Date	Year to Date	1 Year	3 Years	Inception to Date
Sapience SMID Cap Value Equity Composite (Gross)	25.2%	-24.2%	-16.6%	-6.2%	-3.0%
Sapience SMID Cap Value Equity Composite (Net)	25.1%	-24.4%	-17.1%	-6.7%	-3.5%
Russell 2500 Value Index	20.6%	-21.2%	-15.5%	-2.6%	0.8%
Russell 2500 Index	26.6%	-11.1%	-4.7%	4.1%	6.5%

Sources: Advent Geneva, Russell Investments.
Inception Date: October 1, 2016
NOTE: The complete GIPS compliant presentation and additional disclosures can be found at the end of the document.

SMID Cap Value Equity Characteristics and Sector Weights— *As of June 30, 2020*

	Sapience SMID Cap Value
Largest 10 Positions – Total Weight	26.9%
Active Share [2] (relative to the Russell 2500 Value Index)	94.9%
Tracking Error [3]	6.6
Number of Buys[4]	5
Number of Sells[4]	7

[2 and 3] Please see disclosures for calculation
[4] Number of buys and sells during the quarter

Sources: Russell Investments, FactSet.

SMID Cap Value Equity

Detailed below is our discussion of overall top and bottom contributors during the second quarter. The Michaels Companies, Inc., Diebold Nixdorf, Inc., Syneos Health, Inc., Diamondback Energy, Inc., Samsonite International S.A. ADR, and Portland General Electric Co. are also owned in our Small Cap Value strategy, and these companies were discussed in the Small Cap Value Equity commentary section above.

Top and Bottom Contributors
Second Quarter 2020

Top Five Contributors	Bottom Five Contributors
Company Name	**Company Name**
The Michaels Companies, Inc.	Diamondback Energy, Inc.
Diebold Nixdorf, Inc.	Samsonite International S.A. ADR
Syneos Health, Inc.	Portland General Electric Co.
LKQ Corp.	SLM Corp.
Beacon Roofing Supply, Inc.	Kirby Corp.

LKQ Corp.
LKQ Corp. is a leading supplier of replacement parts and components for the automotive market. The company provides reconditioned, recycled, remanufactured, and aftermarket parts to collision repair shops and mechanical repair shops. LKQ's stock price recovered nicely in the second quarter after declining in the first quarter following the Covid-19 lockdown. At the end of April, LKQ reported solid Q1 results, expects Q2 to be the low point, and the business to improve starting in Q3 along with a recovery in miles driven.

Beacon Roofing Supply, Inc.
Demand for roofing products held up better than expected. While some markets with strict stay at home restrictions were down over 40%, most markets were down mid- to high-single digits in April. By May, Beacon Roofing Supply, Inc. was seeing daily sales down in the low-single digits. Approximately 75% of roofing sales are for repair and replacement, which are not discretionary. Additionally, the company disclosed that days sales outstanding (DSO) and pricing were both stable—two areas that have concerned investors in the recent past. Beacon has a variable cost structure and it took steps to lower expenses with a targeted 15-25% decremental margin. Beacon's shares outperformed meaningfully in Q2 on better than expected sales trends and relatively stable market conditions.

SLM Corp.
Student lender, SLM Corp., reported strong first quarter results, exceeding sell-side earnings expectations as the company's provisions and reported reserves came in well below what was expected. Management continued to execute on its strategy of deleveraging the balance sheet with opportunistic loan sales and using excess capital to repurchase shares. The full impact of the pandemic has not yet been felt by the company as its forbearance rates have only modestly increased across their portfolios. Investors shed SLM shares in the second quarter, anticipating that elevated forbearance relief will extend the process of loans becoming delinquent and charging off. We expect that the vast majority of borrowers who receive forbearance relief will be able to "cure" and return to current repayment status rather than ultimately charging off. Net-charge offs should peak sometime in first half of 2021. SLM has ample excess capital to fund additional loan loss reserves as needed and proceed with its recently announced financial strategy. SLM shares trade at 5.4x forward earnings, a steep discount to its historical range.

Kirby Corp.
Kirby Corp. is the largest domestic tank barge operator, transporting bulk liquid products through the Mississippi River System and the Gulf Intracoastal Waterway. The tank barge market has several attractive characteristics. The Jones Act restricts domestic marine transportation in the U.S. to vessels built, registered, manned by U.S. citizens, and owned and operated by U.S. citizens. The Jones Act creates a barrier to entry to foreign companies and serves to limit overall competition. Safety is a key consideration in transporting bulk liquids given the potential environment liability should a spill occur. Barge transportation is often a more efficient and safer method of transporting bulk commodities compared to railroads and trucks. Kirby operates the largest barge fleet, has a strong reputation as a safe and efficient operator, and generates a meaningful portion of revenue from long-term contracts. We took advantage of market conditions and invested in Kirby near the end of the quarter. Kirby's stock price declined slightly after our initial purchase and underperformed through the end of the quarter.

Outlook

The economic and financial environment is rife with paradoxes. Despite a sharp equity market rally, which presumably anticipates a swift economic recovery, returns on most bonds were also positive or flat in the second quarter. Demand for both low-risk and high-risk assets has been remarkably resilient. Measures of investor sentiment appear to be simultaneously bullish and bearish. There is also a deep disconnect between the real economy, earnings, and stock prices. Economic data on production, spending, and employment has been grim since March. Yet investors have taken refuge in the fact that the employment data appears to be improving. The reality is that a higher proportion of the workforce is currently unemployed than during the depths of the GFC. Meanwhile, the Fed's projections suggest that U.S. GDP will not return to pre-pandemic levels until 2022. We also don't expect the economic recovery to be swift and uninterrupted as we could experience volatility along the way and it could take a while for businesses to get back to the 2019 level.

The U.S. economy has opened up in the last three months. In the last one month, we have seen an uptick in Covid-19 cases, especially in the Sunbelt states; however, fatalities so far have remained under control as healthcare providers have learned more about this disease and improved in their handling of symptomatic cases. Between naturally acquired antibodies, potential for an effective therapeutic treatment for the severe cases, and the likelihood of a vaccine availability around year end, there is a potential for things to normalize in the next 18 to 24 months. Having said that, valuations don't leave room for much disappointment in certain segments of the market. The market's five largest cap companies now comprise valuations that are equivalent to the Financials, Industrials, and Energy sectors combined (21% of the S&P). The breadth of the S&P and the NASDAQ has been sinking in the last few months. A narrow breadth is usually an ominous sign for the sustainability of such gains.

We believe the three critical questions for equity investors at this juncture are:

1. What is the outlook for interest rates over the next 2-3 years?
2. How long can Mega Cap Growth stocks and Defensives continue their unabated dominance?
3. If and when the recovery will broaden out to include cyclical, value, and small cap stocks?

As practitioners of Value investing, we have been asked our perspective on questions 2 and 3, along with why the Value style has underperformed the last several years and what would cause it to reemerge. While we are not factor-based investors, we thought it was an appropriate time for us to provide our thoughts on this topic and differentiate our process versus Quantative/Factor based investors in Sapience's initial white paper. We are working on this thought piece currently and anticipate posting it to our website by the end of July.

We provided extraordinary detail regarding our portfolio positioning in our last quarterly letter. Further, we commented on witnessing the best opportunity set within Small/SMID Caps since the GFC in the month of March and exploiting the market dislocations by undertaking new investments in several high-quality businesses as well as adding to our existing investments that we believed were selling at irrational levels. We are pleased that our intense work and conviction started to pay off in the second quarter. Several of our companies are executing well and should emerge from the Covid-19 environment as better businesses. We believe now is a better environment for Active versus Passive investing within Small and SMID Cap market segments. This environment seems similar to 2009 and if this were to be the case, it should favor skill-based investing over market-based investing for the next several years.

Disclosures

This is not a recommendation to buy or sell a particular security. The holdings discussed above do not represent all of the securities purchased, sold or recommended for Sapience's clients. You should not assume that this or any of the securities or sectors discussed herein will remain in the portfolio or that investments in such securities were or will be profitable. Past performance is not indicative of future results. Contributors and detractors for each strategy are selected based on the stock's attribution to a Sapience Small Cap Value representative account's return or a Sapience SMID Cap Value representative account's return. The calculation methodology and a list showing the contribution of each holding in the representative account to the representative account's performance during the measurement period are available upon request.

Composite and benchmark returns reflect the reinvestment of income. The volatility of the Composite may be different than its respective benchmarks. Composite returns are presented gross and net of actual investment advisory fees. Performance is expressed in U.S. dollars. Gross returns will be reduced by fees and other expenses that may be incurred in the management of the account. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request. Dividends are recorded gross of withholding taxes.

This has been prepared for informational purposes only and should not be considered a recommendation to purchase or sell any specific security. The opinions expressed herein are those of Sapience Investments, LLC ("Sapience"), and are subject to change without notice. Past performance is not a guarantee or indicator of future results. This material is not financial advice or an offer to sell any security or product. You should not assume that any of the investment strategies or securities discussed herein were or will remain in an account's portfolio at the time you receive this report. Recommendations for the past 12 months are available upon request. Sapience reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. Investment involves risk of loss.

This document contains projections, forecasts, estimates, beliefs and similar information ("forward looking information"). Forward looking information is subject to inherent uncertainties and qualifications and is based on numerous assumptions, in each case whether or not identified. Further, material presented has been derived from sources considered to be reliable, but the accuracy and completeness cannot be guaranteed.

Sapience is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Sapience, including our investment strategies, fees and objectives can be found in our ADV Part 2, which is available upon request at info@sapienceinv.com.

[1] Sustainable Franchises: These are businesses with distinctive competencies, durable moats, financial strength, and favorable industry dynamics.

[2] Portfolio Ending Active Share: Measures the degree of active management by a portfolio manager.

$AS_f = | PW_f - BW_f | / 2$ where AS_f := Portfolio Ending Active Share; PW_f := Portfolio Ending Weight; and BW_f := Benchmark Ending Weight

[3] Tracking Error: Measures how closely a portfolio follows the index it is benchmarked against. An index fund which closely tracks its benchmark will have a tracking error close to zero, while an actively managed portfolio will have a higher tracking error. Tracking Error is calculated as the root-mean-square of the difference between the portfolio and benchmark returns: $TE = \omega = \sqrt{E[(r_p - r_b)^2]}$ where $r_p - r_b$ = the active return (i.e., the difference between the portfolio return and the benchmark return). This formula simplifies to: $TE = \omega = \sqrt{\sigma_p^2 + \sigma_b^2 - 2\beta\sigma_b^2}$ where σ_p^2 = portfolio variance; σ_b^2 = benchmark variance; and β = Historical beta

[5] Matthews, Chris. "Value stocks are trading at the steepest discount in history." *MarketWatch*, June 29, 2019.

Russell 2000 Index: The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

Russell 2500 Index: The Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership.

Russell 2000 Value Index: The Russell 2000 Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower expected growth values.

Russell 2500 Value Index: The Russell 2500 Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500 Index companies with lower price-to-book ratios and lower expected growth values.

Russell 2000 Growth Index: The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2500 Growth Index: The Russell 2500 Growth Index is designed to measure the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Index: The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership.

Russell Mid Cap Index: The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index.

Sapience Investments, LLC
Small Cap Value Equity Composite

As of December 31									
Year	Gross Returns (%)	Net Returns (%)	Russell 2000® Value Index (%)	Internal Dispersion (%)	Composite 3Y Std Dev (%)	Primary Index 3Y Std Dev (%)	# of Accounts	Composite Assets (000s)	Firm Assets (000s)
*2016	14.91	14.87	14.07	N/A	N/A	N/A	2	$223.99	$349.83
2017	3.06	2.46	7.84	0.19	N/A	N/A	14	$665.60	$771.66
2018	-17.33	-17.85	-12.86	0.17	N/A	N/A	14	$513.31	$647.68
2019	22.17	21.43	22.39	0.23	18.56	15.90	13	$610.15	$773.40

*Period presented is October 1, 2016 through December 31, 2016.

1. Sapience Investments, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sapience Investments, LLC has been independently verified for the periods October 1, 2016 through December 31, 2019. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of 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.
2. Sapience Investments, LLC is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. The firm was established in September 2016.
3. The Small Cap Value Equity Composite (the "Composite") includes all actual, fee-paying and non-fee-paying, fully discretionary institutional accounts with equity positions that are managed with a view toward capital appreciation, through small capitalization companies with sustainable business models, trading at a discount to our estimate of intrinsic value, and possess value drivers to narrow the valuation gap over a two-to four-year investment horizon. The composite was created October 2016. The firm's list of composite descriptions is available upon request.
4. Composite and benchmark returns reflect the reinvestment of income. Composite returns are net of transaction costs and are presented gross and net of actual investment advisory fees. Net returns are net of any performance-based fees. Performance is expressed in U.S. dollars. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request. Dividends are recorded net of withholding taxes.
5. Internal dispersion is the equal-weighted standard deviation of the annual gross returns of all accounts included in the composite for the entire year. For years where there are 5 or fewer accounts in the composite for the entire year, dispersion is not presented as it is not a meaningful statistical calculation. The three-year annualized ex-post standard deviation of the composite and benchmark is presented from 2016 through 2018.
6. The Russell 2000® Value Index measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower expected growth values. It is not possible to invest in these indices. The returns for the Index do not include any transaction costs, management fees or other expenses. The volatility (beta) of the Composite may be greater or less than its respective benchmark.
7. The fee schedule for Adviser's investment advisory services for the Small Cap Value Equity Composite is 1.00% on the first $25 million, 0.90% on the next $25 million, 0.85% on the next $50 million, 0.80% on amounts over $100 million. Actual investment advisory fees incurred by clients may vary.
8. Past performance is not indicative of future results. Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and/or restrictions, inception date and other factors. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. Registration as an Investment Adviser does not imply any level of skill or training. This material is not financial advice or an offer to sell any product. The portfolio characteristics shown relate to the Small Cap Value Equity Composite. Not every client's account will have these exact characteristics. The actual characteristics with respect to any particular client account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Adviser reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed may not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Sapience Investments, LLC
SMID Cap Value Equity Composite

As of December 31									
Year	Gross Returns (%)	Net Returns (%)	Russell 2500™ Value Index (%)	Internal Dispersion (%)	Composite 3Y Std Dev (%)	Primary Index 3Y Std Dev (%)	# of Accounts	Composite Assets (000s)	Firm Assets (000s)
*2016	9.96	9.83	9.34	N/A	N/A	N/A	1	$22.50	$349.83
2017	1.31	0.74	10.36	N/A	N/A	N/A	8	$106.06	$771.66
2018	-17.44	-17.94	-12.36	0.25	N/A	N/A	10	$134.36	$647.68
2019	28.19	27.48	23.56	0.09	17.46	14.43	8	$163.26	$773.40

*Period presented is October 1, 2016 through December 31, 2016.

1. Sapience Investments, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sapience Investments, LLC has been independently verified for the periods October 1, 2016 through December 31, 2019. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of 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.
2. Sapience Investments, LLC is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. The firm was established in September 2016.
3. The SMID Cap Value Equity Composite (the "Composite") includes all actual, fee-paying and non-fee-paying, fully discretionary institutional accounts with equity positions that are managed with a view toward capital appreciation, through small- to mid-capitalization companies with sustainable business models, trading at a discount to our estimate of intrinsic value, and possess value drivers to narrow the valuation gap over a three-to five-year investment horizon. The composite was created October 2016. The firm's list of composite descriptions is available upon request.
4. Composite and benchmark returns reflect the reinvestment of income. Composite returns are net of transaction costs and are presented gross and net of actual investment advisory fees. Net returns are net of any performance-based fees. Performance is expressed in U.S. dollars. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request. Dividends are recorded net of withholding taxes.
5. Internal dispersion is the equal-weighted standard deviation of the annual gross returns of all accounts included in the composite for the entire year. For years where there are 5 or fewer accounts in the composite for the entire year, dispersion is not presented as it is not a meaningful statistical calculation. The three-year annualized ex-post standard deviation of the composite and benchmark is presented from 2016 through 2018.
6. The Russell 2500™ Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500™ Index companies with lower price-to-book ratios and lower expected growth values. It is not possible to invest in these indices. The returns for the Index do not include any transaction costs, management fees or other expenses. The volatility (beta) of the Composite may be greater or less than its respective benchmark.
7. The fee schedule for Adviser's investment advisory services for the SMID Cap Value Equity Composite is 1.00% on the first $25 million, 0.90% on the next $25 million, 0.85% on the next $50 million, 0.80% on amounts over $100 million. Actual investment advisory fees incurred by clients may vary.
8. Past performance is not indicative of future results. Actual performance results may differ from composite returns, depending on the size of the account, investment guidelines and/or restrictions, inception date and other factors. As with any investment vehicle, there is always the potential for gains as well as the possibility of losses. Registration as an Investment Adviser does not imply any level of skill or training. This material is not financial advice or an offer to sell any product. The portfolio characteristics shown relate to the SMID Cap Value Equity Composite. Not every client's account will have these exact characteristics. The actual characteristics with respect to any particular client account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Adviser reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed may not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.