

PORTFOLIO COMMENTARY

Large Cap Growth



FOURTH QUARTER 2022

MARKET REVIEW

Growth equities rose broadly in the quarter, capping off a volatile year. Gains were driven by cooler inflation numbers and investor optimism that the surge in Consumer Price Index (CPI) increases that have weighed on markets and driven interest rates higher may have peaked. The Federal Reserve (Fed) also slowed the pace of its federal funds rate hikes from four straight 0.75% increases to 0.5% in December, not exactly dovish behavior but a notable downshift nonetheless.

Cyclical stocks led the rally, with value securities generally outperforming growth names as revenue and earnings expectations reset lower on anticipated slowing economic growth. The Russell 1000® Growth Index gained 2.20% in the period to end 2022 down 29.14%, with the largest sector increases for the quarter in utilities (+16.56%), industrials (+15.41%), healthcare (+13.07%), and energy (+12.83%). Only consumer discretionary (-15.65%) and communication services (-6.39%) posted declines.

PERFORMANCE

The Silvant Large Cap Growth Strategy Composite gained 3.45% (gross)/3.30% (net) for the quarter, outperforming the Russell 1000 Growth Index's rise of 2.20%. Large performance contributors included consumer discretionary and industrials stock selection and stock selection and an overweight in healthcare. Stock selection and an overweight in communication services and consumer staples, as well as stock selection in financials were notable performance detractors.

Boeing and O'Reilly Automotive were among the top stock contributors to relative performance.

- Aerospace leader Boeing gained on its upbeat outlook given the continued rebound in air travel and the company's ability to ramp delivery of its 787 Dreamliner faster than expected. It also received a long-sought deadline extension from Congress around new safety standards for its MAX 7 and MAX 10 airliners. We continued to hold the stock as we see room for additional gains.
- Car parts retailer O'Reilly Automotive continued to outperform on earnings and revenue strength. Over the past several years, the company has benefited from car owners holding on to their current vehicles longer given constrained availability of new and used models. We trimmed the position on the gains but continued to hold the stock, as the company has been able to execute consistently well.

¹ See Holdings Disclosure on Page 3.

² 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.

³ Contributors and detractors are based on gross returns, see net returns presented on performance comparison page.

See GIPS Composite Report on Page 4.

PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Wtd. Avg Market Cap (\$b)	760.7	627.4
Price-to-Earnings*	24.3X	21.5X
Price-to-Book	7.9X	8.4X
Price-to-Sales	4.3X	3.5X
EPS Growth Rate (3-5 yr fwd est)	15.1	15.3
Operating Margin (%)	27.0	25.2
Std Dev (3 yr)	22.48	22.81
Alpha (3 yr)	-0.94	0.00
Beta (3 yr)	0.98	1.00
Std Dev (5 yr)	20.41	20.21
Alpha (5 yr)	-0.43	0.00
Beta (5 yr)	1.00	1.00

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

Portfolio characteristics are based on gross returns where applicable. See net returns presented on performance comparison page with regulatory required time periods.

TOP CONTRIBUTORS ^{1,2,3} (%)	Average Weight	Relative Attribution
Tesla Inc.	0.7	1.7
Boeing Company	1.5	0.6
O'Reilly Automotive, Inc.	2.7	0.4
TJX Companies Inc	2.0	0.4
Mettler-Toledo International Inc.	1.5	0.4
DexCom, Inc.	1.3	0.3
NVIDIA Corporation	3.9	0.3
Visa Inc. Class A	3.9	0.3
Eli Lilly and Company	3.6	0.2
Fair Isaac Corporation	0.7	0.2

TOP DETRACTORS ^{1,2,3} (%)	Average Weight	Relative Attribution
Amazon.com, Inc.	6.2	-0.4
Apple Inc.	14.9	-0.2
SentinelOne, Inc. Class A	0.3	-0.2
Alphabet Inc. Class C	4.2	-0.2
Meta Platforms Inc. Class A	1.4	-0.2
Edwards Lifesciences Corporation	1.3	-0.1
Alphabet Inc. Class A	4.1	-0.1
DraftKings, Inc. Class A	0.4	-0.1
Silvergate Capital Corp. Class A	0.1	-0.1
Salesforce, Inc.	1.0	-0.1

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

TOP 10 HOLDINGS¹ (% of portfolio)

Apple Inc.	13.9
Microsoft Corporation	12.4
Amazon.com, Inc.	5.5
Visa Inc. Class A	4.2
Alphabet Inc. Class C	4.1
NVIDIA Corporation	4.1
Alphabet Inc. Class A	4.0
Eli Lilly and Company	3.9
UnitedHealth Group Incorporated	3.1
Mastercard Incorporated Class A	2.8

Source: FactSet. All data as of 12/30/2022.

Amazon.com and Apple were among the largest stock detractors.

- Online retailer Amazon.com lagged on the continued pullback in mega-cap technology stocks. The company was pressured by slowing sales and increased spending. It also disappointed investors by lowering its forward-looking guidance. We held steady with the position as we still like the company’s long-term competitive position.
- Technology leader Apple also underperformed on sector softness and global macroeconomic headwinds. The company reported strong earnings and revenue, but disappointed on decelerating iPhone sales and softer-than-expected growth in its high-margin services businesses. It also continued to experience manufacturing disruptions in China. We maintained our position as we expect the company to navigate the transition to slower economic growth better than many businesses, given its marketplace leadership.

PORTFOLIO CHANGES

New additions included ASML and Bill.com. Exits included Silvergate Capital and Twilio.

- We bought semiconductor equipment manufacturer ASML based on its attractive valuation after pulling back amid technology sector weakness.
- We purchased online payment software firm Bill.com on the company’s strong revenue gains and long-term upside potential.
- We sold Silvergate Capital, which focuses on banking services for the digital currency industry, after the stock tumbled from the cryptocurrency market turmoil.
- We exited communication platform-as-a-service company Twilio on slowing demand.

ATTRIBUTION (%) AS OF 12/30/2022

	Quarter-end Sector Weights		Impact		
	Portfolio	Benchmark	Sector Weight	Stock Selection	Total
Communication Services	9.7	6.8	-0.2	-0.2	-0.5
Consumer Discretionary	13.6	14.2	0.0	1.6	1.6
Consumer Staples	4.5	6.1	-0.1	-0.2	-0.3
Energy	0.0	1.7	-0.2	0.0	-0.2
Financials	3.8	3.3	0.1	-0.2	-0.2
Healthcare	16.3	13.5	0.2	0.2	0.4
Industrials	4.1	8.1	-0.5	0.7	0.2
Information Technology	46.7	43.2	0.0	0.2	0.2
Materials	1.3	1.5	0.0	0.1	0.1
Real Estate	0.0	1.6	0.0	0.0	0.0
Utilities	0.0	0.1	0.0	0.0	0.0
Total			-0.8	2.2	1.4

Source: FactSet.

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.

Attribution is based on gross returns, see net returns presented on performance comparison page.

OUTLOOK

Looking ahead, we believe the general market positives remain moderately ahead of the potential negatives. Employment continues to be healthy, which is good news for consumer sentiment and income, particularly real wages as inflation begins to come down. The Fed’s tightening cycle is likely near its peak, and China’s reopening from zero-COVID lockdowns should be supportive of increased global demand. If consumers keep spending, job growth remains resilient, and inflation continues to moderate, the broader economy may be able to avoid recession. That seems more probable now than it did last quarter, and if it proves to be the case, stocks should be able to gain, though the path may be volatile.

Still, market expectations have clearly reset for a slower growth rate. The question at this point is whether revenue and earnings outlooks have come down enough? In this environment, we continue to focus on bottom-up company fundamentals, seeking out businesses whose key metrics are inflecting, where growth is a condition, rather than a category. In our view, these are the stocks that should continue to offer the potential to surprise markets on the upside and reward investors.

PERFORMANCE COMPARISON (%) AS OF 12/30/2022

	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Large Cap Growth Composite (Gross)	3.45	-28.27	-28.27	7.21	10.74	13.02
Large Cap Growth Composite (Net)	3.30	-28.71	-28.71	6.51	9.98	12.21
Russell 1000® Growth Index	2.20	-29.14	-29.14	7.79	10.96	14.10
eVestment Alliance Large Cap Growth Median*	3.75	-29.44	-29.44	6.11	9.59	12.85
# of Portfolios in Median Calculation	557	556	556	550	518	449

eVestment Alliance data capture date: 01/26/2023

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:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be short- or long-term. Local, regional, or global events such as war or military conflict (e.g., Russia’s invasion of Ukraine), acts of terrorism, the spread of infectious illness (e.g., COVID-19 pandemic) 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’s manager(s) to invest the portfolio’s assets as intended.

FOR INFORMATION, CONTACT:

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Large Cap Growth

LARGE CAP GROWTH COMPOSITE 04/01/2007 – 12/30/2022

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		
2022	-28.27	-28.71	-29.14	Five or fewer	N/A	23.16	23.47	188	1,693
2021	25.03	24.25	27.60	Five or fewer	N/A	18.14	18.17	284	874
2020	37.40	36.40	38.49	Five or fewer	N/A	19.98	19.64	300	855
2019	35.10	34.12	36.39	Five or fewer	N/A	14.14	13.07	308	821
2018	0.05	-0.69	-1.51	7	0.19	13.79	12.13	308	748
2017	28.03	27.09	30.21	12	0.14	11.78	10.54	730	1,138
2016	-2.34	-3.08	7.08	12	0.12	12.70	11.15	888	1,277
2015	8.78	7.98	5.67	13	0.22	11.81	10.70	912	1,382
2014	10.37	9.55	13.05	13	0.14	11.70	9.59	737	1,736
2013	35.92	34.93	33.48	13	0.32	14.61	12.18	736	2,233
2012	16.42	15.56	15.26	18	0.50	18.43	15.66	1,067	3,002

- 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, 2021. 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 separate accounts, and pooled investment vehicles. 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 Large Cap Growth Strategy composite includes fully discretionary accounts managed in accordance with the large cap growth 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, 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 ("ADR's"). 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 securities it believes have strong business fundamentals, such as revenue growth, improving cash flows, increasing margins and positive earnings trends. Key material risks: Stock prices will decline, and the composite will underperform its benchmark. The minimum portfolio size for the Large Cap Growth Strategy composite is \$1,000,000.
- 4. Benchmark.** The benchmark for the 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. 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, and reinvestment of dividends and other earnings; (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 focused 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. The 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 2007. The composite has performance history with an inception date of April 1, 2007.
- 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.
- 12. 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.
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