

Atlanta Capital

Domestic Equity: Russell 2500 Benchmark

For the month of: **May** **2024**

Manager Performance Calculations

* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Atlanta Capital	4.27%	N/A	N/A	N/A	N/A
Russell 2500	4.16%	N/A	N/A	N/A	N/A

Portfolio Attributes

<u>Characteristics</u>	<u>Atlanta</u>	<u>RU 2500</u>	<u>Sector Analysis (Top 2)</u>		
			<u>Over-weight</u>	<u>Atlanta</u>	<u>RU 2500</u>
Mkt Value (\$m)	687.82	N/A	Industrials	28.82%	20.64%
Wtd Cap (\$b)	13.58	8.17	Financials	23.82%	15.95%
P/E	22.80	17.50	<u>Under-weight</u>	<u>Atlanta</u>	<u>RU 2500</u>
Beta	0.70	1.00	Energy	0.00%	5.34%
Yield (%)	0.75	1.42	Real Estate	1.24%	6.43%
Earnings Growth	13.50	26.20			

Performance Attribution & Strategy Comments

During the month of May, the portfolio outperformed the benchmark by 0.11%. Overall stock selection was positive after the portfolio benefited from a number of positive earnings reports. Stock selection was positive in Consumer Discretionary, Technology, Real Estate, Industrials and Health Care. Selection was negative within Materials and Staples. Overall asset allocation was negative for the period with our underweight to Utilities accounting for the majority of the shortfall. Over the past few months, Utilities have seen positive performance as the market contemplates the added energy demands from AI and Data center projects. Our underweights to Real Estate and Health Care benefited results. Portfolio turnover remains below our long term average as overall valuations of in the market remain fairly robust. While expectations for Fed rate cuts have been both diminished and pushed out, it seems that much of the market continues to price in an economic soft landing. Positive indicators include good U.S. economic growth, cooling inflation, robust employment, and tight credit spreads. Bears can point to factors like record fiscal deficits, higher interest rates, robust equity market valuations, and continued geopolitical uncertainty. While we hope for positive equity market returns, we continue to focus the portfolio on high quality companies that should perform well in good economic periods and offer a level of protection in times of market uncertainty.

Manager Style Summary

Atlanta Capital has been hired to manage a small-to-mid cap quality equity portfolio. Atlanta will invest in a focused portfolio of generally 50-60 companies with 5% max position size. Further, sector limits are limited to 30% absolute. Atlanta evaluates U.S. companies having market capitalizations within the range of companies comprising the Russell 2500 Index. The team excludes companies with volatile earnings streams, short operating histories, high levels of debt, weak cash flow generation, and low returns on capital to create a "focus list" of high-quality companies.

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Portfolio Guideline Compliance

Portfolio Guideline:	Index	Atlanta	Calc	Min	Max	Compliance
A2. Cash exposure <= 5%						Yes
B2. Securities, at time of purchase, within the index market cap						Yes
B3. Security position <= 5% of the account						Yes
B4. Number of issues		52		50	60	ok
B5. Sector limits less than 30%						Yes
B6. Annual turnover		7%		10%	20%	check
B7. Normal Global Portfolio Characteristics						
Capitalization (rel)	8174	13584	166%	100%	200%	ok
Maximum Sector Exposure		30%		0%	30%	ok
Price/Book Value (rel)	2.3	3.6	156%	100%	170%	ok
Price/Earnings (rel)	17.5	22.8	130%	100%	200%	ok
Dividend Yield (rel)	1.4	0.8	53%	40%	70%	ok
Beta (rel)		0.70		0.70	1.00	ok
D. No foreign currency denominated securities, derivatives, short sales, commodities, margin or affiliated pooled funds.						Yes
E1. Brokerage commissions not to exceed \$0.05/share for U.S. equities						Yes
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

Manager Explanations for Deviations from Portfolio Guidelines

B6. Annual Turnover: Turnover has been below average, largely due to a lack of compelling opportunities at current valuations.

Total Firm Assets Under Management (\$m) as of: Qtr 1 \$ 33,419

Organizational/Personnel Changes

Bill Bell, CFA announced plans to retire at the end of 2024. Jeff Wilson, CFA has been hired and is expected to become a named PM on the team upon Bill's departure.

Account Turnover

Gained: Number of Accounts: 0 Total Market Value (\$m): \$ -
Lost: Number of Accounts: 1 Total Market Value (\$m): \$ 1.0
Reason(s): Client moved assets from our Small Cap to our SMID Cap product.