

Strategy Facts

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

Inception: March 31, 2013

Index: Russell 2500 Growth

Available Vehicles: Separate Account, Collective Trust

Strategy AUM: \$67M

Firm AUM: \$3.9B

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

Portfolio Characteristics

	CastleArk	Index
# of Securities	106	1,293
Weighted Avg Market Cap (\$MM)	\$9,036	\$6,689
Median Market Cap (\$MM)	\$6,986	\$1,525
Historical Sales Growth	24.1%	24.5%
Historical EPS Growth	27.2%	25.7%
EPS Growth - Long Term Forward	20.3%	18.3%
Return on Equity	4.8%	7.8%
Price to Earnings (Trailing 12M)	30.8	26.7
Price to Earnings (Forward 12M)	25.8	23.1
Price to Book	4.9	4.9
Dividend Yield	0.4%	0.5%
Active Share	81.4%	--

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



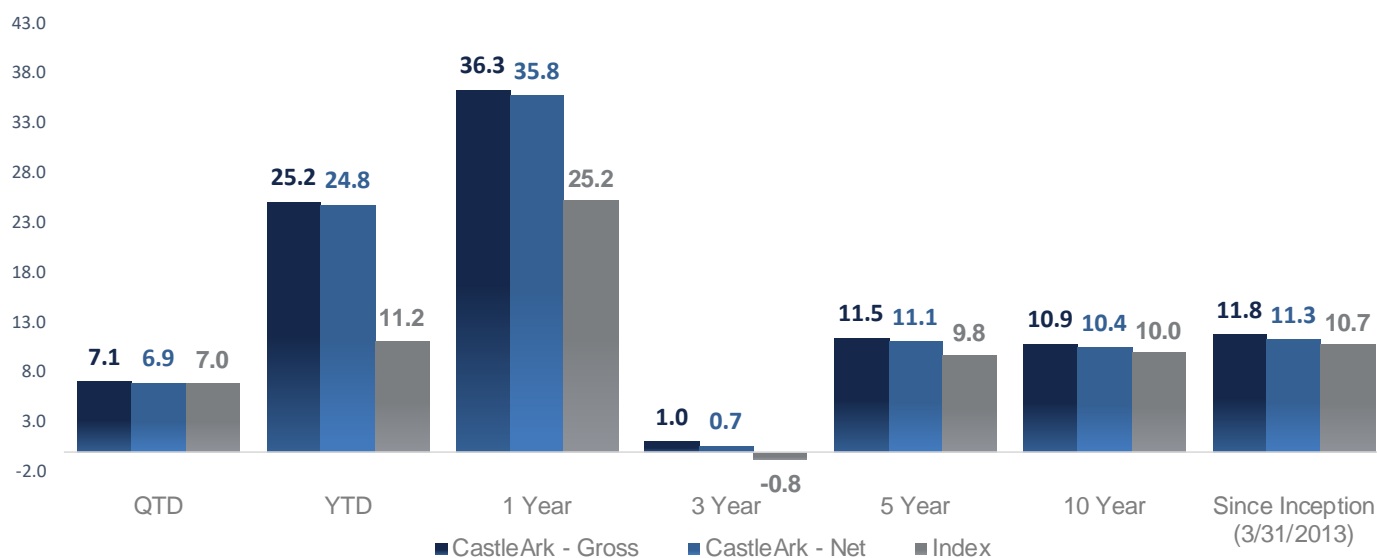
A focus on **actual** fundamental improvements **vs. anticipated improvements** enhance our success rate



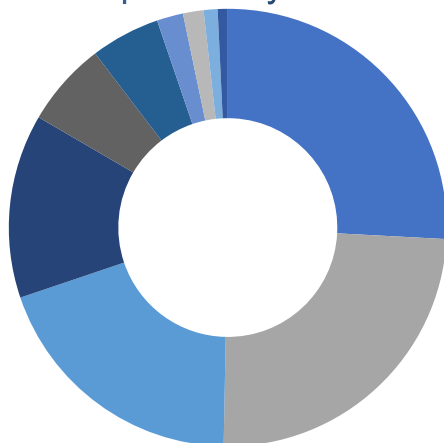
A disciplined analysis focused on the **magnitude and sustainability** of the driver of fundamental improvement

Composite Performance*

(Periods greater than 1-year are annualized)

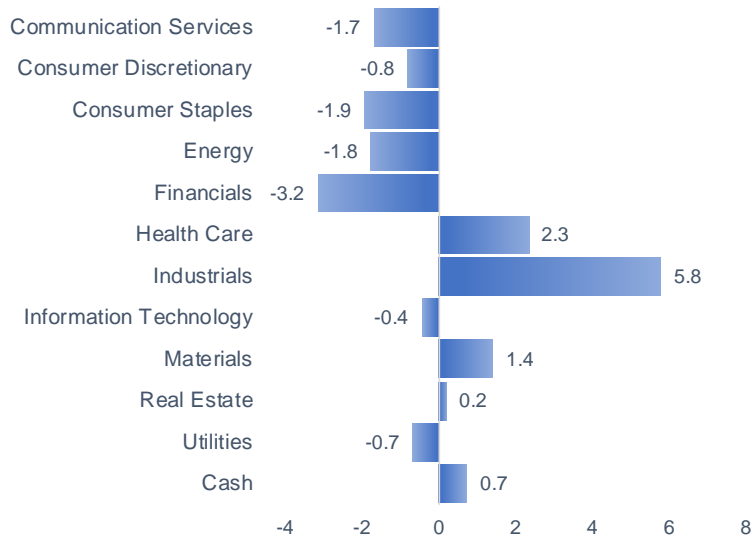


Portfolio Exposure by Sector



25.8% - Industrials	24.5% - Health Care
19.5% - Information Technology	13.6% - Consumer Discretionary
6.2% - Financials	5.1% - Materials
1.9% - Energy	1.5% - Real Estate
1.0% - Consumer Staples	0.7% - Cash

Sector Allocation vs. Index

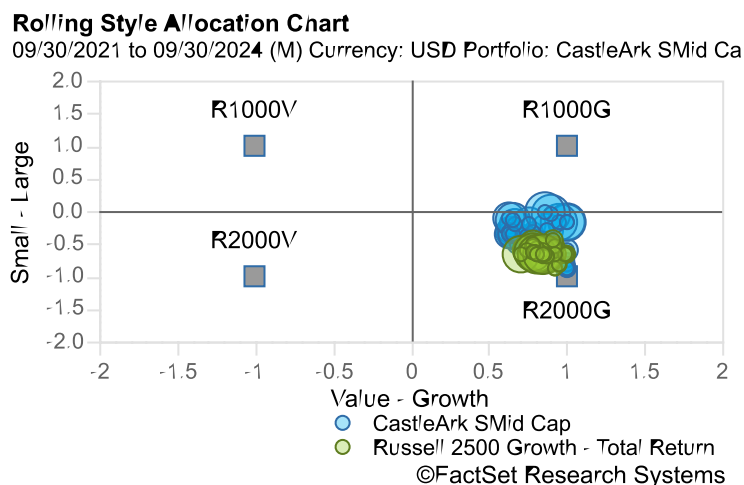


Top 10 Holdings*

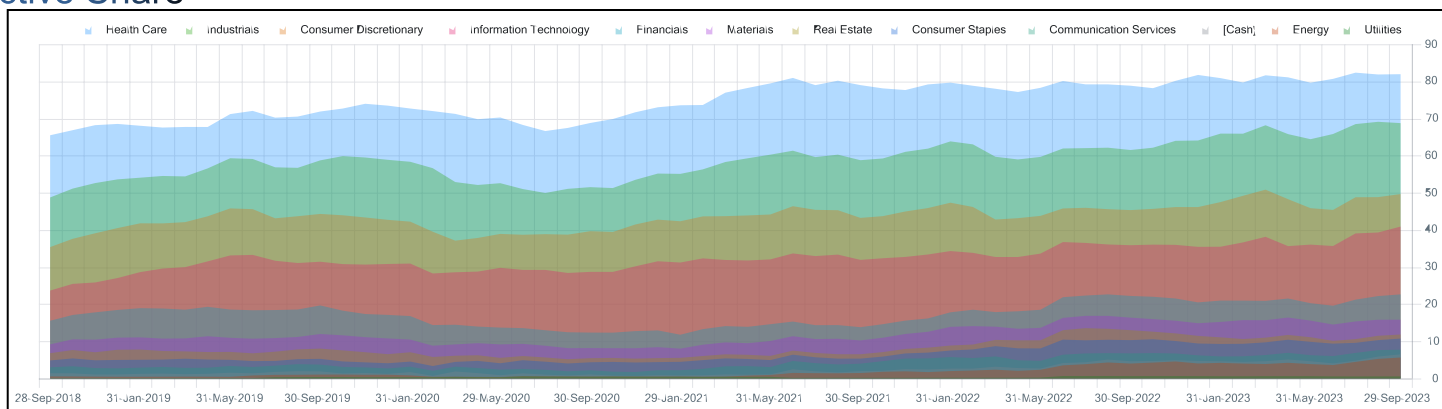
Security	Weight
FTAI Aviation Ltd.	2.42%
ADMA Biologics, Inc.	2.00%
Carpenter Technology Corporation	1.89%
Evercore Inc. Class A	1.81%
Brink's Company	1.70%
Axon Enterprise Inc	1.64%
RadNet, Inc.	1.58%
TechnipFMC plc	1.57%
Glaukos Corp	1.53%
Jones Lang LaSalle Incorporated	1.52%

*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)



Active Share



Commentary

Performance Update

The CastleArk SMID Cap Growth composite* return for the quarter was +7.05% (gross) and +6.40% (net), comparing favorably to the Russell 2500 Growth Index** return of +6.99%. Year-to-date, the CastleArk SMID Cap Growth composite returned +25.16% (gross) and +24.18% (net) outperforming the Russell 2500 Growth Index of +11.20% for the period ending September 30, 2024.

Portfolio Review

Equity markets posted strong returns for the third quarter but not without the usual dose of volatility. For small cap stocks it was all about July. Stronger than expected economic growth and better than expected news on the inflation front pushed small cap stocks up 10.2% in July. As we moved through the quarter the labor market started showing signs of softening and inflation continued to slow allowing the Federal Reserve to cut interest rates by 50bps in September. So, despite some mixed signals in the economic data, increased geopolitical tensions around the globe, and increasing attention on the contentious U.S. Elections, markets were able to post strong returns for the quarter.

Our slight outperformance for the quarter was the result primarily of our sector allocation, offset slightly by stock selection. Weak stock selection in Consumer Discretionary and Financials was partially offset by strong performance in Materials, Technology and Consumer Staples. Our underweight in Consumer Staples and Energy, the two worst performing sectors, was slightly offset by our underweight in Financials.

Market and Portfolio Outlook

While there are plenty of things to be concerned about, we continue to be cautiously optimistic on the markets going forward. The economy remains resilient and the hoped for “soft landing” is looking to be the most likely outcome. While the economy is slowing, it is still growing at a healthy rate, inflation continues to moderate, and employment continues to be strong. In addition, Central Banks around the globe, including the U.S. have begun lowering rates and easing financial conditions. All of this has led to a backdrop for better corporate earnings and constructive outlook for equity markets. 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, Health Care, and Materials, and our underweight positions in Consumer Staples, Financials, Energy, and Communications 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

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