

**City of Margate Employees**  
**Mid Cap Growth Manager Search Summary**  
*Performance as of March 31, 2023 and Other Information as of December 31, 2022*

	<b>Congress Mid Cap Growth</b>	<b>DF Dent Mid Cap Growth</b>	<b>Geneva Mid Cap Growth</b>	<b>Kayne Anderson Mid Cap Sus Growth</b>	<b>Russell Midcap Growth</b>				
<b>Sub-Style</b>	<i>Conservative Growth</i>	<i>Traditional Growth</i>	<i>Conservative Growth</i>	<i>Aggressive Growth</i>	<i>Index</i>				
<b>GIMA Status</b>	<i>Focus</i>	<i>Focus</i>	<i>Focus</i>	<i>Focus</i>					
Forecasted P/E (1 Year) vs. Index	19.1 Lower	30.1 Higher	24.0 Higher	24.3 Higher	20.8				
Market Cap (\$M) vs. Index	\$15.8 Billion Lower	\$23.1 Billion Lower	\$28.8 Billion Higher	\$21.3 Billion Lower	\$23.9 Billion				
Decision Making	Bottom-up	Bottom-up	Bottom-up	Bottom-up					
# of Securities	40	41	50	48	401				
Foreign Securities Permitted	Yes (< 5%)	Yes	No	Yes (<20%)					
Maximum Cash	5%	10%	5%	10%					
<b>FEES</b>	0.30%	0.33%	0.30%	0.35%					
<b>RISK (5 year)</b>									
Standard Deviation	20.67	20.81	21.87	23.46	22.06				
<b>PERFORMANCE</b>									
<b>Equity</b>	<u>Gross</u>	<u>Net*</u>	<u>Gross</u>	<u>Net*</u>	<u>Gross</u>	<u>Net*</u>			
1 year	(10.09)	(10.36)	(12.00)	(12.29)	(9.26)	(9.53)	(15.44)	(15.73)	(8.51)
3 year	19.34	18.98	10.09	9.73	15.88	15.54	10.59	10.20	15.20
5 year	11.74	11.41	8.88	8.52	9.24	8.91	11.73	11.34	9.07
10 year	12.40	12.61	11.93	11.56	10.61	10.27	13.10	12.70	11.17
Since Inception	12.70	12.36	12.04	11.78	10.56	10.23	13.86	13.46	
Inception Date	October 1999		January 1999		April 1987		January 2012		
<b>OTHER IMPORTANT CONSIDERATIONS</b>									
Year Firm Established	1985		1976		1987		1984		
Who Est. Performance	Team		Team		Team		Team		
Commitment	Owners/Well Paid		Owners/Well Paid		Owners/Well Paid		Well Paid		
Total Assets	\$10.1B Firm/\$3.0B Strategy		\$8.2B Firm/\$2.8B Strategy		\$5.5B Firm/\$944M Strategy		\$51.4B Firm/\$1.9B Strategy		
Total PM's & Analysts	12		12		7		5		
Pooled vs. Separate	Separate		Separate		Separate		Separate		

\* Note: The net performance shown is net of the manager fee that would be charged to your account.

Sources: Morgan Stanley Global Investment Manager Analysis team, Informa PSN, and Zephyr StyleADVISOR

This summary contains select data for each investment manager and index listed and should not be considered inclusive of all material information available for each investment. Please refer to additional information provided in the complete manager search analysis for each manager.

The prices, quotes or statistics contained herein have been obtained from sources believed to be reliable, however, the accuracy cannot be guaranteed.

# City of Margate Employees

## Investment Manager Search Analysis

As of March 31, 2023

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# Important Disclosures

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**This report must be accompanied by a separate profile document or other report for each mutual fund and exchange-traded fund (ETF), referred to herein as "fund" or "funds", shown in this report, and for each investment manager shown in this report and approved by Morgan Stanley to be offered to investors in any investment advisory program in which you may invest. These separate documents show, for each manager and fund, various information which may include both gross and net performance (which may be more up-to-date than the performance shown in this report).**

Morgan Stanley has prepared this report for your personal use, at your request, to help you evaluate the investment disciplines and investment managers/funds shown in this report. It is for informational purposes only. It is not a recommendation of a particular portfolio, investment manager or fund. It is not tax or legal advice. The report is based on information you gave Morgan Stanley about your financial situation, investment objectives, risk tolerance and investment time horizon.

**IT IS TO BE PRESENTED TO YOU IN A ONE-ON-ONE PRESENTATION WITH YOUR MORGAN STANLEY FINANCIAL ADVISOR OR PRIVATE WEALTH ADVISOR SO THAT YOU HAVE AN OPPORTUNITY TO ASK QUESTIONS.**

If you asked us to do so, we have included one or more investment managers/funds that have not been approved by Morgan Stanley to be offered to investors in any investment advisory program in which you may invest. Morgan Stanley does not and will not recommend any such manager/fund for investment in these programs, and has included the manager/fund in the report solely at your request and for your information. The performance shown in this report for any such managers or funds could differ materially from their performance in investment advisory programs offered by firms other than Morgan Stanley. If you have invested with any such manager/fund through another firm, we recommend that you seek information from that firm on the manager's or fund's gross and net performance in its programs.

This report is not complete unless it contains all pages (as indicated in the page numbering below). Please see "Important Notes About Performance" and "Important Notes About this Report" for other important information (including the effect of fees and a summary of the risks associated with particular investment disciplines).

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# Important Notes About Performance

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**The performance data in this report is historical. Past performance does not guarantee future results.**

## NET PERFORMANCE

See the accompanying Select UMA Manager Profiles for each investment manager in this report for net performance information on the manager. See the accompanying Morningstar profiles for each fund in the report for standardized fund performance (i.e. returns net of any maximum sales charges that apply if you purchase the Mutual Fund or ETF outside of our investment advisory programs) and also returns net of the maximum annual investment advisory fees that apply if you purchase the fund in one of our investment advisory programs. You should carefully read the manager/fund profiles, which may contain more up-to-date performance information than in this report.

## NOTE ABOUT ETF PERFORMANCE

For ETFs, performance shown may be based on net asset value (NAV), market price (MKT) or both. The Morningstar profile that must accompany this report shows performance based on both NAV and market price.

# Important Notes About Performance (Cont'd)

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## GENERAL DISCLOSURE

The investment return and principal value of an investment will fluctuate so that an investor's shares in a fund, when redeemed, may be worth more or less than their original cost, and investments in separately managed accounts may be worth more or less than the original amount. Current performance may be lower or higher than the performance quoted. For performance data for a fund current to the most recent month end, please either contact the fund (at the toll-free number or website address specified in that fund's profile given to you with this report) or call your Financial Advisor or Private Wealth Advisor at the toll-free number on the cover page of this report.

You would not necessarily have obtained the performance results shown in this report if you had invested with these managers or funds for the periods indicated. Actual performance results of accounts vary due to factors such as the timing of contributions and withdrawals, client restrictions, rebalancing schedules, and fees and costs. THE SELECTION OF MANAGERS/FUNDS IN THIS REPORT MAY REFLECT THE BENEFIT OF HINDSIGHT BASED ON HISTORICAL RATES OF RETURN.

See the applicable Morgan Stanley ADV brochure for an explanation of the fees and charges that would apply if you invest with an investment manager or in a fund through a Morgan Stanley investment advisory program. See "Important Notes About This Report" for information on the sources of performance information in this report.

# Manager and Fund Designations

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Managers shown in this report may be approved managers offered in some or all of Morgan Stanley's Consulting and Evaluation Services program or Select UMA program. Please ask your Financial Advisor or Private Wealth Advisor about availability in particular programs. See "Important Notes About This Report" for more information on how Morgan Stanley approves managers for these programs.

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Terms have the following meanings:

- (S) Manager participates in the Select UMA program, performance is Gross of advisory fees
- (n) Manager participates in the Select UMA program, performance is Net of advisory fees
- (C) Manager participates in the Consulting and Evaluation Services program, performance is Gross of advisory fees
- (Cn) Manager participates in the Consulting and Evaluation Services program, performance is Net of advisory fees

The "Inception Date" is, for separately managed accounts, the date when the investment manager began managing the applicable investment discipline and, for funds, the date the fund was established. In either case, this date may be before the investment discipline or fund became available in any applicable Morgan Stanley investment advisory program.



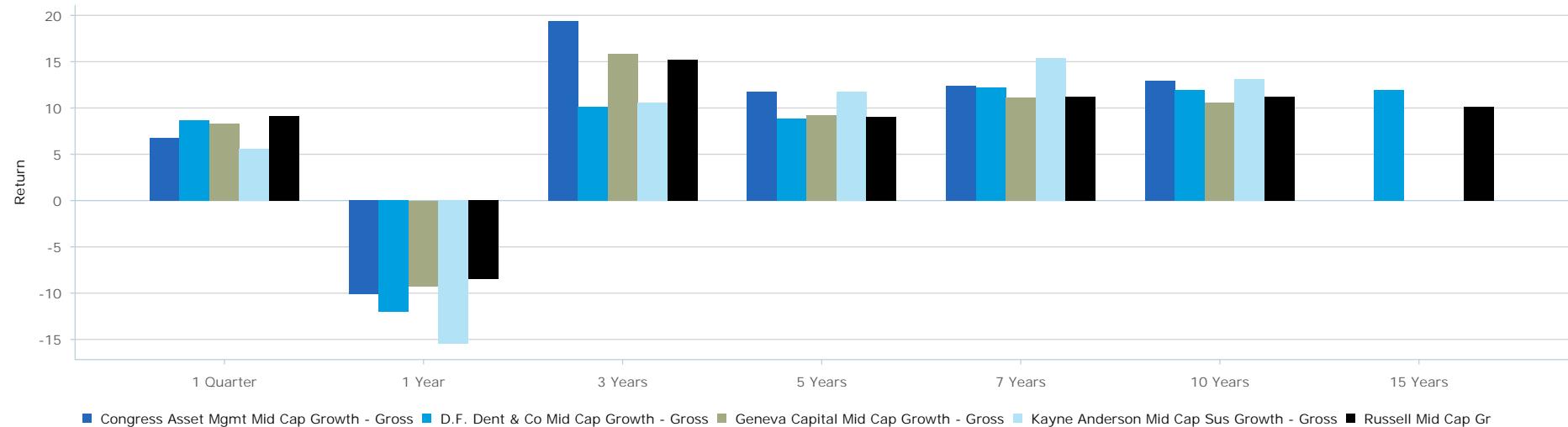
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## QUANTITATIVE ANALYSIS (Gross-of-Fees Performance)

City of Margate Employees  
 Trailing Period Returns Analysis  
 as of March 31, 2023

Manager vs Benchmark: Return

As of Mar 2023



Manager vs Benchmark: Return

As of Mar 2023

	1 QUARTER	1 YEAR	3 YEARS	5 YEARS	7 YEARS	10 YEARS	15 YEARS	SINCE INCEPTION
Congress Asset Mgmt Mid Cap Growth - Gross	6.76	(10.09)	19.34	11.74	12.39	12.95	N/A	12.70
D.F. Dent & Co Mid Cap Growth - Gross	8.70	(12.00)	10.09	8.88	12.23	11.93	11.90	12.04
Geneva Capital Mid Cap Growth - Gross	8.32	(9.26)	15.88	9.24	11.11	10.61	N/A	10.56
Kayne Anderson Mid Cap Sus Growth - Gross	5.60	(15.44)	10.59	11.73	15.43	13.10	N/A	13.86
Russell Mid Cap Gr	9.14	(8.51)	15.20	9.07	11.25	11.17	10.10	10.74

The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

City of Margate Employees  
 Calendar Year Returns Analysis  
 as of March 31, 2023

Calendar Year Return																	
As of Mar 2023																	
	YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009		
Congress Asset Mgmt Mid Cap Growth - Gross	6.76	(26.98)	31.06	33.37	35.37	(4.51)	17.23	13.59	1.67	12.88	37.63	11.15	N/A	N/A	N/A		
D.F. Dent & Co Mid Cap Growth - Gross	8.70	(29.79)	13.27	31.56	40.88	0.65	32.17	5.38	2.02	3.59	44.46	19.81	6.22	34.96	26.85		
Geneva Capital Mid Cap Growth - Gross	8.32	(30.23)	25.41	32.87	31.79	(2.08)	24.50	3.09	4.31	5.71	32.08	11.58	N/A	N/A	N/A		
Kayne Anderson Mid Cap Sus Growth - Gross	5.60	(31.17)	2.19	67.52	44.29	9.04	35.25	3.29	4.07	5.00	26.45	13.98	N/A	N/A	N/A		
Russell Mid Cap Gr	9.14	(26.71)	12.72	35.58	35.46	(4.74)	25.27	7.34	(0.21)	11.92	35.76	15.80	(1.66)	26.39	46.30		

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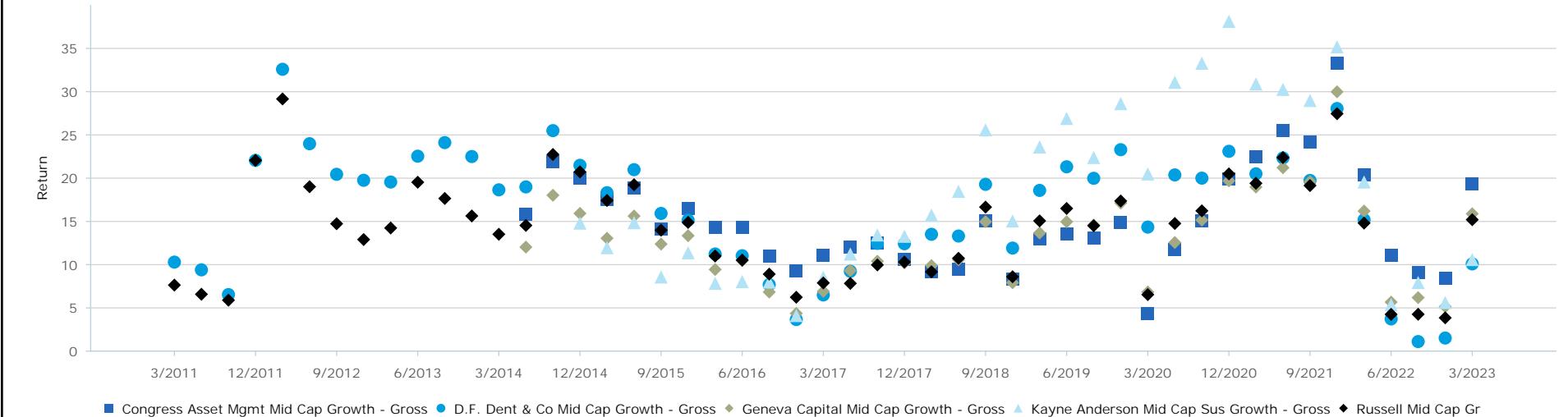
# City of Margate Employees

3-Year Rolling Returns

as of March 31, 2023

## Rolling Manager vs Benchmark: Return

36-Month Moving Windows, Computed Quarterly, April 2008 - March 2023



## Manager vs Benchmark: Return

As of Mar 2023

	04/2020 - 03/2023	04/2019 - 03/2022	04/2018 - 03/2021	04/2017 - 03/2020	04/2016 - 03/2019	04/2015 - 03/2018	04/2014 - 03/2017	04/2013 - 03/2016
Congress Asset Mgmt Mid Cap Growth - Gross	19.34	20.42	22.44	4.30	13.00	9.21	11.07	14.27
D.F. Dent & Co Mid Cap Growth - Gross	10.09	15.20	20.51	14.34	18.59	13.51	6.50	11.23
Geneva Capital Mid Cap Growth - Gross	15.88	16.20	18.97	6.83	13.67	9.89	6.92	9.44
Kayne Anderson Mid Cap Sus Growth - Gross	10.59	19.57	30.90	20.49	23.61	15.73	8.54	7.85
Russell Mid Cap Gr	15.20	14.81	19.41	6.54	15.06	9.18	7.89	11.00

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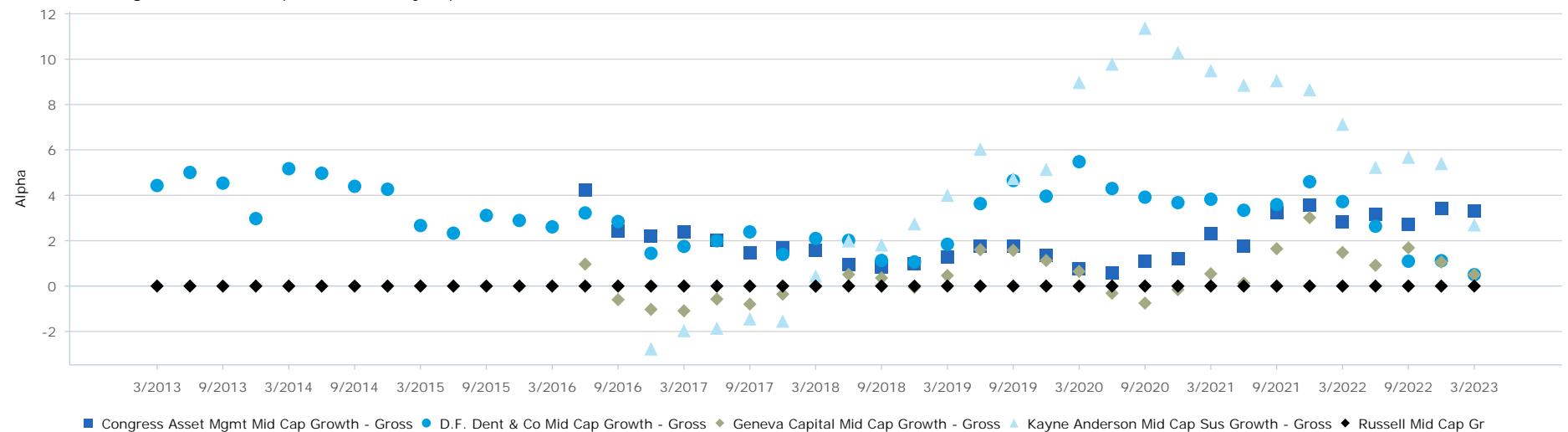
# City of Margate Employees

## 5-Year Rolling Period Alphas

as of March 31, 2023

### Rolling Manager vs Benchmark: Alpha

60-Month Moving Windows, Computed Quarterly, April 2008 - March 2023



### Manager vs Benchmark: Alpha

As of Mar 2023

	04/2018 - 03/2023	04/2017 - 03/2022	04/2016 - 03/2021	04/2015 - 03/2020	04/2014 - 03/2019	04/2013 - 03/2018
Congress Asset Mgmt Mid Cap Growth - Gross	3.30	2.82	2.33	0.77	1.29	1.56
D.F. Dent & Co Mid Cap Growth - Gross	0.50	3.72	3.83	5.48	1.84	2.10
Geneva Capital Mid Cap Growth - Gross	0.50	1.48	0.54	0.65	0.46	(0.02)
Kayne Anderson Mid Cap Sus Growth - Gross	2.70	7.13	9.49	8.98	4.01	0.44
Russell Mid Cap Gr	0.00	0.00	0.00	0.00	0.00	0.00

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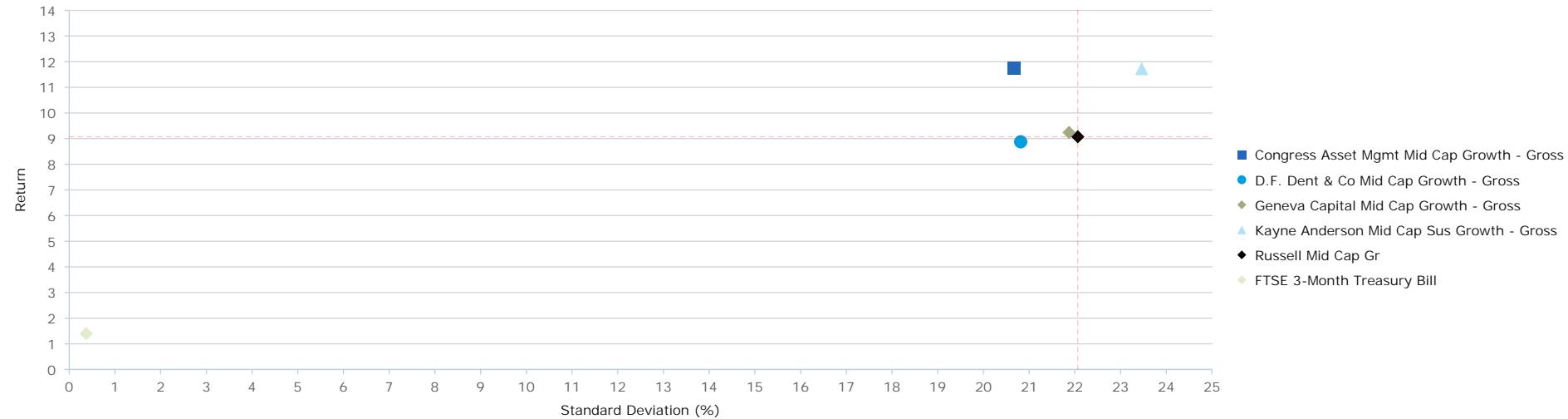
# City of Margate Employees

5-Year Risk/Return Analysis Ended 3/31/2013

as of March 31, 2023

## Risk / Return

April 2018 - March 2023



## Risk & Return Analysis

April 2008 - March 2013

	RETURN	EXCESS RETURN	STANDARD DEVIATION	BETA	MAXIMUM DRAWDOWN	UP CAPTURE	DOWN CAPTURE	ALPHA	SHARPE RATIO	R-SQUARED
Congress Asset Mgmt Mid Cap Growth - Gross	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
D.F. Dent & Co Mid Cap Growth - Gross	11.83	3.85	21.63	0.89	(46.27)	93.83	86.49	4.43	0.53	88.28
Geneva Capital Mid Cap Growth - Gross	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kayne Anderson Mid Cap Sus Growth - Gross	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell Mid Cap Gr	7.99	0.00	22.91	1.00	(51.14)	100.00	100.00	0.00	0.34	100.00

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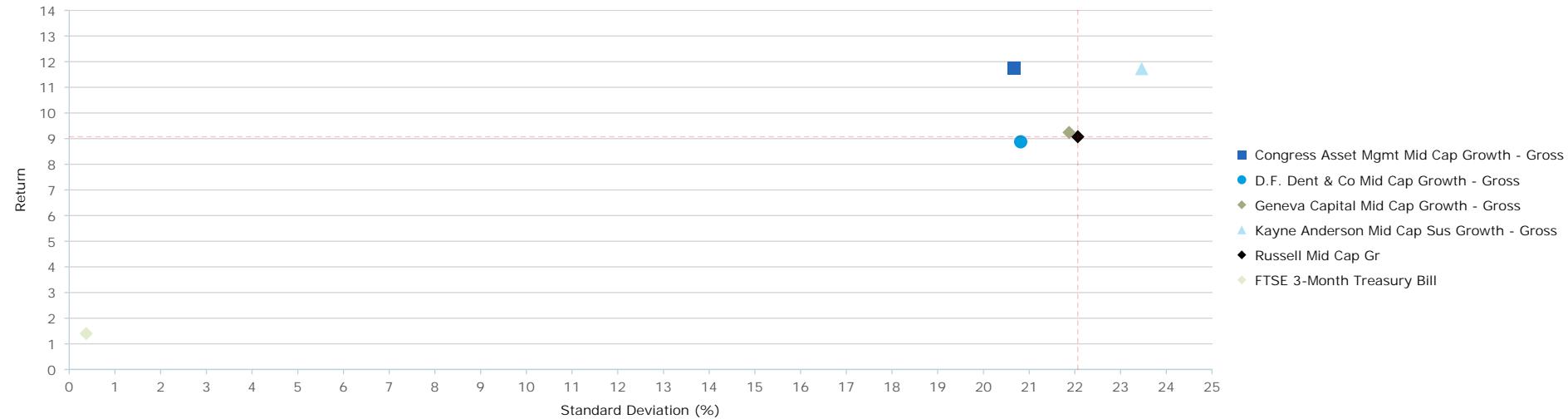
# City of Margate Employees

5-Year Risk/Return Analysis Ended 3/31/2018

as of March 31, 2023

## Risk / Return

April 2018 - March 2023



## Risk & Return Analysis

April 2013 - March 2018

	RETURN	EXCESS RETURN	STANDARD DEVIATION	BETA	MAXIMUM DRAWDOWN	UP CAPTURE	DOWN CAPTURE	ALPHA	SHARPE RATIO	R-SQUARED
Congress Asset Mgmt Mid Cap Growth - Gross	14.17	0.85	10.91	0.94	(9.75)	101.09	94.83	1.56	1.27	87.99
D.F. Dent & Co Mid Cap Growth - Gross	15.08	1.76	11.86	0.97	(14.02)	99.41	84.24	2.10	1.25	79.22
Geneva Capital Mid Cap Growth - Gross	11.99	(1.33)	10.76	0.91	(12.43)	89.32	92.16	(0.02)	1.09	84.84
Kayne Anderson Mid Cap Sus Growth - Gross	14.48	1.17	12.89	1.06	(12.74)	104.39	97.96	0.44	1.10	80.62
Russell Mid Cap Gr	13.31	0.00	10.89	1.00	(12.88)	100.00	100.00	0.00	1.19	100.00

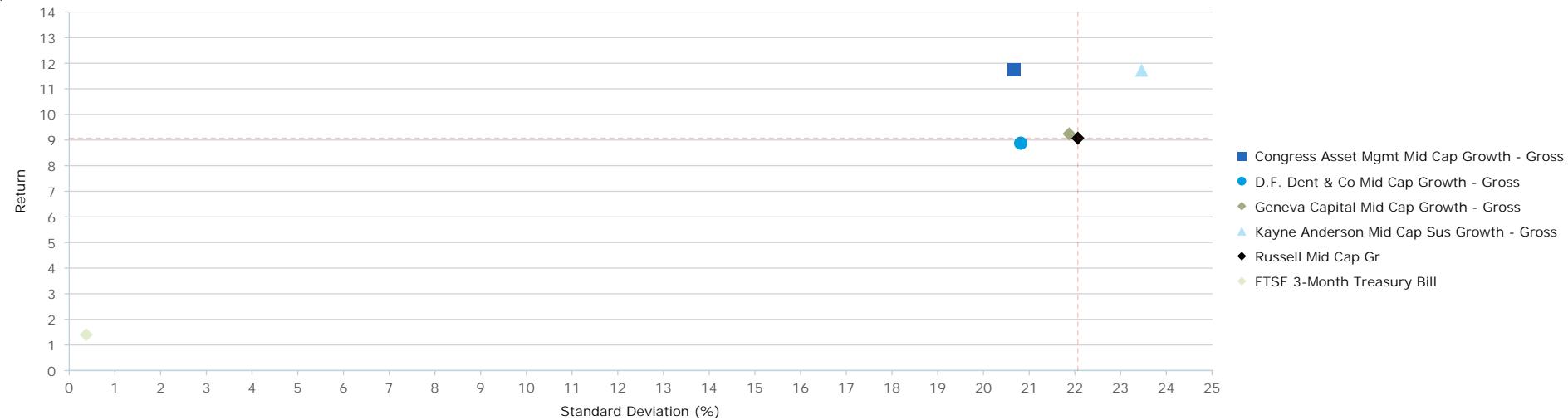
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# City of Margate Employees

5-Year Risk/Return Analysis Ended 3/31/2023  
as of March 31, 2023

## Risk / Return

April 2018 - March 2023



## Risk & Return Analysis

April 2018 - March 2023

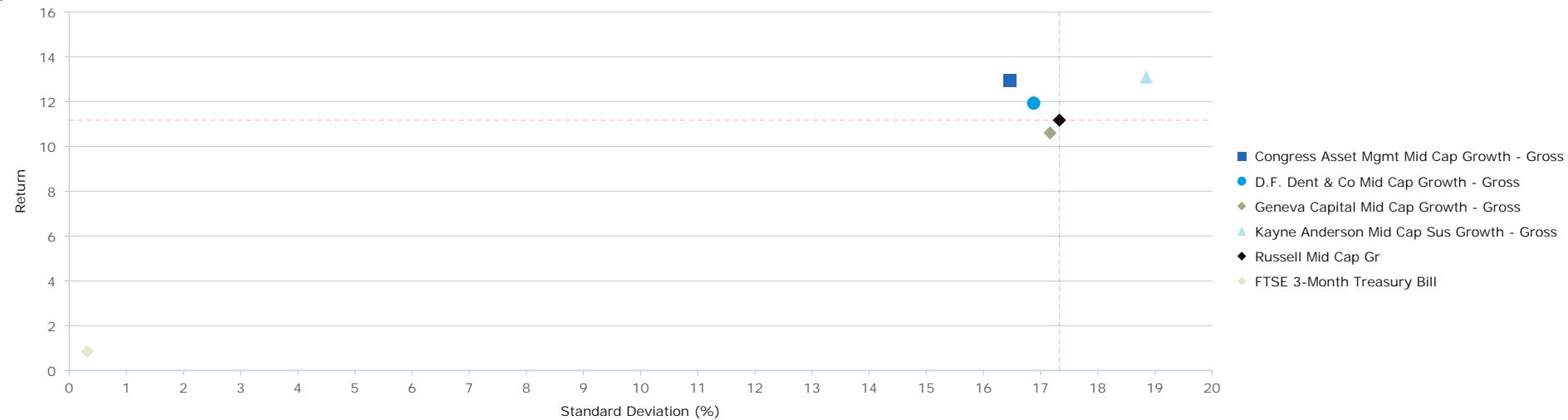
	RETURN	EXCESS RETURN	STANDARD DEVIATION	BETA	MAXIMUM DRAWDOWN	UP CAPTURE	DOWN CAPTURE	ALPHA	SHARPE RATIO	R-SQUARED
Congress Asset Mgmt Mid Cap Growth - Gross	11.74	2.67	20.67	0.90	(32.33)	97.21	90.69	3.30	0.50	92.71
D.F. Dent & Co Mid Cap Growth - Gross	8.88	(0.20)	20.81	0.92	(35.72)	95.22	96.91	0.50	0.36	94.10
Geneva Capital Mid Cap Growth - Gross	9.24	0.17	21.87	0.97	(33.17)	100.53	99.96	0.50	0.36	94.90
Kayne Anderson Mid Cap Sus Growth - Gross	11.73	2.66	23.46	1.01	(40.33)	114.51	103.47	2.70	0.44	89.48
Russell Mid Cap Gr	9.07	0.00	22.06	1.00	(34.11)	100.00	100.00	0.00	0.35	100.00

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**City of Margate Employees**  
**10-Year Risk/Return Analysis**  
**as of March 31, 2023**

**Risk / Return**

April 2013 - March 2023



**Risk & Return Analysis**

April 2013 - March 2023

	RETURN	EXCESS RETURN	STANDARD DEVIATION	BETA	MAXIMUM DRAWDOWN	UP CAPTURE	DOWN CAPTURE	ALPHA	SHARPE RATIO	R-SQUARED
Congress Asset Mgmt Mid Cap Growth - Gross	12.95	1.78	16.46	0.91	(32.33)	98.83	91.35	2.59	0.73	91.65
D.F. Dent & Co Mid Cap Growth - Gross	11.93	0.76	16.88	0.93	(35.72)	96.99	93.67	1.52	0.66	90.38
Geneva Capital Mid Cap Growth - Gross	10.61	(0.57)	17.17	0.95	(33.17)	95.86	98.06	0.01	0.57	92.88
Kayne Anderson Mid Cap Sus Growth - Gross	13.10	1.92	18.85	1.02	(40.33)	110.10	102.31	1.81	0.65	87.37
Russell Mid Cap Gr	11.17	0.00	17.33	1.00	(34.11)	100.00	100.00	0.00	0.60	100.00

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## QUANTITATIVE ANALYSIS (Net-of-Fees Performance)

**City of Margate Employees**  
**Trailing Period Returns Analysis**  
**as of March 31, 2023**

**Manager vs Benchmark: Return**

As of Mar 2023



**Manager vs Benchmark: Return**

As of Mar 2023

	1 QUARTER	1 YEAR	3 YEARS	5 YEARS	7 YEARS	10 YEARS	15 YEARS	SINCE INCEPTION
Congress Asset Mgmt Mid Cap Growth - (0.30 Manager Fee)	6.68	(10.36)	18.98	11.41	12.05	12.61	N/A	12.36
D.F. Dent & Co Mid Cap Growth - (0.33 Manager Fee)	8.61	(12.29)	9.73	8.52	11.86	11.56	11.53	11.78
Geneva Capital Mid Cap Growth - (0.30 Manager Fee)	8.24	(9.53)	15.54	8.91	10.78	10.27	N/A	10.23
Kayne Anderson Mid Cap Sus Growth - (0.35 Manager Fee)	5.51	(15.73)	10.20	11.34	15.02	12.70	N/A	13.46
Russell Mid Cap Gr	9.14	(8.51)	15.20	9.07	11.25	11.17	10.10	10.74

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City of Margate Employees  
 Calendar Year Returns Analysis  
 as of March 31, 2023

Calendar Year Return																	
As of Mar 2023																	
	YTD	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009		
Congress Asset Mgmt Mid Cap Growth - (0.30 Manager Fee)	6.68	(27.20)	30.67	32.97	34.97	(4.80)	16.87	13.25	1.36	12.54	37.22	10.81	N/A	N/A	N/A		
D.F. Dent & Co Mid Cap Growth - (0.33 Manager Fee)	8.61	(30.02)	12.90	31.13	40.42	0.32	31.73	5.03	1.69	3.25	43.99	19.42	5.87	34.52	26.44		
Geneva Capital Mid Cap Growth - (0.30 Manager Fee)	8.24	(30.44)	25.04	32.48	31.40	(2.37)	24.13	2.78	4.00	5.39	31.68	11.24	N/A	N/A	N/A		
Kayne Anderson Mid Cap Sus Growth - (0.35 Manager Fee)	5.51	(31.41)	1.84	66.94	43.79	8.65	34.77	2.93	3.70	4.64	26.00	13.58	N/A	N/A	N/A		
Russell Mid Cap Gr	9.14	(26.71)	12.72	35.58	35.46	(4.74)	25.27	7.34	(0.21)	11.92	35.76	15.80	(1.66)	26.39	46.30		

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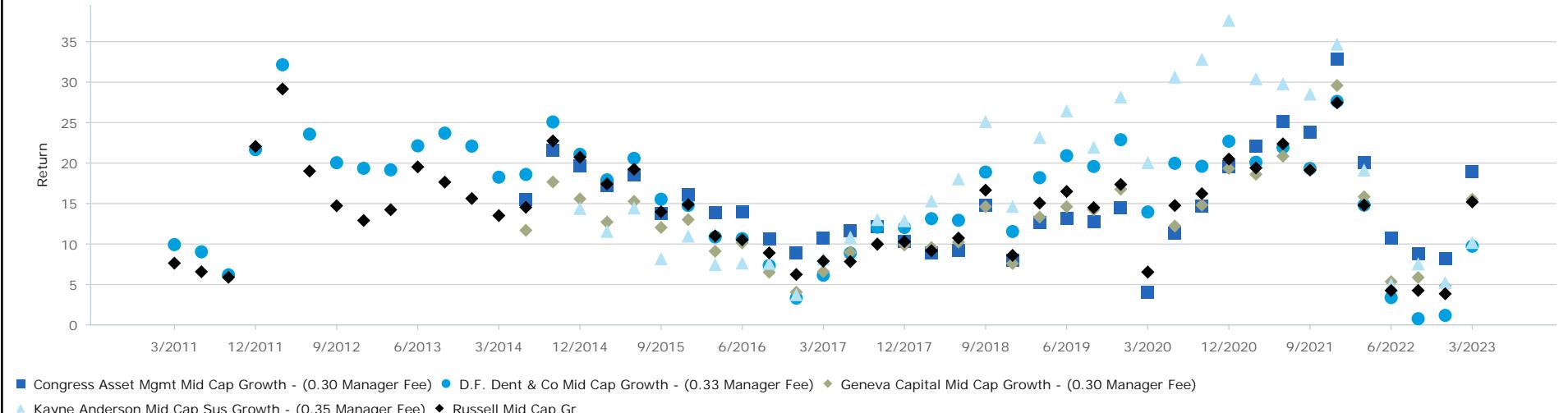
# City of Margate Employees

3-Year Rolling Returns

as of March 31, 2023

## Rolling Manager vs Benchmark: Return

36-Month Moving Windows, Computed Quarterly, April 2008 - March 2023



## Manager vs Benchmark: Return

As of Mar 2023

	04/2020 - 03/2023	04/2019 - 03/2022	04/2018 - 03/2021	04/2017 - 03/2020	04/2016 - 03/2019	04/2015 - 03/2018	04/2014 - 03/2017	04/2013 - 03/2016
Congress Asset Mgmt Mid Cap Growth - (0.30 Manager Fee)	18.98	20.05	22.07	3.99	12.66	8.88	10.74	13.93
D.F. Dent & Co Mid Cap Growth - (0.33 Manager Fee)	9.73	14.82	20.11	13.97	18.20	13.14	6.15	10.87
Geneva Capital Mid Cap Growth - (0.30 Manager Fee)	15.54	15.85	18.62	6.51	13.33	9.56	6.60	9.11
Kayne Anderson Mid Cap Sus Growth - (0.35 Manager Fee)	10.20	19.15	30.44	20.07	23.18	15.33	8.16	7.47
Russell Mid Cap Gr	15.20	14.81	19.41	6.54	15.06	9.18	7.89	11.00

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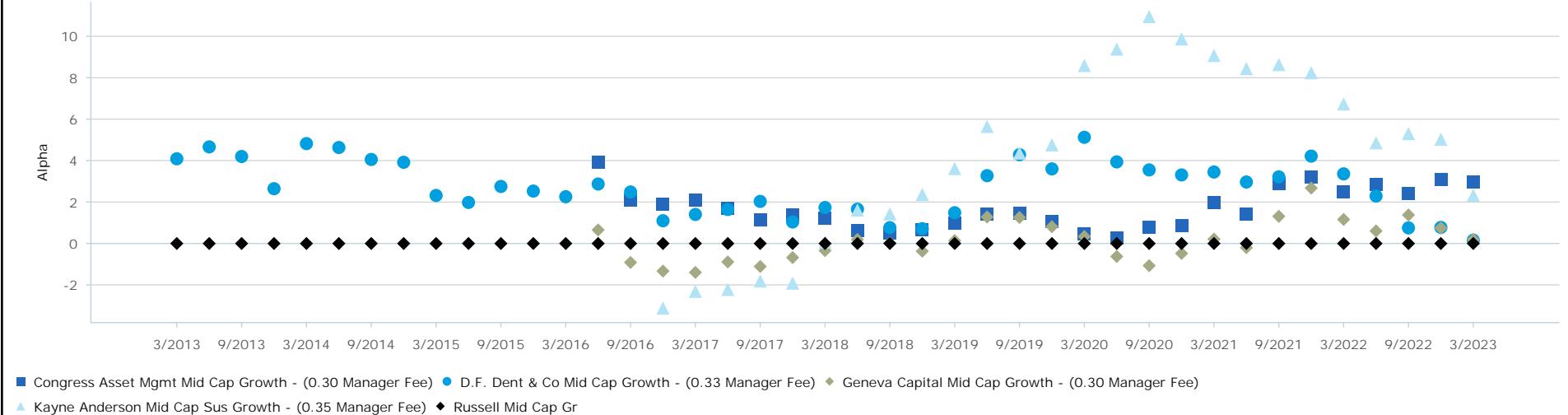
# City of Margate Employees

## 5-Year Rolling Period Alphas

as of March 31, 2023

### Rolling Manager vs Benchmark: Alpha

60-Month Moving Windows, Computed Quarterly, April 2008 - March 2023



### Manager vs Benchmark: Alpha

As of Mar 2023

	04/2018 - 03/2023	04/2017 - 03/2022	04/2016 - 03/2021	04/2015 - 03/2020	04/2014 - 03/2019	04/2013 - 03/2018
Congress Asset Mgmt Mid Cap Growth - (0.30 Manager Fee)	2.98	2.49	1.99	0.46	0.97	1.23
D.F. Dent & Co Mid Cap Growth - (0.33 Manager Fee)	0.16	3.36	3.45	5.13	1.48	1.74
Geneva Capital Mid Cap Growth - (0.30 Manager Fee)	0.19	1.16	0.21	0.34	0.14	(0.34)
Kayne Anderson Mid Cap Sus Growth - (0.35 Manager Fee)	2.33	6.74	9.07	8.59	3.62	0.07
Russell Mid Cap Gr	0.00	0.00	0.00	0.00	0.00	0.00

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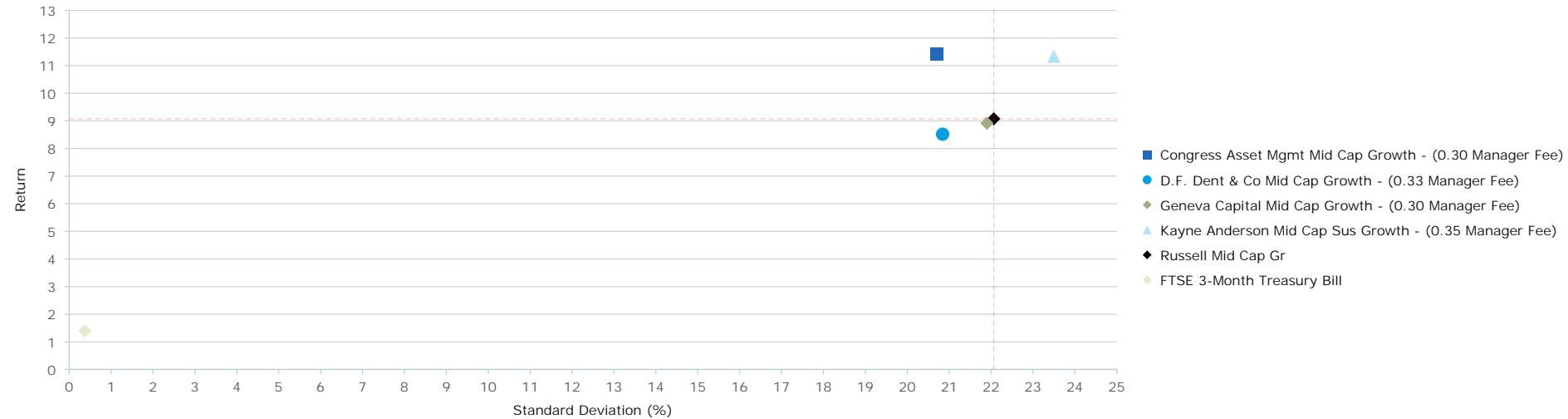
# City of Margate Employees

5-Year Risk/Return Analysis Ended 3/31/2013

as of March 31, 2023

## Risk / Return

April 2018 - March 2023



## Risk & Return Analysis

April 2008 - March 2013

	RETURN	EXCESS RETURN	STANDARD DEVIATION	BETA	MAXIMUM DRAWDOWN	UP CAPTURE	DOWN CAPTURE	ALPHA	SHARPE RATIO	R-SQUARED
Congress Asset Mgmt Mid Cap Growth - (0.30 Manager Fee)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
D.F. Dent & Co Mid Cap Growth - (0.33 Manager Fee)	11.47	3.48	21.62	0.89	(46.40)	93.00	86.77	4.09	0.52	88.28
Geneva Capital Mid Cap Growth - (0.30 Manager Fee)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kayne Anderson Mid Cap Sus Growth - (0.35 Manager Fee)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell Mid Cap Gr	7.99	0.00	22.91	1.00	(51.14)	100.00	100.00	0.00	0.34	100.00

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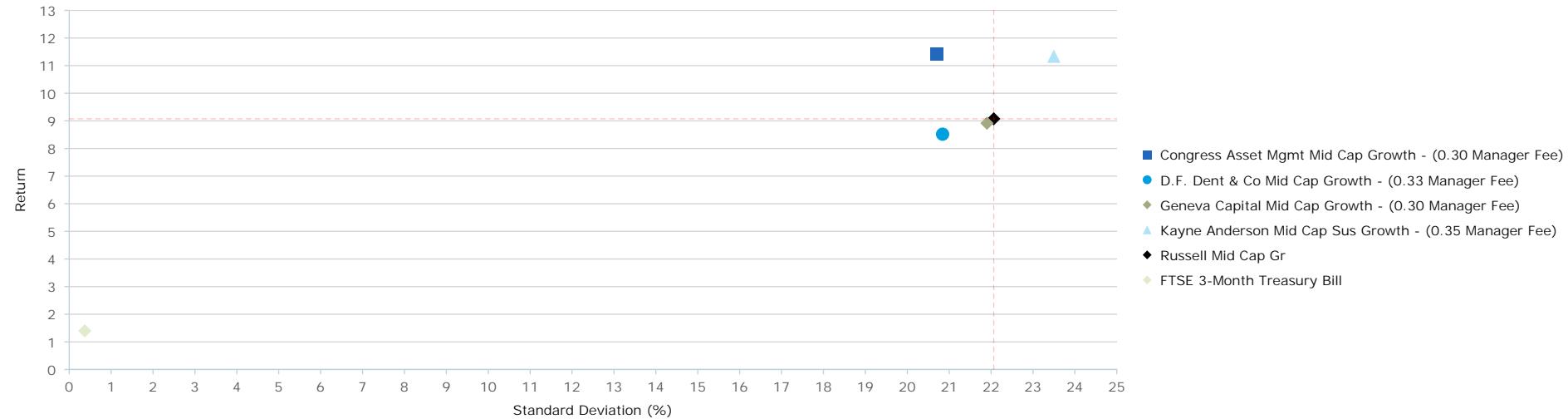
# City of Margate Employees

5-Year Risk/Return Analysis Ended 3/31/2018

as of March 31, 2023

## Risk / Return

April 2018 - March 2023



## Risk & Return Analysis

April 2013 - March 2018

	RETURN	EXCESS RETURN	STANDARD DEVIATION	BETA	MAXIMUM DRAWDOWN	UP CAPTURE	DOWN CAPTURE	ALPHA	SHARPE RATIO	R-SQUARED
Congress Asset Mgmt Mid Cap Growth - (0.30 Manager Fee)	13.83	0.51	10.92	0.94	(9.89)	100.28	96.25	1.23	1.24	88.12
D.F. Dent & Co Mid Cap Growth - (0.33 Manager Fee)	14.70	1.38	11.86	0.97	(14.16)	98.53	85.85	1.74	1.21	79.48
Geneva Capital Mid Cap Growth - (0.30 Manager Fee)	11.65	(1.66)	10.77	0.91	(12.57)	88.54	93.59	(0.34)	1.05	85.00
Kayne Anderson Mid Cap Sus Growth - (0.35 Manager Fee)	14.08	0.77	12.90	1.06	(12.82)	103.43	99.60	0.07	1.07	80.76
Russell Mid Cap Gr	13.31	0.00	10.89	1.00	(12.88)	100.00	100.00	0.00	1.19	100.00

The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

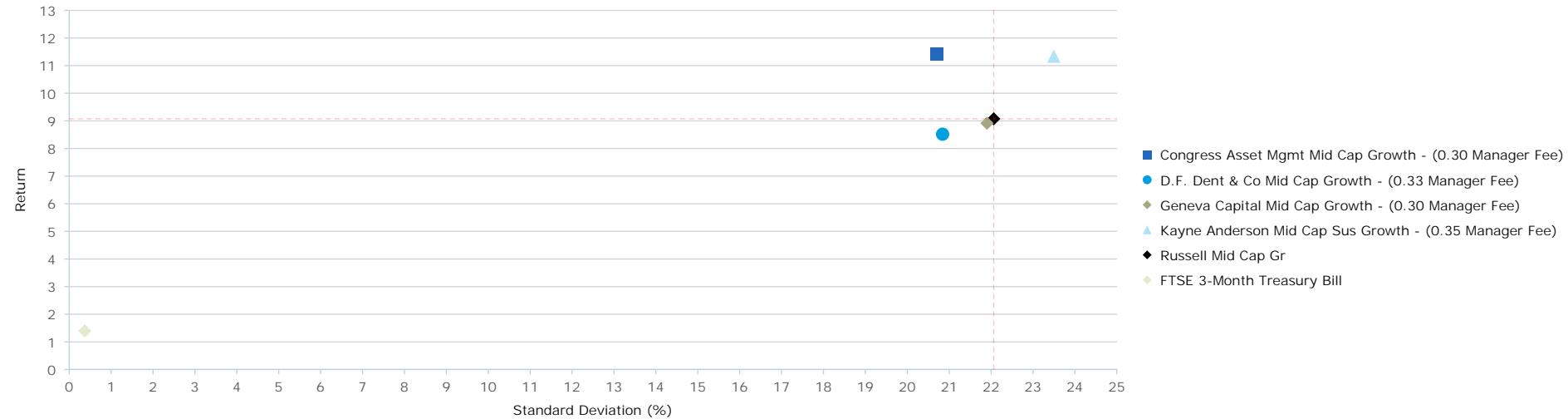
# City of Margate Employees

5-Year Risk/Return Analysis Ended 3/31/2023

as of March 31, 2023

## Risk / Return

April 2018 - March 2023



## Risk & Return Analysis

April 2018 - March 2023

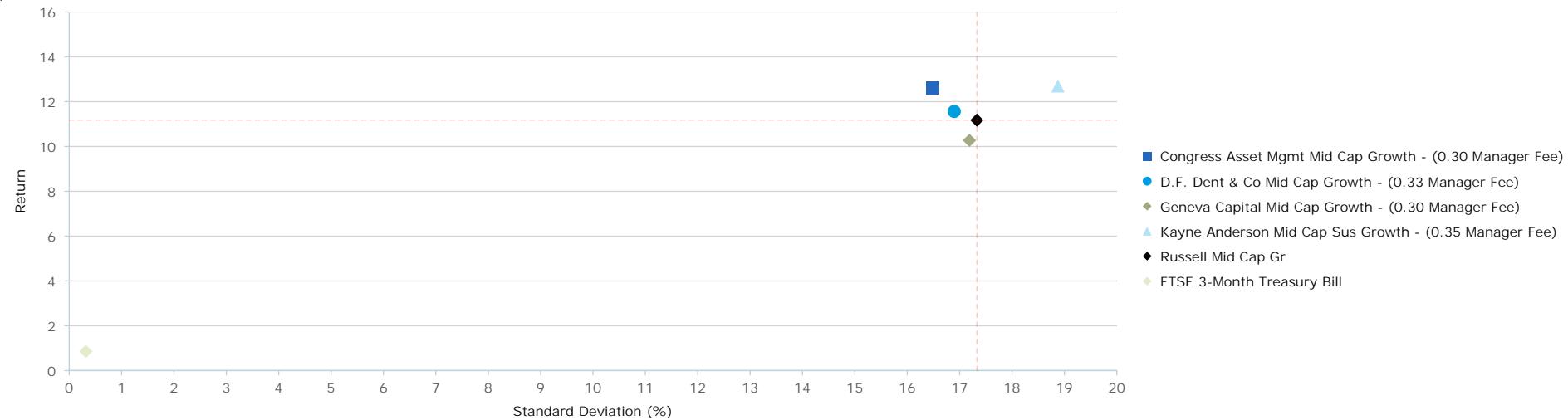
	RETURN	EXCESS RETURN	STANDARD DEVIATION	BETA	MAXIMUM DRAWDOWN	UP CAPTURE	DOWN CAPTURE	ALPHA	SHARPE RATIO	R-SQUARED
Congress Asset Mgmt Mid Cap Growth - (0.30 Manager Fee)	11.41	2.33	20.70	0.90	(32.53)	96.64	91.15	2.98	0.48	92.72
D.F. Dent & Co Mid Cap Growth - (0.33 Manager Fee)	8.52	(0.56)	20.84	0.92	(35.93)	94.60	97.40	0.16	0.34	94.13
Geneva Capital Mid Cap Growth - (0.30 Manager Fee)	8.91	(0.16)	21.90	0.97	(33.27)	99.95	100.38	0.19	0.34	94.90
Kayne Anderson Mid Cap Sus Growth - (0.35 Manager Fee)	11.34	2.27	23.50	1.01	(40.53)	113.79	103.95	2.33	0.42	89.46
Russell Mid Cap Gr	9.07	0.00	22.06	1.00	(34.11)	100.00	100.00	0.00	0.35	100.00

The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

**City of Margate Employees**  
**10-Year Risk/Return Analysis**  
**as of March 31, 2023**

**Risk / Return**

April 2013 - March 2023



**Risk & Return Analysis**

April 2013 - March 2023

	RETURN	EXCESS RETURN	STANDARD DEVIATION	BETA	MAXIMUM DRAWDOWN	UP CAPTURE	DOWN CAPTURE	ALPHA	SHARPE RATIO	R-SQUARED
Congress Asset Mgmt Mid Cap Growth - (0.30 Manager Fee)	12.61	1.44	16.48	0.91	(32.53)	98.17	92.07	2.27	0.71	91.68
D.F. Dent & Co Mid Cap Growth - (0.33 Manager Fee)	11.56	0.39	16.90	0.93	(35.93)	96.26	94.45	1.17	0.63	90.48
Geneva Capital Mid Cap Growth - (0.30 Manager Fee)	10.27	(0.90)	17.19	0.96	(33.27)	95.20	98.75	(0.31)	0.55	92.91
Kayne Anderson Mid Cap Sus Growth - (0.35 Manager Fee)	12.70	1.53	18.88	1.02	(40.53)	109.29	103.10	1.44	0.63	87.39
Russell Mid Cap Gr	11.17	0.00	17.33	1.00	(34.11)	100.00	100.00	0.00	0.60	100.00

The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

# Important Notes About This Report

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**PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. ACTUAL INDIVIDUAL ACCOUNT RESULTS WILL DIFFER FROM THE PERFORMANCE SHOWN IN THIS REPORT.**

**INVESTMENT DECISIONS:** Do not use this report as the sole basis for investment decisions. Do not select an allocation, investment disciplines or investment managers/funds based on performance alone. Consider, in addition to performance results, other relevant information about each investment manager or fund, as well as matters such as your investment objectives, risk tolerance and investment time horizon.

**SOURCE OF PERFORMANCE INFORMATION FOR INVESTMENT MANAGERS AVAILABLE IN CONSULTING AND EVALUATION SERVICES OR SELECT UMA:** Each investment manager included in this report that participates in one or more of the Consulting and Evaluation Services or Select UMA programs ("Programs") has a track record of investing assets in the relevant investment discipline. The investment manager's gross performance track record shown in this report consists of its gross performance in either the Morgan Stanley or the Smith Barney form of the Select UMA program (if that investment manager was in the Select UMA program) for periods for which sufficient data is available. If the strategy or similar strategies are available in both the Morgan Stanley and Smith Barney forms of the program, this profile presents the composite for the strategy that is closest to the strategy currently offered in the Select UMA program. If both strategies are equally close, the profile shows the longer of the two composites. For other periods, the gross performance track record is provided by the investment manager and consists of accounts managed by the investment manager in the same or a similar investment discipline, whether at Morgan Stanley or elsewhere (and may include institutional accounts, retail accounts and/or pooled investment vehicles such as mutual funds).

Morgan Stanley Smith Barney LLC offers investment program services through a variety of investment programs, which are opened pursuant to written client agreements. Each program offers investment managers, funds and features that are not available in other programs; conversely, some investment managers, funds or investment strategies may be available in more than one program. Morgan Stanley's investment advisory programs may require a minimum asset level and, depending on a client's specific investment objectives and financial position, may not be appropriate for the client. Please see the applicable program disclosure document for more information, available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) or from your Financial Advisor.

The investment management services of Morgan Stanley Smith Barney LLC and investment vehicles managed by Morgan Stanley Smith Barney LLC or its affiliates are not guaranteed and could result in the loss of value to your account. You should note that investing in financial instruments carries with it the possibility of losses and that a focus on above-market returns exposes the portfolio to above-average risk. Performance aspirations are not guaranteed and are subject to market conditions.

# Important Notes About This Report (Cont'd)

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Generally, investment advisory accounts are subject to an annual asset-based fee (the “Fee”) which is payable monthly in advance (some account types may be billed differently). In general, the Fee covers Morgan Stanley investment advisory services, custody of securities with Morgan Stanley, trade execution with or through Morgan Stanley or its affiliates, as well as compensation to any Morgan Stanley Financial Advisor.

In addition, each account that is invested in a program that is eligible to purchase certain investment products, such as mutual funds, will also pay a Platform Fee (which is subject to a Platform Fee offset) as described in the applicable ADV brochure. Accounts invested in the Select UMA program may also pay a separate Sub-Manager fee, if applicable.

If your account is invested in mutual funds or exchange traded funds (collectively “funds”), you will pay the fees and expenses of any funds in which your account is invested. Fees and expenses are charged directly to the pool of assets the fund invests in and are reflected in each fund’s share price. These fees and expenses are an additional cost to you and would not be included in the Fee amount in your account statements. The advisory program you choose is described in the applicable Morgan Stanley Smith Barney LLC ADV Brochure, available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV).

Morgan Stanley or Executing Sub-Managers, as applicable, in some of Morgan Stanley’s Separately Managed Account (“SMA”) programs may effect transactions through broker-dealers other than Morgan Stanley or our affiliates. In such instance, you may be assessed additional costs by the other firm in addition to the Morgan Stanley and Sub-Manager fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain Sub-Managers have historically directed most, if not all, of their trades to outside firms. Information provided by Sub-Managers concerning trade execution away from Morgan Stanley is summarized at:

<http://www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf>

[www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf](http://www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf). For more information on trading and costs, please refer to the ADV Brochure for your program(s), available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV), or contact your Financial Advisor / Private Wealth Advisor.

# Important Notes About This Report (Cont'd)

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There may be differences between the performance in the different forms of the Select UMA program, in different Programs, and between the performance in Programs and performance outside the Programs, due to, among other things, investment and operational differences. For example:

- Institutional accounts included in related performance may hold more securities than the Program accounts, participate in initial public offerings (IPOs) and invest directly in foreign securities (rather than in ADRs).
- Mutual funds included in related performance may hold more securities than the Program accounts, may participate in IPOs, may engage in options and futures transactions, and are subject to certain regulatory limitations.
- Performance results in Select UMA accounts could differ from that in Consulting and Evaluation Services accounts because Select UMA accounts may hold fewer securities, and have automatic rebalancing, wash sale loss and tax harvesting features.

You should read the investment manager profile accompanying this report for each investment manager. The investment manager profile gives further details on the sources of performance information for a particular investment manager, as well as other calculations of the manager's performance returns (such as performance net of fees and expenses).

**SOURCE OF PERFORMANCE INFORMATION FOR OTHER INVESTMENT MANAGERS:** For any investment managers shown in this report that are not available in the Consulting and Evaluation Services or Select UMA programs, the performance data is obtained from databases maintained by parties outside Morgan Stanley. This data has been included for your information, and has not been verified by Morgan Stanley in any way. See "Sources of Information" below. The gross performance shown in this report for these managers could differ materially from their gross performance in investment advisory programs offered by firms other than Morgan Stanley. If you have invested with any such manager through another firm, we recommend that you seek information from that firm on the manager's gross and net performance in its programs.

# Important Notes About This Report (Cont'd)

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**SOURCE OF PERFORMANCE INFORMATION FOR FUNDS:** For any fund shown in this report, the performance data is obtained from databases maintained by parties outside Morgan Stanley. This data has been included for your information, and has not been verified by Morgan Stanley in any way. See "Sources of Information" below.

**BENCHMARK INDICES:** Depending on the composition of your account and your investment objectives, the indices shown in this report may not be appropriate measures for comparison purposes and are therefore presented for illustration only. The indices used in this report may not be the same indices used for comparative purposes in the profile for each investment manager, mutual fund and/or ETF that accompanies this report. Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Performance of selected indices may be more or less volatile than that of any investment manager/fund shown in this report. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

**MANAGERS AND FUNDS APPROVED IN MORGAN STANLEY WEALTH MANAGEMENT PROGRAMS:** Morgan Stanley Wealth Management approves certain managers and funds offered in its investment advisory programs:

- Morgan Stanley Wealth Management's Global Investment Manager Analysis ("GIMA") team approves managers and funds offered in Consulting and Evaluation Services and Select UMA.
- Managers and funds offered in Institutional Consulting Group and Graystone Consulting programs may be approved by GIMA, approved by Morgan Stanley Wealth Management using another process, or not approved by Morgan Stanley Wealth Management.
- Morgan Stanley Wealth Management does not approve managers in the Investment Management Services consulting program.

# Important Notes About This Report (Cont'd)

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If you invest in a manager or fund that is not approved by Morgan Stanley Wealth Management, you are responsible for selecting and/or retaining that manager or fund, and Morgan Stanley Wealth Management does not recommend or monitor that manager or fund. For more information on the approval process in any program, see the applicable ADV brochure, available at [www.MorganStanley.com/ADV](http://www.MorganStanley.com/ADV) or from your Financial Advisor or Private Wealth Advisor. If you have any questions about whether or how Morgan Stanley Wealth Management has approved a manager or fund shown in this report, please ask our Financial Advisor or Private Wealth Advisor.

**SHARE CLASSES OF FUNDS SHOWN IN THIS REPORT:** The share class of a fund shown in this report may differ from the share class available in any Morgan Stanley Wealth Management investment advisory program in which you invest. The performance of the share class in which you invest may differ from that of the share class shown in this report.

**REINVESTMENT:** The performance results shown in this report assume that all dividends, accrued income and capital gains were reinvested.

**SOURCES OF INFORMATION:** Although the statements of fact in this report have been obtained from, and are based on, sources that Morgan Stanley believes to be reliable, Morgan Stanley makes no representation as to the accuracy or completeness of the information from sources outside Morgan Stanley. Any such information may be incomplete and you should not use it as the sole basis for investment decisions.

***It is important to consider a fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other information about the fund. A copy of the prospectus may be obtained from your Financial Advisor or Private Wealth Advisor. Please read the prospectus carefully before investing in the fund.***

# Important Notes About This Report (Cont'd)

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**KEY ASSET CLASS RISK CONSIDERATIONS:** Investing in securities entails risk including the risk of losing principal. There is no assurance that the investment disciplines and investment managers/funds selected will meet their intended objectives.

**Commodities – Diversified:** The commodities markets may fluctuate widely based on a variety of factors including changes in supply and demand relationships; governmental programs and policies; national and international political and economic events; war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence; weather; technological change; and the price volatility of a commodity. In addition to commodity risk, commodity-linked notes may be subject to special risks, such as risk of loss of interest and principal, lack of a secondary market and risk of greater volatility that do not affect traditional equity and debt securities.

**Commodities - Precious Metals:** The prices of Commodities - Precious Metals tend to fluctuate widely and in an unpredictable manner, and have historically experienced extended periods of flat or declining prices. The prices of Commodities - Precious Metals are affected by several factors, including global supply and demand, investors' expectations with respect to the rate of inflation, currency exchange rates, interest rates, investment and trading activities of hedge funds and commodity funds, and global or regional political, economic or financial events and situations.

**Fixed Income:** Fixed income securities are subject to certain inherent risks such as credit risk, reinvestment risk, call risk, and interest rate risk. Fixed income securities are sensitive to changes in prevailing interest rates. When interest rates rise, the value of fixed income securities generally declines. Accordingly, managers or funds that invest in fixed income securities are subject to interest rate risk and portfolio values can decline in value as interest rates rise and an investor can lose principal.

**High Yield Fixed Income:** As well as being subject to risks relating to fixed income generally (see "Fixed Income"), high yield or "junk" bonds are considered speculative, have significantly higher credit and default risks (including loss of principal), and may be less liquid and more volatile than investment grade bonds. Clients should only invest in high yield strategies if this is consistent with their risk tolerance, and high yield investments should comprise only a limited part of a balanced portfolio.

# Important Notes About This Report (Cont'd)

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**International/Emerging Market:** International investing (including investing in particular countries or groups of countries) should be considered only one component of a complete and diversified investment program. Investing in foreign markets may entail greater risks than those normally associated with domestic markets, such as foreign political, currency, economic and market risks. In addition, the securities markets of many emerging markets are substantially smaller, less developed, less liquid and more volatile than the securities markets of the U.S. and other more developed countries. Further, a portfolio that focuses on a single country may be subject to higher volatility than one that is more diversified.

**Preferred Securities:** Preferred securities are generally subject to the same risks as apply to fixed income securities. (See "Fixed Income.") However, preferred securities (especially equity preferred securities) may rank below traditional forms of debt for the purposes of repayment in the event of bankruptcy. Many preferred securities are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. If a preferred security is called, the investor bears the risk of reinvesting proceeds at a potentially lower return. Investors may not receive regular distributions on preferred securities. For example, dividends on equity preferred securities may only be declarable in the discretion of the issuer's board and may not be cumulative. Similarly, interest payments on certain debt preferred securities may be deferred by the issuer for periods of up to 10 years or more, in which case the investor would still have income tax liability even though payments would not have been received.

**Real Estate:** Real estate investments are subject to special risks, including interest rate and property value fluctuations as well as risks related to general and local conditions.

**Small and Mid Cap:** Investments in small-to medium-sized corporations are generally more vulnerable to financial risks and other risks than larger corporations and may involve a higher degree of price volatility than investments in the broad equity market.

**Hedged and Alternatives Strategies:** In most Consulting Group investment advisory program, alternative investments are limited to US registered open-end mutual funds, separate account strategies, and ETFs that seek to pursue alternative investment strategies or returns utilizing publicly traded securities. Investment products in this category may employ various investment strategies and techniques for both hedging and more speculative purposes such as short selling, leverage, derivatives, and options, which can increase volatility and the risk of investment loss. Alternative Investments are not suitable for all investors.

# Important Notes About This Report (Cont'd)

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Managed Futures: Involve a high degree of risk, often involve leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager.

Master Limited Partnerships (MLPs) are limited partnerships or limited liability companies whose interests (limited partnership or limited liability company units) are generally traded on securities exchanges like shares of common stock. Investment in MLPs entails different risks, including tax risks, than is the case for other types of investments. Currently, most MLPs operate in the energy, natural resources or real estate sectors and are subject to the risks generally applicable to companies in those sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Depending on the ownership vehicle, MLP interests are subject to varying tax treatment.

# Glossary

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**ALPHA:** Synonym of 'value added', linearly similar to the way beta is computed, alpha is the incremental return on a portfolio when the market is stationary. In other words, it is the extra expected return due to non-market factors. This risk-adjusted measurement takes into account both the performance of the market as a whole and the volatility of the portfolio. A positive alpha indicates that a portfolio has produced returns above the expected level at that level of risk, and vice versa for a negative alpha.

**ANNUALIZED RETURN:** The constant rate of return that, compounded annually, would yield the same overall return for a period of more than one year as the actual return observed for that period.

**ANNUALIZED EXCESS RETURN:** Excess return represents the difference between the manager's return and the return of a benchmark for that manager. Annualized excess return is calculated by taking the annualized return of the original series and forming the difference between the two. A positive annualized excess return implies that the manager outperformed the benchmark over the time period shown.

**BEST AND WORST PERIOD RETURNS:** The best period return for a time window is simply the maximum of the returns for that period inside this window. Similarly, the worst period return for a time window is the minimum of the returns for that period inside this window. To calculate the best one-year return for a return series, the program moves a one-year time window along the series and calculates the compound return for each of these windows. The best one-year return is the maximum of the returns thus found. Similarly, the worst one-year return is the minimum of the returns thus found. Therefore, best and worst one-year returns do not refer to calendar years.

**BETA:** The measure of a portfolio's risk in relation to the market (for example, the S&P 500) or to an alternative benchmark or factors. Roughly speaking, a portfolio with a beta of 1.5 will have moved, on average, 1.5 times the market return. According to asset pricing theory, beta represents the type of risk, systematic risk, which cannot be diversified away. When using beta, there are a number of issues that you need to be aware of: (1) betas may change through time; (2) betas may be different depending on the direction of the market (i.e. betas may be greater for down moves in the market rather than up moves); (3) the estimated beta will be biased if the portfolio does not frequently trade; and (4) the beta is not necessarily a complete measure of risk (you may need multiple betas). Also, note that the beta is a measure of co movement, not volatility. It is possible for a security to have a zero beta and higher volatility than the market.

# Glossary (Cont'd)

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**CORRELATION:** Statistical method to measure how closely related the variances of two series are. Assets that are highly correlated would be expected to react in similar ways to changing market conditions.

**CUMULATIVE RETURN:** The total return on an investment over a specified time period.

**CUMULATIVE EXCESS RETURN:** Excess return represents the difference between the manager's return and the return of a benchmark for that manager. Cumulative excess return is calculated by taking the cumulative return of the original series and forming the difference between the two. A positive cumulative excess return implies that the manager outperformed the benchmark over the time period shown.

**DOWNSIDE CAPTURE RATIO:** For each portfolio, this is calculated by (1) identifying the calendar quarters in which the portfolio's benchmark index had negative returns and then (2) for those quarters, dividing the portfolio's annualized net performance by the benchmark index's performance. For investors, the lower the downside capture ratio, the better. For example, a downside capture ratio of 90% means that the portfolio's losses were only 90% of the market's losses (as represented by the benchmark index).

**DOWNSIDE DEVIATION:** Similar to Standard Deviation, but Downside Deviation captures the range of expected returns only on the down side [when the returns fall below the minimum acceptable return (MAR)].

**DRAWDOWN (MAXIMUM DRAWDOWN):** The Maximum loss (compounded, not annualized) that the manager incurred during any sub-period of the time period shown.

**DRAWDOWN BEGIN DATE:** the first date of the sub-period used to calculate the maximum drawdown

**DRAWDOWN END DATE:** The last date of the sub period used to calculate the maximum drawdown

**DRAWDOWN LENGTH:** The number of periods (months or quarters depending on the periodicity of the data) the sub-period used to calculate the maximum drawdown

**DRAWDOWN RECOVERY DATE:** Date at which the compounded returns regain the peak level that was reached before the drawdown began

**DRAWDOWN RECOVERY LENGTH:** Number of periods it takes to reach the recovery level from maximum drawdown end date

# Glossary (Cont'd)

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**EXCESS RETURN:** The difference between the returns of two portfolios. Usually excess return is the difference between a portfolio's return and the return of a benchmark for that portfolio.

**GAIN TO LOSS RATIO:** Divides the average gain in an up period by the average loss in a down period. A higher Gain to Loss Ratio is more favorable.

**HIGH WATER MARK:** The High Water Mark represents the peak level of the manager's return, as represented by the peak of the cumulative return series.

**HIGH WATER MARK DATE:** The date which the High Water Mark was reached.

**UNDER WATER LOSS:** Loss incurred between the high water mark date and the end of the period analyzed

**UNDER WATER LENGTH:** Length of the time interval that begins with the high water mark and ends with the analysis period

**TO HIGH WATER MARK:** The percentage of gain that the manager/fund needs to regain the peak level of the cumulative return series

**INFORMATION RATIO:** Measures the active return of the manager divided by the manager's active risk. Active return is the annualized differences of the manager and the benchmark index, while active risk is measured by tracking error. The higher the information ratio, the better. An information ratio of 0 implies that a manager/fund (or benchmark index, if applicable) has provided a return that is equivalent to the risk of the benchmark return.

**MAR:** Stands for "Minimum Acceptable Return." This represents the lowest return possible that could be considered a successful result of the investment. In most cases, the MAR will either be defined as 0 (meaning no negative return) or as the return of a cash benchmark (meaning the investment had a higher return than simply keeping the investment amount in the relatively safe investment of money market funds). Please refer to the specific chart/statistic to see the specific MAR used in the illustration.

# Glossary (Cont'd)

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**MANAGER STYLE (RETURNS BASED STYLE ANALYSIS):** A measure for analyzing the style of a portfolio's returns when compared with the quarterly returns on a number of selected style indices (the "Style Basis"). These style indices represent distinct investment styles or asset classes such as large cap value, large cap growth, small cap growth, small cap value, government bonds, or cash equivalents asset classes. Style analysis uses a calculation procedure that finds the combination of selected indices that best tracks (i.e. that has the highest correlation to) a given manager's return series. This allows the advisor to capture an accurate picture of the investment style of the manager without viewing the underlying holdings.

**OMEGA:** A measure of volatility designed to capture the entire return distribution (useful for investments that do not have normal return distributions), the Omega is tied to a MAR (see above) and shows the ratio of the entire upside performance to the entire downside, with the MAR representing the dividing line between upside and downside. (e.g. If MAR = 0.00%, any positive return is captured in the upside and any negative return is captured in the downside).

**PAIN INDEX:** Represents the frequency, the depth, and the width of the manager/fund's drawdowns. The Pain Index captures the information for every period in which the manager/fund is negative. A higher Pain Index indicates that the manager/fund had a more negative result when considering not just the depth (lowest return) but also the frequency of negative returns (frequency) and the amount of time that the return remained negative (width).

**PAIN RATIO:** A risk/return ratio which uses the Pain Index as the measure of risk. The higher the Pain Ratio, the better the risk-adjusted return of the portfolio.

**ROLLING WINDOW:** Indicates that the chart or statistic was evaluated using periodic smaller windows of data on a rolling basis. As an example, a 20 Quarter Rolling Window (Annual Roll) over a 10 year period indicates that 5 year (20 quarter) periods of time were evaluated from the start date, moving forward one year at a time, for the duration of the 10 year period, resulting in 5 "windows". Evaluating data this way allows us to remove end point bias and determine a measure of consistency in performance.

**R-SQUARED:** Used to show how much of a portfolio's variability can be accounted for by the market. For example, if a portfolio's R-Squared is 0.79, then 79% of the portfolio's variability is due to market conditions. As R-Squared approaches 100%, the portfolio is more closely correlated with the market.

# Glossary (Cont'd)

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**SHARPE RATIO:** Developed by William F. Sharpe, this calculation measures a ratio of return to volatility. It is useful in comparing two portfolios or stocks in terms of risk-adjusted return. The higher the Sharpe Ratio, the better the risk-adjusted return of the portfolio. It is calculated by first subtracting the risk free rate (Citigroup 3-month T-bill) from the return of the portfolio, then dividing by the standard deviation of the portfolio. Using Sharpe ratios to compare and select among investment alternatives can be difficult because the measure of risk (standard deviation) penalizes portfolios for positive upside returns as much as the undesirable downside returns.

**SINGLE COMPUTATION:** For a single computation chart, StyleADVISOR calculates the information over the entire time period shown as a single data point. As an example, in a chart showing 10 years of performance, a "Single Computation" would represent the statistic shown over the entire 10 year window.

**STANDARD DEVIATION:** A statistical measure of the degree to which the performance of a portfolio varies from its average performance during a specified period. The higher the standard deviation, the greater the volatility of the portfolio's performance returns relative to its average return. A portfolio's returns can be expected to fall within plus or minus one standard deviation, relative to its average return, two-thirds of the time, and fall within plus or minus two standard deviations relative to its average return, 95% of the time. For example, if a portfolio had a return of 5% and a standard deviation of 13% then, if future volatility of returns is similar to historical volatility (which may not be the case):

- About two-thirds of the time, the future returns could be expected to fall between -8% and 18% (being 5% +/- 13%)
- About 95% of the time, the future returns could be expected to fall between -21% and 31% (being 5% +/- 26%).

In performance measurement, it is generally assumed that a larger standard deviation means that great risk was taken to achieve the return.

# Glossary (Cont'd)

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**STYLE BASIS:** A set of indices that represent the broad asset category being utilized. The Style Basis is used in the equation that calculates the Manager Style (see definition). The “Manager Style” chart shows the specific benchmarks utilized in the Style Basis. The following Style Bases would be appropriate for the asset classes shown below:

- Domestic Equity: Russell Generic Corners; Russell 6 Way Style basis; S&P Pure Style Basis
- International Equity: MSCI Regional Style Basis; MSCI World Ex USA Style Basis; MSCI International Equity Style Basis; S&P Regional International Indexes, S&P International 4 Way Style Basis
- Global Equity: MSCI World Style Basis; MSCI World Regional Indexes; MSCI Global Equity Style Basis
- Fixed income: Citigroup Corporate Bond Indexes; BofA Merrill Lynch Fixed Income Indexes; Citigroup Govt Fixed Income Indexes; Global Bond Indexes

**STYLE BENCHMARK:** A unique benchmark calculated for each manager/fund based on the Returns Based Style Analysis described above. The “Asset Allocation” chart in Zephyr shows the specific weightings used for the Style Benchmark for each manager or fund.

**TRACKING ERROR:** A measurement that indicates the standard deviation of the difference between a selected market index and a portfolio's returns. The portfolio's returns are then compared to the index's returns to determine the amount of excess return, which produces a tracking error. A low tracking error indicates that the portfolio is tracking the selected index closely or has roughly the same returns as the index.

**UPSIDE CAPTURE RATIO:** For each portfolio, this is calculated by (1) identifying the calendar quarters in which the portfolio's benchmark index had positive returns and then (2) for those quarters, dividing the portfolio's annualized net performance by the benchmark index's performance. A percentage less than 100% indicates that the portfolio “captured” less performance than the benchmark index, while a percentage greater than 100% indicates the portfolio captured more performance than the benchmark index. For investors, the higher the upside capture ratio, the better. For example, if the annualized performance of an benchmark index during “up” markets (when its returns were zero or positive) is 20.8% and the portfolio's annualized performance during the same period is 16.8%, then the portfolio's upside capture ratio is  $16.8\%/20.8\% = 80.7\%$ , meaning the portfolio “captured” 80.7% of the upside performance of the index. Stated another way, the portfolio in this example performed almost 20% worse than the market during up periods.

**VARIANCE:** A measure of how spread out a distribution is. It is computed as the average squared deviation of each number from its mean.



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## Qualitative Due Diligence Reports

Global Investment Manager Analysis | May 23, 2022

## Focus List Report

### Congress Mid Cap Growth

#### Highlights

- IMA has a favorable opinion of the Congress Mid Cap Growth strategy based on the experienced and tenured investment team, a repeatable investment process, attractive portfolio characteristics, and favorable risk-adjusted performance.
- The Mid Cap Product Committee (MCPC), which includes four PMs and one analyst, manages the strategy and is supported by eight equity research analysts.
- Performance has been compelling on a relative, risk-adjusted, and peer basis since Todd Solomon began leading the strategy in January 2010.
- While Congress is regarded as a relatively conservative growth manager, it may take risk in the portfolio where it believes it is warranted. The manager may attempt to pair some higher-beta, higher-risk stocks with relatively more stable areas of the portfolio. As a result, sub-style can migrate between Conservative and Traditional Growth.
- The team generally targets the portfolio to be equally weighted across 35-45 stocks, with a 5% position maximum, and industry limit of 25%.

#### Performance Expectations

- The process' emphasis on earnings power (organic growth) translates into a higher-quality, relatively more stable growth portfolio whose performance pattern is supportive of a Conservative to Traditional Growth sub-style.
- GIMA anticipates that the portfolio generally should keep pace during broad up markets and may tend to potentially outperform during negative markets.
- The strategy may underperform in markets where performance is driven by more speculative, higher growth, and lower quality companies.

#### Jeff Chapracki

Investment Analyst

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#### Strategy Details

##### Investment Style:

US Mid Cap Growth

##### Sub-Style:

Conservative Growth

##### Benchmark:

Russell Mid Cap Growth Index

##### GIMA Status:

Focus List

##### Product Type:

Separately Managed Account, Mutual Fund

##### Ticker Symbol:

CMIDX, IMIDX (UMA)

<http://www.congressasset.com>

#### Strategy Description

Congress uses a committee-based approach to growth investing. The investment team employs a GARP investment approach by emphasizing quality growth businesses with a demonstrated history of stable and consistent earnings growth and balance sheet strength.

This report is only to be used in connection with investment advisory programs and not brokerage accounts.

*Before investing, consider the fund's investment objectives, risks, charges and expenses. Contact your Financial Advisor for a prospectus containing this and other information about the fund. Read it carefully before investing. More information regarding the fees, expenses and performance (but not including the Morgan Stanley Wealth Management program fee) is available at the website noted above.*

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INVESTMENT PRODUCTS: NOT FDIC INSURED\* NO BANK GUARANTEE\* MAY LOSE VALUE

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**Positive Attributes**

- With over 20 equity portfolio managers and research analysts dedicated to investment research, GIMA views the team as deep and knowledgeable.
- GIMA believes the dual role of PM/Relationship Manager enhances client retention.
- The firm is diversified, with over 20 products managed across multiple asset classes.

**Points to Consider**

- New separate accounts are equally weighted across model positions and permitted to appreciate up to 5%.
- The separate account and mutual fund are managed to the same model; however, mutual fund portfolio positions tend to be closer to equal weights due to a higher level of cash flows. The separate accounts may experience a greater degree of variability.
- The portfolio is relatively concentrated, with 35-45 securities with low to moderate turnover that has historically ranged between 35% and 50%.
- Historically, the portfolio tends to have an overweight to the Industrials and Health Care sectors and an underweight to Materials and Technology. To the extent benchmark performance is driven heavily by sector returns, the portfolio may experience headwinds or tailwinds, accordingly.
- While the MCPC changed from Gregg O'Keefe to Todd Solomon in January 2010, GIMA believes the separate account composite is representative of the strategy's performance given the overall stability of investment professionals over time.

**Areas of Concern**

- The lack of employee ownership in the firm outside of the Lagan family is mitigated by an employee profit-sharing plan.
- Concentration risk exists because a significant level of the firm's assets are with Morgan Stanley Wealth Management clients.
- Lagging relative performance for the majority of the last ten years for the flagship Large Cap Growth equity strategy.

**Portfolio Management Team & Investment Process**

- The Mid Cap Product Committee (MCPC) manages the Mid Cap Growth strategy at Congress. This committee is comprised of four portfolio managers and one analyst.
- Todd Solomon has been the chairperson of the MCPC since January 2010. As the chairperson, Mr. Solomon has final investment decision-making authority. He joined the firm in 2001 with research and portfolio manager experience dating back to 1993.
- The portfolio managers on the committee are generalists and do some fundamental analysis on companies. PMs also have client service responsibilities.
- The MCPC also utilizes an eight-person central research team, who by design rotate sector coverage every few years.
- The investment philosophy seeks companies with consistent earnings and cash flow growth that can compound returns over time.
- In addition to consistent growth metrics, portfolio holdings should have strong financial strength, be industry leaders, and have experienced management teams.
- The investment screens are run on stocks with market caps between \$800 million and \$20 billion, and seek to identify improving fundamentals, such as revenue and earnings growth, sustainability of growth, and sound corporate governance.
- The investment team evaluates a variety of fundamental metrics on each company. Additionally, it reviews SEC reports, independent third-party research, and sell-side analysis. The analysts at Congress do not build their own earnings models.
- The stocks in the portfolio need to have a catalyst that is either based on a company-related factor, such as a new product or new management, or that is related to the company's earnings.
- The MCPC also maintains a watch list of stocks that it likes, but are not investable due to valuation, timing, or already owning a similar stock in the portfolio.
- The portfolio is initially equally weighed at approximately 2.5% and then the positions are allowed to appreciate up to 5%. In order to invest into a new name in the portfolio, a security must be sold.
- Positions are trimmed or sold as they approach \$40 billion market capitalization, hit the 5% position maximum, reach valuation targets, or experience weakened fundamentals.

## FOCUS LIST REPORT

### PORTFOLIO TRAITS

Range of Holdings	5-45
Max. Position Size	5%
Econ Sector Constraints	25% industry
Currency Hedging	N/A
Typical Annual Turnover	35-50%
Invests in ADRs	Yes, typically <5% non-US
Invests in ETFs	No
Invests in Derivatives	No
Invests in IPOs	No
Max. Cash	5%
Typical Cash Position	1-5%

Source: Congress Asset Management

### OWNERSHIP & PARENT COMPANY

Name of Owner	Lagan Holding Company T st
Percentage Owned	99%
Publicly Traded	No
Name of Owner	Lagan-Congress Inc,
Percentage Owned	1%
Publicly Traded	No

Source: Congress Asset Management

### ASSETS UNDER MANAGEMENT (\$ MILLIONS)

YEAR	FIRM	SMA	FUND
2021	\$20,797*	\$6,129*	\$1,690
2020	\$16,269	\$3,697	\$1,139
2019	\$12,258	\$3,767	\$1,120
2018	\$10,233	\$3,063	\$932
2017	\$10,546	\$3,132	\$959
2016	\$8,139	\$2,048	\$604
2015	\$7,040	\$1,190	\$289

Source: Congress Asset Management

\*assets are inclusive of assets under management (AUM) and assets under advisement (AUA).

**Disclosure Section****Definitions**

**Russell Midcap Growth** - Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

**Sub-Styles:** Subjective classifications designed to assist with manager selection and performance evaluation based on GIMA's understanding of a manager's long-term investment philosophy and portfolio structuring biases and techniques. At points in time managers may display attributes of other sub-style classifications, and these classifications may change due to changes in the capital markets, evolution of performance benchmarks, industry trends, or changes involving a manager's personnel or process.

**Conservative Growth:** Growth managers that generally follow a more valuation-sensitive approach and focus on more established companies that frequently have longer earnings histories and greater visibility and perceived sustainability in earnings. Portfolios may display lower valuation levels and less exposure to the highest growth and more speculative companies and performance may display less volatility than the benchmark and peers.

**Glossary of Terms**

**Active Share** – is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index; Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.

**ADRs** – American Depository Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market. ADRs are typically listed on U.S. exchanges such as NYSE, AMEX and NASDAQ.

**Alpha** – measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.

**Beta** – measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.

**Correlation** – measures the degree to which the returns of two securities or indices are related. The range of possible correlations is between 1.0 and -1.0. Positive correlation indicates that returns tend to move in the same direction. Negative correlation indicates that returns tend to move in opposite directions. Zero correlation implies that there is no relationship between the securities' returns.

**EPS Growth – Forecast** – a measure of one year earnings (cash flow or dividends) per share growth from the prior fiscal year (FY0) to the current fiscal year (FY1) using analyst consensus forecasts. Growth is expressed as a percent. The FY1 EPS (earnings per share) growth rate for the portfolio is a weighted average of the forecasts for the individual stocks in the portfolio.

**EPS Growth – 5 Year Historical** – The weighted average annualized earnings per share growth for a portfolio over the past five years.

**Excess Return** – represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.

**Historical EPS Growth** - calculated by regressing over time the quarterly earnings per share for the past 20 quarters to determine the share's historical growth rate in earnings. The quarterly historical growth rate for each share is then annualized and the Historical EPS Growth shown in this report is the weighted average of these results.

**Long Term EPS Growth Rate** – analyst consensus of expected annual increase in operating earnings per share over the company's next full business cycle - usually three to five years. The Long Term EPS Growth Rate for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**P/E - Forecast 12-Mo.** – The price/earnings ratio for the stock based on the most recent closing price divided by the annual mean expected earnings for the current fiscal year (FY1 EPS forecast). P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**P/E – Trailing 12-Mo.** – the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Price-to-Book** – price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**R-Squared (R<sup>2</sup>)** – represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R<sup>2</sup> is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R<sup>2</sup> percentages.

**Return on Equity (ROE)** – is another profitability ratio which gauges return on investment by measuring how effectively stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to

## FOCUS LIST REPORT

arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Sharpe Ratio** – measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.

**Standard Deviation** – quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.

**Tracking Error** – represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.

### Important Disclosures

#### Report for Use Only in Investment Advisory Programs

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GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List. Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

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Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "GIMA at a Glance".

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### Performance and Other Portfolio Information

#### **General**

*Past performance does not guarantee future results.* There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance referenced in this report.

For mutual funds, the investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain performance information, current to the most recent month-end, please contact the fund directly at the website set out on the cover page of this report.

#### **Benchmark index**

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

#### **Other data**

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the investment manager, Morgan Stanley Wealth Management or a third party service provider, and may be based on a representative account or a composite of accounts.

#### **Securities holdings**

Holdings are subject to change daily, so any securities discussed in this report may or may not be included in your portfolio if you invest in this investment product. Your portfolio may also include other securities in addition to or instead of any securities discussed in this report. Do not assume that any holdings mentioned were, or will be, profitable.

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Investing in **stocks, mutual funds** and **exchange-traded funds ("ETFs")** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods. Besides the general risk of holding securities that may decline in value, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance, and potential leverage. Some funds also invest in foreign securities, which may involve currency risk.

**Value** and **growth investing** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

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**Small- and mid- capitalization** companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

**Nondiversification:** For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad

## FOCUS LIST REPORT

range of sectors.

Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies. **Technology stocks** may be especially volatile. **Health care sector stocks** are subject to government regulation, as well as government approval of products and services, which can significantly impact price and availability, and which can also be significantly affected by rapid obsolescence and patent expirations.

The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments (ESG)** may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client's account will be managed as described herein.

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Global Investment Manager Analysis | May 24, 2022

## Focus List Report

### DF Dent and Company Mid Cap Growth SMA/Fund

#### Highlights

- Global Investment Manager Analysis (GIMA) has a favorable view of DF Dent's long-tenured investment professionals averaging over 25 years of investment experience and stemming from diverse backgrounds. Additionally, the firm has a long history of managing growth portfolios utilizing the same investment philosophy going back to 1986.
- DF Dent seeks best-in-class companies that dominate a market niche, have wide business moats, and above-average growth prospects to create quality growth portfolios. GIMA considers DF Dent's in-depth analysis of management teams to be differentiated; they look for humble leaders that have high stock ownership, and are good capital allocators.
- Portfolio manager Tom O'Neil is expected to retire in June of 2023, at which point the firm may look to promote from within. All four PMs on the strategy have an equal vote in decision making; the remaining three members of the investment team have worked together for 15 years.

#### Performance Expectations

- Given the strategy's focus on stocks that exemplify financial strength and sustainability of earnings growth potential, GIMA expects the strategy to generally perform well in more challenging or negative markets relative to its benchmark (e.g., 2008).
- The strategy has moderate to high tracking error due to its concentration and the benchmark-agnostic approach that can lead to material sector differences compared to the benchmark.
- Historically, the strategy has maintained an overweight to Industrials and underweight in Consumer Discretionary sectors, which can impact performance.

#### Amy Tonkin

Investment Analyst

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#### Strategy Details

##### Investment Style:

US Mid Cap Growth

##### Sub-Style:

Traditional Growth

##### Benchmark:

Russell Midcap Growth Index

##### GIMA Status:

Focus List

##### Product Type:

Mutual Fund & SMA

##### Ticker Symbol:

DFMGX (UMA)

<https://dfdent.com/>

#### Strategy Description

DF Dent Mid Cap Growth employs a bottom-up, fundamental process that seeks best-in-class companies with wide business moats, and talented and ethical management teams. The emphasis is on companies with above-average EPS growth expectations, high returns on investment, sustainable free cash flow growth, a competitive advantage and attractive relative valuations.

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**Positive Attributes**

- 100% employee-owned firm that is committed to remaining an independent asset manager.
- Experienced portfolio management team with diverse backgrounds, including corporate M&A, biotechnology, legal and investment banking.
- Additionally, the firm has a long history of managing growth portfolios and consistent application of their investment process..

**Points to Consider**

- Concentrated portfolio of 30-45 securities.
- Low turnover of 25%-35%.
- Above-average stock-specific risk as individual positions may be up to 12% of the portfolio's market value.
- The strategy has historically had a material overweight to the Industrials sector while avoiding biotechnology companies.
- The portfolio's valuation metrics, including forward estimated P/E multiples, have historically been higher than the benchmark. This is consistent with DF Dent's willingness to pay up for quality companies with strong earnings growth potential.

**Areas of Concern**

- Ownership is not widely distributed across the firm as Daniel Dent owns about 63% of the equity, 26% personally and 37% through trusts. However, the firm has initiated a plan to reduce Dan Dent's personal ownership over a 10-year period, and all PMs are equity owners.

**Portfolio Management Team & Investment Process**

- The DF Dent Mid Cap team is made up of four investment professionals which includes: Tom O'Neil, Matt Dent, Gary Mitchell and Bruce Kennedy. Tom O'Neil is expected to retire in June of 2023, at which point the firm may look to promote from within. All four PMs on the strategy have an equal vote in decision making; the remaining three members of the investment team have worked together for 15 years.

- The team is supported by nine investment professionals performing research.
- DF Dent believes that stock prices are highly correlated with growth in earnings and that real wealth is created by owning successful companies for a long period of time.
- The investment team focuses on companies with the following characteristics:
  - Strong management teams and a commitment to customers, employees and shareholders.
  - Companies that are considered market leaders.
  - Prospects for 15% or more in earnings growth.
  - Strong balance sheets with lower debt and high ROI.
  - Strong free cash flow generation and efficient capital allocation.
  - Reasonable valuations.
- DF Dent generates investment ideas through a variety of sources, including conferences, research trips, periodicals, and discussions with management teams, rather than simply through traditional screens.
- A key differentiator of the process is the extensive analysis of the quality of management teams. DF Dent meets with numerous members of the management teams, preferably at their headquarters/places of business; they look for humble leaders surrounded by strong talent, that have high stock ownership, and are good capital allocators. They also meet with customers and vendors of prospective companies to confirm what they are hearing from the management teams. Lastly, once they have initiated an investment, they typically speak with management 6-8 times a year.
- The team utilizes different valuation methods, including relative multiple, discounted cash flow, and to a lesser extent, sum-of-the parts analysis.
- In addition to proprietary fundamental research, DF Dent utilizes an expert network provider to get insights into more esoteric products or industries.
- The team has a benchmark-agnostic approach to sector positioning, which can lead to material deviations from the index.
- Initial position sizes are generally 1%-2% and can go up to 7% at cost and 12% at market value.

## FOCUS LIST REPORT

### PORTFOLIO TRAITS

Range of Holdings	30-45
Max. Position Size	7% at cost, 12% at market value
Econ Sector Constraints	None. 25% industry limit
Typical Annual Turnover	25-35%
Invests in ADRs	Yes
Invests in ETFs	Allowed, but not used
Invests in Derivatives	No
Invests in IPOs	No
Max. Cash	10%
Typical Cash Position	1-3%

Source: DF Dent

### OWNERSHIP & PARENT COMPANY

Name of Owner	Daniel Dent
Percentage Owned	26%
Publicly Traded	No
Name of Owner	Daniel Dent Trust
Percentage Owned	37%
Publicly Traded	No
Name of Owner	Matt Dent
Percentage Owned	16%
Publicly Traded	No
Name of Owner	Gary Mitchell
Percentage Owned	7%
Publicly Traded	No
Name of Owner	Bruce Kennedy
Percentage Owned	3%
Publicly Traded	No
Name of Owner	Tom O'Neil
Percentage Owned	2%
Publicly Traded	No
Name of Owner	Other Employees
Percentage Owned	9%
Publicly Traded	No

Source: DF Dent

### ASSETS UNDER MANAGEMENT (\$ MILLIONS)

YEAR	FIRM	SMA	FUND
1Q 2022	10,047	3,425	785
2021	11,372	3,942	928
2020	9,600	3,100	669
2019	6,663	1,626	208
2018	4,515	782	56
2017	4,457	741	41

Source: DF Dent

**Disclosure Section****Definitions**

**Russell Midcap Growth** - Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

**Sub-Styles:** Subjective classifications designed to assist with manager selection and performance evaluation based on GIMA's understanding of a manager's long-term investment philosophy and portfolio structuring biases and techniques. At points in time managers may display attributes of other sub-style classifications, and these classifications may change due to changes in the capital markets, evolution of performance benchmarks, industry trends, or changes involving a manager's personnel or process.

**Traditional Growth:** Generally invest in a mix of lower and higher growth companies, portfolios and performance likely to be more highly correlated to the respective growth benchmark than peers and may demonstrate the flexibility at times to take on characteristics of more Conservative or Aggressive growth peers.

**Glossary of Terms**

**Active Share** – is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index; Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.

**ADRs** – American Depository Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market. ADRs are typically listed on U.S. exchanges such as NYSE, AMEX and NASDAQ.

**Alpha** – measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.

**Beta** – measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.

**Correlation** – measures the degree to which the returns of two securities or indices are related. The range of possible correlations is between 1.0 and -1.0. Positive correlation indicates that returns tend to move in the same direction. Negative correlation indicates that returns tend to move in opposite directions. Zero correlation implies that there is no relationship between the securities' returns.

**EPS Growth – Forecast** – a measure of one year earnings (cash flow or dividends) per share growth from the prior fiscal year (FY0) to the current fiscal year (FY1) using analyst consensus forecasts. Growth is expressed as a percent. The FY1 EPS (earnings per share) growth rate for the portfolio is a weighted average of the forecasts for the individual stocks in the portfolio.

**EPS Growth – 5 Year Historical** – The weighted average annualized earnings per share growth for a portfolio over the past five years.

**Excess Return** – represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.

**Historical EPS Growth** - calculated by regressing over time the quarterly earnings per share for the past 20 quarters to determine the share's historical growth rate in earnings. The quarterly historical growth rate for each share is then annualized and the Historical EPS Growth shown in this report is the weighted average of these results.

**Long Term EPS Growth Rate** – analyst consensus of expected annual increase in operating earnings per share over the company's next full business cycle - usually three to five years. The Long Term EPS Growth Rate for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**P/E - Forecast 12-Mo.** – The price/earnings ratio for the stock based on the most recent closing price divided by the annual mean expected earnings for the current fiscal year (FY1 EPS forecast). P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**P/E – Trailing 12-Mo.** – the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Price-to-Book** – price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**R-Squared (R<sup>2</sup>)** – represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R<sup>2</sup> is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R<sup>2</sup> percentages.

**Return on Equity (ROE)** – is another profitability ratio which gauges return on investment by measuring how effectively stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

## FOCUS LIST REPORT

**Sharpe Ratio** – measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.

**Standard Deviation** – quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.

**Tracking Error** – represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.

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## FOCUS LIST REPORT

information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

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Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the investment manager, Morgan Stanley Wealth Management or a third party service provider, and may be based on a representative account or a composite of accounts.

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## FOCUS LIST REPORT

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RSI1653400378945 05/2022

Global Investment Manager Analysis | March 28, 2023

## Focus List Report

### Geneva Mid Cap Growth / Nationwide Geneva Mid Cap Growth Fund

#### Highlights

- Geneva Capital Management (Geneva) is an independent, majority employee-owned firm that was founded in 1987 and based in Milwaukee, WI. The firm specializes in quality growth investment strategies and has a strong investment led culture.
- During 2020, Geneva was sold by Janus Henderson Investors to Geneva management and private equity firm Estancia Partners. GIMA has a favorable view of the firm's new ownership structure due to a stronger alignment of interest for employees, who control a majority of firm equity.
- Geneva utilizes a bottom-up fundamental research process to identify solid businesses with sustainable competitive advantages and depth and quality of management. In addition, the manager considers macro factors when making investment decisions and runs a pragmatic and risk-aware investment process.
- Lead portfolio manager Scott Priebe and co-portfolio manager Jose Munoz are seasoned investors and have significant co-investments in the strategies they manage for clients. They are supported by an experienced investment team of generalist analysts and portfolio managers.
- The portfolio consists of 50-60 stocks and portfolio turnover is low.

#### Performance Expectations

- The strategy's emphasis on stocks with durable and sustainable growth rates, as well as those with high return on equity and low debt levels, results in a quality portfolio with low beta and downside and upside capture ratios. As such, the strategy may outperform on a relative basis during volatile market environments. Conversely, the strategy may underperform when low-quality, speculative stocks dominate the market.
- Due to the investment philosophy's emphasis on quality, the portfolio's valuation metrics, including P/E multiples, tend to be at a premium to the benchmark.

#### Amrit Tewary

Investment Analyst

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#### Strategy Details

##### Investment Style:

US Mid Cap Growth

##### Sub-Style:

Conservative Growth

##### Benchmark:

Russell Mid Cap Growth Index

##### GIMA Status:

Focus List

##### Product Type:

Mutual Fund & Separately Managed Account

##### Ticker Symbol:

NWHYX (UMA)

[www.genevacap.com](http://www.genevacap.com)

#### Strategy Description

Geneva focuses on high-quality companies with sustainable competitive advantages, industry leadership, experienced management and low debt levels.

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**Positive Attributes**

- Experienced and long-tenured investment professionals.
- A time-tested and repeatable investment process.
- The team's equity ownership indicates their alignment of interest with their clients.

**Points to Consider**

- A low-turnover strategy.
- Moderately diversified portfolio of 50-60 stocks.
- The portfolio exhibits a high-quality growth bias. Geneva is willing to pay up for quality, which results in a valuation profile at times in line with or at a premium to the benchmark.
- The fund is managed the same as separate accounts. Geneva may, however, harvest losses to offset gains in the fund, which could lead to some performance dispersion between the two products. This is typically done in June, before the fund's fiscal year end.

**Areas of Concern**

- The majority of the firm's assets (>90%) are in the Small Cap Growth and Mid Cap Growth strategies, which represent some potential product concentration risk. In the event either strategy underperforms for an extended period, the firm could lose a substantial amount of assets.

**Portfolio Management Team & Investment Process**

- The portfolio is co-managed by lead portfolio manager Scott Priebe and co-portfolio manager Jose Munoz. Scott Priebe has been a portfolio manager since 2006, and Jose Munoz was promoted to portfolio manager in 2017.
- Bill Priebe, who founded the firm and is Scott's father, is semi-retired and serves as an advisor and portfolio manager. He also handles some client relationships and serves as a mentor to the younger members of the team.
- The portfolio management team is supported by four investment professionals performing research responsibilities, as well as a client portfolio manager and a head of trading.
- Geneva seeks high-quality companies with a consistent record of above average growth. Their primary focus is on bottom-up, fundamental research, while also being cognizant of the current and future economic and market trends that influence the capital markets.

- Investment ideas are generated through ongoing fundamental research, industry conferences and quantitative screens.
- The quantitative screens narrow down the universe to companies that meet minimum revenue and earnings growth hurdles, that have low financial leverage, and that have high or expanding margins, ROE, and ROA.
- Qualitatively, Geneva eliminates companies they deem to be high risk such as recent IPOs, non-US companies, concept stocks, or turnaround stories.
- Fundamental research is conducted on potential candidates. They seek companies with strong industry leadership positions, a sustainable competitive advantage, proven and experienced management, and solid financials.
- Geneva constructs an earnings projection, which is discounted back to determine an estimated valuation. This valuation is compared to the company's industry, the market, its history, and the overall portfolio. In stable market environments, the team also evaluates a company's PEG ratio.
- Geneva states they generally favor higher-quality companies with earnings that are considered sustainable and may tend to be less valuation sensitive.
- Geneva publishes a quarterly Economic and Investment Outlook, which forms the top-down portion of the firm's investment process. Geneva claims that 20% of the investment process is based on its top-down macroeconomic analysis. They will consider it within their decision-making process.
- Valuation and short-term technical analysis are used for entry and exit points.
- Positions may be trimmed or sold if a stock position exceeds 8% of the portfolio, a sub-sector represents more than 15% of the portfolio, a security becomes extremely overvalued or extended technically, or if a stock sustains a market capitalization over three times that of the benchmark's highest market capitalization for a quarter.

## FOCUS LIST REPORT

### PORTFOLIO TRAITS

Range of Holdings	50-60
Max. Position Size	5%
Econ Sector Constraints	Typically 2X the Index weight
Typical Annual Turnover	<25%
Invests in ADRs	No
Invests in ETFs	Yes, rarely used
Invests in Derivatives	No
Invests in IPOs	No
Max. Cash	5%
Typical Cash Position	<5%

Source: Geneva Capital

### OWNERSHIP & PARENT COMPANY

Name of Owner	Employees
Percentage Owned	>51%
Publicly Traded	No
Ticker Symbol	N/A
Name of Owner	Estancia Partners
Percentage Owned	<49%
Publicly Traded	No
Ticker Symbol	N/A

Source: Geneva Capital

### ASSETS UNDER MANAGEMENT (\$ MILLIONS)

YEAR	FIRM	STRATEGY	FUND
2022	5,029	1,170	465
2021	6,998	1,923	892
2020	6,680	1,891	949
2019	5,275	1,830	1,017
2018	4,577	1,959	1,023
2017	5,202	2,659	1,492
2016	5,327	2,613	1,197

Source: Geneva Capital

**Disclosure Section****Definitions**

**Russell Midcap Growth** - Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

**Sub-Styles:** Subjective classifications designed to assist with manager selection and performance evaluation based on GIMA's understanding of a manager's long-term investment philosophy and portfolio structuring biases and techniques. At points in time managers may display attributes of other sub-style classifications, and these classifications may change due to changes in the capital markets, evolution of performance benchmarks, industry trends, or changes involving a manager's personnel or process.

**Conservative Growth:** Growth managers that generally follow a more valuation-sensitive approach and focus on more established companies that frequently have longer earnings histories and greater visibility and perceived sustainability in earnings. Portfolios may display lower valuation levels and less exposure to the highest growth and more speculative companies and performance may display less volatility than the benchmark and peers.

**Glossary of Terms**

**Active Share** – is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index; Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.

**ADRs** – American Depository Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market. ADRs are typically listed on U.S. exchanges such as NYSE, AMEX and NASDAQ.

**Alpha** – measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.

**Beta** – measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.

**Correlation** – measures the degree to which the returns of two securities or indices are related. The range of possible correlations is between 1.0 and -1.0. Positive correlation indicates that returns tend to move in the same direction. Negative correlation indicates that returns tend to move in opposite directions. Zero correlation implies that there is no relationship between the securities' returns.

**EPS Growth – Forecast** – a measure of one year earnings (cash flow or dividends) per share growth from the prior fiscal year (FY0) to the current fiscal year (FY1) using analyst consensus forecasts. Growth is expressed as a percent. The FY1 EPS (earnings per share) growth rate for the portfolio is a weighted average of the forecasts for the individual stocks in the portfolio.

**EPS Growth – 5 Year Historical** – The weighted average annualized earnings per share growth for a portfolio over the past five years.

**Excess Return** – represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.

**Historical EPS Growth** - calculated by regressing over time the quarterly earnings per share for the past 20 quarters to determine the share's historical growth rate in earnings. The quarterly historical growth rate for each share is then annualized and the Historical EPS Growth shown in this report is the weighted average of these results.

**Long Term EPS Growth Rate** – analyst consensus of expected annual increase in operating earnings per share over the company's next full business cycle - usually three to five years. The Long Term EPS Growth Rate for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**P/E - Forecast 12-Mo.** – The price/earnings ratio for the stock based on the most recent closing price divided by the annual mean expected earnings for the current fiscal year (FY1 EPS forecast). P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**P/E – Trailing 12-Mo.** – the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Price-to-Book** – price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**R-Squared (R<sup>2</sup>)** – represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R<sup>2</sup> is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R<sup>2</sup> percentages.

**Return on Equity (ROE)** – is another profitability ratio which gauges return on investment by measuring how effectively stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to

## FOCUS LIST REPORT

arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Sharpe Ratio** – measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.

**Standard Deviation** – quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.

**Tracking Error** – represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.

### Important Disclosures

#### Report for Use Only in Investment Advisory Programs

This report is only to be used in Morgan Stanley Wealth Management investment advisory programs and not in connection with brokerage accounts.

#### The Global Investment Manager Analysis (GIMA) services Only Apply to Certain Investment Advisory Programs

GIMA evaluates certain investment products for the purposes of some – but not all – of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management). If you do not invest through one of these investment advisory programs, Morgan Stanley Wealth Management is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

#### Focus List, Approved List and Tactical Opportunities List; Watch Policy

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List. Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "GIMA at a Glance".

#### No Obligation to Update

Morgan Stanley Wealth Management has no obligation to update you when any information or opinion in this report changes.

#### Strategy May Be Available as a Separately Managed Account or Mutual Fund

Strategies are sometimes available in Morgan Stanley Wealth Management investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

Morgan Stanley or Executing Sub-Managers, as applicable, in some of Morgan Stanley's Separately Managed Account ("SMA") programs may effect transactions through broker-dealers other than Morgan Stanley or our affiliates. In such instance, you may be assessed additional costs by the other firm in addition to the Morgan Stanley and Sub-Manager fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain Sub-Managers have historically directed most, if not all, of their trades to outside firms. Information provided by Sub-Managers concerning trade execution away from Morgan Stanley is summarized at: [www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf](http://www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf). For more information on trading and costs, please refer to the ADV Brochure for your program(s), available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV), or contact your Financial Advisor / Private Wealth Advisor.

#### Consider Your Own Investment Needs

This report is not intended to be a client specific analysis or recommendation, an offer to participate in any investment, or a recommendation to

## FOCUS LIST REPORT

buy, hold or sell securities (includes securities of Morgan Stanley, and/or their affiliates if shown in this report). Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

### Performance and Other Portfolio Information

#### **General**

*Past performance does not guarantee future results.* There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance referenced in this report.

For mutual funds, the investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain performance information, current to the most recent month-end, please contact the fund directly at the website set out on the cover page of this report.

#### **Benchmark index**

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

#### **Other data**

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the investment manager, Morgan Stanley Wealth Management or a third party service provider, and may be based on a representative account or a composite of accounts.

#### **Securities holdings**

Holdings are subject to change daily, so any securities discussed in this report may or may not be included in your portfolio if you invest in this investment product. Your portfolio may also include other securities in addition to or instead of any securities discussed in this report. Do not assume that any holdings mentioned were, or will be, profitable.

#### Sources of Data

Material in this report has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data.

#### Asset Class and Other Risks

Investing in **stocks, mutual funds** and **exchange-traded funds ("ETFs")** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods. Besides the general risk of holding securities that may decline in value, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance, and potential leverage. Some funds also invest in foreign securities, which may involve currency risk.

**Value** and **growth investing** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

**International securities** may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in **emerging markets and frontier markets**.

**Small- and mid- capitalization** companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments (ESG)** may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria.

## FOCUS LIST REPORT

The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client's account will be managed as described herein.

### **No Tax Advice**

Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley and/or as described at [www.morganstanley.com/disclosures/dol](http://www.morganstanley.com/disclosures/dol). Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

If any investments in this report are described as "tax free", the income from these investments may be subject to state and local taxes and (if applicable) the federal Alternative Minimum Tax. Realized capital gains on these investments may be subject to federal, state and local capital gains tax.

### **Conflicts of Interest**

GIMA's goal is to provide professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, we also believe that investors are entitled to full disclosure of conflicts of interests which could affect the objectivity of our Manager Profiles. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth Management or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds. For example, a Financial Advisor may suggest that GIMA evaluates an investment manager or fund in which a portion of his or her clients' assets are already invested. While such a recommendation is permissible, GIMA is responsible for the opinions expressed by GIMA. Separately, certain strategies managed or sub-advised by us or our affiliates, including but not limited to MSIM and Eaton Vance Management ("EVM") and its investment affiliates, may be included in your account. See the conflicts of interest section in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management for a discussion of other types of conflicts that may be relevant to GIMA's evaluation of managers and funds. In addition, Morgan Stanley Wealth Management, MS&Co., managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs. Morgan Stanley Wealth Management, managers, MS&Co., and their affiliates receive compensation and fees in connection with these services. Morgan Stanley Wealth Management believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account.

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Global Investment Manager Analysis | January 25, 2023

## Focus List Report

### Kayne Anderson Rudnick Mid Cap Sustainable Growth SMA/Virtus Mid Cap Growth Fund

#### Highlights

- Global Investment Manager Analysis (GIMA) has a high level of conviction in the strategy's portfolio managers (PM), Douglas Foreman and Chris Armbruster. The PMs are supported by several dedicated analysts.
- The Kayne Anderson Rudnick investment team has a history of adding value across multiple products with the same investment process, which is transparent and repeatable.
- The portfolio tends to have a higher tracking error and higher active share due to its ability to have a concentrated structure at times. In addition, the strategy has historically exhibited significant active sector weights, larger weighted average market cap and higher price multiples compared to the benchmark and peers.

#### Performance Expectations

- Given the strategy's high growth emphasis, markets led by high growth stocks should provide a relative performance tailwind. Conversely, rallies led by more value-oriented stocks may present challenges for the strategy.
- The strategy's performance profile relative to the benchmark may prove volatile as a consequence of the strategy's ability to have a concentrated structure and active sector positioning.
- The strategy's weighted average market cap has historically been higher than the benchmark. This bias may pose a relative performance challenge in environments favoring smaller cap stocks.

#### Peter Winkler

Investment Analyst

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#### Strategy Details

##### Investment Style:

US Mid Cap Growth

##### Sub-Style:

Aggressive Growth

##### Benchmark:

Russell Mid Cap Growth Index

##### GIMA Status:

Focus List

##### Product Type:

Separately Managed Account & Mutual Fund

##### Ticker Symbol:

PICMX (UMA)

<https://corporate.virtus.com/>

<https://kayne.com/>

#### Strategy Description

The investment team seeks to construct a focused portfolio of growth-oriented stocks through an intensive bottom-up fundamental investment process, to achieve a return meaningfully above the Russell Midcap Growth Index.

This report is only to be used in connection with investment advisory programs and not brokerage accounts.

*Before investing, consider the fund's investment objectives, risks, charges and expenses. Contact your Financial Advisor for a prospectus containing this and other information about the fund. Read it carefully before investing. More information regarding the fees, expenses and performance (but not including the Morgan Stanley Wealth Management program fee) is available at the website noted above.*

Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States. This material has been prepared for informational purposes only and is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Past performance is not necessarily a guide to future performance. This Manager Analysis Report does not constitute investment advice and the provision of this report itself does not create an investment advisory relationship between you and Morgan Stanley Wealth Management.

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INVESTMENT PRODUCTS: NOT FDIC INSURED\*NC BANK GUARANTEE\* MAY LOSE VALUE

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**Positive Attributes**

- The dedicated investment professionals on the team are experienced and tenured with an average of approximately 20 years of investment experience.
- The investment team has a history of adding value across multiple products implementing a similar investment process. The process is transparent, repeatable and has been implemented consistently.
- The portfolio has historically displayed strong relative performance, primarily driven by strong stock selection, versus the benchmark and peers across the short and longer-term periods.

**Points to Consider**

- The Kayne Anderson Mid Cap Sustainable Growth strategy and the Virtus KAR Mid Cap Growth Fund are managed using the same investment process. However, there may be slight differences in the holdings of the SMA and the mutual fund.
- The low-turnover portfolio is concentrated with 25-50 holdings and a higher active share.
- The portfolio has historically exhibited higher growth metrics relative to the index.
- The portfolio tends to have a larger weighted-average market cap relative to the Russell Mid Cap Growth Index due to the 3-5 year investment horizon and low portfolio turnover.
- The portfolio's valuation metrics tend to be at a premium to the benchmark and at times, it can have significant active sector weights.
- The strategy can hold up to 20% in non-U.S. stocks although the largest allocation, historically was below that. The strategy may also have small positions in IPOs from time to time.

**Areas of Concern**

- The strategy appears to have a more aggressive growth tilt than other Kayne strategies and a higher exposure to companies with negative P/E ratios and aggressive valuation metrics. The strategy is considered an aggressive growth option, and will see performance volatility typically associated with aggressively positioned growth portfolios.

**Portfolio Management Team & Investment Process**

- Doug Foreman and Chris Armbruster are the current co-portfolio managers on the strategy. Mr. Foreman is also the firm's Chief Investment Officer. He has been managing the strategy since its inception in 2012. Mr. Armbruster has been working on this strategy since 2013 and was promoted to the role of co-PM in January 2020. The portfolio managers are supported by other dedicated research analysts. All final decisions are made by the co-PMs.
- Kayne Anderson Rudnick's investment philosophy is rooted in the belief that a focused portfolio of stocks, resulting from the implementation of an intensive bottom-up fundamental investment process with a specific emphasis on identifying the highest-quality subset of the relevant investment universe, will achieve attractive risk-adjusted returns over a full market cycle.
- High quality is defined as a qualitative business characteristic that enables a company to resist competitive forces and thereby produce high and enduring profitability.
- The opportunity set is broadly defined as companies within the market cap range of the Russell Midcap Index on a rolling 3-year basis. However, per prospectus, only approximately 80% of portfolio holdings at the time of purchase are mandated to be within the market-cap range of the aforementioned index.
- The investment team starts with a universe of stocks that they deem to be high-quality, generated from quantitative screens based on high returns on capital (ROC), high returns on assets (ROA), long and resilient earnings history, earnings surprise and minimal leverage, etc. They also use other sources for ideas, including company meetings, investment conferences and industry reviews.
- Companies that pass these screens are subjected to a qualitative analysis to evaluate potential competitive advantages and the companies' financial statements. In addition, the analysts compare the valuations of the companies to the market, industry peers and their own history.
- The team also believes that the leading performing stocks in the mid cap space are those that consistently exceed published forecasts and sell-side expectations and has thus incorporated an earnings surprise screen in the investment process.
- The sell discipline is based on higher valuations, favorable investment opportunities, sector rebalancing, or negative company/industry changes.

## FOCUS LIST REPORT

### PORTFOLIO TRAITS

Range of Holdings	25 - 50
Max. Position Size	10% at market
Econ Sector Constraints	Not constrained by specific sector weight requirements
Country Constraints	Limit of 20% Non-U.S Holdings
Emerging Mkts Constraints	Limit of 20% Non-U.S Holdings
Currency Hedging	None
Typical Annual Turnover	25% - 35%
Invests in ADRs	Yes; not to exceed 20% of the portfolio
Invests in ETFs	Yes; temporarily while searching for a holding
Invests in Derivatives	No
Invests in IPOs	May invest in IPOs
Max. Cash	10%
Typical Cash Position	5% - 10%

Source: Kayne Anderson Rudnick

### ASSETS UNDER MANAGEMENT (\$ MILLIONS)

YEAR	FIRM	SMA	FUND
3Q 2022	45,190	43	1,586
2021	45,190	57	3,260
2020	51,747	178	3,354
2019	33,006	18	673
2018	22,822	3	170
2017	18,900	0.5	98
2016	12,775	0.4	83

Source: Kayne Anderson Rudnick

### OWNERSHIP & PARENT COMPANY

Name of Owner	Virtus Investment Partners
Percentage Owned	100%
Publicly Traded	Yes
Ticker Symbol	Nasdaq: VRTS

Source: Kayne Anderson Rudnick

**Disclosure Section****Definitions**

**Russell Midcap Growth** - Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

**Sub-Styles:** Subjective classifications designed to assist with manager selection and performance evaluation based on GIMA's understanding of a manager's long-term investment philosophy and portfolio structuring biases and techniques. At points in time managers may display attributes of other sub-style classifications, and these classifications may change due to changes in the capital markets, evolution of performance benchmarks, industry trends, or changes involving a manager's personnel or process.

**Aggressive Growth:** Generally seek higher growth-rate companies, may place less emphasis on valuations and more emphasis on shorter-term and possibly momentum factors, and may demonstrate a greater willingness to invest in more speculative companies. Valuations are generally at a premium to the growth benchmark and volatility and turnover are frequently higher than peers.

**GIMA defines the Adverse Active Alpha (AAA) ranking model as follows:**

**Global Investment Manager Analysis** provides comprehensive manager analysis for Morgan Stanley's investment advisory platforms on a wide range of investment products, including separately managed accounts, mutual funds and exchange-traded funds in the equity, fixed income and alternative investment categories.

**Adverse Active Alpha (AAA)**

**Adverse** refers to the demonstrated ability to outperform in a variety of market environments and when conditions were difficult for active manager relative performance. "Difficult" periods were times when active management did not perform well relative to the index, as opposed to down market periods. At various times, active management has experienced difficult relative performance periods in up, down, and flat markets. We developed a set of factors to help discern which periods were more difficult for active managers that we utilize to identify managers that were able to overcome these headwinds and outperformed in the face of adversity.

**Active** refers to managers with portfolios that looked different from the index and had moderate to low tracking error. For all products,  $r^2$  is used to measure the degree of differentiation from the benchmark in conjunction with tracking error. The ranking seeks to find managers that were active, but not taking outsized bets, and that had some degree of style consistency. The combination of  $r^2$  and low tracking error is fairly uncommon among active managers, but we believe these traits may point toward managers with strong stock picking skills.

**Alpha** refers to the demonstrated ability to add value relative to an index and/or peers. Back tests indicate that highly ranked managers as a group outperformed the index and style peer group over subsequent periods and relative to active share alone. By combining the "adverse" component with the "active" component, we believe we increase the odds of finding some of the most proficient stock pickers.

**Important Considerations Regarding the Adverse Active Alpha and Value Score ranking models:**

In our view, the Adverse Active Alpha and Value Score manager rankings are an important part of evaluating managers for consideration. However, we do recognize that these ranking models cannot, in and of themselves, tell us which managers' strategies to invest in or when to buy or sell the strategies. While highly ranked managers historically performed well as a group in our analysis, past performance is not a guarantee of future results for any manager or strategy. Index returns assume reinvestment of dividends and, unlike fund or strategy returns, do not reflect any fees or expenses. Indices are unmanaged and not available for direct investment.

GIMA strives to evaluate other material and forward looking factors as part of the overall manager evaluation process. Factors such as but not limited to manager turnover and changes to investment process can partially or fully negate a positive Adverse Active Alpha or Value Score ranking. Additionally, highly ranked managers can have differing risk profiles that might not be appropriate for all investors. For more information on the ranking models, please see *Adverse Active Alpha™ 2.0: Scoring Active Managers According to Potential Alpha*. This Special Report is available by request from your Financial Advisor or Private Wealth Advisor.

ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

\***High Adverse Active Alpha is generally defined as falling into the top two quintiles (40%) within the ranking model.** Separately Managed Account and mutual fund rankings could differ. In some cases where the separately managed account product and mutual fund are substantially similar, the separately managed account rating may be applied to the mutual fund and vice versa.

**Glossary of Terms**

**Active Share** – is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index; Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio versus the weight of each holding in the benchmark index and dividing by two.

**ADRs** – American Depository Receipts are U.S. dollar denominated forms of equity ownership in non-U.S. companies. These shares are issued against the local market shares held in the home market. ADRs are typically listed on U.S. exchanges such as NYSE, AMEX and NASDAQ.

**Alpha** – measures the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by Beta. A positive Alpha figure indicates the portfolio has performed better than its Beta would predict. A negative Alpha indicates the portfolio's underperformance given the expectations established by the Beta. The accuracy of the Alpha is therefore dependent on the accuracy of the Beta. Alpha is often viewed as a measurement of the value added or subtracted by a portfolio's manager.

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**Beta** – measures a portfolio's volatility relative to its benchmark. A portfolio with a Beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a Beta lower than 1.0 has been less volatile. The accuracy of the Beta is dependent on R-Squared.

**Correlation** – measures the degree to which the returns of two securities or indices are related. The range of possible correlations is between 1.0 and -1.0. Positive correlation indicates that returns tend to move in the same direction. Negative correlation indicates that returns tend to move in opposite directions. Zero correlation implies that there is no relationship between the securities' returns.

**EPS Growth – Forecast** – a measure of one year earnings (cash flow or dividends) per share growth from the prior fiscal year (FY0) to the current fiscal year (FY1) using analyst consensus forecasts. Growth is expressed as a percent. The FY1 EPS (earnings per share) growth rate for the portfolio is a weighted average of the forecasts for the individual stocks in the portfolio.

**EPS Growth – 5 Year Historical** – The weighted average annualized earnings per share growth for a portfolio over the past five years.

**Excess Return** – represents the average quarterly total return of the portfolio relative to its benchmark. A portfolio with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the portfolio's return.

**Historical EPS Growth** - calculated by regressing over time the quarterly earnings per share for the past 20 quarters to determine the share's historical growth rate in earnings. The quarterly historical growth rate for each share is then annualized and the Historical EPS Growth shown in this report is the weighted average of these results.

**Long Term EPS Growth Rate** – analyst consensus of expected annual increase in operating earnings per share over the company's next full business cycle - usually three to five years. The Long Term EPS Growth Rate for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**P/E – Forecast 12-Mo.** – The price/earnings ratio for the stock based on the most recent closing price divided by the annual mean expected earnings for the current fiscal year (FY1 EPS forecast). P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**P/E – Trailing 12-Mo.** – the current price of a stock divided by the most recent 12 months trailing earnings per share. P/E for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Price-to-Book** – price per share divided by book value per share. Price-to-Book for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**R-Squared (R<sup>2</sup>)** – represents the percentage of the volatility of returns that is attributable to movements of the benchmark. It is a measure of "co-movement" between portfolio returns and benchmark returns. The closer the portfolio's R<sup>2</sup> is to 100%, the more closely the portfolio correlates to, or follows, the benchmark. Generally, highly diversified portfolios have higher R<sup>2</sup> percentages.

**Return on Equity (ROE)** – is another profitability ratio which gauges return on investment by measuring how effectively stockholder money is being employed by the company. ROE is calculated by dividing a company's net income by average total equity. Unlike Return on Assets (ROA), ROE considers the degree to which a company uses leveraging, as interest expense paid to creditors is generally deducted from earnings to arrive at net income. ROE for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Sharpe Ratio** – measures a portfolio's rate of return based on the risk it assumed and is often referred to as its risk-adjusted performance. Using Standard Deviation and returns in excess of the returns of T-bills, it determines reward per unit of risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing risk.

**Standard Deviation** – quantifies the volatility associated with a portfolio's returns. The statistic measures the variation in returns around the mean return. Unlike Beta, which measures volatility relative to the aggregate market, Standard Deviation measures the absolute volatility of a portfolio's return.

**Tracking Error** – represents the Standard Deviation of the Excess Return. This provides a historical measure of the variability of the portfolio's returns relative to its benchmark. A portfolio with a low Tracking Error would have quarterly Excess Returns that have exhibited very low volatility.

### Important Disclosures

#### Report for Use Only in Investment Advisory Programs

This report is only to be used in Morgan Stanley Wealth Management investment advisory programs and not in connection with brokerage accounts.

#### The Global Investment Manager Analysis (GIMA) services Only Apply to Certain Investment Advisory Programs

GIMA evaluates certain investment products for the purposes of some – but not all – of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management). If you do not invest through one of these investment advisory programs, Morgan Stanley Wealth Management is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

#### Focus List, Approved List and Tactical Opportunities List; Watch Policy

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this

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standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List. Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "GIMA at a Glance".

### No Obligation to Update

Morgan Stanley Wealth Management has no obligation to update you when any information or opinion in this report changes.

### Strategy May Be Available as a Separately Managed Account or Mutual Fund

Strategies are sometimes available in Morgan Stanley Wealth Management investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

Morgan Stanley or Executing Sub-Managers, as applicable, in some of Morgan Stanley's Separately Managed Account ("SMA") programs may effect transactions through broker-dealers other than Morgan Stanley or our affiliates. In such instance, you may be assessed additional costs by the other firm in addition to the Morgan Stanley and Sub-Manager fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain Sub-Managers have historically directed most, if not all, of their trades to outside firms. Information provided by Sub-Managers concerning trade execution away from Morgan Stanley is summarized at: [www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf](http://www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf). For more information on trading and costs, please refer to the ADV Brochure for your program(s), available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV), or contact your Financial Advisor / Private Wealth Advisor.

### Consider Your Own Investment Needs

This report is not intended to be a client specific analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities (includes securities of Morgan Stanley, and/or their affiliates if shown in this report). Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon.

### Performance and Other Portfolio Information

#### *General*

*Past performance does not guarantee future results.* There is no guarantee that this investment strategy will work under all market conditions. As a result of recent market activity, current performance may vary from the performance referenced in this report.

For mutual funds, the investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain performance information, current to the most recent month-end, please contact the fund directly at the website set out on the cover page of this report.

#### *Benchmark index*

Depending on the composition of your account and your investment objectives, any indices shown in this report may not be an appropriate measure for comparison purposes and are therefore presented for illustration only.

Indices are unmanaged. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, accrued income and capital gains. Past performance of indices does not guarantee future results. You cannot invest directly in an index.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

#### *Other data*

Portfolio analysis may be based on information on less than all of the securities held in the portfolio. For equity portfolios, the analysis

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typically reflects securities representing at least 95% of portfolio assets. This may differ for other strategies, including those in the fixed income and specialty asset classes, due to availability of portfolio information.

Other data in this report is accurate as of the date this report was prepared unless stated otherwise. Data in this report may be calculated by the investment manager, Morgan Stanley Wealth Management or a third party service provider, and may be based on a representative account or a composite of accounts.

### ***Securities holdings***

Holdings are subject to change daily, so any securities discussed in this report may or may not be included in your portfolio if you invest in this investment product. Your portfolio may also include other securities in addition to or instead of any securities discussed in this report. Do not assume that any holdings mentioned were, or will be, profitable.

### **Sources of Data**

Material in this report has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data.

### **Asset Class and Other Risks**

Investing in **stocks, mutual funds** and **exchange-traded funds ("ETFs")** entails the risks of market volatility. The value of all types of investments may increase or decrease over varying time periods. Besides the general risk of holding securities that may decline in value, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance, and potential leverage. Some funds also invest in foreign securities, which may involve currency risk.

**Value** and **growth investing** also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

**International securities** may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in **emerging markets and frontier markets**.

**IPO securities:** Investment in initial public offerings (IPO) exposes the portfolio to additional risks associated with companies that have little operating history as public companies, as well as to the risks inherent in those sectors of the market where these new issuers operate.

**Small- and mid- capitalization** companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

**Nondiversification:** For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

**Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. Investors should consult with their tax advisor before implementing such a strategy.

The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments (ESG)** may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client's account will be managed as described herein.

Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies.

### **No Tax Advice**

Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley and/or as described at [www.morganstanley.com/disclosures/dol](http://www.morganstanley.com/disclosures/dol). Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

If any investments in this report are described as "tax free", the income from these investments may be subject to state and local taxes and (if applicable) the federal Alternative Minimum Tax. Realized capital gains on these investments may be subject to federal, state and local capital gains tax.

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### Conflicts of Interest

GIMA's goal is to provide professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, we also believe that investors are entitled to full disclosure of conflicts of interests which could affect the objectivity of our Manager Profiles. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth Management or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds. For example, a Financial Advisor may suggest that GIMA evaluates an investment manager or fund in which a portion of his or her clients' assets are already invested. While such a recommendation is permissible, GIMA is responsible for the opinions expressed by GIMA. Separately, certain strategies managed or sub-advised by us or our affiliates, including but not limited to MSIM and Eaton Vance Management ("EVM") and its investment affiliates, may be included in your account. See the conflicts of interest section in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management for a discussion of other types of conflicts that may be relevant to GIMA's evaluation of managers and funds. In addition, Morgan Stanley Wealth Management, MS&Co., managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs. Morgan Stanley Wealth Management, managers, MS&Co., and their affiliates receive compensation and fees in connection with these services. Morgan Stanley Wealth Management believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account.

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