



3Q | 2023

# SGI U.S. Small Cap Equity Strategy

## Objective & Strategy

- Seeks capital appreciation.
- Invests in common stocks in U.S. Small Cap companies, typically 80-120.
- Utilizes a **quantitative multi-factor approach** to identify companies that we believe have the potential to outperform.
- **Focused fundamental research** that eliminates companies with heightened idiosyncratic risk.
- Dynamic **company-specific constraint process** that seeks to restrict stocks with weak prospects.
- Unique risk management approach that results in a **diversified portfolio with lower standard deviation** than the benchmark over full market cycles.

## Philosophy & Process

SGI's philosophical conviction is that risk management must take primacy in the investment process. Through our approach, we manage portfolios to provide positive excess returns over a full market cycle versus the benchmark, a participative upside market capture, and more capital protection during market downturns.

The strategy will dynamically target volatility below current benchmark forecasted risk rather than a static target. The investment team believes this risk level is critical given that forecasted volatility has varied from around 50% to less than 10% over the last 10 years.

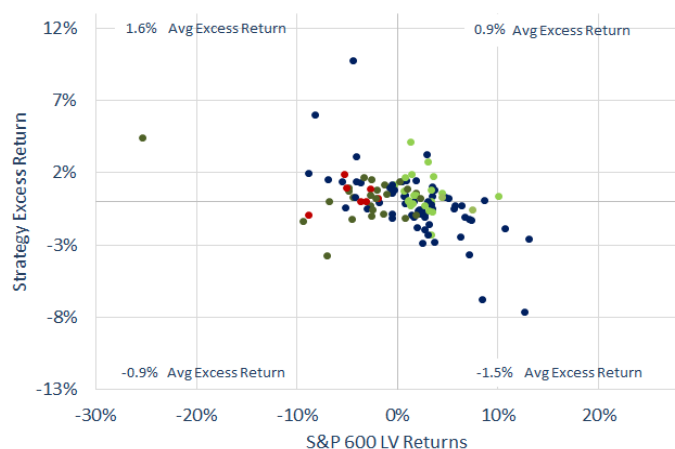
## Performance

	QTR	YTD	1 YR	3 YR	5 YR
SGI Gross	-4.13%	-0.99%	6.42%	5.88%	-1.55%
SGI Net	-4.43%	-1.64%	5.56%	5.06%	-2.33%
S&P SmallCap 600 Low Vol Index <sup>®</sup>	-0.61%	-10.16%	-0.59%	8.42%	-1.73%

Inception 2/1/2014

*Performance figures are past performance. Past performance does not guarantee future results. Performance figures are presented net of actual fees charged to clients. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. SGI fees are available upon request and may also be found in Part II of its Form ADV. Performance includes the reinvestment of dividends and other earnings. Investing involves risks including the possible loss of principal and fluctuation in value. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, SGI's holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well known and widely recognized indices. You cannot invest directly in an index.*

## Excess Monthly Returns



### Portfolio Statistics

Unless otherwise noted, portfolio statistics are provided by Bloomberg aggregated using weighted median unless otherwise noted. Strategy Assets includes all assets in the strategy including the Representative Portfolio. Returns for periods of less than one year are not annualized. Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions. It is not possible to invest in an Index. Risk characteristics including volatility, beta, upside capture, downside capture and alpha are based on 3-year monthly returns.

## Representative Portfolio Characteristics

	SGI U.S. Small Cap Equity Strategy	S&P 600 Low Volatility Index
Strategy Assets (\$M)	\$35.66	-
Strategy Inception	Jan 2014	-
Number of Securities	104	120
Market Capitalization (\$B)	2.48	1.67
Price/Earnings	17.37	20.10
Price/Cash Flow	9.15	12.26
Price/Book	2.01	1.80
Enterprise Value/Sales	1.44	2.44
Return on Equity	17.21	9.27
Dividend Yield <sup>1</sup>	1.74	2.96
Volatility <sup>2</sup>	14.24%	18.93%
Beta <sup>2,3</sup>	0.56 <sup>3</sup>	0.77
Upside Capture <sup>2</sup>	73.88%	100%
Downside Capture <sup>2</sup>	76.38%	100%
Alpha <sup>2</sup>	0.03%	0%

<sup>1</sup>Dividend Yield index method, all other statistics are weighted median.

<sup>2</sup>Performance statistics are derived from 36 monthly data points.

<sup>3</sup>Beta relative to Russell 2000 Index.

# Summit Global Investments, Adviser

SGI is an SEC-registered investment advisor headquartered in Salt Lake City, UT, with offices in San Francisco, CA and Boise, ID. The firm is 100% privately owned with AUM of \$1.57 as of 12/31/2022 offering U.S. Large Cap Equity, U.S. Small Cap Equity, U.S. Small Cap Core Equity, Global Equity, Fixed Income, Alternatives, and Enhanced Cash.

## GIPS Performance U.S. Small Cap Equity Composite | 2/1/2014 - 9/30/2023

YEAR	COMPOSITE GROSS RETURN %	BENCH-MARK RETURN %	3 YR ST. DEV. COMP %	3 YR ST. DEV. BENCH %	# PORTFOLIOS	INTERNAL DISPERSION	COMPOSITE ASSETS (\$MLN)	FIRM ASSETS (\$MLN)
2014 <sup>3</sup>	21.24	14.23	N/A	N/A	≤ 5	N/A	0.005	222.7
2015	2.61	3.00	N/A	N/A	≤ 5	N/A	0.005	332.3
2016	32.28	31.72	N/A	N/A	≤ 5	N/A	46.9	296.9
2017	10.00	8.92	9.44	10.96	≤ 5	N/A	56.8	337.6
2018	-8.80	-5.13	13.33	13.08	≤ 5	N/A	63.3	667.7
2019	22.29	22.76	14.05	12.72	≤ 5	N/A	87.0	953.8
2020	-10.46	-17.21	20.40	22.07	≤ 5	N/A	90.9	1,105.3
2021	19.05	29.84	18.17	21.36	≤ 5	N/A	80.9	1,532.4
2022	-10.89	-11.50	19.53	23.85	≤ 5	N/A	73.0	1,296.2
2023 <sup>4</sup>	-0.99	-10.16	14.25	18.93	≤ 5	N/A	35.7	1,418.9

<sup>3</sup>2/1/2014 inception through 12/31/2014 <sup>4</sup>1/1/2023 through 9/30/2023

## Portfolio Managers

### David Harden

- Founder, CEO, CIO
- President & Portfolio Manager
- 30 years investment experience

### Aash M. Shah, CFA®

- Senior Portfolio Manager
- 35+ years investment experience

### Richard Thawley II

- Portfolio Manager
- 14 years investment experience

## Investment Considerations

Equity securities (stocks) are subject to market, economic, and business risks that will cause their price to rise or fall over time. The strategy asset value will fluctuate as the value of the securities in the portfolio change and an investor may lose money. Although the strategy seeks lower volatility, there is no guarantee the strategy will perform as expected. Strategy holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

**Compliance Statement** Summit Global Investments, LLC claims compliance with Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Summit Global Investments, LLC has been independently verified for the period 1/1/2011 through 12/31/2020. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis; and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

**Definition of the Firm** Summit Global Investments, LLC is an SEC registered independent investment adviser. The Firm was founded in 2010 and specializes in providing U.S. large cap, U.S. small cap, global and international equity and asset allocation strategies to institutional investors and investment advisors. The Firm first adopted the GIPS Standards in 2015 covering all periods of performance beginning January 1, 2011. As of September 30, 2016 the firm was redefined to exclude the wrap division.

**Policies** Summit Global Investments, LLC policies for valuing portfolios, calculating performance and preparing compliant presentations is available upon request.

**Significant Cash Flow Policy** Summit Global Investments significant cash flow policy is applied within the firm to existing accounts which increase or decrease their assets within a

composite that equals more than 50% of the existing total assets within the account. The new assets will be withheld from the composite until the beginning of the next month and then added to the composite. During the month in which the significant cash flow occurs, the existing account will be removed from the composite for that month. The existing account and the new assets will then be included back into the composite at the start of the next month.

**Composite Description** The U.S. Small Cap Equity composite includes all accounts that invest in individual U.S. equities with the goal of capital appreciation. Equities are selected through a systematic and actively managed approach. As of September 30, 2019, the name of this composite, formerly known as the Small Cap Low Volatility Equity composite, was changed to the U.S. Small Cap Equity Composite.

**Minimum Account Size** The account minimum for inclusion in the composite is \$200,000 USD.

**Benchmark** The benchmark is the S&P SmallCap 600®. Low Volatility Index measures the performance of the 120 least-volatile stocks in the S&P SmallCap 600®. The index is designed to serve as a benchmark for low volatility or low variance strategies in U.S. small-cap equities.

**Currency** Valuations are computed and performance is reported in U.S. Dollars.

**Fees** The composite Gross Returns are presented before management and custodial fees but include any brokerage or trading expenses. Benchmark returns are presented net

of non-reclaimable withholding taxes. The management fee schedule is as follows: 1.00% on the first \$5 Million; 0.75% on the next \$20 Million; 0.70% thereafter.

**List of Composites** This composite was created in October 2015. A complete list of composite descriptions is available upon request.

**Internal Dispersion** Internal Dispersion is calculated using the asset-weighted composite dispersion, using the annual gross-of-fees returns of those portfolios that were included in the composite for the entire year. For years where five or less portfolios were included in the composite for the full year, no dispersion measure is presented.

**Standard Deviation** The three-year annualized standard deviation measures the variability of the composite and the benchmark return over the preceding 36-month period. This measurement is not shown because there are less than 36 months of data available.

## Investment Terms

**Alpha:** Considered the active return on an investment, gauges the performance of an investment against a market index or benchmark which is considered to represent the market's movement as a whole.

**Beta:** Beta attempts to measure relative risk. A Beta rating above 1.0 indicates greater volatility than the market. A Beta rating below 1.0 indicates lower volatility than the market.

**Enterprise Value/Sales:** A valuation metric for equities. It is calculated by dividing the company's market cap by the revenue in the most recent year; or, equivalently, divide the per-share stock price by the per-share revenue.

**Excess Return:** Strategy return – Benchmark Return = Excess Return.

**Market Capitalization:** The measurement of the total dollar

market value of all of a company's outstanding shares.

**Price/Book:** A ratio used to compare a stock market value to its book value. It is calculated by dividing the current closing price by the latest quarter's book value per share.

**Price/Cash Flow:** A measure of the market's expectations of a firm's future financial health. Because this measure deals with cash flows, the effects of depreciation and other non-cash factors are removed.

**Price/Earnings:** An equity valuation measure defined as market price per share divided by annual earnings per share.

**Return on Equity:** The amount of net income returned as a percentage of shareholders' equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders

have invested. Return on Equity = Net Income/Shareholders' Equity.

**Standard Deviation:** A statistical measurement showing how widely returns varied over a certain period of time. For the characteristics, the period is twelve months. For the chart the period is since inception. When a fund has a high standard deviation, the predicted range of performance implies greater volatility.

**Upside/Downside Capture:** The upside/downside capture ratio measures the ratio of the upside and downside of an investment vs a benchmark. This ratio explains to you how an investment typically performs in relation to their benchmark index.

**Volatility:** Measures how much the price of a security, derivative or index fluctuates.