

Portfolio Characteristics

1. Current dividend yield of **1.5%**
2. Average S&P earnings and dividend quality ranking of **B+**
3. Weighted-average market capitalization of **\$3.1 billion**

Portfolio Management Parameters

1. Companies held in the portfolio currently pay a cash dividend
2. Maximum position size of 5.0%, minimum of 0.5% at purchase
3. Cash is frictional and generally represents 1% to 3% of portfolio value
4. Annual portfolio turnover is low to moderate
5. Sell or trim decisions are based upon fundamentals, dividend policy, and better opportunities
6. The strategy employs no derivatives, exchange-traded funds or mutual funds

Investment Philosophy

Bahl & Gaynor employs a Growth at a Reasonable Price discipline to purchase high-quality companies at sensible valuations. It is our goal to seek superior performance while preserving capital in declining markets. In addition, our focus on companies that pay a growing dividend has benefited our clients in the form of a dividend yield greater than the benchmark.

We are long-term investors and seek to identify companies that are managed conservatively and for growth, have stable and sustainable business models, and reward shareholders with a growing dividend. It is our intention to identify the best companies that meet these criteria and hold them for long periods of time.

Since day one, our investment strategy has remained intact – we firmly believe in the power of long-term investing.

Small Cap Quality Growth Positioning

Our Small Cap Quality Growth strategy focuses on owning small-size companies with a market capitalization between \$300 million and \$6.0 billion. Protection of capital in falling markets, providing an above-average income stream, and strong performance relative to the index and other small-cap managers, embody the strategy's goals.

Bahl & Gaynor's equity selection process yields an investable universe of companies that are managed conservatively and for long-term growth, have stable and sustainable business models, and currently reward shareholders of the company with a dividend.

Over a full market cycle, Bahl & Gaynor's Small Cap Quality Growth strategy seeks to outperform its benchmark and small-capitalization growth peers all in the context of a lower-than-average portfolio risk profile.

Client portfolios will generally be diversified among a selection of 65 to 85 common stock issues with each security typically held for three to five years. Low portfolio turnover combined with the favorable tax treatment of dividend income results in a cost and tax-efficient portfolio.

Model Style Categorization

Asset Class: Domestic Equity

Benchmarks: Russell 2000 Growth & Russell 2000

Mandate: Small Cap Growth

Top 10 Holdings

S&P Equity Quality Ranking¹

Company	Weighting	S&P Equity Quality Ranking
Simulations Plus (SLP)	3.57%	B+
Tetra Tech (TTEK)	3.50%	B
Progress Software (PRGS)	3.33%	B-
Chemed (CHE)	3.02%	A
Luminex (LMNX)	2.89%	B-
Pegasystems (PEGA)	2.86%	B+
Kinsale Capital (KNSL)	2.72%	NR
U.S. Physical Therapy (USPH)	2.62%	B+
BWX Technologies (BWXT)	2.55%	NR
Federal Signal (FSS)	2.41%	B-

Sector Weightings	Small Cap Quality Growth
Consumer Discretionary	7.0%
Consumer Staples	5.2%
Energy	0.8%
Financial Services	14.1%
Health Care	16.1%
Materials & Processing	10.7%
Other	0.0%
Producer Durables	21.2%
Technology	21.3%
Utilities	3.1%
Money Market	0.8%

Portfolio Statistics	Small Cap Quality Growth	Russell 2000 Growth	Russell 2000
P/E Ratio (trailing 12 months ex. neg.)	22.1x	26.8x	15.8x
Forward P/E (ex. neg. earnings)	25.4x	25.3x	18.3x
Forward P/E (inc. neg. earnings)	25.4x	421.5x	74.3x
P/B Ratio	3.3x	4.3x	1.6x
Weighted Average Market Cap	\$3.1B	\$2.5 B	\$2.1B
Dividend Yield	1.5% ²	0.5%	1.4%
B+ or better S&P Quality Ranking	50.4%	16.4%	22.0%
A- or better S&P Quality Ranking	17.4%	6.7%	8.7%
Beta since inception ³ – Net of Fees ¹	0.80	1.00	0.97
Sharpe Ratio since inception ³ – Net of Fees ¹	0.48	0.37	0.29

Source: Factset, 2020, Bahl & Gaynor Data is drawn from the Small Cap Quality Growth model portfolio that is fully discretionary, unconstrained and subject to change. Individual Bahl & Gaynor clients may or may not hold these positions or have similar characteristics. ¹Source: PSN Enterprise, 2020 ²Dividend yield includes cash holding. ³Inception date is 12/31/2005.