GW&K INVESTMENT MANAGEMENT

PROFILE | THIRD QUARTER 2021

SMALL CAP CORE STRATEGY

SMALL CAP CORE

- Style: Small Cap Core
- Approach: Active; Bottom Up
- Benchmark: Russell 2000 Index
- Inception: 1/1/2000
- Strategy Assets: $3,281 MM

INVESTMENT PHILOSOPHY

We believe that a company's ability to generate consistent, long-term sustainable earnings growth will drive enhanced stock price performance over time, due to both the higher level of future earnings and the higher valuation placed on these earnings by the market. Given the tendency of money managers to focus on short-term fundamentals and stock price performance, this sustainability of earnings growth is often overlooked and not properly recognized by the market.

ABOUT OUR FIRM

GW&K is a dynamic investment management firm that offers active equity and fixed income investment solutions to meet the needs of a diverse client base. At our core is an entrepreneurial spirit of innovation, a desire to help educate our clients and a level of service that is hard to come by. Our founding principles of applying rigorous fundamental research, focusing on quality and maintaining a long-term view still guide our investment process today.

- Founded in 1974
- $55 Billion Under Management
- Individually Managed Accounts
- Serving Individuals and Institutions

All data as of September 30, 2021

STRATEGY HIGHLIGHTS

RESEARCH INTENSIVE	Stock selection emphasizes well managed companies with sustainable earnings growth
FOCUS ON QUALITY	Aim to hold stocks for long term and protect returns when markets decline
UNRESTRICTED OPPORTUNITY SET	Core approach allows us to pursue quality companies with either growth or value oriented characteristics

INVESTMENT PROCESS

Small Cap Universe
Russell 2000 Index

Focused Research Approach
300 - 400 Stocks

Fundamental Research
150 - 200 Stocks



Portfolio Construction
Risk Management Parameters

Stock Interest List
50 Stocks

SMALL CAP CORE PORTFOLIO
65 - 95 Holdings

COMPANY MANAGEMENT

- Visionary leadership, high-quality management
- Committed to long-term enhancement of shareholder value

GROWTH PROFILE

- Business models that deliver consistent long-term growth
- Resilient through economic cycles

MARKET POSITIONING

- Leading companies in attractive and defensible niche markets

FINANCIAL STRENGTH

- Strong financial characteristics
- Strong cash flow
- Prudent use of debt

VALUATION

- Attractive valuation metrics in relation to industry peers and own company history

A FOCUS ON QUALITY

- Low turnover strategy allows us to focus on the quality of our research rather than quantity
- Assessing the quality of the management team is a key component of our research process
- Conversations with management, suppliers, and customers help to determine the quality of the business

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SMALL CAP CORE STRATEGY

INVESTMENT TEAM

JEFFREY W. THIBAULT, CFA
Partner
Portfolio Manager
Investment Professional Since 1997
Joined GW&K 2004
BS, University of Vermont
MBA, University of North Carolina, Chapel Hill

DANIEL L. MILLER, CFA
Partner
Director, Equities
Investment Professional Since 1979
Joined GW&K 2008
BS, University of California, Berkeley
MBA, Stanford University

11 Domestic Small Cap Equity Investment Professionals Averaging 23 Years Experience

A DISCIPLINED APPROACH TO PORTFOLIO CONSTRUCTION

DIVERSIFICATION	▪ Style - growth and value stocks ▪ Growth Profile of Stocks - steady, moderate and high growth ▪ Sector Neutral
MARKET CAP RANGE	Initial: *$250 million to $4 billion or within the range of the Russell 2000 Index* Maximum: *$7 billion or within the range of the Russell 2000 Index*
SECTOR WEIGHTINGS	No more than +/- 10% of the Russell 2000 Index
CASH POSITION	Portfolios are fully invested 0% - 5% average cash position
QUANTITATIVE RISK ANALYSIS	Portfolio Risk Characteristics - *beta, absolute risk, tracking error* Fundamental Factor Exposure - *volatility, relative strength, size, growth, value, leverage, etc.* Sector and Industry Exposure Stock Specific Risk

FOCUSED RESEARCH

Bottom-up fundamental research is the key driver of our equity investment process and is the prime determinant of our success. Each of our equity analysts has a strong belief in our investment philosophy and they devote an extraordinary amount of time to developing original investment ideas and to gaining a deep understanding of each company's business.

Before purchasing any stock, we insist on speaking directly with company management. In most cases this is a personal visit. We want to hear management tell their company story to learn firsthand about their business strategies, current market conditions, competitive positioning, business outlook, and plans for sustaining future growth.

High quality management is one of the most important attributes we seek for the companies in which we invest. Proven experience, leadership talent, high integrity and possessing a strategic vision are some of the qualities we scrutinize. Especially among smaller companies, we find that appropriate leadership from the top has a greater direct impact on all aspects of a business: its growth profile, valuation, market positioning and financial strength. When it comes to assessing the quality of management teams, we believe we set the bar higher than other managers.