



# WCM Small Cap Growth Strategy

## Institutional SMA Factsheet



Q1 2024

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# Small Cap Growth

## Strategy Fact Sheet – 31 March 2024

### Objective

Long-term capital appreciation.

### Our Investment Strategy

Normally, the portfolio will invest at least 80% of its assets in equity securities of domestic small capitalization companies. We consider small capitalization companies to be those with market capitalizations within the range of the Russell 2000 Index at the time of purchase. Investments in companies that move above or below the capitalization range of the Russell 2000 Index may continue to be held at WCM's sole discretion.

### Investment Process

We use a bottom-up approach that seeks to identify companies with above average potential for growth in the rate of return on invested capital and assets. Our investment process seeks companies with:

- Sustainable and growing competitive advantages
- Corporate cultures emphasizing strong, quality and experienced management
- Potential for investment capital growth
- Attractive valuation

### Philosophy

We believe that attractive returns are achieved by finding businesses with inflections in the cash flow rates of return or the asset growth rates. These inflections can lead to significant value creation if they can be sustained. We seek businesses that possess an expanding competitive advantage demonstrated with an increasing Cash Flow Rate of Return on Investment (CFROI) and a Growing Invested Capital Base. As a business progresses through its life cycle we look to determine the sustainability of the margins and growth rates.

### Strategy:

Small Cap Growth

### Inception:

December 31, 2007

### Benchmark:

Russell 2000 Growth

### Total AUM:

\$1.0 billion

### Number of Holdings:

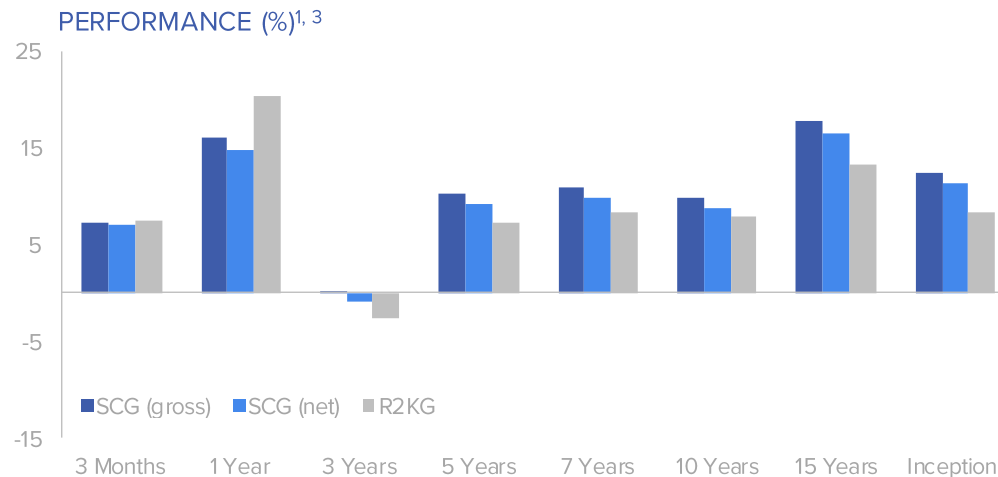
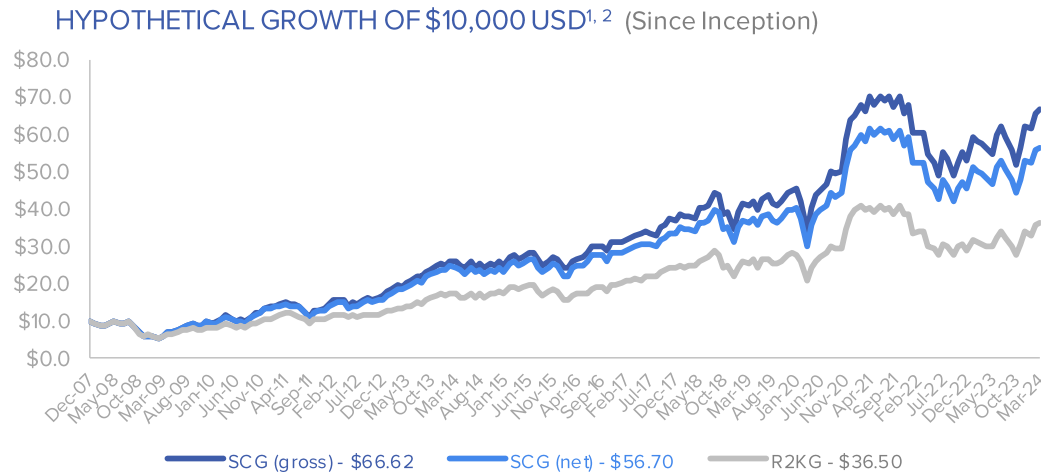
65

### Typical Holdings:

55-75

### Turnover (TTM)\*\*:

~29.5%



<sup>1</sup>Inception: 31 Dec 2007. Return figures are presented gross and net of management fees, are time-weighted, and include the reinvestment of all income. Returns are subject to rounding. The performance presented contains wrap fee and non-wrap accounts. Please see the Small Cap Growth (SCG) Strategy Composite Disclosure provided on the last page for full details regarding the gross and net return calculations. Past performance is not indicative of future results. Benchmarks are for illustrative purposes only, cannot be directly invested in, and are not intended to be a direct comparison.

<sup>2</sup>Returns presented are cumulative.

<sup>3</sup>Periods greater than one year are annualized.

\*\*Small Cap Growth (SCG) representative portfolio.

PORTFOLIO CHARACTERISTICS <sup>1</sup>	SCG	R2KG
Weighted Average Market Cap (\$M)	8,302	6,460
Sales Growth - 5 Year (%)	14.7	9.8
CFROI FY1 (Current Year) (%)	9.4	6.1
CFROI Change (FY1-FY0) (%)	0.6	0.0
Asset Growth (%)	8.1	6.4
Present Value of Future Investment (%)	38.6	25.7
Active Share (%)	90.1	0.0
3 Year Average Turnover (%)	36.2	0.0

Portfolio Characteristics are based on a Small Cap Growth (SCG) representative portfolio. Specific account holdings may vary due to size or other restrictions. Portfolio classifications for prior periods, including but not limited to industry, country, sector, and other portfolio characteristics, are subject to change and may not necessarily reflect adjustments made after publication. Benchmarks are for illustrative purposes only, cannot be directly invested in, and are not intended to be a direct comparison.

Source: FactSet, Russell, Holt®, WCM Investment Management.

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#### TOP 10 PORTFOLIO HOLDINGS

Company	Industry	Weight
Super Micro Computer, Inc.	Technology Hardware	2.9%
WEX Inc.	Financial Services	2.6%
Permian Resources Corporation	Oil Gas & Consumable Fuels	2.3%
Applied Industrial Technologies, Inc.	Trading Companies & Distributors	2.2%
Avient Corporation	Chemicals	2.2%
Rambus Inc.	Semis & Semi Equipment	2.1%
AppFolio Inc	Software	2.1%
Casella Waste Systems, Inc.	Commercial Services & Supplies	2.1%
Boot Barn Holdings, Inc.	Specialty Retail	2.1%
Saia, Inc.	Ground Transportation	2.1%
<b>Total</b>		<b>22.6%</b>

Small Cap Growth (SCG) Strategy representative portfolio. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable. Specific account holdings may differ due to size or other restrictions. Portfolio classifications for prior periods, including but not limited to industry, country, sector, and other portfolio characteristics, are subject to change and may not necessarily reflect adjustments made after publication.

## Investment Strategy Group



**John Rackers**, Portfolio Manager & Business Analyst

John joined WCM in 2018; as a member of the Investment Strategy Group for our U.S. growth strategies, his primary responsibilities are portfolio management and equity research. Since the start of his investment career in 1991, John's experience includes a position as lead portfolio manager for the Small-Cap Growth and SMID-Cap Growth strategies at Kennedy Capital Management and, earlier, at Missouri Valley Partners. Earlier still, he was a founding partner at Pearl Street Capital, where he managed a sector-focused long/short fund. John earned his M.B.A. in Finance from the University of Notre Dame (Indiana), and his B.S. in Finance from the University of Missouri.



**Chad Hoffman**, Portfolio Manager & Business Analyst

Chad joined WCM in 2018; as a member of the Investment Strategy Group for our U.S. growth strategies, his primary responsibilities are portfolio management and equity research. Chad's industry experience includes serving as Assistant Portfolio Manager for the Small-Cap Growth and SMID-Cap Growth strategies at Kennedy Capital Management and, earlier, at Missouri Valley Partners. Chad also served as Equity Research Analyst at both Kennedy Capital Management and Missouri Valley Partners, with significant experience following the Information Technology sector. Chad graduated Summa Cum Laude from Saint Louis University (Missouri) with a B.S. in Finance.

# Small Cap Growth (SCG) Strategy GIPS Composite Report

(as of 31 Mar 2024)

Year End	Total Firm	Total Product	Composite Assets			Annual Performance Results %				Risk Metrics %	
	Assets <sup>1</sup> (\$mil)	Assets <sup>1</sup> (\$mil)	Assets <sup>1</sup> (\$mil)	% of Wrap Accounts	Number of Accounts	Composite Gross	Composite Net	Russell 2000 Growth	Composite Dispersion	Comp. 3 Yr Ann. St. Dev.	Bench. 3 Yr Ann. St. Dev.
YTD '24	73,697	1,005	818	0	62	7.32	7.06	7.58	N.A.	21.55	22.09
2023	66,610	935	747	0	48	17.61	16.45	18.66	0.17	21.50	21.79
2022	61,966	698	584	0	44	(22.51)	(23.30)	(26.36)	0.17	26.53	26.20
2021	93,301	796	751	0	22	6.87	5.81	2.83	0.11	23.99	23.07
2020	71,987	684	662	0	15	42.23	40.85	34.61	0.34	26.07	25.10
2019	42,770	328	306	0	9	29.19	27.92	28.43	N.A.	16.97	16.37
2018 <sup>2</sup>	26,963	<1	<1	0	<5	(6.21)	(7.15)	(9.34)	N.A.	16.71	16.46
2017 <sup>2</sup>	-	-	439	5	53	19.90	18.73	22.14	0.90	14.70	14.60
2016 <sup>2</sup>	-	-	288	5	36	15.22	14.09	11.28	0.70	16.50	16.70
2015 <sup>2</sup>	-	-	95	9	31	3.43	2.41	(1.38)	0.80	14.70	15.00
2014 <sup>2</sup>	-	-	76	1	13	2.63	1.61	5.60	0.60	14.70	13.80

N.A. – Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

<sup>1</sup> Assets figures on this page present GIPS®-eligible assets and do not include model assets. Assets figures elsewhere in this document may include model assets.

<sup>2</sup> Information presented prior to 30 November 2018 pertains to a portfolio managed by the Portfolio Manager while affiliated with a prior firm. The presentation conforms to GIPS® guidelines regarding the portability of investment results.

The Small Cap Growth (SCG) Strategy Composite contains fully discretionary Small Cap Growth equity accounts. WCM's process focuses on US small cap businesses and involves examining four key governing components: Corporate Performance, Systematic Effects, Sustainability, and Intrinsic Value. Through this process, WCM seeks to invest in companies with sustainable and growing competitive advantages demonstrated by an increasing cash flow return on investment and a growing investment capital base. The inception date for the composite is 31 Dec 2007. For comparison purposes the composite is measured against the Russell 2000 Growth Index (R2KG). Benchmarks are for illustrative purposes only, cannot be directly invested in, and are not intended to be a direct comparison.

WCM is an equity portfolio investment manager, registered with the U.S. Securities and Exchange Commission and is defined as an independent investment management firm that is not affiliated with any parent organization. Total Product Assets are defined to include all client assets managed to the Small Cap Growth style. The firm maintains a complete list of pooled fund descriptions for limited distribution pooled funds, as well as a description of all composites, which are available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The composite contains wrap fee accounts. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. The percentage of wrap accounts in the composite is shown in the table above. For earlier periods no longer shown in the table above, this information is available upon request. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns presented are time-weighted and include the reinvestment of all income. The performance presented contains wrap fee and non-wrap accounts. Gross of fees returns for non-wrap accounts are presented before custodial fees, management fees, and after all trading expenses. Gross of fees returns for wrap accounts is reduced by the total wrap fee less the management fee. Wrap fee accounts pay a fee based on a percentage of assets under management. In addition to brokerage commissions, this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Net of fees performance for all accounts is calculated using the maximum annual management fee of 1%, which is applied by deducting 1/12th of 1% from the monthly account gross return to arrive at the account net return. In presentations shown prior to September 30, 2022, net of fee performance for non-fee-paying accounts had no management fee applied. Net of fee performance for fee-paying, non-wrap accounts was calculated using actual management fees for the period June 1, 2012 through September 30, 2022 and prior to June 1, 2012, using the highest applicable management fee of 1%, applied quarterly. For fee-paying, wrap accounts, net of fees performance was reduced by the total wrap fee including the actual management fee. To comply with the SEC Marketing Rule, net of fee performance was restated for all accounts to apply a model fee.

The management fee schedule is as follows: 1.00% on all assets. Fees are negotiable.

Effective December 1, 2018, accounts experiencing cash flows equal to or greater than 20% of their value are temporarily removed from the composite during the month in which the cash flows occur. Accounts rejoin the composite the following month. In instances where assets are being transferred into or out of an account, the account will not be removed from the composite, even if the flow is equal to or greater than 20% of the account value, if the complete transfer (all assets) matches the account's strategy/model on the day of transfer. From January 1, 2018 to November 30, 2018, portfolios were temporarily removed for client-initiated cash flows of 10% or greater. The portfolios were removed for the month of the cash flow. Additional information regarding the treatment of significant cash flows is available upon request.

The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year using each account's respective gross of fee annual returns. Prior to 2018, dispersion presented is an equal-weighted standard deviation calculated for the accounts in the composite for the entire year. 3-year annualized standard deviation is calculated based on gross returns. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Key material risks include the risks that stock prices will decline and that the composite will underperform its benchmark.

The Small Cap Growth (SCG) Composite was created 30 Nov 2018. Performance presented prior to 30 November 2018 occurred while the Portfolio Managers were affiliated with a prior firm and the Portfolio Managers were the only individuals responsible for selecting the securities to buy and sell. WCM Investment Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. WCM Investment Management has been independently verified for the periods January 1, 2017 through December 31, 2021 by ACA Group, Performance Services Division and January 1, 1993 through December 31, 2016 by Ashland Partners & Company LLP. A copy of the verification report is available upon request.

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. Verification does not provide assurance on the accuracy of any specific performance report.

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