

Mountain Pacific Investment Advisers

Domestic Equity: Russell 2500 Benchmark

For the month of: **April** **2023**

Manager Performance Calculations

* Annualized returns

| | Last Month | Last 3 Months | Last 1 Year | Last 3 Years* | Last 5 Years* |
|------------------|---------------|------------------|----------------|------------------|------------------|
| Mountain Pacific | -1.06% | -3.35% | -1.34% | 11.58% | 8.63% |
| Russell 2500 | -1.30% | -7.23% | -3.32% | 13.64% | 6.32% |

Portfolio Attributes

| Characteristics | Mtn Pac | RU 2500 | Sector Analysis | | |
|-----------------|---------|---------|-----------------|---------|---------|
| | | | Over-weight | Mtn Pac | RU 2500 |
| Mkt Value (\$m) | 851.33 | N/A | Capital Goods | 40.95% | 21.09% |
| Wtd Cap (\$b) | 24.80 | 6.31 | Technology | 23.85% | 10.80% |
| P/E | 18.62 | 17.59 | | | |
| Beta | 0.98 | 1.00 | | | |
| Yield (%) | 1.14 | 1.65 | Under-weight | Mtn Pac | RU 2500 |
| Earnings Growth | 9.25 | 13.22 | Cons. Cyclical | 0.54% | 15.32% |
| | | | Real Estate | 0.00% | 7.79% |
| | | | Energy | 0.00% | 5.32% |

Performance Attribution & Strategy Comments

The portfolio declined 1.06% in April, outperforming our benchmark, the RU 2500, by 24 bps. During the month, our consumer and financial services holdings outpaced the index, while our industrial, technology and healthcare holdings lagged.

Conmed, a medical technology maker of critical supplies and equipment supporting minimally invasive surgery, increased 21% in April. First quarter earnings came in better than expected as the company noted an increase in procedure volumes. Normalization in staffing at hospitals and supply chains were positive developments. Additionally, the company has resolved warehouse issues, returning their backlog to normal levels.

Church & Dwight, a consumer goods company for household and personal care products, rose 10% during the month. The company reported better than expected first quarter results, noting strong consumer demand. Guidance for the year improved for both sales and earnings per share as the company expects first quarter momentum to continue.

Catalent, a contract drug and development manufacturing company, negatively impacted our results, falling 24% in the month. The company reported operational issues in their facilities that will impact the current fiscal year ending in June, along with the departure of their CFO. Operational challenges should primarily shift revenue into the fiscal year beginning in July and an interim CFO has been named.

Over the past three months, our portfolio outperformed the index by 388 bps. The overall economy is now clearly cooling off with a broad variety of statistics indicating disinflation and heightened risk of recession. Despite this, the labor market remains strong, complicating the outlook for further Fed hikes. The outlook for common stocks remains mixed as uncertainty around earnings due to lagged monetary tightness increasingly impacts the economy.

Manager Style Summary

Mountain Pacific manages a mid-to small-cap portfolio, employing a "GARP" (Growth At a Reasonable Price) investment strategy. Their portfolio holdings and characteristics will wander around the average stock in their benchmark, and they tend to favor companies which do not sell directly to the public and therefore, depend on sales to other businesses. Mountain Pacific runs a more concentrated portfolio than most, and as a result, their returns will diverge more dramatically from their benchmark, and sometimes for sustained periods.

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Portfolio Guideline Compliance

| Portfolio Guideline: | Mtn Pac | RU 2500 | Calc | Min | Max | Compliance |
|---|---------|---------|------|---------|-----------|---|
| B2. Security Market Cap (in \$m) | | | | \$100.0 | \$7,500.0 | ok |
| B3. Wtd Avg Cap | 24801 | 6308 | 393% | 80% | 120% | check |
| B4. Number of issues | 44 | | | 35 | 55 | ok |
| B5. Security Positions <= 4% @ purchase | | | | | | ok |
| B6a. P/E (12-mo trail) | 22.69 | 21.23 | 107% | 80% | 120% | ok |
| B6b. Beta | 0.98 | 1.00 | 0.98 | 0.80 | 1.20 | ok |
| B6c. Yield | 1.14 | 1.65 | 69% | 80% | 120% | check |
| B6d. Expected Earnings Growth | 9.25 | 13.22 | 70% | 80% | 120% | check |
| E2. Commissions not to exceed \$0.06/share | | | | | | ok |
| E3. Annual Turnover | 6% | | | | 60% | ok |
| 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

- B3. Wtd Avg Cap: Our Wtd Avg Cap exceeds that of the benchmark due to price appreciation. The median cap of the portfolio is \$8.2 BN.
- B6c. Yield: Our yield is below that of the benchmark as we have been adding companies who reinvest more for growth than pay dividends.
- B6d. Earnings Growth: Earnings growth estimates were recently reduced for our holdings in the financial, industrial, and IT sectors.

| | | |
|---|-------|----------|
| Assets Under Management (\$m) as of: | Qtr 1 | \$ 1,719 |
|---|-------|----------|

Organizational/Personnel Changes

No

Account Turnover

| | | |
|---------|-----------------------|-------------------------------|
| Gained: | Number of Accounts: 0 | Total Market Value (\$rn \$ - |
| Lost: | Number of Accounts: 0 | Total Market Value (\$rn \$ - |
| | Reason(s): N/A | |