TIMESSQUARE
CAPITAL MANAGEMENT, LLC

U.S. FOCUS Growth Strategy

Representative Commentary — 4Q22

Performance

			Annualized			
	4Q22	**1YR**	**3YR**	**5YR**	**7YR**	**10YR**
FOCUS Growth Equity Composite (Gross)	4.53%	-20.18%	9.07%	11.85%	12.19%	12.12%
FOCUS Growth Equity Composite (Net)	4.28%	-20.98%	8.00%	10.75%	11.09%	11.01%
Russell Midcap® Growth Index	6.90%	-26.72%	3.85%	7.64%	9.95%	11.40%

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.

In 2022, global equity markets retreated sharply after three consecutive years of double-digit gains. For example, the MSCI World Index declined by -18% after average calendar year gains of 22% from 2019 to 2021. Though there were many economic challenges for the markets last year, weakness among global equities did not arise from poor company fundamentals—realized and projected earnings per share for the average MSCI World stock were either stable or increased in 2022 while their price/earnings ratios contracted. Weighing on the markets during the year was a combination of higher inflation rates, climbing commodity prices, tighter monetary policies, and slowing measures of business activities that moved into the range of economic contraction.

Though down for the year, in the fourth quarter equities rose from troughs earlier in 2022. That initial rebound was strongest for non-U.S. developed markets with a 17% quarterly gain, followed by emerging markets at 10%, and then 7% for the U.S. Across all geographies, value stocks remained favored above growth stocks. Positive returns were more evenly distributed among the global economic sectors this quarter, although for the year Energy remained the lone positive—and significantly so. As inflation rates remained above the goals for most major central banks, many of them raised interest rates at least once during the quarter. The quarter ended on some positive notes as China abandoned its zero-COVID policy and commodity prices began to ebb.

Focusing on the U.S., the year began with highs and lows that moved to opposite ends of their respective spectrums. In January, economic activities were well into the range of expansion, but by year-end they fell into contraction levels. Consumer expectations eroded, in part matching the progressive climb of inflation, though the latter began to recede in the fourth quarter. Perhaps the most notable and steady ascent in 2022 was driven by the Federal Reserve's pace of rate increases—seven raises lifted federal funds from a zero-interest rate policy to a range of 4.25% to 4.50% in December. In the fourth quarter among small-to-mid cap growth stocks, there was a pronounced preference for quality and valuation as stocks with higher returns on equity or lower price/earnings ratios outperformed. Stocks that lacked earnings or were projected to have negative earnings growth were punished.

Amidst this environment, the portfolio underperformed the Russell Midcap® Growth Index in the fourth quarter. Relative weakness was found in Health Care, Information Technology, and Real Estate. Partially countering that was strength in Consumer Discretionary and Financials.

Health Care was home to both the strategy's largest detractor and one of our largest contributors. **Catalent Inc.** is an outsourced contract manufacturing organization serving the biopharmaceutical and consumer health industries. Its fiscal first quarter results came in below both the sell-side and our estimates. Management pointed to weaker macroeconomic

conditions impacting consumer and company spending. Forward guidance factors in lower COVID-related revenues. We decided to exit the position, with the stock tumbling -36% for the time it was held this quarter. Pharmaceutical distributor **AmerisourceBergen Corp.** advanced 23% on the heels of a beat to fiscal fourth quarter estimates. Management acknowledged macroeconomic headwinds while emphasizing its international business has remained resilient while U.S. growth was strong.

Within Information Technology, **Palo Alto Networks Inc.** offers network security solutions to enterprises, services providers, and government entities. The company delivered another strong quarter with revenues, billings, and earnings all above the consensus. Management recognizes a challenging macro environment that is altering customer behavior such as increased deal scrutiny and elongating sales cycles. Their shares pulled back by -15% during the quarter. **CrowdStrike Holdings Inc.** provides cybersecurity products and services to stop network breaches. Its stock sold off by -36% on the heels of a mixed third quarter with macroeconomic headwinds causing management to lower forward guidance. Better performance came from the research and advisory company **Gartner Inc.** Their shares appreciated 21% after outpacing earnings estimates by a substantial amount. This was driven by the combination of better revenues with lighter operating expenses. Looking across their segments, Research and Consulting were strong, while its Conferences business experienced a highly successful return to in-person events. New to the portfolio this quarter was **Amphenol Corp.**, a producer and supplier of electrical and fiber optic connectors. Third quarter earnings surpassed expectations, with strong demand across nearly all end markets. This report lifted the stock by 8%. Despite signs of macroeconomic weakness, management increased its quarterly dividend while continuing the share repurchase program.

In the Real Estate sector, **SBA Communications Corp.** is a real estate investment trust engaged in the provision of wireless communications infrastructure services. The company outpaced estimates in its latest quarter and offered upside to forward growth projections. Carrier leasing activity remains very solid as wireless carriers continue to deploy and densify their 5G networks. Despite these positives, SBA dropped -1% as their balance sheet is highly levered amid a rising interest rate environment. A portion of that debt is coming due next March.

In the Consumer Discretionary sector, **O'Reilly Automotive Inc.** is a specialty retailer of after-market automotive parts and accessories. Their stock was rewarded with a 20% gain after they reported revenues and earnings that surpassed sell-side estimates on higher same store comparisons. Their do-it-for-me professional mechanic business generated double-digit growth while do-it-yourself increased sales by a modest amount. Turning to detractors, **Pool Corp.** is a wholesale distributor of swimming pool supplies, equipment, and related leisure products. For the third quarter, Pool experienced steady growth in maintenance, repair, and renovation. That offset weaker new pool construction. Nevertheless, Pool's shares dipped by -5% on this report given market concerns on housing and any housing-adjacent companies as interest rates rose.

Within Financials, reinsurance and insurance services provider **RenaissanceRe Holdings Ltd.** surged ahead 32% after exceeding expectations on higher net investment income. The company's catastrophe losses were in line with their preannouncement. Recent hurricane activity has resulted in a firmer pricing environment for property catastrophe reinsurance. Gross premiums written were well above Street projections. **Signature Bank** is a commercial bank operating predominantly in the New York metropolitan area. They reported mixed third quarter results that included expanding margins, loan growth, new teams added, lower-than-expected net interest income, and higher operating expenses. We decided to sell out of the position, which declined by -2% for the time it was held.

Looking forward into 2023, many investors remain fixated on the macroeconomic environment. Which central bank will blink first by pausing—or even reversing—its quantitative tightening? Will those actions effectively reduce global inflation? How shallow or deep will 2023's widely anticipated recession be? As bottom-up investors, our attention zeroes in on a company's fundamentals and capital structure. While the contraction of P/E multiples weighed on nearly all stocks last year, many continued to increase their earnings and have stronger balance sheets than they did before the last recession. Stocks with that combination have a larger place in our strategy because we believe they will be well-positioned no matter what 2023 holds. 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.

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TimesSquare Capital Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. TimesSquare has been independently verified for the periods 10/1/2000 to 12/31/2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The FOCUS Growth Equity composite has been examined for the periods September 1, 2005 to December 31, 2021. The verification and performance examination reports are available upon request.

Firm and Composite Information

TimesSquare Capital Management, LLC ("TimesSquare") is a registered investment adviser that is owned by the former equity management team of TimesSquare Capital Management, Inc. ("TimesSquare Inc.") and Affiliated Managers Group, Inc. TimesSquare was formed to manage TimesSquare Inc.'s growth equity investment advisory business which was sold to TimesSquare in a transaction that closed on November 19, 2004.

This composite invests in stocks with market capitalizations at time of purchase generally within the range of capitalizations of stocks in the Russell Mid Cap Growth Index. The process is fundamental research driven. The investment style is growth. Primary selection criteria include quality management, distinct competitive advantage, and strong, sustainable growth. Portfolios will hold approximately 15 stocks. Historical turnover has averaged 73% per year. Composite inclusion threshold $500,000. From January 1, 2007 to April 30, 2010 the fee is 150 basis points. From May 1, 2010 the fee is 100 basis points. The composite creation and inception date is September 1, 2005.

From 04/01/2015 until 12/31/16, accounts are removed from the composites 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 January 1, 2017 this composite does not have a significant cash flow policy.

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.

TimesSquare's list of composites is available upon request. Past performance does not guarantee future results. The firm's list of limited distributed pooled funds are available upon request.

Benchmark

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. FTSE Russell is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto.

Benchmark returns are not covered by the report of independent verifiers.

Performance Calculations

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 highest fee level from the standard fee schedule listed for this strategy during the period presented. 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.

Internal dispersion is calculated using the equal-weighted standard deviation of all accounts included in the composite on a gross basis for the entire year; it is not presented for periods less than one year or when there were five or fewer portfolios in the composite for the entire year.

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns on a gross basis over the preceding 36-month period. The three-year annualized standard deviation calculation is not presented for the composite and/or benchmark for years when 36 monthly returns are not available. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

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