

# Small Cap Value Composite

AS OF JUNE 30, 2021



## Highlights

- Seeks to exploit the inefficiency when a growth stock becomes a value stock
- Goal is to capture multiple expansion and earnings growth
- Blend of fallen angels, undiscovered gems, and quality value holdings

## Portfolio Facts

\$2.4B

Total Strategy Assets<sup>^</sup>

\$4B

Average Market Cap  
(weighted)

63

Number of  
Holdings

## INVESTMENT APPROACH

We use a bottom-up approach that seeks to identify undervalued companies with future growth potential. We look for the following types of companies:

- **Fallen Angels:** growth companies that have suffered a temporary setback
- **Undiscovered Gems:** growth companies trading at value prices
- **Quality Value:** statistically cheap, slower growing companies

Primarily invests in U.S. companies with market caps of less than \$5 billion at the time of purchase

Approximately 45-65 positions

## ABOUT THE PORTFOLIO

Strategy Inception	12/17/1997
Minimum Initial Investment	\$1 million

## FUND MANAGERS



Jim Larkins, MBA  
Lead Portfolio Manager  
Years of Experience: 25



Austin Bone  
Associate Portfolio Manager  
Years of Experience: 8

## INVESTMENT RESULTS AS OF 6/30/2021

	QTD	YTD	AVERAGE ANNUAL TOTAL RETURNS				
			1 Year	3 Years	5 Years	10 Years	Inception
Composite - Gross of Fees	5.65	22.16	66.88	15.11	18.00	14.32	14.52
Composite - Net of Fees	5.45	21.73	65.70	14.22	17.06	13.36	13.35
Russell 2000 <sup>®</sup> Value Index	4.56	26.69	73.28	10.27	13.62	10.85	8.88
Russell 2000 <sup>®</sup> Index	4.29	17.54	62.03	13.52	16.47	12.34	8.76

Returns for periods less than one year are not annualized.

## CALENDAR YEAR RETURNS

	2014	2015	2016	2017	2018	2019	2020
Composite - Gross of Fees	5.95	1.23	22.34	19.70	-8.58	25.55	14.27
Composite - Net of Fees	4.99	0.36	21.31	18.69	-9.37	24.58	13.42
Russell 2000 <sup>®</sup> Value Index	4.22	-7.47	31.74	7.84	-12.86	22.39	4.63
Russell 2000 <sup>®</sup> Index	4.89	-4.41	21.31	14.65	-11.01	25.52	19.96

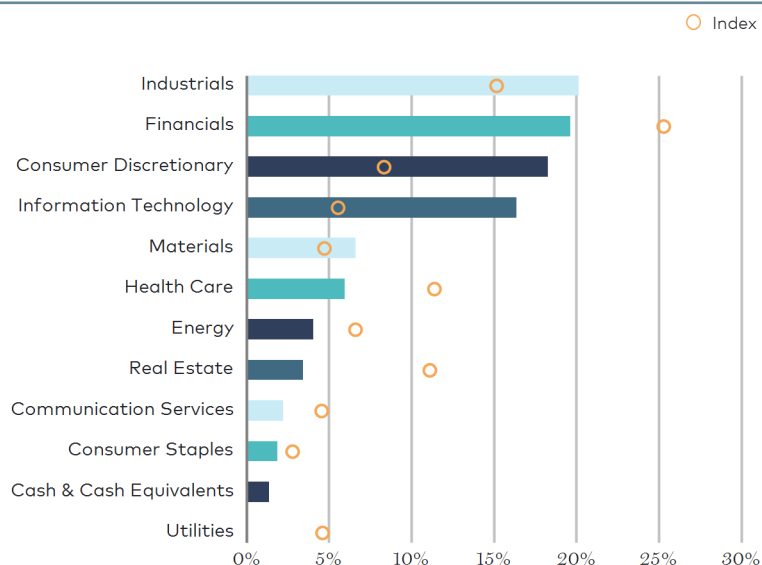
<sup>^</sup>Total Strategy Assets across all vehicles and composites. Since inception performance calculated from 12/31/1997.

Composite returns for the Small Cap Value Composite have been provided. The Wasatch Small Cap Value Composite contains fully discretionary equity accounts following the Wasatch Small Cap Value style. The composite primarily invests in small companies with the goal of long-term growth of capital. Income is a secondary objective, but only when consistent with long-term growth of capital. For comparison purposes the composite is measured against the Russell 2000<sup>®</sup> Value and Russell 2000<sup>®</sup> indices. Wasatch Global Investors is an independent registered investment advisor. Registration does not imply a certain level of skill or training. Wasatch Global Investors claims compliance with Global Investment Performance Standards (GIPS<sup>®</sup>). To receive a complete list and description of composites and/or a GIPS Composite Report, e-mail [inforequest@wasatchglobal.com](mailto:inforequest@wasatchglobal.com). Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance. Returns are presented both gross and net of investment management fees. Returns are preliminary.

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## SECTOR ALLOCATION



## PORTFOLIO CHARACTERISTICS

	Portfolio	Index
Average Market Cap (\$ weighted)	\$3.9B	\$3.1B
Median Market Cap	\$3.0B	\$1.1B
Number of Holdings	63	1,384
Est. 5-year EPS Growth (%)	16.3	13.8
P/E (forward)	16.3	14.4
Portfolio Turnover (%)	56	n/a
Active Share (%)	97	n/a

## PERFORMANCE STATISTICS

Alpha	4.40
Beta	0.96
R-Squared	0.93
Standard Deviation	22.18
Upside Capture	106.59
Downside Capture	92.48

Performance period: 5 year

## COUNTRY ALLOCATION

	Portfolio	Index		Portfolio	Index
<b>Developed</b>	<b>98.6%</b>	<b>100.0%</b>	<b>Emerging and Frontier</b>	<b>-</b>	<b>-</b>
United States	95.0	100.0			
Israel	1.8				
Ireland	0.9				
Canada	0.9				

Weights are calculated as a percentage of total portfolio including cash & cash equivalents.

## TOP TEN HOLDINGS AS OF 3/31/2021

Kadant Inc.	3.6
Fabrinet	3.3
Altra Industrial Motion Corp	3.2
Webster Financial Corp.	2.8
Axos Financial Inc.	2.7
Skyline Champion Corp.	2.6
Bank OZK	2.6
Construction Partners Inc.	2.6
Ensign Group Inc/The	2.5
FB Financial Corp.	2.3
<b>Total</b>	<b>28%</b>

Portfolio Characteristics, Allocations, and Top Ten Holdings are derived from representative accounts following the Wasatch Small Cap Value style. Individual client accounts may differ from the representative accounts. Portfolio holdings are subject to risks and may change at any time. References to specific securities should not be construed as recommendations by the Advisor.

**Est. 5-year EPS Growth %:** Estimated percentage increase in earnings per share (EPS) per year of the fund's holdings over the next 5 years. Returns are not guaranteed and may be higher or lower. Source: Wasatch and FactSet. **P/E (Forward):** Sum of stock prices of the fund's holdings divided by the aggregate earnings per share of those holdings for the next 12 months calculated as a weighted harmonic average. **Weighted Average Market Cap:** Average market capitalization of companies held by the fund, weighted by their percentage of fund net assets. **Portfolio Turnover:** A measure of trading activity in a fund's portfolio over the past 12 months expressed as a percentage of the fund's average total assets. **Alpha** measures a fund's risk/reward potential. A positive alpha means the fund outperformed the index. A negative alpha means the fund underperformed the index. **Beta** measures a fund's risk in relation to the market. A beta of 0.8 means the fund's total return is likely to move up or down 80% of the market change; 1.25 means total return is likely to move up or down 25% more than the market. **R-Squared** measures (from 0 to 1.0) how closely a fund's movements are correlated with movements of its benchmark. An R-squared of 1.0 would mean that the fund's movements are completely correlated with the movements of its benchmark. **Active Share** measures the difference between portfolio holdings and the benchmark. It is the sum of the absolute values of the different weightings of each holding in the fund versus each holding in the benchmark, divided by 2. **Standard Deviation** measures the degree to which a fund's performance has varied from its average performance over a particular time period. The greater the standard deviation, the greater a fund's volatility (risk). **Upside Capture** explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture** explains how well a fund performs in time periods where the benchmark's returns are less than zero.