

## SMID GROWTH EQUITY

### Investment Philosophy

We identify a proprietary universe of 100 quality growth companies based upon intensive fundamental research. The three primary criteria for selection are size, growth and profitability. We invest in smaller, growth-oriented businesses that are financially strong and profitable.

#### Strategy Highlights

- ❖ Emphasis on Profitable Growth
- ❖ Research Driven Process
- ❖ Proprietary Universe
- ❖ Concentrated Style

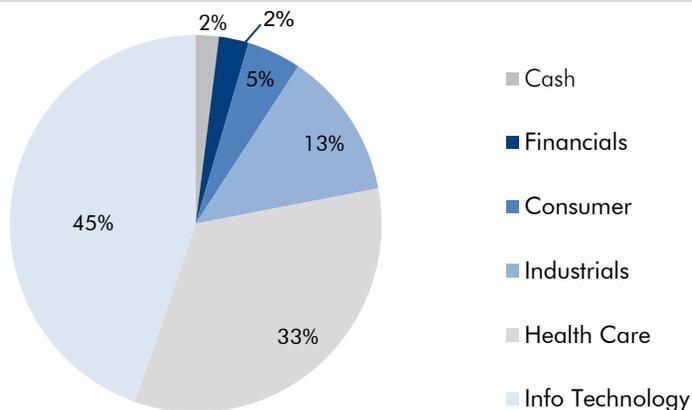
#### Competitive Advantages

- ❖ Experienced Team
- ❖ Focus on Revenue Size
- ❖ Domain Expertise
- ❖ Time Arbitrage

### Key Facts

Firm Assets	\$4.1B
Firm Inception	January 1980
Strategy Assets	\$508M
Strategy Inception	April 2014
Benchmark	Russell 2500
Management	Team
Range of Holdings	25-40
Vehicle	Separate Account
Management Fee	1%

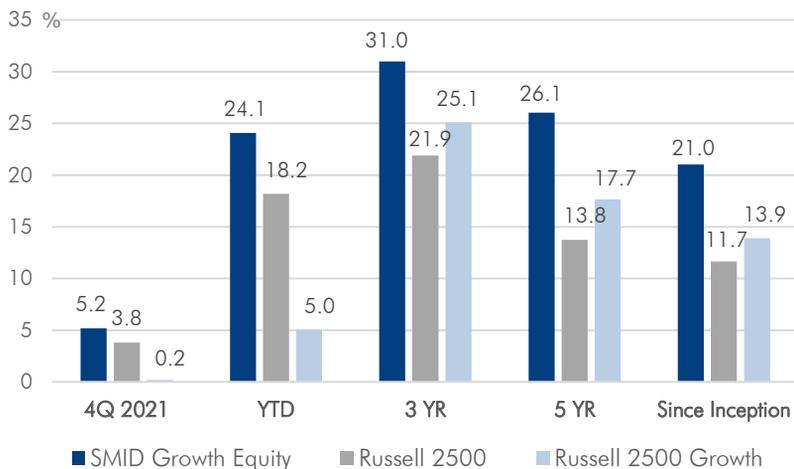
### Sector Diversification



### Portfolio Characteristics

Weighted Avg Market Cap	\$23.2B
Median Market Cap	\$12.4B
Est EPS Growth (5Yr)	13%
Price to Earnings	38.7x
Price to Sales	6.4x
Return on Equity	21%
Long-Term Debt/Cap	22%
Alpha (3Yr)*	15.09%
Beta (3Yr)*	0.66
Number of Securities	35
Annualized Turnover (3Yr)	9%

### Performance (Net)



PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

\*Calculations are based on monthly observations over three years vs the Russell 2500 Index

### Top 10 Holdings

Company	Weight
Fortinet	8.1%
Kornit Digital	7.4%
IDEXX Laboratories	5.4%
ICON	5.3%
NICE	5.2%
Bio Techne	4.3%
ANSYS	3.9%
Manhattan Associates	3.8%
CyberArk Software	3.5%
FactSet Research	3.2%

Unless otherwise specified, all information is as of December 31, 2021

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## Portfolio Commentary

Broad-based equity indices delivered above-average performance for the year, but 'growth' indices generally underperformed their 'core' cousins. The ACM SMID Growth portfolio generated a positive return for the fourth quarter, which helped create meaningful outperformance vs. the Russell 2500/2500 Growth Indices for the calendar year. Our focus on high-quality businesses with strong cash flows and above-average growth supported the outperformance. Furthermore, our emphasis on profitable growth and businesses with recurring revenue models was a source of outperformance as many unprofitable businesses corrected during the second half of the year. Investors became more selective as the year progressed. The strongest contributor in the quarter was Fortinet. The stock benefited from strong growth in billings and a diversified platform that is turning into a long-term winner in next-gen security. The movement to remote and hybrid work environments is placing more emphasis on security enabled SD-WAN where the company has a clearly defined leadership position. The worst detractor was AeroVironment. They were hit with defense budget uncertainty coupled with supply chain issues that drove a significant reduction in guidance during the fourth quarter. From a product point of view, they remain the dominant leaders for small lethal and non-lethal UAS for military applications and have built out a robust autonomous ecosystem of other UAVs through tuck-in acquisitions. In addition, their UAV pseudo-satellite project with Softbank is experiencing delays. Until the funding for the defense budget clarifies, the stock is likely rangebound.

## Attribution

### Top Contributors

Company	Weight	Effect
Fortinet	8.1%	1.6%
ICON	5.3%	0.9%
Morningstar	3.0%	0.8%
FactSet Research	3.2%	0.6%
ANSYS	3.9%	0.6%

### Top Detractors

Company	Weight	Effect
AeroVironment	2.0%	-0.9%
OraSure Tech	1.2%	-0.3%
Cognyte Software	1.0%	-0.3%
Veeva Systems	2.3%	-0.3%
Illumina	3.2%	-0.2%

## Investment Outlook & Portfolio Positioning

We expect a more volatile investment environment in 2022. We expect more caution this year as investors digest a change in market leadership led by a shift to tighter monetary policy and uncertainty around ongoing supply chain issues, inflation, and changing growth expectations. It is important to note that even with expected interest rate increases throughout the year, the prevailing bond yields are still below inflation and low by historical standards, which structurally supports equities. Additionally, long-term demographic trends relating to an ageing workforce and productivity improvements enabled by technology will continue to provide a counterbalance to inflationary pressures.

## Monthly Returns (%) - Net

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	2.74	-0.19	-1.53	4.91	-0.89	6.31	6.87	2.40	-3.42	8.32	-5.04	2.26	24.09
2020	3.43	-9.35	-7.55	14.99	11.37	2.17	7.89	-0.93	-3.89	0.40	9.75	9.27	40.30
2019	8.23	5.98	-0.56	6.64	-3.73	5.18	2.24	-2.39	-2.14	1.89	4.60	0.71	29.08
2018	4.00	-2.65	0.55	0.85	5.12	3.62	3.21	11.00	2.10	-12.11	3.10	-11.29	5.16
2017	4.73	4.52	2.41	2.33	2.90	2.98	1.72	1.50	2.46	3.20	1.52	-0.03	34.68

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Past performance is not indicative of future results. The above commentary and portfolio attribution are based on a representative SMID Growth Equity portfolio for the relevant quarter end period referenced. The portfolio performance is net of fees. Certain client portfolios may or may not hold the securities identified above due to the respective account's guidelines, restrictions, required cash flows, or other relevant considerations.

Supplemental information to the SMID Growth Equity Strategy. The Sector Diversification, Portfolio Characteristics, Attribution, and Top 10 Holdings were obtained from a portfolio that is representative of the SMID Growth Equity Strategy. The data shown represents the aggregate characteristics of all securities held in the representative SMID Growth Equity portfolio. There is no guarantee that holding securities with relatively high or low portfolio characteristics will cause the portfolio to outperform its benchmark. Holdings are as of the relevant quarter end period referenced and are subject to change and may no longer be held in client portfolios. The holdings of any portfolio may vary based on investment restrictions applicable to the account. The securities discussed do not represent an account's entire portfolio and in aggregate may represent only a small percentage of the overall portfolio. A complete list of all securities owned for the immediately preceding year is available upon request.