

Portfolio Commentary

Concentrated Large Cap Growth

Q1 | 2020

MARKET REVIEW

The global COVID-19 pandemic and a sharp drop in oil prices, worsened by a price war between Saudi Arabia and Russia, prompted some of the largest U.S. stock market declines in the first quarter since the Great Depression. The pullback quickly and decisively ended the longest running U.S. bull market in history, with major benchmarks entering bear-market territory just under a month after hitting all-time highs. As shelter-in-place mandates were instituted by governments around the world, economies ground to a halt, and the U.S. appeared to be headed inevitably toward recession.

Large-cap growth stocks generally suffered less than their small-cap and value-oriented counterparts throughout the downturn and subsequent late-quarter rebound. The Russell 1000® Growth Index fell 14.10% during the quarter, experiencing losses in all sectors except utilities, which was flat (+0.00%). Also suffering fewer losses were real estate (-10.03%) and information technology (-11.39%), while the energy (-52.96%) and industrials (-26.02%) sectors posted the largest declines.

PERFORMANCE

For the quarter, the Silvant Concentrated Large Cap Growth Strategy Composite outperformed the Russell 1000 Growth Index, returning -13.02%/-13.19% (gross/net) compared with -14.10% for the Index. Stock selection in the communication services and consumer discretionary sectors, along with underweight positions in the industrials and financials sectors, added the most to performance, while stock selection in the industrials, consumer staples, and healthcare sectors weighed the most on returns.

Amazon.com and Microsoft were the strongest stock contributors to relative performance.

- Amazon.com outperformed the benchmark after strong reporting results early in the period and a relatively quick rebound after the broader market sell-off, as investors recognized the e-commerce retailer's ability to thrive and capture greater market share during the coronavirus crisis. We maintained our position, given the company's attractive fundamentals and increased demand momentum, demonstrated by its recent announcement of plans to hire an additional 100,000 warehouse and delivery workers.
- Technology company Microsoft rallied early in the quarter on strong revenue and earnings and offered solid defensive attributes during the pandemic turmoil, as investors sought out proven, more staid market leaders. We held on to the stock, as the company continued to deliver above-expectation acceleration of fundamental key metrics.

PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Wtd. Avg. Market Cap (\$b)	544.37	382.61
Price-to-Earnings*	26.64x	21.56x
Price-to-Book	5.92x	6.47x
Price-to-Sales	3.92x	3.09x
Std. Dev. (3 yr) (%)	16.48	15.18
Alpha (3 yr) (%)	0.34	0.00
Beta (3 yr)	1.07	1.00
Std. Dev. (5 yr) (%)	15.42	13.86
Alpha (5 yr) (%)	-2.28	0.00
Beta (5 yr)	1.08	1.00
Est. 3-5 Yr EPS Growth (%)	13.50	13.71
Operating Margin (%)	23.64	22.69

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

TOP

CONTRIBUTORS^{1,2}

	Average Weight	Relative Attribution
Amazon.com, Inc.	10.64	1.06
Microsoft Corp.	12.87	0.72
Netflix, Inc.	3.01	0.58
Dexcom, Inc.	1.34	0.37
Boeing Co.	0.14	0.10
Knight-Swift Transportation Holdings Inc. Class A	1.60	0.10
salesforce.com, inc.	3.03	0.06
Alphabet Inc. Class C	5.11	0.02
Alphabet Inc. Class A	5.15	0.02
Apple, Inc.	9.81	0.01

TOP

DETRACTORS^{1,2}

	Average Weight	Relative Attribution
Royal Caribbean Cruises Ltd.	2.03	-1.80
Emerson Electric Co.	2.39	-0.74
Estee Lauder Companies Inc. Class A	4.81	-0.42
Honeywell International Inc.	2.36	-0.25
Vulcan Materials Co.	1.90	-0.24
Analog Devices, Inc.	2.04	-0.21
Edwards Lifesciences Corp.	3.54	-0.18
Workday, Inc. Class A	1.59	-0.10
QUALCOMM, Inc.	1.47	-0.07
Fair Isaac Corp.	2.10	-0.05

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

TOP 10 HOLDINGS¹ (% of portfolio)

Microsoft Corp.	14.02
Amazon.com, Inc.	12.16
Visa, Inc. Class A	9.99
Apple, Inc.	9.64
UnitedHealth Group Inc,	5.11
Alphabet, Inc. Class A	5.02
Alphabet, Inc. Class C	4.98
Estee Lauder Companies Inc. Class A	4.50
Netflix, Inc.	3.63
Edwards Lifesciences Corp.	3.50

Source: FactSet. All data as of 3/31/2020.

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.

Royal Caribbean and Emerson Electric detracted the most from relative performance.

- Shares for cruise operator Royal Caribbean tumbled as the company was forced to suspend operations due to the coronavirus, with a surge in cancellations and a precipitous drop in forward bookings for at least the short-term future. We continued to hold a small position in the stock, as there appears to be more value than reflected in investors' current incredibly low expectations, which suggest they believe the company may not even survive.
- Manufacturing company Emerson Electric fell on continued choppy growth trending slightly lower, as well as sizable exposure to the oil and gas industries. We sold the stock, swapping proceeds for new portfolio entrant Boeing, which we believed offered greater risk/reward potential.

PORTFOLIO CHANGES

We made one portfolio change in the quarter, selling Emerson Electric to establish a position in Boeing.

- There is no doubt that aerospace company Boeing has faced a number of high-profile troubles, not only with its 737 MAX aircraft in the past year, but now also with the major coronavirus disruption that has impacted the entire airline industry. While we usually take larger positions in our concentrated portfolio, we established a smaller starting position in this stock. We believe the company should be able to beat investors' very low expectations around its key metrics looking ahead, as the company is likely to receive federal bailout money and continues to operate in a global duopoly.

PERFORMANCE ATTRIBUTION (%) AS OF 3/31/2020

	Quarter-end Sector Weights		Impact		
	Portfolio	Benchmark	Sector Weight	Stock Selection	Total
Communication Services	13.63	11.65	-0.01	0.89	0.88
Consumer Discretionary	12.97	14.07	0.04	0.17	0.21
Consumer Staples	4.50	4.63	0.01	-0.39	-0.38
Energy	0.00	0.14	0.09	0.00	0.09
Financials	0.00	2.91	0.19	0.00	0.19
Healthcare	15.62	15.10	0.04	-0.18	-0.15
Industrials	5.72	8.01	0.30	-0.43	-0.13
Information Technology	45.74	39.75	0.21	0.03	0.23
Materials	1.82	1.25	-0.06	-0.11	-0.18
Real Estate	0.00	2.49	-0.07	0.00	-0.07
Utilities	0.00	0.00	0.00	0.00	0.00
Total			0.75	-0.01	0.68

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 current base-case expectation is that the U.S. economy likely faces a recession in the next few quarters, which has largely been priced into the markets already. Once investors are able to digest the magnitude and duration of this slowdown, we expect a sluggish but steady grind back to more normalized revenue and earnings growth, which was starting to show signs of deceleration last year. History suggests that it can typically take two to three years, on average, for earnings to recover to similar pre-recession levels, but stock valuations can often move quickly to reflect what the actual trajectory looks like. In this type of environment, paying close attention to fundamentals can be instrumental to identifying the companies best positioned to exceed investor expectations. Of course, much of the macroeconomic picture will depend on how the COVID-19 pandemic plays out. However, the \$6 trillion in U.S. monetary and fiscal stimulus response has been quicker and larger than any in the country's history, offering a significant cushion of support.

PERFORMANCE COMPARISON (%) AS OF 3/31/2020

	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Concentrated Large Cap Growth Composite (Gross)	-13.02	-13.02	0.33	12.36	8.52	10.30
Concentrated Large Cap Growth Composite (Net)	-13.19	-13.19	-0.42	11.53	7.72	9.48
Russell 1000® Growth Index	-14.10	-14.10	0.91	11.32	10.36	12.97
eVestment Alliance Large Cap Growth Median*	-14.38	-14.38	-1.16	10.42	9.07	12.24
# of Portfolios in Median Calculation	313	313	313	304	293	260

eVestment Alliance data capture date: 4/23/2020

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:** Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the fund and its investments, including hampering the ability of the fund's portfolio manager(s) to invest the fund's assets as intended.

For information, contact:

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Q1 | 2020 Concentrated Large Cap Growth

CONCENTRATED LARGE CAP GROWTH COMPOSITE 10/1/1999 – 3/31/2020

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		
2020 YTD	-13.02	-13.19	-14.10	Five or fewer	N/A	16.48	15.18	3	692
2019	33.79	32.81	36.39	Five or fewer	N/A	14.66	13.07	3	821
2018	2.57	1.81	-1.51	Five or fewer	N/A	14.62	12.13	3	748
2017	28.09	27.16	30.21	Five or fewer	N/A	12.42	10.54	4	1,138
2016	-6.65	-7.35	7.08	Five or fewer	N/A	13.00	11.15	15	1,277
2015	9.40	8.59	5.67	6	N/A	11.76	10.70	46	1,382
2014	7.18	6.38	13.05	11	0.13	11.55	9.59	388	1,736
2013	32.55	31.58	33.48	13	0.51	15.03	12.18	893	2,233
2012	12.15	11.32	15.26	16	0.49	18.25	15.66	1,218	3,002
2011	-3.56	-4.28	2.64	16	0.19	18.95	17.76	1,902	3,686
2010	15.98	15.01	16.71	21	0.14	21.46	22.11	2,089	4,093

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 Concentrated Large Cap Growth Strategy composite includes fully discretionary separately managed investment accounts and registered mutual funds managed in accordance with the concentrated portfolio, growth investment 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, Concentrated 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 companies with strong current earnings, growth in revenue, improving profitability, strong balance sheet, strong current and projected business fundamentals and reasonable valuation. Generally, a Concentrated Large Cap Growth portfolio will hold 40 securities or less. 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. Prior to July, 2015, the Concentrated Large Cap Growth Strategy composite was named the Select Large Cap Growth Strategy composite. A complete description of the composite is available on request.
- The Concentrated 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 less than 1% of the total market value of the composite as of December 31, 2008, and December 31, 2009. Beginning January 1, 2010, all equity segments are managed with their own cash balance.
- The benchmark for the Concentrated 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. 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. This policy was discontinued effective February 1, 2017.
- 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. 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 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 2006. The composite has performance history with an inception date of October 1, 1999.
- The minimum portfolio size for the Concentrated Large Cap Growth Strategy composite is \$1,000,000. 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.