

**CHANNING CAPITAL MANAGEMENT, LLC**

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**ADV-PART 2 BROCHURE  
(PARTS 2A & 2B)****2/28/2018**

This combined ADV-Part 2 Brochure and Brochure Supplement (together “Brochure”) provides information about the business practices and qualifications of Channing Capital Management, LLC (“Channing”). If you have any questions about this Brochure, please contact us at [compliance@channingcapital.com](mailto:compliance@channingcapital.com) or [clientservice@channingcapital.com](mailto:clientservice@channingcapital.com) or 312.223.0211. The information in this Brochure has not been approved or verified by the U.S. Securities & Exchange Commission (“SEC”) or by any state securities authority.

Channing is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any level of skill or training. Additional information about Channing is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). This Brochure was also filed with the SEC electronically and is also available on this same SEC website.

**ITEM 2 – MATERIAL CHANGES**

Channing's Brochure is a firm disclosure document prepared according to the SEC's current Form ADV-Part 2 requirements and rules. This Item notes only specific material changes that are made to the Brochure and provides clients with a summary of such changes. We also reference the date of our last annual update of our disclosure brochure: 2/2017.

We will provide and deliver to you a summary of any material changes to this and subsequent Brochures. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with an updated Brochure as necessary based on material changes or new information, at any time, without charge.

*Annual Amendment/Update: Material Changes (2/2018)*

1. Item 4 – Assets Under Management (AUM) disclosure was updated;
2. Item 12 – Brokerage Practices – This section was updated to include a description of commission sharing agreements ("CSAs"), and Channing's use of CSAs.
3. Brochure Supplement – A biography was added for Derik Coffey as a new member of the Portfolio Management Group.

Currently, our Brochure may be requested by contacting our Firm's Client Service Team at 312.223.0211 or [clientservice@channingcapital.com](mailto:clientservice@channingcapital.com) or emailing our Compliance Dept. at [compliance@channingcapital.com](mailto:compliance@channingcapital.com).

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- GENERAL EDUCATION AND BUSINESS STANDARDS SUMMARY

### BROCHURE SUPPLEMENTS:

EDUCATIONAL AND BUSINESS BACKGROUND INFORMATION REGARDING  
FIRM PRINCIPALS AND PORTFOLIO MANAGEMENT GROUP

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**ITEM 4 – ADVISORY BUSINESS**

Channing Capital Management, LLC (“Channing”) is a privately-held investment management firm founded in 2003 by Eric McKissack, Rodney Herenton and Wendell Mackey, who are the Firm’s managing-operating principals and majority owners. Channing provides investment management services to institutional, pension, and charitable organization clients and other institutional investors. Channing specializes in value investing, and offers the institutional marketplace mid-cap value, small-cap value, smid-cap value, large-cap value, and all-cap value U.S. domestic equity investment portfolio products where Mr. McKissack and Mr. Mackey serve as the respective lead portfolio managers or co-lead portfolio managers for these portfolio strategies.

In managing primarily institutional separate accounts, Channing adheres to its institutional clients’ written investment objectives, guidelines and restrictions. In addition to primarily managing institutional separate accounts, Channing also serves as a mutual fund sub-adviser for the Dreyfus Funds managing a small-cap value strategy. Also Channing serves as a portfolio manager in a wrap fee program sponsored by Deutsche Bank and its affiliate Deutsche Asset Management.

As of 2/13/2018, the Firm has approximately \$2.9 Billion of total client assets under management (“AUM”) as follows:

- Discretionary: \$2.9 Billion in AUM (approx.)
- Non-Discretionary: \$0.

**ITEM 5 – FEES AND COMPENSATION**

Fees for Channing’s services are generally based upon a percentage of assets under management, and our general annual fee schedule is as follows:

<b>FEE SCHEDULE</b>	<b>MID-CAP VALUE</b>	<b>SMALL-CAP VALUE</b>
\$0 to \$25M	75 bps	100 bps

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Next \$25M	70 bps	90 bps
Over \$50M to \$100M	65 bps	85 bps
Above \$100M	55 bps	80 bps

FEE SCHEDULE	SMID-CAP VALUE
\$0 to \$10M	95 bps
Above \$10M to \$25M	85 bps
Above \$25M to \$50M	80 bps
Above \$50M to \$100M	75 bps
Above \$100M	70 bps

**Large-Cap Value:** Fees are generally as set forth below, subject to negotiation and related factors as noted below.

FEE SCHEDULE	LARGE-CAP VALUE
\$0 to \$25M	60 bps
Above \$25M to \$50M	55 bps
Above \$50M to \$100M	50 bps
Above \$100M	45 bps

**All-Cap Value:** Fees are generally as set forth below, subject to negotiation and related factors as noted below.

FEE SCHEDULE	ALL-CAP VALUE
\$0 to \$15M	65 bps

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Next \$10M	52 bps
For the Balance	45 bps

However in certain circumstances, our investment management fees may be negotiable based upon funding mandate size and/or the ability to expand the relationship over time. Also the above-described fees are applicable only to long-only institutional or pension client separate accounts, and not hedge accounts or hedge funds which Channing does not manage.

Fees are payable quarterly on assets under management at the end of each calendar quarter. Fees are billed immediately following the close of each calendar quarter and are due upon receipt. Fees are pro-rated for asset additions or withdrawals prior to the end of the calendar quarter based on the number of days under management during the period. Fees are collected in arrears and not billed in advance; accordingly Channing does not contemplate a situation where it will be necessary to issue a refund of fees to a client. However, in the unlikely event a client is entitled to a refund of fees billed, the request for refund should be made in writing and directed to:

Rodney B. Herenton  
c/o CCM Accountant  
Channing Capital Management, LLC  
10 S. LaSalle Street, Suite 2401  
Chicago, IL 60603  
Attn: Request for Refund

Clients with fixed term agreements may generally terminate their investment advisory agreement in accordance with the specific terms outlined in their agreement. Client agreements that are not for a fixed term generally may be terminated at any time by either party by giving to the other at least 60 days prior written notice of such intent of termination.

**ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Channing does not generally charge any performance-based fees and is generally compensated based on a percentage of AUM. However, on a limited basis pursuant to client request and subject to negotiation, we will consider entering into an institutional investment management agreement containing performance-based fees relating solely to management of traditional or long-only client AUM. We do not manage hedge funds or other alternative funds or pooled investment vehicles and have no performance-based fee arrangements involving such investments.

Channing will structure any performance-based fee arrangement subject to Section 205(a)(1) of the Advisers Act and in accordance with SEC Rule 205-3 and its related exemptions. Performance-based fee arrangements may create incentives for investment managers to recommend investments which may be riskier or more speculative than those which would be recommended under a traditional AUM or different fee arrangement. Such fee arrangements may also create an incentive to favor higher-fee paying accounts over other accounts in the allocation of investment opportunities. However, Channing views such potential risks as limited or non-existent since each institutional long-only strategy is managed in a substantially similar manner subject to each institutional client's investment guidelines and restrictions. Also, Channing has implemented procedures reasonably designed to ensure that all clients are treated fairly and equally, and to prevent this potential conflict from influencing the allocation of investment opportunities among its institutional clients.

**ITEM 7 – TYPES OF CLIENTS**

Channing generally makes its investment management services available to and serves a variety of institutional clients only, including:

- Corporate and Other Retirement Plans
- Endowments and Foundations
- Hospitals and Healthcare Institutions
- Public Retirement and Pension Funds

- Institutional Managers-of-Managers
- Sub-Advised Mutual Funds
- Religious Organizations
- Taft-Hartley Organizations
- Units of Government
- Trusts
- Wrap Fee Programs

#### Conditions for Managing Accounts

Channing generally provides investment advisory services for institutional investors with a minimum of \$5,000,000 in assets to invest. In certain special circumstances and at the firm's discretion, this minimum may be negotiated. Channing's investment management services are generally limited to equity investments.

### **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Channing's investment and portfolio management teams utilize a fundamental, bottom-up value investment philosophy that focuses on undervalued domestic (United States) equity stocks across small, mid and large capitalization ranges. With this approach, the Firm looks for publicly-traded companies that are trading at significant discounts to their intrinsic value. We seek to generate above-average returns for our clients through our investment process and discipline, and, as a result, Channing's relatively concentrated approach focuses on stock picking rather than market timing or sector allocation.

Institutional client portfolios are constructed on a stock-by-stock basis with emphasis given to the return potential of individual equity securities. Channing relies primarily on stock selection to seek to earn above-average returns as opposed to forecasts which emphasize sector weightings relative to a portfolio benchmark. However, sector and industry diversification is also employed as a risk management tool.

As part of Channing's research process, the investment team compiles information from multiple industry sources for insights including:



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- Management quality
- Product and/or service quality
- Business cycle(s) for the company's key products or services
- New product or service offerings in the pipeline that could enhance future growth
- Industry characteristics.

Channing also uses proprietary in-house research developed by reviewing financial statements and records, interviewing company senior management, interviewing company customers, and monitoring consumer attitudes about company products or services. Such research may also in certain instances include company visits and/or third-party investment research and reports.

In limited isolated instances when deemed necessary, Channing may use Exchange Traded Funds (ETFs) to facilitate the transition of client funding requirements regarding inflows and outflows. The ETFs are not intended to be a permanent holding in the investment portfolio but are used to allow for the orderly construction and maintenance of client portfolios. Strategic use of ETFs also allows Channing to manage investment portfolios in the best interest of our clients. Investing in or holding securities as investments involves risk of loss that all clients should be prepared to bear and past performance is not a guarantee of future investment results.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Registered investment managers are required to disclose all material facts regarding any disciplinary or legal events that would be material to your evaluation of the firm or the integrity of the firm's senior management, principals, and owners. Channing has no information applicable to this Item.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Channing is an independently-owned and managed institutional asset management firm. Also in the 2<sup>nd</sup> half of 2017, Channing launched a wholly-owned, affiliated institutional asset management firm, Channing Global Advisors, which is headquartered

in Miami, Florida and focuses on international and emerging markets stocks and related investment portfolio strategies.

## **ITEM 11 – CODE OF ETHICS**

### **Code of Ethics Summary.**

Channing has adopted a Code of Ethics, which is compliant with Rule 204A-1. In summary, Channing's Code of Ethics requires all access persons to provide an initial holdings report after being hired as an employee of the Firm and an annual investment holdings report after the end of the 4th quarter and year-end. Access persons are to receive pre-approval for covered securities from a portfolio manager and the Compliance Department prior to placing a trade. Access persons who have brokerage accounts are required to provide Channing with duplicate statements of their brokerage accounts and/or provide a quarterly report of all personal securities trading in such accounts. The Compliance Department will review for compliance with the Code of Ethics and to monitor against insider trading activity. The Code of Ethics also limits or requires Firm approval of other activities which could have the perception of a conflict of interest, such as directorships and the receipt of gifts. Channing's Code of Ethics is in general alignment with the central principles and tenets of the CFA Institute's professional code of ethics governing CFA Charterholders as well as its Asset Manager's Code of Conduct.

A copy of the Firm's Code of Ethics may requested by contacting our Firm's Client Service Team at 312.223.0211 or [clientservice@channingcapital.com](mailto:clientservice@channingcapital.com) or emailing our Compliance Dept. at [compliance@channingcapital.com](mailto:compliance@channingcapital.com).

## **ITEM 12 – TRADING & BROKERAGE PRACTICES**

### **Institutional Investment, Trading & Brokerage Discretion**

The institutional client accounts over which Channing has discretion are generally subject to institutional client imposed investment restrictions and guidelines. Such restrictions and guidelines customarily impose a number of limitations with regard to the types of securities which can be purchased and also generally limit the percentage of account assets which can be invested in certain types of securities. When more than one client of Channing is seeking to buy or sell the same security, the sale or purchase is bunched or aggregated, which is considered fair and equitable to all accounts. Although sharing in large transactions may sometimes affect price or volume of shares acquired or sold, overall Channing believes there may be an advantage in execution.

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Channing may follow the practice of grouping or aggregating orders of various clients for execution to get the benefit of lower prices or commission rates. In certain cases where the aggregate order may be executed in a series of transactions at various prices, the transactions are allocated on a pro-rata basis, so that each receives generally, to the extent practicable, the average price of such transactions.

Channing follows the policy and practice of aggregation of orders for various clients with non-directed broker mandates in an effort to adhere to best-execution policies. With regards to clients with directed brokerage agreements and accounts, Channing has a practice of alternating the trading sequence between directed and non-directed accounts on a daily basis. Within directed wrap accounts on different brokerage platforms and upon the inception of a new directed (wrap) platform, we randomly draw the order to trade and rotate the one that goes first on one trade to the back of the line on the next while moving each directed (wrap) platform sequentially up in the order from there for additional trades going forward.

The trade sequence may be altered or not completed at the discretion of the Head Trader, depending on the time of trade, liquidity conditions, and the broker's ability to complete the trade, in order to facilitate best execution. Channing's policy of trade rotation consists of alternating trading sequence each trading day to provide fair and equitable trading among all of Channing's clients or groupings of clients over time and to seek to ensure on a reasonable good faith basis that no client account is systematically disadvantaged or advantaged as compared to the other Channing accounts.

Channing selects brokers to effect client transactions, subject to internal review/approval and also client approval in certain circumstances as described below. In selecting broker-dealers to execute transactions, consideration will be given to such factors as: the price of the security (including commission or mark-up); the size and difficulty of the order; the reliability, integrity, financial soundness and general operation and execution capabilities of the broker; the client's directives; the broker's expertise in particular markets; and research services provided by the broker. Preference may be given to those broker-dealers which consistently supply competent research coverage in markets in which they specialize. Channing's primary concern in selecting brokers is receiving the best price and transaction/order execution. Channing maintains lists of approved brokers which Channing believes are generally able to provide those services. Channing's traders only use brokers on those lists, except for client-directed orders as discussed below. On an ongoing basis Channing negotiates commissions and evaluates the reasonableness of those commissions based on the factors listed above. The level of brokerage commissions paid is reviewed periodically by Channing.

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Clients also may limit discretionary authority by directing Channing to effect transactions through specific broker-dealers or limiting the compensation paid. Clients may condition such transactions by requiring that Channing only effect transactions with those broker-dealers if the broker-dealer is competitive as to price and execution. In the event that a client directs Channing to use a particular broker or dealer, Channing may be unable under those circumstances to negotiate commissions and to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct Channing to use a particular broker or dealer.

Channing generally has authority to supervise and direct investments for the client's account without prior consultation with the client ("discretionary authority"). Pursuant to this discretionary authority, but subject to applicable laws and institutional client guidelines and restrictions/limitations, Channing will generally determine which securities are bought and sold for the account, the total amount of such purchases and sales, the brokers or dealers through which trading transactions will be executed, and the commission rates paid generally to effect the transactions. However, Channing's authority may be subject to certain conditions or restrictions imposed by certain clients in the form of "restricted brokerage", for example, where the client restricts or requires that transactions be effected through specific brokers-dealers or groupings of brokers-dealers meeting certain criteria (for example, minority- or women-owned broker-dealers, or broker-dealers registered or doing business in a certain state) or where the client has specified a particular commission rate restriction or cap for such transactions pursuant to such client's investment guidelines and restrictions or a client directive.

Where permitted by client investment and trading guidelines, Channing may step-out transactions as a means to meet institutional and pension clients' directions or clients' utilization goals to trade with certain brokerage firms or with certain targeted or approved groups of brokerage firms. These firms are also subject to meeting Channing's best execution and approved broker requirements. As part of certain institutional client periodic reporting and available upon client request is documentation on which transactions were stepped-out, if any, and to which brokerage firm with respect to an institutional client's account.

In the case of trade errors, Channing will, when available, provide to the client any gains as related to the error. In the case of a trade error conducted by the brokerage firm executing the transaction, the brokerage firm may decide solely to keep the gain. Channing has no control over the brokerage firm keeping such gain, however, Channing will make every reasonable effort to have such gain sent to the client. In no case will a client have a loss in its account related to a trade error. Channing's policy is to make the client whole in such circumstances.

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Channing utilizes from time to time research, research-related products and other brokerage services on a traditional indirect soft-dollar commission basis primarily through what is sometimes referred to as "bundled soft dollar transactions". In connection with such arrangements and transactions, the Firm receives research or other products or services other than or in addition to execution from brokerage firms or other third parties ("soft-dollar benefits") in connection with client account securities trading transactions. Channing's soft dollar policy is to make a good faith determination of the value of the research product or services in relation to the commissions paid. We also maintain soft dollar arrangements only for those research products and services which assist Channing in its investment decision-making process and which are eligible under Section 28(e) and its related safe harbor under the Securities Exchange Act of 1934 given that such "soft dollar benefits" received qualify as eligible "research or brokerage services".

Research provided by brokers supplements the research activities of Channing. Research services provided by brokers include: economic data on, and analysis of, the U.S. economy; information about specific companies, including earnings estimates; purchase recommendations for stocks; portfolio strategy services; political, economic, business and industry trend assessments; historical statistical information; market data services providing information on specific issues and prices. Research contact may be by telephone or in conjunction with seminar attendance or at other meetings. Channing may receive research products or services that are used for both research and other non-research purposes, such as for firm administration. In such cases, Channing makes a good faith reasonable effort to determine the relative proportion of the cost of such products or services used for non-research purposes and pays for such proportion out of its own funds. In making these determinations, a conflict of interest may exist by reason of Channing's allocation of the cost of such services between those that primarily benefit our Firm and those that primarily benefit our clients. Some brokerage firms or portfolio management evaluation firms also may provide to Channing investment performance evaluation services, which may be used by Channing in relation to investment decision-making.

Channing may pay a broker-dealer a commission in excess of that which another broker or dealer receives, or a commission in excess of that which another broker or dealer might have charged for effecting the same transaction (subject to limitations imposed by its contracts with its clients and to the extent authorized by law), when Channing, in its good faith, determines that the commission is reasonable in relation to the value of brokerage and/or research services provided by the broker-dealer. Research services furnished by broker-dealers through which Channing effects securities transactions may be used in servicing all accounts managed by Channing. Not all such services will

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necessarily be used exclusively in connection with the accounts which pay the commissions to the broker-dealer producing such services.

Channing may engage on a limited basis in “soft-dollar arrangements” (as governed under SEC regulations and rules as amended/updated) on a general basis or limited to certain portfolio strategies. Certain brokers and/or independent third-party investment research firms unaffiliated with Channing, provide to Channing investment and performance-related evaluation services, which are used by Channing in connection with its investment decision-making process. To the extent these services are used for investment decision-making, these services are generally provided by such unaffiliated third-party research firms or brokerage firms in exchange for compensation or payments derived from client trading commissions in whole or in part. Channing may pay such unaffiliated firms trading commission-derived compensation or fees in excess of that which another third-party investment brokerage or third party research firm receives, or a an investment or trading services fee in excess of that which another brokerage or third party firm might have charged for providing the same investment research or trading services (subject to limitations imposed by its contracts with its clients and to the extent authorized by law), when Channing, in its good faith, determines that the services fees or commission payments are reasonable in relation to the overall value of brokerage and/or research services provided by the third party brokerage firm or other third-party investment research services provider firm.

Soft-dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft-dollar allocations are connected to particular clients or groups of clients. Soft-dollar benefits are not proportionally allocated to client accounts that may generate different amounts of the soft-dollar benefits.

In addition to standard soft-dollar arrangements, Channing may participate in commission sharing arrangements (“CSAs”). A CSA is a type of soft-dollar arrangement that allows Channing to establish a commission account with an executing broker-dealer(s). Transactions are effected with the broker-dealer at a pre-determined commission rate. The broker-dealer allows Channing to accrue credits from a portion of the commission rate, and at a later date Channing will direct that the broker-dealer to use the credits set aside in Channing’s commission account to pay certain brokers and/or independent providers for research product and services that fall under the protection of 28(e) of the Securities and Exchange Act of 1934. Under no circumstances, no soft-dollar credits are to be used to offset losses from trading errors.

Channing does not engage in or permit principal trading and/or agency-cross transactions or cross-trades.



**ITEM 13 – REVIEW OF ACCOUNTS**

A. Account Reviews and Reviewers. Channing reviews all securities within each of its portfolio strategies through monitoring of fundamental data including revenue and cash flow growth, earnings, and balance sheet strength and valuation measures. Channing's investment and portfolio management teams are responsible for portfolio construction, monitoring and implementing investment policy decisions for their respective portfolio strategy products. Each Investment Team reviews each client account on a regular periodic basis or more frequently as investment and/or market circumstances dictate. Each account and compliance with accounts' investment guidelines are also reviewed periodically by the respective Investment Team (in conjunction with the Client Service Team and Compliance Dept.). Each Investment Team approves all buy and sell ideas after a thorough research and recommendation process. Each Investment Team has research responsibility for new stock ideas and recommendations, and stock ideas are introduced by members of the Investment Teams. Research reports are internally generated and discussed in regular periodic research meetings. The investment portfolio/product leader for the respective investment products of Channing has the final decision on all investments selected for such respective portfolios with input from members of the Investment Team focused on a particular portfolio.

B. Client Reporting. Channing provides each institutional client with information based upon their specific requirements as required by the governing client investment management agreement. Clients are generally furnished periodic monthly, quarterly and/or annual reports as per their request, which outline each securities costs basis, market value and estimated annual income. Performance reviews and capital gain and loss schedules are provided to clients on an annual basis generally or as requested.

**ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION****Additional Compensation**

From time to time, Channing may enter into arrangements with brokerage firms which provide research and other goods or services in exchange for executing brokerage transactions with their firm. The goods and/or services provided are generally used to manage and maintain our various institutional client portfolios. Channing may engage in "soft dollar arrangements" or client commission arrangements (as governed under SEC regulations and rules as amended and updated from time to time). Please refer to Item 12 above for additional information.

**Participation or Interest in Client Transactions**

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Channing may serve as sub-advisor for certain mutual funds. Channing Staff are generally permitted to invest in these mutual funds that Channing sub-advises as well as other mutual funds not sub-advised by Channing. Where Channing's Staff invest in or engage in any trading of any Channing sub-advised fund, such Channing staff are required under our Code of Ethics to report such investments or trading as part of their periodic personal trading and pre-clearance reports. Such investing or trading activity will be reviewed as part of the periodic firm reviews of personal trading activity.

Also, Channing does not solicit or sell such sub-advised mutual funds in the normal course of its business. From time to time, Channing Staff may be asked by prospects, clients, business associates, friends and family for information on how to purchase the mutual funds. Those inquiries are responded to in very general terms by providing the ticker symbol of the mutual funds and recommending to the person making the inquiry that they contact a registered representative of one of the many publicly recognized brokerage firms for professional advice as to the suitability of any of the funds as an investment. With respect to the funds, Channing as well as its employees, do not make investment referrals and do not receive any referral or marketing fees. Channing Staff are prohibited by company and compliance policy, including Channing's Code of Ethics and Insider Trading Policies, from sharing non-public information about the funds investments or acting in a manner that might have any appearance of self-dealing with a client.

#### Third-Party Referral Arrangements

To the extent Channing may enter into third-party referral or solicitor arrangements from time to time, such arrangements will adhere to the SEC's solicitor or referral arrangement governing rules (SEC Rule 206(4)-3).

### **ITEM 15 – CUSTODY**

Channing has no actual custody of its institutional-only clients' assets or accounts. Institutional clients customarily select and engage their own independent custodians independent of Channing.

### **ITEM 16 – INVESTMENT DISCRETION**

Channing generally receives and accepts discretionary authority from its institutional clients at the outset of an advisory relationship pursuant to a governing investment management agreement to manage such clients' assets. In all cases, however, such investment discretion is to be exercised in a manner consistent with the stated



investment objectives, guidelines, and restrictions for such institutional or pension client account.

When selecting and trading securities and determining amounts to be bought and sold, Channing adheres to the investment policies, limitations and restrictions of the institutional clients for which it manages assets. Investment guidelines and restrictions must be provided to Channing by our clients in writing including any subsequent updates or changes. For additional related information, please refer to Item 12 above.

## **ITEM 17 – VOTING CLIENT SECURITIES**

### **Proxy Handling & Voting Summary**

Channing has a fiduciary obligation to, at all times, weigh and serve the best interest of its advisory clients as the sole consideration when voting proxies of portfolio companies. As part of its investment management services provided to clients and pursuant to SEC rule, Channing has adopted a proxy voting policy and related procedures. The Proxy Voting Policy and Procedures are designed to ensure that Channing votes client proxies in the best interest of its clients and outline how any proxies received on behalf of its clients will be handled.

Channing has retained third-party proxy firm Institutional Shareholders Services, Inc. (“ISS”) for proxy advisory and voting support services. Regardless of material conflict (if any), Channing through its reliance on independent third-party ISS will, at all times, vote in the best interest of its client. ISS will generally analyze the voting issues and make a proxy vote recommendation. Channing customarily follows such recommendation, subject to certain limited exceptions (requiring a documented rationale), and the proxy is voted in accordance with ISS’s guidelines, which are periodically reviewed by Channing’s Proxy Review Team. Proxy issues receive consideration based on all relevant facts and circumstances. Some accounts for which Channing is investment manager may wish to retain responsibility for proxy voting or to assign that responsibility to a different investment manager. Such accounts must either provide Channing with a plan document that expressly precludes Channing from voting proxies or include in the investment manager contract that Channing will not vote their proxies. In the absence of such documentation, Channing undertakes the obligation to vote on behalf of the accounts it manages, and will do so supported by ISS’s services. It is also Channing’s policy to fully comply with ERISA requirements regarding proxy voting.

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Copies of Channing's proxy voting policy and procedures and information regarding proxy votes are available to clients upon request. To obtain a copy, please direct any written or electronic client requests as follows:

Channing Capital Management, LLC  
c/o CCM Client Service Team  
10 South LaSalle St., Suite 2401  
Chicago IL 60603  
Attn: Proxy Administrator  
[clientservice@channingcapital.com](mailto:clientservice@channingcapital.com)

## **ITEM 18 – FINANCIAL INFORMATION**

Channing has no financial commitment or adverse financial condition that impairs its ability to meet its investment management or advisory contractual and fiduciary commitments to its institutional clients. Also, Channing has not been the subject of any bankruptcy proceeding.

## **ITEM 19 – MISCELLANEOUS ITEMS**

### **PRIVACY POLICY SUMMARY**

The SEC adopted Regulation S-P, a comprehensive set of rules intended to implement privacy requirements aimed at preventing financial institutions from disclosing various types of non-public personal information gathered from individual clients to certain unaffiliated entities. A privacy policy pursuant to Regulation S-P is not required of Channing at this time due to its client base being exclusively institutional. Should Channing accept in the future clients that are individual/natural persons, Channing will provide these clients with a privacy policy as part of entering into an advisory agreement and annually thereafter.

### **DISASTER RECOVERY PLAN SUMMARY**

Channing has adopted and implemented a disaster recovery and business continuity plan. Channing's Disaster Recovery Plan consists of regular and frequent full computer network system data backups and offsite secure storage of such system data and all related data content for the requisite retention period under governing SEC rules. Also as part of its disaster recovery back-office and business continuity plan, Channing uses SunGard, a well-recognized provider of disaster recovery remote locations, and our plan's business resumption timeframe is structured to be in general accord with SEC guidance.

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**COMPLIANCE PROGRAM & CONTROLS SUMMARY**

In compliance with Rule 206(4)-7 of the Advisers Act, Channing has appointed a Chief Compliance Officer, has adopted and implemented policies and procedures reasonably designed to prevent violations of federal securities laws, and will review its policies and procedures for their adequacy and effectiveness at least annually. A summary of Channing's compliance program and key policies/procedures is available upon request.

**GENERAL EDUCATION AND BUSINESS STANDARDS SUMMARY**

Channing requires that all personnel involved in providing investment advice and portfolio management services to clients have a combination of prior business experience and formal academic training consistent with and/or exceeding its industry peers. Staff currently employed by Channing as part of its portfolio management group have greater than 50 years of combined investment management experience and have received undergraduate degrees from accredited four-year colleges or universities. Staff currently employed by Channing also hold various professional certifications and degrees including: the Chartered Financial Analyst ("CFA") designation issued by the CFA Institute (formerly known as the Association for Investment Management and Research, or "AIMR"); and/or graduate degrees including MBA's from accredited universities and business schools.

# **ADV-PART 2 / PART 2B BROCHURE SUPPLEMENT (COMBINED)**

## **EDUCATIONAL AND BUSINESS BACKGROUND INFORMATION REGARDING KEY PRINCIPALS AND PORTFOLIO MANAGEMENT GROUP**

**Wendell E. Mackey  
Rodney B. Herenton  
Eric T. McKissack  
Timothy J. Kroll  
Matthew Betourney  
Deryck Lampe  
Kevin B. Reynolds  
Derik D. Coffey**

## **CHANNING CAPITAL MANAGEMENT, LLC**

This Brochure Supplement provides information about our Firm's principals and portfolio management group that supplements our Firm's Disclosure Brochure (above).

Additional information about the *supervised person(s)* listed above may be available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

DATE: 2/28/2018

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**WENDELL E. MACKEY, CFA****ITEM 2- EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE****Wendell E. Mackey, CFA*****Founder-Partner, Co-Chief Executive Officer & Chief Investment Officer***

Wendell E. Mackey, CFA, is a Founder-Partner, Co-Chief Executive Officer, Lead Portfolio Manager of the Small-Cap Value Product and Chief Investment Officer for Channing Capital Management, LLC. Mr. Mackey has over 17 years of investment experience, and has been a founding principal with Channing since 2004. Mr. Mackey launched the Small-Cap Value Product for the firm in 2006. Mr. Mackey was formerly Senior Managing Director of Valenzuela Capital Partners, LLC, a small and mid cap equities boutique, where he shared responsibility for managing the firm's assets, research staff, and overall firm (1998-2003). Prior to Valenzuela Capital Partners, LLC, Mr. Mackey was a portfolio manager with Barnett Capital Advisors, responsible for Mid/Large cap institutional assets. Mr. Mackey also held a senior role at NCM Capital Management Group where he served as portfolio manager responsible for The Calvert Social Investment Managed Growth Fund and The Calvert CRI Balanced Fund. Mr. Mackey received a BBA from Howard University and an MM from the J.L. Kellogg Graduate School of Management, Northwestern University. He has also earned the Chartered Financial Analyst designation from the CFA Institute.

**ITEM 3- DISCIPLINARY INFORMATION**

None

**ITEM 4- OTHER BUSINESS ACTIVITIES**

None

**ITEM 5- ADDITIONAL COMPENSATION**

None

**ITEM 6 - SUPERVISION**

Founding Partners Eric McKissack, Wendell Mackey and Rodney Herenton serve as the Firm's Management/Partners Committee, which oversees the Firm; and Eric McKissack serves as Lead Portfolio Manager for the Mid-Cap Value, Large-Cap Value, and All-Cap Value Portfolios; Wendell Mackey serves as Lead Portfolio Manager for the Small-Cap Value and Smid-Cap Value Portfolios. Each Lead Portfolio Manager supervises and oversees the members of their respective investment teams within the structure of the Firm's overall portfolio management group. Also the Firm has adopted a compliance program, code of ethics, and related supervisory controls that governs all officers and staff. Each officer and staff confirms in writing that he or she has received and agrees to abide by Channing's code of ethics, compliance and governance standards. Any Partner, as a member of the Firm's Management Committee, may be contacted at 312-223-0211 regarding any general firm governance and supervision matters.

DATE: 2/28/2018

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**RODNEY B. HERENTON****ITEM 2- EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE****Rodney B. Herenton*****Founder-Partner, Co-Chief Executive Officer and Chief Business Development & Strategy Officer***

Rodney B. Herenton is a Founder-Partner and Co-Chief Executive Officer and Chief Business Development & Strategy Officer of Channing Capital Management, LLC. Mr. Herenton has over 17 years of investment management experience, and has been a founding principal with Channing since 2004. Mr. Herenton was formerly First Vice-President of the Private Fund Group at Morgan Keegan & Company, Inc, which he was affiliated with from 1997 to 2001. Prior to Morgan Keegan & Company, Inc., Mr. Herenton was an Associate in the Investment Banking Department of Bear Stearns, where he was responsible for deal execution of mergers and acquisitions, equity and high yield bond transactions. Prior to Bear Stearns, Mr. Herenton was an Associate in the Corporate Finance Department of Lehman Brothers. Mr. Herenton received a BA degree in Finance from Morehouse College and an MBA from Harvard Business School.

**ITEM 3- DISCIPLINARY INFORMATION**

None

**ITEM 4- OTHER BUSINESS ACTIVITIES**

None

**ITEM 5- ADDITIONAL COMPENSATION**

None

**ITEM 6 - SUPERVISION**

Founding Partners Eric McKissack, Wendell Mackey and Rodney Herenton serve as the Firm's Management/Partners Committee, which oversees the Firm; and Eric McKissack serves as Lead Portfolio Manager for the Mid-Cap Value, Large-Cap Value, and All-Cap Value Portfolios; Wendell Mackey serves as Lead Portfolio Manager for the Small-Cap Value and Smid-Cap Value Portfolios. Each Lead Portfolio Manager supervises and oversees the members of their respective investment teams within the structure of the Firm's overall portfolio management group. Also the Firm has adopted a compliance program, code of ethics, and related supervisory controls that governs all officers and staff. Each officer and staff confirms in writing that he or she has received and agrees to abide by Channing's code of ethics, compliance and governance standards. Any Partner, as a member of the Firm's Management Committee, may be contacted at 312-223-0211 regarding any general firm governance and supervision matters.

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**ERIC T. MCKISSACK, CFA****ITEM 2- EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE****Eric T. McKissack, CFA**  
***Founder & Portfolio Manager***

Eric T. McKissack, CFA, is a Founder and Portfolio Manager of mid-cap value, large-cap value and all-cap value portfolio strategies for Channing Capital Management, LLC. Mr. McKissack has over 25 years of investment experience, and has been a founding principal with Channing since 2004. Mr. McKissack was formerly Vice-Chairman and Co-Chief Investment Officer of Ariel Capital Management, a Chicago-based investment management firm with over \$10 billion in assets under management in 2003, specializing in equities. In this capacity, Mr. McKissack served as the portfolio manager responsible for the Ariel Appreciation Fund and various institutional separate accounts. Prior to joining Ariel Capital Management in 1986, Mr. McKissack worked for five years as a research analyst for First Chicago and First Chicago Investment Advisors, then-led by Gary Brinson. Mr. McKissack received a B.S. in Management from the Massachusetts Institute of Technology and an MBA from the University of California at Berkeley. He has also earned the Chartered Financial Analyst designation from the CFA Institute.

**ITEM 3- DISCIPLINARY INFORMATION**

None

**ITEM 4- OTHER BUSINESS ACTIVITIES**

None

**ITEM 5- ADDITIONAL COMPENSATION**

None

**ITEM 6 - SUPERVISION**

Founding Partners Eric McKissack, Wendell Mackey and Rodney Herenton serve as the Firm's Management/Partners Committee, which oversees the Firm; and Eric McKissack serves as Lead Portfolio Manager for the Mid-Cap Value, Large-Cap Value, and All-Cap Value Portfolios; Wendell Mackey serves as Lead Portfolio Manager for the Small-Cap Value and Smid-Cap Value Portfolios. Each Lead Portfolio Manager supervises and oversees the members of their respective investment teams within the structure of the Firm's overall portfolio management group. Also the Firm has adopted a compliance program, code of ethics, and related supervisory controls that governs all officers and staff. Each officer and staff confirms in writing that he or she has received and agrees to abide by Channing's code of ethics, compliance and governance standards. Any Partner, as a member of the Firm's Management Committee, may be contacted at 312-223-0211 regarding any general firm governance and supervision matters.

DATE: 2/28/2018

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**TIMOTHY J. KROLL, CFA****ITEM 2- EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE****Timothy J. Kroll, CFA*****Portfolio Manager-Senior Equity Analyst***

Timothy J. Kroll, CFA, is an Associate Portfolio Manager-Senior Equity Analyst at Channing Capital Management, LLC. Mr. Kroll has over 19 years of investment experience. Prior to joining the firm, Mr. Kroll was a Founder, and Director of Research for InView Investment Management, LLC. Previously Tim was a Vice President at ABN AMRO Asset Management Holdings Inc. where he researched equities for a 5-Star Morningstar-rated and Money Top 100 mutual fund with over \$1 billion in assets at that time. He also held equity research positions at Lincoln Capital Management and at Mesirow Financial as a sell-side small value research analyst.

Mr. Kroll received a BS in Finance from Southern Illinois University and a MM from the J.L. Kellogg Graduate School of Management, Northwestern University. He has earned the Chartered Financial Analyst designation.

**ITEM 3- DISCIPLINARY INFORMATION**

None

**ITEM 4- OTHER BUSINESS ACTIVITIES**

None

**ITEM 5- ADDITIONAL COMPENSATION**

None

**ITEM 6 - SUPERVISION**

Founding Partners Eric McKissack, Wendell Mackey and Rodney Herenton serve as the Firm's Management/Partners Committee, which oversees the Firm; and Eric McKissack serves as Lead Portfolio Manager for the Mid-Cap Value, Large-Cap Value, and All-Cap Value Portfolios; Wendell Mackey serves as Lead Portfolio Manager for the Small-Cap Value and Smid-Cap Value Portfolios. Each Lead Portfolio Manager supervises and oversees the members of their respective investment teams within the structure of the Firm's overall portfolio management group. Also the Firm has adopted a compliance program, code of ethics, and related supervisory controls that governs all officers and staff. Each officer and staff confirms in writing that he or she has received and agrees to abide by Channing's code of ethics, compliance and governance standards. Any Partner, as a member of the Firm's Management Committee, may be contacted at 312-223-0211 regarding any general firm governance and supervision matters.



DATE: 2/28/2018

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**MATTHEW BETOURNEY, CFA****ITEM 2- EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE****Matthew Betourney, CFA*****Associate Portfolio Manager - Senior Equity Analyst***

Matthew ("Matt") Betourney, CFA is a Senior Equity Analyst of the Small and SMID Value Products at Channing Capital Management, LLC. Mr. Betourney has over eight years of investment management experience. Prior to joining the firm, Matt was a Senior Research Analyst at Susquehanna Investment Group based in Chicago. He researched event-driven situations focused in the industrial and materials sectors. Previously Matt was a Senior Research Analyst at Wintrust Capital Management where he researched small-cap equities in the industrial, material, and consumer sectors. He also held an equity research position at Magnetar Financial, LLC.

Mr. Betourney received his B.B.A. in Finance with an emphasis in Accounting from the University of Iowa, where he earned the Charter Financial Analyst designation.

**ITEM 3- DISCIPLINARY INFORMATION**

None

**ITEM 4- OTHER BUSINESS ACTIVITIES**

None

**ITEM 5- ADDITIONAL COMPENSATION**

None

**ITEM 6 - SUPERVISION**

Founding Partners Eric McKissack, Wendell Mackey and Rodney Herenton serve as the Firm's Management/Partners Committee, which oversees the Firm; and Eric McKissack serves as Lead Portfolio Manager for the Mid-Cap Value, Large-Cap Value, and All-Cap Value Portfolios; Wendell Mackey serves as Lead Portfolio Manager for the Small-Cap Value and Smid-Cap Value Portfolios. Each Lead Portfolio Manager supervises and oversees the members of their respective investment teams within the structure of the Firm's overall portfolio management group. Also the Firm has adopted a compliance program, code of ethics, and related supervisory controls that governs all officers and staff. Each officer and staff confirms in writing that he or she has received and agrees to abide by Channing's code of ethics, compliance and governance standards. Any Partner, as a member of the Firm's Management Committee, may be contacted at 312-223-0211 regarding any general firm governance and supervision matters.

DATE: 2/28/2018

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**DERYCK LAMPE, CFA****ITEM 2- EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE****Deryck Lampe, CFA**  
***Portfolio Manager***

Deryck Lampe is Portfolio Manager for the Mid-Cap, Large-Cap, and All-Cap Products at Channing Capital Management, LLC. Mr. Lampe has over 20 years of investment and portfolio management experience. Prior to joining Channing Capital, Mr. Lampe served as the Senior Portfolio Manager/Director of Research for all fundamental, actively and internally managed core equity products for Ohio Public Employees Retirement System (OPERS). Previously, Mr. Lampe was the Senior Portfolio Manager for the U. S. Event Driven Hedge Fund for Cheyne Capital Management LLP (a London –based alternative asset manager), and Head of Equities at FHS Investments, LLC, a predecessor firm. Before that, Mr. Lampe served as a portfolio manager and senior analyst for Stein, Roe, and Farnham, and Conesco Capital Management, where he entered the investment field in 1994.

Mr. Lampe received a BS in Mathematics from Purdue University, and a Master of Science in Statistics/Operations Research as well as an MBA in Corporate Finance from the University of Cincinnati. Also, Mr. Lampe earned the Chartered Financial Analyst designation in 1997.

**ITEM 3- DISCIPLINARY INFORMATION**

None

**ITEM 4- OTHER BUSINESS ACTIVITIES**

None

**ITEM 5- ADDITIONAL COMPENSATION**

None

**ITEM 6 - SUPERVISION**

Founding Partners Eric McKissack, Wendell Mackey and Rodney Herenton serve as the Firm's Management/Partners Committee, which oversees the Firm; and Eric McKissack serves as Lead Portfolio Manager for the Mid-Cap Value, Large-Cap Value, and All-Cap Value Portfolios; Wendell Mackey serves as Lead Portfolio Manager for the Small-Cap Value and Smid-Cap Value Portfolios. Each Lead Portfolio Manager supervises and oversees the members of their respective investment teams within the structure of the Firm's overall portfolio management group. Also the Firm has adopted a compliance program, code of ethics, and related supervisory controls that governs all officers and staff. Each officer and staff confirms in writing that he or she has received and agrees to abide by Channing's code of ethics, compliance and governance standards. Any Partner, as a member of the Firm's Management Committee, may be contacted at 312-223-0211 regarding any general firm governance and supervision matters.

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**KEVIN B. REYNOLDS, CFA****ITEM 2- EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE****Kevin Reynolds, CFA*****Portfolio Specialist – Senior Equity Analyst***

Kevin B. Reynolds, CFA, is a Portfolio Specialist-Senior Equity Analyst of the Small and SMID Value Products at Channing Capital Management, LLC. Mr. Reynolds has over 15 years of investment experience. Prior to joining the firm, Mr. Reynolds was a Senior Vice President at Wunderlich Securities, Inc., where he researched small and mid-cap Regional and Community Banks. He also held equity research positions at Morgan Keegan & Co., Janney Montgomery Scott and Stanford Group.

Mr. Reynolds received a BBA in finance from Memphis State University (now the University of Memphis) and an MBA from the Fogelman College of Business and Economics, University of Memphis. He has earned the Chartered Financial Analyst designation.

**ITEM 3- DISCIPLINARY INFORMATION**

None

**ITEM 4- OTHER BUSINESS ACTIVITIES**

None

**ITEM 5- ADDITIONAL COMPENSATION**

None

**ITEM 6 - SUPERVISION**

Founding Partners Eric McKissack, Wendell Mackey and Rodney Herenton serve as the Firm's Management/Partners Committee, which oversees the Firm; and Eric McKissack serves as Lead Portfolio Manager for the Mid-Cap Value, Large-Cap Value, and All-Cap Value Portfolios; Wendell Mackey serves as Lead Portfolio Manager for the Small-Cap Value and Smid-Cap Value Portfolios. Each Lead Portfolio Manager supervises and oversees the members of their respective investment teams within the structure of the Firm's overall portfolio management group. Also the Firm has adopted a compliance program, code of ethics, and related supervisory controls that governs all officers and staff. Each officer and staff confirms in writing that he or she has received and agrees to abide by Channing's code of ethics, compliance and governance standards. Any Partner, as a member of the Firm's Management Committee, may be contacted at 312-223-0211 regarding any general firm governance and supervision matters.

DATE: 2/28/2018

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**DERIK D. COFFEY, CFA****ITEM 2- EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE****Derik D. Coffey, CFA**  
***Portfolio Specialist***

Derik D. Coffey, CFA, is a Portfolio Specialist at Channing Capital Management, LLC. Mr. Coffey has over 13 years of investment experience. Prior to joining the firm, Mr. Coffey was a Portfolio Specialist at Herndon Capital Management, focused on value strategies. Prior to Herndon Capital, Mr. Coffey was an analyst at UBS Financial Services in the Manager Research Group, responsible for due diligence on managers primarily in the small and mid-cap space. Before that, he was an Assistant Vice President for M&A at New York Life Insurance, and an in the Global M&A Group at Lehman Brothers.

Mr. Coffey received a BA in Political Science from Tuskegee University and a MS in International Finance, from Edmund A. Walsh School of Foreign Service at Georgetown University. He has earned the Chartered Financial Analyst designation.

**ITEM 3- DISCIPLINARY INFORMATION**

None

**ITEM 4- OTHER BUSINESS ACTIVITIES**

None

**ITEM 5- ADDITIONAL COMPENSATION**

None

**ITEM 6 - SUPERVISION**

Founding Partners Eric McKissack, Wendell Mackey and Rodney Herenton serve as the Firm's Management/Partners Committee, which oversees the Firm; and Eric McKissack serves as Lead Portfolio Manager for the Mid-Cap Value, Large-Cap Value, and All-Cap Value Portfolios; Wendell Mackey serves as Lead Portfolio Manager for the Small-Cap Value and Smid-Cap Value Portfolios. Each Lead Portfolio Manager supervises and oversees the members of their respective investment teams within the structure of the Firm's overall portfolio management group. Also the Firm has adopted a compliance program, code of ethics, and related supervisory controls that governs all officers and staff. Each officer and staff confirms in writing that he or she has received and agrees to abide by Channing's code of ethics, compliance and governance standards. Any Partner, as a member of the Firm's Management Committee, may be contacted at 312-223-0211 regarding any general firm governance and supervision matters.