

Strategy Facts

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

Inception: June 1, 2007

Index: Russell 2000 Growth

Available Vehicles: Separate Account, Collective Trust

Strategy AUM: \$457M

Firm AUM: \$2.7B

Website: [CastleArk Small Company Growth](#)

Portfolio Characteristics

	CastleArk	Index
# of Securities	107	1,121
Weighted Avg Market Cap (\$MM)	\$4,802	\$2,917
Median Market Cap (\$MM)	\$3,799	\$1,082
Historical Sales Growth	35.0%	23.9%
Historical EPS Growth	24.7%	19.9%
EPS Growth - Long Term Forward	28.7%	18.3%
Return on Equity	2.5%	4.0%
Price to Earnings (Trailing 12M)	25.7	13.7
Price to Earnings (Forward 12M)	20.2	12.6
Price to Book	4.5	3.5
Dividend Yield	0.2%	0.7%
Active Share	80.5%	--

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



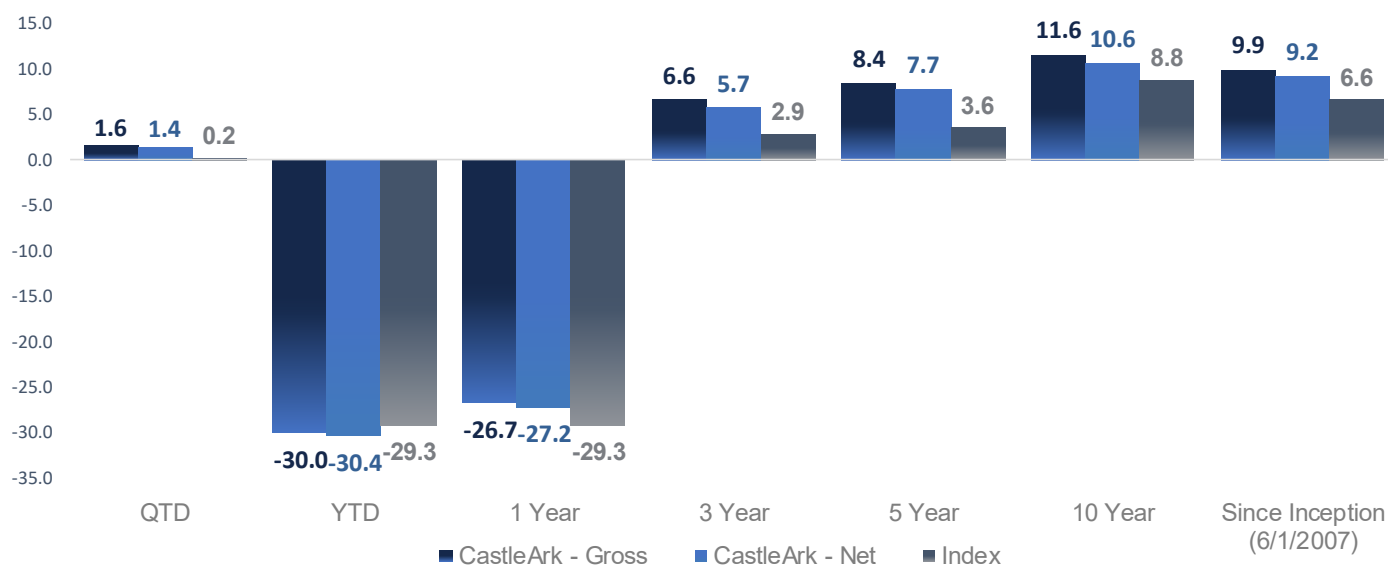
A focus on **actual** fundamental improvements **vs. anticipated improvements** enhance our success rate



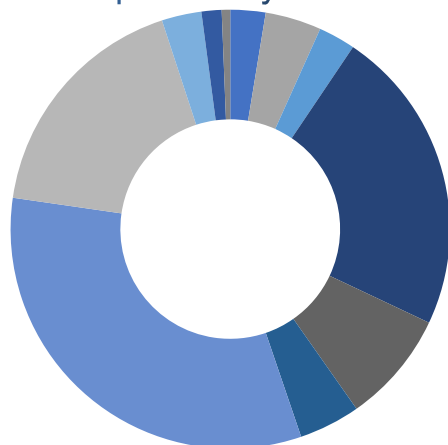
A disciplined analysis focused on the **magnitude and sustainability** of the driver of fundamental improvement

Composite Performance*

(Periods greater than 1-year are annualized)

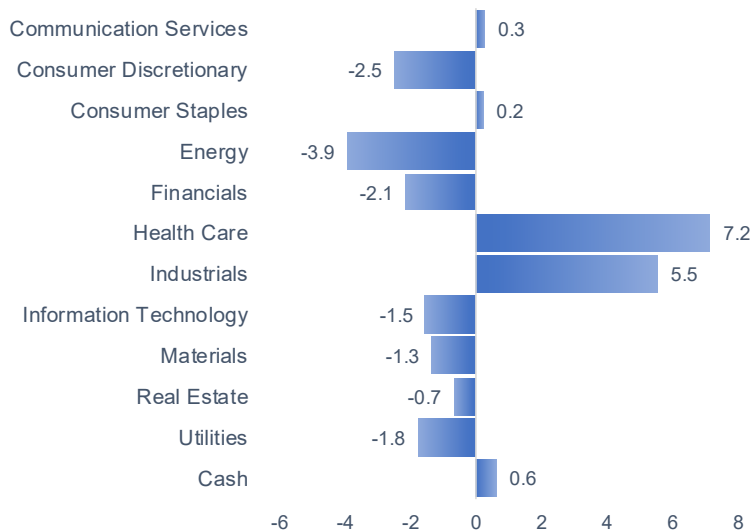


Portfolio Exposure by Sector



2.6% - Energy	4.1% - Financials
2.7% - Communication Services	22.6% - Industrials
8.3% - Consumer Discretionary	4.5% - Consumer Staples
32.5% - Health Care	17.7% - Information Technology
2.9% - Materials	1.5% - Real Estate
0.6% - Cash	

Sector Allocation vs. Index

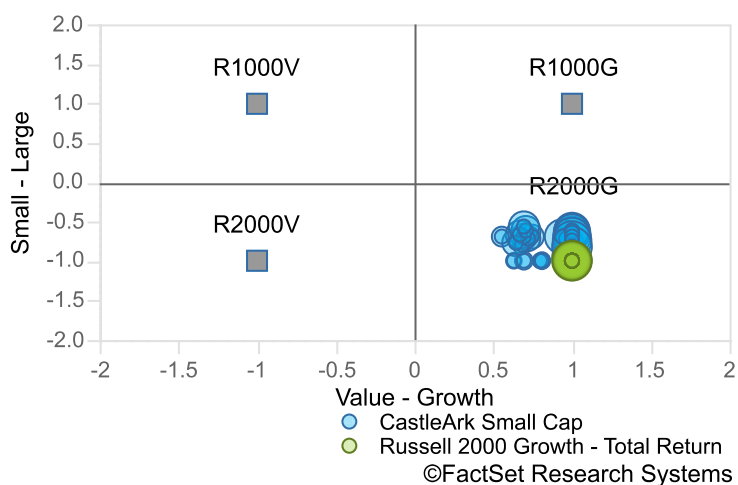


Top 10 Holdings*

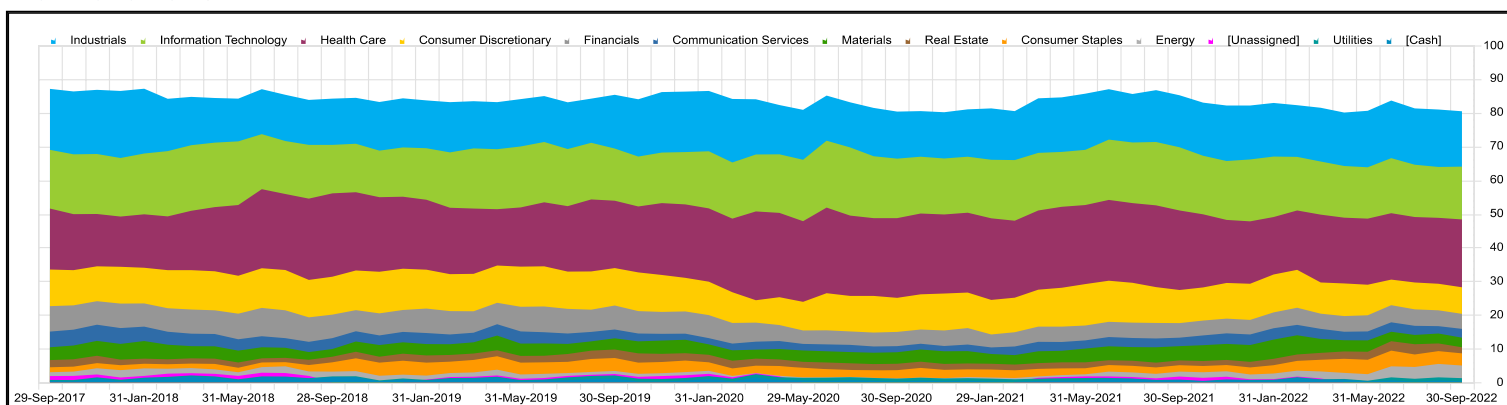
Security	Weight
WillScot Mobile Mini Holdings Corp. Class A	2.22%
Calix, Inc.	2.16%
Option Care Health Inc	2.14%
Acadia Healthcare Company, Inc.	2.04%
Shockwave Medical, Inc.	2.01%
Casella Waste Systems, Inc. Class A	1.71%
Axon Enterprise Inc	1.70%
Axonics, Inc.	1.66%
Halozyme Therapeutics, Inc.	1.63%
Box, Inc. Class A	1.63%

*The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.

Style Drift (Rolling 1 Month Periods)



Active Share



Please see the Supplemental Disclosures which are an integral part of this Fact Sheet.

Commentary

Performance Update

The CastleArk Small Company Growth composite return for the quarter was +1.58% (gross) and +1.41% (net), comparing favorably to the Russell 2000 Growth Index return of +0.24%.

Portfolio Review

Small Cap stocks experienced a very up and down quarter during the third quarter. Peak inflation expectations, optimism of a Fed policy pivot and better than feared 2Q earnings helped to drive the Russell 2000 growth up 20% in the first half of the quarter. The positive momentum was quickly reversed as reported inflation numbers in August were higher than expected and it became evident that inflation was going to be harder to tame than most investors had thought. Fed Chairman Jay Powell's hawkish speech at Jackson Hole eliminated any optimism in a "Fed Pivot" anytime soon, and actually implied higher rates for longer. As a result, recession fears were raised and uncertainty regarding forward earnings expectation increased, leading to a 2nd half decline in the Benchmark of -16.7%. In the end we ended the quarter with the Benchmark right where it started, only with more uncertainty and less conviction in returns going forward.

Our outperformance for the quarter was the result of both positive sector weightings and strong stock selection. Strong stock selection in Technology, Materials, Industrials, and Financials was slightly offset by weak results in Consumer Discretionary, Staples and Health Care. Our overweight in Health Care, the best performing sector was partially offset by our underweight in Energy and Consumer Discretionary.

Market and Portfolio Outlook

As we move towards the end of the year most of the issues that have plagued the markets YTD are still with us. Stubbornly high inflation, a hawkish Fed, lingering supply chain issues, ongoing Covid variants, a sluggish Chinese economy, political tensions with the Chinese, the War in the Ukraine and a Global recession looming all lead to increased Macro uncertainty and higher volatility. The good news is that all these issues are known and at least somewhat discounted in the market today. On a positive note, we are starting see the first signs of slowing inflation. Commodity prices have been declining for months, gas prices are down, oil is down 30% since June, Lumber prices are down 70% since March and retailers are finally starting to discount and put items on sale again. The Russell 2000 is down 25% YTD marking the worst start through 3 quarters since 1980. The previous 12 times the Russell 2000 was down for the first 3 quarters, since 1980, the following year returns averaged 21% and were positive 83% of the time. Given the Macro uncertainties we believe it will be company specific drivers that guide returns next year. That is why we will continue to focus on those companies with improving fundamentals and through our research deem these improvements sustainable. The emphasis on improving fundamentals has led to our overweight positions in Health Care and Industrials and our underweight in Financials, Consumer Discretionary, and Energy.

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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 Russell 2000 Growth Index represents a segment of the Russell 2000 Index that display signs of above average growth. The Russell 2000 Index is an index measuring the performance of approximately 2,000 U.S. small-cap companies. 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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The source of the portfolio characteristics presented in this fact sheet is FactSet and CastleArk and is from a representative account and/or model portfolio. Not every account will have these exact characteristics. The actual characteristics with respect to any particular account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any, and (iii) market exigencies at the time of investment.

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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