SILVANT
CAPITAL MANAGEMENT®

Portfolio Commentary
Large Cap Growth

Q4 | 2018

MARKET REVIEW

Stocks experienced a difficult market in the quarter, with all major domestic equity indices posting large negative returns that erased the year's prior positive to-date gains. In this sharp market reversal, growth stocks suffered the greatest declines, and large caps proved more defensive than small caps. The Russell 1000® Growth Index fell -15.89%, suffering losses across most of its sectors, led lower by energy (-28.84%), information technology (-18.82%), communication services (-17.30%), and consumer discretionary (-17.17%). Only the utilities sector (+0.00%) avoided losses in the quarter.

Broad volatility was escalated by mounting anxiety around slowing global growth, trade war tariffs, stumbling oil prices, and a flattening yield curve with the potential to invert, as investors seemed intent on finding growing signs of a possible U.S. recession. The selloff was a stark contrast to the investor enthusiasm in response to accelerating earnings and profits that had lifted growth stocks higher, albeit on a bumpier trajectory, for most of 2018.

PERFORMANCE

For the quarter, the Large Cap Growth Composite returned -16.56% (gross)/-16.73% (net) underperformed the -15.89% return of the Russell 1000® Growth Index. However, for the full year, the Composite's return of 0.05% (gross)/-0.69% (net) outperformed the -1.51% Index return. Stock selection in the consumer discretionary, healthcare, financials, and consumer staples sectors and an underweight position in real estate detracted from relative performance in the quarter. Stock selection in the communication services, information technology, and industrials sectors contributed positively to relative returns.

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

- The strategy's smaller position in technology leader Apple relative to the sizable weighting in the benchmark index proved additive to returns. The firm's shares suffered significant declines on lowered revenue guidance due to lackluster demand of its newest iPhones. We maintained the position, though we have been underweight the stock for some time and were not surprised by the pullback, given the company's challenges around pricing and market share.
- Human resources software vendor Workday's shares rose on strong financial results and better-than-expected organic growth. We slightly trimmed the position but continued to hold the stock on the firm's positive subscription revenues and backlog momentum, healthy balance sheet, and attractive upsell potential from its expanded financial management suite.

PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Wtd. Avg. Market Cap ($b)	280.63	247.39
Price-to-Earnings*	21.02	18.93
Price-to-Book	4.96	6.05
Price-to-Sales	3.53	2.92
Std. Dev. (3 yr) (%)	13.79	12.13
Alpha (3 yr) (%)	-4.10	0.00
Beta (3 yr)	1.11	1.00
Std. Dev. (5 yr) (%)	13.22	11.86
Alpha (5 yr) (%)	-2.41	0.00
Beta (5 yr)	1.08	1.00
Est. 3-5 Yr EPS Growth (%)	18.47	16.32
Operating Margin (%)	22.87	22.63

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

TOP RELATIVE CONTRIBUTORS[1,2]	Average Weight	Relative Contribution
Apple Inc.	5.59	0.60
Facebook, Inc. Class A	1.65	0.23
Workday, Inc. Class A	1.07	0.08
Becton, Dickinson and Co.	0.01	0.01
Roper Technologies, Inc.	0.01	0.00
Thermo Fisher Scientific Inc.	0.01	0.00
Garrett Motion, Inc.	0.00	0.00
Deere & Co.	1.37	0.00
Waste Management, Inc.	0.79	-0.01
Air Products and Chemicals, Inc.	0.48	-0.01

TOP RELATIVE DETRACTORS[1,2]	Average Weight	Relative Contribution
Amazon.com, Inc.	7.85	-0.68
NVIDIA Corp.	1.60	-0.51
Netflix, Inc.	2.13	-0.37
Align Technology, Inc.	0.26	-0.35
EOG Resources, Inc.	0.96	-0.33
Honeywell International Inc.	2.41	-0.32
Visa Inc. Class A	4.82	-0.32
Alexion Pharmaceuticals, Inc.	0.98	-0.27
Autodesk, Inc.	1.83	-0.27
Emerson Electric Co.	1.28	-0.23

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

TOP 10 HOLDINGS[1] (% of portfolio)	
Microsoft Corporation	8.64
Amazon.com, Inc.	7.63
Visa Inc. Class A	4.93
Apple Inc.	4.91
Alphabet Inc. Class C	3.64
Alphabet Inc. Class A	3.58
UnitedHealth Group Inc.	2.83
Adobe Inc.	2.72
Honeywell International Inc.	2.33
Mastercard Inc. Class A	2.24

Source: FactSet. All data as of 12/31/2018.

[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 1-404-845-7640.

NVIDIA and Align Technology were among the largest stock detractors from relative performance.

- Semiconductor manufacturer NVIDIA was hurt in the quarter by weak revenues and earnings from a softening gaming segment and overall chip industry slowdown. We maintained the position as the firm is a leading provider of artificial intelligence chipsets, which should continue to be a driver of attractive long-term growth once the company clears through some of its excess, older inventory.
- Orthodontic-device company Align Technology declined on weaker average prices for its Invisalign clear aligners, which began pressuring margins and revenue growth. We sold the position as the stock had experienced substantial growth, and its loftier valuations could not afford to suffer the product pricing setbacks.

PORTFOLIO CHANGES

During the quarter, we bought Becton, Dickinson and Company, Thermo Fisher Scientific, and Roper Technologies. In addition to Align Technology, we sold D.R. Horton.

- We took advantage of the market selloff to purchase medical supply firm Becton, Dickinson, biotechnology product development company Thermo Fisher Scientific and niche-market engineered solutions provider Roper Technologies. All three of these high-quality companies share a proven ability to generate attractive free cash flow and capture consistently solid organic growth rates that tend to hold up better than their competitors in slowing environments.
- We have been trimming homebuilder D.R. Horton for some time as the housing market has cooled with higher interest rates, and we finally exited the position this quarter.

PERFORMANCE ATTRIBUTION (%) AS OF 12/31/2018

	Quarter-end Sector Weights		Impact		
	Portfolio	Benchmark	Sector Weight	Stock Selection	Total
Communication Services	14.21	11.90	-0.02	0.4	0.38
Information Technology	34.65	31.49	-0.10	0.37	0.27
Industrials	12.18	11.83	0.00	0.21	0.21
Materials	1.51	1.84	-0.02	0.06	0.04
Utilities	0.00	0.00	0.00	0.00	0.00
Energy	1.11	0.76	-0.08	-0.11	-0.19
Financials	4.41	4.40	0.01	-0.27	-0.25
Consumer Staples	4.25	6.01	-0.14	-0.18	-0.32
Real Estate	0.58	2.32	-0.21	-0.11	-0.32
Health Care	14.33	14.29	-0.05	-0.39	-0.44
Consumer Discretionary	12.77	15.16	0.01	-0.47	-0.46
Total			-0.60	-0.49	-1.11

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 for growth stocks remains cautiously optimistic. The deteriorating risk sentiment that drove markets lower in the fourth quarter seemed to be stabilizing near year-end. Still, growth appears to be slowing. Housing, automotive sales, and inflation metrics have all begun to show small cracks, though not at levels that are necessarily indicative of any major problems—yet. Interest rates continue to normalize, and the cash boost gains from last year's corporate tax cuts are also fading. On the global growth front, Europe remains weak and faces major uncertainties such as Brexit, and China continues to decelerate, further exacerbated by U.S. trade policy. While we believe further market gains are likely to continue, at this late stage of the cycle, it is crucial to pay even closer attention to fundamentals and really hone in on the individual securities best positioned to buck the overall slowing growth trend.

SILVANT CAPITAL MANAGEMENT®

PERFORMANCE COMPARISON (%) AS OF 12/31/2018

	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Large Cap Growth Composite (Gross)	-16.56	0.05	0.05	7.75	8.48	14.65
Large Cap Growth Composite (Net)	-16.73	-0.69	-0.69	6.95	7.67	13.90
Russell 1000® Growth Index	-15.89	-1.51	-1.51	11.15	10.40	15.29
eVestment Alliance Large Cap Growth Median*	-15.33	-1.15	-1.15	10.16	9.56	14.89
# of Portfolios in Median Calculation	291	291	291	282	274	242

eVestment Alliance data capture date: 1/22/19

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 4/1/2007.

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.

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LARGE CAP GROWTH COMPOSITE 4/1/07 – 12/31/2018

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		
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
2011	1.67	0.91	2.64	20	0.53	19.42	17.76	899	3,686
2010	21.25	20.36	16.71	22	2.50	22.84	22.11	1,038	4,093
2009	33.93	33.18	37.21	30	0.83	N/A	19.73	965	3,818
2008	-39.35	-40.10	-38.44	54	0.24	N/A	16.40	1,552	3,847

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 has been independently verified for the period March 31, 2008 (the date of the Firm's founding) through December 31, 2017. A copy of the verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

1. 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.
2. The Large Cap Growth Strategy composite includes fully discretionary separately managed investment accounts and registered and unregistered mutual funds managed in accordance with the large cap growth style, with the objective of investing in 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. 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. A complete description of the composite is available on request.
3. The registered and unregistered mutual funds were added to the composite effective April 1, 2008, immediately after the creation of Silvant Capital Management. Prior to that date the composite consisted of only separately managed accounts.
4. The Large Cap Growth Strategy composite includes the performance of the equity portion of balanced accounts. Cash returns have been allocated using a predetermined cash allocation mix approach. Such "carve-outs" represent the following percentages of the total market value of the composite: 5.8% on December 31, 2008, and less than 1% on December 31, 2009. Beginning January 1, 2010, all equity segments are managed with their own cash balance.
5. 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.
6. The three-year annualized standard deviations for the composite and the benchmark index are calculated using monthly returns. The statistic was not calculated for the composite for December 31, 2008, and December 31, 2009, because 36 monthly returns are not available.
7. Valuations and returns are computed and stated in U.S. Dollars.
8. 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.
9. The dispersion of annual returns is measured by the equal-weighted standard deviation of portfolio returns represented within the composite for the full year. Partial year dispersion is measured by the equal-weighted standard deviation of portfolio returns represented in the composite for the partial year period specified.
10. The significant increase in the dispersion statistic for calendar year 2010 was attributable to significant outperformance in one of our comingled funds due to the receipt of proceeds from a class action lawsuit. Excluding this portfolio would reduce dispersion from 2.4 to 0.6 and would have no significant impact on composite performance.
11. 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. Composite net of fee performance is calculated assuming a fee of 0.75%, the highest fee for this type of investment account.
12. The management fee schedule applicable to large cap growth equity accounts is as follows: 0.75% 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.
13. 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.
14. The minimum portfolio size for the Large Cap Growth Strategy composite is $1,000,000. For further information investment management fees, please refer to Form ADV Part 2.
15. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
16. A complete list and description of firm composites and performance results is available upon request.
17. 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.