GW&K
INVESTMENT MANAGEMENT

**PROFILE** | THIRD QUARTER 2021

# GLOBAL SMALL CAP STRATEGY

## GLOBAL SMALL CAP

- Style: Small Cap
- Approach: Active; Bottom Up
- Benchmark: MSCI World Small Cap Index
- Inception: 10/1/2016
- Strategy Assets: $368 MM

## INVESTMENT PHILOSOPHY

We believe that a company's ability to generate consistent, sustainable earnings growth will drive stock price performance over time. Leveraging our proprietary fundamental research process we seek to identify quality small cap companies across the globe. We target companies that are trading at attractive prices, are often under-researched or under-owned by other institutional investors, and that possess characteristics of one or more of our targeted growth categories. Applying our strong valuation discipline helps us to discern which companies have the potential to grow earnings or recognize value over the long term.

## 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

| | |
|---|---|
| **GLOBAL UNIVERSE** | Seek stocks meeting our growth, quality and valuation criteria, including selective investments in emerging markets |
| **PROPRIETARY FUNDAMENTAL RESEARCH** | Our bottom-up process seeks to discover well-managed growing businesses that are unrecognized or undervalued by the market |
| **UNIQUE OPPORTUNITIES** | Focus on quality companies at attractive prices that can grow earnings or recognize value over the long term |

## INVESTMENT PROCESS

**Global Small Cap Universe**
9,000 Stocks

MSCI Global Small Cap Index – 4,300 Stocks

**Idea Generation**

- Independent Research
- Management Meetings
- On Site Visits
- Sell Side Research - Regional Brokers

**Focused Fundamental Research**


**Global Small Cap Equity Portfolio**
50 – 100 Stocks

### FUNDAMENTAL RESEARCH

#### 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
- Building Blocks of Growth

#### MARKET POSITIONING

- Leading companies in attractive and defensible niche markets

#### FINANCIAL STABILITY

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

#### VALUATION

- Attractive relative and absolute valuation

### BUILDING BLOCKS OF GROWTH

| Stable Growth | Growth at Value Prices | Contingent Growth | High Explosive Growth |
|---|---|---|---|
| 40-60% | 20-40% | 0-30% | 0-30% |
| Stable and visible earnings or cash flow growth with a high-quality business franchise | Under-appreciated growth potential trading at a discounted valuation | Attractive assets with possible catalysts to unlock embedded value | Potential for rapid growth utilizing a longer-term investment horizon to recognize underlying value |

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## INVESTMENT TEAM

**REID GALAS, CFA**
*Partner*
*Portfolio Manager*
Investment Professional Since 2008
Joined GW&K 2014
BS, Cornell University
MBA, University of Michigan

**KARL M. KYRISS, CFA**
*Partner*
*Portfolio Manager*
Investment Professional Since 1999
Joined GW&K 2014
BS, University of Scranton
MBA, University of Michigan

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

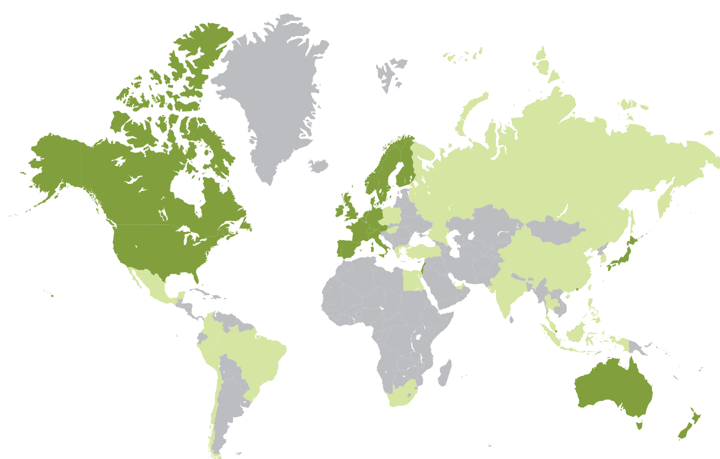
*8 Global Small Cap Equity Investment Professionals Averaging 24 Years Experience*

## A DISCIPLINED APPROACH TO PORTFOLIO CONSTRUCTION

| | |
|---|---|
| **DIVERSIFICATION** | ▪ By region ▪ By sector ▪ Across currencies ▪ High active share ▪ By growth profile |
| **MARKET CAP RANGE** | At time of purchase, company will have a market cap of < $5 billion or within the market cap range of the MSCI World Small Cap Index |
| **POSITION SIZE** | Target: 1% – 3%<br>Maximum: 5% |
| **GEOGRAPHIC REGIONS** | Focused on developed markets<br>Opportunistic investment in emerging markets of less than 20% |
| **SECTOR WEIGHTINGS** | Benchmark aware; Bottom-up process drives sector allocation |
| **CASH POSITION** | Portfolios are fully invested<br>Typically 0% – 5% |
| **CURRENCY** | Maintain unhedged foreign currency exposure<br>Exposure managed through investment process |
| **QUANTITATIVE RISK ANALYSIS** | ▪ Portfolio Risk Characteristics – beta, absolute risk, tracking error<br>▪ Fundamental factor exposure ▪ Geographic exposure<br>▪ Sector exposure ▪ Stock specific risk |

## GLOBAL FOCUS

Our investment universe comprises all developed markets including the U.S., but we may invest in companies located in emerging markets if we identify opportunities that meet our quality and risk management standards. Our objective is to build diversified portfolios that will generate attractive returns over the long run.



**DEVELOPED MARKETS**

Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, UK, United States

**EMERGING MARKETS**