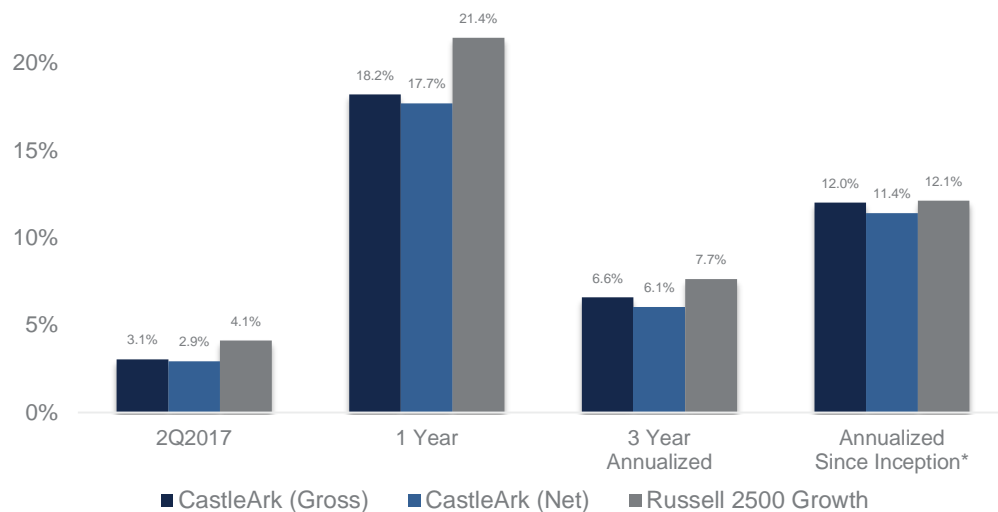


## Second Quarter 2017 – Performance Update

The CastleArk SMID Cap Growth composite return for the quarter was +3.05% (gross) and +2.94% (net), compared to the benchmark Russell 2500 Growth return of +4.13%. Since inception, March 31, 2013, the CastleArk SMID Cap Growth composite has slightly underperformed with an annualized return of +12.01% (gross) and +11.42% (net), compared to the benchmark Russell 2500 Growth return of +12.12% for the period ending June 30, 2017.

## CastleArk SMID Cap Growth Performance\*



Past performance is no guarantee of future results.  
\*Inception 03/31/13

## Second Quarter 2017 – Portfolio Review

SMID Cap stocks notched a solid positive Q2, for the fifth consecutive positive quarter. Synchronized economic expansion in the major global economies set the backdrop for solid corporate earnings growth during the quarter. Positive earnings helped support the equity markets as expectations for pro-growth fiscal policies (tax reform, infrastructure spending, etc.) began to fade. During the quarter the Fed raised its key rate another 25bps, as expected, moving to normalize rates and gave indications it will begin reducing its massive balance sheet, citing positive trends in employment growth and an upbeat U.S. economic outlook.

Our slight underperformance for the quarter was the result of stock selection. Strong stock selection in Consumer Discretionary, Financials, and Telecomm were not enough to offset the weak results in Technology, Industrials and Health Care. Our underweight in Consumer Staples and Energy, the two worst performing sectors, was a slight positive offset.

## Top 10 Portfolio Holdings\*

CBOE Holdings, Inc.	1.7%
RingCentral, Inc. – Class A	1.7%
MarketAxess Holdings, Inc.	1.5%
PRA Health Sciences, Inc.	1.5%
Square, Inc – Class A	1.4%
Grand Canyon Education, Inc.	1.4%
CDW Corp.	1.4%
IAC/InterActive Corp.	1.3%
Synovus Financial Corp.	1.3%
First Data Corp. – Class A	1.3%
<b>Percentage of Total Assets</b>	<b>14.6%</b>

## Portfolio Characteristics\*

	CastleArk SMID Cap Growth	Russell 2500 Growth Index
Number of Companies	101	1,436
Forward P/E	21.8x	20.7x
Historical EPS Growth	15.3%	17.0%
Expected Growth	12.7%	13.0%
Return on Equity	10.0%	11.7%
Debt/Capital	41.6%	41.3%
Weight by Market Cap	\$5.8B	\$4.8B
Median Market Cap	\$4.9B	\$1.3B

\*Representative client portfolio.

## SMID Cap Growth Team

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## Contact

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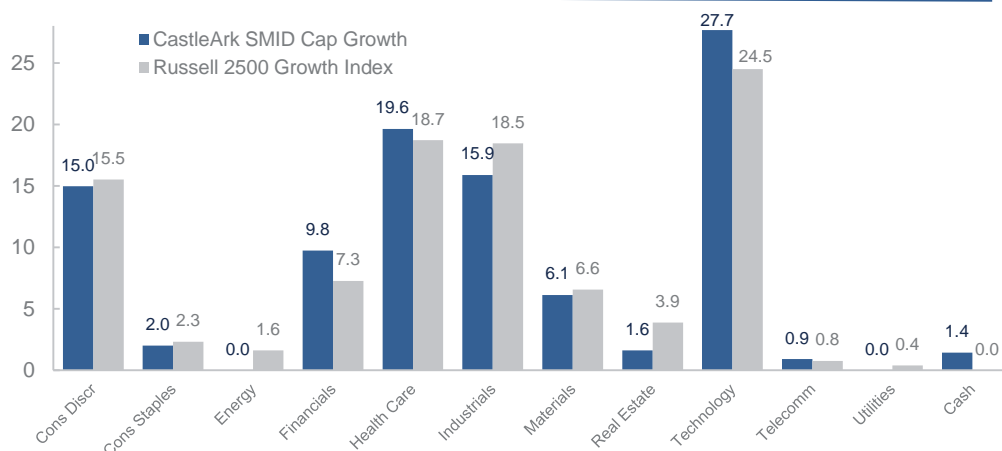
## Market and Portfolio Outlook

Looking ahead the continued moderate economic growth, low inflation and low interest rate environment is likely to continue. This economic environment along with the uncertain political atmosphere continues to create a challenging market environment. With investors continued focus on earnings growth, and corporate earnings expected to be the strongest in three years, we see the investment climate as potentially rewarding as we progress through 2017. We continue to focus on companies with improving business fundamentals and through our research process deem these improvements sustainable. The emphasis on improving fundamentals has led to our overweight position in Financials and Telecommunications Services, and our underweight in Industrials, Real Estate, and Energy.

## CastleArk SMID Cap Growth Strategy

We believe that earnings growth is the primary driver of stock prices over the long term, and that excess returns can be achieved by investing in those companies with improving business fundamentals. The CastleArk advantage stems from our emphasis on three key attributes: the direction of growth over the absolute level of growth, actual fundamental improvements vs. anticipated improvements, and disciplined analysis focused on the magnitude and sustainability of the drivers of fundamental improvement. CastleArk uses a bottom-up approach when building the SMID Cap Growth portfolio. Our portfolio managers emphasize risk management and sell discipline to build diversified portfolios. Continuous dialogue, in addition to a weekly review of every holding, allows for fluid adjustments to the portfolio's holdings. Limits on position size and sector weights, along with constant portfolio attribution analysis, contribute to the CastleArk risk management process. Our sell discipline derives from our belief that losses can be minimized by identifying potential problems before they become fully reflected in the stock price. Our willingness to move on to the next good idea at the first sign of trouble is a key ingredient in our risk management process and, therefore, in our ability to produce alpha.

## CastleArk SMID Cap Sector Allocation 06/30/2017\*



\*Representative client portfolio.

## Second Quarter 2017 Best and Worst Contributors\*

Best:	Contribution
1. Square, Inc. - Class A	0.40%
2. RingCentral, Inc. - Class A	0.39%
3. Universal Display Corp.	0.33%
4. Take-Two Interactive Software	0.26%
5. Shopify, Inc. – Class A	0.26%
6. Panera Bread Co. – Class A	0.24%
7. Veeva Systems, Inc. – Class A	0.22%
8. CBOE Holdings, Inc.	0.21%
9. First Data Corporation – Class A	0.20%
10. PRA Health Sciences, Inc.	0.20%

Worst:	Contribution
1. DexCom, Inc.	-0.22%
2. MSC Industrial Direct Co.-Class A	-0.21%
3. Nevro Corp.	-0.20%
4. United Rentals, Inc.	-0.20%
5. Advanced Micro Devices, Inc.	-0.19%
6. Wright Medical Group NV	-0.17%
7. Nexstar Media Group, Inc.–Class A	-0.17%
8. Quanta Services, Inc.	-0.16%
9. CommScope Holding Co, Inc.	-0.14%
10. U.S. Silica Holdings, Inc.	-0.13%

\*Representative client portfolio. A complete list of each security's contribution to performance and description of the calculation methodology is available upon request.

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