

Portfolio Commentary

Large Cap Core Growth

Q2 | 2021

MARKET REVIEW

Large cap stock markets delivered strong gains in the second quarter. The S&P 500® Index rose 8.55%. The largest increases were in the real estate (+13.09%), information technology (+11.56%), and energy (+11.30%) sectors. Only the utilities (-0.41%) sector declined.

During the period, there was a sharp shift in market leadership from value stocks to growth stocks in reaction to steep declines in the 10-year U.S. Treasury yield and market volatility. First quarter corporate earnings also remained strong, with broad expectations for continued gains. Slowing unemployment claims and a large retail sales rebound driven by pent-up demand as the economy continued to reopen from COVID lockdowns added to investor confidence in growth names. The main potential overhang appeared to be the threat of inflation and whether recent spikes would turn out to be temporary or more permanent in nature. With this backdrop, it began to feel increasingly like a mid-cycle market, as the economy continued to move past recovery and into expansion.

PERFORMANCE

For the quarter, the Silvant Large Cap Core Growth Strategy Composite's return of 10.06% (gross)/9.95% (net) outperformed the S&P 500 Index's return of 8.55%. Stock selection in the communication services, consumer discretionary, and industrials sectors added the most to performance. Stock selection in the energy and information technology sectors weighed on returns.

Microsoft and Apple were among the strongest stock contributors to relative performance.

- Technology leader Microsoft rose on higher-than-expected earnings and estimates. The company reported strong performance results across its key metrics, including positive momentum in commercial bookings and acceleration in Azure, its cloud computing service platform. We maintained our position on the company's strong fundamentals and upbeat outlook.
- Apple, another leading technology holding, also outperformed on earnings and revenue strength. Key metrics in areas such as iPhone growth and its wearables segment all performed well, helping to lift shares. While there had been some initial investor concerns around potential supply-chain limitations, the company's qualitative commentary helped to alleviate these worries. We held the stock, as we expect it will continue to be a strong performer.

PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Wtd. Avg. Market Cap (\$b)	775.15	542.79
Price-to-Earnings*	26.01x	22.28x
Price-to-Book	6.13x	4.44x
Price-to-Sales	3.90x	3.26x
Earnings Growth Rate (35Yr) (%)	19.17	17.27
Operating Margin (%)	24.74	20.48
Std Dev (3 yr)	17.90	18.26
Alpha (3 yr)	3.08	0.00
Beta (3 yr)	0.96	1.00
Std Dev (5 yr)	14.84	14.86
Alpha (5 yr)	2.25	0.00
Beta (5 yr)	0.98	1.00

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

TOP CONTRIBUTORS ^{1,2}	Average Weight	Relative Attribution
Microsoft Corporation	8.77	0.22
Apple Incorporated	10.74	0.19
Apollo Global Management Incorporated Class A	0.89	0.19
S&P Global, Incorporated	2.55	0.17
Roper Technologies, Incorporated	2.37	0.17
Domino's Pizza, Incorporated	1.07	0.16
Target Corporation	1.56	0.16
Alphabet Incorporated Class C	3.18	0.14
DexCom, Incorporated	1.26	0.12
Alphabet Incorporated Class A	3.11	0.11

TOP DETRACTORS ^{1,2}	Average Weight	Relative Attribution
Walt Disney Company	2.35	-0.20
Mastercard Incorporated Class A	3.88	-0.16
Norfolk Southern Corporation	1.59	-0.13
Cigna Corporation	1.26	-0.10
Illinois Tool Works Incorporated	1.42	-0.09
Honeywell International Incorporated	1.66	-0.08
TJX Companies Incorporated	1.54	-0.08
Texas Instruments Incorporated	1.70	-0.07
Walmart Incorporated	2.16	-0.07
Restaurant Brands International Incorporated	0.76	-0.06

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

TOP 10 HOLDINGS¹ (% of portfolio)

Apple Incorporated	11.00
Microsoft Corporation	9.05
Amazon.com, Incorporated	4.51
Thermo Fisher Scientific Incorporated	3.85
Mastercard Incorporated Class A	3.68
Alphabet Incorporated Class C	3.24
Alphabet Incorporated Class A	3.15
Facebook, Incorporated Class A	2.96
S&P Global, Incorporated	2.63
Roper Technologies, Incorporated	2.44

Source: FactSet. All data as of 6/30/2021.

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.

Walt Disney and Mastercard were among the largest stock detractors from relative performance.

- Shares for media and entertainment conglomerate Walt Disney underperformed on disappointing revenue resulting from a subscription growth slowdown and average monthly revenue decline in its Disney+ streaming service. There were no changes in our position, as we believe this is likely to be a short-term headwind. Operating profit, earnings per share, and cash flow were all higher than expected. The company also continues to see recovery in its parks and resorts as COVID-related restrictions are lifted and people begin to travel again.
- Despite strong earnings and revenue, credit card giant Mastercard lagged on softer-than-expected forward-looking guidance for slightly lower sales and higher expenses. We continued to hold the stock on its solid long-term fundamentals. Purchase volume and total consumer spending continued to rise, and the softer outlook is likely a shorter-term regional issue, since the company has a large presence in Europe, which is taking a longer time to recover from pandemic lockdowns compared to the U.S.

PORTFOLIO CHANGES

Notable portfolio activity included purchasing Truist Financial and exiting Fidelity National Information Services.

- We bought bank holding company Truist Financial, which was formed with the merger of SunTrust and BB&T. The new company should benefit from significant cost savings and other synergies as it combines the two banks. In addition, fundamentals across the broader banking segment continue to appear strong.
- We sold financial products and services company Fidelity National Information Services, as we do not see any additional growth catalysts for the stock.

PERFORMANCE ATTRIBUTION (%) AS OF 6/30/2021

	Quarter-end Sector Weights		Impact		
	Portfolio	Benchmark	Sector Weight	Stock Selection	Total
Communication Services	11.56	11.14	0.01	0.33	0.34
Consumer Discretionary	14.46	12.28	-0.03	0.32	0.29
Consumer Staples	3.52	5.86	0.12	0.13	0.25
Energy	0.99	2.85	-0.05	-0.06	-0.11
Financials	11.55	11.28	-0.04	0.20	0.16
Healthcare	15.88	12.99	-0.01	0.07	0.07
Industrials	9.75	8.54	-0.05	0.30	0.25
Information Technology	30.04	27.42	0.08	-0.05	0.03
Materials	1.00	2.60	0.06	0.08	0.15
Real Estate	1.25	2.58	-0.05	0.01	-0.04
Utilities	0.00	2.45	0.23	0.00	0.23
Total			0.27	1.34	1.61

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

Our outlook remains much of the same, where secular growth stocks should continue to benefit from a favorable investment climate. One key area to watch is inflation. Prices have indeed risen on a year-over-year basis, but at this point, the recent large increases most likely seem to be transitory, as they have been coming off an extremely low base. Still, pricing power has come back for many firms, and demand is clearly outstripping supply, especially in key areas such as semiconductors and many hard goods, which have struggled with inventory challenges due to pandemic-related production slowdowns. Incremental tariffs from Asia, particularly China, have added further pressures. Looking ahead, forward earnings growth appears to be staggeringly good, and GDP forecasts remain incredibly strong. While these numbers are also based on easy comparables from during the pandemic and almost certainly unsustainable, they should continue to make growth stocks look attractive, given our mid-cycle stance.

PERFORMANCE COMPARISON (%) AS OF 6/30/2021

	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Large Cap Core Growth Composite (Gross)	10.06	13.88	38.59	21.50	19.78	14.92
Large Cap Core Growth Composite (Net)	9.95	13.56	37.69	20.64	18.92	14.08
S&P 500® Index	8.55	15.25	40.79	18.67	17.65	14.84
eVestment Alliance Large Cap Core Median*	8.05	15.21	40.49	17.74	17.15	14.39
# of Portfolios in Median Calculation	354	354	354	343	317	253

eVestment Alliance data capture date: 07/20/2021

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 1/1/1995.

Standard & Poor's 500® Index is an unmanaged index of 500 selected common large capitalization stocks (most of which are listed on the New York Stock Exchange) that is often used as a measure of the U.S. stock market. Investors cannot invest directly in an index.

This information and general market-related projections are based on information available at the time, are subject to change without notice, are for informational purposes only, are not intended as individual or specific advice, may not represent the opinions of the entire firm, and may not be relied upon for individual investing purposes. Information provided is general and educational in nature, provided as general guidance on the subject covered, and is not intended to be authoritative. All information contained herein is believed to be correct, but accuracy cannot be guaranteed. This information may coincide or conflict with activities of the portfolio managers. It is not intended to be, and should not be construed as investment, legal, estate planning, or tax advice. Silvant Capital Management does not provide legal, estate planning, or tax advice. Investors are advised to consult with their investment professional about their specific financial needs and goals before making any investment decisions. Portfolio characteristics, sector analysis, and holdings exclude cash and may change at any time.

*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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LARGE CAP CORE GROWTH COMPOSITE 1/1/1995 – 6/30/2021

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	14.13	13.75	12.99	Five or fewer	N/A	19.78	19.52	327	914
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	12.7	11.15	888	1,277
2015	8.78	7.98	5.67	13	0.22	11.81	10.7	912	1,382
2014	10.37	9.55	13.05	13	0.14	11.7	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	0.5	18.43	15.66	1,067	3,002
2011	1.67	0.91	2.64	20	0.53	19.42	17.76	899	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, 2020. 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 ("Sivant") 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 Large Cap Core 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; (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 smangement fee schedule applicable to 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.
- 13. 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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