How MVP Small Cap Core Navigated 2021

Dan Skubiz, CFA
Chief Investment Officer – MVP Group, Senior Portfolio Manager

2021 was a very successful year for the MVP Small Cap Core strategy. A combination of stock selection, sector allocation, and process tailwinds propelled the portfolio to a gross return of 24.07%, over 900 basis points ahead of the 14.82% return for the benchmark Russell 2000 Index.

Outperformance was driven by stock selection in Industrials, Materials, Consumer Staples, and Consumer Discretionary, over exposure to more cyclical, expansion related areas, and underweights in biotechnology and pharma stocks.

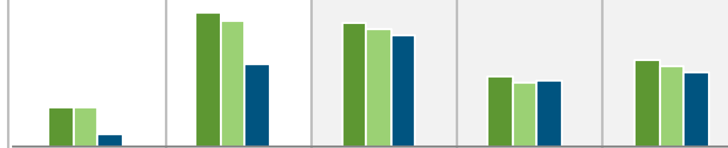
Offsetting performance somewhat was an underweight in oil & gas stocks and an overweight of renewable energy stocks in a year when Energy was the best performing sector, and an underweight of Real Estate, which was the second-best performing sector.

Each year offers a unique cadence of the market and 2021 did not disappoint.

Beginning in January, meme stocks took center stage led by AMC Entertainment (AMC) and GameStop (GME) launching upwards, driven by retail inflows into the company's stocks and options. This was a tough start to the year for the strategy as these are certainly not names which would fall under our process and thus we finished 300 basis points behind the benchmark for the month.

Once companies started to report quarterly earnings at the end of January and into February, market participants were able to focus once again on corporate fundamentals, and it was in this environment that the strategy shined (this would be a recurring theme).

MVP SMALL CAP CORE PERFORMANCE*



	MOST RECENT QUARTER	1-YEAR	ANNUALIZED 3-YEAR	ANNUALIZED 5-YEAR	ANNUALIZED 10-YEAR
Gross	7.17%	24.07%	22.46%	12.66%	15.62%
Net	6.91%	22.85%	21.26%	11.55%	14.48%
Benchmark	2.14%	14.82%	20.02%	12.02%	13.23%

Source - Bloomberg and ZCM

*Estimated, Past performance is no guarantee of future results.

Benchmark: Russell 2000

A recurring theme the past few years has been thematic shifts in the market such as growth vs value, high quality vs low quality, re-opening vs COVID, large stocks vs small stocks, etc. So while the Russell 2000 Index traded in a very narrow range for most of 2021, we saw periods of extreme factor volatility.

After years of dominance by growth stocks, value stocks fought back in 2021. Strong performance by value stocks in February and the end of April/beginning of May provided a strong backdrop to the portfolio while a reversal in May and June towards growth stocks took away our advantage and then some. As a result, as the second quarter came to a close, the strategy slightly trailed the benchmark.

Talking Points: On How MVP Small Cap Core Navigated 2021

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It turns out the low point for relative performance was June 30, 2021. As the third quarter began and companies started to report second quarter results, it became apparent our patience paid off and business execution was strong. Supply chain issues that began after the pandemic started and worsened in 2021 put enormous strain on logistics and operations. Companies who managed these challenges best were the clear winners.

The strategy's focus on quality businesses with a track record of execution resulted in successful performance with the momentum carrying through the rest of the year. We stuck with our belief coming out of the pandemic that a new economic cycle was emerging, and industrial and consumer demand would be strong. The results this year reflected a return to valuations mattering and a demand for higher quality companies.

The losers in this environment were those long duration, non-earning, high growth areas such as biotechnology, software, and internet which for years fed off lower rates and lack of growth in other industries. As interest rates moved higher and other areas of the market offered attractive growth opportunities, this theme shifted. The strategy benefited from this shift as we are under exposed to these "growth at any price" areas, especially biotechnology companies which are a large part of the Russell 2000 Index.

Looking at absolute performance, the Russell 2000 traded in a very narrow range for most of the year. Early excitement about the promise of COVID vaccines gave way to questions about the stickiness of inflation, when economic growth would moderate, the impact of new COVID variants, and if and when the Fed would take away the punchbowl.

Small caps made all their gains for the year in the first few months while the large cap S&P 500 Index was just getting started and ended the year with almost twice the gains of the Russell 2000. Why was this? Uncertainty led investors to the larger growth names for perceived safety, with the five largest stocks (AAPL, GOOGL, MSFT, NVDA, and TSLA) accounting for over a third of the gains of the S&P 500 for the year.

This meant that while the small cap Russell 2000 Value Index outperformed the large cap S&P 500 Value Index (28.3% vs 24.9%), the S&P 500 Growth Index outperformed the Russell 2000 Growth Index by a whopping 29%.

We don't think this type of concentrated performance is sustainable and view small caps as well positioned versus large caps due to our expectation that we can quickly move past the recent Omicron variant with GDP growth staying above the historical average. Rate increases by the Federal Reserve are also a larger drag historically on large cap stocks than small caps.

As we begin 2022, the potential impact of the actions of the Federal Reserve on monetary policy loom large for the market and are expected to play a large role. At the same time, the supply chain issues, and the inflation brought with it, continue to play a dominant role.

Demand remains strong and labor is hard to find, a combination causing shipping delays and parts shortages. It could be 2023 before the supply chain is cleared and perhaps the second half of this year before we see meaningful improvement. Nonetheless, we believe the market will reward progress.

We expect to see volatility of returns as the market comes to terms with the Fed's action, inflation, COVID spikes, and supply chain impacts

The MVP Small Cap Core remains overweight the more cyclical areas of the economy (Industrials, Materials, Consumer Discretionary, Banks) as we see these businesses poised to benefit from economic expansion while being underweight the tails, high growth, high valuation on one end and deep value, lower quality on the other end.

MVP Small Cap Core Performance Disclosures

as of December 31, 2020

Ziegler CAPITAL MANAGEMENT, LLC

Year-End	Gross-of-Fees Return	Net-of-Fees Return	Benchmark Return	Composite 3 Yr. Ex Post Std. Dev.	Benchmark 3 Yr. Ex Post Std. Dev.	Number of Portfolios	Internal Dispersion	Composite Assets (USD millions)	Strategy Assets (USD millions)	Firm AUM (USD millions)	Firm AUA (USD millions)
2011	-0.3%	-1.3%	-4.2%	25.4%	25.3%	<6	N.A.	$0	$33	N.A.	N.A.
2012	23.0%	21.9%	16.4%	21.3%	20.5%	<6	N.A.	$3	$45	N.A.	N.A.
2013	42.7%	41.4%	38.8%	17.8%	16.7%	<6	N.A.	$8	$77	N.A.	N.A.
2014	9.4%	8.3%	4.9%	13.7%	13.3%	14	N.A.	$35	$146	$5,748	$318
2015	2.8%	1.7%	-4.4%	13.9%	14.2%	16	0.1%	$39	$258	$9,781	$605
2016	19.3%	18.1%	21.3%	15.4%	16.0%	26	0.0%	$94	$606	$10,651	$1,170
2017	14.1%	13.0%	14.6%	13.9%	14.1%	40	0.1%	$178	$1,043	$9,888	$1,561
2018	-13.4%	-14.3%	-11.0%	16.5%	16.0%	33	0.1%	$121	$950	$10,084	$1,775
2019	18.7%	17.5%	25.5%	16.6%	15.9%	31	0.1%	$146	$972	$10,693	$2,112
2020	24.7%	23.5%	20.0%	24.6%	25.6%	25	0.1%	$179	$891	$8,238	$2,118

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Composite and Benchmark Description: The MVP Small Cap Core strategy invests primarily in U.S.-based, small company equity securities. The portfolio is diversified across all major economic sectors while maintaining sector exposure limits within 10% of the benchmark. Maximum individual position size is limited to no more than 5% of the total portfolio by market value. The strategy seeks long-term growth of capital. Dividend income is generally not a consideration of this strategy. Smaller company equity securities can carry increased level of risk and are less liquid than larger company equity securities. The benchmark is the Russell 2000 Index.

Minimum Account Size: Beginning April 1, 2018 the composite minimum was $500,000.

Composite Creation and Inception Date: The composite creation date is October 31, 2014. Prior returns reflect the performance of Missouri Valley Partners, Inc. ("MVP") where the composite inception was October 1, 2000. At MVP the composite contained fully discretionary, tax-exempt, small cap core equity non-wrap accounts only.

Significant Cash Flow Policy: Beginning January 1, 2015, portfolios with significant cash flows are excluded from the composite. Cash flows of 10% or more are considered significant.

Internal Dispersion: The internal dispersion is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for the period. If there are less than 6 portfolios in the composite for the entire year, the internal dispersion is not statistically meaningful and is presented as N.A. All risk measures are calculated using gross-of-fees returns.

Fees: Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after model management fees for a $10 mm portfolio applied on a monthly basis. The highest applicable management fee was 1.00%. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. The effect of fees and expenses on performance will vary with the relative size of the fee and account performance. For example, if $10 million were invested and experienced a 10% compounded annual return for ten years, its ending dollar value, without giving effect to the deduction of the advisory fee, would be $25,937,425. If an advisory fee of 1.00% of average net assets per year for the ten-year period were deducted, the annual total return would be 8.95% and the ending dollar value would be $23,565,266. The fee schedule is: 1.00% on the first $10 million and 0.90% on all additional assets.

Other: Strategy assets include all assets in MVP Small Cap Core strategy, even those portfolios that are excluded from the composites because of significant cash flows or for other reasons, and include non-wrap, wrap and UMA assets. This is presented as supplemental information.

Disclosures

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Russell 2000 - Measures the performance of approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States.

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