TIMESSQUARE
CAPITAL MANAGEMENT, LLC

U.S. FOCUS Growth Strategy

Representative Commentary — 4Q21

Performance

			Annualized			
	4Q21	**1YR**	**3YR**	**5YR**	**7YR**	**10YR**
FOCUS Growth Equity Composite (Gross)	7.17%	23.35%	31.94%	22.43%	15.57%	17.94%
FOCUS Growth Equity Composite (Net)	6.91%	22.15%	30.66%	21.23%	14.44%	16.78%
Russell Midcap® Growth Index	2.85%	12.73%	27.43%	19.82%	14.90%	16.61%

Please see the important performance and other related disclosures at the end of this Commentary, which are an integral part of this quarterly Commentary Newsletter.

2021 began with the expectation that vaccinations would reduce COVID-19's grip on the economy and our collective psyche. For a time, we progressed along that course and looked forward to a return to normal by the summer. However, varying levels of vaccinations, changing mandates, and the late-year emergence of new COVID variants, created a sense of "déjà vu all over again" by the close of the year. More consistent in 2021 was the steady increase of global inflation for consumers and producers, typically coupled with ongoing supply chain woes. Despite that, global equity markets posted double-digit gains for the year, led by the U.S. with 26% followed by developed non-U.S. at 11%, though emerging markets dipped by -3% (however, small cap emerging markets *increased* by 19%).

In the final quarter of 2021, the focus was on COVID-19's Omicron variant that was identified in November. The equity markets briefly retreated that month, though gains in October and December more than offset that in most geographies. As with the year, in the fourth quarter U.S. equities led with a 9% return compared to a 3% rise for developed non-U.S. and a -1% slip for emerging markets (though again, small cap emerging markets showed gains). Market volatilities briefly spiked in late November, though soon ebbed to levels near their 12-month lows. Similarly, commodity prices momentarily fell mid-quarter, before reapproaching their high].

In the U.S., the pace of economic activity slackened though remained well in the expansionary range. Meanwhile, monetary policy tightened—the Federal Reserve announced plans to taper its $120 billion monthly purchases of bonds and later increased the pace of those reductions, which could end completely as soon as March 2022. In the quarter, there were better returns for larger stocks than smaller capitalizations and value outperformed growth, except for the megacap dominance with the usual FANG+ suspects (the same was true for the full year). Among small-to-mid capitalization growth stocks, those preferences were evident with the superior performance from the Utilities, Real Estate, and Industrials sectors; higher quality stocks; those with lower valuations; or moderate growth expectations. Notable laggards included stocks with negative earnings or those in the Health Care or Communication Services sectors.

Amidst this environment, the portfolio outperformed the Russell Midcap Growth Index in the fourth quarter, which brought it well ahead of the benchmark for the year. Weakness in Zendesk, CrowdStrike, Charles River, Catalent, and CoStar Group was offset from strength in RenaissanceRe, O'Reilly Automotive, Martin Marietta, SBA Communications, and Gartner.

Zendesk Inc. offers customer engagement support services. Solid third quarter results were overshadowed by the company's intent to acquire Momentive and its SurveyMonkey platform in an all-stock deal. We questioned the merits of this deal and decided to liquidate the position. The stock was down -17% for the time it was held during the quarter. During the quarter, heightened concerns over rising interest rates and inflation led to turbulence in the market. Higher multiple stocks absorbed

the brunt of this unease. **CrowdStrike Holdings Inc.** provides cloud-delivered solutions for next-generation endpoint protection. Despite reporting a strong third quarter and raising forward guidance, its shares sold off by -17%.

Charles River Laboratories International Inc. is an early-stage contract research organization, providing essential products and services to the biopharmaceutical industry. While demand for the company's services remains solid, management's comments on the need for more investments in staffing and capacity caused its shares to retreat by -9%. **Catalent Inc.** supplies delivery technologies, development, and manufacturing solutions for drugs, biologics, cell & gene therapies. Fiscal first quarter revenues and earnings were ahead of expectations. Although the Biologics segment contributed to the upside, its organic growth continues to trend down from the initial COVID-19 vaccine ramp up and that caused its shares to pull back by -4%.

CoStar Group Inc. supplies information, analytics, and an online marketplace for the commercial real estate industry. While third quarter results were stronger-than-expected, management lowered guidance for the balance of the year due to less demand for multifamily advertising due to lower vacancy rates. We sold out of the position and its shares fell -10% while held during the quarter.

Two of the portfolio's positions bounced back after being down in the previous quarter. **RenaissanceRe Holdings Ltd.** offers reinsurance and insurance services. The stock rallied 22% on news of five senior executives making sizable stock purchases. **Martin Marietta Materials Inc.** is a supplier of aggregates, cement, concrete, and asphalt to the construction industry. The company reported decent third quarter results and reiterated longer-term trends. Passage of the federal infrastructure measure has the potential for accelerating revenue growth for several years. These developments caused its shares to leap by 29%.

O'Reilly Automotive Inc., a specialty retailer of aftermarket automotive parts and accessories, surged ahead by 16%. The company reported a healthy beat to third quarter earnings estimates, driven by higher same store sales. Management increased forward guidance.

SBA Communications Corp., a wireless communications infrastructure company, ascended 18% after reporting a solid quarter highlighted by accelerating organic revenue growth. The increased level of U.S. wireless carrier spending from the prior period was sustained into the third quarter with leasing activity and services backlogs at multiyear highs.

Gartner Inc. provides independent technology-related research and advisory services. Its share price rose 10% after reporting results that were ahead of Street estimates, with acceleration in contract value.

Looking forward in 2022, this year brings another set of opportunities and risks. Globally, the current wave of COVID-19 cases should ebb though the possibility of future variants may change its status from pandemic to endemic. In addition, the world will grapple with higher inflation—both from materials and labor costs—and a fragile global supply chain may also become an enduring feature of the economic landscape. Expectations for further monetary tightening may create headwinds for the equity markets, especially if new fiscal stimulus measures fail to take shape. However, the investment terrain always shifts, which is why ongoing reevaluations of bottom-up opportunities is critical and where we focus our energies. As always, we are available for any questions you might have as we endeavor to protect the assets you have entrusted with us.

General Disclosure:

The holdings discussed represent a particular point in time. It should not be assumed that the securities continue to be held, and/or continue to be held in the same percentage, and/or were held continuously throughout the period. In addition, the holdings of a particular client account may differ from the information provided. Securities discussed do not represent the entire portfolio and, in aggregate, may represent only a small percentage of a portfolio's holdings. Information is subject to change without notice. It should not be assumed that any of the securities discussed were or will prove to be profitable. Past performance does not guarantee future results.

The opinions and information expressed and provided are for general information only and are not intended to provide specific advice or recommendations but rather, a basis from which strategies can be built, taking into account the specific objectives of each portfolio, in terms of return, time horizon, and risk constraints, as well as diverging investment perspectives and assumptions. All material has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

This document, which is being provided on a confidential basis, shall not constitute an offer to sell or the solicitation of any offer to buy which may only be made at the time a qualified offeree receives a confidential private offering memorandum ("CPOM"), which contains important information (including investment objective, policies, risk factors, fees, tax implications and relevant qualifications), and only in those jurisdictions where permitted by law. In the case of any inconsistency between the descriptions or terms in this document and the CPOM, the CPOM shall control. These securities shall not be offered or sold in any jurisdiction in which such offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied. This document is not intended for public use or distribution. While all the information prepared in this document is believed to be accurate, TimesSquare Capital Management, LLC, makes no express warranty as to the completeness or accuracy, nor can it accept responsibility for errors, appearing in the document.

Composite & Performance Disclosure:

Performance is measured against the Russell Midcap® Growth – a market capitalization-weighted index that measures the performance of those Russell Midcap® companies with higher price-to-book ratios and higher forecasted growth rates. All indexes, including the Russell Midcap® Growth Index, are based on gross-of-fee returns. Russell Investment Group is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto.

This composite invests in stocks with market capitalizations generally between $1.5 and $30.0 billion at time of purchase. The process is fundamental research driven. The investment style is growth. Portfolios will hold approximately 15 stocks. Historical turnover has averaged 38% per year. Composite inclusion threshold $500,000. From January 1, 2007 to April 30, 2010 the applied standard fee was 150 basis points. From May 1, 2010 through present the applied standard fee is 100 basis points. The composite creation date is September 1, 2005.

Effective 04/01/2015, TimesSquare removes accounts from this composite when significant cash flows occur. A significant cash flow is defined as an external flow that exceeds 10% of the composite's market value on the day of the cash flow. Effective 01/01/2017, the significant cash flow policy has been removed.

The performance figures shown are calculated in U.S. dollars on a size-weighted basis and reflect the reinvestment of dividends and other earnings, and the deduction of brokerage commissions and other transaction costs. Performance is provided on a gross basis (before the deduction of management fees) as well as net of the standard fee schedule listed for this strategy during the period presented. The applied standard fee [basis] was 100 basis points from inception to December 31, 2006. From January 1, 2007 to April 30, 2010 the applied standard fee was 150 basis points. From May 1, 2010 through present the applied standard fee is 100 basis points. To illustrate performance net of fees, assume $20,000,000 is placed under management for ten years sustaining 10% compound gross total return. If an advisory fee of 1.00% of average assets under management is charged per year, for each year of the ten-year period, the resulting compound annual return would be reduced to 9.0%. The ending dollar value of the account would be $47,347,274 compared with the unreduced account value of $51,874,849. TimesSquare's fee schedule is available upon request and may also be found in Part 2A of our Form ADV.