



AMERICAN

CAPITAL MANAGEMENT

SMID GROWTH EQUITY

Context Miami

January 24-26, 2022

575 Lexington Avenue/30th Floor
New York, NY 10022/ P 212.344.3300

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- Investment Team
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Firm Overview

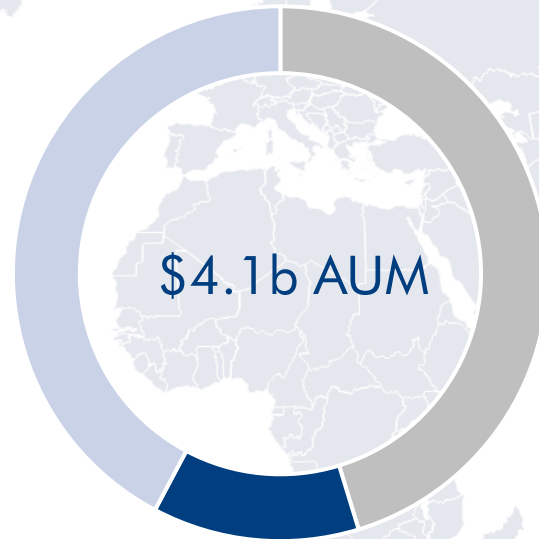
Firm Overview



- ❖ Founded in 1980
- ❖ Specialist Small and Mid-Cap Growth Equity Manager
- ❖ Headquartered in NYC



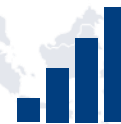
- ❖ Long-term, global client partnerships
- ❖ Client relationships average more than 15 years



■ Wealth ■ Institutional □ Family Office



- ❖ Dedicated investment team with five portfolio managers
- ❖ Team averages more than 25 years of investment experience



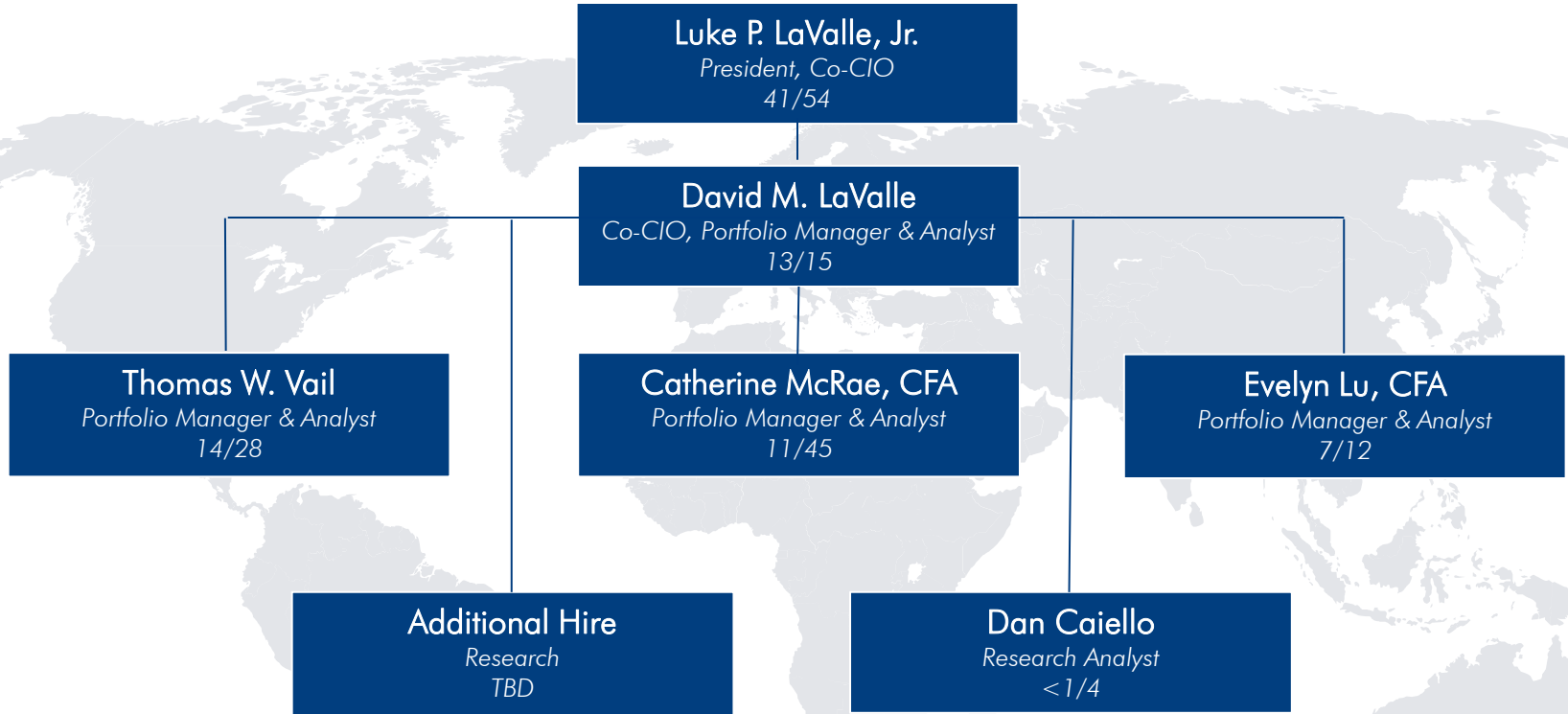
- ❖ Deep expertise leads to consistent outperformance
- ❖ 15% compounded returns since inception



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Investment Team

Investment Team



INVESTMENT TEAM RESOURCES

Operations & Administration
Michael Meagher
Lillian Chi
Arlene Francis
Xavier Barrera

Performance Analytics
Craig Siemes

Trading
Xavier Barrera
Craig Siemes

Compliance
Michael Meagher

Risk Management
Craig Siemes

At January 1, 2022

Number Key: Years with ACM/Years of experience

Teamwork: A Culture of Collaboration



Competitive Advantages

Exclusive Focus	❖ We have one strategy and invest primarily in quality small and medium-sized growth companies
Revenue Size	❖ Management can influence revenues whereas market cap is a product of market opinion
Concentrated Portfolios	❖ Our portfolios are concentrated within select sectors, typically 25–40 holdings
Long-Term Perspective	❖ We invest with a long-term perspective resulting in low turnover and greater tax efficiency
Attractive Risk-Adjusted Returns	❖ We have demonstrated attractive risk-adjusted returns vs. the S&P 500 and the Russell 2500 for more than 25 years

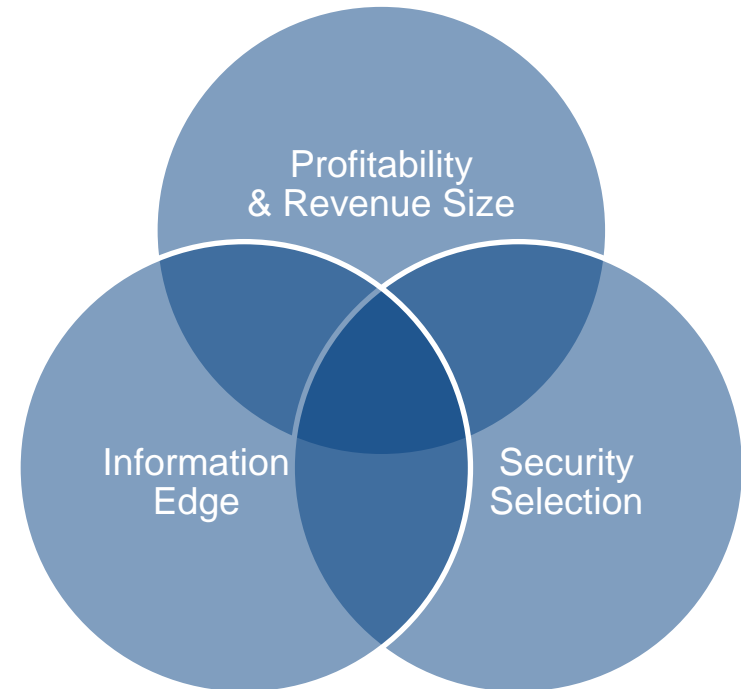
SMID Growth Equity

Investment Objectives

- ❖ Consistent absolute and relative outperformance irrespective of market conditions
- ❖ Top quartile excess returns and information ratio versus peers

Investment Approach

- ❖ Adhere to the foundational principles that have guided our investment process for more than 40 years
- ❖ Achieve consistent alpha through rigorous fundamental research, providing an information edge for identifying profitable companies as defined by revenue size
- ❖ Designed to take advantage of inefficiencies driven by short-term investor sentiment using our deep knowledge and long-term holding advantage





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Investment Philosophy & Process

ACM's Philosophy

Developing Our Proprietary Universes

FOCUS

Focus on quality, small and medium-sized growth companies as defined by revenues

- ❖ Initial revenue size \$100mm to \$2.5b
- ❖ Growth rate 50% or more than the S&P 500
- ❖ Experienced management team
- ❖ Market leadership and effective R&D
- ❖ Financial strength and profitability

SECTORS WE FAVOR

- ❖ Business Services
- ❖ Healthcare Equipment and Services
- ❖ Industrials
- ❖ Information Technology
- ❖ Life Science Tools and Diagnostics

AVOID

Avoid companies and industries with undesirable characteristics

- ❖ Slow growth
- ❖ Excessive financial leverage
- ❖ Highly cyclical
- ❖ Low profit margins
- ❖ Lack of operating history

SECTORS WE AVOID

- ❖ Banks and Insurance Companies
- ❖ Basic Materials
- ❖ MLPs
- ❖ REITs
- ❖ Utilities

PROPRIETARY UNIVERSES

ACM Universes

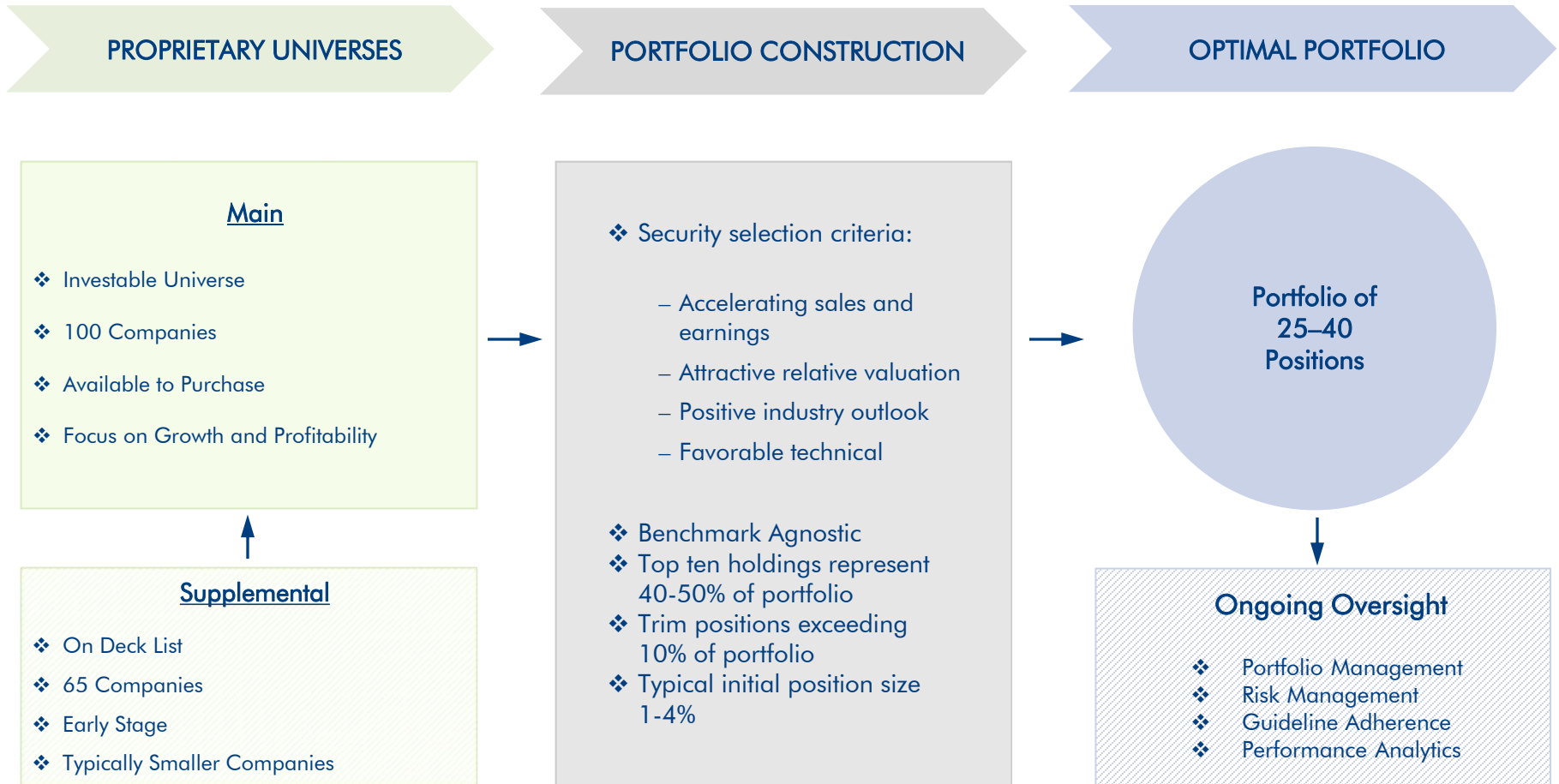
Main

- ❖ Investable Universe
- ❖ 100 Companies
- ❖ Available to Purchase
- ❖ Focus on Growth and Profitability

Supplemental

- ❖ On Deck List
- ❖ 65 Companies
- ❖ Early Stage
- ❖ Typically Smaller Companies

Investment Process



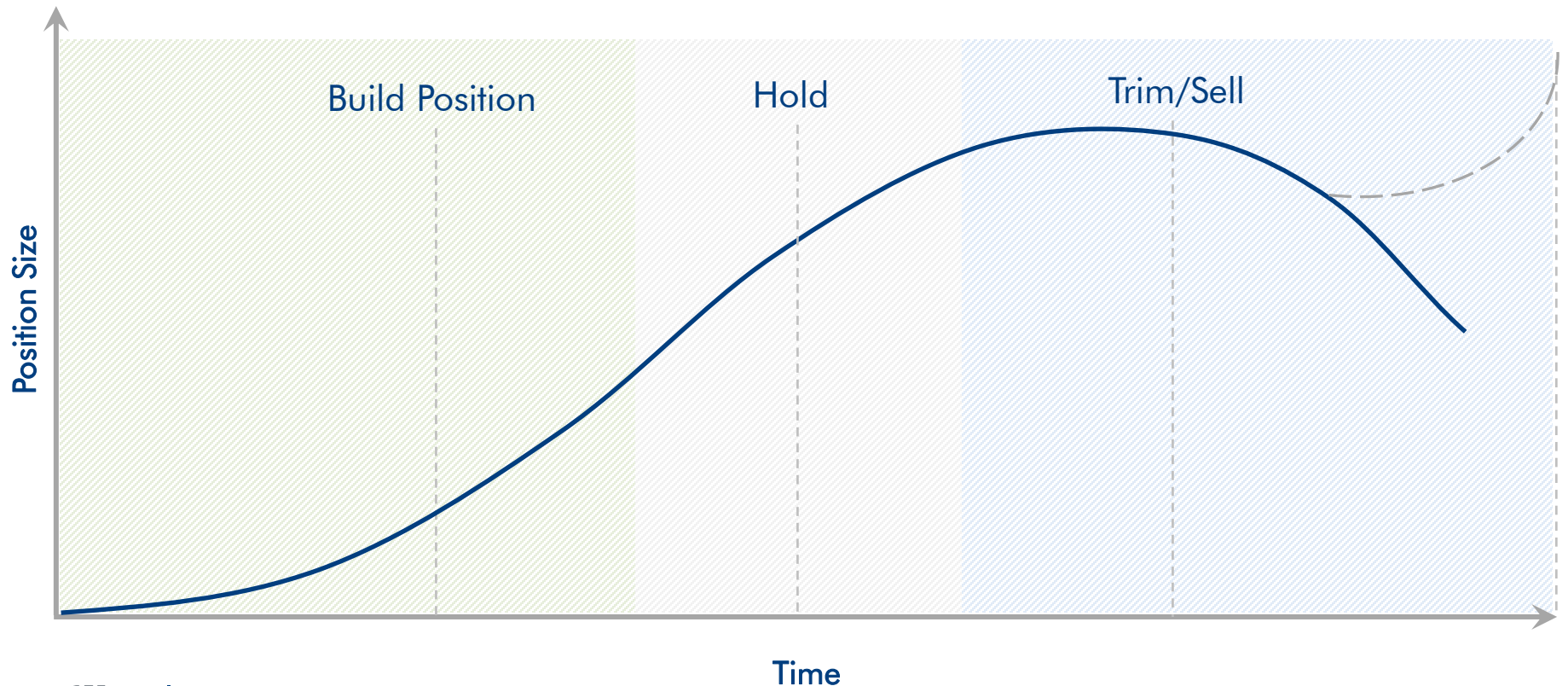
Investment Life Cycle

BUY SIGNALS

- ❖ Accelerating sales and earnings
- ❖ Attractive relative valuation
- ❖ Favorable industry outlook
- ❖ Margin expansion opportunity
- ❖ Product development cycle
- ❖ Renewed focus on capital allocation
- ❖ Strong technical indicators

SELL FACTORS

- ❖ Deteriorating fundamentals
- ❖ Overpriced relative to ACM universe
- ❖ Overpriced relative to its industry and the market
- ❖ Takeover offer
- ❖ Trim on strength
- ❖ Position weight
- ❖ Company size



Risk Management

Trade Surveillance/ Compliance

- ❖ Ongoing portfolio constraints and guideline monitoring:
 - Trim positions exceeding 10% of portfolio
 - No IPO investments
 - Sufficient portfolio liquidity
- ❖ Automated trade management system for pre/post trade monitoring

Risk Analytics

- ❖ Identify and monitor investment risk on a daily basis
- ❖ Focus on well capitalized companies with high recurring revenue and strong cash flow
- ❖ Research investments for 2-4 years before initial purchase
- ❖ Monitor both macro and technical analysis

Performance Analytics

- ❖ Performance attribution reports provided monthly and as needed
- ❖ Portfolio dispersion monitoring
- ❖ Utilize third party solutions (FactSet)

Summary

Experienced Team	❖ Dedicated team of six investment professionals with 25 years average investment experience
Disciplined Investment Process	❖ Proprietary universe, adherence to long-standing investment process
High-Conviction	❖ Team-based investing results in concentrated portfolio
Long-Term Perspective	❖ Long-term perspective resulting in low turnover and greater tax efficiency
Attractive Risk-Adjusted Returns	❖ We have demonstrated attractive risk-adjusted returns vs. the S&P 500 and the Russell 2500 for more than 25 years

History of Attractive Acquisition Premiums⁽¹⁾

Target	Acquiror	Date	Equity Value	Premium	P/E	P/S	Terms
Proofpoint	Thoma Bravo	21-Aug	\$10,200 mil	34%	78x	7.2x	Cash
RealPage	Thoma Bravo	21-Apr	\$9,200 mil	37%	41x	7.2x	Cash
HMS Holdings	Veritas Capital	21-Apr	\$3,400 mil	17%	37x	4.6x	Cash
LogMeIn	Evergreen Coast Capital / Francisco Partners	20-Aug	\$4,300 mil	25%	17x	3.3x	Cash
Cambrex	Permira	19-Dec	\$2,100 mil	47%	29x	3.1x	Cash
Medidata Solutions	Dassault Systems	19-Oct	\$5,700 mil	21%	50x	7.7x	Cash
Gigamon	Elliott Management	17-Dec	\$1,600 mil	21%	43x	4.3x	Cash
Advisory Board	United Health/Vista Eq.	17-Nov	\$2,280 mil	50%	26x	2.7x	Cash
Albany Molecular Research	Carlyle/GTCR	17-Aug	\$945 mil	42%	19x	1.3x	Cash
Cynosure	Hologic	17-Mar	\$1,600 mil	51%	37x	3.3x	Cash
Cepheid	Danaher	16-Nov	\$3,900 mil	54%	52x	5.6x	Cash
Fleetmatics Group	Verizon	16-Nov	\$2,400 mil	40%	28x	5.9x	Cash
IPC Healthcare	TeamHealth	15-Nov	\$1,400 mil	37%	33x	2.0x	Cash
MICROS Systems	Oracle	14-Sep	\$5,300 mi	25%	24x	3.7x	Cash
Furiex Pharmaceuticals	Actavis/Forest Labs	14-Jul	\$1,100 mil	19%	N/A	28.2x	Cash
ArthroCare	Smith & Nephew	14-May	\$1,700 mil	7%	33x	4.4x	Cash
Sourcefire	Cisco	13-Oct	\$2,700 mil	29%	80x	9.7x	Cash
Medicis Pharmaceuticals	Valeant	12-Dec	\$2,800 mil	39%	17x	3.4x	Cash
Gen-Probe	Hologic	12-Oct	\$4,100 mil	20%	27x	6.4x	Cash
Pharmaceutical Product Development	Carlyle/Hellman and Friedman	11-Dec	\$3,900 mil	29%	21x	2.5x	Cash

¹ Select acquisitions from a representative account.

As of December, 31 2021

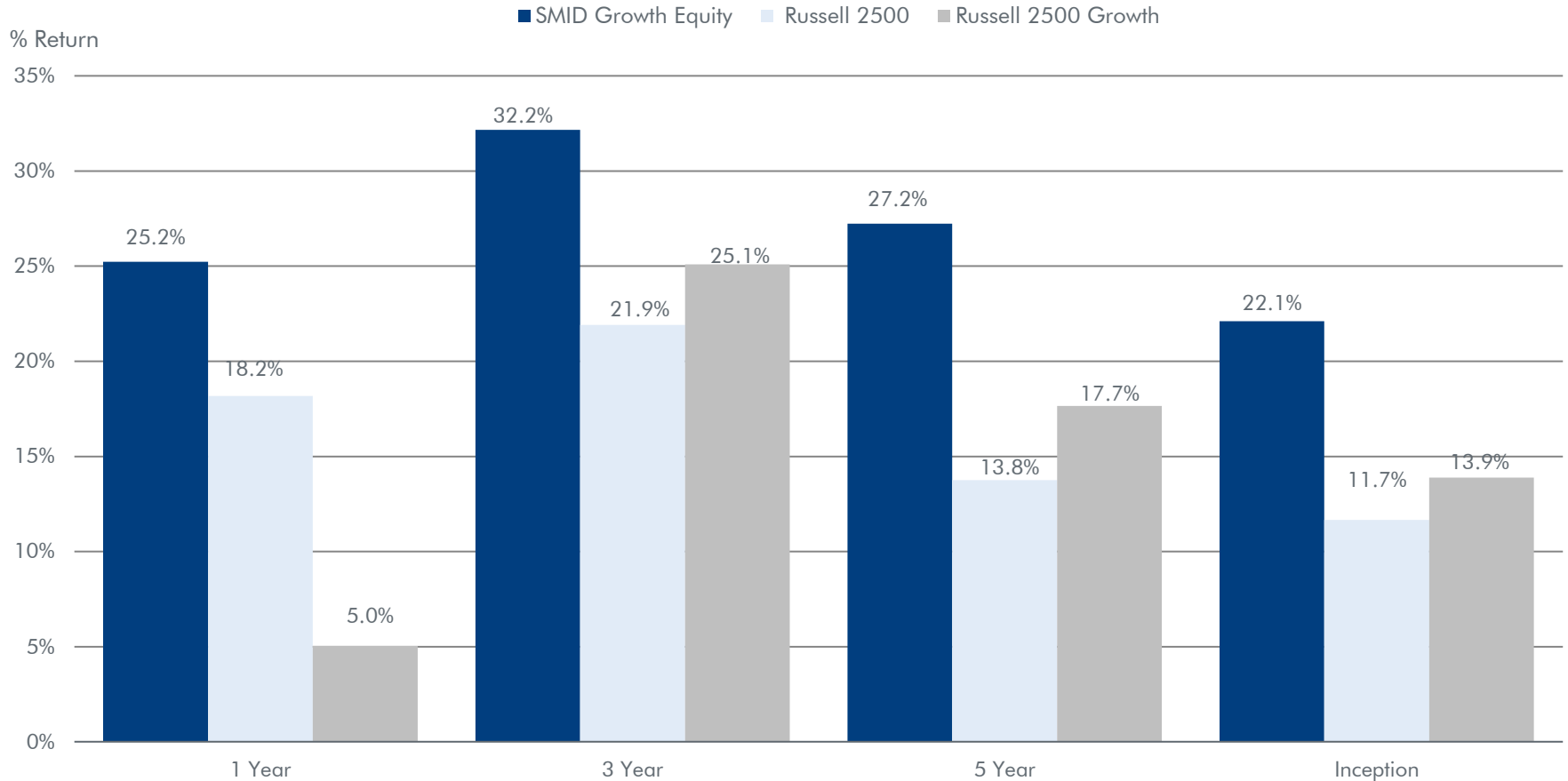


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Performance & Portfolio Characteristics

Performance

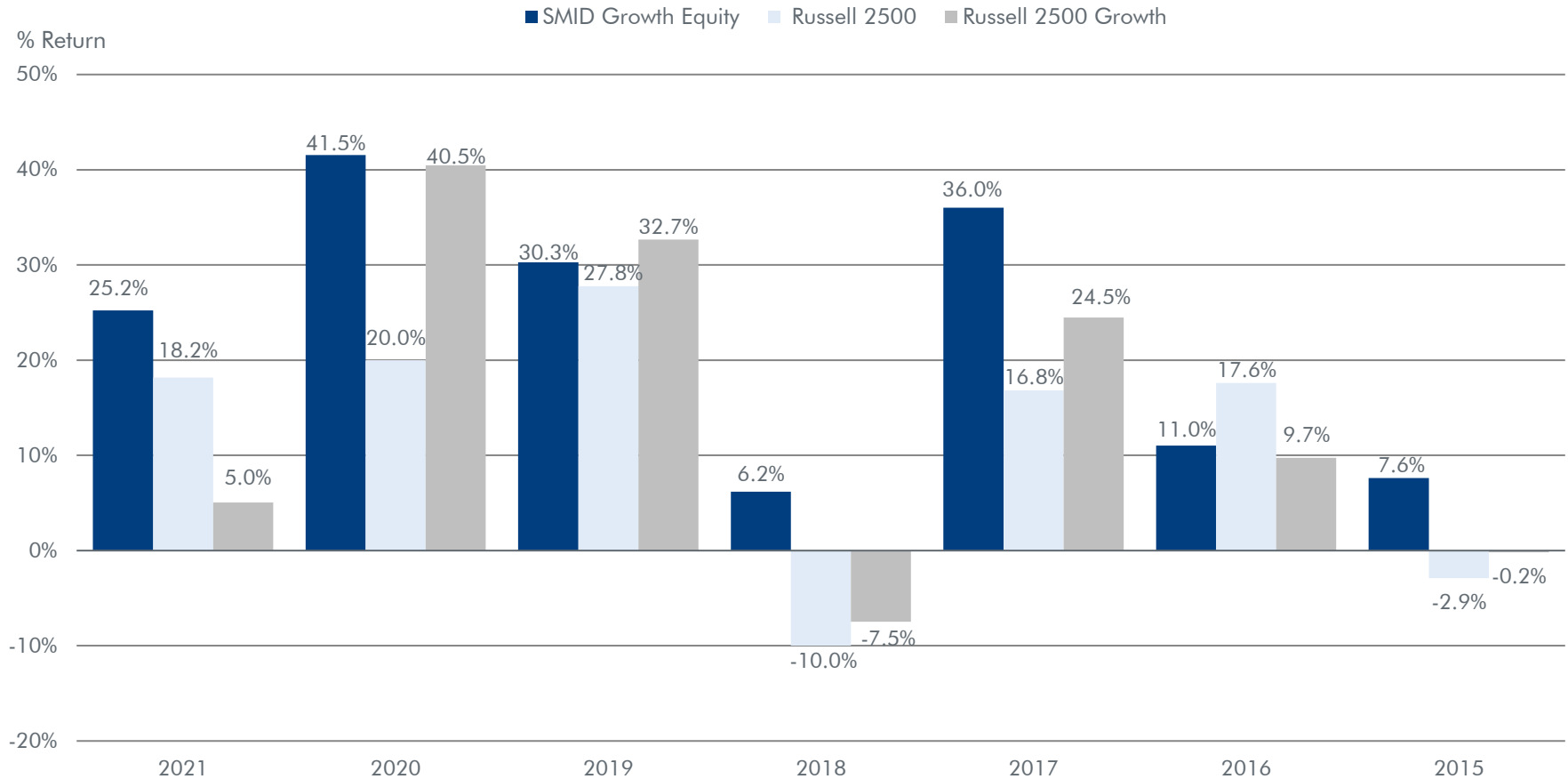
SMID Growth Equity



Represents performance gross of fees for the ACM SMID Growth Equity Composite. Returns through 12/31/21 and inception from 04/30/14, returns greater than one year are annualized. The composite has been independently examined by ACA Performances Services, LLC from 04/30/14 through 12/31/20. GIPS compliant annual disclosure presentation and verification reports are available upon request. Individual performance may vary and past performance does not guarantee future results.

Performance – Calendar Year

SMID Growth Equity



Represents performance gross of fees for the ACM SMID Growth Equity Composite. The composite has been independently examined by ACA Performances Services, LLC from 04/30/14 through 12/31/20. GIPS compliant annual disclosure presentation and verification reports are available upon request. Individual performance may vary and past performance does not guarantee future results.

Portfolio Characteristics⁽¹⁾

SMID Growth Equity

Portfolio Statistics

	Portfolio ⁽¹⁾
# of Holdings	35
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%
Annualized Turnover (3Yr)	9%

Risk Statistics

	Portfolio ⁽¹⁾
Annualized Return	32.17%
Standard Deviation	18.77%
Sharpe Ratio	0.41
Alpha	15.09%
Beta	0.66
Information Ratio	0.74
Tracking Error	13.80%

Sector Weights (excluding cash)

	Portfolio ⁽¹⁾
Info Tech	46%
Health Care	34%
Industrials	13%
Consumer	5%
Financials	2%

¹ Supplemental Information: Selected data from representative portfolio. Portfolio Characteristics as of 12/31/21. Risk Statistics based on three-year data. Source: American Capital Management, Inc. and Factset

Holdings and Position Changes⁽¹⁾

SMID Growth Equity

Largest Holdings

	Portfolio ⁽¹⁾
Fortinet	8.1%
Kornit Digital	7.4%
IDEXX Lab	5.4%
ICON PLC	5.3%
NICE	5.2%
Bio Techne	4.3%
ANSYS	3.9%
Manhattan Associates	3.8%
CyberArk Software	3.5%
FactSet Research	3.2%
Total	50.1%

Notable Position Changes

Add:	Blackbaud
	Cognex
	CyberArk Software
Trimmed:	Kornit Digital

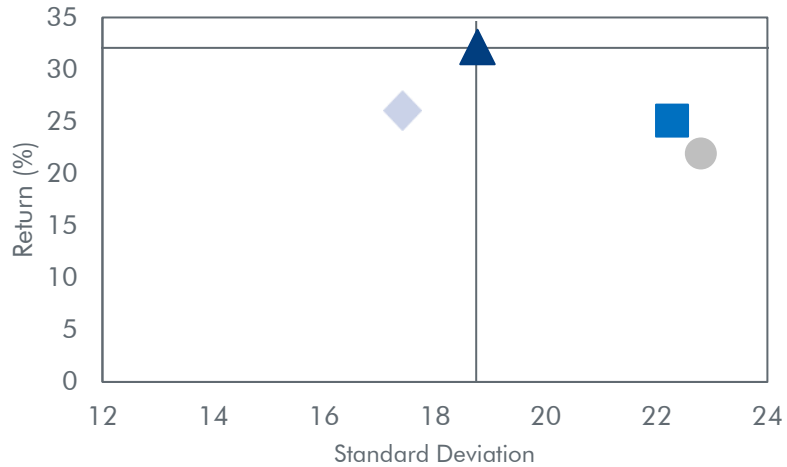
¹ Supplemental Information: Selected data from representative portfolio. Holdings and weights as of 12/31/21. Source: American Capital Management, Inc.

Superior Performance With Less Risk

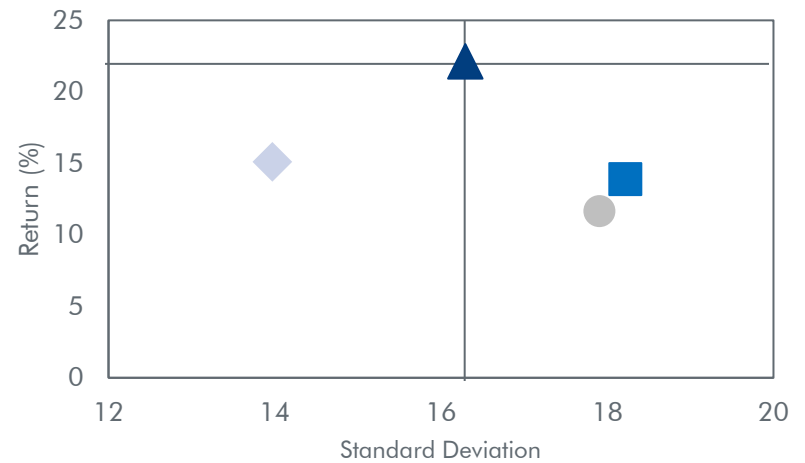
SMID Growth Equity

▲ SMID Growth Equity ● Russell 2500 ■ Russell 2500 Growth ◆ S&P 500

3-YEAR



SINCE INCEPTION



¹ Supplemental Information: Annualized data calculated through 12/31/21

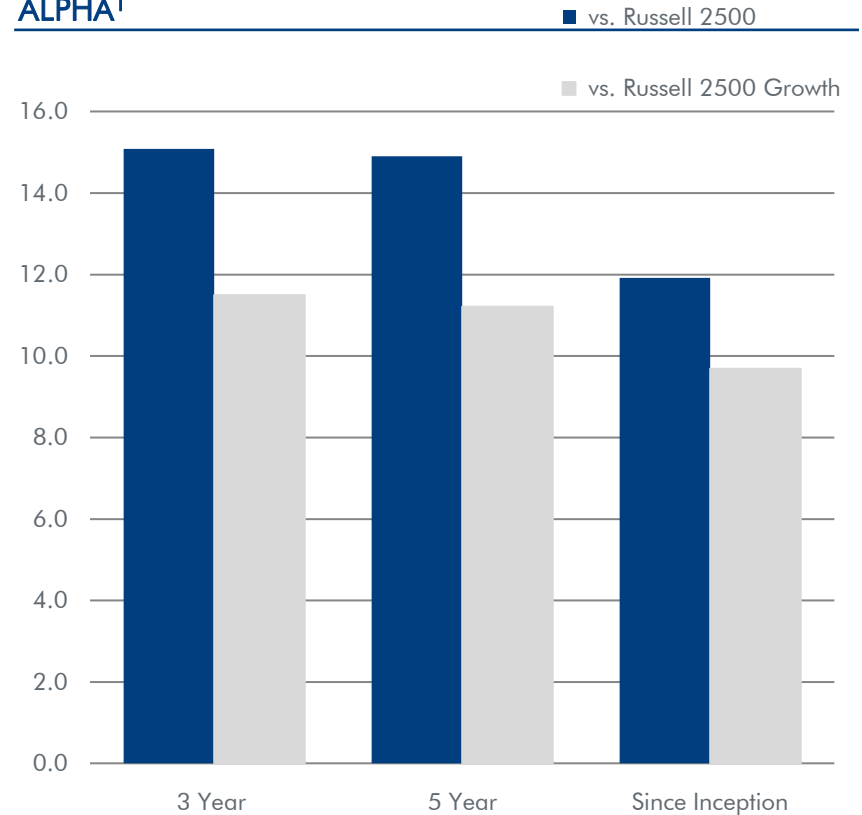
SMID Growth Equity Has Delivered Lower Beta and Higher Alpha

SMID Growth Equity

BETA¹

	ACM vs. Russell 2500	ACM vs. Russell 2500 Growth
3 Year	0.66	0.74
5 Year	0.74	0.80
Since Inception	0.75	0.80

ALPHA¹

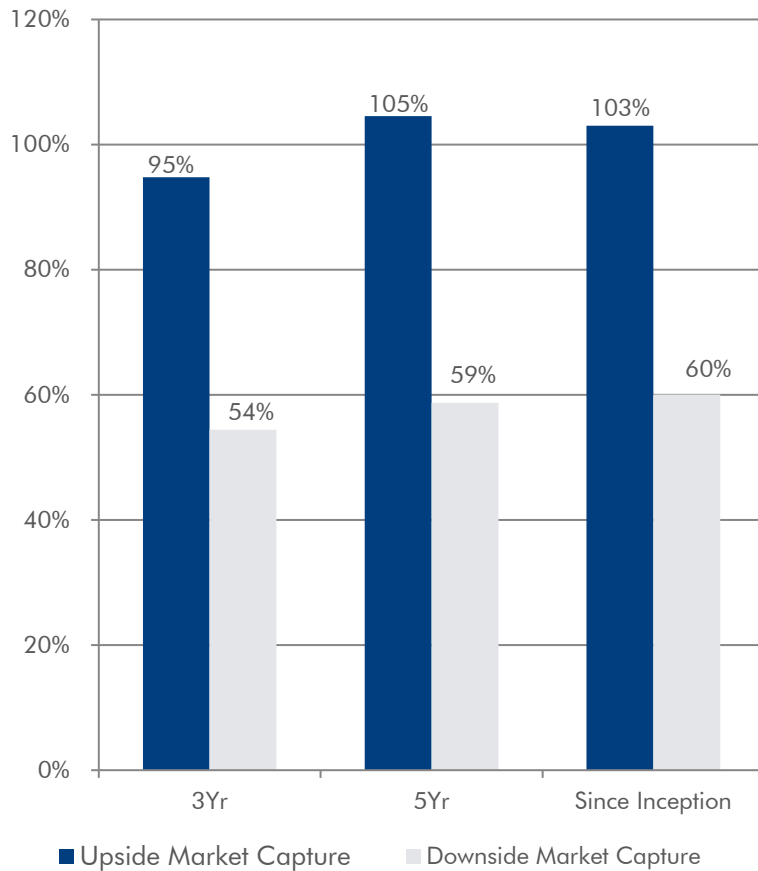


¹ Supplemental Information: Annualized data calculated through 12/31/21

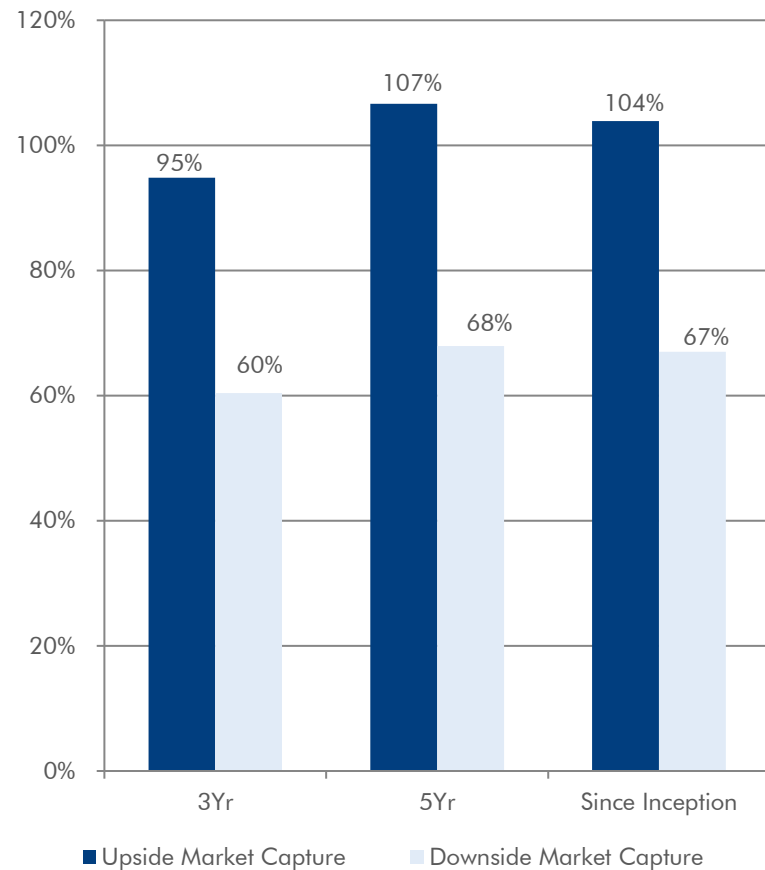
Upside & Downside Capture

SMID Growth Equity

ACM VS. Russell 2500⁽¹⁾



ACM VS. Russell 2500 Growth⁽¹⁾



¹ Supplemental Information: Trailing periods through 12/31/21



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Appendix

American Capital Management, Inc.

SMID Growth Equity Composite: GIPS Composite Report

Year Ended	RETURNS (%)				STANDARD DEVIATION (3Yr, Annualized)			ASSETS (\$)				
	SMID Growth Equity Gross Return	SMID Growth Equity Net Return	S&P 500 Index	Russell 2500 Index	SMID Growth Equity Gross of Fees	S&P 500 Index	Russell 2500 Index	# of Accts	Internal Dispersion ^a	Composite	Pct of Firm Assets (%)	Total Firm
2014 ^(b)	16.13	15.56	10.85	7.13	n/a	n/a	n/a	≤5	n/a ^c	5,704,439	0.59	961,974,396
2015	7.63	6.83	1.38	(2.90)	n/a	n/a	n/a	6	n/a ^d	42,633,584	3.31	1,287,867,926
2016	11.03	10.08	11.96	17.59	n/a	n/a	n/a	7	0.14	53,238,637	3.79	1,406,508,960
2017	36.02	34.68	21.83	16.81	11.45	9.92	12.13	10	0.19	89,874,964	4.97	1,807,726,051
2018	6.18	5.16	(4.38)	(10.00)	15.49	10.80	14.10	15	0.70	142,936,388	7.34	1,948,063,343
2019	30.26	29.08	31.49	27.77	15.17	11.93	14.58	21	0.40	203,367,590	8.00	2,540,992,173
2020	41.52	40.27	18.40	19.99	21.14	18.53	24.21	26	0.37	347,019,613	10.03	3,458,739,606

(a) Dispersion is based on gross of fee returns.

(b) Returns are for the period from May 1, 2014 through December 31, 2014.

(c) Not applicable for periods less than a year.

(d) Not considered meaningful. See disclosures.

See Disclosures next page

American Capital Management, Inc.

SMID Growth Equity Composite - GIPS Composite Report - Disclosures

SMID Growth Equity Composite includes accounts with an 90% or greater allocation to equity securities upon entry into the composite. The other assets in these accounts may be invested in cash. Additionally, once all names in the “model” are held, the portfolio will be added to the composite. Any subsequent deviation from the “model” will cause the removal of the portfolio. The benchmark is the Russell 2500. The S&P 500 is shown as a general market indicator.

American Capital Management, Inc. (“ACM”) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. American Capital Management, Inc. (“ACM”) has been independently verified for the periods 12/31/89 through 12/31/20.

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The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include reinvestment of income. Gross-of-fees performance is presented before management and custodial fees but after all trading expenses. Net-of-fees performance was calculated using actual management fees. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. For those years with five or fewer accounts included in the composite for the full year standard deviation is not presented as the Company does not consider it to be meaningful. The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period.

Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. List of composite descriptions is available upon request.

The investment management fee schedule for the composite is 1% on assets under management. Actual investment management fees incurred by clients may vary.

The SMID Growth Equity Composite was created December 16, 2020 and inception April 30, 2014.

The firm’s list of broad distribution pooled funds is available upon request.

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