

U.S. FOCUS Growth Strategy

Representative Commentary — 1Q23

Performance	Annualized					
	1Q23	1YR	3YR	5YR	7YR	10YR
FOCUS Growth Equity Composite (Gross)	8.64%	-6.43%	17.45%	12.92%	13.78%	11.77%
FOCUS Growth Equity Composite (Net)	8.38%	-7.36%	16.30%	11.81%	12.66%	10.66%
Russell Midcap® Growth Index	9.14%	-8.52%	15.20%	9.07%	11.24%	11.16%

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.

It was a rollercoaster ride for global equity markets for the quarter, featuring considerable volatility. Most indexes ended positively in the mid-to-high single digits. The year began with optimism fueled by China's reopening of its borders to tourists. A mild winter along with decreased energy demand brought welcome relief to Europe. These signs of vigor have been recognized by central banks, which may need to take action for longer than previously anticipated in order to bring inflation under control. Global manufacturing activity has decelerated, though it appears the supply chain challenges are fading. Geopolitical uncertainty remains a prominent consideration, with the war in Ukraine passing the one-year mark.

In the U.S., equities weathered a banking crisis and a lack of clarity for what is in store for the economy. While the labor market remains strong, consumers continue to dip into savings that were accumulated during the pandemic. Home prices are falling across much of the country, with elevated mortgage rates dampening purchase activity. The Federal Reserve raised interest rates by 25 basis point increments for both February and March, while also keeping a watchful eye on lending in recognition of recent banking system stress. Growth outperformed value by a wide degree, with lower valuation stocks lagging among small-to-mid capitalization growth companies. The Energy sector gave up some of its past gains with falling oil and natural gas prices.

Amid this environment, the portfolio underperformed the Russell Midcap® Growth Index in the first quarter. There was relative weakness from our holdings in Gartner, SBA, AmerisourceBergen, and O'Reilly. That was partly offset by strength from our positions in Copart, CrowdStrike, and Palo Alto.

Our Information Technology holdings included the strategy's greatest contributor and detractor. On the negative side was the -3% showing from **Gartner, Inc.**, which offers independent and objective research and analysis on information technology, computer hardware, software, and communications. We trimmed the position at the start of the year following its relative strength in 2022 (when Gartner had a 0% return versus the -27% decline for the benchmark). Later, Gartner reported better-than-expected results for the trailing quarter though its initial guidance for 2023 incorporated a high level of uncertainty and underwhelmed the market despite management's view that it included "the opportunity for upside." At the other extreme was a 43% gain for **Palo Alto Networks**, a global provider of network and cloud-based cybersecurity systems. Palo Alto's revenues grew higher than expected, as did margins, which led to notably better-than-expected earnings. More of Palo Alto's clients were availing themselves of multiple product offerings, and the company saw annual recurring revenue grow significantly for its Next Generation Security platform. With larger backlogs and billing rates, Palo Alto's guidance for the next quarter and the balance of the fiscal year outpaced estimates. Contributing to the strategy with a 30% climb was **CrowdStrike Holdings**. Revenues and earnings bested expectations, as did 2023 projections for this cloud-based network security service that supports a range of devices and endpoints. CrowdStrike's

rate of new business wins remained high, and a record number of net new customers propelled its annual recurring revenue growth to record levels as well.

Returning to the detractors finds **SBA Communications**, which owns and operates wireless communications towers in the U.S. and Latin America. SBA's results were generally in line with expectations, though initial guidance for 2023 appears to be conservative. Concerns that 5G deployments might have peaked caused its share price to decline by -7%. Another factor was the retirement announcement by their long-time CEO, though he will be replaced by the long-time CFO whom we hold in high regard.

Transitory concerns affected **AmerisourceBergen Corporation**, which distributes pharmaceutical and medical products to pharmacies, hospitals, and other health care providers. The company's revenues were in line with expectations and earnings exceeded them. AmerisourceBergen's management increased its guidance for the balance of the fiscal year by a larger margin than the quarter's positive surprise. The subsequent -3% price retrenchment appeared to be a function of the shares having previously approached full valuation and concerns about future stock sales from its major shareholder, Walgreens Boots.

Lagging the benchmark's return of 9% with its 1% showing was **O'Reilly Automotive**. A specialty retailer and supplier of auto parts, tools, supplies, and accessories, O'Reilly reported revenues and earnings that outstripped expectations on broad strength across product categories and market segments. However, the company's forward guidance was restrained because management plans to invest in new stores and to expand distribution centers to capitalize on those business gains.

Lastly, there was a 23% gain from **Copart, Inc.**, which provides a range of auction, salvage, and remarketing services to process and sell vehicles. Its revenues and earnings bested expectations from higher-than-anticipated service volumes. Though fuel expenses have increased, the frequency of total losses has been growing, which should lead to higher activity levels for salvage.

While recession concerns persist, employment data has remained stable. Earnings reports include cautious guidance amid macroeconomic uncertainty. As bottom-up investors, we remain focused on business fundamentals. While quality can be in and out of favor by the market at certain points, we believe these types of businesses are well positioned to perform well over time. As always, we are available for any questions you may have as we endeavor to protect the assets you have entrusted to 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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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.

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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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7 Times Square, 42nd Floor New York, NY 10036
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