International Small Cap Equity

CASTLEARK

June 30th, 2022

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: $89MM

Firm AUM: $2.8B

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	74	4,417
Weighted Avg Market Cap ($MM)	$3,181	$2,168
Median Market Cap ($MM)	$2,175	$955
Historical Sales Growth	18.9%	8.8%
Historical EPS Growth	32.0%	16.2%
EPS Growth - Long Term Forward	6.8%	11.3%
Return on Equity	18.2%	12.5%
Price to Earnings (Trailing 12M)	15.1	10.1
Price to Earnings (Forward 12M)	11.9	11.2
Price to Book	2.7	1.3
Net Debt to EBITDA	-1.6	3.4
Dividend Yield	1.2%	3.0%
Active Share	97.6%	--

Investment Strategy

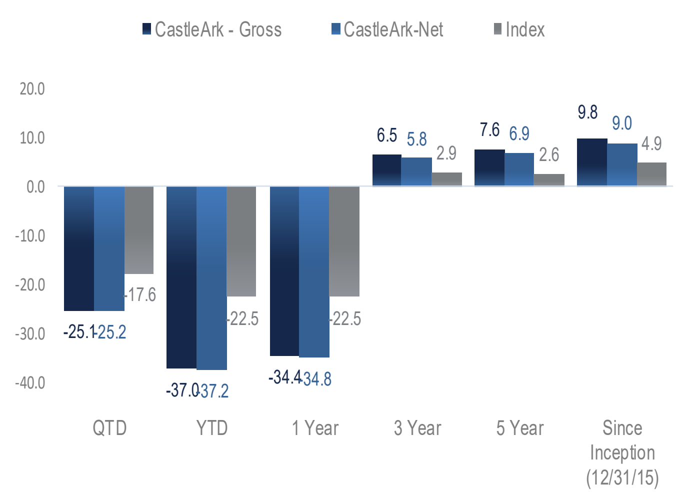
An investment process that emphasizes a company's long-term growth potential over the market's demand for short term results.

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
Whitehaven Coal Limited	2.6%
Trican Well Service Ltd.	2.3%
CAE Inc.	2.3%
OCI NV	2.1%
Varun Beverages Ltd.	2.1%
ATS Automation Tooling Systems Inc.	1.9%
Allkem Limited	1.9%
PT Bank BTPN Syariah Tbk	1.8%
Multichoice Group Ltd	1.8%
Parkland Corporation	1.7%

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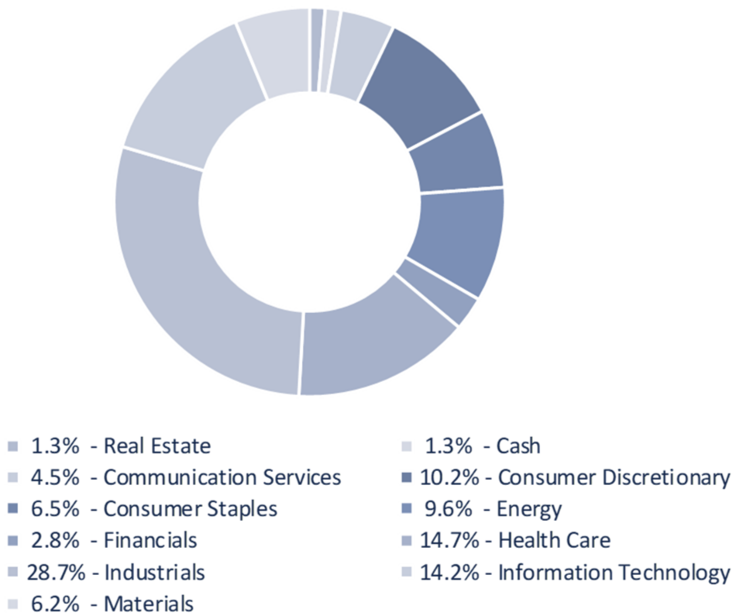
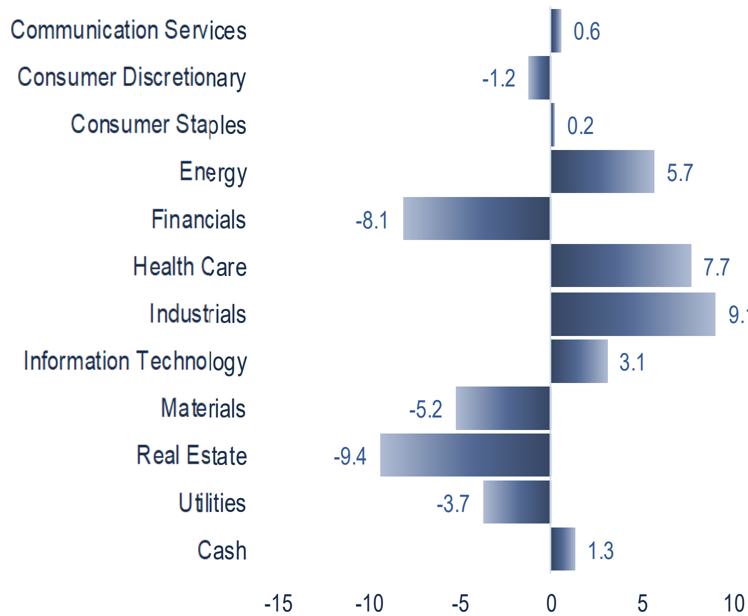
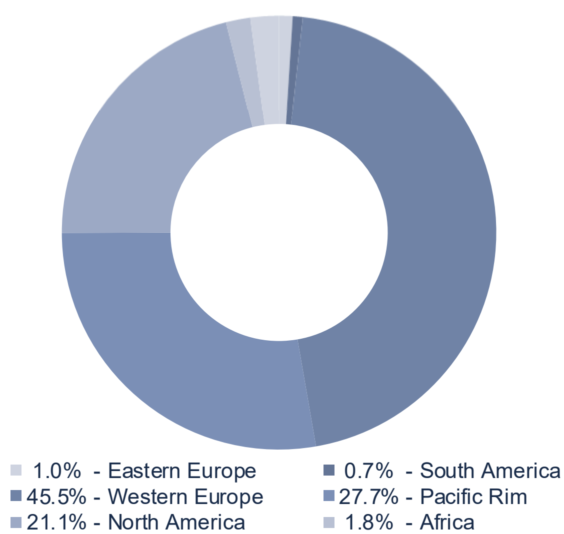
Portfolio Exposure by Sector



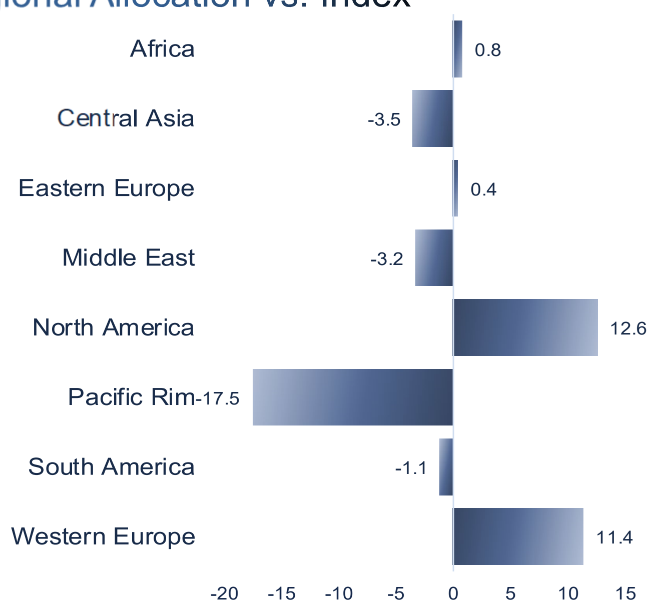
Sector Allocation vs. Index



Portfolio Exposure by Region



Regional Allocation vs. Index



Portfolio Exposure by Country

	CastleArk	Index		CastleArk	Index		CastleArk	Index
Canada	21.12%	7.39%	**India**	2.11%	5.56%	**Italy**	1.21%	1.93%
Japan	17.26%	20.26%	**Germany**	1.98%	3.08%	**Finland**	1.19%	1.02%
United Kingdom	14.97%	11.10%	**Denmark**	1.90%	1.24%	**Switzerland**	1.05%	3.14%
Sweden	13.88%	3.57%	**Indonesia**	1.83%	0.68%	**Turkey**	1.01%	0.28%
Australia	7.22%	6.56%	**South Africa**	1.81%	1.04%	**Brazil**	0.74%	1.59%
Netherlands	4.93%	1.39%	**Taiwan**	1.38%	5.41%	**Austria**	0.00%	0.64%
Belgium	3.15%	1.00%	**Spain**	1.27%	1.27%	**Other**	0.00%	21.19%

Commentary

Performance Update

The CastleArk International Small Cap Equity strategy underperformed the MSCI ACWI ex USA Small Cap Index during the second quarter of 2022, losing -25.10% (gross of fees) and -25.22 (net) versus -17.55% for the index.

On a Year-to-Date basis, the CastleArk International Small Cap Equity composite has underperformed the MSCI ACWI ex USA Small Cap Index, losing -37.03% (gross) and -37.24% (net) versus -22.92% for the index.

Market and Portfolio Review

The MSCI ACWI ex USA Small Cap Index's -17.55% Q2 decline reflected outperformance in Energy (-7.3%), Utilities (-9.0%) and Consumer Staples (-11.0%), while Materials (-23.1%), Information Technology (-22.4%) and Communication Services (-20.1%) were the largest detractors of performance. The S&P 500 Index declined -16.4% during the second quarter, underperforming the broader MSCI World ex USA index which declined -14.6%, and the MSCI Emerging Markets Index, which declined -12.4%.

The biggest regional detractors in Q2 within the MSCI ACWI ex USA Small Cap Index were emerging Latin America (consisting of Brazil, Chile, Colombia and Peru, which declined an aggregate of -28.5%) and developed Western Europe (an -20.6% decline), while the principal outperformers consisted of emerging Eastern Europe (-7.3%; consists of the Czech Republic, Hungary, Poland and Turkey) and developed Asia-Pacific (-14.8%; comprised of Australia, Hong Kong, Japan, New Zealand, Singapore and South Korea).

An uncertain global macroeconomic backdrop continued to weigh on asset prices during the second quarter, though some green shoots began to materialize as the quarter neared its end.

Key headwinds during the quarter included inflation rates in the US and the Eurozone that remained stubbornly ahead of policy-maker targets (typically 2% annualized rates), with headline CPI figures in both April and May remaining at multi-decade highs above 8% on an annualized basis in both geographies, though equivalent figures in Asia were more subdued, at 2.5% in Japan in both April and May, and 2.1% in China for both months. In response, US and Eurozone central banks have continued to raise rates (with an eye on slowing economic activity in order to lower inflation), with the US Fed raising the Federal Funds Rate twice in Q2 (50 bps in May and 75 bps in June, with the rate ending at 1.75%), and the European Central Bank (ECB) announcing its first rate hike in 11 years in June, which will result in the ECB main policy interest rate rising by 25bps from -0.5% to -0.25% when it comes into effect in July. This combination of higher inflation and rising interest rates challenges asset prices in two ways – first, higher inflation reflects growth in wages, material costs and other inputs, resulting in higher costs and ultimately lower profitability for businesses, and second, a rising interest rate environment devalues future earnings, which must be discounted at higher rates, with both factors tending to weigh on equity values. Given inflation is expected to remain high for at least the next few quarters, policymakers are positioned to continue raising interest rates, resulting in a sustained source of pressure on asset prices.

Adding to these headwinds, investors and economists increasingly expect key global economies to fall into a recession over the next year, with the latter group's expectation captured by the Bloomberg US Recession Probability Forecast One-Year Index, which has risen from a 20% probability (of a recession occurring in the next year) in Q1 to 33% as of the end of Q2. The Eurozone-facing version of the index also rose from 25% to 45% during the same period, as did the China version, rising to 20% in Q2 from 10% in Q1. These expectations have served to moderate revenue growth expectations among investors, providing another source of pressure on global equity values.

Lastly, international asset prices have been further pressured by significant US Dollar (USD) appreciation that has accompanied Fed rate increases, which has served to devalue non-dollar denominated assets. With the rise of the USD during Q2, many key global currencies have declined in value versus the dollar, with the Euro declining 5% in value during the quarter, the Pound declining by 7%, the Yen declining by 10%,

Commentary

Market and Portfolio Review (continued)

and the Renminbi declining by 5%. Assets denominated in these currencies thus saw their values decline in USD terms over the course of the quarter.

While the factors outlined above are likely to continue weighing on asset prices for several quarters, we believe they will be at least partially offset by emerging economic green shoots, including the lifting of widespread lockdowns in China in early June, which has paved the way for a rebound in economic activity in the world's second-largest economy. Indeed, we have already seen early signs of improvement in the form of composite PMI figures, which measure the strength of economic growth trends among manufacturers and providers of services, in June returning to expansion territory (>50), up from prior-month figures in the high-40s (PMI figures above 50 signal economic expansions are taking place, whereas figures below 50 signal contractions). The reopening of the Chinese economy has also allowed the Chinese shipping and manufacturing industries to gradually retreat from impaired levels of productivity, resulting in early evidence that supply chains are beginning to ease thanks to improving product and shipping availability. Global automotive executives, for example, have highlighted declining wait times for key semiconductors needed for vehicle manufacturing, paving the way for easing vehicle shortages which have served as a key headwind limiting industry growth. These improved supply chain dynamics, we expect, should help to ease rates of inflation. Lastly, while global commodity prices remained elevated during the quarter, key commodities such as natural gas and copper ended Q2 at lower prices versus Q1, with these price declines also serving to ease inflationary pressures, albeit largely in response to recessionary fears.

Industrials, information technology, and consumer discretionary were the largest detractors to performance during the quarter while energy and materials contributed positively. Top performing names in the quarter were Whitehaven Coal, Varun Beverages, and OCI while the biggest detractors were Converge Technology Solutions, Salzgitter, and QT Group. From a geographic perspective, Australia and India were the strongest positive contributors while Sweden, Japan, and the UK were the largest detractors.

The biggest detractor in the quarter was Converge Technology Solutions, a Canadian technology re-seller, which saw temporary margin degradation due to weak product mix. Salzgitter, a German steel company, was another notable detractor and was impacted by market concerns surrounding a recession despite better than anticipated earnings. Finally, QT Group, a Finnish software company, underperformed due to slower growth as a result of customer disruptions and higher costs as they invested in personnel at the start of the year.

While we expect macroeconomic volatility to persist in the near-term, we will remain focused on identifying companies with sustainable medium-term growth profiles that have not yet been appreciated by the markets.

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Supplemental Disclosures

Composite Performance reflects reinvestment of all income and capital gains and is shown in US dollars and after the deduction of transaction costs. Composite Performance is shown gross and net of actual management fees charged. Actual investment advisory fees incurred by clients may vary. Additional information on the calculation methodologies used herein is available upon request. Indexes are unmanaged, do not incur management fees and cannot be invested in directly. The Composite and index returns are net of any foreign withholding taxes on dividends, interest, and capital gains. The MSCI ACWI ex US Small Cap Index captures small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 23 Emerging Markets (EM) countries*. With 4,273 constituents, the index covers approximately 14% of the global equity opportunity set outside the US.

Past performance is not indicative of future results. Performance during certain periods reflect strong stock market performance that is not typical and may not be repeated.

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Portfolio holdings and sector weightings of individual client accounts may differ from those shown above. This information does not constitute, and should not be construed as investment advice or recommendations with respect to securities or sectors listed. It should not be assumed that investments in these securities or sectors were or will be profitable.

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