

## Strategy Overview

Nicholas Investment Partners US Small Cap strategy offers investors attractive opportunities for capital appreciation and diversification within this less-widely-followed market segment. Small-cap companies typically demonstrate higher revenue and earnings growth potential than larger companies. US Small Cap capitalizes on a disciplined and forward-looking investment process to invest in successful, growing companies—those that manage change advantageously and are poised to exceed expectations.

- Over 30 years of experience investing in dynamic growth companies whose revenues and earnings are catalyzed by positive change
- Specialists in small- to mid-cap companies
- Invest in both equities and convertibles
- Edge comes from combining global fundamental equity and credit research with objectivity and efficiency of quantitative analytics

## Objective

Seeks long-term capital appreciation

## Benchmark

Russell 2000 Growth

## Vehicle

Separately managed account

## Portfolio Construction

Portfolios are actively managed to continually drive to the strongest investment ideas. Position sizes are based on the conviction in the investment thesis of each company relative to other portfolio holdings and risk exposures. Early warnings signs that suggest deterioration in company fundamentals or earnings strength lead to timely sell decisions. When constructing portfolios, the portfolio manager will typically adhere to the following general guidelines under normal market conditions:

- Number of Positions: Less than 90
- Geography: US-listed public equities
- Capitalization: \$100M to 2x max of R2000 Growth
- Security Max: 5%
- Sector Max: 35% or 2x max of R2000 Growth
- Cash: Transactional, typically <5%

CHARACTERISTICS	US SMALL CAP	R2000 GROWTH
Number of Securities	67	1,121
Active Share	91.7%	---
Off-Benchmark Weight	57.6%	---
Market Cap (wtd. avg.)	\$6.2 B	\$3.0 B
Market Cap (median)	\$3.8 B	\$1.1 B
P/E* (FY2)	12.7 x	11.3 x
P/B*	2.9 x	3.1 x
EPS Growth (FY1/FY2 wtd. avg.)	20.5%	19.1%

\*Weighted harmonic average.

TOP 10 POSITIONS (% weight)	US SMALL CAP	R2000 GROWTH	ACTIVE WEIGHT
WillScot Mobile Mini	5.0	0.0	5.0
CACI International Inc	3.4	0.0	3.4
BJ's Wholesale Club	3.3	0.0	3.3
Chesapeake Energy Corp	3.2	0.0	3.2
Dick's Sporting Goods	3.2	0.0	3.2
Bill.com Holdings	3.1	0.0	3.1
TFI International Inc.	3.0	0.0	3.0
Verra Mobility Corp.	2.9	0.2	2.7
Celsius Holdings, Inc.	2.5	0.5	2.0
Regal Rexnord Corp	2.3	0.0	2.3



MARKET-CAP DISTRIBUTION	US SMALL CAP (%)	R2000 GROWTH (%)
>\$15 Billion	5.1	--
\$7.5 – \$15 Billion	26.8	1.4
\$4.5 – \$7.5 Billion	26.9	14.7
\$1.5 – \$4.5 Billion	28.7	61.2
\$750 Million – \$1.5 Billion	11.8	14.7
\$400 – \$750 Million	0.6	5.7
<\$400 Million	0.0	2.4

Specific securities identified do not represent all securities purchased, sold or recommended to advisory clients. It should not be assumed investments in these securities were or will be profitable.

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Firm Overview

Nicholas Investment Partners is an independent, employee-owned and majority women-owned investment boutique focused on investing in dynamic, less efficient markets such as US small- and mid-cap equities and convertible bonds. We believe—and our principals’ 30+ years of experience has confirmed—that investing in companies catalyzed by positive change, whose revenues and earnings are accelerating and poised to exceed expectations, has the potential to result in outstanding capital appreciation. We believe our edge comes from combining the objectivity and efficiency of quantitative tools with global fundamental equity and credit research insights.

Key Highlights

- 100% employee owned
- Majority women owned
- Founded in 2006
- Headquartered in San Diego County, CA
- Firm AUM: \$1.2 B
- US Small Cap: \$399 M

PERFORMANCE (%)	US SMALL CAP (GROSS)	US SMALL CAP (NET)	R2000 GROWTH
3Q22	2.5	2.2	0.2
YTD	-31.1	-31.6	-29.3
1 YEAR	-30.8	-31.5	-29.3
3 YEAR	13.9	12.8	2.9
5 YEAR	11.6	10.5	3.6
7 YEAR	11.6	10.5	7.1
10 YEAR	12.5	11.4	8.8
ITD*	9.4	8.3	6.7

\*Composite inception date: 7/1/2007. Returns over one year are annualized. There are risks associated with all investments and returns will vary over time. The value of investments can go down as well as up, and a loss of principal may occur. See performance disclosure for additional information. Past performance is no guarantee of future results.

36 MONTH ROLLING STYLE MAPS (7/1/2007 to 09/30/2022)



PORTFOLIO MANAGERS

Catherine Nicholas, Managing Partner/CIO



Catherine Nicholas has over 30 years of investment experience. Prior to co-founding Nicholas Investment Partners in 2006, she was the Global Chief Investment Officer of Nicholas-Applegate, a \$40 billion investment firm, and former portfolio manager for Global, Small Cap and Micro Cap products. Catherine earned her B.S. in Business Administration, *cum laude*, and her M.B.A. in Finance from the University of Southern California.

John Wylie, Partner/Portfolio Manager



John Wylie has over 35 years of investment experience. Prior to joining Nicholas Investment Partners in 2007, he was co-founder and Co-Chief Investment Officer of CapitalWorks Investment Partners where he was the lead portfolio manager for Convertible Arbitrage and Micro Cap strategies. He also worked with Catherine Nicholas for ten years at Nicholas-Applegate, where he headed credit strategies including Convertibles and High Yield. John earned his B.A. in American Studies, *cum laude*, from Amherst College.

Nicholas Investment Partners, L.P. (“Nicholas”) is an independent investment adviser registered with the SEC. Registration with the SEC does not imply a certain level of skill or training. The firm maintains a complete list and description of performance composites, which is available upon request. Policies for valuing portfolios, calculating performance, and preparing presentations are available upon request. **Past performance is no guarantee of future results. Current performance may be lower or higher than the performance presented. This information is intended for institutions, consultants and qualified investors only.** No part of this material may be copied or duplicated, or distributed to any third party without written consent.

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Performance contribution/attribution, characteristics and portfolio risk statistics information is calculated in FactSet using end-of-day holdings and does not include the impacts of intraday transactions or management fees for the representative portfolio. The information is presented to illustrate the drivers of performance and is not intended to match the actual returns of the representative portfolio or composite. The differences between the FactSet returns and the actual returns will vary due to various circumstances such as portfolio turnover and market volatility, among others. While Nicholas believes the information is representative of other accounts in the strategy, other accounts may differ from the representative account. **Additional detailed return information (gross and net of fees) for the representative portfolio is available upon request.** The representative portfolio was chosen based on non-performance criteria such as account size, cash flows and the level of account restrictions. Nicholas used third-party information in the preparation of the characteristics and/or market environment charts. While Nicholas believes the third-party information was obtained from reliable sources, we cannot guarantee the accuracy, adequacy or completeness of the information obtained from these sources.

Index returns are provided as a general indicator of the investment environment existing during the time periods shown and are provided for comparison purposes only. The returns for the index do not include any transaction costs, management fees or other costs. Investors may not make direct investments into any index. Investors should consider comparing the performance of any potential investment to other benchmarks and indices that are representative of their particular investment objectives, horizons and risk tolerances.

Specific securities identified do not represent all securities purchased, sold or recommended to advisory clients and represent the largest positions by portfolio weight. It should not be assumed that investments in these, or any other portfolio securities, were or will be profitable in the future. For a complete list of all securities held during the period or additional information related to this presentation please email [info@nicpartners.com](mailto:info@nicpartners.com).

Gross and net returns, presented within were calculated in U.S. dollars on a time-weighted, total return basis, including reinvestment of all dividends, interest and income, realized and unrealized gains or losses and are net of brokerage commissions, execution costs, and any applicable foreign taxes. Accrual accounting was used for dividend income recognition. Securities transactions are accounted for on trade date. Cash and cash equivalents are included in the performance returns. The gross returns do not give effect to investment advisory fees which would reduce gross returns. The deduction of investment advisory fees will reduce gross returns and are subject to compounding. The composite results include all actual, fee paying fully discretionary accounts under management by Nicholas after one full calendar month that have substantially the same investment objectives, policies and restrictions. Unless otherwise noted the returns reflect the performance of the product composite. Performance and incentive-based fees will have similar, yet often larger, impacts to performance and account values than standard management fees. Please see Nicholas’ ADV Part 2A for a complete description of investment advisory fees.

**Net returns reflect the deduction of the highest investment management fee for the product, which is 1.00%.** Actual fees charged may vary by portfolio due to various conditions such as account size, client relationship, complexity, etc. Client’s accounts may also be subject to additional fees unrelated to Nicholas such as custodial and administration fees, among others. Standard Management fee schedule: First \$50M 1.00%, Next \$25M 0.85%, Next \$25M 0.75%, Thereafter 0.65%.

**The Russell 2000 Growth Index** measures the performance of the small-cap growth segment of the US equity universe. It includes those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics. Index returns include the effect of dividends and income which are reinvested daily.

Nicholas Investment Partners provides information to Nasdaq eVestment database (“eVestment”) on a quarterly basis. Nicholas does not pay eVestment for the right to enter our information into the database or to be matched with potential investors. Nicholas makes cash payments to eVestment for the rights to use various analytics services for competitive analysis. It should not be construed that the information in the eVestment database indicates that Nicholas has specific capabilities or expertise. eVestment is an investment manager database where investment managers populate investment returns and other information which allows managers to run various reports including style analysis reports. eVestment Style Analysis Charts compare the product gross returns to various index returns. Gross of fee returns are used to facilitate the index return comparisons which do not consider advisory fees. Nicholas does not compensate eVestment for the purpose of including its data in their system or for endorsing our firm or products.

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