

Portfolio Commentary

Concentrated Large Cap Growth

Q2 | 2020

MARKET REVIEW

Growth stocks led U.S. markets higher in the second quarter, rallying on an aggressive momentum rebound that marked the strongest broad quarterly returns in more than 20 years. Investors cheered massive government stimulus actions in response to the COVID-19 crisis, incremental improvements in economic conditions, and the start of phased state reopenings. There were also encouraging signs in virus treatments and potential vaccine developments. As the quarter wound down, however, the initial enthusiasm for risk assets was replaced by a more sobering tone as new virus cases and hospitalizations began to accelerate in southern and western states, pulling back on some of the equity gains.

The Russell 1000® Growth Index rose 27.84% in the quarter, with all sectors posting positive returns. The largest gains were in the energy (+40.71%), consumer discretionary (+38.28%), and information technology (+33.60%) sectors, while the smallest were in the utilities (+3.14%) and consumer staples (+9.95%) sectors.

PERFORMANCE

For the quarter, the Silvant Concentrated Large Cap Growth Strategy Composite returned 27.38%/27.16% (gross/net), closely in line with the Russell 1000 Growth Index's 27.84% return. Stock selection in the communication services, information technology, and materials sectors weighed the most on performance. Stock selection in consumer staples, an underweight position in real estate, and an overweight position in information technology added the most to returns.

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

- E-commerce retailer Amazon.com outperformed on revenue strength. The company has been able to take additional market share away from brick-and-mortar businesses through the pandemic and has continued to do a skilled job at execution. The stock has been a long-term portfolio holding, and we maintained our position. While the company saw some softness in its Amazon Web Services due to recent mass business freezes and shutdowns, it remained the leader in that space. It also has been making large investments in a broad range of COVID-19-related initiatives, including distribution, package handling, and ensuring inventory availability.
- Design software company Autodesk rose on higher-than-expected earnings and revenue. The company is a leader in 3D design, engineering, and construction software and has continued to benefit from its transition from perpetual licensing to a cloud-based software-as-a-service model, which has helped capture attractive free cash flow and annualized recurring revenue gains. We maintained our position given the business's strong fundamentals.

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.

PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Wtd. Avg. Market Cap (\$b)	729.70	575.18
Price-to-Earnings*	37.65x	31.93x
Price-to-Book	7.65x	10.55x
Price-to-Sales	4.84x	4.39x
Std. Dev. (3 yr) (%)	18.42	17.40
Alpha (3 yr) (%)	0.26	0.00
Beta (3 yr)	1.04	1.00
Std. Dev. (5 yr) (%)	16.84	15.36
Alpha (5 yr) (%)	-3.28	0.00
Beta (5 yr)	1.07	1.00
Est. 3-5 Yr EPS Growth (%)	11.26	17.99
Operating Margin (%)	22.81	21.84

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

TOP

CONTRIBUTORS^{1,2}

	Average Weight	Relative Attribution
Amazon.com, Inc.	12.77	0.63
Autodesk, Inc.	2.68	0.50
Dexcom, Inc.	1.99	0.29
Analog Devices, Inc.	1.97	0.19
Apple Inc.	9.94	0.18
Workday, Inc. Class A	1.47	0.17
Fair Isaac Corp.	2.01	0.12
Royal Caribbean Cruises Ltd.	1.04	0.12
QUALCOMM Inc.	1.38	0.05
Salesforce.com, Inc.	2.89	0.03

TOP

DETRACTORS^{1,2}

	Average Weight	Relative Attribution
Visa Inc. Class A	9.66	-0.47
Edwards Lifesciences Corp.	3.40	-0.44
Estee Lauder Companies Inc. Class A	4.30	-0.35
Vulcan Materials Co.	1.58	-0.33
Becton, Dickinson and Co.	1.54	-0.33
Honeywell International Inc.	1.97	-0.30
UnitedHealth Group Inc.	5.01	-0.24
Intuitive Surgical, Inc.	2.03	-0.20
Netflix, Inc.	3.50	-0.18
Alphabet Inc. Class C	4.92	-0.11

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

TOP 10 HOLDINGS¹ (% of portfolio)

Microsoft Corp.	13.81
Amazon.com, Inc.	13.12
Apple Inc.	10.55
Visa Inc. Class A	9.14
Alphabet Inc. Class A	4.66
Alphabet Inc. Class C	4.61
UnitedHealth Group Inc.	4.61
Estee Lauder Companies Inc. Class A	4.06
Netflix, Inc.	3.36
Autodesk, Inc.	2.95

Source: FactSet. All data as of 6/30/2020.

Visa and Edwards Lifesciences were the largest stock detractors from relative performance.

- Credit card company Visa lagged as investors were drawn to higher-risk/reward securities during the market run-up. We held our position, as the stock still rose just over 20% in the quarter on solid revenue gains driven by its payment processing business and stronger-than-expected operating profit. The company also continued its stock buybacks, which we took as a positive signal.
- Share price gains for medical equipment company Edwards Lifesciences were muted by lower forward-looking expectations due to the general suspension of elective surgeries. Its transcatheter aortic valve replacement (TAVR) business offers a less-invasive heart surgery option, which is often technically considered an elective treatment despite its seriousness. We did not make any changes to our position as revenue and earnings remained higher than expected. The company also continues to offer considerable upside potential as TAVR availability expands.

PORTFOLIO CHANGES

Las Vegas Sands was a new addition to the portfolio in the quarter. There were no exits.

- We bought casino and resort company Las Vegas Sands after its stock price was hit very hard by the COVID-19 crisis. Looking ahead over longer time horizons, we believe the company should be able to beat current extremely low expectations in key metrics such as attendance and gross gaming revenues, particularly at its Macau property.

PERFORMANCE ATTRIBUTION (%) AS OF 6/30/2020

	Quarter-end Sector Weights		Impact		
	Portfolio	Benchmark	Sector Weight	Stock Selection	Total
Communication Services	12.63	11.14	0.01	-0.61	-0.59
Consumer Discretionary	14.79	15.43	-0.09	0.20	0.12
Consumer Staples	4.06	4.83	0.02	0.33	0.36
Energy	0.00	0.08	-0.01	0.00	-0.01
Financials	0.00	2.10	0.13	0.00	0.13
Healthcare	14.51	15.01	-0.06	0.10	0.04
Industrials	6.19	4.62	0.12	0.11	0.24
Information Technology	46.33	43.90	0.25	-0.27	-0.01
Materials	1.49	0.82	-0.02	-0.25	-0.26
Real Estate	0.00	2.06	0.28	0.00	0.28
Utilities	0.00	0.02	0.01	0.00	0.01
Total			0.66	-0.38	0.31

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 expect volatility will continue to be the norm for the rest of the year. Overall, fundamentals remain challenged as the U.S. faces recession and significant levels of unemployment, though it is currently unclear how many of these job losses may be permanent and how many businesses may fail. The future course of the pandemic is also far from certain at this point, and the U.S. is entering a highly contentious election season. Yet from an equity perspective, it appears that markets have discounted quite a bit around these types of concerns, and we think investors should be somewhat cautious about getting ahead of themselves, as well as prepared for moments of market dislocation. This uncertain environment calls for careful stock selection and bottom-up analysis. We continue to find solid investment opportunities, and while volatility may be painful short term, we believe our portfolio remains well positioned to continue to reward investors over the long term.

PERFORMANCE COMPARISON (%) AS OF 6/30/2020

	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Concentrated Large Cap Growth Composite (Gross)	27.38	10.80	22.99	20.05	13.10	14.54
Concentrated Large Cap Growth Composite (Net)	27.16	10.39	22.09	19.17	12.26	13.69
Russell 1000® Growth Index	27.84	9.81	23.28	18.99	15.89	17.23
eVestment Alliance Large Cap Growth Median*	26.91	8.98	20.02	17.66	14.32	16.44
# of Portfolios in Median Calculation	297	297	297	292	279	248

eVestment Alliance data capture date: 7/21/2020

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.

Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

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 issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio manager(s) to invest the portfolio's assets as intended.

For information, contact:

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

Q2 | 2020 Concentrated Large Cap Growth

CONCENTRATED LARGE CAP GROWTH COMPOSITE 10/1/1999 – 6/30/2020

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	10.80	10.39	9.81	Five or fewer	N/A	18.42	17.40	4	802
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, 2019. 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 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.