

# SGA U.S. Large Cap Growth Equity



Q3 2022

## Strategy

- **Be selective** in company identification and look for specific characteristics in all portfolio companies: pricing power, repeat revenues, global opportunity, financial strength and management strength
- **Be diligent** in firsthand, team-based research to increase the odds that companies meet our quality and growth expectations, and to identify new investment opportunities
- **Be disciplined** in valuation, managing price risk through the application of valuation tools focused on cash flow

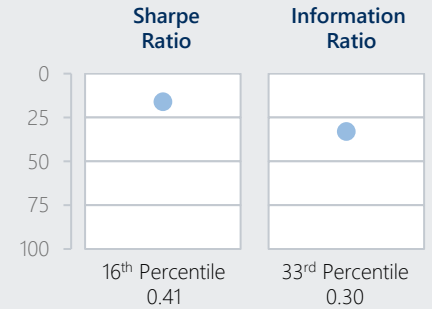
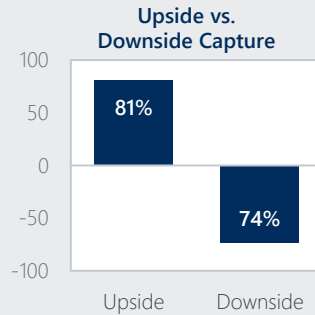
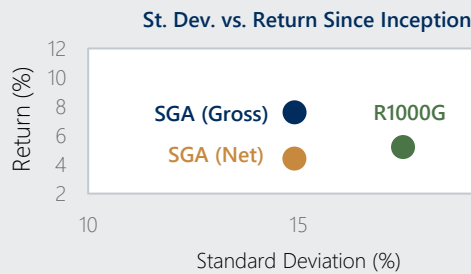
## Portfolio Construction

Style	U.S. LCG
Assets as of 9/30/2022	\$10.5B
Composite Inception	April 1, 2000
Holdings	25 - 30
Position Size	2 - 6%
Maximum Exposure to One Sector	40%
Maximum Exposure to One Industry	25%
Expected Annual Turnover	30 - 40%

## Performance Results

	Q3 2022	YTD 2022	1-Year	3-Year	5-Year	7-Year	10-Year	Since Incep.
SGA U.S. LCG (Gross)	-5.2%	-33.1%	-29.8%	6.0%	10.4%	11.8%	11.9%	7.6%
SGA U.S. LCG (Net)	-5.9%	-34.7%	-31.9%	2.9%	7.1%	8.5%	8.7%	4.4%
Russell 1000 Growth	-3.6%	-30.7%	-22.6%	10.7%	12.2%	13.7%	13.7%	5.2%

## Risk vs. Return



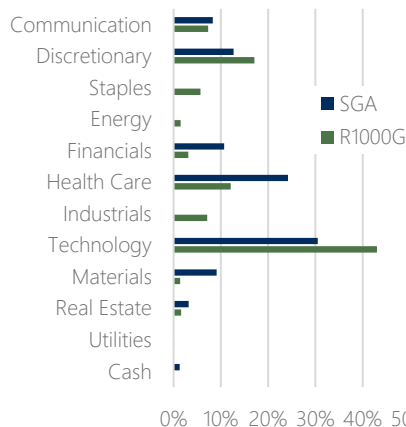
## Geographic Exposures

	Revenue	Domicile
United States	60%	100%
Non-U.S. Developed	25%	0%
Emerging Markets	15%	0%

## Largest Holdings

	Weight	Sector	3-Year Earnings Growth (Est.)	Owned Since
Amazon	6.6%	Consumer Discretionary	40%	2/2014
Microsoft	5.4%	Information Technology	13%	6/2018
Visa	4.9%	Information Technology	21%	9/2008
UnitedHealth	4.8%	Health Care	14%	12/2016
MSCI	4.5%	Financials	19%	11/2020
Danaher	4.2%	Health Care	10%	4/2019
Workday	4.2%	Information Technology	23%	9/2019
Regeneron	4.0%	Health Care	12%	4/2013
Salesforce	3.9%	Information Technology	19%	5/2013
Intuit	3.8%	Information Technology	17%	11/2018

## Sector Allocation



## Portfolio Characteristics

	SGA US LCG	R1000G
No. of Holdings	28	518
% In Top 10 Holdings	46%	46%
Wgt. Avg. Market Cap	\$319B	\$708B
Median Market Cap	\$99B	\$13B
3-Yr. Est. Earnings Growth	17.9%	13.2%
3-Yr. Est. Revenue Growth	10.6%	8.3%

	SGA US LCG	R1000G
Gross Margin	60%	51%
Debt/Equity	112%	192%
Cash/Earnings (C/E) Ratio	94%	78%
Enterprise Yield (EY)	3.9%	3.6%
Turnover (12 Mo)	32%	-
Active Share	77%	-

Source: Bloomberg, FactSet, SGA Earnings and Revenues Estimates and Adjustments. SGA paid a standard fee to eVestment for access to rankings and other services. Peer Rank based on Gross Returns. Data as of 9/30/2022. SGA EPS Growth data based upon portfolio companies' non-GAAP operating earnings. EPS calculations exclude companies with earnings going from (i) positive to negative or (ii) negative to positive, year to year. SGA Enterprise Yield is a proprietary measure of the projected free cash flow truly available to investors as a percentage of market value (CFATS / Market Capitalization). Active share describes the share of portfolio holdings that differ from the benchmark. Gross Margin, Debt/Equity, C/E Ratio, EY calculated as weighted average. Upside and Downside Capture calculated using monthly gross returns vs Russell 1000 Growth Index. Peer Rank data since inception. Universe is eVestment US Large Cap Growth Equity. Peer size is 131. The largest contributors and detractors are determined using a ranking of the absolute contribution to portfolio return by each security held over the period under consideration. SGA weights and characteristics based on a representative account. Nothing herein should be considered investment advice, or a recommendation to purchase or sell. A complete list of all securities held by the strategy in the preceding year can be obtained free of charge by contacting SGA at (203) 348-4742. Trailing and since inception returns are annualized. Results are presented gross and net of management fees and include the reinvestment of all income (including dividends, interest and other earnings). For interest and capital gains, SGA does not withhold taxes. For dividends, SGA will withhold taxes as reported by the client's custodian. Returns are calculated net of withholding taxes on dividends. The Net Returns are calculated based on the deduction of a model fee of 3.00% being the highest applicable fee that may be charged to SGA clients for the U.S. Large Cap Growth WRAP equity strategy. Net Returns do account for custodian and brokerage fees. Actual fees charged to clients may vary depending on, among other things, the applicable fees schedule and portfolio size. SGA's fees are available upon request and may be found in Part 2A of its Form ADV. SGA U.S. Large Cap Growth WRAP composite inception is 4/1/2000. The performance record presented for periods April 1, 2000 to July 1, 2003 occurred before inception of SGA and represents the portable performance record established at another entity. The portable performance record established was by two of SGA's Founders and Investment Committee members, Gordon Marchand and George Fraise while affiliated with a prior firm. George Fraise served as co-Portfolio Manager until January 2020, and Gordon Marchand served as co-Portfolio Manager until June 2022. This information is supplemental & complements the GIPS Report on composite performance found on the back page of this document. It should not be assumed that future results will be reflective of past performance.

Q3 2022 Review

- Optimism over a Fed pivot gave way to pessimism as Fed aggressively raised rates and acknowledged a willingness to incur “some pain” to accomplish price stability
- Growth rallied early in the quarter, but rising interest rates pressured long duration assets in August and September
- Short-term disappointments at Ball Corp and Match detracted from portfolio returns
- Not owning Apple or Tesla negatively impacted relative returns
- High business quality characteristics that SGA companies possess such as high gross margins, high sales stability, and low debt underperformed

Portfolio Purchases

Starbucks

Portfolio Sales

Walt Disney

Absolute Contributors

	Company	CTR
Q3 2022	Netflix	0.60%
	Regeneron	0.44%
	Amazon	0.23%
	Autodesk	0.22%
	Workday	0.15%
3-Year	UnitedHealth	3.63%
	Regeneron	2.76%
	Microsoft	2.73%
	Amazon	2.11%
	Nike	1.93%

Absolute Detractors

	Company	CTR
Q3 2022	Ball Corporation	-0.96%
	Match	-0.66%
	Salesforce	-0.50%
	IQVIA	-0.49%
	Microsoft	-0.48%
3-Year	RingCentral	-1.46%
	Netflix	-1.43%
	FleetCor	-1.35%
	Ball Corporation	-1.21%
	Walt Disney	-1.20%

Period	Total Return					3 Year Standard Deviation					Total Assets in Composite at Period End (USD millions)	Total Firm Assets at Period End (USD millions)	WRAP Accounts % of Composite Assets
	Before Fees**	After Fees	Russell 1000 Growth Index	S&P 500 Index	Number of Portfolios	Composite Dispersion	SGA Composite	Russell 1000 Growth Index	S&P 500 Index				
April 1 - Dec. 31, 2000	3.27%	0.98%	-27.58%	-11.14%	25	-					394	-	0%
2001	-5.17%	-7.99%	-20.42%	-11.89%	25	0.7%					305	-	0%
2002	-14.71%	-17.27%	-27.88%	-22.10%	26	2.0%					558	-	0%
2003	20.32%	16.81%	29.75%	28.68%	Five or Fewer	N/A	14.17%	22.66%	18.07%		747	777	0%
2004	9.96%	6.73%	6.30%	10.88%	6	N/A	12.08%	15.45%	14.86%		1,408	1,460	0%
2005	3.42%	0.36%	5.26%	4.91%	13	0.1%	9.04%	9.53%	9.04%		2,661	2,711	0%
2006	2.70%	-0.34%	9.07%	15.79%	15	0.1%	8.19%	8.31%	6.82%		3,467	3,512	0%
2007	4.88%	1.79%	11.81%	5.49%	17	0.2%	8.48%	8.54%	7.68%		2,883	2,920	0%
2008	-34.29%	-36.31%	-38.44%	-37.00%	16	0.3%	14.51%	16.40%	15.08%		1,324	1,360	0%
2009	46.24%	42.05%	37.21%	26.46%	16	0.4%	18.19%	19.73%	19.63%		1,589	1,711	0%
2010	13.20%	9.88%	16.71%	15.06%	19	0.3%	21.30%	22.11%	21.85%		1,508	1,600	0%
2011	4.85%	1.76%	2.64%	-2.11%	25	0.3%	17.85%	17.76%	18.71%		1,637	2,686	0%
2012	21.09%	17.57%	15.26%	16.00%	41	0.3%	16.06%	15.66%	15.09%		2,819	4,278	0%
2013	27.94%	24.23%	33.48%	32.39%	53	0.4%	11.91%	12.18%	11.94%		4,084	5,611	6%
2014	9.41%	6.20%	13.05%	13.69%	52	0.3%	9.66%	9.59%	8.97%		3,842	5,332	6%
2015	9.38%	6.16%	5.67%	1.38%	53	0.3%	11.42%	10.70%	10.47%		4,296	5,318	6%
2016	1.81%	-1.20%	7.08%	11.96%	48	0.2%	12.24%	11.15%	10.59%		4,181	5,672	5%
2017	26.51%	22.84%	30.21%	21.83%	51	0.4%	11.46%	10.54%	9.92%		6,058	9,971	4%
2018	4.69%	1.60%	-1.51%	-4.38%	43	0.2%	11.28%	12.13%	10.80%		4,944	9,096	4%
2019	34.57%	30.68%	36.39%	31.49%	42	0.8%	11.37%	13.07%	11.93%		6,453	12,347	4%
2020	36.98%	33.03%	38.49%	18.40%	41	0.3%	17.50%	19.64%	18.53%		9,318	18,780	4%
2021	20.34%	16.83%	27.60%	28.71%	43	0.2%	17.01%	18.17%	17.17%		11,403	22,899	3%
Since Inception (April 1, 2000)	9.90%	6.67%	7.19%	7.51%			14.22%*	16.95%*	14.92%*				

N/A- Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

\* Since Inception Annualized Standard Deviation. SGA Composite Standard Deviation based on Gross Returns.

\*\* Pure gross returns for periods 2013-2021. Before fees returns for certain wrap and other bundled fee accounts have not been reduced by transaction costs, and composite gross returns are presented as supplemental information.

Sustainable Growth Advisers, LP (“SGA”) was formed in 2003 and is a registered investment advisor under the Investment Advisers Act of 1940. SGA manages portfolios of publicly traded equity assets according to its “Large Cap Growth Equity” investment approach for pooled funds, institutions, trusts and private accounts. SGA is an operationally independent investment management firm and an affiliate of Virtus Investment Partners. The SGA US Large Cap Growth WRAP Composite was created in July 2018. The firm maintains a complete list and description of all composites, which is available upon request.

Sustainable Growth Advisers, LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sustainable Growth Advisers, LP has been independently verified for the periods July 1, 2003 - December 31, 2021.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm’s policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The SGA US Large Cap Growth WRAP composite has had a performance examination for the periods July 1, 2003 - December 31, 2021. The verification and performance examination reports are available upon request.

Performance presented prior to July 1, 2003 occurred prior to the inception of the firm and the portability track record was examined by Ashland Partners & Company, LLP.

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SGA US Large Cap Growth WRAP Composite contains fee-paying large cap growth equity portfolios under full discretionary management of the firm. Except as described above with respect to portability, no alteration of the composite as presented here has occurred because of changes in firm personnel. For comparison purposes the composite is measured against the S&P 500 and Russell 1000 Growth indices.

Prior to January 2013, the composite included non-wrap accounts only. Sub-advisory wrap fee portfolios entered the composite beginning January 2013. Each sub-advisory relationship is included in the composite as one account.

The composite calculation has been appropriately weighted for the size of each portfolio on a time-weighted, total return basis. Monthly portfolio returns have been used in the construction of the composite. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm.

The U.S. Dollar is the currency used to express performance. Results are presented gross and net of management fees and include the reinvestment of all income. Gross returns for certain wrap and other bundled fee accounts have not been reduced by transaction costs. Composite gross returns for the periods that include wrap accounts are presented as supplemental information to the net returns. Bundled fees include management, transaction, custody and other administrative fees. Wrap fees include management, transaction, custody and other administrative fees. The Net Returns are calculated based upon the highest published fees. The net performance has been calculated by reducing the gross performance by the amount of the highest published wrap fee that may be charged to SGA clients, 3.00%, employing the U.S. Large Cap Growth WRAP strategy during the period under consideration. Actual fees charged to clients may vary depending on, among other things, the applicable fees schedule and portfolio size. SGA’s fees are available upon request and also may be found in Part 2A of its Form ADV. For interest and capital gains, SGA does not withhold taxes. However, for dividends SGA will withhold taxes as reported by the client’s custodian. Returns are calculated net of withholding taxes on dividends. The annual dispersion presented is an asset-weighted standard deviation calculated using gross returns for the accounts in the composite the entire year. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. **Past performance is not indicative of future results.**

The standard wrap fee schedule in effect is 3.00% on total assets. Actual investment advisory fees incurred by clients used in the composite may vary from the standard fee schedule.

**Risks: Equity Securities:** The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small or medium-sized companies may enhance that risk. **Limited Number of Investments:** Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a portfolio with a greater number of securities. **Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be short- or long-term. Local, regional, or global events such as war (e.g., Russia’s invasion of Ukraine), acts of terrorism, the spread of infectious illness (e.g., COVID-19 pandemic) or other public health issues, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio’s manager(s) to invest the portfolio’s assets as intended.