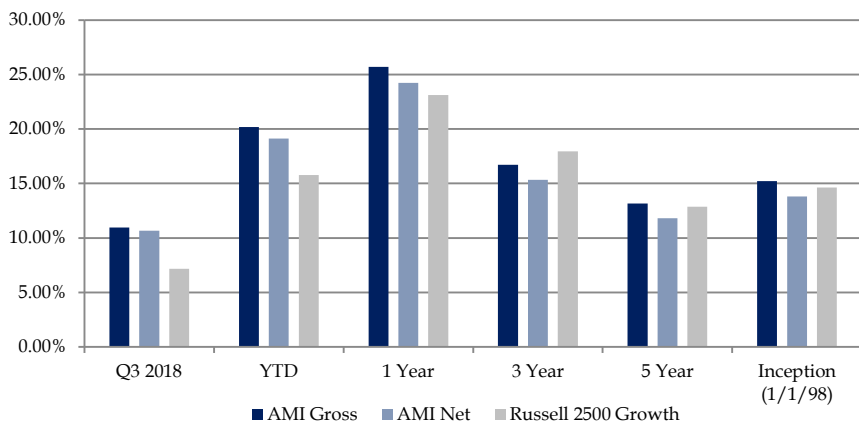


# AMI SMID Cap Growth Equity Factsheet

Growth Through Stability

Q3 • 2018

## Annualized Returns



|                     | Q3 2018* | YTD    | 1 Year | 3 Year | 5 Year | Inception (4/1/13) |
|---------------------|----------|--------|--------|--------|--------|--------------------|
| AMI Gross           | 10.97%   | 20.18% | 25.70% | 16.72% | 13.17% | 15.21%             |
| AMI Net             | 10.66%   | 19.13% | 24.23% | 15.32% | 11.80% | 13.82%             |
| Russell 2500 Growth | 7.17%    | 15.78% | 23.13% | 17.96% | 12.88% | 14.63%             |

\*Not annualized. As of 9/30/18. Net returns are based on the highest annual fee paid by AMI clients of 1.25%. The annual fee schedule for institutional accounts is as follows: 0.90% for the first \$10 million, 0.80% on the next \$15 million, 0.70% on the next \$25 million and 0.60% on the balance. The above information is based on the Domestic SMID Cap Growth Composite and clients accounts may vary and includes the reinvestment of dividends and other earnings. Past performance is not an indication of future returns. Please refer to important disclosures on last page. Source - AMI.

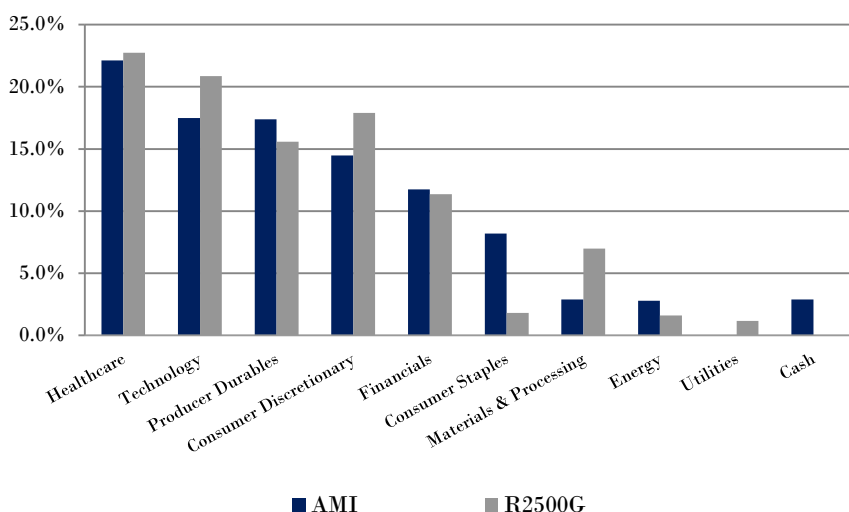
## Firm Summary:

- Founded in 1994
- Located in Los Angeles, CA
- Employee Owned
- Total Firm-Wide Assets: \$1.8 Billion
- Total Strategy Assets: \$9 Million

## Investment Philosophy and Process:

- Invest in companies with recurring revenue business models, defined as having products and services with < 2 year life span
- Utilize a fundamental, bottom-up approach to identify high quality growing companies with good growth prospects, strong cash flow and good balance sheets
- Purchase securities at attractive valuations as determined by AMI's proprietary models
- Concentrated portfolio of 30-35 names with turnover of approximately 45%
- Target in-line participation in up markets, with significant downside protection

## Sector Allocations (%)



\*\*Please see the following page for important disclosures.

## Portfolio Characteristics

|                                   | AMI Growth | Russell 2500G |
|-----------------------------------|------------|---------------|
| Price/Earnings                    | 21.5x      | 29.2x         |
| Price to Book Value               | 3.8x       | 5.6x          |
| EPS LTG Estimate                  | 14.0%      | 12.9%         |
| Dividend Yield                    | 0.4%       | 0.7%          |
| Dollar Weighted Market Cap. (\$B) | \$5.5      | \$5.8         |
| Median Market Cap. (\$B)          | \$4.1      | \$1.4         |
| Positions                         | 34         | 1,459         |

\*\*Please see the following page for important disclosures.

**AMI**  
ASSET MANAGEMENT

## Top Ten Holdings

|                               | Sector                 | Weight |
|-------------------------------|------------------------|--------|
| Merit Medical Systems (MMSI)  | Healthcare             | 4.30%  |
| Broadridge Fin. Sol. (BR)     | Financial Services     | 4.18%  |
| Ligand Pharmaceuticals (LGND) | Health Care            | 4.10%  |
| Bright Horizons (BFAM)        | Consumer Discretionary | 3.66%  |
| Aramark (ARMK)                | Consumer Discretionary | 3.61%  |
| Dave & Buster's (PLAY)        | Consumer Discretionary | 3.60%  |
| ServiceMaster (SERV)          | Consumer Discretionary | 3.60%  |
| Syneos Health (SYNH)          | Health Care            | 3.43%  |
| Green Dot (GDOT)              | Financial Services     | 3.42%  |
| Multi-Color Corp. (LABL)      | Producer Durables      | 3.35%  |

\*\*\*Please see below for important disclosures.

## Risk/Return Statistics

|                    | 3 Year | 5 Year | Inception<br>(4/1/2013) |
|--------------------|--------|--------|-------------------------|
| Standard Deviation | 10.08  | 9.92   | 9.68                    |
| R-Squared          | 0.59   | 0.59   | 0.59                    |
| Alpha              | -0.65  | 2.81   | 2.92                    |
| Beta               | 0.80   | 0.77   | 0.77                    |
| Sharpe Ratio       | 0.72   | 1.33   | 1.37                    |
| Tracking Error     | 6.62   | 6.72   | 6.56                    |
| Upside Capture     | 81.47  | 87.25  | 88.35                   |
| Downside Capture   | 100.83 | 56.03  | 56.03                   |

As of 6/30/18. Source – AMI, PSN Informa. The above information is based on a representative account and client's accounts may vary. The portfolio characteristics information is being presented as supplemental/information to the AMI Domestic Small-Mid Cap Growth Composite.

### AMI Asset Management Domestic Small-Mid Cap Growth Composite April 1, 2013 through December 31, 2017

| Year      | Total Firm Assets (\$) | Total Composite Assets (\$) | Composite Composed of Carve-Outs (%) | Composite Accounts at Year-End | Composite Non-Fee-Paying Accounts (%) | Total Return % (Gross) | Total Return % (Net) | Russell 2500* Growth Return (%) | Internal Dispersion (%) | Composite 3-Yr St Dev (%) | Benchmark 3-Yr St Dev (%) |
|-----------|------------------------|-----------------------------|--------------------------------------|--------------------------------|---------------------------------------|------------------------|----------------------|---------------------------------|-------------------------|---------------------------|---------------------------|
| 2Q-4Q2013 | 1,202,046,130          | 22,848,754                  | 0                                    | 3                              | 0                                     | 28.04                  | 28.94                | 25.36                           | n/a†                    | n/a††                     | n/a††                     |
| 2014      | 1,478,318,803          | 47,587,328                  | 0                                    | 19                             | 0                                     | 12.83                  | 11.47                | 7.05                            | 0.27                    | n/a††                     | n/a††                     |
| 2015      | 1,756,380,341          | 52,620,828                  | 0                                    | 22                             | 0                                     | 1.06                   | -0.20                | -0.19                           | 0.28                    | n/a††                     | n/a††                     |
| 2016      | 1,883,058,163          | 62,812,493                  | 0                                    | 26                             | 0                                     | 12.06                  | 10.71                | 9.73                            | 0.12                    | 15.39                     | 14.66                     |
| 2017      | 1,800,836,245          | 46,575,947                  | 0                                    | 25                             | 0                                     | 10.81                  | 9.46                 | 24.46                           | 0.05                    | 13.19                     | 13.02                     |

† Not applicable due to less than one year of data

†† Not applicable due to less than 36 months of data

- AMI Asset Management Corporation ("AMI") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. AMI Asset Management has been independently verified for the periods January 1, 1998 through December 31, 2017. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.
- AMI is an independent investment management firm registered with the Securities and Exchange Commission. AMI was established in 1994; however, we did not start investing on clients' behalf until 1998. AMI manages equity and fixed income accounts for our clients. We offer seven investment options: Domestic Large Cap Growth Strategy, Domestic Small Cap Growth Strategy, Domestic Small-Mid Cap Growth Strategy, Domestic Large Cap Equity Income Strategy, Government/Corporate Fixed Income Strategy, Intermediate Quality Tax Exempt Strategy and a High Yield Capital Appreciation Strategy.
- The Domestic Small-Mid Cap Growth Composite includes all fully discretionary, fee-paying and non-fee-paying, taxable and nontaxable accounts with at least \$100,000 in small-mid cap equities on the last day of each previous quarter. The composite was modified beginning January 1, 2018, to reflect the decrease in our minimum equity balance per account from \$500,000 to \$100,000. AMI manages the Domestic Small-Mid Cap Growth Composite with the goal of achieving long term returns in excess of the Russell 2500\* Growth Index through investing in quality small-mid cap growth companies that trade at a discount to their fair values. The composite was created on April 1, 2013. There have been no changes in AMI's organization that has led to modification of historical composite results. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.
- Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns are presented before management fees but after all trading expenses. Net returns are calculated by deducting an annual fee of 1.25% from the quarterly gross composite return. The annual fee schedule is as follows for institutional accounts: 0.90% for the first \$10 million, 0.80% on the next \$15 million, 0.70% on the next \$25 million and 0.60% on the balance.
- The benchmark we use is the Russell 2500\* Growth Index which measures the performance of the small-mid cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values and includes the reinvestment of dividends.
- The actual cash and cash equivalents are used in the performance of the composite.
- Small-mid cap securities tend to be more volatile than those of larger, more well known companies. This can lead to a greater chance of a larger decline when there are adverse issuer, political, regulatory, market or economic developments. Past performance is not indicative of future results. The performance information is supplied for reference. Results will vary among accounts.
- Valuations and returns are computed and stated in U.S. dollars. The internal dispersion of annual returns is measured by the standard deviation of equal-weighted household returns presented within the composite for the full year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Accounts managed by AMI Asset Management Corporation do not make use of leverage, derivatives or short positions.
- A significant cash flow is defined as a cash flow greater than 30% of the equity portfolio during the quarter. Prior to 2015, there was no significant cash flow policy.
- To receive a complete list of composite descriptions, contact Katharine Kim at (424) 320-4003, or write AMI Asset Management Corporation, 10866 Wilshire Boulevard Suite 770, Los Angeles, California 90024, or [Katharine@amiassestmanagement.com](mailto:Katharine@amiassestmanagement.com).

\*\*As of 9/30/18. Source – Bloomberg, AMI, Russell. The information is based on a representative account and clients accounts may vary. The portfolio characteristics information is being presented as supplemental information to the AMI Domestic Small-Mid Cap Growth Composite.

\*\*\*As of 9/30/18. Holdings are subject to change. The reader should not assume that an investment in the securities identified was or will be profitable. A complete list of all buy and sell recommendations for this strategy within the last 12 months is available upon request. AMI Asset and/or one or more of its employee may have a position in these securities and may purchase and sell such securities from time to time. The holdings information is being presented as supplemental information to the AMI Domestic Small-Mid Cap Growth Composite.