

# FOCUSED EQUITY SELECT COMPOUNDERS

## FIRM OVERVIEW

FIRM ASSETS UNDER MANAGEMENT: **\$4.2B**

Palisade Capital Management is a privately-held investment management firm that offers a solutions-based approach towards client portfolios. Through our fundamental, research-intensive culture, our traditional and alternative investment strategies seek to deliver attractive returns aligned with our investors' priorities. Founded in 1995, Palisade's diversified client base includes corporations, public plans, financial institutions, family offices, and individuals.

## FOCUSED EQUITY OVERVIEW

Strategy assets: **\$72M**  
Benchmark: **Russell 3000® Index**  
Inception date: **September 1, 2016**

Palisade's Focused Equity strategy seeks to achieve attractive long-term performance by investing with high-conviction in a portfolio of approximately 20-30 companies that tend to compound shareholder value over the long-term.

We generally invest in companies that consistently generate strong free cash flow and above-average return on invested capital. Equally important to our process is to focus on companies that have strong track records of disciplined and effective capital deployment for internal growth initiatives and strategic acquisitions. To this end, we conduct rigorous, bottom-up, fundamental research to identify companies with leadership teams possessing outstanding operating talent, augmented by excellent portfolio management expertise.

## INVESTMENT TEAM

**Will Potter**  
Senior Portfolio Manager  
Joined Firm: 2009  
39 years investment experience

**Dan Veru**  
Chief Investment Officer  
Portfolio Manager  
Joined Firm: 2000  
40 years investment experience

## FOR MORE INFORMATION, CONTACT:

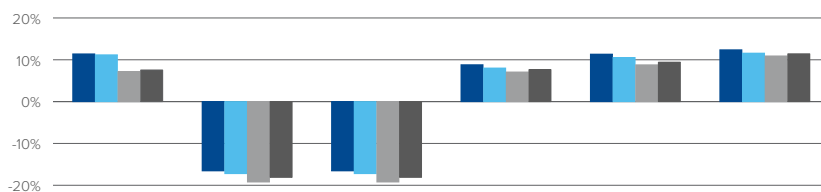
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## PERFORMANCE



	4Q22	YTD 2022	1 Year	3 Years	5 Years	ITD (9/1/2016)
FE Composite (Gross)	11.4%	-16.6%	-16.6%	8.8%	11.3%	12.4%
FE Composite (Net)	11.2%	-17.2%	-17.2%	8.0%	10.5%	11.6%
Russell 3000® Index	7.2%	-19.2%	-19.2%	7.1%	8.8%	10.9%
S&P 500® (TR) Index	7.6%	-18.1%	-18.1%	7.7%	9.4%	11.4%

Performance periods greater than one year are annualized.

## SECTOR ANALYSIS

	FE Composite	Russell 3000® Index	iShares Core S&P 500 ETF
Communication Services	0.0%	6.8%	7.2%
Consumer Discretionary	4.4%	9.9%	9.8%
Consumer Staples	0.0%	6.6%	7.2%
Energy	3.0%	5.3%	5.2%
Financials	8.6%	12.3%	11.6%
Health Care	18.2%	15.6%	15.8%
Industrials	17.5%	9.8%	8.6%
Information Technology	36.0%	24.4%	25.6%
Materials	5.0%	3.0%	2.7%
Real Estate	0.0%	3.3%	2.7%
Utilities	0.0%	3.0%	3.2%
Cash	7.3%	0.0%	0.4%

Source: FactSet Research Systems, Inc.

## CHARACTERISTICS

	FE Composite	Russell 3000® Index	iShares Core S&P 500 ETF
P/E Ratio* (one year forward)	17.8	16.3	16.8
Wtd. Average Market Cap	\$289.5 B	\$358.2 B	\$417.6 B
Dividend Yield	1.1	1.7	1.7
5 Year Annual Dividend Growth	12.1	9.4	9.7
Turnover**	29.8	-	-
No. of Securities	25	2,960	502

\* P/E Ratio uses a percentage of annual estimates from two fiscal years to create an estimate based on the 12-month period. P/E Ratio is calculated using Weighted Harmonic Average which reduces the impact of extreme observations.

\*\* Turnover is elevated largely as a result of significant cash flows from an existing client account.  
Source: FactSet Research Systems, Inc.

## STATISTICS (5 YEAR)

	Annualized							
	Standard Deviation	Sharpe Ratio	Alpha	Tracking Error	Beta	Upside Capture	Downside Capture	Active Share
Focused Equity Composite	19.4%	0.5%	2.5%	4.6%	1.0%	102.3%	95.2%	81.6%
Russell 3000® Index	19.1%	0.4%	-	-	-	-	-	-
Focused Equity Composite	19.4%	0.5%	1.7%	4.6%	1.0%	101.9%	96.4%	80.5%
S&P 500® (TR) Index	18.5%	0.4%	-	-	-	-	-	-

Source: FactSet Research Systems, Inc.

Past performance is not a guarantee of future results. Please refer to Important Information at the end of this presentation.

# FOCUSED EQUITY SELECT COMPOUNDERS

## TOP 5 HOLDINGS BY WEIGHT

	GICS® Sector	Weight
Danaher Corporation	Health Care	7.7%
AMETEK, Inc.	Industrials	6.9%
Fortive Corp.	Industrials	5.9%
Roper Technologies, Inc.	Information Technology	5.3%
Apple Inc.	Information Technology	5.2%
<b>FE Composite Total</b>		<b>31.0%</b>

Source: FactSet Research Systems, Inc.

## CALENDAR YEAR PERFORMANCE

	FE Composite Gross Return	FE Composite Net Return	Russell 3000® Index	S&P 500® (TR) Index
2022	-16.6%	-17.2%	-19.2%	-18.1%
2021	24.1%	23.2%	25.7%	28.7%
2020	24.4%	23.6%	20.9%	18.4%
2019	37.4%	36.5%	31.0%	31.5%
2018	-3.4%	-4.1%	-5.2%	-4.4%

## IMPORTANT INFORMATION

**Past performance is not a guarantee of future results.** No assurance can be given that the Strategy will be successful. The performance of the Strategy can be volatile and involve a high degree of risk. Investors may lose some or all of their investment.

Gross return results shown do not show the deduction of fees and expenses. Returns are presented net of management fees and include the reinvestment of all income.

Palisade Capital Management, L.L.C. ("Palisade" or the "Firm") is an SEC registered independent investment management firm established in 1995. Beginning December 31, 2007, Palisade was redefined to include private equity investments. Based in Fort Lee, NJ, Palisade manages a variety of assets for a diversified client base including institutions, foundations, endowments, pension and profit-sharing plans, retirement plans, mutual funds, private limited partnerships, family offices, and high net worth individuals. Registration with the Securities and Exchange Commission does not imply a certain level of skill or expertise.

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The Focused Equity Composite includes all fee-paying, discretionary portfolios invested in a focused portfolio of common equities with approximately 20 to 30 positions that typically generate strong free cash flow and above-average return on capital and allocate that capital effectively by funding internal or external growth initiatives. The minimum account size for this composite is \$1 million. The benchmark is the Russell 3000® Index. The Focused Equity Composite was created October 1, 2016, with a performance inception date of September 1, 2016. Performance results, shown both gross and net of fees, are calculated using actual management fees incurred by clients and include the reinvestment of all income. Actual investment advisory fees incurred by clients may vary. The U.S. Dollar is the currency used to express performance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. As of July 1, 2021, the Focused All Cap Equity Composite was renamed as the Focused Equity Composite.

Holdings, sector weights, and characteristics reflect those of the Focused Equity Composite. Holdings and weightings are subject to change at any time at Palisade's discretion. Individual portfolios may vary. It should not be assumed that any of the securities transactions or holdings shown were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities shown herein. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any security discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. Information is supplemental to the composite disclosure presentation, which is available upon request. Discussions regarding potential future events and their impact on any portfolio are based solely on historic information and Palisade's estimates and/or opinions, are provided for illustrative purposes only, and are subject to further limitations as specified elsewhere in this material. No guarantee can be made of the occurrence of such events or the actual impact such events would have on any portfolio's future performance.

Palisade is the source of all data unless otherwise noted.

The Russell 3000® Index is a market capitalization weighted equity index maintained by FTSE Russell that seeks to be a benchmark of the entire U.S. stock market. More specifically, this index encompasses the 3,000 largest U.S. traded stocks, which represents about 98% of all U.S. incorporated equity securities. Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2023. The Focused Equity Composite (the "Composite") has been developed solely by Palisade Capital Management, L.L.C. The Composite is not in any way connected to or sponsored, endorsed, sold, or promoted by the LSE Group. FTSE Russell is a trading name of certain of the LSE Group companies. All rights in the Russell 3000® Index (the "Index") vest in the relevant LSE Group company which owns the Index. Russell® is a trade mark(s) of the relevant LSE Group company and is used by any other LSE Group company under license. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on, or any error in the Index or (b) investment in or operation of the Composite. The LSE Group makes no claim, prediction, warranty, or representation either as to the results to be obtained from the Composite or the suitability of the Index for the purpose to which it is being presented by Palisade Capital Management, L.L.C.

The S&P 500® (TR) Index is an unmanaged index that is widely recognized as an indicator of general market performance and assumes the reinvestment of dividends. The S&P 500® (TR) Index does not have a defined investment objective, nor does it charge fees and expenses.

The iShares Core S&P 500 ETF seeks to track the investment results of an index composed of large-capitalization U.S. equities.

Reference to an index does not imply that any strategy will achieve returns, volatility, or other results similar to an index. No index reflects the manner in which the portfolio for any strategy is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, or volatility. Indices are unmanaged. It should not be assumed any strategy will invest in any securities that comprise the applicable benchmark, nor should it be understood to mean there is a correlation between any strategy's returns and the returns of the applicable benchmark. Benchmarks are included for informational purposes only.

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Investing in securities involves risk, including the risk the entire amount invested may be lost. Securities investments are not guaranteed. The Focused Equity strategy is highly concentrated and may underperform due to a lack of diversification. Palisade's valuation predictions may not be correct and/or achieved within the anticipated time frame. A risk in a long-term purchase strategy is that Palisade may not take advantage of short-term gains that could be profitable. Moreover, if Palisade's predictions are incorrect, a security may decline sharply in value before being sold. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates, and general economic environments. REITs are affected by underlying real estate values, which may have an exaggerated effect to the extent that those REITs concentrate investments in particular geographic regions or property types. Palisade's portfolios are susceptible to operational, information security, and related risks from cyber security incidents resulting from deliberate attacks or unintentional events.

The statistics reflect the Composite characteristics (gross of fees) and the indices as of the date shown. The 5-Year Risk statistics provided are not related to or indicative of either the Composite's or the indices' performance.

Alpha is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of the Strategy and compares its risk-adjusted performance to a benchmark index. The excess return of the Strategy relative to the return of the benchmark index is the Strategy's alpha.

Beta measures the relationship between the Strategy's excess return over T-bills (representing a risk-free rate) relative to the excess return of the Strategy's benchmark. A low beta does not imply a strategy has a low level of volatility; rather a low beta means the strategy's market-related risk is low. Beta is often referred to as systematic risk.

Annualized standard deviation is a measure of the dispersion of a set of data from its mean – a measure of the variability of returns. The higher the standard deviation, the greater the range of performance (i.e., volatility). Standard deviation is calculated as the square root of variance.

The Sharpe Ratio is calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance.

Tracking error measures the standard deviation of the excess returns a portfolio generates compared to its benchmark. If a manager tracks a benchmark closely, then tracking error will be low. If a manager tracks a benchmark perfectly, the tracking error will be zero.

The Downside Capture percentage measures a manager's performance in down markets relative to a particular benchmark. A down market is one in which the market's quarterly (or monthly) return is less than zero. For example, a downside capture percentage of 50% means the portfolio's value fell half as much as its benchmark index during the benchmark's negative quarters. A downside capture percentage of less than 100% indicates a manager who outperforms the relative benchmark in the benchmark's negative quarters.

The Upside Capture percentage is a measure of a manager's performance in up markets relative to a particular benchmark. An up market is one in which the market's quarterly (or monthly) return is greater than or equal to zero. For example, an upside capture percentage of 50% means the portfolio's value increased half as much as its benchmark index during the benchmark's positive quarters. An upside capture percentage of more than 100% indicates a manager who outperforms the relative benchmark in the benchmark's positive quarters.

Active share is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index.