



Small Cap Discoveries Strategy

December 31, 2019

At a Glance

Product Assets: \$135 Million

Minimum Investment: Separate Acct. - \$5 Million
Commingled Fund - \$100,000
UCITS – Varies by Share Class

Status: Open

Inception Date: July 31, 2004

Benchmark: Russell 2000 Gr/Russell Microcap Gr

Portfolio Manager: Gary C. Hatton, CFA

Distinguishing Factors

- Enterprise growth drives a company's stock price over the long term, while changes in market sentiment can provide opportunity in the short term.
- We are buy and hold investors; only a select number of companies fit our criteria. **We believe in having conviction in our analysis and patience in our conviction.**
- We believe one can locate growth not only in traditional sectors, but also in **unexpected corners of the market where other managers rarely venture.**
- Lifecycle diversification is a mechanism for sentiment mispricing and has **proven successful over the course of several investment cycles.**

Investment Philosophy

The Small Cap Discoveries strategy believes that the small/micro cap market is an inefficient segment of the overall market with a skewed distribution of returns where a small but meaningful number of high-performing stocks drive the return of the benchmark. These high-performing stocks range from hyper-growth companies to companies that have sorely disappointed investors in the past.

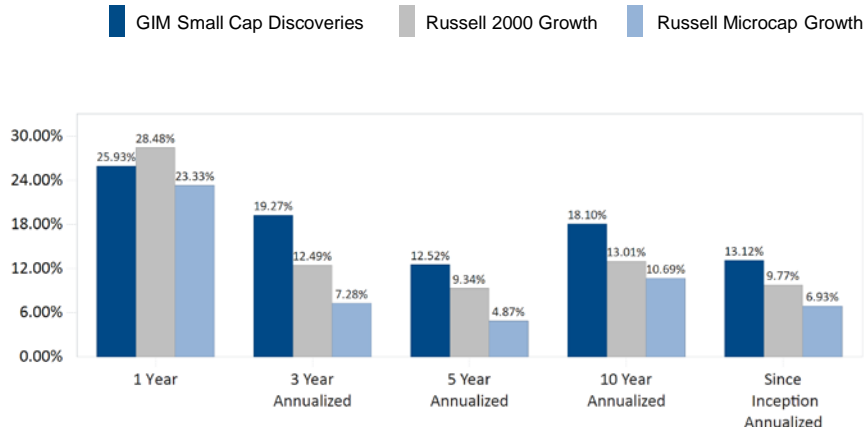
GIM's disciplined, fundamental, bottom-up research process identifies strong earnings growth potential in companies that may or may not have a history of strong growth. The end result is a portfolio with the optimum combination of emerging growth prospects and stocks of well-positioned companies struggling under negative sentiment that together may achieve excess returns while limiting losses.

As part of a disciplined portfolio construction process, at GIM, every company in the portfolio is placed into one of three investment categories: **Core Growth, Pioneer and Special Situation**. These LifeCycle categories each have different performance drivers so provide true diversification and help mitigate risk in the portfolio.

Firm History

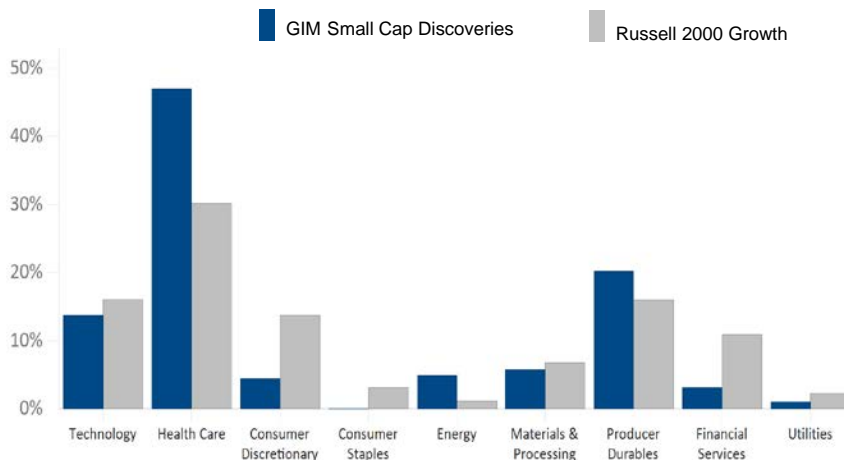
Founded in 1985, Granahan Investment Management, Inc. is a 100% employee-owned firm specializing in smaller cap equity investments for large institutions and wealthy individuals. The firm utilizes fundamental, bottom-up research to uncover and invest in fast growing companies. The founding principals have continuously strengthened the investment team which now totals seven professionals.

Annualized Performance: Net of Fees

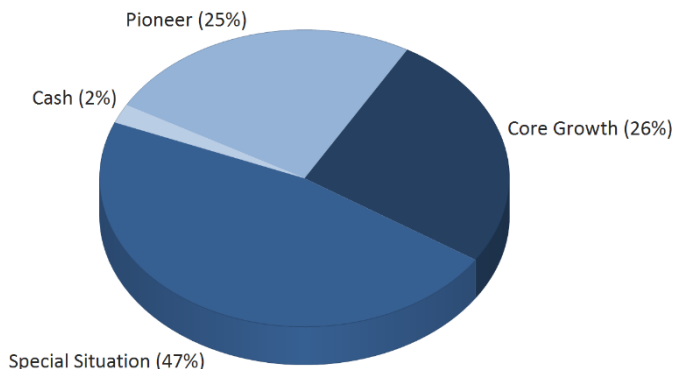


Performance is net of fees; Inception Date: 07/31/2004

Sector Diversification: Individual stock selection



Life Cycle Diversification: Adds stability



| Date | Small Cap Discoveries Composite | | | | | | | | | | | |
|-------|---------------------------------|------------------------|----------------------------|---------------------------------|-------------------------|-------------------|---------------------------|-------------------------------------|--|----------------------|----------------------|------------------|
| | As of 12/31/19 | Composite Gross Return | Russell 2000 Growth Return | Russell Micro-Cap Growth Return | Composite Assets \$ Mil | Composite # Accts | Composite 3-Yr. Std. Dev. | Russell 2000 Growth 3-Yr. Std. Dev. | Russell Micro-Cap Growth 3-Yr. Std. Dev. | Composite Dispersion | Composite Net Return | % Non-Fee Assets |
| 2019 | 27.17% | 28.48% | 23.33% | \$135.4 | 17 | 18.01 | 16.37 | 17.76 | 0.31 | 25.93% | 1.8% | \$2,211.3 |
| 2018 | -3.35% | -9.31% | -14.18% | \$100.5 | 18 | 19.77 | 16.46 | 18.46 | NA | -4.29% | 2.0% | \$1,481.6 |
| 2017 | 41.87% | 22.17% | 16.65% | \$74.7 | <5 | 17.16 | 14.59 | 16.98 | NA | 40.78% | 3.1% | \$1,350.8 |
| 2016 | 16.46% | 11.32% | 6.86% | \$200.2 | <5 | 17.65 | 16.67 | 19.40 | NA | 15.87% | 0.8% | \$2,996.5 |
| 2015 | -7.90% | -1.38% | -3.85% | \$154.3 | <5 | 14.87 | 14.95 | 17.55 | NA | -8.27% | 1.0% | \$3,041.7 |
| 2014 | 5.44% | 5.60% | 4.30% | \$166.7 | <5 | 13.54 | 13.82 | 16.49 | NA | 5.05% | 0.9% | \$3,516.6 |
| 2013 | 57.97% | 43.30% | 52.84% | \$167.0 | <5 | 17.08 | 17.27 | 18.48 | NA | 57.43% | 1.4% | \$4,056.7 |
| 2012 | 21.83% | 14.59% | 15.17% | \$24.4 | <5 | 20.02 | 20.72 | 21.58 | NA | 21.43% | 3.7% | \$3,049.4 |
| 2011 | 0.09% | -2.91% | -8.42% | \$12.2 | <5 | 25.39 | 24.31 | 25.23 | NA | -0.31% | 5.4% | \$2,741.5 |
| 2010 | 46.74% | 29.09% | 29.49% | \$9.6 | <5 | 28.69 | 27.70 | 29.13 | NA | 46.21% | 0% | \$3,150.3 |
| 2009 | 43.13% | 34.47% | 39.18% | \$5.6 | <5 | 25.90 | 24.85 | 26.15 | NA | 42.60% | 0% | \$2,575.6 |
| 2008 | -40.09% | -38.54% | -44.65% | \$2.8 | <5 | 20.59 | 21.26 | 21.74 | NA | -40.38% | 0% | \$2,080.5 |
| 2007 | 5.69% | 7.05% | -2.68% | \$5.0 | <5 | 15.15 | 14.23 | 14.76 | NA | 5.18% | 0% | \$3,870.6 |
| 2006 | 9.63% | 13.35% | 11.39% | \$8.5 | <5 | NA | 15.57 | NA | NA | 9.19% | 0% | \$3,908.5 |
| 2005 | 7.56% | 4.15% | 2.05% | \$7.3 | <5 | NA | 16.51 | NA | NA | 7.17% | 0% | \$3,507.4 |
| 2004* | 21.37% | 18.83% | 19.53% | \$4.2 | <5 | NA | NA | NA | NA | 21.27% | 0% | \$3,323.9 |

NA – Dispersion information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year; Standard deviation information has fewer than three years' data. *Partial Year Performance: July 31, 2004 through December 31, 2004

Composite Footnotes

Granahan Investment Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Granahan Investment Management has been independently verified for the periods January 1, 1993 through December 31, 2017. 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. The Small Cap Discoveries Composite has been examined for the periods beginning July 31, 2004 up to and including December 31, 2017. The verification and performance examination reports are available upon request. GIM is an independent, SEC-registered investment firm that oversees small and mid-cap equity portfolios for large institutions and wealthy individuals. The Small Cap Discoveries product utilizes fundamental, bottom-up research and analysis to invest in companies in the small and micro-cap sector of the market that exhibit high and/or accelerating earnings growth. Composite consists of time-weighted total returns for all accounts managed by GIM in the Small Cap Discoveries style. The benchmarks for the Small Cap Discoveries product are the Russell MicroCap Growth and the Russell 2000 Growth. In October 2014, the Russell 2000 Growth was moved from a secondary benchmark to a primary benchmark to reflect client use of both Indices and the product's statistical fit with both indices. In July 2008, Gary Hatton became the sole portfolio manager for the Small Cap Discoveries product; prior to this time, a multi-manager format was utilized with each portfolio manager autonomously overseeing a portion of the client portfolio. The composite, created in August 2004, is calculated by asset-weighting the performance of each account on a monthly basis. Accounts are included beginning with the first full month under management and terminated accounts are included in the composite. Performance calculations, expressed in U.S. dollars, produce a total return including cash and the reinvestment of dividends and interest. Effective July 1 2016, the composite is subject to a significant cash flow removal policy for accounts with external flows greater than or equal to 75% of market value. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The dispersion is a standard deviation using equal-weighted total returns for accounts in the composite the entire year. Leverage is not utilized. Net returns are total returns reduced by actual investment management fees. For accounts which pay no management fee, the standard management fee applicable is applied to calculate the net return. The fee for accounts managed in the Small Cap Discoveries style is payable quarterly in arrears and the standard fee is based on the ANNUAL rate of 1.25% times the average value of the assets in the account on the last day of each month in the quarter. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. All fees are detailed in the firm's Form ADV. Market value is based on trade date and security pricing is supplied by Telemet. A complete list and description of all of the firm's composites is available upon request. Past performance is no guarantee of future results.

Top Ten Holdings

| Security | Life Cycle Category | Percent of Portfolio |
|-----------------------------|---------------------|----------------------|
| NEOGENOMICS | Core Growth | 4.6% |
| LAWSON PRODUCTS | Special Situation | 3.6% |
| COLUMBUS MCKINNON | Special Situation | 3.5% |
| DMC GLOBAL INC | Special Situation | 3.3% |
| DOUGLAS DYNAMICS | Special Situation | 3.2% |
| LUXFER HOLDINGS PLC | Special Situation | 3.1% |
| CONMED CORP | Core Growth | 3.1% |
| HARVARD BIOSCIENCE | Special Situation | 2.8% |
| ENSIGN GROUP | Core Growth | 2.7% |
| OXFORD IMMUNOTEC GLOBAL PLC | Pioneer | 2.7% |

| Characteristic | Portfolio | Russell 2000 Growth | Russell MicroCap Growth |
|---------------------------|---------------|---------------------|-------------------------|
| Median Market Cap | \$592.7 mil | \$925.1 mil | \$234.7 mil |
| Weighted Avg. Market Cap | \$1,521.3 mil | \$2,740.3 mil | \$803.3 mil |
| Active Share* | 95.8% | - | - |
| Est 3-5 Yr EPS Growth | 24.5% | 17.0% | 18.7% |
| Forward P/E Ratio | 22.0x | 22.3x | 19.0x |
| Annual Portfolio Turnover | 37.5% | - | - |
| Dividend Yield | 0.46% | 0.68% | 0.46% |
| Price to Book | 2.73x | 4.16x | 3.62x |

* Active Share is vs. Russell 2000 Growth Index.

Source: FactSet

Holdings and Characteristics are Supplemental Information. Please reference fully compliant GIPS Presentation above.



Granahan Investment Management, Inc.
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