

Large Cap Value Equity Strategy

Subadviser: Ceredex Value Advisors LLC

Objective of the strategy:

The strategy seeks to provide capital appreciation, and as a secondary goal, current income, by investing primarily in dividend paying securities.

Large Cap Value Equity Strategy

Dividend orientation

Valuation approach

Positive catalysts

SCREENS

Initial screens narrow the universe of stocks to those that:

- Pay dividends
- Have market capitalizations similar to the Russell 1000 Value Index companies
- Are actively traded

VALUATION

Valuation approach looks at:

- Valuation relative to historical value
- Valuation vs. peers, industry and markets
- Specific valuation metrics, like price-to-book and price-to-sales

FUNDAMENTALS

Fundamentals analysis includes:

- Financial statements – balance sheet, income statement, cash flow statement
- Catalysts – management change, new products, restructuring, etc.

BUILD AND MONITOR

Portfolio of 60-80 stocks that pay dividends, have attractive valuations and have catalysts for price appreciation

What are the principles that have enabled the strategy to be successful?

Dividend orientation – dividends are a good indicator of management's confidence in the earnings potential of the company. Dividends also provide an important source of total return and lower overall volatility. Ceredex only invests in companies that pay a dividend.

Valuation approach – analyze valuation relative to peers, the industry, the market, and the company's own historical valuation. Key in on those companies that are in the lower third of their own historical valuations.

Positive catalysts – look for catalysts that have the potential to drive meaningful price appreciation over a 12- to 24-month time frame. Positive catalysts could include management changes, restructuring, or new product introductions.

How is the investment process implemented?

Quantitative screens – the team identifies companies that pay dividends, have market capitalizations similar to the companies in the Russell 1000 Value Index, and are actively traded.

Absolute and relative valuations – the team looks for companies that have attractive valuations: (1) relative to their own historical value, (2) relative to their peers and the market, and (3) based on specific valuation metrics, like price-to-book and price-to-sales.

Fundamental analysis – the team does in-depth analysis of financial statements to ensure that companies are financially sound. In that analysis, the team looks for companies that have improving fundamental characteristics. They also determine whether catalysts are in place to drive growth.

Build and monitor – the portfolio manager constructs a portfolio of companies that pay dividends, are in the lower third of their historical valuation, and have a positive catalyst. If a company stops paying a dividend or its catalyst isn't leading to meaningful change, the team may replace the stock with one that meets their stringent requirements.

About the subadviser:

Ceredex Value Advisors is an institutional investment management firm with a strong history in managing value equity portfolios that span the market capitalization spectrum. The firm's investment team is adept at managing "the art and the science" of identifying catalysts that may lead to appreciation in undervalued, dividend-paying stocks. A culture of craftsmanship, coupled with a strict enforcement of specific investment guidelines, has enabled Ceredex's investment team to construct value-oriented portfolios that help clients seek to achieve their goals.

Past performance is no guarantee of future results. There is no guarantee this strategy will work for you.

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Investment considerations:

Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high grade fixed income securities. The net asset value per share of this strategy will fluctuate as the value of the securities in the portfolio changes.

Value-based investments are subject to the risk that the broad market may not recognize their intrinsic value.

An investor should consider the fund's investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information about the RidgeWorth Funds can be found in the fund's prospectus. To obtain a prospectus, please call 1-888-784-3863 or visit www.ridgeworthfunds.com. Please read the prospectus carefully before investing.

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