

## 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:

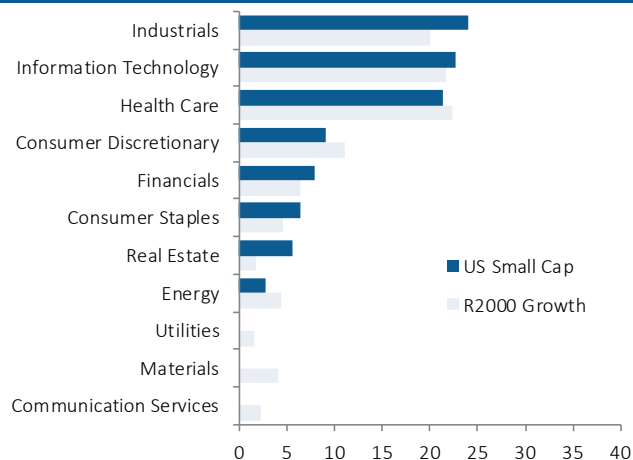
- Number of Positions: Less than 90
- Geography: US-listed public equities
- Capitalization: \$100M to 2x max of R2000 Growth
- Security Max: 5%
- Sector Max: 35% or 2x max of R2000 Growth
- Cash: Transactional, typically <5%

CHARACTERISTICS	US SMALL CAP	R2000 GROWTH
Number of Securities	82	1,074
Active Share	89.7%	---
Off-Benchmark Weight	50.1%	---
Market Cap (wtd. avg.)	\$6.8 B	\$3.8 B
Market Cap (median)	\$4.7 B	\$1.2 B
P/E* (FY2)	19.4 x	17.1x
P/B*	3.7 x	3.7 x
EPS Growth (FY1/FY2 wtd. avg.)	17.1%	17.4%

\*Weighted harmonic average.

TOP 10 POSITIONS (% weight)	US SMALL CAP	R2000 GROWTH	ACTIVE WEIGHT
BWX Technologies	3.5	0.0	3.5
Monolithic Power Systems	3.2	0.0	3.2
Weatherford International	2.7	0.6	2.1
Tanger Inc.	2.6	0.1	2.5
MGIC Investment Corp	2.6	0.0	2.6
Evercore Inc.	2.5	0.0	2.5
Celsius Holdings, Inc	2.5	0.0	2.5
Lattice Semiconductor	2.3	0.0	2.3
e.l.f. Beauty, Inc.	2.3	0.6	1.9
TFI International Inc.	2.2	0.0	2.2

## SECTOR EXPOSURE (% weight)



MARKET-CAP DISTRIBUTION	US SMALL CAP (%)	R2000 GROWTH (%)
>\$15 Billion	6.1	1.1
\$7.5 – \$15 Billion	20.6	4.8
\$4.5 – \$7.5 Billion	34.2	26.4
\$1.5 – \$4.5 Billion	34.0	51.4
\$750 Million – \$1.5 Billion	5.1	10.5
\$400 – \$750 Million	0.0	3.8
<\$400 Million	0.0	2.1

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: \$898 M
- US Small Cap: \$468 M

PERFORMANCE (%)	US SMALL CAP (GROSS)	US SMALL CAP (NET)	R2000 GROWTH
4Q23	12.88	12.60	12.75
YTD	21.44	20.24	18.66
1 YEAR	21.44	20.24	18.66
3 YEAR	-2.47	-3.44	-3.50
5 YEAR	16.88	15.72	9.22
7 YEAR	14.05	12.92	8.07
10 YEAR	9.87	8.78	7.16
ITD*	9.89	8.80	7.55

\*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 12/31/2023)**



\*Source: eVestment; FTSE Frank Russell

**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.

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Some information herein reflects general market commentary and the current opinions of the author which are subject to change without notice. It is provided for general informational purposes only and does not represent investment, legal, regulatory or tax advice and should not be construed as a recommendation of any security, strategy, or investment product. There is no guarantee any opinion, forecast, or objective will be achieved in the future. The information, charts and reports contained herein are unaudited. Although some information contained herein was obtained from recognized and trusted sources believed to be reliable, its accuracy and completeness cannot be guaranteed. Unless otherwise noted, Nicholas is the source of illustrations. References to specific securities, issuers and market sectors are for illustrative purposes only. Nicholas does not undertake to keep the recipients of this report advised of future developments or of changes in any of the matters discussed in this report.

Performance contribution/attribution, characteristics and portfolio risk statistics information is from a representative account for the strategy composite. **The contribution information is presented to illustrate the drivers of performance of the representative portfolio or composite.** While Nicholas believes the information is representative of other accounts in the strategy, other accounts may differ from the representative account. 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. Nicholas believes the third-party information was obtained from reliable sources, though we cannot guarantee the accuracy, adequacy or completeness of the information obtained from these sources. Factset performance contribution and attribution information is calculated using a holdings-based methodology utilizing end-of-day portfolio holdings and does not include transaction data and therefore the returns may not match actual portfolio returns. **Additional detailed return information (gross and net of fees) for the representative portfolio is available upon request.**

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.

eVestment is an investment manager database where investment managers populate investment returns and other information which allows managers to run various reports including peer universe reports. eVestment performance figures shown are gross of fees and do not consider advisory fees which will reduce actual returns. The peer group performance figures have been reported solely for informational purposes and have been provided by the separate account managers. No representation is given with respect to their accuracy or completeness, nor that the figures are necessarily GIPS compliant.

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