International Small Cap Equity

CASTLEARK

June 30, 2021

Strategy Facts

Portfolio Manager: Ajoy Reddi

Inception: December 31, 2015

Benchmark: MSCI All Country World ex USA Small Cap

Available Vehicles: Separate Account, Collective Trust

Strategy AUM: $164MM

Firm AUM: $3.8B

Website: www.castleark.com/international-small-cap/

Investment Philosophy

We believe that **accelerating growth in revenue and earnings** are the primary drivers of stock price appreciation over the long term, and that **opportunities in inefficient markets** can be realized by identifying and exploiting **key inflection points** in a company's fundamentals.

Portfolio Characteristics

	CastleArk	Index
# of Securities	75	4,413
Weighted Avg Market Cap ($MM)	$4,882	$2,910
Median Market Cap ($MM)	$3,120	$1,191
Historical Sales Growth	22.1%	8.5%
Historical EPS Growth	19.4%	6.8%
EPS Growth - Long Term Forward	21.3%	15.2%
Return on Equity	12.4%	7.5%
Price to Earnings (Trailing 12M)	45.1	10.6
Price to Earnings (Forward 12M)	34.0	16.1
Price to Book	5.3	1.5
Net Debt to EBITDA	16.8	-5.5
Dividend Yield	0.7%	1.9%
Active Share	96.9%	--

Investment Strategy

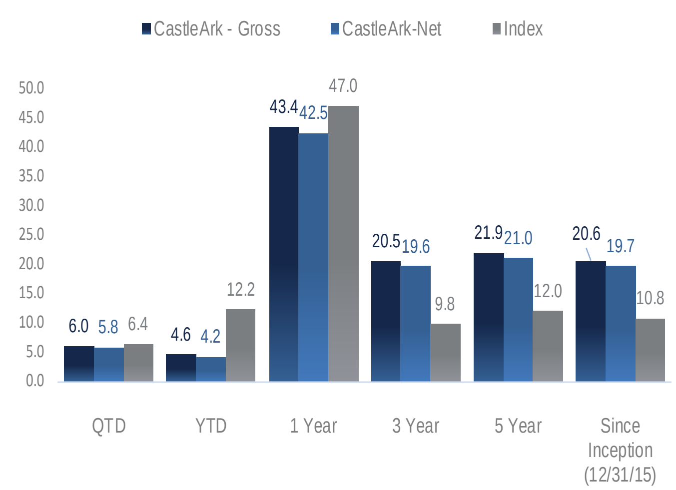
An investment process that emphasizes a company's long-term growth potential over the market's demand for short term results.

A holistic approach to growth investing that seeks to identify attractive opportunities, using both traditional and non-traditional sources of information

A proven institutional money manager with a long-term record of growth investing in capacity constrained asset classes.

Composite Performance*

(Periods greater than 1-year are annualized)



Top 10 Positions

Security	Weight
ASM International N.V.	2.0%
CVS Group plc	2.0%
Fluidra, S.A.	2.0%
Lasertec Corp.	1.9%
Instalco AB	1.9%
Diploma PLC	1.8%
Megaport Ltd.	1.8%
Indutrade AB	1.8%
IMCD N.V.	1.8%
SHIFT, Inc.	1.7%

Source: Factset and CastleArk. All portfolio level data is from a representative client portfolio. Figures shown are past results and are not predictive of future returns.
*See Supplemental Information and Composite Performance Disclosure Statement. *FOR INSTITUTIONAL INVESTORS ONLY*

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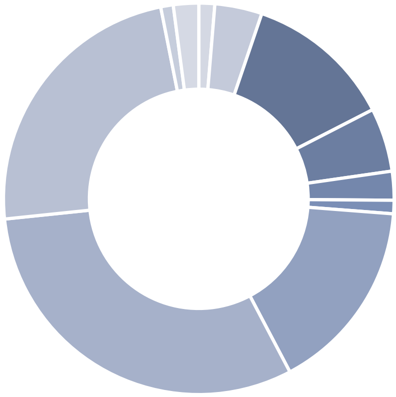
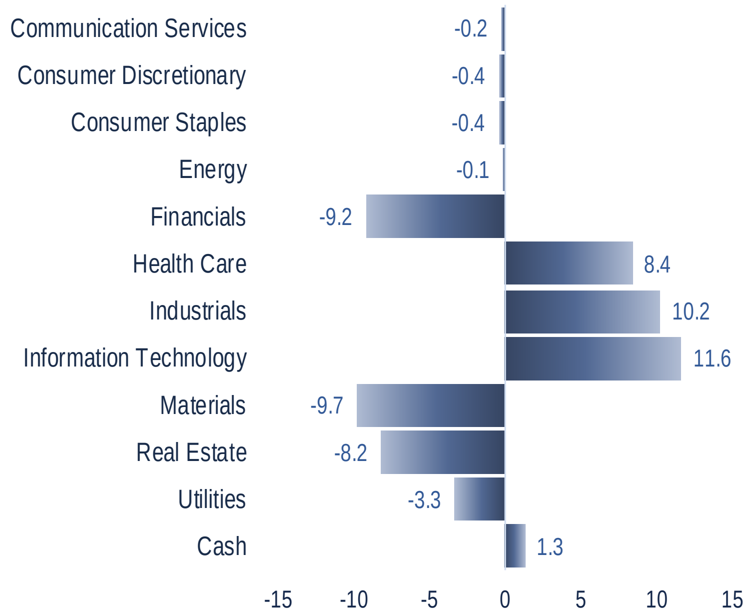
Portfolio Exposure by Sector

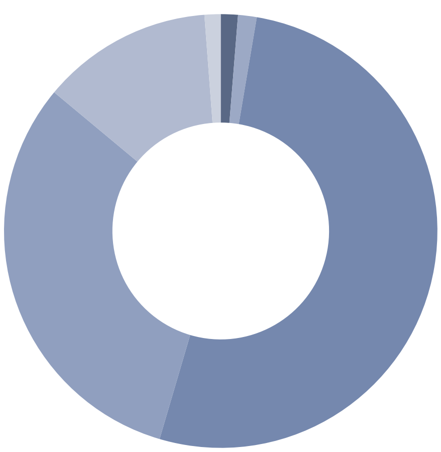


- 1.3% - Cash
- 3.9% - Communication Services
- 12.2% - Consumer Discretionary
- 5.3% - Consumer Staples
- 2.4% - Energy
- 1.1% - Financials
- 16.0% - Health Care
- 31.1% - Industrials
- 23.5% - Information Technology
- 1.0% - Materials
- 2.1% - Real Estate

Sector Allocation vs. Index

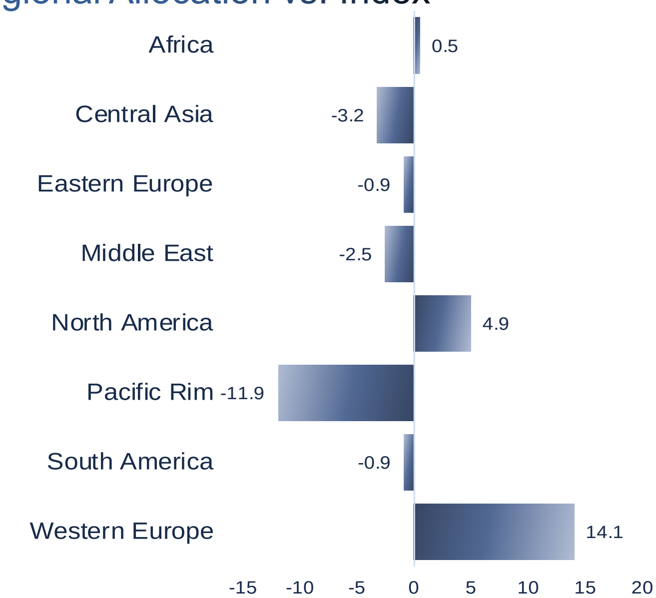


Portfolio Exposure by Region



- 1.3% - Central Asia
- 1.4% - Africa
- 51.9% - Western Europe
- 31.5% - Pacific Rim
- 12.8% - North America
- 1.2% - South America

Regional Allocation vs. Index



Portfolio Exposure by Country

	CastleArk	Index		CastleArk	Index		CastleArk	Index
Japan	21.05%	19.14%	**Brazil**	2.36%	1.75%	**India**	1.27%	4.41%
United Kingdom	19.90%	11.99%	**Spain**	2.01%	1.32%	**Norway**	1.14%	1.63%
Sweden	12.65%	4.89%	**Italy**	1.61%	1.96%	**Indonesia**	1.12%	0.35%
Canada	10.60%	6.40%	**Taiwan**	1.55%	5.44%	**Hong Kong**	1.02%	3.74%
Netherlands	6.60%	1.64%	**Finland**	1.51%	1.23%	**New Zealand**	0.94%	0.63%
Australia	5.81%	6.17%	**Belgium**	1.49%	1.05%	**Denmark**	0.78%	1.20%
Germany	4.55%	3.60%	**South Africa**	1.39%	0.91%	**Other**	0.64%	17.07%

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Commentary

Performance Update

The CastleArk International Small Cap Equity strategy underperformed the MSCI ACWI ex US Small Cap Index in the second quarter, gaining +5.97% (gross of fees) and +5.80% (net of fees) versus +6.35% for the index

Market and Portfolio Review

The MSCI ACWI ex US Small Cap Index gained +6.35% in the second quarter, led by Energy +7.5% and Industrials +6.57% while Staples lagged at just +0.85%. The S&P 500 continued to advance returning +7.43% with Energy +11.48% as Brent crude surged from $65 to $75 in the quarter. Technology also remained strong gaining +9.82% while Financials +6.53% and Industrials +3.26% lagged as investors began to abandon the cyclical trade. The French CAC 40 continued its strong performance, returning +9.29% while the German DAX gained +3.87%, driving MSCI Europe to a +5.4% return in the second quarter. In Asia, Korea led the way with the KOSPI index up +7.34%, followed by Taiwan's TAIEX at +5.94% (despite a one day 8% drop) and MSCI China up +4.78% this quarter. Japan was a laggard with the large cap Nikkei 225 index up just +1.04% and the small cap index Mothers down -1.83%, including a -17% peak to trough drawdown during the quarter. Emerging Markets lagged developed markets, returning +3.12%. The trade weighted dollar DXY index fell from a high of 93 entering the quarter to 89 in May before recovering to 92 at the end of the quarter, as expectations of an interest rate hike were moved forward.

Inflation was top of mind for investors during the second quarter of 2021. In the US, the Consumer Price Index grew at its fastest pace since 2008 as worldwide supply constraints combined with weak base effects to produce higher prices. However, given most of the increase in consumer prices were driven by items such as used cars and hotel rooms that were severely depressed in the year prior, at least some of the price increases appear to be transitory. The Federal Reserve has consistently said they will allow inflation to run ahead of their traditional 2% annual target until the economy returns to full employment. After the end of the Board of Governor's June meeting, the 'dot plots' of Governors' projections showed consensus now anticipates two rate rises in 2023, a year earlier than initially projected. The incrementally hawkish projection drove a selloff in risk assets as the 10-year Treasury bond yield initially rose, but it has since receded after dovish comments from Federal Reserve officials following the June meeting. Inflation has not been limited to the US with Chinese consumer and producer prices accelerating in June and similar data in Europe as the world experiences a sharp acceleration in aggregate demand while supply chains remain constrained as countries slowly emerge from Covid-19 restrictions. These inflation fears have driven yields higher in Europe with German 10-year bunds rising from -30bps to -19bps and the French 10-year bond entering positive territory, climbing 20bps to +15bps.

The emergence of new COVID-19 variants has called into question the recovery in countries like India which experienced a tragic second surge of COVID-19 and has driven rising case counts even in countries with high rates of vaccination, most notably, the United Kingdom and Israel. After a slow start, both Europe and Japan accelerated their vaccination drives and this has shown through in the economic data with Germany's June manufacturing PMI beating consensus and accelerating from 64.4 to 64.9 in June. In China, officials have followed through on their hawkish policy pronouncements, tightening credit and moderating fiscal policy. As a result, industrial output decelerated in June from 9.8% to 8.8% alongside a deceleration in loan growth. It remains to be seen if the recovery in the developed economies will be enough to offset the contractionary effects of a slowing China and further drive the cyclical trade higher.

The global semiconductor chip shortage shows no signs of abating in the near term as production lead times continuing to get longer while new capacity it is still a year away from coming on-line. The chip shortage continues to have knock-on effects on the production of industrial and consumer goods, contributing to the global supply chain crunch holding back production and contributing to inflationary pressures.

Commentary

Market and Portfolio Review (continued)

In metals and commodities, years of underinvestment and a surge in demand as the economy recovers from the economic shocks of 2020 have driven price rallies in copper, iron ore, crude, and other key industrial inputs. However, towards the end of the quarter we saw prices of some commodities began to retrench as the durability of an economic boom comes into question and as China sells some of its commodity stockpiles into the market in an effort to quell inflation. We are monitoring the global macroeconomic situation, but we remain focused on finding individual companies undergoing an improvement in their underlying fundamentals that we believe will be sustainable over the medium term.

Industrials, communication services, and consumer staples drove our underperformance versus the benchmark in the second quarter. Consumer discretionary, healthcare, and information technology were our best performing sector in the period. Top performing names in the quarter came from information technology, including Lasertec, which outperformed due to the increase in capital expenditures by the largest chip manufacturers, including Taiwan Semiconductor and Samsung, and Megaport, which sells software that helps enterprises quickly and efficiently access cloud services from multiple providers at once. On a geographic basis, our biggest detractors to performance were Taiwan, the UK, Australia, and Indonesia, while the biggest contributors were Japan, Sweden, Spain, and Canada.

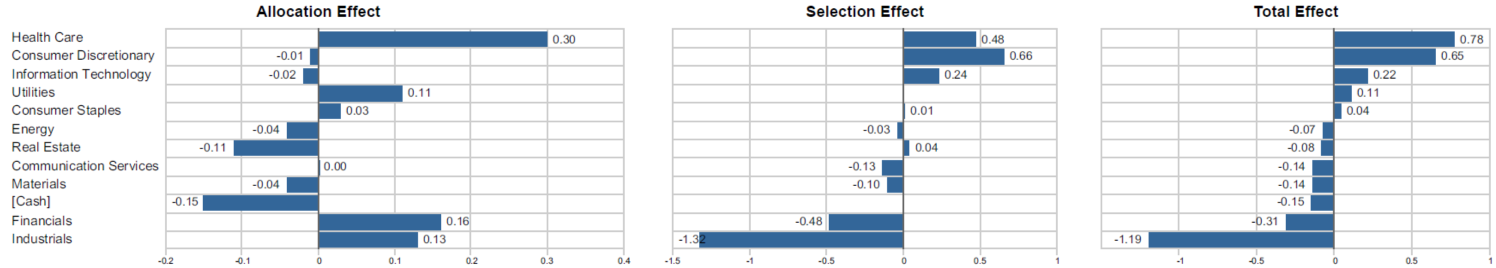
The biggest detractor in the period was Grace Technology, a Japanese producer of specialized instruction manuals for industrial customers. Grace Technology was negatively affected by the Covid lockdowns in Japan, which caused some of its customers to defer new product launches while also asking for more discounts on new manuals; further, the founder and Chairman of Grace, died suddenly which also damaged the market sentiment around the stock. JTower was another notable detractor as their rollout of mobile infrastructure towers in rural Japan was delayed by Covid-19 lockdowns; however, we have a high degree of confidence in their competitive position and growth prospects over the longer term. Finally, Appen, an Australian provider of AI-related annotation services underperformed during the quarter after the company flagged uncertainty on the timing of new projects coming from their largest customers; we are also concerned that the company's competitive position is eroding and that would eventually result in lower profitability over time.

During the quarter, we added the following companies to the portfolio: Vesuvius, ThyssenKrupp, Addlife, and Trican Well Services. Vesuvius, is a UK provider of flow control equipment that is used in steel industry; we believe that Vesuvius will benefit from increased activity levels in the steel industry while also helping their customers in emerging markets transition to more environmentally friendly steel production. ThyssenKrupp, is a German industrial conglomerate that derives 50% of its sales from stainless and carbon steel, which is used in the manufacturing of cars and white goods; we believe that Thyssen will benefit from the cyclical rebound in steel production while also deriving structurally higher profitability as the company restructures its business. Addlife, is a Swedish medical diagnostics and laboratory equipment company; we believe that Addlife will benefit from the cyclical recovery in hospital spending in the post-Covid recovery phase while also being exposed to the secular growth in spending on biomedical research and development. Addlife will also benefit from inorganic growth as it engages in accretive M&A to further consolidate an extremely fragmented industry. Trican Well Services, is a Canadian provider of pressure pumping services to customers engaged in the exploration and production of oil and gas; we believe that Trican will benefit from the cyclical recovery in oil production while it also has structurally higher pricing power as it enjoys a dominant market position in the main energy producing regions in Canada.

Supplemental Information – Performance Attribution – 2Q 2021

	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**	**6.28**	**6.28**	**100.00**	**6.57**	**6.57**	**--**	**-0.29**	**-0.29**	**0.34**	**-0.63**	**-0.29**
Health Care	14.90	14.60	1.94	7.37	10.55	0.75	7.53	4.04	1.19	0.30	0.48	0.78
Consumer Discretionary	13.00	9.31	1.30	12.69	4.61	0.60	0.31	4.70	0.69	-0.01	0.66	0.65
Information Technology	25.46	7.20	1.94	11.50	6.90	0.77	13.95	0.30	1.16	-0.02	0.24	0.22
Utilities	--	--	--	3.34	3.19	0.11	-3.34	-3.19	-0.11	0.11	--	0.11
Consumer Staples	5.00	3.32	0.14	5.68	2.67	0.16	-0.68	0.65	-0.01	0.03	0.01	0.04
Energy	1.45	10.10	0.06	2.43	8.98	0.21	-0.98	1.12	-0.15	-0.04	-0.03	-0.07
Real Estate	2.06	11.22	0.19	10.31	7.97	0.81	-8.25	3.24	-0.62	-0.11	0.04	-0.08
Communication Services	4.07	2.15	0.10	4.18	5.69	0.24	-0.11	-3.53	-0.14	0.00	-0.13	-0.14
Materials	0.42	-12.14	-0.10	11.07	6.66	0.75	-10.64	-18.79	-0.85	-0.04	-0.10	-0.14
[Cash]	0.41	0.80	0.01	--	--	--	0.41	0.80	0.01	-0.15	--	-0.15
Financials	1.79	-10.59	-0.33	10.53	4.84	0.53	-8.74	-15.43	-0.87	0.16	-0.48	-0.31
Industrials	31.43	3.35	1.04	20.90	7.83	1.63	10.53	-4.48	-0.59	0.13	-1.32	-1.19

Attribution Effects



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Supplemental Information Disclosure

The source of the performance attribution is FactSet. Information on the calculation methodologies is available upon request. The performance attribution is an analysis of a representative account's sector or stock performance when compared to the index on a relative basis. The performance attribution is gross of any investment management fees and certain transaction costs, which would reduce actual account performance. Strategy specific fee schedules are available upon request and can be found in CastleArk's Form ADV. If fees are calculated and deducted quarterly, the compounding effect will be to increase their impact by an amount directly related to gross performance.

The attribution information is not a recommendation with respect to any sectors and securities listed. Individual stock top/bottom active contributors represents active contribution to the portfolio when compared to the holdings of the referenced index and my reference positions not held by the portfolio but that are included within the index.

Composite Performance Disclosure Statement

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.