

# SMALL-CAP GROWTH

FACT SHEET | June 30, 2017

## STRATEGY

- Seek to invest in growth companies with enduring competitive advantages, improving fundamentals and potential for positive earnings revisions
- Use proprietary fundamental research to identify and understand key value-creating drivers
- Employ bottom-up decision-making process

## Top Ten Holdings<sup>2,3</sup> (%)

<b>Advisory Board Co/The</b> (Industrials)	2.7
<b>Monolithic Power Systems Inc</b> (Information Technology)	2.6
<b>Evercore Partners Inc</b> (Financials)	2.3
<b>EPAM Systems Inc</b> (Information Technology)	2.2
<b>Acadia Healthcare Co Inc</b> (Health Care)	2.1
<b>Investnet Inc</b> (Information Technology)	2.1
<b>Vail Resorts Inc</b> (Consumer Discretionary)	2.0
<b>PolyOne Corp</b> (Materials)	2.0
<b>Live Nation Entertainment Inc</b> (Consumer Discretionary)	2.0
<b>QTS Realty Trust Inc</b> (Real Estate)	1.9
<b>Total (% of portfolio)</b>	<b>21.9%</b>

<sup>1</sup>Data is based on firm's Small-Cap Growth composite. Past performance does not guarantee future results and future performance may be lower or higher than the performance presented. See Performance Disclosure for additional performance information.

<sup>2</sup>Information presented is for a representative portfolio which is an account in the composite that we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The information of the representative portfolio shown may differ from that of the composite and of the other accounts in the composite. Information on this page is considered supplemental information to the Performance Disclosure. Weights may not sum to 100% due to rounding.

<sup>3</sup>The specific securities identified and described do not represent all the securities purchased, sold or recommended for clients in the composite and no assumption should be made that such securities or future recommendations will be profitable in the future.

<sup>4</sup>Source: FactSet

<sup>5</sup>Standard Deviation, Beta and Tracking Error statistics based on monthly data. Three years. Source: eVestment Alliance.

## Performance<sup>1</sup>

Periods Ended 6/30/17 (%)	QTD	YTD	Annualized Returns			
			1 Year	3 Years	5 Years	10 Years
Small-Cap Growth (gross)	5.02	16.69	31.23	8.17	16.30	-
Small-Cap Growth (net)	4.76	16.12	29.95	7.10	15.16	-
Russell 2000 <sup>®</sup> Growth Index <sup>4</sup>	4.39	9.97	24.40	7.64	13.98	-
Calendar Year (%)	2016	2015	2014	2013	2012	2011
Small-Cap Growth (gross)	9.81	-3.45	5.23	53.21	12.09	-1.80
Small-Cap Growth (net)	8.72	-4.41	4.18	51.74	11.00	-2.74
Russell 2000 <sup>®</sup> Growth Index <sup>4</sup>	11.32	-1.38	5.60	43.30	14.59	-2.91

## Portfolio Characteristics<sup>2,5</sup>

	Small-Cap Growth	Russell 2000 <sup>®</sup> Growth <sup>4</sup>
Weighted Average Market Capitalization (\$ Mil)	\$3,111	\$2,220
EPS Growth (3-5 year forecast)	15.0%	13.5%
Price/Earnings (1 year forecast)	27.7x	24.9x
Dividend Yield (1 year trailing)	0.4%	0.5%
Beta (3 Years)	0.95	-
Standard Deviation (3 Years) <sup>1,5</sup>	15.78%	16.07%
Tracking Error (3 Years) <sup>1,5</sup>	4.00%	-
Turnover (3 year average)	65%	-
Number of Holdings	75	-

## Sector Allocation<sup>2</sup>

	Small-Cap Growth	Russell 2000 <sup>®</sup> Growth <sup>4</sup>	Relative Weights
Consumer Discretionary	18.6	14.2	4.4
Consumer Staples	2.5	2.6	-0.1
Energy	4.0	1.2	2.8
Financials	8.9	6.0	2.9
Health Care	19.4	24.3	-4.9
Industrials	13.3	17.4	-4.1
Information Technology	24.0	24.4	-0.4
Materials	2.8	4.7	-1.9
Real Estate	1.9	3.5	-1.6
Telecommunication Services	1.8	1.0	0.8
Utilities	0.0	0.7	-0.7
Cash	3.0	0.0	3.0

## Performance Disclosure: Small-Cap Growth Composite

Year	— Composite Assets—			Composite Gross of Fees Annual Return (%)	Composite Net of Fees Annual Return (%)	Russell 2000® Growth Index (%)	Composite 3 Year Standard Deviation (%)	Index 3 Year Standard Deviation (%)	Composite Dispersion (%)	Total Firm Assets (Incl. Model Portfolios)* (\$Bil)	Total Firm Assets (\$Bil)
	Dollars (\$ millions)	% of Firm Assets	Composite Accounts								
2016	10	<1.0	2	9.81	8.72	11.32	17.39	16.91	0.13	7.476	7.169
2015	13	<1.0	3	-3.45	-4.41	-1.38	15.96	15.16	0.05	7.606	7.382
2014	10	<1.0	2	5.23	4.18	5.60	15.31	14.02	0.15	9.596	9.373
2013	2	<1.0	2	53.21	51.74	43.30	18.04	17.52	-	10.009	9.794
2012	0.5	<1.0	1	12.09	11.00	14.59	-	-	-	9.565	9.343
2011	0.5	<1.0	1	-1.80	-2.74	-2.91	-	-	-	9.389	9.101

\*Number includes a portion of assets where Denver Investments does not have discretionary trading authority. This information is supplemental to fully compliant presentation.

- 1) Denver Investment Advisors LLC (dba Denver Investments) is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Denver Investments provides fundamental investment management services to various institutional and private investors and mutual funds.
- 2) The Small-Cap Growth composite was created in January 2011. There was one non-fee paying account in the composite which represented 38.3% of total composite assets as of December 31, 2013.
- 3) All returns are computed using a time-weighted total rate of return. The composite is defined to include all fee-paying, discretionary accounts that are managed according to the Small-Cap Growth strategy. The composite includes actively managed equity accounts that are managed to the Russell 2000® Growth Index and primarily invest in select small-capitalization U.S. growth equities. The Russell 2000® Growth benchmark is an unmanaged, market-capitalization weighted index of those firms in the Russell 2000 with higher price-to-book ratios and higher forecasted growth values than the threshold determined by FTSE Russell. FTSE Russell is the source and owner of the Russell Index data contained in this material and all trademarks and copyrights related thereto. Any further dissemination or redistribution is strictly prohibited. FTSE Russell is not responsible for the formatting or configuration of this material or for any inaccuracy in Denver Investments' presentation thereof. Index returns are not covered by the report of the independent verifiers.
- 4) Gross of fee returns are calculated gross of management and custodial fees and net of transaction costs. Net of fee returns are calculated net of management fees and transaction costs and gross of custodian fees. As of the inception of the product, net returns were calculated by deducting the maximum applicable advisory fee for this strategy of 1.0% annually, pro-rated on a quarterly basis.
- 5) The dispersion of annual returns is measured by the standard deviation across unweighted portfolio gross returns represented within the composite for the full year. Dispersion is not shown for years in which only one account is present for the entire year; nor is it shown for periods where 36 months of returns are not available.
- 6) Valuations and returns are computed and stated in U.S. dollars. Performance is calculated net of withholding taxes on foreign dividends and interest. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Total returns for accounts are presented using the accrual basis of accounting for all fixed income and equity investments and on a cash basis for all cash equivalents.
- 7) Denver Investments claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Denver Investments has been independently verified for the period 1/1/84 – 12/31/16. Verification assesses whether the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Small-Cap Growth composite has been examined for the periods 1/1/11 – 12/31/16. The verification and performance examination reports are available upon request. A complete list and description of all firm composites is available upon request.
- 8) The maximum fee rate is 1.00%. Please reference Denver Investments' ADV for full fee schedule.
- 9) Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.
- 10) Past performance does not guarantee future results and future performance may be lower or higher than the performance presented.

FOR MORE INFORMATION ABOUT OUR INSTITUTIONAL OFFERING, PLEASE CONTACT:

Denver Investments | Republic Plaza | 370 17th Street | Suite 5000 | Denver, Colorado 80202

p: 303.312.5000 | e: marketing@denvest.com | www.denvest.com

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