

Strategy Facts

Portfolio Managers: Greg Baxter, CFA, Jim Stark, CFA

Inception: March 31, 2013

Index: Russell 2500 Growth

Available Vehicles: Separate Account, Collective Trust

Strategy AUM: \$528M

Firm AUM: \$3.8B

Website: <http://castleark.com/smid-cap-growth/>

Portfolio Characteristics

	CastleArk	Index
# of Securities	104	1,473
Weighted Avg Market Cap (\$MM)	\$5,871	\$4,950
Median Market Cap (\$MM)	\$5,011	\$1,306
Historical Sales Growth	17.1	19.5
Historical EPS Growth	18.7	18.0
EPS Growth - Long Term Forward	19.1	15.6
Return on Capital	2.9%	3.9%
Return on Equity	6.6%	10.2%
Price to Earnings (Trailing 12M)	30.2	26.2
Price to Earnings (Forward 12M)	26.0	21.2
Price to Book	4.1	4.9
Dividend Yield	0.3	0.7
Active Share	84.7	--

Investment Philosophy

We believe that **earnings** growth is the primary driver of stock prices over the long term, and that excess return can be achieved by investing in those companies with **improving business fundamentals**.

Investment Strategy



A process that emphasizes the **direction of growth** over the absolute level of growth



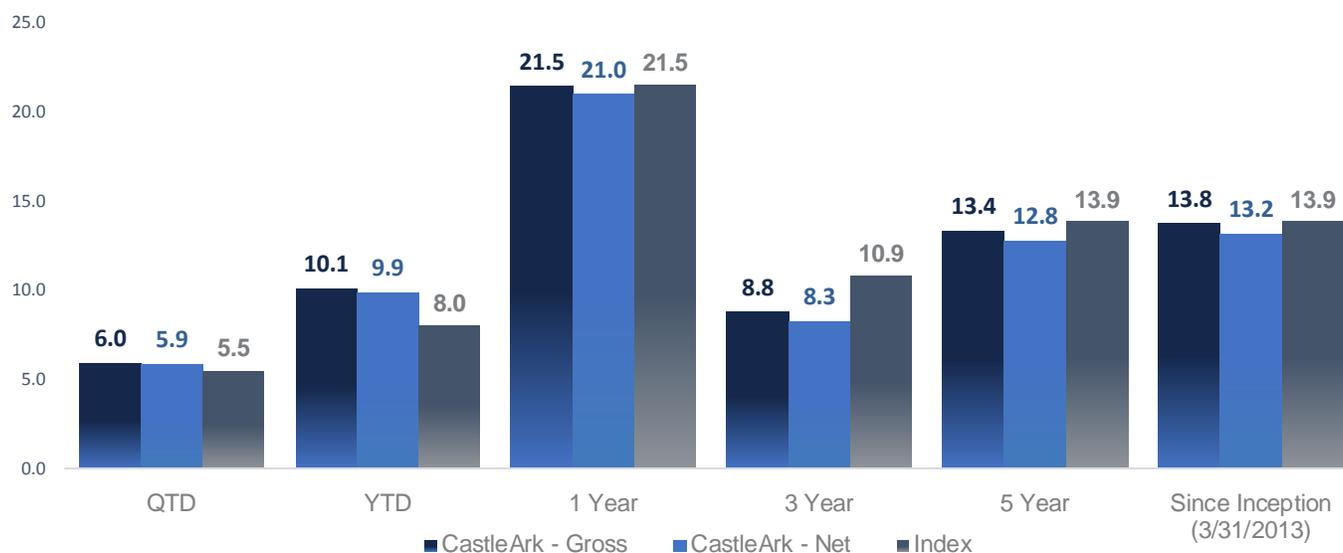
A focus on **actual** fundamental improvements **vs. anticipated improvements** enhance our success rate



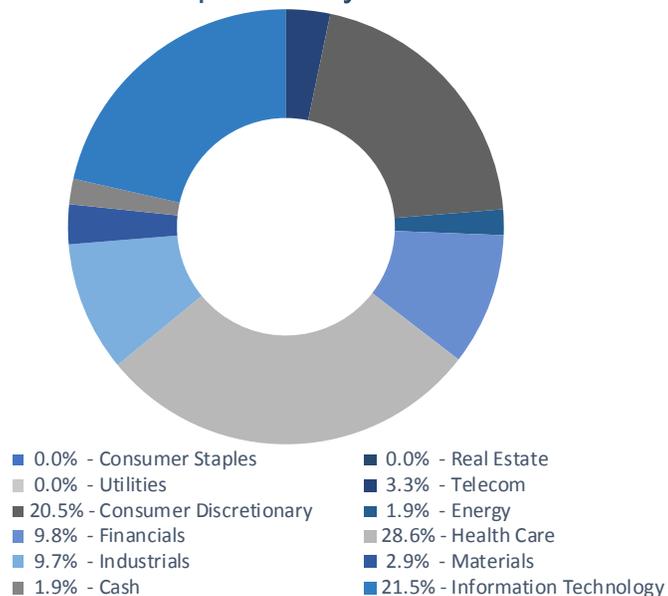
A disciplined analysis focused on the **magnitude and sustainability** of the driver of fundamental improvement

Composite Performance

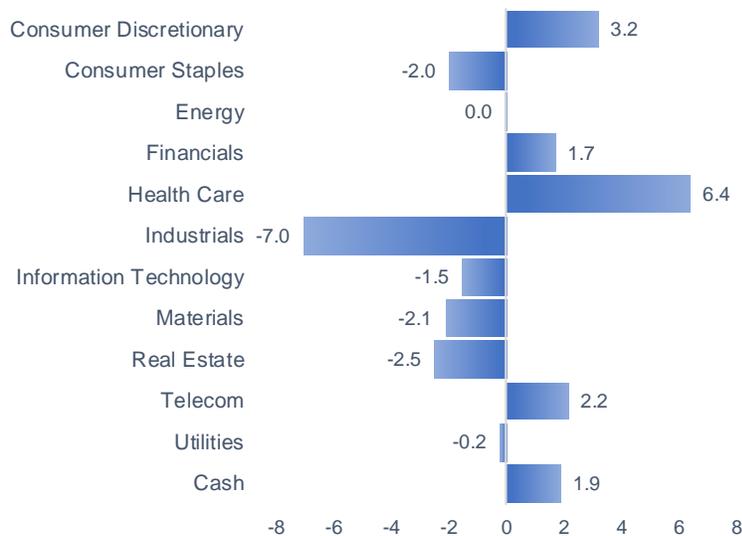
(Periods greater than 1-year are annualized)



Portfolio Exposure by Sector



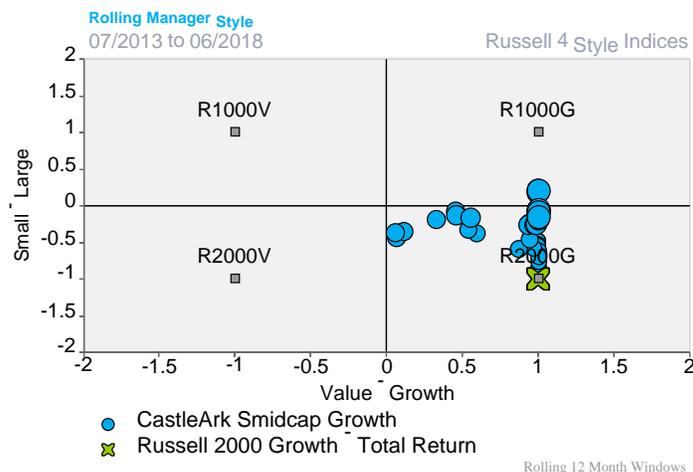
Sector Allocation vs. Index



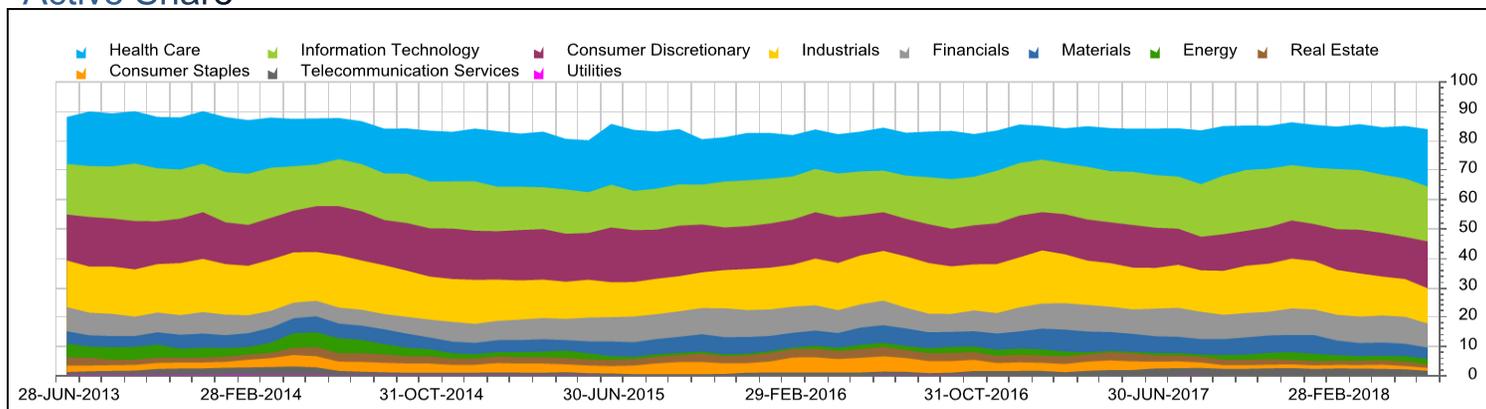
Top 10 Holdings

Security	Weight
Haemonetics Corporation	1.52%
WellCare Health Plans, Inc.	1.52%
ICU Medical, Inc.	1.47%
Eldorado Resorts Inc	1.43%
Ligand Pharmaceuticals Incorporated	1.42%
Burlington Stores, Inc.	1.39%
RealPage, Inc.	1.38%
GoDaddy, Inc. Class A	1.36%
Integra LifeSciences Holdings Corporation	1.34%
Interxion Holding N.V.	1.33%

Style Drift (Rolling 1 year periods)



Active Share



Source: Factset and CastleArk. All portfolio level data represents a representative client portfolio. Figures shown are past results and are not predictive of future returns. See Performance Disclosure Statement. For institutional investors only

Commentary

Performance Update

The CastleArk SMID Cap Growth composite return for the quarter was +5.97% (gross) and +5.87% (net), comparing favorably to the Russell 2500 Growth Index return of +5.53%. Year-to-date, the CastleArk SMID Cap Growth composite returned +10.12% (gross) and +9.90% (net) outperforming the Russell 2500 Growth Index of +8.04% for the period ending June 30, 2018.

Portfolio Review

For the ninth consecutive quarter SMID stocks generated positive returns. U.S. markets were supported by the continued U.S. economic expansion and robust corporate earnings. Expectations for corporate earnings growth continued to improve throughout the quarter as a result of strong Q1 earnings, solid consumer and corporate spending and the benefits of tax reform. During the quarter the markets did have to contend with bouts of increased volatility that resulted from the threat of trade wars, Fed tightening/higher interest rates, a rising dollar, geopolitical concerns, and weakening international economic activity. As the Markets continue to climb the proverbial “wall of worry”, the strong domestic economy and healthy corporate earnings should help keep investors optimistic.

Our out performance for the quarter was driven mostly by Sector Weightings. Strong stock selection in Health Care, Consumer Discretionary, and Financials was offset by weaker results in Technology, Industrials, Energy, and Telecomm. On a sector level, our underweight in Industrials and Materials, the two worst performing sectors, and over weight in Health Care, a strong sector for the quarter, was offset but our underweight in Staples and Real Estate, two of the better performing sectors for the quarter.

Market and Portfolio Outlook

As we look towards the second half of the year we continue to have a positive bias with the caveat that third quarter could be a little choppy. After nine consecutive positive quarters the odds of a tenth are historically very low. In addition, Q3 of mid-term election years are historically below average. That being said, the benefits of Corporate and Personal tax cuts, positive fiscal policy, strong employment growth/rising wages, and improving capital spending should help to support the markets for the balance of the year. 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 positions in Health Care, Consumer Discretionary and Telecommunications and our under weighting in Industrials, Real Estate, Materials, Consumer Staples, and Technology.

Marketing Contacts

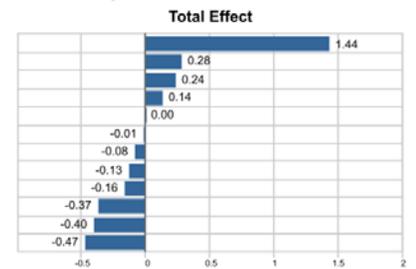
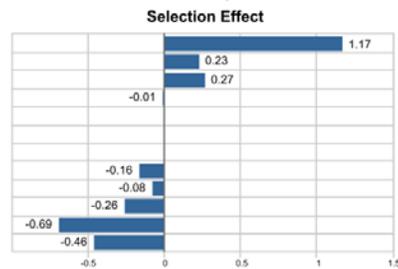
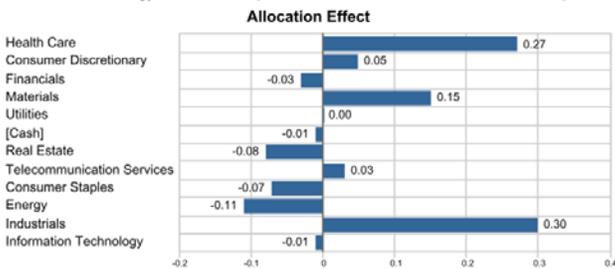
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Attribution - 2Q 2018

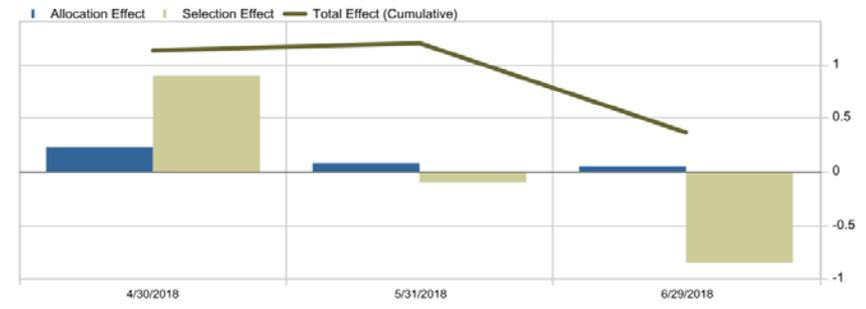
	Portfolio			Benchmark			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Total	100.00	5.90	5.90	100.00	5.53	5.53	--	0.37	0.37	0.36	0.01	0.37
Health Care	24.42	14.07	3.33	18.75	8.64	1.43	5.67	5.43	1.90	0.27	1.17	1.44
Consumer Discretionary	17.45	10.66	1.71	15.49	9.37	1.34	1.96	1.28	0.37	0.05	0.23	0.28
Financials	10.43	6.16	0.70	9.80	3.85	0.45	0.63	2.31	0.25	-0.03	0.27	0.24
Materials	3.66	-1.47	-0.02	5.79	-1.00	-0.03	-2.12	-0.47	0.01	0.15	-0.01	0.14
Utilities	--	--	--	0.36	4.66	0.02	-0.36	-4.66	-0.02	0.00	--	0.00
[Cash]	1.36	1.81	0.02	--	--	--	1.36	1.81	0.02	-0.01	--	-0.01
Real Estate	--	--	--	2.91	8.88	0.26	-2.91	-8.88	-0.26	-0.08	--	-0.08
Telecommunication Services	4.12	2.74	0.11	0.97	6.42	0.06	3.15	-3.68	0.06	0.03	-0.16	-0.13
Consumer Staples	0.25	-13.76	-0.07	2.30	8.72	0.19	-2.05	-22.48	-0.26	-0.07	-0.08	-0.16
Energy	2.06	-2.10	-0.19	1.52	9.64	0.15	0.54	-11.73	-0.33	-0.11	-0.26	-0.37
Industrials	12.51	-5.20	-0.72	18.29	0.15	0.05	-5.78	-5.36	-0.77	0.30	-0.69	-0.40
Information Technology	23.73	4.34	1.13	23.81	6.44	1.61	-0.08	-2.09	-0.48	-0.01	-0.46	-0.47



Top/Bottom Active Contributors

	Active Weight	Total Return	Active Contribution
Top 5	4.67		1.68
ABIOMED, Inc.	0.89	42.80	0.43
Weight Watchers International, Inc.	0.85	58.85	0.40
Etsy, Inc.	0.70	50.47	0.31
Chegg, Inc.	0.94	34.23	0.29
Haemonetics Corporation	1.29	22.58	0.27
Bottom 5	1.84		-0.98
GTT Communications, Inc.	1.14	-20.54	-0.28
Knight-Swift Transportation Holdings, Inc.	0.83	-16.53	-0.18
John Bean Technologies Corporation	0.24	-19.23	-0.17
Advanced Micro Devices, Inc.	-0.45	--	-0.17
Huntington Ingalls Industries, Inc.	0.08	-19.05	-0.17

Attribution Over Time



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Disclosures and Footnotes

Performance reflects reinvestment of all income and capital gains and is shown in US dollars and after the deduction of transaction costs. Performance is shown gross and net of actual management fees charged. Actual investment advisory fees incurred by clients may vary. Performance during certain periods reflect strong stock market performance that is not typical and may not be repeated. Additional information on the calculation methodologies used herein is available upon request.