SPOUTING ROCK
ASSET MANAGEMENT

SMALL CAP GROWTH OVERVIEW

STRATEGY SNAPSHOT

Style Classification	Small Cap Growth
Approach	Active, bottom-up
Benchmark	Bloomberg US 2000 Growth TR Index
Portfolio Inception	October 2017

PORTFOLIO MANAGEMENT TEAM

JAMES GOWEN, CFA
CHIEF INVESTMENT OFFICER
30+ years industry experience

JOHN RAGARD, CFA
SR. PORTFOLIO MANAGER
30+ years industry experience

ABOUT OUR FIRM

Founded in 2018, Spouting Rock Asset Management is a multi-boutique manager platform providing alternative, traditional and thematic investment solutions and services. We're an active investment manager providing sophisticated investors, financial professionals and institutions with strategies designed to help them plan for their financial future. As a fiduciary, every decision we make is intended to be in the best interests of our clients.

STRATEGY HIGHLIGHTS

Active, disciplined investment approach
Rigorous research process designed to identify forward-looking companies with favorable long-term growth opportunities.

Industry disrupting companies
Sector agnostic approach to uncover Sustainable Future Compounders, rising companies that we believe are positioned for growth and are making business improvements.

Deep small cap equities experience
Generalist team focuses efforts on where we can build and maintain a research edge in what we consider the most dynamic areas of growth.

RIGOROUS INVESTMENT APPROACH AND PROCESS

We believe adhering to a research-driven, disciplined and repeatable process gives the team a long-term edge

- We build portfolios from the bottom up, diversifying by sector, industry and characteristics to capture long-term growth resulting in higher active share.
- We follow a strict sell discipline. Sales of positions are considered if fundamentals deteriorate, price declines, price targets reached, expectations not met or a better idea is uncovered.
- We seek progressive companies with inflection points that are believed to be making business improvements to accelerate earnings growth over time.

THOUGHTFUL PORTFOLIO CONSTRUCTION

Diversification	• Sector agnostic, focused on finding growth stocks with a long-term edge • 50-70 liquid US equities, generally purchased below $3B market cap, max holding typically within the benchmark range
Assets	• Buy initial full positions at 1-3%; generally trim positions over 4% • Maintain fully invested, with cash typically less than 10% • Build from the bottom up, holding weights based on conviction
Risk	• Seek to control through diversified portfolio characteristics
Exposure	• Limit sector to 30% of portfolio or 150% of the benchmark
Turnover	• Target 50% to reduce trading costs, create tax advantages

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SUSTAINABLE FUTURE COMPOUNDERS

We believe companies undergoing positive sustainable business improvement and best practices can demonstrate higher compound earnings growth and stock price appreciation over time

VALUATION

- Current risk/reward (3-1 minimum upside/downside)
- Expansion potential (P/E, EV/Rev, EV/EBITDA)

TIMING

- Identifiable catalysts
- Inflection points
- Benefit from current business cycle

FORWARD GROWTH

- High-quality management
- Sustainable earnings growth and free cash flow
- Improving corporate governance, including policies favoring transparency and accountability

RISK MITIGATION

- Controversy avoidance

FOCUS ON QUALITY

Aligning investments with client values by integrating sustainable investing principles that seek to mitigate risk

- Gain deep insight into management teams, governance, sustainable growth strategies and business drivers to help mitigate downside risk.
- Drive returns through stock selection and actively monitor risk and positions.
- Focus on niche market areas and select stocks that we believe have great growth potential and a long-term competitive edge.

EXPERIENCED PARTNER

A collaborative approach based on shared core values

- Portfolio managers each have an average of 30 years of investment experience and over a decade of working together.
- The team are generalists who collaborate to share research and insights.
- Each manager has prior experience running portfolios of over $1B.