

## Portfolio Characteristics

1. Current dividend yield of **1.2%**
2. Average S&P earnings and dividend quality ranking of **B+**
3. Weighted-average market capitalization of **\$4.5 billion**

## Portfolio Management Parameters

1. Companies initiated in the portfolio pay a cash dividend at the time of purchase
2. Maximum position size of 5.0%, minimum of 0.5% at purchase
3. Cash is non-tactical and typically represents 0% to 3% of portfolio value
4. Under normal circumstances, at least 80% of the strategy's net assets are invested in stocks of small capitalization companies with market capitalizations within the range of the market capitalizations of the Russell 2000® Index
5. Annual portfolio turnover is low to moderate
6. Sell or trim decisions are based upon fundamentals, dividend policy, and better opportunities
7. 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 having market capitalizations, at the time of investment, within the range of the market capitalizations of the Russell 2000 Index. 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 small capitalization common stock 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 Ranking<sup>1</sup>

Company	Weight	S&P Equity Quality Ranking <sup>1</sup>
Tetra Tech (TTEK)	4.38%	B
Ensign Group (ENSG)	3.44%	B+
LeMaitre Vascular (LMAT)	3.32%	B+
Quanta Services (PWR)	3.29%	B
Progress Software (PRGS)	3.23%	B-
Luminex Corp (LMNX)	3.21%	B-
Evercore (EVR)	3.21%	B
CONMED (CNMD)	3.14%	B
Power Integrations (POWI)	2.71%	B
Exponent (EXPO)	2.63%	B+

Sector Weightings	Small Cap Quality Growth
Industrials	29.4%
Health Care	18.8%
Technology	14.8%
Financials	10.7%
Basic Materials	10.3%
Consumer Discretionary	5.3%
Real Estate	4.3%
Consumer Staples	2.7%
Utilities	2.3%
Energy	0.8%
Money Market	0.6%

Portfolio Statistics	Small Cap Quality Growth	Russell 2000 Growth	Russell 2000
P/E Ratio (trailing 12 months ex. neg.)	29.2x	31.0x	21.9x
Forward P/E (ex. neg. earnings)	23.4x	26.4x	19.0x
Forward P/E (inc. neg. earnings)	23.4x	106.9x	37.1x
P/B Ratio	3.7x	5.3x	2.5x
Weighted Average Market Cap	\$4.5 B	\$4.2 B	\$3.6 B
Dividend Yield	1.2% <sup>2</sup>	0.4%	0.9%
B+ or better S&P Quality Ranking	47.4%	15.0%	20.0%
A- or better S&P Quality Ranking	17.6%	6.0%	7.5%
Beta since inception <sup>3</sup> – Net of Fees <sup>1</sup>	0.78	1.00	0.97
Sharpe Ratio since inception <sup>3</sup> – Net of Fees <sup>1</sup>	0.59	0.48	0.42

Source: FactSet, 2021, 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. <sup>1</sup>Source: PSN Enterprise, 2021 <sup>2</sup>Dividend yield includes cash holding. <sup>3</sup>Inception date is 12/31/2005.