

## Fund Commentary

RIDGEWORTH  
SEIX FLOATING RATE HIGH INCOME FUND

## SUBADVISER

## SEIX INVESTMENT ADVISORS LLC

Fixed income manager headquartered in Park Ridge, NJ.

## QUARTERLY RETURN

	FUND	BENCHMARK <sup>1</sup>
I Shares	2.20%	2.25%
A Shares (w/load)	-0.29%	2.25%

<sup>1</sup>Credit Suisse Leveraged Loan Index**Past performance is not indicative of future results.**

## PORTFOLIO COMPOSITION

## Sectors (% of Net Assets)

	FUND	BENCHMARK <sup>1</sup>
Information Technology	8.92%	11.17%
Gaming/Leisure	8.35%	5.85%
Services/Environmental/Other	7.76%	12.50%
Healthcare	7.72%	12.07%
Diversified Media	7.12%	5.74%
Other Industries	52.46%	52.67%
Cash & Equivalents	7.66%	0.00%

## Credit Quality (% of Portfolio)

	FUND	BENCHMARK <sup>1</sup>
BBB	2.35%	0.00%
BB	34.94%	34.25%
B	40.60%	53.09%
CCC	10.39%	9.28%
Below CCC	1.91%	1.53%
NR <sup>^</sup>	2.16%	1.85%
Cash & Equivalents	7.66%	0.00%

Percentages may not add up to 100% due to pending transactions and/or short positions, credit default swaps, or currency positions.

<sup>^</sup> NR (Not Rated) by S&P/Moody's/Fitch.

Cash reflects pending transactions.

Unless otherwise noted, all data herein is as of 12/31/16 and subject to change.

## INVESTMENT ENVIRONMENT

In contrast to how 2016 began, the backdrop for the leveraged loan market remains supportive and constructive. Primary activity surged both with strategic mergers & acquisitions and refinancing deals, and Index performance has been the strongest since 2012, with the Credit Suisse Leveraged Loan Index gaining 9.88% for the year 2016. A highly anticipated Federal Open Market Committee rate hike at the end of December caused strategists to employ a more hawkish tone, thereby fueling stronger technicals heading into 2017. Fund inflows continued to prevail as both retail and institutional demand increased; approximately \$6.9 billion of inflows occurred in 2016 compared to over \$25 billion and \$21 billion of outflows in 2014 and 2015, respectively, according to JPMorgan Securities.<sup>2</sup> For the fourth quarter, the RidgeWorth Seix Floating Rate High Income Fund's I Shares gained 2.20%, performing in line with the Credit Suisse Leveraged Loan Index return of 2.25%.

## ACTIONS TAKEN

During the fourth quarter, our overall investment strategy remained largely unchanged and we made minor changes to the Fund where we identified potential opportunities. Looking ahead, our rigorous individual credit research analysis aims to take advantage of attractive risk/reward valuation potential opportunities created by recent market volatility.

## FACTORS AFFECTING PERFORMANCE

Security selection in the Service sector contributed positively to performance for the quarter. Additionally, the Fund benefited from an overweight and positive security selection in Utilities. Positive security selection in Broadcasting also contributed to the Fund's performance. This is partially due to one specific issuer that has continued to rally as it looks to revise its capital structure.

The Fund's minimal exposure to cash slightly impacted performance. In addition, security selection within the Energy sector detracted, due to a lack of exposure in distressed credits, which experienced a higher recovery for the quarter. However, the sector overall rebounded from its lows in early 2016 to be one of the top performers, returning approximately 27% within the portfolio for year 2016.

## STRATEGY &amp; OUTLOOK

We expect technicals to remain constructive as investors predict faster economic growth under a Trump presidency, which could also drive interest rates higher. Three-month London Interbank Offered Rate (LIBOR) ticked up to 1.00%, a threshold and milestone leveraged loan managers were expecting. Now that actual LIBOR has exceeded the average LIBOR floor of 95 to 100 basis points, the primary market has already begun to issue loans without these floors. With the absence of a floor or fixed-rate payment, loan fund investors will now benefit from a rise in coupon.

Collateralized loan obligation (CLO) issuance was robust at over \$70 billion (Source: Credit Suisse LLC), despite new risk retention regulation established in December 2016, owing to increased institutional investor demand. Strategists are predicting a consistent issuance projection for 2017, from a bear case of \$50 billion to a bull case of \$70 billion.<sup>3</sup> Another theme the CLO market will focus on will be the number of managers who issue new deals, as the business will be more capital intensive as a result of risk retention. Diversification will be crucial, and newer CLO managers may benefit from tighter spreads as investors pay a premium for variety.

Looking ahead, we expect leveraged loans to become increasingly attractive given a higher probability of fiscal tightening. We believe credit fundamentals remain solid for most sectors, and overall default rates will not materially change. Credit risk will be at the forefront, so active management will continue to play a dominant role in alpha generation. Ultimately, we believe our focus on detailed, fundamental analysis has, and will prove itself in providing consistent, attractive risk-adjusted returns for our investors.

<sup>2</sup> JPMorgan Securities as of 12/31/16<sup>3</sup> Credit Suisse LLC as of 12/31/16

## RIDGEWORTH SEIX FLOATING RATE HIGH INCOME FUND

## PERFORMANCE VS. BENCHMARK AND PEERS (%) AS OF 12/31/16

SHARES	INCEPTION DATE	EXPENSE RATIOS		LATEST QUARTER	AVERAGE ANNUAL TOTAL RETURNS			
		GROSS	NET		1 YEAR	3 YEAR	5 YEAR	10 YEAR
RidgeWorth Seix Floating Rate High Income Fund – I Shares	3/1/06	0.62%	0.62%	2.20%	11.14%	3.46%	4.90%	4.27%
RidgeWorth Seix Floating Rate High Income Fund – A Shares (w/ 2.50% load)	5/8/06	0.92%	0.92%	-0.29%	8.18%	2.33%	4.10%	3.72%
Credit Suisse Leveraged Loan Index				2.25%	9.88%	3.76%	5.35%	4.33%
Lipper Loan Participation Funds				2.03%	9.08%	2.72%	4.45%	3.33%

**Past performance is not indicative of future results. The performance data quoted represents past performance and current returns may be lower or higher. Total return figures include change in share price, reinvestment of dividends and capital gains. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. For performance data current to the most recent month end, visit our website at [www.ridgeworth.com](http://www.ridgeworth.com).**

Unless otherwise noted, all data herein is as of 12/31/16 and subject to change.

The Lipper Mutual Funds Average is an equally weighted average of the mutual funds within their respective investment objectives, adjusted for the reinvestment of capital gains distributions and income dividends.

## IMPORTANT INFORMATION

Alpha is a measure of performance on a risk-adjusted basis.

A Basis Point is equal to 0.01%.

Collateralized Loan Obligations are securities backed by a pool of assets often low-rated corporate loans.

Coupon is the interest rate stated on a bond when it's issued.

Credit Ratings noted herein are calculated based on S&P, Moody's and Fitch ratings. Generally, ratings range from AAA, the highest quality rating, to D, the lowest, with BBB and above being called investment grade securities. BB and below are considered below investment grade securities. If the ratings from all three agencies are available, securities will be assigned the median rating based on the numerical equivalents. If the ratings are available from only two of the agencies, the more conservative of the ratings will be assigned to the security. If the rating is available from only one agency, then that rating will be used. Ratings do not apply to a fund or to a fund's shares. Ratings are subject to change.

Credit Spreads are the difference between the yields of sector types and/or maturity ranges.

The London Interbank Offered Rate (LIBOR) is a benchmark rate that some of the world's leading banks charge each other for short-term loans.

Bonds offer a relatively stable level of income, although bond prices will fluctuate providing the potential for principal gain or loss. Intermediate-term, higher-quality bonds generally offer less risk than longer-term bonds and a lower rate of return. Generally, a fund's fixed income securities will decrease in value if interest rates rise and vice versa. Floating rate loans are typically senior and secured, in contrast to other below-investment grade securities. However, there is no guarantee that the value of the collateral will not decline, causing a loan to be substantially unsecured. Loans generally are subject to restrictions on resale. The value of the collateral securing a floating rate loan can decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate. Participation in certain types of loans may limit the ability of a fund to enforce its rights and may involve assuming additional credit risks. Although a fund's yield may be higher than that of fixed income funds that purchase higher rated securities, the potentially higher yield is a function of the greater risk of that fund's underlying securities.

Credit Suisse Leveraged Loan Index is a market-weighted index that tracks the performance of institutional leveraged loans. Investors cannot invest directly in an index.

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The views expressed herein are as of the quarter-end specified. This information 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.

The sector weightings are presented as of the date shown and may change without notice.

**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](http://ridgeworth.com) to obtain a prospectus or summary prospectus, which contains this and other information about the funds.**

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Collective Strength. Individual Insight.