

## SGA U.S. Small Cap Equity

U.S. small cap stocks rallied in Q4 following encouraging economic reports that persistently high inflation may have peaked, paving the way toward fewer interest rate hikes. In this environment, U.S. small cap stocks, as measured by the Russell 2000 Index, returned 6.23% and the U.S. Small Cap Equity strategy outperformed the benchmark.

The SGA Alpha Model had positive performance for the quarter among U.S. small cap equities. Within the Model, the outperformance was driven by strong contributions from Valuation. Quality was also positive, while interaction between Valuation and Quality also contributed as companies with material exposure to both performed better than either category on its own. Growth was the one area that detracted, while Sentiment had a neutral impact.

From a sector perspective, outperformance was driven by strong, broad-based stock selection. Every sector, except Utilities, had positive selection. Selection was strongest in Health Care, Financials, Industrials, and Consumer Discretionary. In Health Care, significant contributors including Medpace, Halozyme Therapeutics, and Prestige Consumer Healthcare. The largest contributor, Medpace, a supplier of research services to the biotechnology industry, experienced robust demand, while biotechnology developer Halozyme had commercial success from its partnered programs, along with new drug indication launches. Prestige Consumer Healthcare, which owns several over the counter brands, started buying back shares and appears to be taking market share, outperforming expectations.

In Financials, a significant portion of the positive selection came within the banking industry across several positions, Pathward Financial, Bancorp, and Preferred Bank. Selection was strong within insurance where Valuation performed particularly well and the top contributors, Genworth Financial and CNO Financial, had high exposure to Valuation. Outperformance in Consumer Discretionary was largely driven by the strong Model performance, where all four categories performed well. As a result, contributions were broad-based and significant contributors included for-profit education company Perdoceo, department store operator Macy's, recreational vehicle parts supplier Patrick Industries, timeshare owner Bluegreen Vacations, and footwear maker Crocs.

### Inception to Date – Annualized Composite Performance

12 31 2018	QTD	YTD	1 Year	3 Year	ITD
<b>U.S. Small Cap Equity (Gross) %</b>	13.06	-11.32	-11.32	9.38	12.36
<b>U.S. Small Cap Equity (Net)* %</b>	12.87	-11.94	-11.94	8.63	11.60
<b>Russell 2000 Index (Gross) %</b>	6.23	-20.44	-20.44	3.10	8.30

\*Net of fees performance was calculated using the highest applicable annual management fee of 0.70% applied monthly effective April 1, 2021. Prior to April 1, 2021, net of fees performance was calculated using the highest applicable annual management fee of 0.67% applied monthly; actual investment advisory fees incurred by clients may vary.

PERFORMANCE STATISTICS	SGA U.S. SMALL CAP EQUITY (Gross)	SGA U.S. SMALL CAP EQUITY (Net)	PORTFOLIO CHARACTERISTICS	SGA U.S. SMALL CAP EQUITY	RUSSELL 2000 GROSS
Standard Deviation	23.31%	23.30%	Number of Stocks	176	1,950
Upside Market	104.27%	102.66%	Price/Earnings (1-Year Forecast)	8.9x	11.4x
Downside Market Capture	94.26%	94.82%	Price/Book	1.9x	1.9x
Information Ratio	0.72	0.59	Weighted Average Market Cap	\$2.8B	\$2.8B
			Median Market Cap	\$2.4B	\$2.5B
			Estimated Annual Turnover	40-60%	--

Performance statistics are calculated since inception of the strategy, December 31, 2018, through December 31, 2022 based on gross and net of fees returns, as specified. The data listed is supplemental to the information contained in the GIPS® Report, which is located at the end of this presentation. Portfolio characteristics are based on a representative account and calculated as of December 31, 2022.

# SGA U.S. Small Cap Equity

SECTOR WEIGHTS*	SGA U.S. SMALL CAP EQUITY (%)	RUSSELL 2000 GROSS (%)
Communication Services	2.49	2.34
Consumer Discretionary	11.09	10.33
Consumer Staples	4.27	3.61
Energy	6.48	6.83
Financials	17.45	17.16
Health Care	17.23	16.81
Industrials	15.35	15.35
Information Technology	14.44	13.20
Materials	3.39	4.38
Real Estate	4.84	6.49
Utilities	2.52	3.51
Cash	0.47	0.00

TOP 10 HOLDINGS*	SGA U.S. SMALL CAP EQUITY (%)	RUSSELL 2000 GROSS (%)
BOX INC CL A CL A	1.85	0.19
MEDPACE HLDGS INC	1.78	0.24
EMCOR GROUP INC COM	1.75	0.31
BROOKFIELD	1.48	0.17
OSI SYS INC COM	1.45	0.06
HALOZYME	1.45	0.33
GREIF INC.	1.44	0.09
PFD BK L A CAL COM	1.42	0.04
BOISE CASCADE CO COM	1.39	0.12
ESSENT GROUP LTD COM	1.27	0.18
<b>Top 10 Holdings</b>	<b>15.28</b>	<b>1.73</b>

*Fundamentally Inspired.  
Quantitatively Driven.*

## SGA PORTFOLIO MANAGEMENT TEAM

### Cynthia Tusan, CFA

CEO, Senior Portfolio Manager  
33 years of investment experience

### Gary Baierl, PhD

Chief Investment Officer  
24 years of investment experience

### Cherie Badri, CFA

Director of Fundamental Research,  
Senior Portfolio Manager  
27 years of investment experience

### Brendan Skarra-Corson, CFA

Senior Portfolio Manager  
15 years of investment experience

Source: FactSet, Northern Trust, Russell, SGA

\*Holdings and sector diversification represents the holdings and sector weights in the SGA U.S. Small Cap Equity representative account as of the date noted. These holdings and sector weights are subject to change at any time without notice. Individual account data may vary. This information is supplemental to the GIPS® Report.

The Russell 2000 Index (Gross) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of small capitalization U.S. securities.

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**SGA U.S. SMALL CAP EQUITY GIPS® REPORT**

YEAR END	TOTAL FIRM ASSETS (MILLIONS)	COMPOSITE ASSETS			ANNUAL PERFORMANCE RESULTS				3-YEAR ANNUALIZED EX-POST STANDARD DEVIATION**	
		USD (MILLIONS)	NO. OF ACCOUNTS	% OF WRAP ACCOUNTS	COMPOSITE GROSS*	COMPOSITE NET	RUSSELL 2000 INDEX (GROSS)	COMPOSITE DISPERSION	COMPOSITE GROSS	RUSSELL 2000 INDEX (GROSS)
2022	3,231	<1	1	100%	-11.32%	-11.94%	-20.44%	N/A	25.23%	26.39%
2021	4,365	<1	1	100%	32.38%	31.47%	14.82%	N/A	22.00%	23.68%
2020	5,045	<1	1	100%	11.47%	10.72%	19.96%	N/A	N/A	N/A
2019	5,139	<1	1	100%	21.81%	21.02%	25.52%	N/A	N/A	N/A

N/A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

\*Pure gross returns are shown as supplemental information for bundled fee accounts and are stated gross of all fees and transaction costs.

\*\*The 3-year annualized ex-post standard deviation is not shown when there are not 36 monthly performance returns available.

SGA U.S. Small Cap Equity Composite includes all discretionary, equity only accounts whose primary investment objective is growth, and secondarily yield, and are invested in U.S. small cap securities. This composite does not have a minimum account size. Key material risk exists in investing small-capitalization companies as these companies may be more vulnerable to adverse business or economic events than larger, more established companies. For comparison purposes, the composite is compared to Russell 2000 Gross Index, which consists of U.S. small-cap companies. The U.S. Small Cap Equity Composite was created December 1, 2018 with a performance inception date of December 31, 2018.

Strategic Global Advisors, LLC (SGA) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SGA has been independently verified for the periods December 1, 2005 through December 31, 2021. The verification report(s) is/are available upon request.

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SGA is an independently registered investment advisor. Registration does not imply any level of skill or training. A list of all composite and pooled fund investment strategies offered by the firm, with a description of each strategy, is available upon request. The type of portfolios in which each strategy is available (segregated account, limited distribution pooled fund, or broad distribution pooled fund) is indicated in the description of each strategy. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm.

The U.S. dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Composite net of fees performance was calculated by reducing the gross of fees return by the maximum annual management fee of 0.70% applied monthly effective April 1, 2021. Prior to April 1, 2021, composite net of fees performance was calculated by reducing the gross of fees return by the maximum annual management fee of 0.67% applied monthly.

The annual composite dispersion presented is a gross of fees asset weighted standard deviation calculated for the accounts in the composite the entire year and is only presented for periods with more than five accounts in for the entire year. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

Past performance is not indicative of future results.

Maximum annual management fee is 0.70%; actual investment advisory fees incurred by clients may vary.

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