

# SGA U.S. Large Cap Growth Equity



Q2 2023

## Strategy

- **Be selective** in company identification and look for specific characteristics in all portfolio companies: pricing power, repeat revenues, growth 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

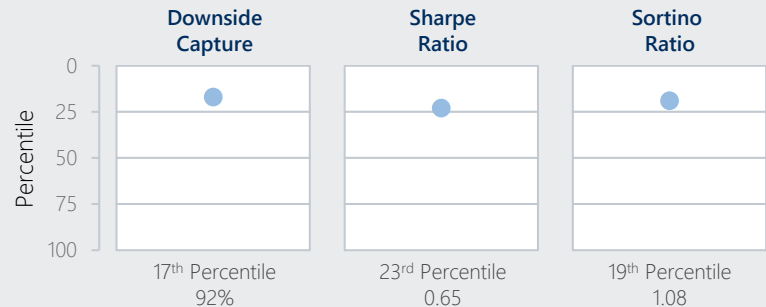
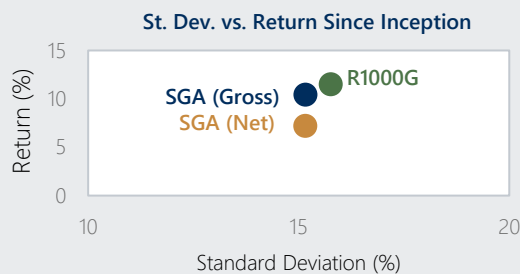
## Portfolio Construction

Style	U.S. LCG
Assets as of 6/30/2023	\$14.2B
Composite Inception	July 1, 2003
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

	Q2 2023	YTD 2023	1-Year	3-Year	5-Year	10-Year	15-Year	Since Incep.*
SGA U.S. LCG (Gross)	8.2%	18.9%	19.7%	7.4%	12.7%	13.6%	12.6%	10.4%
SGA U.S. LCG (Net)	7.5%	17.2%	16.2%	4.2%	9.4%	10.3%	9.3%	7.2%
Russell 1000 Growth	12.8%	29.0%	27.1%	13.7%	15.1%	15.7%	12.9%	11.5%
S&P 500	8.7%	16.9%	19.6%	14.6%	12.3%	12.9%	10.9%	10.0%

## Risk vs. Return



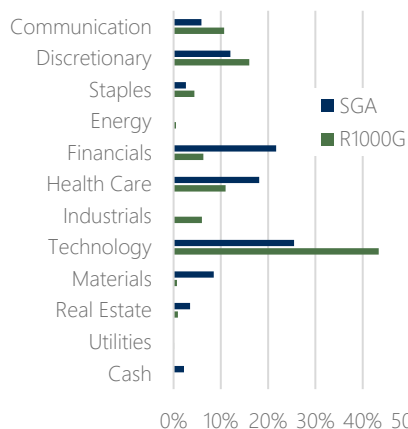
## Geographic Exposures

	Revenue	Domicile
United States	61%	96%
Non-U.S. Developed	24%	4%
Emerging Markets	15%	0%

## Largest Holdings

	Weight	Sector	3-Year Earnings Growth (Est.)	Owned Since
Microsoft	5.9%	Information Technology	13%	6/2018
Amazon	5.6%	Consumer Discretionary	40%	2/2014
Visa	5.2%	Financials	18%	9/2008
Aon	4.1%	Financials	11%	11/2022
S&P Global	4.0%	Financials	17%	8/2019
Workday	4.0%	Information Technology	27%	9/2019
UnitedHealth	3.9%	Health Care	14%	12/2016
Ecolab	3.7%	Materials	19%	3/2022
Equinix	3.5%	Real Estate	7%	1/2014
Danaher	3.5%	Health Care	2%	4/2019

## Sector Allocation



## Portfolio Characteristics

	SGA US LCG	R1000G	SGA US LCG	R1000G
No. of Holdings	30	444	Gross Margin	58% / 54%
% In Top 10 Holdings	43%	51%	Net Debt/EBITDA	0.4x / 0.3x
Wgt. Avg. Market Cap	\$419B	\$1053B	Cash/Earnings (C/E) Ratio	92% / 78%
Median Market Cap	\$117B	\$17B	Enterprise Yield (EY)	3.1% / 2.7%
3-Yr. Est. Earnings Growth	17.5%	12.6%	Turnover (12 Mo)	24% / -
3-Yr. Est. Revenue Growth	10.8%	5.8%	Active Share	72% / -

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 6/30/2023. \*SGA U.S. Large Cap Growth WRAP Composite inception revised to 7/1/2003 from 4/1/2000 due to SEC New Marketing Rule change relating to use of predecessor performance record. 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, C/E Ratio, EY calculated as weighted average. Net Debt/EBITDA calculated as weighted average excluding securities +/- 1 standard deviation from the benchmark average and excluding Bank, Insurance, and Investment Banking & Brokerage industries. Peer Rank data is from 4/1/2008 to 3/31/2023. Universe is eVestment US Large Cap Growth Equity, as of 3/31/2023. Peer size is 221. Sortino Ratio uses MAR of 0%. 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 for periods greater than one year. 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 7/1/2003. This information is supplemental and 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.

Q2 2023 Review

- Optimism over a soft landing grew with the banking crisis averted and signs of improving headline inflation
- AI beneficiaries outperformed by a wide margin propelling Technology, Communication Services, and Consumer Discretionary; all other sectors underperformed
- Continued multiple expansion drove the market higher amid modest earnings gains
- Strong performance by largest seven companies in the index accounted for more than half of the portfolio's relative underperformance
- Amazon, Microsoft, and Intuitive contributed most to performance while MSCI, Dollar General, and Regeneron detracted most

Portfolio Purchases

NVIDIA

Portfolio Sales

None

Absolute Contributors

	Company	CTR
Q2 2023	Amazon	1.43%
	Microsoft	1.07%
	Intuitive	0.90%
	Netflix	0.76%
	Alphabet	0.74%
3-Year	Microsoft	2.94%
	UnitedHealth	2.64%
	Alphabet	2.32%
	Intuitive	2.20%
	Yum! Brands	2.11%

Absolute Detractors

	Company	CTR
Q2 2023	MSCI	-0.69%
	Dollar General	-0.52%
	Regeneron	-0.43%
	Thermo Fisher	-0.37%
	Danaher	-0.21%
3-Year	Match	-2.03%
	RingCentral	-1.84%
	Walt Disney	-1.52%
	PayPal	-1.23%
	Illumina	-1.13%

Period	Total Return		Russell 1000 Growth Index		S&P 500 Index		Number of Portfolios	Composite Dispersion	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							SGA Composite	Russell 1000 Growth Index	S&P 500 Index			
July 1 - Dec. 31, 2003	11.16%	9.53%	14.73%	15.14%	10.88%	6	N/A				747	777	0%	
2004	9.96%	6.73%	6.30%	10.88%	4.91%	13	0.1%				1,408	1,460	0%	
2005	3.42%	0.36%	5.26%	4.91%	15.79%	15	0.1%	8.19%	8.31%	6.82%	2,661	2,711	0%	
2006	2.70%	-0.34%	9.07%	15.79%	26.46%	16	0.4%	14.51%	16.40%	15.08%	3,467	3,512	0%	
2007	4.88%	1.79%	11.81%	5.49%	37.21%	17	0.2%	18.19%	19.73%	19.63%	2,883	2,920	0%	
2008	-34.29%	-36.31%	-38.44%	-37.00%	15.06%	16	0.3%	21.30%	22.11%	21.85%	1,324	1,360	0%	
2009	46.24%	42.05%	37.21%	26.46%	13.05%	16	0.4%	9.66%	9.59%	8.97%	1,589	1,711	0%	
2010	13.20%	9.88%	16.71%	15.06%	2.11%	19	0.3%	17.85%	17.76%	18.71%	1,508	1,600	0%	
2011	4.85%	1.76%	2.64%	2.11%	16.00%	25	0.3%	16.06%	15.66%	15.09%	1,637	2,686	0%	
2012	21.09%	17.57%	15.26%	11.96%	32.39%	41	0.3%	12.24%	11.15%	10.59%	2,819	4,278	0%	
2013	27.94%	24.23%	33.48%	32.39%	13.69%	53	0.4%	11.91%	12.18%	11.94%	4,084	5,611	6%	
2014	9.41%	6.20%	13.05%	13.69%	1.38%	52	0.3%	9.66%	9.59%	8.97%	3,842	5,332	6%	
2015	9.38%	6.16%	5.67%	1.38%	11.96%	53	0.3%	11.42%	10.70%	10.47%	4,296	5,318	6%	
2016	1.81%	-1.20%	7.08%	11.96%	21.83%	48	0.2%	12.24%	11.15%	10.59%	4,181	5,672	5%	
2017	26.51%	22.84%	30.21%	21.83%	31.49%	51	0.4%	11.46%	10.54%	9.92%	6,058	9,971	4%	
2018	4.69%	1.60%	-1.51%	-4.38%	18.40%	43	0.2%	11.28%	12.13%	10.80%	4,944	9,096	4%	
2019	34.57%	30.68%	36.39%	31.49%	18.40%	42	0.8%	11.37%	13.07%	11.93%	6,453	12,347	4%	
2020	36.98%	33.03%	38.49%	18.40%	28.71%	41	0.3%	17.50%	19.64%	18.53%	9,318	18,780	4%	
2021	20.34%	16.83%	27.60%	28.71%	7.51%	43	0.2%	17.01%	18.17%	17.17%	11,403	22,899	3%	
Since Inception (July 1, 2003)	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.

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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. 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.

**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, medium, or large-sized companies may enhance that risk.

**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. Local, regional, or global events such as war, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended.

**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.

**Industry/Sector Concentration:** A portfolio that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated portfolio.

**Technology Concentration:** Because the portfolio is presently heavily weighted in the technology sector, it will be impacted by that sector's performance more than a portfolio with broader sector diversification.

**ESG:** The portfolio's consideration of ESG factors could cause the portfolio to perform differently from other portfolios. While the subadviser believes that the integration of ESG factors into the portfolio's investment process has the potential to contribute to performance, ESG factors may not be considered for every investment decision and there is no guarantee that the integration of ESG factors will result in better performance.