

# Portfolio Commentary

## Concentrated Large Cap Growth

# Q1 | 2021

### MARKET REVIEW

U.S. large-cap growth stocks rose broadly in the period, but at a more muted level than the strong gains experienced over the past few quarters. The Russell 1000® Growth Index increased 0.94%, led by the energy (+19.61%), communication services (+8.45%), and real estate (+7.11%) sectors. The consumer discretionary (-0.96%), consumer staples (-0.73%), and information technology (-0.72%) sectors declined modestly.

Markets were largely driven by positive momentum from new fiscal stimulus packages and expanding COVID-19 vaccine distribution rollouts. The quarter started with the U.S. government pumping a \$900 billion relief plan into the economy, quickly followed by an additional \$1.9 trillion under the new Biden administration — together approaching roughly 14% of overall U.S. GDP. At the same time, the approximately 300,000 vaccines being administered per day in early January ballooned tenfold to almost three million by late March. Both factors propelled confidence that the U.S. was steadily moving toward economic recovery. Investors responded by snapping up value stocks, which generally lagged growth markets for much of 2020, resulting in one of the largest quarterly outperformance differences between the two styles in more than 20 years. Given how far growth stocks had climbed recently, however, we viewed this as a healthy broadening of market recovery expectations.

### PERFORMANCE

For the quarter, the Silvant Concentrated Large Cap Growth Strategy Composite's returns of 1.27% (gross)/1.08% (net) outperformed the Russell 1000 Growth Index's return of 0.94%. Stock selection in the communication services, consumer staples, and industrials sectors added the most to performance. Stock selection in the information technology, healthcare, and consumer discretionary sectors weighed the most on returns.

Alphabet and Boeing were among the strongest stock contributors to relative performance.

- Alphabet, the parent company of Google, rallied on significantly higher-than-expected earnings and revenue growth. Gains were largely driven by strength in the company's YouTube and search engine businesses. We continued to hold our position as we see room for additional upside, including growth potential from its cloud business.

<sup>1</sup> See Holdings Disclosure on Page 3.

<sup>2</sup> The contributors/detractors listed do not represent all securities purchased or sold for our clients. To obtain a list showing the contribution of each holding that contributed to overall performance during the quarter and the calculation methodology, please call 404-845-7640.

### PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Wtd. Avg. Market Cap (\$b)	880.50	696.47
Price-to-Earnings*	35.06x	29.57x
Price-to-Book	10.90x	11.48x
Price-to-Sales	6.38x	5.01x
Std. Dev. (3 yr) (%)	20.06	19.14
Alpha (3 yr) (%)	-1.44	0.00
Beta (3 yr)	1.03	1.00
Std. Dev. (5 yr) (%)	16.89	15.71
Alpha (5 yr) (%)	-2.56	0.00
Beta (5 yr)	1.05	1.00
Est. 3-5 Yr EPS Growth (%)	17.82	18.82
Operating Margin (%)	22.15	21.31

\*P/E is calculated using forward 12-month earnings.

### TOP

#### CONTRIBUTORS<sup>1,2</sup>

	Average Weight	Relative Attribution
Boeing Co.	2.67	0.45
Alphabet Inc. Class C	5.20	0.44
Alphabet Inc. Class A	5.22	0.43
Estee Lauder Companies Inc. Class A	4.72	0.34
Vulcan Materials Co.	1.67	0.19
Royal Caribbean Group	1.58	0.19
Microsoft Corporation	12.61	0.18
UnitedHealth Group Inc.	4.34	0.14
Eli Lilly and Co.	2.98	0.11
NVIDIA Corporation	4.73	0.09

### TOP

#### DETRACTORS<sup>1,2</sup>

	Average Weight	Relative Attribution
Visa Inc. Class A	7.15	-0.30
Amazon.com, Inc.	12.19	-0.30
Autodesk, Inc.	2.87	-0.29
Edwards Lifesciences Corp.	2.90	-0.28
Intuitive Surgical, Inc.	2.06	-0.19
Vertex Pharmaceuticals Inc.	1.73	-0.16
Qualcomm Inc.	1.81	-0.13
Fair Isaac Corp.	1.91	-0.12
salesforce.com, inc.	2.75	-0.10
Apple Inc.	11.94	-0.07

Relative attribution: excess return relative to the benchmark, limited to stocks held in the portfolio.

### TOP 10 HOLDINGS<sup>1</sup> (% of portfolio)

Microsoft Corp.	12.71
Amazon.com, Inc.	11.78
Apple Inc.	11.22
Visa Inc. Class A	6.97
Alphabet Inc. Class A	5.43
Alphabet Inc. Class C	5.39
NVIDIA Corp.	5.14
Estee Lauder Companies Inc. Class A	4.98
UnitedHealth Group Inc.	4.62
Boeing Co.	3.04

Source: FactSet. All data as of 3/31/2021.

- Aerospace company Boeing climbed on signs that it may be starting to return somewhat to business as usual. The company reported strong relative earnings and revenue coming off a challenging couple of years. Shares rose amid the return of its 737 MAX after months of being grounded and increasing indications of new plane orders as the air travel industry recovers from the COVID-19 pandemic. We held steady with our position. With expectations for the company remaining very low, we believe there should be additional opportunities to surprise on the upside around its key metrics for the rest of 2021.

Visa and Amazon.com were among the largest stock detractors from relative performance.

- Despite solid financial results, credit card processor Visa lagged on investor concerns around the potential negative impact that cryptocurrency market disruption may have on the payment-processing industry. The company’s domestic volumes have largely recovered to pre-COVID levels, and it should also start to benefit as cross-border transactions—which have been near zero as a result of pandemic shutdowns—begin to normalize as countries open up again. We trimmed the position slightly to add to other portfolio holdings with stronger risk/reward profiles but continued to hold the stock.
- Amazon.com delivered higher-than-expected earnings and its largest quarterly revenue to date. However, the stock continued to pause after delivering outsized gains for much of 2020, as investors rotated into lower-priced value securities. Investors also digested the news that CEO Jeff Bezos would step aside in the third quarter to become executive chairman and be replaced by Amazon Web Services chief Andy Jassy. We believe this will be a short-term pullback and continued to hold our position.

## PORTFOLIO CHANGES

There were no new portfolio additions or exits during the quarter.

## PERFORMANCE ATTRIBUTION (%) AS OF 3/31/2021

	Quarter-end Sector Weights		Impact		
	Portfolio	Benchmark	Sector Weight	Stock Selection	Total
Communication Services	10.83	11.88	-0.06	0.85	0.79
Consumer Discretionary	15.11	16.50	0.05	-0.31	-0.27
Consumer Staples	4.98	4.48	0.05	0.42	0.47
Energy	0.00	0.09	-0.01	0.00	-0.01
Financials	0.00	1.90	-0.02	0.00	-0.02
Healthcare	15.65	13.66	-0.01	-0.41	-0.43
Industrials	5.19	4.73	0.02	0.36	0.38
Information Technology	46.52	44.22	-0.01	-0.75	-0.76
Materials	1.72	0.80	0.01	0.20	0.21
Real Estate	0.00	1.71	-0.09	0.00	-0.09
Utilities	0.00	0.02	0.01	0.00	0.01
<b>Total</b>			<b>-0.06</b>	<b>0.36</b>	<b>0.30</b>

Source: FactSet.

Performance attribution does not incorporate the effects of cash, unclassified securities or expenses and may change at any time without notice. The total impact may not equal the difference between Portfolio and Benchmark returns.

## OUTLOOK

Looking ahead, continued economic reopening, confident consumers ready to spend, and a highly accommodative, transparent Federal Reserve all bode well for U.S. growth stocks. Current GDP expectations north of 7% do not seem unachievable coming off the low base of last year’s fairly deep recession. Core inflation numbers still appear manageable, despite inching slightly higher. With this in mind, the fundamentals backdrop now appears more encouraging than it has in quite some time, and companies should be well-positioned to accelerate earnings drastically, assuming these tailwinds continue. While overall market gains may be a bit more tempered than the past two years, we believe that stocks should be able to grow into current expectations with additional upside, even at their somewhat elevated valuations compared to longer-term historical averages.

## PERFORMANCE COMPARISON (%) AS OF 3/31/2021

	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Concentrated Large Cap Growth Composite (Gross)	1.27	1.27	58.66	21.72	18.91	13.70
Concentrated Large Cap Growth Composite (Net)	1.08	1.08	57.52	20.82	18.03	12.86
Russell 1000® Growth Index	0.94	0.94	62.74	22.80	21.05	16.63
eVestment Alliance Large Cap Growth Median*	2.14	2.14	61.00	21.77	20.07	15.85
# of Portfolios in Median Calculation	304	304	304	299	279	250

eVestment Alliance data capture date: 04/27/2021

**Past performance is not indicative of future results.** This presentation is solely for SUPPLEMENTAL INFORMATION purposes, intended for institutional investors, and may not be provided unless accompanied or preceded by the fully compliant GIPS Composite Presentation. The comparative performance contained herein reflects annualized returns for specific time period, is not indicative of actual annual returns, and may not be relied upon for investment decisions. Complete information regarding Silvant's returns is included on the GIPS presentation on page 4. The performance inception date for the composite is 10/1/1999.

Russell 1000® Growth Index offers investors access to the large-cap growth segment of the U.S. equity universe. The index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Investors cannot invest directly in an index.

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\*eVestment Alliance (eA) is a manager-reported database on hundreds of investment managers and thousands of investment products covering a full range of asset classes, investment styles, and geographic concentrations. Based on manager input, eA independently constructs universes using qualitative and quantitative factors. The investment products are organized into peer groups and assessed on an ongoing basis to ensure the consistency of a product's attributes within a designated style classification. In addition, eA utilizes style analysis tools, performance analytics, and the review of a product's investment strategy narrative in the construction of wide-ranging universes that are both pure in style and consistent over time.

The eVestment Number of Portfolios represents the number of investment products included in the calculation of the median return for the given eVestment universe for the given time period. Individual investment managers may have more than one investment product included in the universe, so the number of observations will likely be greater than the actual number of investment managers represented.

## HOLDINGS DISCLOSURE

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

## IMPORTANT RISK CONSIDERATIONS

**Equity Securities:** The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. **Growth Stocks:** Growth stocks are typically sensitive to market movements because their market prices tend to reflect future expectations. When it appears those expectations will not be met, the prices of growth stocks typically fall. **Market Volatility:** Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio manager(s) to invest the portfolio's assets as intended.

For information, contact:

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# Q1 | 2021 Concentrated Large Cap Growth

CONCENTRATED LARGE CAP GROWTH COMPOSITE 10/1/1999 – 3/31/2021

Year	Gross of Fee Return (%)	Net of Fee Return (%)	Benchmark Return (%)	Number of Portfolios	Composite Dispersion (%)	3-Year Standard Deviation		Total Composite Assets at End of Period (US\$ Mil)	Total Firm Assets (US\$ Mil)
						Composite	Benchmark		
2021 YTD	1.27	1.08	0.94	Five or fewer	N/A	20.06	19.14	4	867
2020	36.27	35.28	38.49	Five or fewer	N/A	20.54	19.64	4	855
2019	33.79	32.81	36.39	Five or fewer	N/A	14.66	13.07	3	821
2018	2.57	1.81	-1.51	Five or fewer	N/A	14.62	12.13	3	748
2017	28.09	27.16	30.21	Five or fewer	N/A	12.42	10.54	4	1,138
2016	-6.65	-7.35	7.08	Five or fewer	N/A	13.00	11.15	15	1,277
2015	9.40	8.59	5.67	6	N/A	11.76	10.70	46	1,382
2014	7.18	6.38	13.05	11	0.13	11.55	9.59	388	1,736
2013	32.55	31.58	33.48	13	0.51	15.03	12.18	893	2,233
2012	12.15	11.32	15.26	16	0.49	18.25	15.66	1,218	3,002
2011	-3.56	-4.28	2.64	16	0.19	18.95	17.76	1,902	3,686

- 1. Compliance Statement.** Silvant Capital Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Silvant Capital Management LLC has been independently verified for the periods of March 31, 2008 (the date of the Firm's founding) through December 31, 2019. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.
- 2. Definition of the Firm.** Silvant Capital Management LLC ("Silvant") is an SEC-registered investment adviser and is a wholly owned subsidiary of Virtus Partners, Inc., a wholly owned subsidiary of Virtus Investment Partners, Inc. ("Virtus"). Registration of an investment adviser does not imply any level of skill or training. Silvant manages assets on behalf of institutional and retail separate accounts and mutual funds. Silvant became an affiliate of Virtus effective June 1, 2017, when Virtus acquired RidgeWorth Capital Management LLC and RidgeWorth Investments ("RidgeWorth"). Silvant was created March 31, 2008, when all of the investment decision-makers associated with the growth equity investment strategies of RidgeWorth became employees of Silvant. The staff and decision-making process remained intact and independent within Silvant. For composite reporting purposes, the Firm is defined as all equity portfolios managed by Silvant. Composite performance results are linked to performance history generated at RidgeWorth.
- 3. Composite Description.** The Concentrated Large Cap Growth Strategy composite includes fully discretionary segregated investment accounts managed in accordance with the concentrated portfolio, growth investment style, with the objective of investing in stocks with a competitive advantage, strong profitability metrics, above average free cash flow, above average operating margins and positive price trends. Under normal circumstances, Concentrated Large Cap Growth Portfolios will have at least 80% of their assets invested in common stocks and other U.S. traded equity securities of large cap companies. U.S. traded equity securities may include American Depository Receipts ("ADRs"). Silvant considers large cap companies to be companies with market capitalizations similar to those of companies in the Russell 1000 Growth Index. Silvant will seek out companies with strong current earnings, growth in revenue, improving profitability, strong balance sheet, strong current and projected business fundamentals and reasonable valuation. Generally, a Concentrated Large Cap Growth portfolio will hold 40 securities or less. Key material risks: Stock prices will decline and the composite will underperform its benchmark. Prior to July, 2015, the Concentrated Large Cap Growth Strategy composite was named the Select Large Cap Growth Strategy composite. The minimum portfolio size for the Concentrated Large Cap Value Strategy composite is \$1,000,000.
- 4. Benchmark.** The benchmark for the Concentrated Large Cap Growth Strategy composite is the Russell 1000® Growth Index, which measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The index is calculated on a total-return basis with dividends reinvested. Index returns do not reflect the deduction of any fees or expenses.
- 5. Returns and Fees.** Returns are calculated based on total return which (a) includes cash returns, realized and unrealized gains plus income; (b) utilizes trade date and accrual accounting; and (c) is after the deduction of actual trading fees and expenses. Portfolio returns are calculated utilizing daily valuation. Composite returns, calculated monthly, are the weighted average return of the underlying portfolios using beginning-of-period market values. Composite gross of fee returns do not reflect any deduction for investment advisory fees, custodial charges or other costs that a client might incur in connection with the management of an account. Investment advisory fees are described in Part 2 of the firm's Form ADV. Prior to September 1, 2015, the gross of fee return for the mutual fund was calculated by adding back the fund's published total operating expense ratio to the net of fee mutual fund performance; we now use the gross of fee return of the underlying portfolio. Effective 4/1/2021, composite net of fee performance is calculated assuming a fee of 0.60%, the highest fee for this type of investment account. Prior to 4/1/2021, composite net of fee performance is calculated assuming a fee of 0.75%, the highest fee for this type of investment account.
- 6. Fee Schedule.** The standard management fee schedule applicable to concentrated large cap growth equity accounts is as follows: 0.60% on the first \$10 million, 0.45% on the next \$40 million, and 0.25% on all over \$50 million. Minimum annual fee is \$10,000. Actual investment advisory fees incurred by clients may vary. For further information on investment management fees, please refer to Form ADV Part 2.
- 7. Ex Post Standard Deviation.** The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period. No three-year annualized standard deviations are reported for periods less than 3 years (shown as N/A).
- 8. Composite Dispersion.** The dispersion of annual or YTD returns is measured by the equal-weighted standard deviation of portfolio gross returns represented within the composite for the full year or period. No dispersion is reported for periods with five or fewer portfolios (shown as N/A).
- 9. Currency.** Valuations and returns are computed and stated in U.S. Dollars.
- 10. Composite Creation and Inception Date.** This composite was created March 31, 2008, the inception date of Silvant, and continues the investment strategy of a composite originally created in 2006. The composite has performance history with an inception date of October 1, 1999.
- 11. Significant Cash Flow Policy.** Beginning March 31, 2008, composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of 10% or greater of portfolio assets. This policy was discontinued effective February 1, 2017.
- 12. Carve-Outs.** The Concentrated Large Cap Growth Strategy composite included the performance of the equity portion of balanced accounts. Cash returns was allocated using a predetermined cash allocation mix approach. Such "carve-outs" represented less than 1% of the total market value of the composite as of December 31, 2008, and December 31, 2009. After January 1, 2010, all equity segments were managed with their own cash balance.
- 13. Availability of Information.** Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. A list of all composite 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.
- 14. Disclaimer.** Past performance is not indicative of future results and no investment is guaranteed for return of principal and/or return on investments. Results will vary among accounts. All information provided and used in calculations is believed to be correct, but accuracy cannot be guaranteed. Please consult with a financial professional before investing.
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