SGA Global Growth SMA Overview

Style: Global Growth
Benchmark: MSCI ACWI Index (Net TR)

Investment Objective

To generate long-term capital appreciation by identifying and owning the rare businesses which generate predictable, sustainable earnings and cash flow growth over time with lower variability, across the growth spectrum.

Key Features

Sustainable Growth — Searches for companies that offer strong, predictable, and sustainable growth

Benchmark Unconstrained — A high-conviction, concentrated portfolio that invests based on opportunity, rather than index-relative weights

Valuation Discipline — Manages price risk through application of valuation tools focused on cash flow

Investment Philosophy

SGA strives to generate excellent absolute and relative returns, over time, by using a fundamental, bottom-up process to identify businesses that the firm believes offer predictable, sustainable growth and have the ability to generate meaningful wealth.

Research Process

1 Idea Formation

Analysts present idea for analysis to Investment Committee (IC)

Go/No Go decision

2 Due Diligence

Deep fundamental analysis, 10-year financial projections

Time: Two – six months

3 Qualified Company List (QCL)

Investment concept presented to IC for inclusion on the buy list

Requires approval of three of five Portfolio Management Committee Members

4 Valuation

Relative to other QCL companies, based on cash flows and conviction

5 Client Portfolio

Concentrated 25-35 stock portfolio providing best combination of valuation, quality, and growth

Portfolio Construction

Stock Level

- Extensive, first-hand research
- Selective criteria
- Team vetting
- >110 companies on SGA's Qualified Company List
- Valuation considerations
- Two of three PM approval

Benchmark Consideration

- SGA never owns a neutral conviction stock for diversification or active risk objectives
- Bottom-up process with top-down review

Portfolio

- 25 – 35 holdings
- Conviction based sizing
  - 4 – 6% above-average weight
  - 3 – 4% average weight
  - <3% below-average weight
- 40% maximum sector exposure
- 25% maximum industry exposure
- Focus on source of revenue generation
- 35% - 65% exposure to non-U.S. companies

Investment Professionals

Hrishikesh (HK) Gupta
Portfolio Manager
and Analyst

Kishore Rao
Portfolio Manager
and Analyst

Robert L. Rohn
Co-Founding Principal
Portfolio Manager
and Analyst

About Sustainable Growth Advisers

Founded in 2003, Sustainable Growth Advisers is a growth equity manager focused on high-conviction U.S., global, emerging markets, and international portfolios.

To learn more, please contact us at 800-243-4361, or visit virtus.com.

RISK CONSIDERATIONS

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.
Foreign & Emerging Markets: Investing in foreign securities, especially in emerging markets, subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market 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.
ESG: SGA integrates ESG factors, including ESG risks and opportunities, into its investment process. Investments are made with the objective of maximizing risk-adjusted financial returns to its clients. SGA does not place a premium on social returns, nor does SGA allocate its clients' capital based on thematic or top-down views. The portfolio's consideration of ESG factors could cause the portfolio to perform differently from other portfolios. 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.
Currency Rate: Fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect the value of the portfolio's shares.
Depositary Receipts: Investments in foreign companies through depositary receipts may expose the portfolio to the same risks as direct investments in securities of foreign issuers.

The MSCI ACWI (net) is a market-capitalization-weighted index designed to provide a broad measure of stock performance throughout the world. The MSCI All Country Index includes both developed and emerging markets. The index is calculated on a total return basis with net dividends reinvested. The index is unmanaged, its returns do not reflect any fees, expenses, or sales charges, and is not available for direct investment.

There is no guarantee that the investment objective will be realized or that the strategy will generate a positive or excess return.