

Portfolio Commentary

Large Cap Core Growth

Q2 | 2019

MARKET REVIEW

U.S. growth stocks in general continued to march higher during the quarter, outperforming their value peers, led by large-cap securities. The S&P 500® Index climbed 4.30%. All sectors in the Index delivered positive performance except energy (-2.83%), and the strongest gains were in the financials (+8.00%), materials (+6.21%) and information technology (+6.06%) sectors.

Stocks broadly continued to trade on fundamentals, which remained largely positive. Continued low inflation and a strong job market also helped to prop up valuations, despite moderately weaker broad economic data. Growing expectations for the Federal Reserve to ease U.S. interest rates helped investors shrug off trade tariff tensions and slowing global manufacturing data. While most major economies around the world appeared to be either flat or slightly contracting, the U.S. was still clearly in expansionary mode, without any major signs of imminent recession, although this growth has come off recent peaks and continues to exhibit classic signs of late-cycle softening.

PERFORMANCE

For the quarter, the Silvant Large Cap Core Growth Strategy Composite's return of 7.35% (gross)/7.15% (net) significantly outperformed the S&P 500 Index's return of 4.30%. Stock selection in the information technology, healthcare, industrials, and energy sectors were the strongest contributors to performance. Stock selection in the materials sector and an overweight position in the healthcare sector were the largest relative detractors.

Anadarko Petroleum and CME Group were the strongest stock contributors during the quarter.

- Hydrocarbon exploration company Anadarko Petroleum got a boost when it received a takeover bid from Chevron in April and then a higher offer from Occidental Petroleum in May. We sold our shares to lock in the price gains from this second (and accepted) acquisition deal.
- Options and futures exchange operator CME Group rebounded from its underperformance in the prior quarter, as higher volatility and interest rate uncertainty increased derivative trading volumes to help lift shares higher. We continued to hold the stock based on our favorable long-term growth outlook for the company.

PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Wtd. Avg. Market Cap (\$b)	310.42	242.86
Price-to-Earnings*	20.77	17.90
Price-to-Book	4.04	1.49
Price-to-Sales	2.83	2.23
Std. Dev. (3 yr) (%)	12.25	12.02
Alpha (3 yr) (%)	1.33	0.00
Beta (3 yr)	0.99	1.00
Std. Dev. (5 yr) (%)	12.59	11.93
Alpha (5 yr) (%)	-0.63	0.00
Beta (5 yr)	1.03	1.00
Est. 3-5 Yr EPS Growth (%)	12.17	11.60
Operating Margin (%)	25.68	22.31

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

TOP

CONTRIBUTORS^{1,2}

	Average Weight	Relative Attribution
Anadarko Petroleum Corp.	0.32	0.35
CME Group Inc. Class A	2.26	0.26
Walt Disney Co.	2.39	0.23
Mastercard Inc. Class A	3.84	0.23
Microsoft Corp.	6.45	0.22
Northrop Grumman Corp.	1.34	0.17
Walmart Inc.	2.35	0.16
Cooper Cos., Inc.	1.64	0.15
DexCom, Inc.	0.61	0.12
Intercontinental Exchange, Inc.	1.58	0.12

TOP

DETRACTORS^{1,2}

	Average Weight	Relative Attribution
Marathon Oil Corp.	0.62	-0.12
Alphabet Inc. Class A	2.28	-0.10
Alphabet Inc. Class C	2.28	-0.10
Align Technology, Inc.	1.16	-0.08
Raytheon Co.	1.09	-0.07
Becton, Dickinson and Co.	2.21	-0.07
Cigna Corp.	1.16	-0.06
TJX Companies Inc.	1.55	-0.06
American Airlines Group, Inc.	0.45	-0.04
Phillips 66	0.83	-0.04

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

TOP 10 HOLDINGS¹ (% of portfolio)

Microsoft Corp.	6.64
Apple Inc.	5.89
Mastercard Inc. Class A	3.96
Amazon.com, Inc.	3.68
Thermo Fisher Scientific Inc.	3.32
Visa Inc. Class A	2.83
Roper Technologies, Inc.	2.82
Walt Disney Co.	2.61
Bank of America Corp.	2.53
JPMorgan Chase & Co.	2.51

Source: FactSet. All data as of 6/30/2019.

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.

Marathon Oil and Alphabet were the largest stock detractors during the quarter.

- Petroleum and natural gas exploration and production company Marathon Oil lagged on general weak performance across the energy sector. While we remain underweight the energy sector with only a few holdings, we held onto the stock as the company’s overall fundamentals are still solid.
- Alphabet, the parent company of Google, saw its revenue growth dip below 20% for the first time in three years. The deceleration appeared to be partly related to some product and algorithm changes the company made to help optimize its platform, which can sometimes disrupt advertising growth on a sequential basis. We maintained our position as the company still holds a behemoth share of all online advertising revenue spending.

PORTFOLIO CHANGES

We bought Willis Towers Watson during the period, and we exited our positions in DuPont de Nemours (fka DowDuPont), Dow, and Corteva.

- Willis Towers Watson is a risk management, insurance brokerage, and advisory company that offers a stable, well-run business with solid growth prospects.
- During the quarter, chemical conglomerate DowDuPont completed its split into three separate companies: DuPont de Nemours, which produces specialty chemicals for various industry markets; Dow, which specializes in commodity chemicals; and Corteva, which focuses on agricultural seeds, traits, and chemicals. We sold all of our shares after the restructuring on profit-taking.

PERFORMANCE ATTRIBUTION (%) AS OF 6/30/2019

	Quarter-end Sector Weights		Impact		
	Portfolio	Benchmark	Sector Weight	Stock Selection	Total
Communication Services	9.19	10.19	-0.02	0.04	0.01
Consumer Discretionary	12.35	10.19	0.02	0.13	0.16
Consumer Staples	4.85	7.27	0.04	0.30	0.34
Energy	2.06	5.05	0.17	0.43	0.60
Financials	14.03	13.07	0.02	0.27	0.29
Health Care	18.29	14.20	-0.13	0.64	0.52
Industrials	13.42	9.38	-0.03	0.53	0.50
Information Technology	24.80	21.48	0.06	0.78	0.85
Materials	1.01	2.80	-0.01	-0.13	-0.14
Real Estate	0.00	3.05	0.06	0.00	0.06
Utilities	0.00	3.31	0.04	0.00	0.04
Total			0.20	3.01	3.22

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 largely positive in our outlook. Earnings continue to decelerate, which may begin to weigh on investor sentiment. However, overall stock fundamentals and the primary tenets of continued U.S. economic expansion, although slowing, remain largely in place. This environment should continue to offer relatively attractive, though perhaps somewhat blander, return potential for growth stocks. To be sure, areas of caution remain. It continues to get harder for companies to beat their earnings expectations, especially after a decade of steady gains. It also remains difficult to assess how the most recent trade war rhetoric might ultimately play out given the unpredictable nature of the Trump administration. Corporate capital spending also remains light, and this will probably remain the case until there is some clarity that trade tariff concerns are behind us. Even with these overhangs though, we do not currently see a material risk of recession and continue to find solid investment potential in carefully selected growth securities.

PERFORMANCE COMPARISON (%) AS OF 6/30/2019

	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Large Cap Core Growth Composite (Gross)	7.35	19.60	12.23	15.55	10.24	14.10
Large Cap Core Growth Composite (Net)	7.15	19.16	11.39	14.70	9.42	13.35
S&P 500® Index	4.30	18.54	10.42	14.19	10.71	14.70
eVestment Alliance Large Cap Core Median*	4.07	17.63	9.02	13.59	9.90	14.42
# of Portfolios in Median Calculation	339	339	339	324	302	237

eVestment Alliance data capture date: 7/19/19

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 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.

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LARGE CAP CORE GROWTH COMPOSITE 1/1/95 – 6/30/2019

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	19.60	19.16	18.54	Five or fewer	N/A	12.25	12.02	117	822
2018	-1.96	-2.69	-4.38	Five or fewer	N/A	11.99	10.80	100	748
2017	22.37	21.47	21.83	Five or fewer	N/A	11.09	9.92	284	1,138
2016	6.02	5.23	11.96	Five or fewer	N/A	11.89	10.59	282	1,277
2015	0.67	-0.08	1.38	Five or fewer	N/A	11.54	10.47	308	1,382
2014	15.63	14.78	13.69	Five or fewer	N/A	10.43	8.97	319	1,736
2013	33.57	32.60	32.39	Five or fewer	N/A	14.21	11.94	273	2,233
2012	16.53	15.67	16.00	9	N/A	17.44	15.09	293	3,002
2011	-4.40	-5.12	2.11	13	0.45	18.81	18.71	359	3,686
2010	17.28	16.41	15.06	18	0.28	21.08	21.85	319	4,093
2009	25.76	25.01	26.46	18	0.50	18.03	19.63	274	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 Core Growth composite includes fully discretionary investment accounts and registered and unregistered mutual funds managed in accordance with the large cap core growth equity 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 Core Growth Portfolios will have at least 80% of their assets invested in common stocks and other U.S. traded equity securities of Mid to 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 S&P 500 Index and 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. The gross of fee return for the mutual funds is calculated by adding back the fund's published total operating expense ratio to the net of fee mutual fund performance. A complete description of the composite is available upon request.
- The Large Cap Core Growth 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: 1.2% as of December 31, 2008, and less than 1% as of December 31, 2009. Beginning January 1, 2010, all equity segments are managed with their own cash balance.
- The benchmark for the Large Cap Core Growth composite is the S & P 500 Index, 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. The index is calculated on a total-return basis with dividends reinvested. 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.
- 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 policy was suspended effective November 1, 2015.
- 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. No dispersion is reported for periods with five or fewer portfolios (shown as N/A).
- 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 standard 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. 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 2001. The composite has performance history with an inception date of January 1, 1995.
- The minimum portfolio size for the Large Cap Core Growth composite is \$500,000. For further information, 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.