

## 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:** \$529M

**Firm AUM:** \$3.6B

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

## Portfolio Characteristics

	CastleArk	Index
# of Securities	108	1,054
Weighted Avg Market Cap (\$MM)	\$7,475	\$5,953
Median Market Cap (\$MM)	\$5,789	\$1,209
Historical Sales Growth	18.9%	26.2%
Historical EPS Growth	23.5%	33.6%
EPS Growth - Long Term Forward	22.0%	17.3%
Return on Equity	6.2%	10.9%
Price to Earnings (Trailing 12M)	27.7	22.4
Price to Earnings (Forward 12M)	23.7	20.5
Price to Book	4.4	3.9
Dividend Yield	0.5%	0.6%
Active Share	81.8%	--

## 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



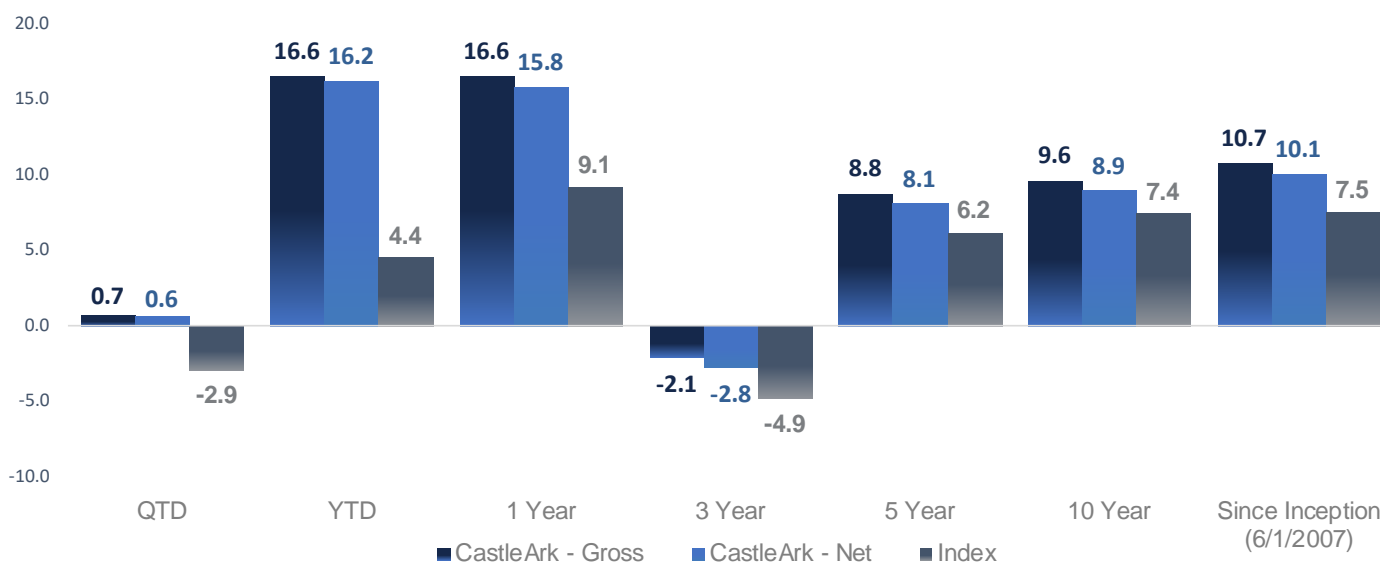
A focus on **actual** fundamental improvements **vs. anticipated improvements** enhance our success rate



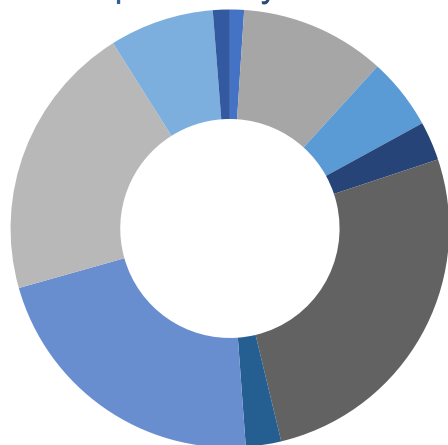
A disciplined analysis focused on the **magnitude and sustainability** of the driver of fundamental improvement

## Composite Performance\*

(Periods greater than 1-year are annualized)

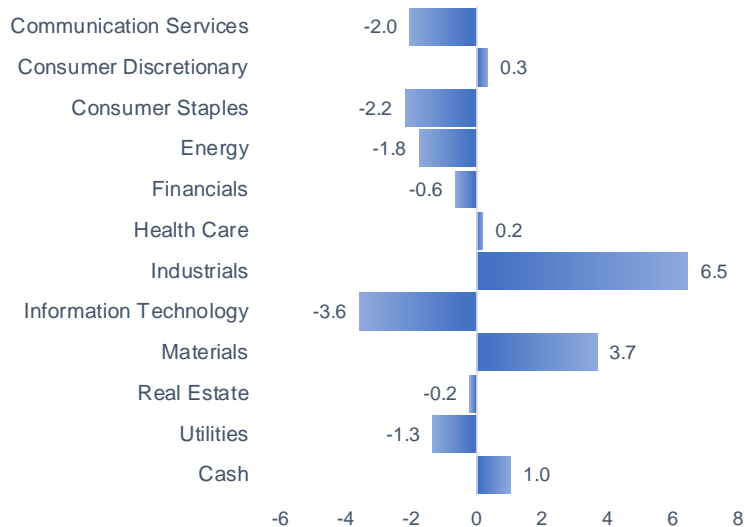


## Portfolio Exposure by Sector



1.0% - Cash	10.7% - Consumer Discretionary
5.3% - Financials	2.9% - Energy
26.3% - Industrials	2.6% - Consumer Staples
21.8% - Health Care	20.4% - Information Technology
7.7% - Materials	1.2% - Real Estate

## Sector Allocation vs. Index



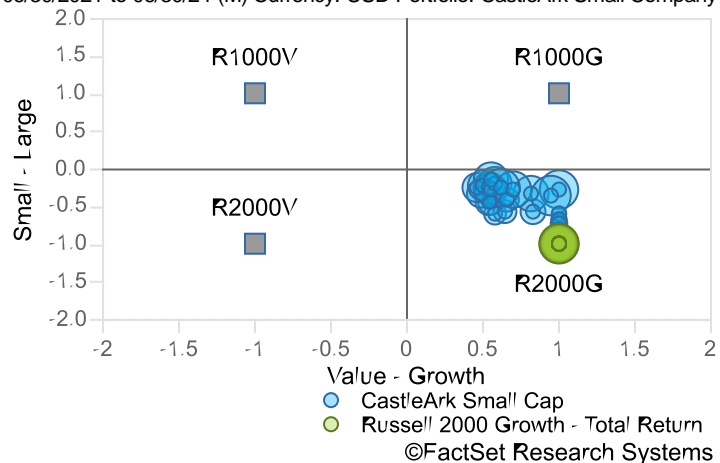
## Top 10 Holdings\*

Security	Weight
FTAI Aviation Ltd.	2.05%
APi Group Corporation	1.81%
TechnipFMC plc	1.70%
Medpace Holdings, Inc.	1.68%
Evercore Inc. Class A	1.61%
ADMA Biologics, Inc.	1.56%
CyberArk Software Ltd.	1.55%
Brink's Company	1.48%
RadNet, Inc.	1.46%
Super Micro Computer, Inc.	1.44%

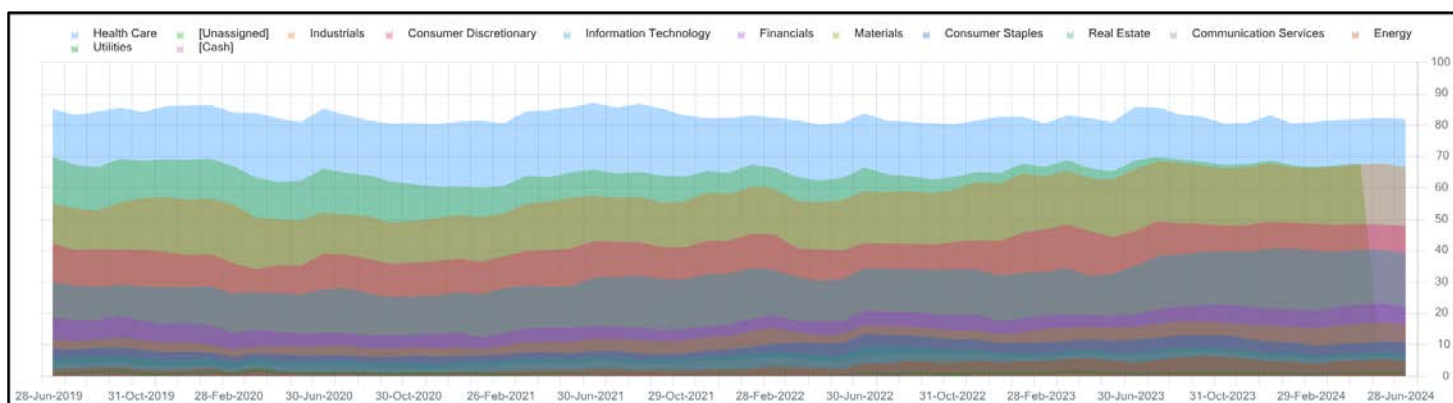
\*The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.

## Style Drift (Rolling 1-year Periods)

**Rolling Style Allocation Chart**  
06/30/2021 to 06/30/24 (M) Currency: USD Portfolio: CastleArk Small Company



## 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 +0.72% (gross) and +0.55% (net), outperforming the Russell 2000 Growth Index\*\* return of -2.92%. Year-to-date, the CastleArk Small Company Growth composite returned +16.55% (gross) and +16.17% (net) outperforming the Russell 2000 Growth Index of +4.44% for the period ending June 30, 2024.

### Portfolio Review

In the second quarter U.S. equity markets continued the same trends we've experienced the whole year. The factors that drove performance in the first quarter were the same leading factors in Q2. Size, quality, and momentum were the dominant themes in the quarter as the spread between the haves (strong earnings) and the have nots (earnings struggles) continued to widen. Markets pulled back in April as inflation came in higher than expected, prompting investors to again push out their expectations for Federal Reserve interest rate cuts. As the quarter progressed economic data started to soften and inflationary pressures began easing allowing the equity markets to gain back much of the April loss.

Our outperformance for the quarter was the result of strong stock selection, offset slightly by our sector weightings. Stock selection was positive in all sectors with the exception of one (Consumer Discretionary) with particular strength in Health Care, Technology, and Industrials. Our underweight in Consumer Staples and Communication Services, the two best performing sectors in the quarter, was a slight offset to our strong stock selection.

### Market and Portfolio Outlook

The U.S. economy continues to be stronger than expected, although weaknesses are starting to show, and activity is slowing. Inflation looks to finally be coming in line with the Federal Reserve's targets, although grudgingly. As we look to the second half of the year, we continue to be constructive yet acknowledge that volatility will increase. The economy is slowing leading to a more difficult earnings backdrop and inflation is easing, but not in a straight line. Throw in the geopolitical situations around the globe and the highly contested U.S. election coming up, it's no wonder investor anxiety is increasing. This type of environment continues to favor companies with strong earnings and cash flows. 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 Industrials, Materials, and Health Care, and our underweight positions in Technology, Consumer Staples, and Communication Services.

\*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

\*\*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. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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## Supplemental Disclosures

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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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