

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: \$523M

Firm AUM: \$3.1B

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

Portfolio Characteristics

	CastleArk	Index
# of Securities	109	1,074
Weighted Avg Market Cap (\$MM)	\$5,850	\$3,778
Median Market Cap (\$MM)	\$4,933	\$1,250
Historical Sales Growth	27.8%	36.4%
Historical EPS Growth	36.5%	33.7%
EPS Growth - Long Term Forward	20.8%	18.1%
Return on Equity	7.0%	5.5%
Price to Earnings (Trailing 12M)	28.3	22.4
Price to Earnings (Forward 12M)	25.5	20.1
Price to Book	4.0	4.0
Dividend Yield	0.3%	0.6%
Active Share	83.0%	--

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



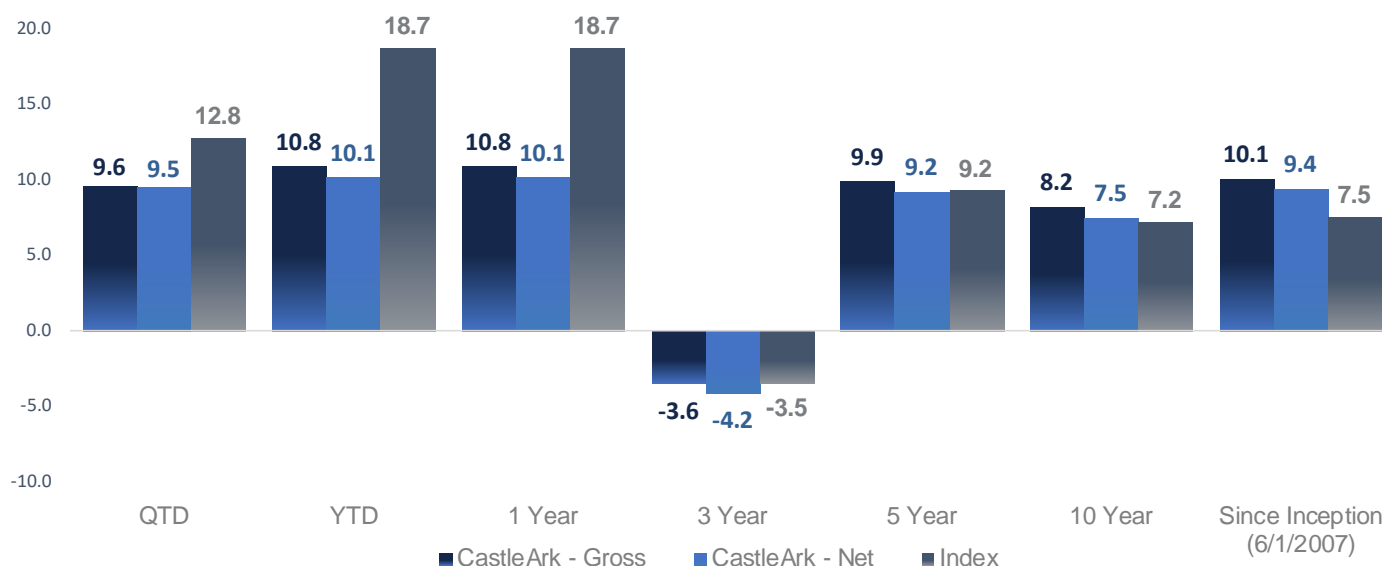
A focus on **actual** fundamental improvements **vs. anticipated improvements** enhance our success rate



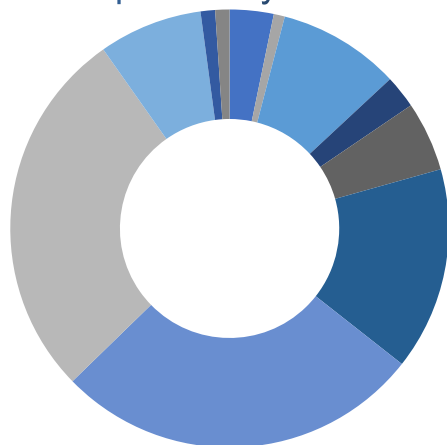
A disciplined analysis focused on the **magnitude and sustainability** of the driver of fundamental improvement

Composite Performance*

(Periods greater than 1-year are annualized)

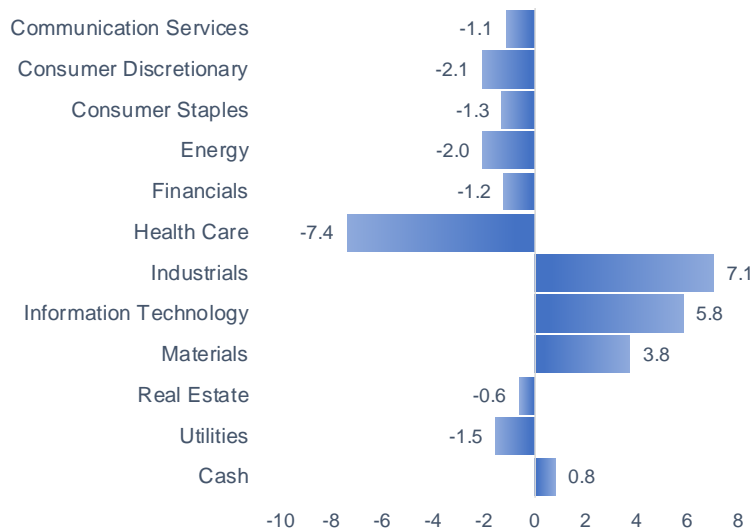


Portfolio Exposure by Sector



3.2% - Consumer Staples	0.8% - Cash
9.0% - Consumer Discretionary	2.4% - Energy
5.1% - Financials	15.0% - Health Care
27.1% - Industrials	27.5% - Information Technology
7.6% - Materials	1.1% - Real Estate
1.1% - Communication Services	

Sector Allocation vs. Index

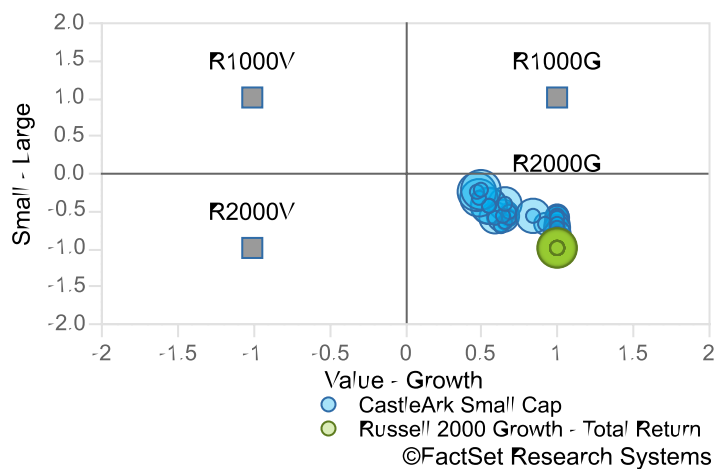


Top 10 Holdings*

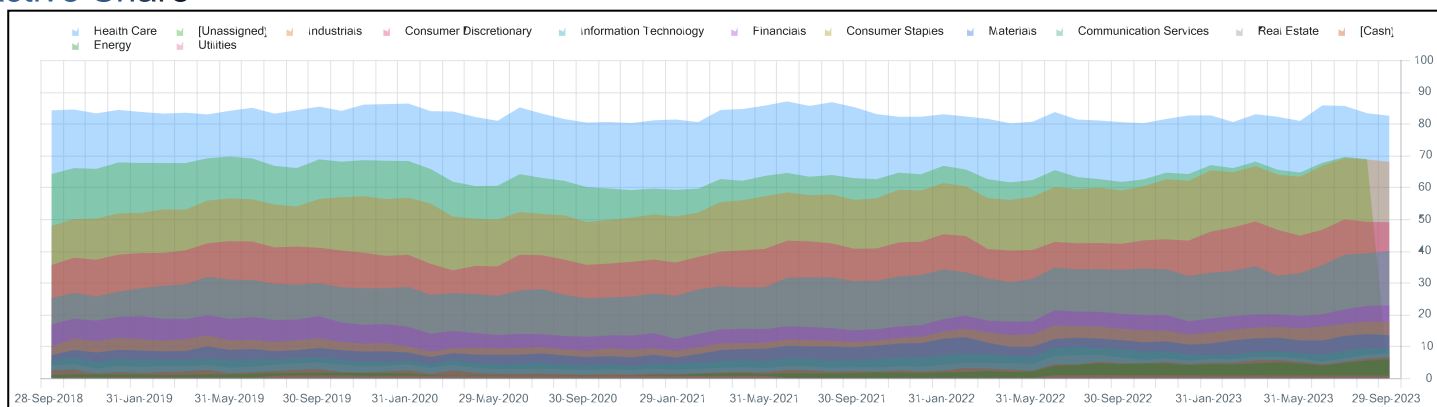
Security	Weight
APi Group Corporation	1.98%
Parsons Corporation	1.65%
Varonis Systems, Inc.	1.61%
Pentair plc	1.57%
Brink's Company	1.56%
Evercore Inc. Class A	1.52%
TechnipFMC plc	1.50%
Saia, Inc.	1.46%
Medpace Holdings, Inc.	1.44%
Celestica Inc.	1.43%

*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 +9.63% (gross) and +9.45% (net), comparing favorably to the Russell 2000 Growth Index** return of +12.75%.

Portfolio Review

Equity markets in Q4 continued the trend we have seen all year, bouncing between recessionary fears and “soft landing” optimism. The quarter started off with a weak October as economic strength and stubborn inflation led to a rapid rise in interest rates and the expectations for rates to continue higher for longer. Sentiment shifted in November as better than expected earnings, continued decent economic data, and favorable inflation trends swung the pendulum back in favor of a “soft landing” scenario. The change in Fed messaging in November and December led to a shift in monetary policy expectations going forward. The dovish pivot by the Fed led to a more than 100 basis point drop in interest rates rekindling animal spirits and the equity markets were off to the races.

Our underperformance for the quarter was the result of weak stock selection. Strong stock selection in Materials and Consumer Discretionary was offset by weak results in Health Care, Financials, Technology and Consumer Staples. Our underweight in Energy, the worst performing sector, was offset slightly by our underweight in Health Care.

Market and Portfolio Outlook

Given continued inflation uncertainty and the cumulative effect of the Fed’s two years of aggressive rate hikes still ahead of us, it seems reasonable to assume that we continue to

experience macro-driven volatility in 2024. The transition to higher borrowing costs for the consumer and businesses along with more limited pricing power for companies as inflation continues to moderate poses a headwind for 2024. Offsetting these headwinds are the benefits accruing from the trend in reshoring, the CHIPS Act, Infrastructure spending and a bounce in Housing. So, while uncertainty and volatility remain high, we see the economy continuing to slow but more biased to a no or moderate/shallow recession scenario. 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 Industrials, Technology, and Materials and our underweight in Health Care, Energy, and Consumer Discretionary.

*The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Net returns have been reduced by performance-based fees, effective January 1, 2011

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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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