

Portfolio Commentary

Large Cap Core Growth

Q1 | 2020

MARKET REVIEW

The 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 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 less than 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 S&P 500® Index fell 19.60% during the quarter, with losses across all sectors. Information technology (-11.93%), healthcare (-12.65%), and consumer staples (-12.74%) were the most defensive sectors, while the energy (-50.45%), financials (-31.92%), industrials (-27.05%), and materials (-26.14%) sectors posted the largest declines.

PERFORMANCE

For the quarter, the Silvant Large Cap Core Growth Strategy Composite outperformed the S&P 500 Index, returning -15.24%/-15.40% (gross/net) compared to -19.60% for the Index. Stock selection in the financials, consumer discretionary, and industrials sectors and an underweight position in the energy sector added the most to performance. Overweight positions in the financials and industrials sectors weighed the most on returns.

Microsoft and Dexcom were the strongest stock contributors to relative performance.

- 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.
- Medical device company Dexcom climbed early in the quarter after reporting higher-than-expected revenues, earnings, and gains in patient numbers for its continuous glucose monitoring system, which is a game-changer in diabetes management. Shares also experienced a solid rebound after the broader market sell-off. We maintained our position, given the firm's strong technology and long runway for continued attractive growth gains.

PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Wtd. Avg. Market Cap (\$b)	375.69	284.12
Price-to-Earnings*	19.51x	16.69x
Price-to-Book	3.58x	2.68x
Price-to-Sales	2.36x	1.87x
Std. Dev. (3 yr) (%)	14.38	15.00
Alpha (3 yr) (%)	3.79	0.00
Beta (3 yr)	0.94	1.00
Std. Dev. (5 yr) (%)	13.59	13.54
Alpha (5 yr) (%)	0.22	0.00
Beta (5 yr)	0.98	1.00
Est. 3-5 Yr EPS Growth (%)	12.31	10.16
Operating Margin (%)	25.58	22.06

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

TOP

CONTRIBUTORS^{1,2}

	Average Weight	Relative Attribution
Microsoft Corp.	7.65	0.57
Dexcom, Inc.	1.10	0.42
Domino's Pizza, Inc.	1.38	0.38
Gilead Sciences, Inc.	1.25	0.29
Walmart, Inc.	2.42	0.28
S&P Global, Inc.	2.45	0.24
Apple, Inc.	8.22	0.23
Roper Technologies, Inc.	2.57	0.19
Thermo Fisher Scientific, Inc.	3.36	0.17
Costco Wholesale Corp.	1.51	0.14

TOP

DETRACTORS^{1,2}

	Average Weight	Relative Attribution
Bank of America Corp.	2.45	-0.33
Phillips 66	0.69	-0.24
Raytheon Co.	1.09	-0.21
Walt Disney Co.	2.22	-0.20
JPMorgan Chase & Co.	2.56	-0.18
PPG Industries, Inc.	0.91	-0.18
Pioneer Natural Resources Co.	0.48	-0.17
Align Technology, Inc.	0.84	-0.16
Becton, Dickinson and Co.	1.37	-0.13
Apollo Global Management, Inc. Class A	0.71	-0.11

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

TOP 10 HOLDINGS¹ (% of portfolio)

Microsoft Corp.	8.54
Apple, Inc.	8.28
Amazon.com, Inc.	4.14
Mastercard Inc. Class A	3.95
Thermo Fisher Scientific, Inc.	3.51
Visa, Inc. Class A	2.87
Walmart, Inc.	2.76
Roper Technologies, Inc.	2.63
S&P Global, Inc.	2.55
Alphabet Inc. Class C	2.44

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.

Bank of America and Phillips 66 were the largest stock detractors from relative performance.

- Bank of America lagged on the Federal Reserve’s emergency rate cut to zero in response to the pandemic’s economic fallout, which will negatively pressure the bank’s interest rate margins. Also adding to concerns is the impact that rapidly ballooning unemployment may have on its loan portfolio. We continued to hold the stock, as the company has a strong balance sheet with substantial capital, and potential credit risks appear to be much lower than in the 2008 crisis.
- Energy manufacturing and logistics company Phillips 66 fell on broader sector weakness and the fuel demand slowdown as a result of stay-at-home orders. We did not make any changes in our position, due to the company’s solid fundamentals and long-term outlook.

PORTFOLIO CHANGES

During the quarter, we added a new holding, Apollo Global Management, while exiting our positions in General Dynamics and Dollar Tree.

- We bought alternative investment manager Apollo Global Management, attracted by its strong financial reporting and asset growth from both positive inflows and market appreciation. The firm appears well positioned for continued gains and also enjoys capital lockups that should help to protect earnings.
- We sold defense contractor General Dynamics on its lower forward-looking guidance and a potentially challenging climate for its Gulfstream private business jet subsidiary. We also own other defense contractors that we believe are more favorably positioned.
- We exited discount store Dollar Tree based on disappointing same-store sales reporting, as well as inconsistent performance across key metrics over the past several quarters.

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

	Quarter-end Sector Weights		Impact		
	Portfolio	Benchmark	Sector Weight	Stock Selection	Total
Communication Services	9.14	10.74	-0.04	-0.21	-0.25
Consumer Discretionary	12.82	9.80	0.01	1.19	1.20
Consumer Staples	4.40	7.79	-0.26	0.41	0.15
Energy	0.86	2.65	0.96	-0.06	0.89
Financials	14.66	10.93	-0.46	1.56	1.10
Healthcare	17.10	15.38	0.15	-0.12	0.03
Industrials	11.21	8.22	-0.30	0.92	0.61
Information Technology	27.66	25.48	0.21	0.15	0.36
Materials	0.79	2.43	0.10	-0.14	-0.04
Real Estate	1.36	3.01	0.02	0.17	0.18
Utilities	0.00	3.57	-0.18	0.00	-0.18
Total			0.22	3.87	4.05

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
Large Cap Core Growth Composite (Gross)	-15.24	-15.24	1.72	8.78	6.77	10.76
Large Cap Core Growth Composite (Net)	-15.40	-15.40	0.96	7.97	5.97	9.93
S&P 500® Index	-19.60	-19.60	-6.98	5.10	6.73	10.53
eVestment Alliance Large Cap Core Median*	-19.98	-19.98	-8.46	4.09	5.68	10.24
# of Portfolios in Median Calculation	363	363	363	347	320	246

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 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 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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LARGE CAP CORE GROWTH COMPOSITE 1/1/95 – 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	-15.24	-15.40	-19.60	Five or fewer	N/A	14.38	15.00	107	692
2019	33.70	32.73	31.49	Five or fewer	N/A	11.96	11.93	128	821
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

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.