

Portfolio Commentary

Large Cap Growth

Q1 | 2019

MARKET REVIEW

Growth stocks led U.S. markets higher during the first quarter, with small-cap growth securities broadly delivering the largest gains. The Russell 1000[®] Growth Index climbed 16.10%, rising across all sectors except for utilities (+0.00%). Information technology (+21.36%), real estate (+18.86%), communication services (+16.69%), and industrials (+16.31%) were the strongest sector performers.

The sharp rebound from the fourth quarter's steep losses was driven by marked improvement in investor sentiment. Fears of possible global recession gave way to enthusiasm around the Federal Reserve's (Fed) more accommodative monetary policy outlook, emerging indications of a potential U.S.-China trade deal, and continued signs that U.S. consumer financial health remained strong. Balance sheets improved, unemployment remained low, and inflation stayed in check. Still, the quarter's rally, much like the prior quarter's sell-off, was not the result of any real change in stock fundamentals, despite continued signs of late-cycle softening.

PERFORMANCE

For the quarter, the Silvant Large Cap Growth Strategy Composite's return of +16.66% (gross)/+16.45% (net) outperformed the Russell 1000 Growth Index's return of +16.10%. Consumer staples, healthcare, and industrials stock selection and overweight information technology and underweight consumer staples positions were the largest positive contributors to performance. Information technology and communication services stock selection detracted the most from returns.

Universal Display and Netflix were among the strongest stock contributors.

- Shares of Universal Display, a semiconductor company specializing in next-generation screen display, rose on higher-than-expected earnings. While demand for its OLED panels has been suffering from stagnating smartphone sales, the technology has begun to spread to larger form factors, such as TVs. We held the stock, given the positive changes to the firm's business mix and upbeat view on potential volume increases.
- Online entertainment firm Netflix, Inc. rebounded on broad market momentum and positive gains in subscriptions—the highest in its history. We maintained our position. Despite increased competition, the company continues to dominate in original content development and is steadily taking market share from standard television and cable channels. Consumers have also largely shrugged off its price increases.

PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Wtd. Avg. Market Cap (\$b)	330.82	290.61
Price-to-Earnings*	24.25	21.26
Price-to-Book	6.28	6.79
Price-to-Sales	3.58	3.10
Std. Dev. (3 yr) (%)	13.29	12.02
Alpha (3 yr) (%)	-0.23	0.00
Beta (3 yr)	1.08	1.00
Std. Dev. (5 yr) (%)	13.44	12.17
Alpha (5 yr) (%)	-0.21	0.00
Beta (5 yr)	1.08	1.00
Est. 3-5 Yr EPS Growth (%)	16.76	14.74
Operating Margin (%)	21.63	23.21

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

TOP

CONTRIBUTORS^{1,2}

	Average Weight	Relative Attribution
Universal Display Corp.	1.26	0.43
Netflix, Inc.	2.44	0.20
Alexion Pharmaceuticals, Inc.	1.01	0.16
Estée Lauder Companies Inc. Class A	1.36	0.11
SunTrust Banks, Inc.	0.28	0.11
Edwards Lifesciences Corp.	1.78	0.11
Mettler-Toledo International Inc.	1.04	0.09
Autodesk, Inc.	2.00	0.09
Knight-Swift Transportation Holdings Inc. Class A	1.06	0.09
Honeywell International Inc.	2.41	0.08

TOP

DETRACTORS^{1,2}

	Average Weight	Relative Attribution
Biogen Inc.	1.49	-0.42
Bristol-Myers Squibb Co.	1.19	-0.21
Facebook, Inc. Class A	1.36	-0.16
NVIDIA Corp.	0.40	-0.15
Walt Disney Co.	1.86	-0.13
UnitedHealth Group Inc.	2.68	-0.13
Booking Holdings Inc.	0.85	-0.08
Charles Schwab Corp.	0.98	-0.08
Deere & Co.	1.47	-0.08
Corning Inc.	1.34	-0.07

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

TOP 10 HOLDINGS¹ (% of portfolio)

Microsoft Corp.	8.67
Amazon.com, Inc.	7.81
Apple Inc.	5.11
Visa Inc. Class A	5.04
Alphabet Inc. Class C	3.56
Alphabet Inc. Class A	3.48
Adobe Inc.	2.77
Honeywell International Inc.	2.43
UnitedHealth Group Inc.	2.43
Mastercard Inc. Class A	2.42

Source: FactSet. All data as of 3/31/2019.

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.

Biogen and Bristol-Myers Squibb were among the largest stock detractors.

- Biotechnology company Biogen’s stock fell on the surprise announcement it would halt Phase 3 trials of aducanumab, an investigational drug for the treatment of Alzheimer’s disease. We sold the stock, as we believe this will severely challenge the firm’s current growth prospects.
- Pharmaceutical firm Bristol-Myers Squibb received a tepid response to its plans to acquire biotechnology firm Celgene. Many investors had expected Bristol-Myers might be an acquisition target itself. However, the large size of the Celgene deal likely takes that possibility out of play. Additionally, Celgene has a choppy record for successful pipeline execution, and its most profitable drug Revlimid, a myeloma cancer treatment, loses patent protection in the next few years. We continued to hold the stock but are closely reviewing performance.

PORTFOLIO CHANGES

New purchases included Home Depot, Tractor Supply Company, and Exact Sciences. In addition to Biogen, exits included Charles Schwab, Morgan Stanley, Booking Holdings, and NVIDIA.

- We bought retailer Home Depot on improving market comparables and signs of increasing home renovations, and rural-lifestyle store Tractor Supply Company on its attractive margin expansions, successful incentive programs, and effective in-store kiosk cross-selling.
- New holding diagnostics company Exact Sciences should benefit from fast-growing adoption of its flagship, easy-to-use Cologuard colorectal cancer screening tool.
- We sold financial services firms Charles Schwab and Morgan Stanley on likely net-interest margin pressures from the Fed’s more neutral interest-rate stance.
- We exited online travel fare aggregator Booking Holdings due to stalled growth and increased spending, and semiconductor firm NVIDIA on negative preannouncements from both its graphics and data center businesses.

PERFORMANCE ATTRIBUTION (%) AS OF 3/31/2019

	Quarter-end Sector Weights		Impact		
	Portfolio	Benchmark	Sector Weight	Stock Selection	Total
Communication Services	14.25	12.06	0.02	-0.10	-0.08
Consumer Discretionary	15.91	15.08	0.01	0.07	0.08
Consumer Staples	4.43	5.75	0.10	0.39	0.50
Energy	1.12	0.74	0.00	0.02	0.02
Financials	1.66	4.27	0.04	0.05	0.09
Health Care	12.58	13.18	-0.03	0.30	0.27
Industrials	12.85	11.76	0.00	0.28	0.28
Information Technology	35.00	32.96	0.11	-0.36	-0.25
Materials	1.56	1.81	0.00	0.07	0.07
Real Estate	0.64	2.39	-0.04	0.05	0.02
Utilities	0.00	0.00	0.00	0.00	0.00
Total			0.23	0.77	1.00

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

We remain cautiously optimistic in our outlook. Overall market signals continue to be slightly mixed, though without any major fundamental issues. Growth is clearly slowing, but a lower expansion rate makes sense ten years into the cycle. While manufacturing data has been softer, continued low interest rates and generally optimistic consumers (albeit still without any real wage gain momentum) should both offer solid tailwinds.

At this point, we expect current earnings to decelerate a bit, putting company guidance for the second half of the year in an even more critical light. Stocks should continue to offer decent growth potential, but we believe it will be increasingly important to focus in on companies that are best positioned to buck the broader slowing growth trend.

PERFORMANCE COMPARISON (%) AS OF 3/31/2019

	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Large Cap Growth Composite (Gross)	16.66	16.66	12.46	14.72	11.63	16.78
Large Cap Growth Composite (Net)	16.45	16.45	11.63	13.87	10.80	15.78
Russell 1000® Growth Index	16.10	16.10	12.75	16.53	13.50	17.52
eVestment Alliance Large Cap Growth Median*	16.10	16.10	12.11	16.40	12.78	16.89
# of Portfolios in Median Calculation	299	299	299	289	281	246

eVestment Alliance data capture date: 4/17/19

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.

For information, contact:

Silvant Capital Management | 404-845-7640 | www.silvantcapital.com

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LARGE CAP GROWTH COMPOSITE 4/1/07 – 3/31/2019

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		
2019 YTD	16.66	16.45	16.10	7	0.15	13.29	12.02	341	818
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

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, 2018. 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.

- 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.
- 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.
- 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.
- 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.
- 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.
- Valuations and returns are computed and stated in U.S. Dollars.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- A complete list and description of firm composites and performance results is available upon request.
- 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.