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RIDGEWORTH INSIGHTS: TAX-EXEMPT FIXED INCOME

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RIDGEWORTH FUNDS

- RidgeWorth Seix Investment Grade Tax-Exempt Bond
- RidgeWorth Seix High Grade Municipal Bond
- RidgeWorth Seix Short-Term Municipal Bond
- RidgeWorth Seix Georgia Tax-Exempt Bond
- RidgeWorth Seix North Carolina Tax-Exempt Bond
- RidgeWorth Seix Virginia Intermediate Municipal Bond

EXECUTIVE SUMMARY

- Volatility, domestic and international growth concerns, and a more dovish Federal Reserve Bank.
- Demand for municipal bonds outpaced supply during the quarter.
- We continue to be bullish on municipal bonds.

Municipal bond total returns were positive during the first quarter, led by longer maturities. The Barclays Municipal Bond Index returned 1.67% for the period. The belly of the yield curve (five- to 10-year maturities) experienced the greatest yield declines during the quarter as the Federal Reserve Bank embraced a more dovish posture beginning in mid-February.

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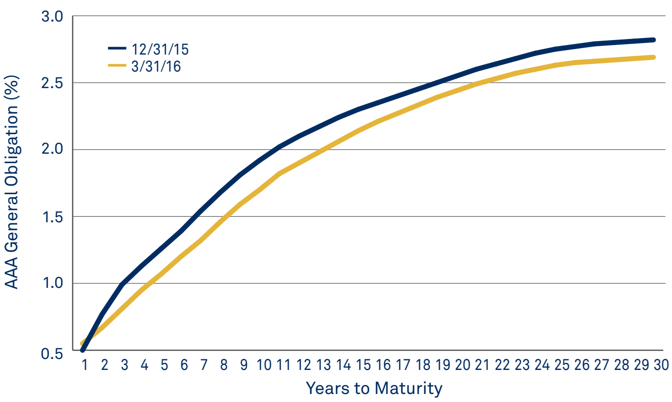
The continuation of anemic U.S. economic growth combined with a heightened awareness of global developments served to reduce expectations for interest rate increases. Volatility peaked on or about February 11th and declined for the balance of the quarter. We continue to be bullish on municipal bonds, both for the second quarter and over the long term, as investors seek a safe haven that provides meaningful tax-equivalent yields.

Exhibit 1: Yield Curve Comparison (4Q15 and 1Q16)

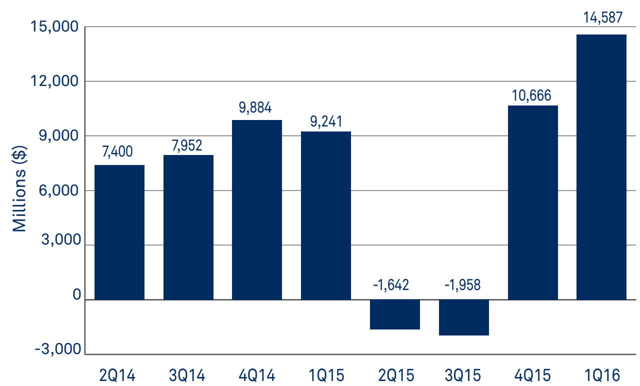


Source: Thomson Reuters

DEMAND OUTPACES SUPPLY

Demand for municipal debt currently exceeds supply as primary issuance of new debt fell about 9% in the first quarter (according to BofA Merrill Lynch), versus the first quarter of 2015, while the sector experienced positive cash flows of close to $14 billion. March's experience ran counter to history as the year's third month has a bias toward lower prices, increased supply and muted demand.

Exhibit 2: Fund Flows into Munis (2Q14 – 1Q16)



Source: Strategic Insight

Yield ratios between municipal and U.S. Treasury securities rose, with 10-year AAA-rated municipal bonds finishing the quarter yielding 96% of comparably dated Treasury notes, versus just over 85% at the end of 2015. However, we believe ratios could ebb materially in the future, potentially resting at or below long-term averages.

STRONG FUNDAMENTALS

Municipal bond fundamentals remained strong during the quarter. Quality remained relatively high, as the upgrade-to-downgrade ratio was positive among all three ratings agencies. That said, municipal revenue growth slowed, and a handful of states experienced revenue declines, largely due to their exposure to the oil industry. The fundamental health of the majority of municipal obligors was reflected in continued tight credit spreads. Spreads could move tighter from here if the current supply/demand dynamic is sustained.

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OUR OUTLOOK

We remain constructive on the municipal sector because of its tax-exempt income, strong technical factors, healthy fundamentals and attractive yields relative to other fixed income alternatives.

We favor bonds issued by states in the West (particularly California) and Southeast (particularly Florida), based in part on the strength of their housing data. We have concerns about states such as North Dakota, Alaska, Louisiana and Oklahoma that are heavily exposed to the oil and natural gas industries, as pressure on those industries has hurt state revenues. In addition, we expect Puerto Rico's ongoing debt crisis, which will likely spur years of litigation, to result in substantial underperformance for its bonds. We do not yet see an attractive entry point for investment in the island's debt. Among sectors, we continue to favor bonds backed by revenues from utility and transportation projects.

Pension headlines are likely to increase in summer 2016 and beyond, as weak equity returns in 2015 hurt some entities' ability to fund their pension obligations. Overall, the pension funding ratio fell from 74% to 72%. We are cautious on local general obligation bonds as a result.

Rhetoric related to the U.S. presidential election is also sure to dominate headlines for much of the year. While debates over the candidates' tax policy proposals may be unsettling to investors, we see extremely little chance that the tax-exempt status of municipal bonds will be affected, regardless of which political party wins the White House.

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. Any security not rated by S&P, Moody's, or Fitch is placed in the NR (Not Rated) category. 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.

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.

Barclays Municipal Bond Index is a widely recognized index of investment grade tax-exempt bonds. The eight subsets of the Index are market weighted. The Index includes general obligations, revenue bonds, insured bonds, and pre-refunded bonds. Investors cannot invest directly in an index.

Investment Risks:

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. A fund's income may be subject to certain state and local taxes and, depending on your tax status, the federal alternative minimum tax. The geographical concentration of portfolio holdings in a fund may involve increased risk.

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 $37.9 billion in assets under management as of March 31, 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 SEIX INVESTMENT ADVISORS LLC

Seix Investment Advisors, one of RidgeWorth's investment management boutiques, has exclusively focused on managing fixed income assets since 1992. Seix seeks to generate competitive absolute and relative risk-adjusted returns over the full market cycle through a bottom-up focused, top-down aware process. Seix employs multi-dimensional approaches based on strict portfolio construction methodology, sell disciplines and trading strategies with prudent risk management as a cornerstone.

For more information about Seix, visit **seixadvisors.com**.