

## Atlanta Capital

Domestic Equity: Russell 2500 Benchmark

For the month of: **January** **2025**

### 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	2.39%	0.55%	N/A	N/A	N/A
Russell 2500	3.54%	5.16%	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)	748.66	N/A	Financials	25.29%	18.04%
Wtd Cap (\$b)	14.73	8.37	Industrials	26.14%	18.93%
P/E	21.00	19.70			
Beta	0.68	1.00			
Yield (%)	0.76	1.35	<u>Under-weight</u>	<u>Atlanta</u>	<u>RU 2500</u>
Earnings Growth	13.10	16.80	Health Care	5.04%	12.09%
			Energy	0.00%	5.06%

### Performance Attribution & Strategy Comments

US Small and Mid Cap stocks continued higher in January with the Russell 2500 index posting a +3.5% return. The Atlanta SMID Cap portfolio also had a positive return for the month, but trailed the benchmark. Overall stock selection was negative for the period with holdings in Financial and Industrials detracting from results. Within Industrials, there was broad-based weakness across companies that contract with the government on fears related to the incoming administration's Department of Government Efficiency (DOGE). While it's hard for us to foresee significant cuts to critical defense providers, several of the fund's high quality defense contractors were caught up in this sell off. Within Financials, several of our insurance holding lagged due to concerns around West Coast fire losses. Our analysis indicates that our holdings should have limited direct exposure to losses and may benefit from likely future premium increases. Stock selection within Real Estate and Technology was positive and largely driven by continued positive earnings growth across holdings. Overall asset allocation was positive, with our overweight in Financials and underweight in Real Estate providing the most benefit. The portfolio's underweight to Health Care was the largest detractor. Much of the market's return in 2024 was driven by valuation multiple expansion. Now that the market has priced in strong forward expectations, we will see if companies can deliver with solid earnings growth in 2025. We continue to favor high quality companies that we believe have a high likelihood of achieving their growth expectations.

### 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		51		50	60	ok
B5. Sector limits less than 30%						Yes
B6. Annual turnover		10%		10%	20%	ok
B7. Normal Global Portfolio Characteristics						
Capitalization (rel)	8365	14727	176%	100%	200%	ok
Maximum Sector Exposure		26%		0%	30%	ok
Price/Book Value (rel)	2.3	3.6	157%	100%	170%	ok
Price/Earnings (rel)	19.7	21.0	107%	100%	200%	ok
Dividend Yield (rel)	1.4	0.8	56%	40%	70%	ok
Beta (rel)		0.68		0.70	1.00	check
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**

B7. Beta: Trailing beta vs. the benchmark is still in keeping with our higher quality bias.

<b>Total Firm Assets Under Management (\$m) as of:</b>	Qtr 4	\$ 34,256
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**Organizational/Personnel Changes**

N/A

**Account Turnover**

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$ -
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$ -
	Reason(s):	n/a		