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BARROW HANLEY
GLOBAL INVESTORS

1Q 2021

CITY OF GAINESVILLE

Principled | Proven | Partners
Disciplined value investors since 1979

www.barrowhanley.com

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INTRODUCTION TO BARROW HANLEY

WHO WE ARE

Barrow Hanley is a global leader in value investing.

We believe in the long-term advantages of value investing and our ability to partner with clients to achieve their distinct goals.

STRENGTHS

- Four-decade history of organizational stability
- Uniquely consistent client base: 40+ clients for 20+ years
- Strong, investment-driven culture
- Proprietary ESG scoring system
- Consistent value philosophy and disciplined process utilized through multiple market cycles

FIRM FACTS*

- Founded in 1979
- Based in Dallas, Texas
- $50 Billion AUM (USD)
- 99 Employees
- 54 Investment Professionals
- Significant Employee Equity Ownership
- 11 Equity Strategies
- 13 Fixed Income Strategies
- Managing assets for pension funds, endowments, foundations, sub-advisors, and wealth management platforms

1979 — Barrow Hanley founded and registered with the SEC

1983 — Valuation centric fixed income strategy established

2006 — First non-U.S. investment strategy launched

2010 — Barrow Hanley became an LLC enabling employee ownership

2017 — First ESG-focused strategy launched

2018 — Added a dedicated High Yield / Bank Loan team

2020 — Barrow Hanley aligns with new strategic partner, Perpetual Limited, an Australia-based financial services company

We seek to consistently generate alpha through high conviction value investing in both equity and credit markets.

*As of 03/31/21

OUR COMPETITIVE EDGE

Barrow Hanley partners with clients around the world to provide attentive services, insightful perspectives, and competitive returns.

VALUATION CENTRIC:

With decades of equity and fixed income experience dedicated exclusively to value investing, we thoughtfully construct portfolios with an asymmetric risk-return profile to deliver competitive results

TEAM ALIGNED:

The collaborative firm culture encourages diverse viewpoints and inspires intellectual dialogue, which fosters in-depth research and facilitates thoughtful investment decisions which benefit our clients

CLIENT FOCUSED:

Our comprehensive, bespoke approach to client relationships allows us to exceed client objectives, resulting in partnerships that span multiple decades

BOUTIQUE CULTURE > STABLE TEAM > ENHANCED COMMUNICATION > ROBUST DEBATE > THOUGHTFUL DECISION MAKING > SUPERIOR EXECUTION

A longstanding history of competitive returns, a collegial environment, and a bespoke approach to client service yields a principled, proven partner.

Anchored by fundamental value security selection

Barrow Hanley seeks to generate alpha by exploiting global market inefficiencies through investing in undervalued companies that display stable or improving operating fundamentals with identifiable catalysts.

Alpha is the objective

Signatory of:

PRI Principles for Responsible Investment

isg INVESTOR STEWARDSHIP GROUP

SASB ALLIANCE ORGANIZATIONAL MEMBER

VALUE-FOCUSED INVESTMENT STRATEGIES As of March 31, 2021

EQUITY STRATEGIES

	Inception	AUM	Benchmark
Large Cap Value	1979	$17.0 Billion	Russell 1000 Value
Small Cap Value	1996	$2.6 Billion	Russell 2000 Value
Mid Cap Value	1999	$538.2 Million	Russell MidCap Value
Diversified Large Cap Value	2000	$7.6 Billion	Russell 1000 Value
Dividend Focused Value	2000	$4.3 Billion	Russell 1000 Value
Non-U.S. Value	2006	$1.8 Billion	MSCI EAFE Value
Diversified Small Cap Value	2007	$13.7 Million	Russell 2000 Value
Global Value	2010	$6.2 Billion	MSCI World Value
Emerging Markets	2012	$394.4 Million	MSCI Emerging Markets Value
Concentrated Emerging Markets	2017	$4.4 Million	MSCI Emerging Markets Value
ESG Value	2017	$9.1 Million	Russell 1000 Value

FIXED INCOME STRATEGIES

	Inception	AUM	Benchmark
Core	1984	$2.6 Billion	Bloomberg Barclays Aggregate
Intermediate	1984	$288.7 Million	Bloomberg Barclays Int. Aggregate
Short Maturity	1984	$1.3 Billion	Bloomberg Barclays 1-3 Yr Gov/Credit
Long Credit	1990	$3.6 Billion	Bloomberg Barclays Long Credit
Investment Grade Credit	1993	$2.9 Million	Bloomberg Barclays Credit
Core Plus	1998	$537.3 Million	Bloomberg Barclays Aggregate
TIPS	2002	$13.0 Million	Bloomberg Barclays US TIPS
High Yield	2002	$195.9 Million	ICE BofAML HY BB-B
Intermediate Credit	2004	$711.4 Million	Bloomberg Barclays Intermediate Credit
Long Government/Credit	2007	$33.9 Million	Bloomberg Barclays U.S. Intermediate Credit
Extended Duration	2007	$155.4 Million	Bloomberg Barclays Long Gov/Credit
Enhanced Intermediate Credit	2014	$234.7 Million	Bloomberg Barclays U.S. Intermediate Credit
Bank Loans	2018	$112.7 Million	Bloomberg Barclays US TSY Strips 20+

U.S. LARGE CAP VALUE EQUITY STRATEGY

A DIFFERENTIATED U.S. LARGE CAP VALUE EQUITY STRATEGY

The Investment Team seeks to outperform the Russell 1000 Value Index by at least 150 bps over a full market cycle

Experience	• A LCV team that has managed portfolios through multiple market cycles
Philosophy	• Value focused discipline
Process	• Consistent and repeatable exhibiting no style drift
Conviction	• High active share: Typically over 80% Vs the Russell 1000 Value Index

U.S. LCV FACTS (as of 03/31/21)

10/01/1979	$17.0B USD	40-50	$3B
INCEPTED	AUM	STOCKS	MIN. MARKET CAP

Markets are inefficient due to behavioral biases – we believe those can be exploited through a repeatable and structured fundamental value investment process to generate long term alpha.

BH U.S. LARGE CAP VALUE EQUITY TEAM

MARK GIAMBRONE
Portfolio Manager / Analyst

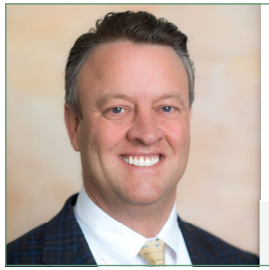
Joined the firm in 1999 | 29 years of experience

CORY MARTIN
Portfolio Manager

Joined the firm in 1999 | 31 years of experience

LEWIS ROPP
Portfolio Manager / Analyst

Joined the firm in 2001 | 40 years of experience



DAVID GANUCHEAU, CFA
Portfolio Manager / Analyst

Joined the firm in 2004 | 25 years of experience

BH EQUITY GLOBAL SECTOR RESEARCH PLATFORM

32
EQUITY RESEARCH PROFESSIONALS

21 years
AVERAGE EXPERIENCE

10 years
AVERAGE TENURE AT BARROW HANLEY

Clear Decision-Making / Tested Judgement / Accountability

INVESTMENT PROFESSIONALS - EQUITY INVESTMENT TEAM

EQUITY MANAGEMENT	YEARS OF EXPERIENCE	YEARS AT BHMS
James Barrow, Founding Director, Portfolio Manager	59	42
Cory Martin, Executive Director / CEO, Portfolio Manager	31	22
Lewis Ropp, Senior Managing Director, Portfolio Manager / Analyst	40	20
Mark Giambrone, Senior Managing Director, Portfolio Manager / Analyst	29	22
Brad Kinkelaar, Senior Managing Director, Portfolio Manager	25	4
David Ganucheau, CFA, Senior Managing Director, Portfolio Manager / Analyst	25	17
Rand Wrighton, CFA, Senior Managing Director, Portfolio Manager / Analyst	21	16
James McClure, CFA, Managing Director, Portfolio Manager / Analyst	49	26
Monroe Helm, Director, Analyst	45	15
Matt Egenes, CFA, Managing Director, Client Portfolio Manager	34	16
Bill Underwood, Director, Client Portfolio Manager	25	23
Sherry Zhang, CFA, Managing Director, Portfolio Manager / Analyst	24	8
James Carpenter, CFA, Director, Client Portfolio Manager	24	6
Pranay Laharia, CFA, Director, Analyst	23	8
Luis Rhi, Director, Portfolio Manager / Analyst	23	4
Brian Quinn, CFA, Managing Director, Portfolio Manager / Analyst	20	16
Michael Nayfa, CFA, Managing Director, Portfolio Manager / Analyst	17	13
TJ Carter, CFA, CPA, Managing Director, Portfolio Manager / Analyst	17	7
Terry Pelzel, CFA, Managing Director, Portfolio Manager / Analyst	16	11

EQUITY MANAGEMENT	YEARS OF EXPERIENCE	YEARS AT BHMS
Coleman Hubbard, CFA, Managing Director, Portfolio Manager / Analyst	12	9
David Feygenson, Director, Portfolio Manager / Analyst	17	4
Andrew Jones, CFA, Director, Analyst	20	1
Eric Micek, CFA, Director, Analyst	16	8
Patrik Wibom, Director, Analyst	16	2
John Barber, CFA, Director, Analyst	14	6
Chris Hathorn, Director, Analyst	14	5
Preston Brown, CFA, Director, Analyst	13	3
Jared Shojaian, CFA, Analyst	12	1*
Jonathan Evans, CFA, Director, Analyst	11	2
Zane Keller, CFA, Director, Analyst	10	6
DJ Taylor, CFA, CAIA, Director, Analyst	8	5
Dawson Liu, Associate Analyst	4	3

RESPONSIBLE INVESTING	YEARS OF EXPERIENCE	YEARS AT BHMS
Ross Campbell, Director, Responsible Investing Portfolio Manager / Analyst	18	4

PORTFOLIO ANALYTICS	YEARS OF EXPERIENCE	YEARS AT BHMS
James McCormack, CFA, CIPM, Director, Quantitative Analyst	14	7

INVESTMENT PROCESS OVERVIEW

Consistent and repeatable – proven over multiple market cycles

1 IDEA GENERATION

- Initial Universe of ~1,500 stocks
- Proprietary quantitative screening engine
  - Market cap minimums
  - Liquidity
  - Valuation parameters
  - Operating fundamentals
- Sector and industry specific screens
- Qualitative identification:
  - Management meetings
  - Conferences
  - Market anomalies

2 FUNDAMENTAL ANALYSIS

- 360-Degree Review
- Company Engagement
- Earnings and Profitability Projections
- Estimates of Fair Value
  - Internal Research
  - ESG Scoring and Evaluation
  - Bull and Bear Case

3 PEER REVIEW

- Daily Research Meetings
- Research Platform-Wide Assessment and Review Including:
  - Deep Dive Stock Review
  - Risk/Reward Assessment

4 PORTFOLIO CONSTRUCTION

- Finding Portfolio "Fit"
- 40-50 Stocks
- Portfolio Constraints:
  - ≤ 5% Individual Position Sizes
  - ≤ 15% Industry Weightings
  - ≤ 35% Sector Weighting
  - ≤ 5% Cash
- Sell Decision
  - Opportunity Cost of Capital

Continual Risk Awareness & Management

An active, fundamental, valuation-focused strategy leveraging a consistent and repeatable process with proven alpha generating capability.

ROBUST FUNDAMENTAL ANALYSIS

Security analysis is focused on answering the following types of questions:

- Why is the company trading below our assessment of intrinsic value?
- Is the reason for the discount temporary or permanent?
- Does company management have a clear strategy that will increase shareholder value?
- Do multiple upside drivers exist?
- Is there downside protection if company fundamentals fail to improve?
- How do ESG considerations impact our valuation?

ATTRACTIVE VALUATION

+

STABLE TO IMPROVING OPERATING FUNDAMENTALS

+

CLEARLY IDENTIFIED UPSIDE DRIVERS

ALPHA OPPORTUNITY

Identifying underappreciated change not yet recognized by the market

PORTFOLIO CONSTRUCTION

KEY ATTRIBUTES SOUGHT:

- Solid Balance Sheets
- High Cash Flow Focus
- Strong Corporate Governance

BELIEF-DRIVEN

- Adhere to fundamentally derived price targets
- Individual positions are conviction-weighted
- Manage the opportunity cost of capital
- High active share focus
- Sell decision just as important as the buy

PORTFOLIO CONSTRAINTS

- 40-50 Securities
- Minimum Market Cap $3B
- Position sizes: ≤ 5%
- Sector limits: ≤ 35%
- Industry limits: ≤ 15%
- Cash limits: ≤ 5%

High conviction, benchmark agnostic, stock selection focused

Multi-Stage:

1 FUNDAMENTAL UNDERSTANDING

- Do we understand and acknowledge potential risks?
- Is our exposure to potential risks appropriately diversified?
- Do we have strong balance sheets to withstand the risks?
- Are we paying appropriate prices given the risks?

2 QUANTITATIVE PROPRIETARY REPORT

- Correlation amongst holdings
- Analyze index over / underweights
- Historical portfolio characteristics on a 1-year and 3-year basis
- Barra Risk Model decomposition analysis
- ESG rankings and scores
- Scenario risk analysis

3 INDEPENDENT PORTFOLIO RISK REVIEW

- Portfolio Management Team is challenged by an internal independent Investment Risk Committee
- Quarterly review employing comprehensive, proprietary risk analysis for each portfolio

Risk management is embedded throughout the investment process -- constant and continuous

3 Primary Reasons To Sell

1. Share price surpasses our estimate of "fair value"

2. Managing the Cost of Capital

   Upside to "fair value" is markedly less than a new, alternative "buy" candidate

3. Evidence confirms that original "buy" thesis is materially impaired

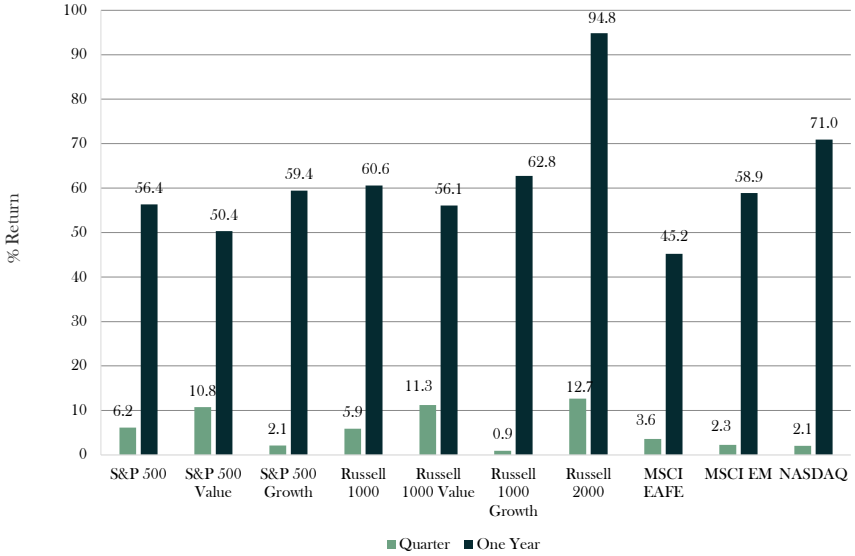
Judgments are made in the context of market valuation, risk/reward opportunity, and alternative investment opportunities.

MARKET OVERVIEW

INDEX AND SECTOR RETURNS

INDEX RETURNS

As of March 31, 2021



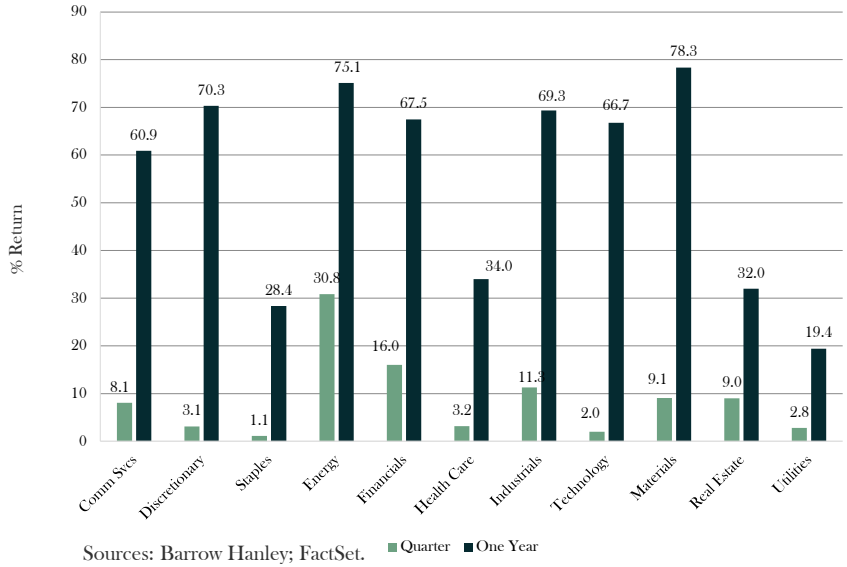
Sources: Barrow Hanley; Bloomberg; FactSet.

- The S&P 500 Value and the Russell 1000 Value indexes each outperformed their broad and growth counterparts during the first quarter.
- Over the past year, however, growth is still the frontrunner, outpacing both the broad and value indexes.

- Sector performance was mixed during the quarter, with Energy, Financials, Industrials, and Materials leading while Technology, Utilities, and Consumer Staples lagged.
- The Technology sector was among the worst performing sectors during quarter despite having gained nearly 67% over the past year.

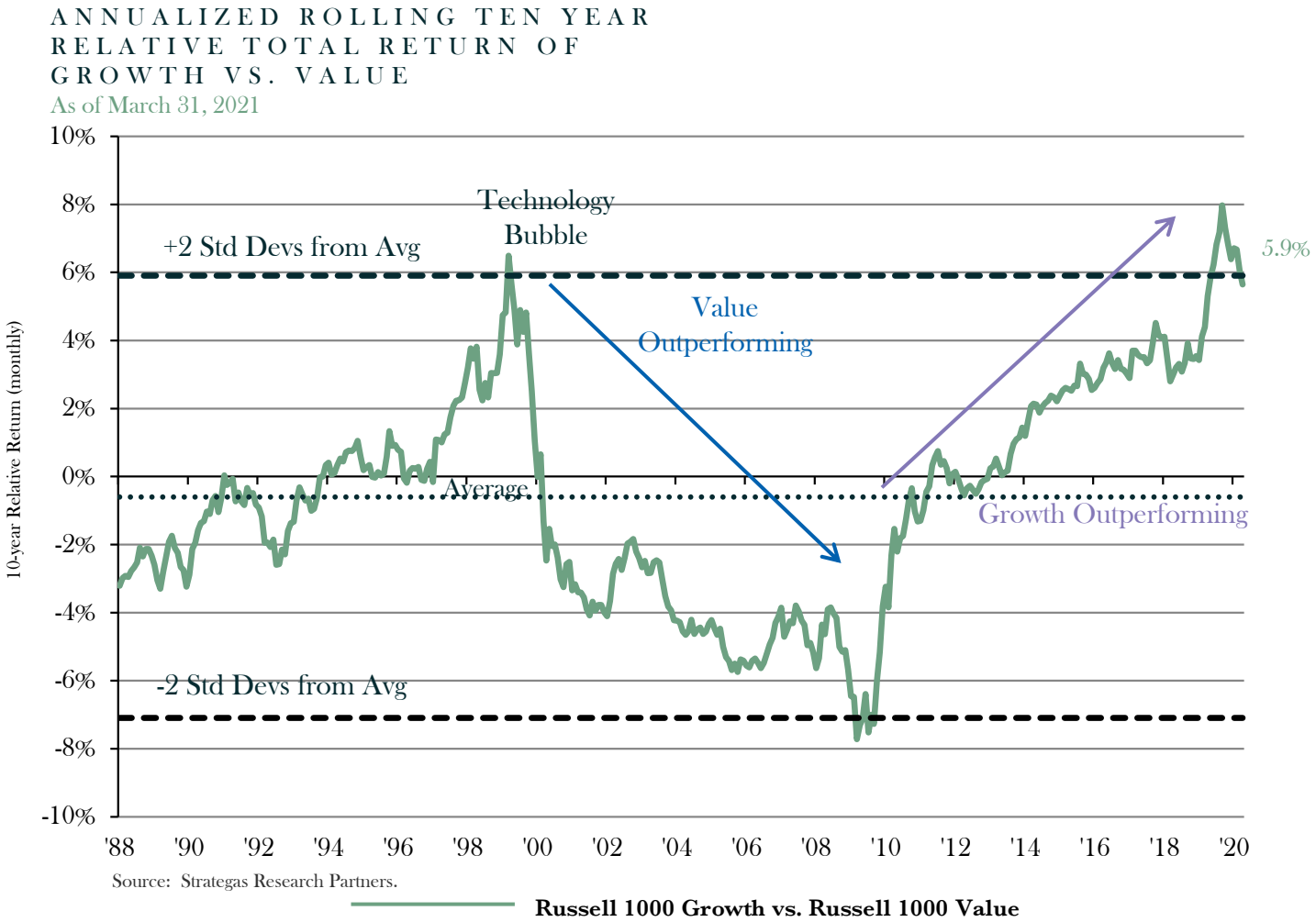
S&P 500 SECTOR RETURNS

As of March 31, 2021



Sources: Barrow Hanley; FactSet.

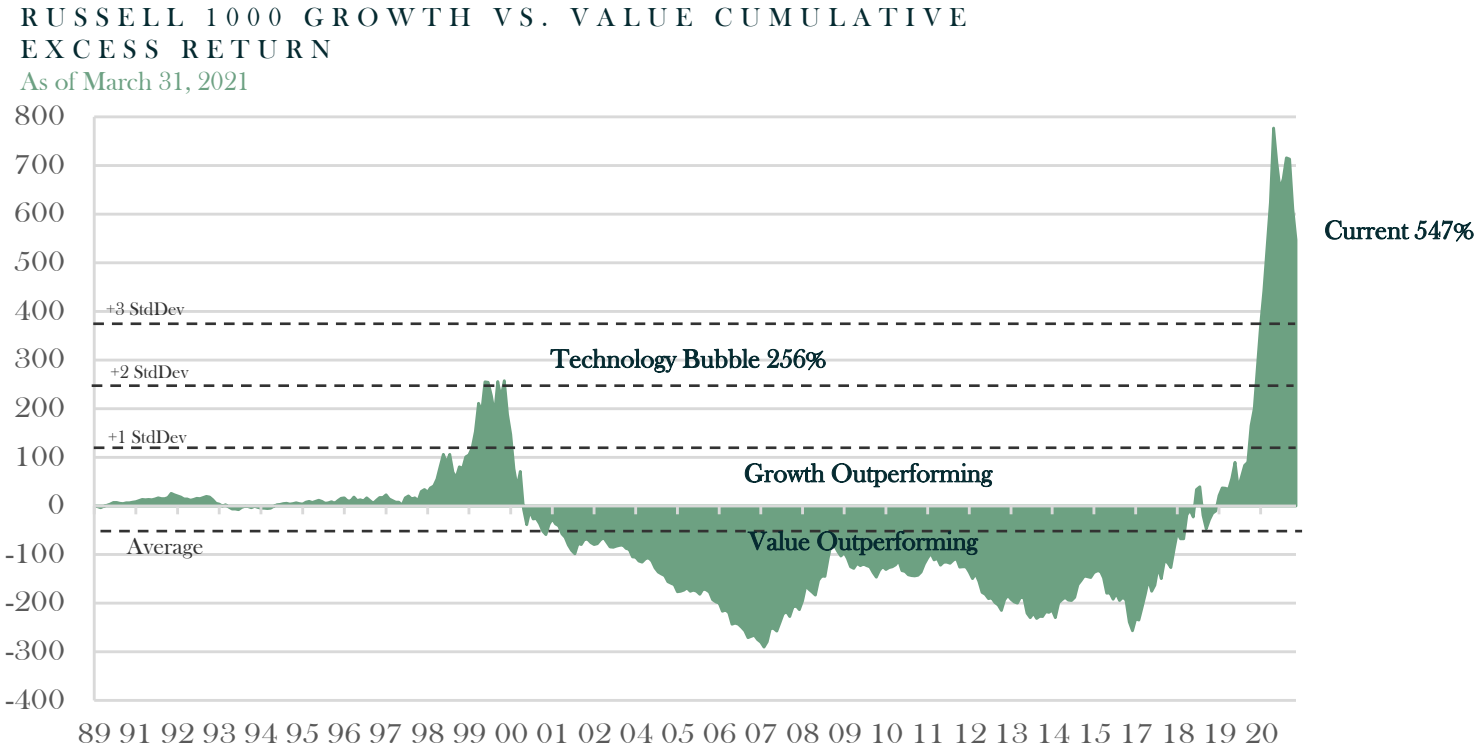
GROWTH VS. VALUE



Source: Strategas Research Partners.

- Historically, value has outperformed growth by a wide margin.
- The U.S Federal Reserve's zero-interest-rate policy favored lower quality growth stocks off the March 2009 market low.
- Growth's outperformance has started to reverse.

GROWTH'S DECADE-PLUS RUN



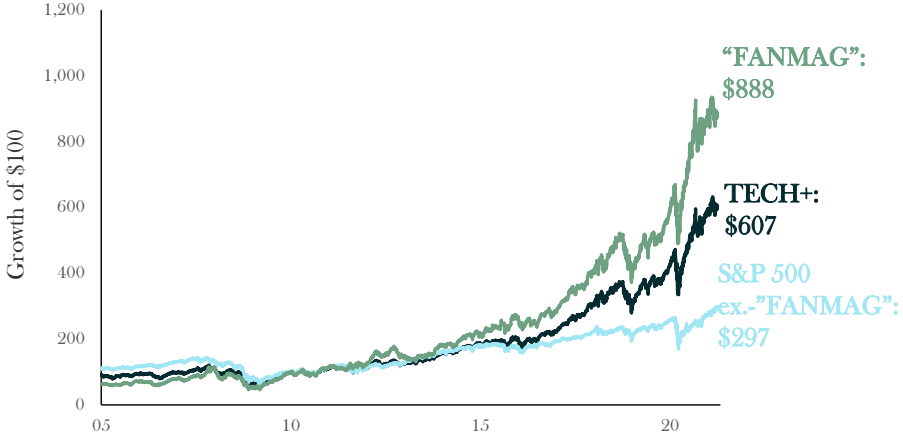
Sources: Barrow Hanley; FactSet; Frank Russell Company.

- Growth's outperformance over value went parabolic over the last year, easily surpassing the Technology bubble by almost every metric.
- With vaccines now being administered, a clearer path to a normal economic environment is evident, which bodes well for economically sensitive value stocks.

MARKET CONCENTRATION

TECH+*, "FANMAG," AND S&P 500 EX.-"FANMAG"

As of March 31, 2021



Source: Credit Suisse Securities.
Price returns, indexed to 100 on 12/31/2004. FANMAG is Facebook, Amazon, Netflix, Microsoft, Apple, and Alphabet. *TECH+ is the Technology Sector, Internet Retail within Discretionary, Interactive Media and Services, Interactive Home Entertainment, and NFLX from Movies and Entertainment within Communication Services.

COMBINED WEIGHT OF THE FIVE LARGEST S&P 500 STOCKS*

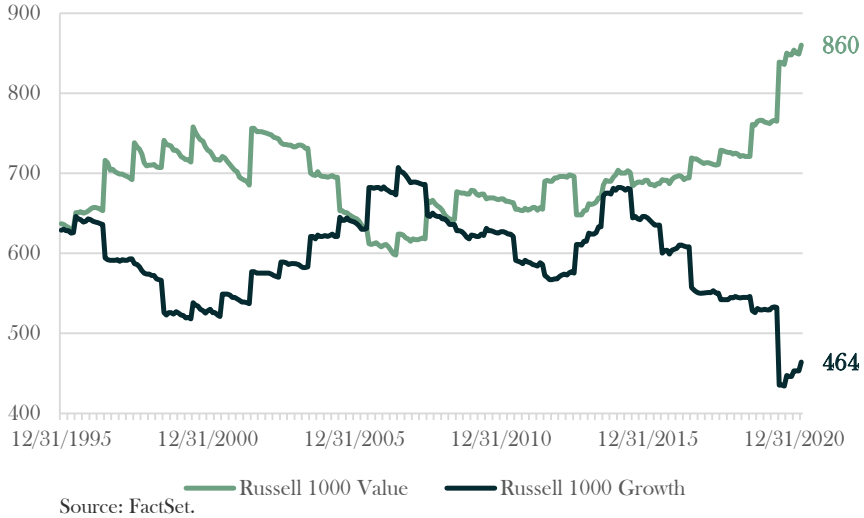
December 31, 1990 – March 31, 2021

*Apple, Microsoft, Amazon, Facebook, Google.
Sources: FactSet; Strategas Research Partners.

- Tech+ and the "FANMAG" stocks have meaningfully driven the performance of the S&P 500 during the past several years, leading the top five stocks to become 21% of the index's total weight, an all-time high (including the Tech Bubble) that accounted for 70% of the S&P 500's 2020 return.
- The immense size of these mega-cap growth stocks distorted the construction of the style indices such that more than 300 companies were moved from the Russell 1000 Growth to the Russell 1000 Value.
- As a result, the value index became more "growth-like," an issue that passive investors may not realize.

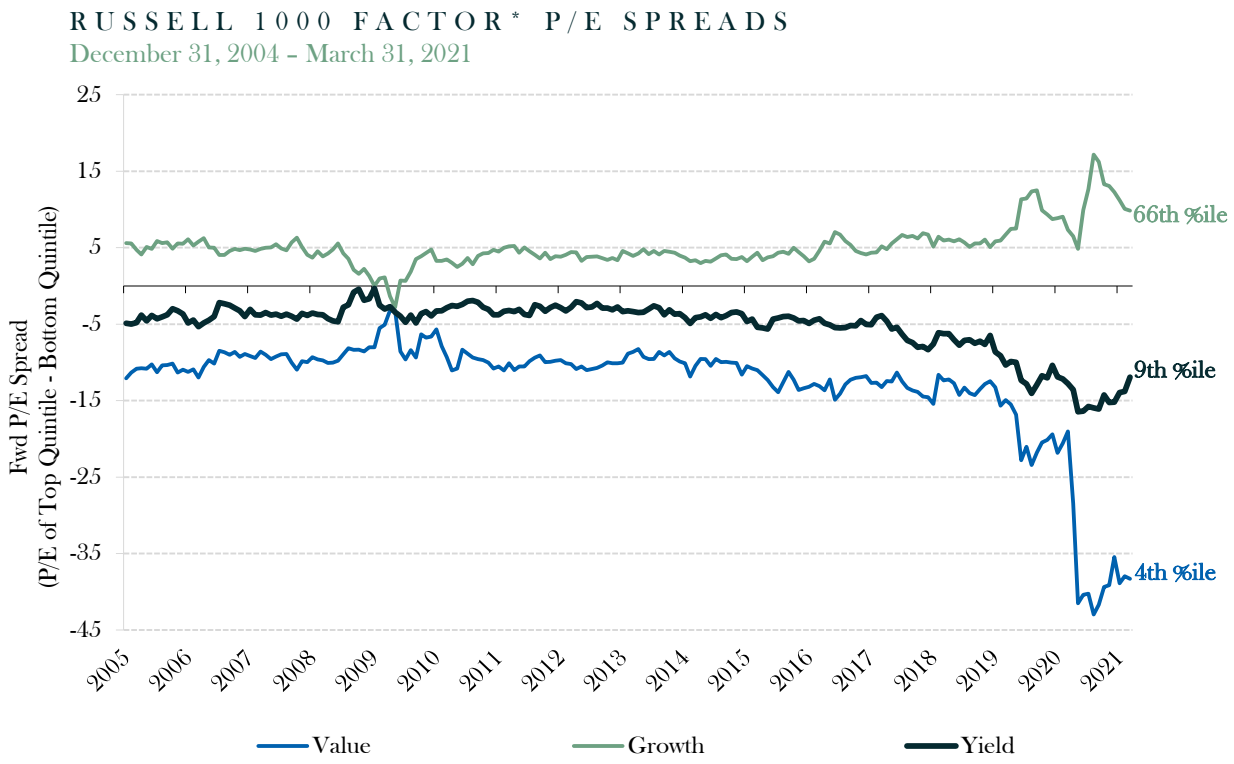
NUMBER OF STOCKS IN THE RUSSELL 1000 VALUE AND GROWTH INDICES

December 31, 1995 – March 31, 2021



Source: FactSet.

VALUE IS EXTRAORDINARILY INEXPENSIVE



"Growth factor is defined by mean of internal growth Y/Y dividend growth, T/T earnings growth, and LT growth forecast. Value factor is defined by LTM P/E, FY1 P/E, P/B, and P/Sales. Yield is defined as Dividend Yield. Spread = highest quintile P/E minus lowest quintile P/E.
Source: Morgan Stanley QDS.

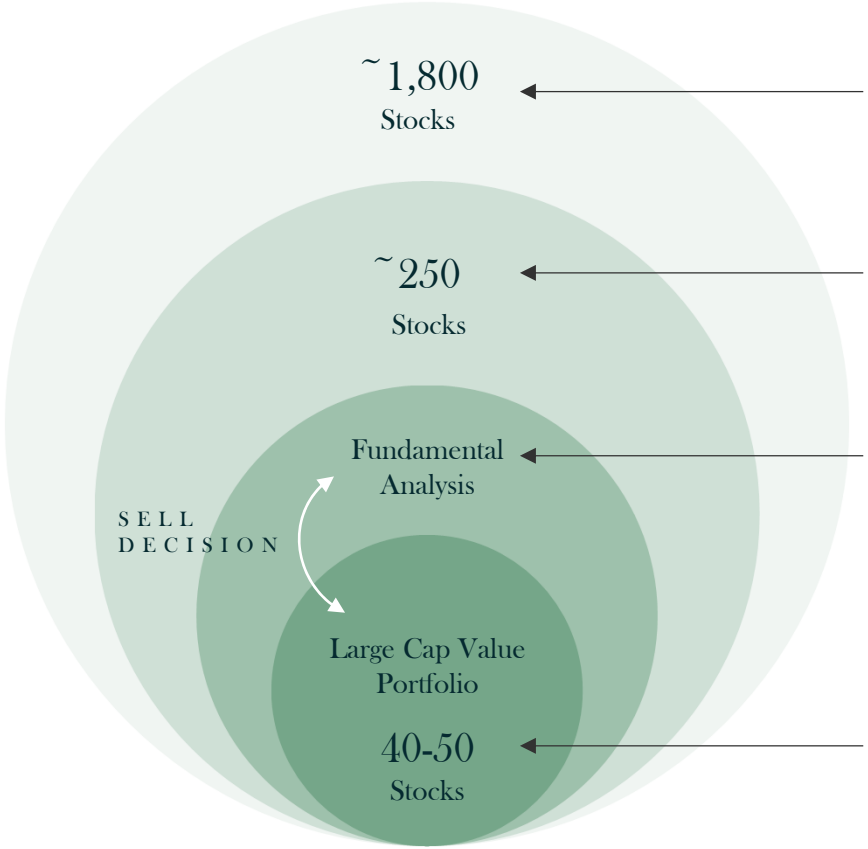
- Growth spreads reached their most expensive point in 2020, reaching the 100th percentile after investors piled into high-priced growth stocks while Value and Yield stocks reached all-time low relative valuations.
- However, value and yield are still at ultra-low valuations (48-point and 22-point P/E spreads, respectively) relative to growth.
- Despite the recent 20% plus value outperformance over growth, both Value and Yield factors have impressive momentum and room to revert closer to the longer-term averages.

PORTFOLIO CHARACTERISTICS & PERFORMANCE

INVESTMENT PROCESS OVERVIEW

Consistent and Repeatable

- Initial Universe
- Stock Screening Process
- BH Security Guidance List
- Fundamental Securities Analysis
- Portfolio Construction Process



Proven Over Multiple Market Cycles

Market Cap, Volume, Dividend Yield, & Cash Flow

- Companies with Market Cap ≥ $1 Billion

Quantitative Analysis

- P/E and P/BV < Market and Dividend Yield > Market

Fundamental Analysis

- Earnings and Profitability Projections
- Estimates of Fair Value
  - Internal Research
  - ESG Scoring and Evaluation
  - Company Engagement
  - Daily Research Meetings

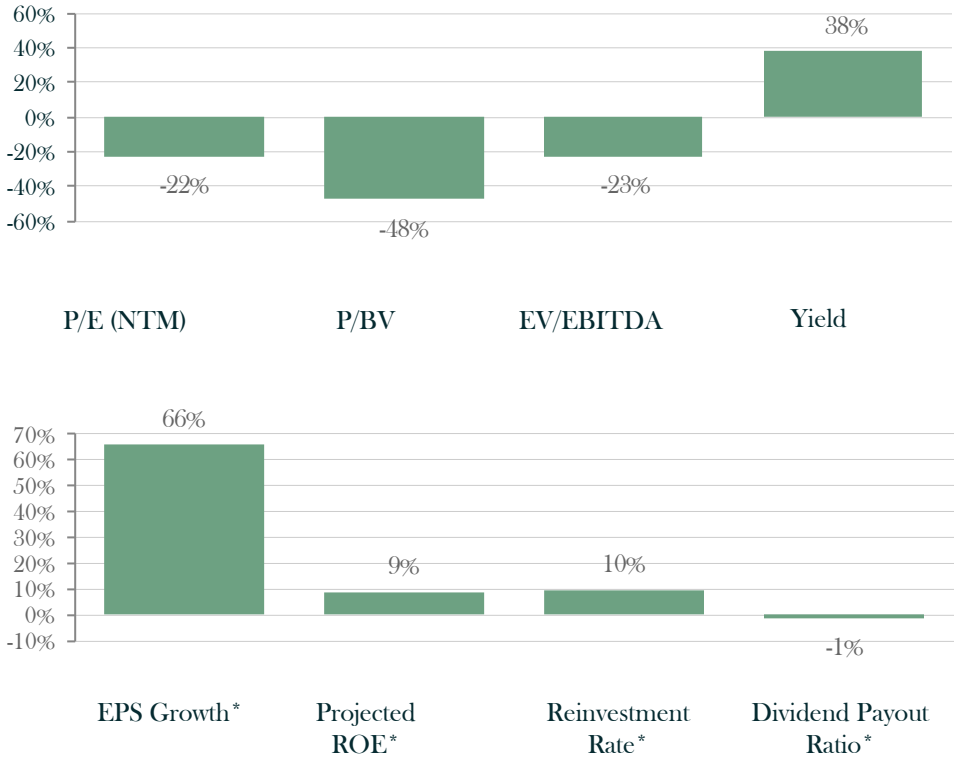
Portfolio Risk Controls

- ≤ 5% Individual Position Sizes
- ≤ 15% Industry Weightings
- ≤ 35% Sector Weighting
- ≤ 5% Cash

Meeting our Value Philosophy:

CHARACTERISTICS VS S&P 500

As of March 31, 2021



ATTRACTIVE MARKET VALUATIONS

- P/E NTM below the market
- Price-to-book below the market
- EV/EBITDA below the market
- Dividend Yield above the market

+

ABOVE AVERAGE QUALITY

- Higher Return on Equity
- Attractive Earnings Growth
- Meaningful Capital Allocation
- Sound Capital Ratios

Alpha Opportunity

Delivering true value exposure

*BH Projections; Source: FactSet

CHARACTERISTICS

	City of Gainesville	Russell 1000 Value	S&P 500
Price/Earnings (NTM)	16.3 x	17.8 x	21.6 x
Price/Book Value	2.2 x	2.5 x	4.2 x
Dividend Yield	2.0 %	2.0 %	1.4 %
Market Cap (WAVG)	88,310 M	146,801 M	468,443 M
BH Projections			
EPS Growth	11.7 %	10.1 %	7.0 %
Profitability (ROE)	17.3 %	17.1 %	16.0 %
Div. Payout Ratio (DPR)	40.8 %	39.8 %	40.0 %
Reinv. Rate [ROE(1-DPR)]	10.3%	10.3%	9.6%

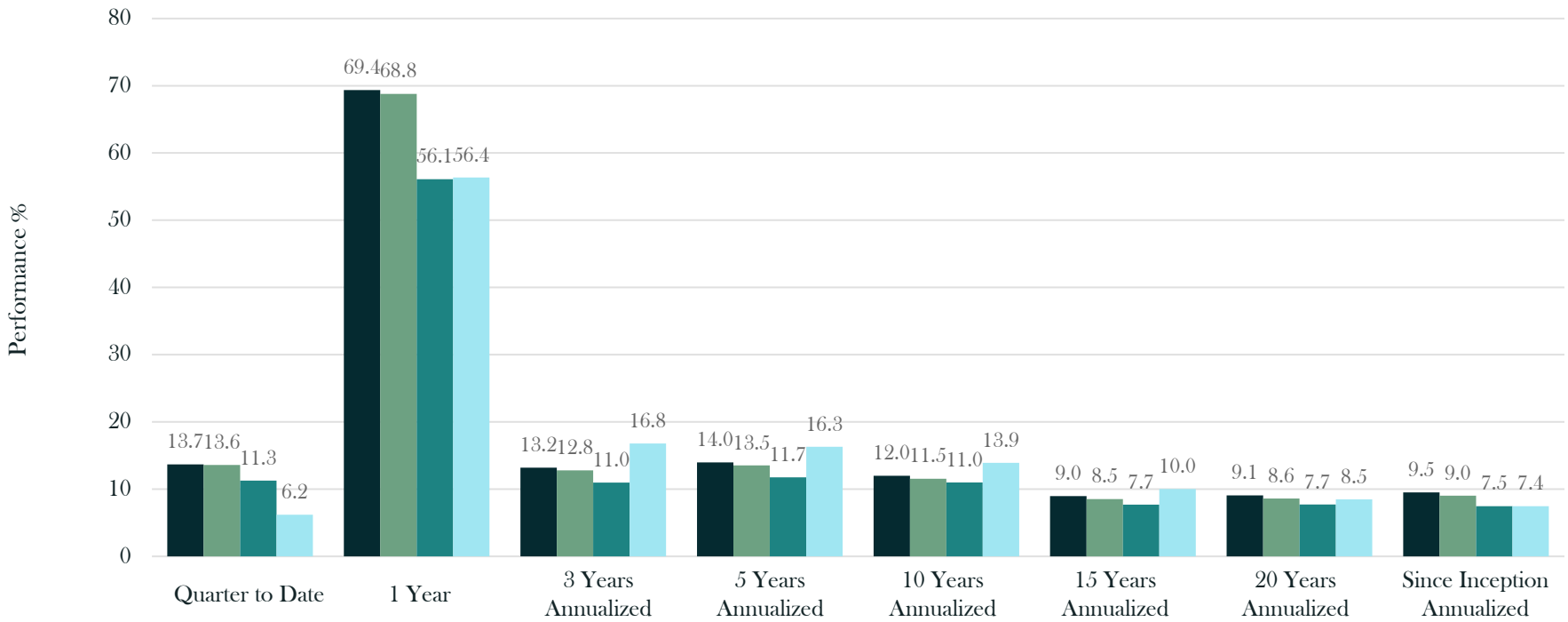
PORTFOLIO STRUCTURE

Change in Portfolio	
Beginning Value 12/31/2020	$ 106,937,856
Net Contributions / Withdrawals	13,828,005
Realized Gains	451,739
Unrealized Gains	14,762,371
Income Received	642,545
Ending Value 03/31/2021	$ 136,622,516

Source: FactSet, APX. Values expressed in USD currency.

PORTFOLIO COMPOSITION

	Market Value Base	% Assets
Cash and Equiv.	$ 1,620,451	1.19
Equities	$ 135,002,065	98.81
TOTAL	$ 136,622,516	100.00



	Quarter to Date	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	15 Years Annualized	20 Years Annualized	Since Inception Annualized
City of Gainesville (GOF)	13.68 %	69.37 %	13.19 %	13.96 %	11.98 %	8.96 %	9.07 %	9.51 %
City of Gainesville (NOF)	13.59 %	68.78 %	12.78 %	13.53 %	11.55 %	8.51 %	8.59 %	9.01 %
Russell 1000 Value	11.26 %	56.09 %	10.96 %	11.75 %	10.99 %	7.69 %	7.71 %	7.46 %
S&P 500	6.18 %	56.35 %	16.77 %	16.30 %	13.91 %	10.02 %	8.47 %	7.44 %

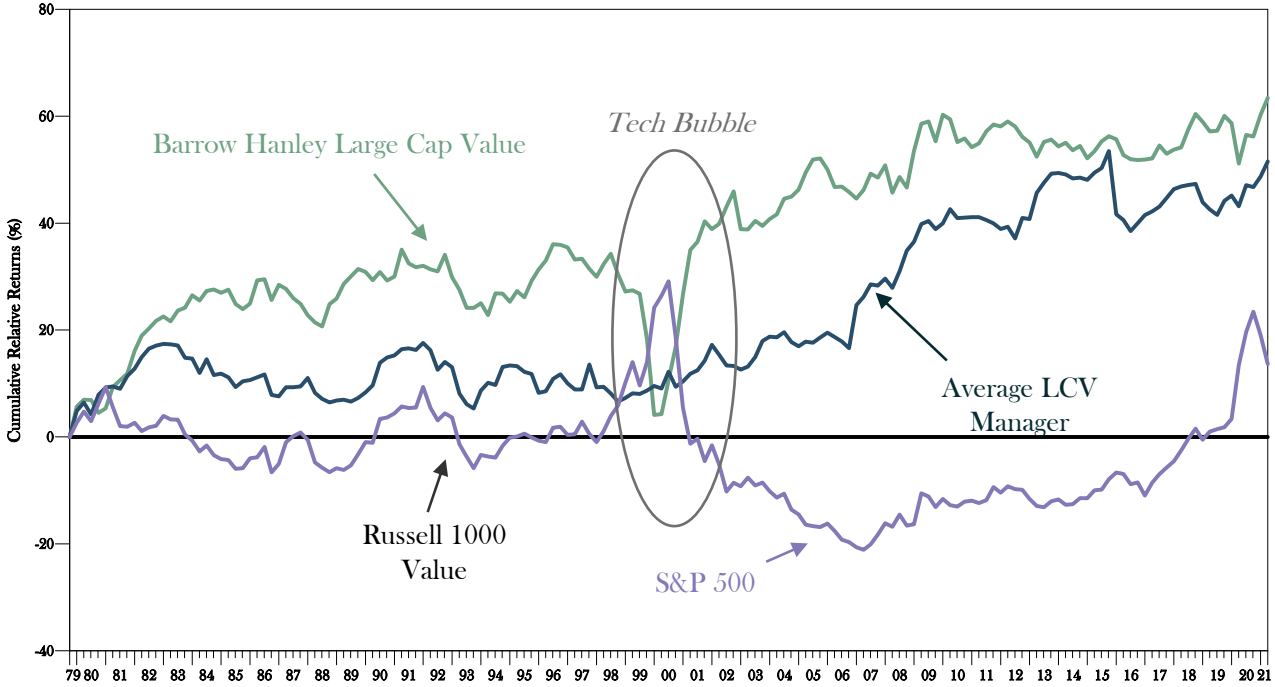
Note: Inception Date 09/30/1999.

Past performance is not indicative of future results.
Source: APX. Performance is expressed in USD currency.

LONG-TERM PERFORMANCE
VS. RUSSELL 1000 VALUE INDEX

CUMULATIVE RELATIVE RETURNS*

Since Inception 10/1/79



Source: Callan PEP™

Peer group: Callan Large Cap Value Style.

*As of 3/31/21

- Since its inception in 1979, the Barrow Hanley Large Cap Value strategy has consistently outdistanced the broad market, the value benchmark, and our peers.

SECTOR ATTRIBUTION - QUARTER

March 31, 2021

City of Gainesville | 9858

	City of Gainesville		Russell 1000 Value		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection And Interaction Effect	Total Effect
Financials	25.9	21.20	20.3	17.54	0.38	0.87	1.25
Industrials	18.7	19.46	13.5	13.52	0.11	1.05	1.16
Health Care	8.6	7.71	13.1	4.16	0.36	0.25	0.61
Consumer Staples	2.9	4.72	7.2	3.10	0.38	0.08	0.47
Materials	5.7	14.40	4.8	10.86	-0.07	0.19	0.12
Communication Services	2.9	-3.25	9.5	6.06	0.29	-0.25	0.04
Utilities	3.5	-1.02	5.1	2.87	0.14	-0.17	-0.03
Real Estate	2.8	5.82	4.3	9.07	0.02	-0.07	-0.05
Energy	6.5	23.82	5.0	31.00	0.31	-0.40	-0.09
Cash	1.8	-	-	-	-0.19	-	-0.19
Consumer Discretionary	11.8	10.69	7.7	14.48	0.10	-0.39	-0.29
Information Technology	8.9	5.19	9.5	11.36	-0.02	-0.55	-0.57
TOTAL	100.0	13.68	100.0	11.26	1.82	0.60	2.42

Selection=return differential x portfolio weight. Allocation=weight differential x return differential between benchmark sector return and benchmark total return.

Largest Relative Portfolio Contributors vs. Russell 1000 Value

	Avg. Wt.	Total Effect
SLM Corp	1.5 %	0.42 %
Deere & Company	2.2 %	0.42 %
Hess Corporation	1.7 %	0.33 %
AECOM	2.0 %	0.31 %
Goldman Sachs Group, Inc.	3.0 %	0.31 %

Largest Relative Portfolio Detractors vs. Russell 1000 Value

	Avg. Wt.	Total Effect
Qualcomm Inc	1.6 %	-0.40 %
Aramark	3.0 %	-0.38 %
Edison International	1.8 %	-0.33 %
Cognizant Technology Solutions Corporation Class A	1.9 %	-0.28 %
Altice USA, Inc. Class A	0.9 %	-0.27 %

Source: FactSet. Values expressed in USD currency.

SECTOR ATTRIBUTION - ONE YEAR

March 31, 2021

	City of Gainesville		Russell 1000 Value		Attribution Analysis		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection And Interaction Effect	Total Effect
Information Technology	10.4	91.39	8.8	53.36	0.27	3.66	3.92
Consumer Discretionary	12.1	100.38	7.1	98.14	2.20	0.83	3.03
Consumer Staples	2.4	39.31	8.4	28.57	1.64	0.36	2.00
Health Care	9.7	42.79	14.1	34.53	1.00	0.68	1.68
Industrials	18.2	76.23	12.3	76.75	1.20	0.00	1.20
Utilities	4.3	20.44	6.1	19.77	0.53	0.23	0.77
Financials	24.4	69.52	19.6	70.78	1.05	-0.35	0.69
Real Estate	2.9	44.97	4.6	39.60	0.34	0.23	0.57
Communication Services	2.5	48.95	9.3	50.90	0.28	0.14	0.42
Materials	5.4	86.12	4.7	84.91	0.23	-0.07	0.16
Energy	6.4	66.49	5.0	78.77	0.11	-0.37	-0.25
Cash	1.2	0.00	-	-	-0.87	-	-0.87
TOTAL	100.0	69.37	100.0	56.05	7.98	5.34	13.32

Selection=return differential x portfolio weight. Allocation=weight differential x return differential between benchmark sector return and benchmark total return.

Largest Relative Portfolio Contributors vs. Russell 1000 Value

	Avg. Wt.	Total Effect
Lowe's Companies, Inc.	2.7 %	1.74 %
Deere & Company	2.4 %	1.40 %
Stanley Black & Decker, Inc.	3.4 %	1.38 %
Lennar Corporation Class A	2.1 %	1.34 %
Broadcom Inc.	3.2 %	1.22 %

Largest Relative Portfolio Detractors vs. Russell 1000 Value

	Avg. Wt.	Total Effect
* General Electric Company	0.1 %	-1.11 %
Edison International	1.9 %	-0.94 %
Exelon Corporation	2.1 %	-0.60 %
CVS Health Corporation	2.3 %	-0.55 %
Raytheon Technologies Corporation	2.1 %	-0.51 %

* Sold

Source: FactSet. Values expressed in USD currency.

PORTFOLIO HOLDINGS

March 31, 2021

City of Gainesville | 9858

	% Port.	% Russell 1000 Value
Communication Services	**3.3**	**9.2**
Comcast Corp	2.0	
Altice USA Inc	1.4	
Consumer Discretionary	**12.7**	**7.8**
Aramark	2.8	
Advance Auto Parts Inc	2.4	
Lowe's Cos Inc	2.1	
Lennar Corp	1.6	
Dollar General Corp	1.5	
Las Vegas Sands Corp	1.4	
Ralph Lauren Corp	1.0	
Consumer Staples	**2.8**	**7.1**
Coca-Cola European Partners PL	2.8	
Energy	**6.6**	**5.1**
Phillips 66	3.1	
Hess Corp	1.8	
Chevron Corp	1.7	
Financials	**26.1**	**20.6**
JPMorgan Chase & Co	3.0	
Goldman Sachs Group Inc/The	3.0	
Citigroup Inc	2.9	
US Bancorp	2.7	
Wells Fargo & Co	2.5	
American International Group I	2.3	
American Express Co	1.8	
SLM Corp	1.7	
Willis Towers Watson PLC	1.5	
Chubb Ltd	1.4	
Northern Trust Corp	1.4	
New York Community Bancorp Inc	1.1	
Navient Corp	0.8	
Health Care	**8.9**	**12.6**
Anthem Inc	2.7	
UnitedHealth Group Inc	2.1	
Medtronic PLC	2.1	
CVS Health Corp	2.0	

	% Port.	% Russell 1000 Value
Industrials	**19.6**	**13.9**
Stanley Black & Decker Inc	2.9	
AECOM	2.5	
Raytheon Technologies Corp	2.3	
Deere & Co	2.3	
JB Hunt Transport Services Inc	2.1	
General Dynamics Corp	1.9	
Quanta Services Inc	1.6	
Jacobs Engineering Group Inc	1.5	
Westinghouse Air Brake Technol	1.5	
Emerson Electric Co	1.0	
Information Technology	**7.8**	**9.5**
Broadcom Inc	2.6	
Cognizant Technology Solutions	1.9	
QUALCOMM Inc	1.3	
Oracle Corp	1.1	
Texas Instruments Inc	0.9	
Materials	**5.5**	**4.8**
International Flavors & Fragra	2.9	
Corteva Inc	2.6	
Real Estate	**2.7**	**4.3**
MGM Growth Properties LLC	2.7	
Utilities	**3.0**	**5.0**
Edison International	1.6	
Exelon Corp	1.4	
Cash	**1.2**	

PORTFOLIO CHANGES - LAST 12 MONTHS

New Holdings	Eliminated Holdings
AECOM	Air Products & Chemicals, Inc.
Altice USA, Inc. Class A	Bank of New York Mellon Corporation
Citigroup Inc.	Dominion Energy Inc.
Emerson Electric Co.	General Electric Company
General Dynamics Corporation	Microsoft Corporation
Goldman Sachs Group, Inc.	Simon Property Group, Inc.
International Flavors & Fragrances Inc.	Spirit AeroSystems Holdings, Inc. Class A
Las Vegas Sands Corp.	Valero Energy Corporation
Quanta Services, Inc.	
Ralph Lauren Corporation Class A	

B|H

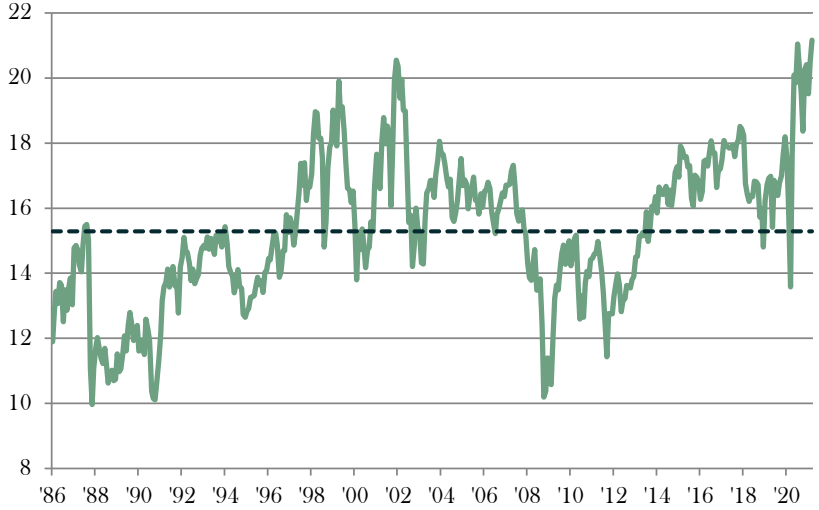
Source: APX, FactSet

MARKET OUTLOOK

EARNINGS AND VALUATIONS

S&P 500 MEDIAN FORWARD P/E

January 31, 1986 – March 31, 2021



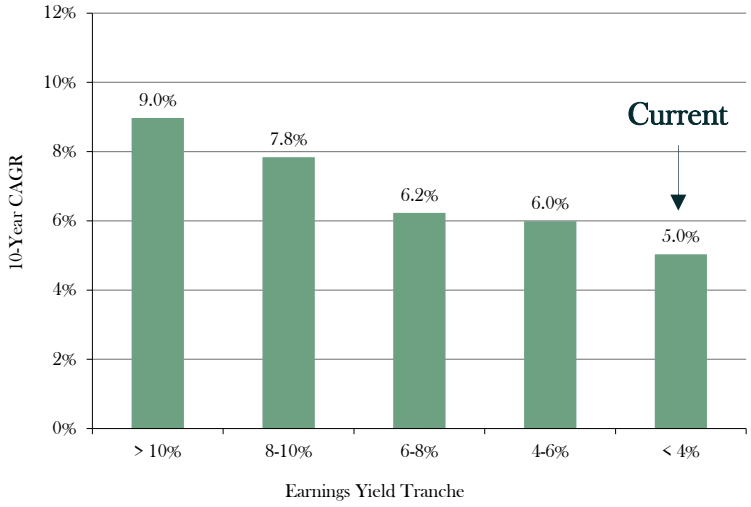
Source: Bank of America Merrill Lynch.

- Valuations reached all-time highs, rising above the last growth bubble (Tech Bubble).
- This growth bubble was much more concentrated with the top stocks in the growth index driving most of the outperformance.

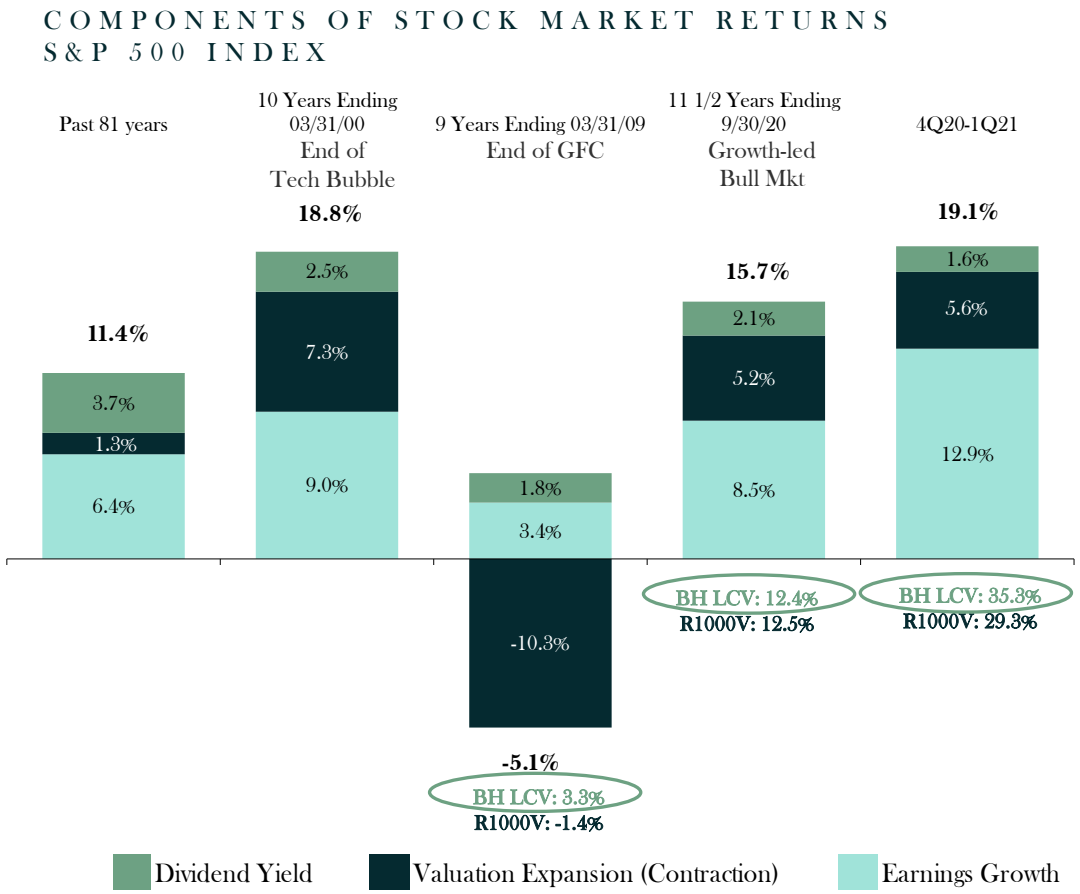
- Historically, when the market reaches extreme valuations, the next decade of returns are modest as the valuations of the most expensive names deflate.
- Current valuations, driven by the largest growth stocks, suggest more modest prospective market returns.

S&P 500 10-YEAR RETURN BY EARNINGS YIELD SINCE 1950 (BASED ON FORWARD 12 MONTH ESTIMATED EARNINGS)

As of March 31, 2021



Source: Strategas Research Partners.



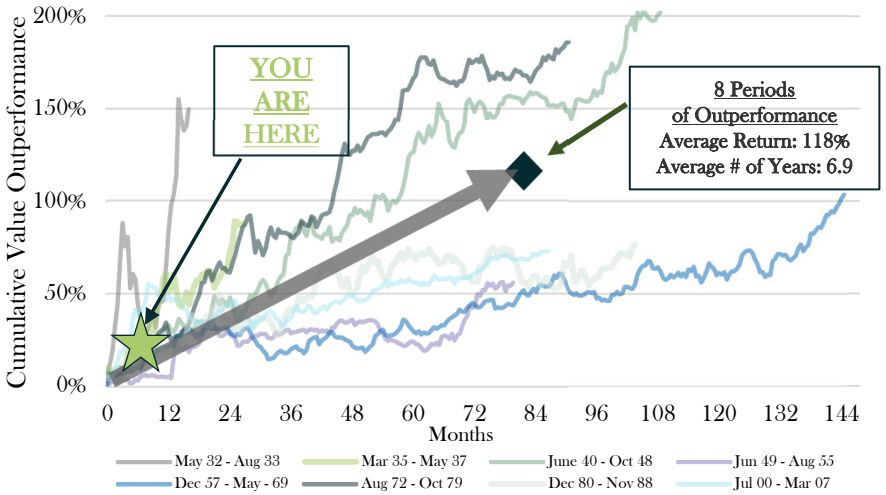
Source: Bank of America Merrill Lynch.

- Historically, dividends and earnings make up the vast majority of returns for the broad market.
- P/E expansion, typically a very small portion of overall returns, contributed meaningfully to returns in the 1990s and during the nearly 12-year growth bull market.
- During the last two quarters, value led growth by a wide margin and growth stocks experienced a sharp contraction in P/E multiples.

OUTPERFORMANCE OF VALUE AND BARROW HANLEY LCV AFTER GROWTH-LED MARKETS

OUTPERFORMANCE OF VALUE AFTER GROWTH-LED MARKETS

1932 - 2020



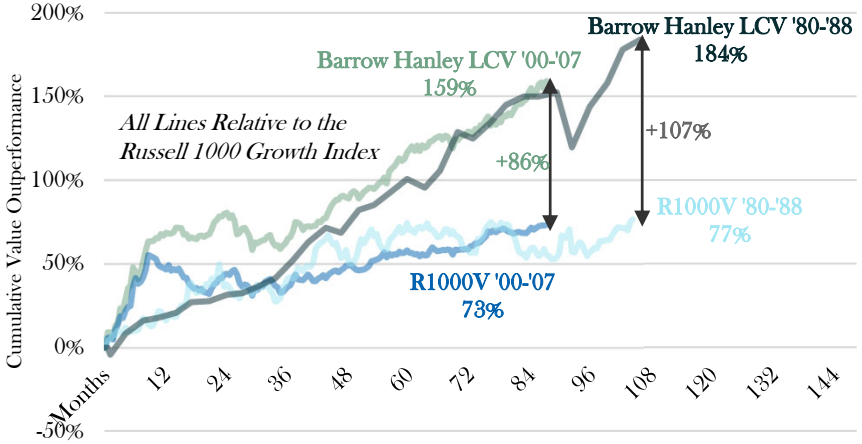
Fama-French data 1932-1978; Russell 1000 Growth and Value 1978-2017. Source: Barrow Hanley.

- Periods of growth outperformance are followed by sustained periods of value outperformance.
- Since 1932, eight such periods produced an average excess value return of 118% that lasted approximately seven years.
- An expanding economy, strong earnings growth, and rising interest rates/inflation expectations are turning the tide for value stocks.
- If past is prologue, we are in the early stages of value's performance reversal versus growth.

- When value outperforms growth, the Barrow Hanley LCV strategy adds significant alpha relative to the value indices.
- Since the inception of the Barrow Hanley LCV strategy, we participated in two value cycles. In both cycles, we not only outperformed the S&P 500 and the Russell 1000 Growth indices, but we added significant alpha relative to the Russell 1000 Value Index.

OUTPERFORMANCE OF BARROW HANLEY LCV AFTER GROWTH-LED MARKETS

1980 – 1988 and 2000 – 2007



Sources: Barrow Hanley; FactSet; Frank Russell Company.

BH LCV ANNUALIZED FIVE-YEAR OUTPERFORMANCE IN LOW/MODERATE RETURN ENVIRONMENTS

Updated as of March 31, 2021

Annual Benchmark Performance	BH LCV vs. Russell 1000 Value	BH LCV vs. S&P 500
Returns < 10%	1.6%	3.2%
Returns < 5%	1.4%	4.0%
Returns < 0%	1.4%	6.1%

Source: BH, FactSet
Rolling 5-year annualized returns, calculated quarterly since BH LCV inception.

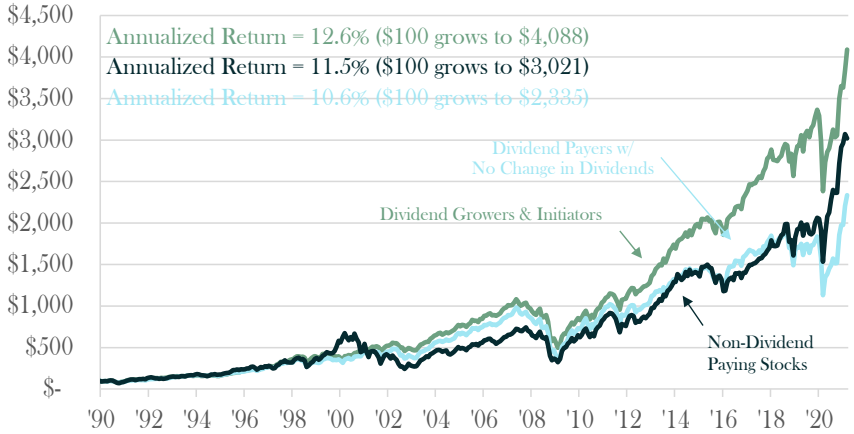
In either a more modest return or down-market scenario, our portfolios have historically added value relative to both the S&P 500 and the Russell 1000 Value.

APPENDIX

THE POWER OF DIVIDENDS

IMPACT OF DIVIDENDS ON TOTAL RETURN

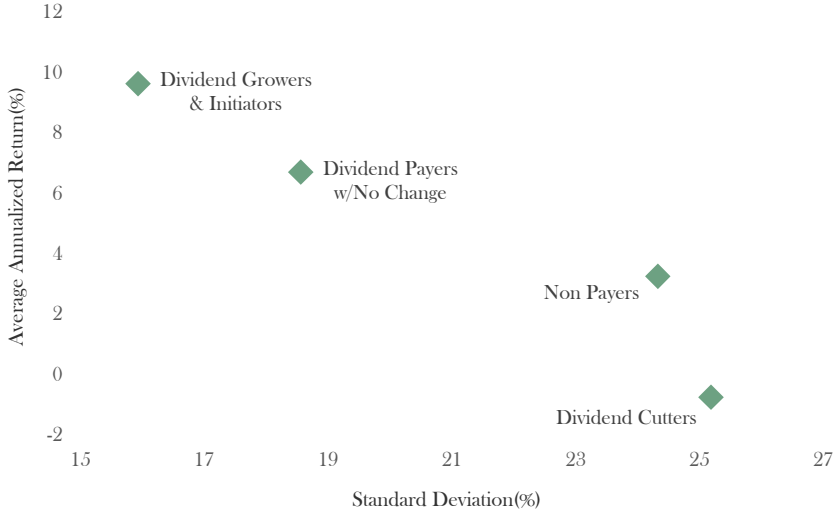
January 1990 – March 31, 2021



Sources: Barrow Hanley; Strategas Research Partners.

S&P 500 STOCKS BY DIVIDEND POLICY

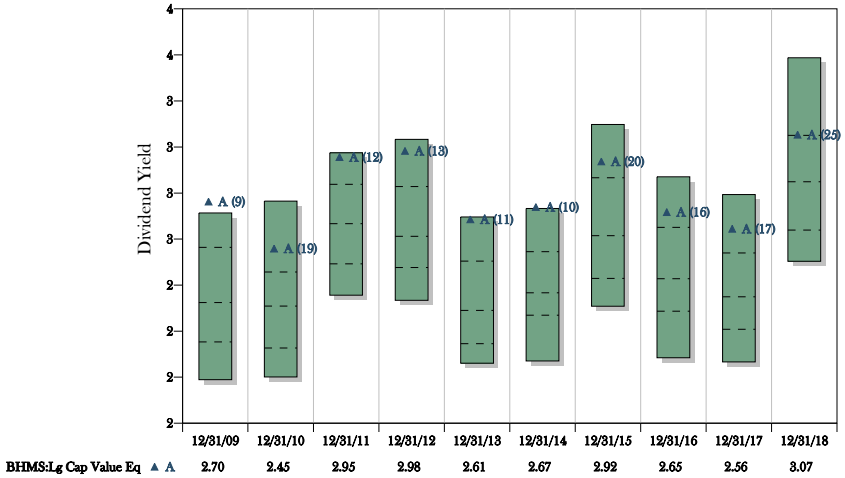
January 31, 1972 – March 31, 2021



Source: Ned Davis Research; FactSet.

- Dividend growers and initiators have far outperformed both static dividend payers and non-dividend payers with less risk.
- With record levels of cash flow on balance sheets, a change in corporate conservatism, fewer government restrictions, low payout ratios, and increased investor demand, dividends can grow meaningfully from current levels.

BARROW HANLEY: ONE OF THE HIGHEST-YIELDING MANAGERS IN THE LARGE CAP VALUE UNIVERSE



Peer group: Callan Large Cap Value Style. Source: Callan PEP™

FULL INTEGRATION OF ESG INTO SECURITY ANALYSIS

Internal scores and third-party data are combined to create our proprietary BH ESG Score

- Financial Materiality Assessment integrated into the Investment process
- Proprietary ESG composite scores utilize Barrow Hanley scores as well as MSCI & Sustainalytics
- Disclosure scoring utilizes Barrow Hanley engagement, as well as Sustainability Accounting Standards Board (SASB) & Carbon Disclosure Project (CDP)
- Materiality Matrix tool utilized by analysts
- ESG considerations aligned with proxy voting policy
- Established integration & engagement guidelines
- Active ownership to document ESG engagement

Proprietary ESG Scores

SELL-SIDE RESEARCH & THIRD-PARTY ESG RESEARCH & SCORING

BH FUNDAMENTAL RESEARCH & ESG SCORING

COMPANY MEETINGS & ENGAGEMENT

BH COMPOSITE ESG SCORE

- 45% BH ESG Scoring
- 40% Third-Party ESG Scoring
- 15% Disclosure Scoring

Our active engagement creates opportunity for re-rating momentum

PRI Annual Assessment Report

SUMMARY SCORECARD

	Your Score	Median Score / Your Score
01 Strategy & Governance	A+	A
Direct & Active Ownership Modules		
10 Listed Equity – Incorporation	A	A
11 Listed Equity – Active Ownership	A	B

Source: Principles for Responsible Investment.

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