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RIDGEWORTH INSIGHTS: GROWTH EQUITY

SILVANT CAPITAL MANAGEMENT®

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RIDGEWORTH FUNDS

RidgeWorth Silvant Large Cap Growth Stock
RidgeWorth Silvant Small Cap Growth Stock

EXECUTIVE SUMMARY

- Technology stocks led small and large cap growth stocks past their value peers.
- Growth stocks benefited from investors' risk-on position.
- As valuations rise, growth-oriented investors should be selective.

Growth stocks posted strong gains for the third quarter of 2016. The Russell 1000 Growth Index was up 4.58% for the period, outperforming both the Russell 1000 Value Index return of 3.48% and the S&P 500 Index return of 3.85%. Small cap growth stocks fared even better, outperforming both their large cap peers and small cap value stocks. The Russell 2000 Growth Index returned 9.22%, while the Russell 2000 Value Index returned 8.87%.

Growth stocks rallied following middling performance during the first six months of 2016. Equity markets largely stabilized in the beginning of July after a volatile first half of the year marked by lower-than-expected gross domestic product (GDP) growth and the United Kingdom's June vote to leave the European Union. The absence of event-driven volatility in the third quarter, as well as modestly improving macroeconomic factors such as steady job growth and a lower unemployment rate, played a large role in growth outperforming value.

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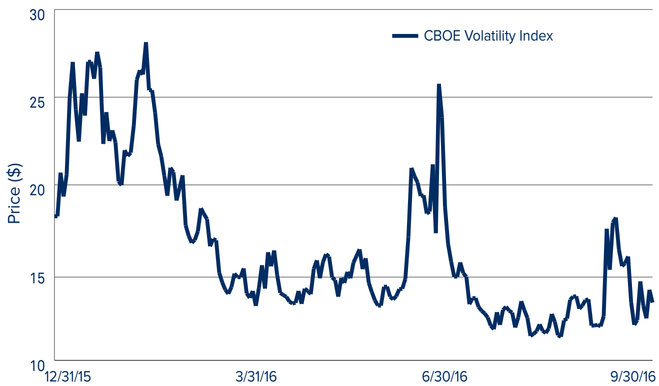
Exhibit 1: Volatility Declined During Third Quarter 2016



Source: FactSet as of 9/30/16. Data pulled 10/18/16.

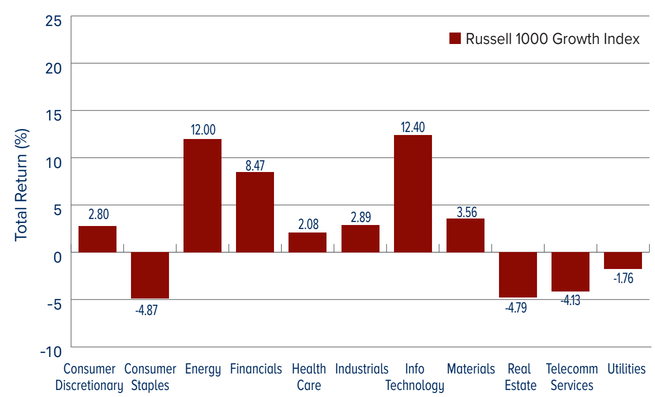
As the U.S. economy showed signs of continued growth, investors responded with increased appetites for risk. Investors favored more growth-oriented areas of the equity markets, including cyclical sectors such as Information Technology and Financials. While defensive sectors such as Utilities and Health Care performed well during the first half of the year, they lagged during the third quarter as investors sought out stocks with higher growth potential.

TECHNOLOGY LEADS, HEALTH CARE LAGS

Information Technology led all sectors in the third quarter with double digit returns for the period. The NASDAQ closed at record highs in September, driven largely by strong performance from major Index holdings, such as Microsoft (13%), Intel (15%) and Apple (+18%). Shares of Apple surged after quarterly earnings outpaced analysts' estimates and following the September release of its new iPhone 7. Meanwhile, shares of internet bellwethers Amazon and Facebook rallied as they delivered higher-than-expected earnings and continued to gain market share.

Large cap health care stocks struggled in this quarter, much as they did earlier in the year. The ongoing political pressure over drug prices continued to weigh on pharmaceutical and biotech companies. Despite these pressures, we feel the sector still offers some potential opportunities. While opportunities may be difficult to find in the current environment, some large cap health care companies have robust pipelines of innovative products that could provide good returns longer term. And while political rhetoric and investor uncertainty will likely continue to limit the potential growth of health care stocks through the election cycle, the entire sector could soon be turning a corner and returning to the success it saw over the past five years.

Exhibit 2: Third Quarter Performance for Large Cap Growth by Sector



Source: FactSet as of 9/30/16. Data pulled 10/7/16.

With fewer commercial products and therefore less exposure to pricing pressure and its negative impact on growth potential, small cap health care stocks fared better in the third quarter than their large cap counterparts. In general, those small cap health care stocks have less exposure to macroeconomic events and have a higher beta compared to the overall market, both factors which contributed to their outperformance. They may also have gotten a relative boost from a steepening yield curve environment which tends to favor smaller companies.

In addition to Health Care, the Consumer Staples sector underperformed as investors moved away from defensive areas of the equity market. The Utilities and Telecommunications sectors also lagged the benchmark for

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the period. That underperformance reflects the shift away from higher dividend-yielding stocks and is more likely to continue, as a late-year interest rate increase by the Federal Reserve Board (Fed) becomes increasingly likely.

Another challenge we see ahead is in the Industrials sector, specifically in building products and construction. Both residential and commercial construction have provided investors with good returns over the past few years but as cyclical sectors, their growth is beginning to show signs of slowing and the available opportunities they provide are diminishing.

MARKET OUTLOOK

After a disappointing first half to 2016, we expect stronger, if not robust, economic growth in the second half of the year. And while we anticipate economic growth to accelerate throughout the remainder of the year, we are also aware of rising valuations in the equity market, particularly among growth stocks. Although revenue and earnings expectations for companies across sectors have already been lowered for the second half of the year, prices for growth stocks remain high. The fundamentals of those companies have not changed enough to justify the valuations, so there is little reason to get excited by them going forward, and very few companies represent compelling opportunities.

As it becomes more challenging to find attractive growth-oriented opportunities, investors must exercise discipline and be even more selective about identifying those companies with real growth potential.

Even as we focus our attention at the company level in terms of stock selection, we remain mindful of a few key macroeconomic factors. For instance, while the Fed seems poised to push interest rates higher by the end of the year, such a decision is unlikely to surprise the financial markets. As a result, a December rate hike isn't likely to cause much volatility in the markets. Poor economic data would likely cause a greater disruption at this point. If GDP growth for the third and fourth quarters falls far short of expectations, for example, it could spark investors' fears over flagging economic growth and push investors to retreat once again to safer sectors, namely value stocks.

Finally, the election also presents an element of uncertainty in our outlook. We expect to see an uptick in short-term market volatility as we approach November 8. After all, the markets dislike uncertainty and there is plenty of uncertainty in this election cycle. It is very hard to predict not only the outcome of the election, but how the different potential outcomes and subsequent policies will impact long-term market performance.

CBOE Volatility Index (VIX) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

Russell 1000 Growth Index is an unmanaged index composed of securities in the Russell 1000 Index, with higher than average price-to-book ratios and higher than average forecasted growth values.

Russell 1000 Value Index is composed of the securities in the Russell 1000 Index with a lessthan- average growth orientation. Companies in this index generally have low price-to-book and price-to-earnings ratios, higher dividend yields, and lower forecasted growth values.

Russell 2000 Growth Index is composed of the securities found in the Russell 2000 Index with a greater-thanaverage growth orientation. Companies in this index tend to exhibit higher price-to-book and price-to-earnings ratios.

Russell 2000 Value Index is an unmanaged index which is composed of the securities in the Russell 2000 Index with a less-than-average growth orientation. Companies in this index generally have low price-to-book and priceto- earnings ratios.

Standard & Poor's 500 (S&P 500) Index is an unmanaged index of 500 selected common large capitalization stocks (most of which are listed on the New York Stock Exchange) that is often used as a measure of the U.S. stock market.

Investors cannot invest directly in an index.

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Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

Gross Domestic Product (GDP) refers to the market value of all final goods and services produced within a country in a given period. GDP per capita is often considered an indicator of a country's standard of living.

Yield Curve is a curve that shows the relationship between yields and maturity dates for a set of similar bonds, usually Treasuries, at any given point in time.

Investment Risks:

Equity securities (stocks) may be 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 a fund will fluctuate as the value of the securities in the portfolio changes. Growth stocks typically are sensitive to market movements because their market prices tend to reflect future expectations. When it appears those expectations will not be met, the prices of growth stocks typically fall. Small capitalization funds typically carry additional risks since smaller companies generally have a higher risk of failure.

The views expressed herein are as of the quarter-end specified. This information is general in nature, provided as general guidance on the subject covered, and is not intended to be authoritative. It is subject to change without notice as market conditions change, and is not intended to predict the performance of any individual security, market sector, or RidgeWorth Fund. All information contained herein is believed to be correct, but accuracy cannot be guaranteed. Investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decision.

Before investing, investors should carefully read the prospectus or summary prospectus and consider the fund's investment objectives, risks, charges and expenses. Please call 888.784.3863 or visit ridgeworth.com to obtain a prospectus or summary prospectus, which contains this and other information about the funds.

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ABOUT RIDGEWORTH INVESTMENTS

RidgeWorth Investments—a global investment management firm headquartered in Atlanta, Georgia, with approximately $40.1 billion in assets under management as of September 30, 2016—offers investors access to a select group of boutique investment managers and subadvisers. RidgeWorth wholly owns three boutiques: Ceredex Value Advisors LLC, Seix Investment Advisors LLC and Silvant Capital Management LLC, and holds a minority ownership in Zevenbergen Capital Investments LLC. WCM Investment Management and Capital Innovations, LLC serve as subadvisers to the RidgeWorth Funds. Through these six investment managers, RidgeWorth offers a wide variety of fixed income and equity disciplines, providing investment management services to a growing client base that includes institutional, individual and high net worth investors.

For more information about RidgeWorth, its boutiques and its subadvisers, visit **ridgeworth.com**.

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ABOUT SILVANT CAPITAL MANAGEMENT LLC

As RidgeWorth's growth equity boutique, Silvant Capital Management leverages the passion and talents of a diverse, experienced group of investment professionals. Guided by its belief that growth companies can be found in every corner of the economy, Silvant strives to evaluate positive secular trends and disruptive products and services that can change the business landscape, identifying those companies best positioned to exceed.

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