

Portfolio Commentary

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 Large Cap Growth Strategy Composite returned 27.69%/27.47% (gross/net), slightly underperforming the Russell 1000 Growth Index, which returned 27.84%. Stock selection in the communication services, consumer discretionary, and materials sectors weighed the most on performance. Stock selection in the information technology and healthcare sectors and an underweight position in the real estate sector added the most to returns.

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

- 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.
- 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.

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)	615.04	575.18
Price-to-Earnings*	35.40x	31.93x
Price-to-Book	7.85x	10.55x
Price-to-Sales	4.50x	4.39x
Std. Dev. (3 yr) (%)	18.05	17.40
Alpha (3 yr) (%)	-0.07	0.00
Beta (3 yr)	1.03	1.00
Std. Dev. (5 yr) (%)	16.34	15.36
Alpha (5 yr) (%)	-2.74	0.00
Beta (5 yr)	1.05	1.00
Est. 3-5 Yr EPS Growth (%)	13.56	17.99
Operating Margin (%)	21.59	21.84

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

TOP CONTRIBUTORS ^{1,2}	Average Weight	Relative Attribution
Autodesk, Inc.	2.11	0.38
Amazon.com, Inc.	9.00	0.24
Avalara Inc.	0.62	0.22
O'Reilly Automotive, Inc.	1.63	0.17
Dexcom, Inc.	1.12	0.15
Chipotle Mexican Grill, Inc.	0.70	0.14
Splunk Inc.	0.77	0.14
Workday, Inc. Class A	1.20	0.13
Exact Sciences Corp.	0.77	0.13
Paycom Software, Inc.	0.58	0.10

TOP DETRACTORS ^{1,2}	Average Weight	Relative Attribution
Costco Wholesale Corp.	2.25	-0.27
TJX Companies Inc.	1.41	-0.24
Xylem Inc.	0.92	-0.23
Edwards Lifesciences Corp.	1.66	-0.19
Vulcan Materials Co.	0.82	-0.16
Visa Inc. Class A	4.91	-0.16
Honeywell International Inc.	1.14	-0.15
Deere & Co.	1.08	-0.15
Colgate-Palmolive Co.	0.82	-0.13
Bristol-Myers Squibb Co.	1.16	-0.12

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

TOP 10 HOLDINGS¹ (% of portfolio)

Microsoft Corp.	11.37
Apple Inc.	9.52
Amazon.com, Inc.	9.11
Visa Inc. Class A	4.48
Facebook, Inc. Class A	4.10
Alphabet Inc. Class C	3.30
Alphabet Inc. Class A	3.21
Mastercard Inc. Class A	2.37
NVIDIA Corp.	2.37
Autodesk, Inc.	2.35

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

Costco Wholesale and TJX Companies were the largest stock detractors from relative performance.

- Share price gains for membership-only warehouse club Costco Wholesale lagged on lighter earnings and softer same-store sales, largely resulting from COVID-19-related expenses and the proactive closures of some of its ancillary services, such as its popular food courts. We held our position as revenues remained strong. The company has also been reopening its businesses and continued to demonstrate its ability to offer a high-demand product mix to its customers.
- Off-price department store corporation TJX Companies, which includes brands such as T.J. Maxx, Marshalls, and HomeGoods, trailed due to store closures and some margin and inventory pressures upon reopening. We slightly added to our position given the company’s successful track record of strong execution and ability to generate market-beating, same-store sales. A weaker economy should also help it pick up attractive inventory, in terms of both volume and price.

PORTFOLIO CHANGES

During the quarter, Five9 was a new addition to the portfolio, and we exited Xylem.

- We purchased contact center software company Five9 because it is well positioned to benefit from market expansion as businesses continue to move these kinds of services, data, and call routing solutions to the cloud, a trend likely to be accelerated by work-from-home mandates.
- We sold water technology provider Xylem as we found more compelling growth opportunities elsewhere based on the company’s okay but somewhat lackluster financial results.

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

	Quarter-end Sector Weights		Impact		
	Portfolio	Benchmark	Sector Weight	Stock Selection	Total
Communication Services	14.52	11.14	-0.02	-0.30	-0.32
Consumer Discretionary	15.49	15.43	0.03	-0.27	-0.23
Consumer Staples	4.08	4.83	-0.01	0.02	0.02
Energy	0.00	0.08	-0.01	0.00	-0.01
Financials	1.19	2.10	0.06	-0.05	0.02
Healthcare	12.71	15.01	0.11	0.25	0.36
Industrials	6.68	4.62	-0.07	0.00	-0.07
Information Technology	42.87	43.90	-0.01	0.36	0.35
Materials	1.31	0.82	-0.01	-0.14	-0.14
Real Estate	1.15	2.06	0.13	-0.02	0.11
Utilities	0.00	0.02	0.00	0.00	0.00
Total			0.21	-0.15	0.07

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
Large Cap Growth Composite (Gross)	27.69	10.90	21.52	19.48	13.46	16.82
Large Cap Growth Composite (Net)	27.47	10.49	20.62	18.60	12.62	15.96
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 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. **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:

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LARGE CAP GROWTH COMPOSITE 4/1/07 – 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	10.90	10.49	9.81	Five or fewer	N/A	18.05	17.40	316	802
2019	35.10	34.12	36.39	Five or fewer	N/A	14.14	13.07	308	821
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

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 Large Cap Growth Strategy composite includes fully discretionary separately managed investment accounts and registered 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 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.
- 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. No dispersion is reported for periods with five or fewer portfolios (shown as N/A).
- 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 on 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.