

SMALL/MID CAP CORE

- Style: Small/Mid Cap Core
- Approach: Active; Bottom-Up
- Benchmark: Russell 2500 Index
- Inception: 1/1/2006
- Strategy Assets: \$4,290 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
- \$56 Billion Under Management
- Individually Managed Accounts
- Serving Individuals and Institutions

All data as of June 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	Our core approach leads us to quality companies that may be either growth or value oriented

INVESTMENT PROCESS



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

INVESTMENT TEAM

JEFFREY W. THIBAUT, 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

10 Domestic Small Cap Equity Investment Professionals Averaging 22 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 - \$10 billion or within the range of the Russell 2500 Index
Maximum: \$15 billion or within the range of the Russell 2500 Index

SECTOR WEIGHTINGS

No more than +/- 10% of the Russell 2500 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.