

# SMID Select Opportunities

June 30, 2020

## At a Glance

**Product Assets:** \$185 Million

**Minimum Investment :** \$3 Million

UCITS - Varies by Share Class

**Status:** Open

**Inception Date:** March 31, 2015

**Benchmark:** Russell 2500 Growth

**Capitalization:** Typically, \$500 Mil - \$20 Bil at purchase

**Portfolio Manager:** David M. Rose, CFA

**Typical Number of Holdings:** ± 50

## 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 believe certain **thematic growth drivers** can provide sustainable foreseeable compound return potential.
- We believe one can locate growth not only in traditional sectors, but also in **unexpected corners of the market where other growth managers rarely venture**.
- Only a select number of companies fit our criteria. **We believe in having conviction in our analysis and patience in our conviction.**

## Investment Philosophy

Granahan Investment Management (GIM) believes that smaller dynamic companies provide excellent potential for superior long-term performance. GIM's *SMID Select* strategy is grounded in the belief that a disciplined, fundamental, bottom-up research process can identify underappreciated growth potential in companies that may or may not have a history of strong growth. The resulting portfolio has the optimum combination of stocks with underlying thematic growth drivers, and stocks of well-positioned companies that are poised for positive earnings revisions or are benefiting from fundamental/technical momentum.

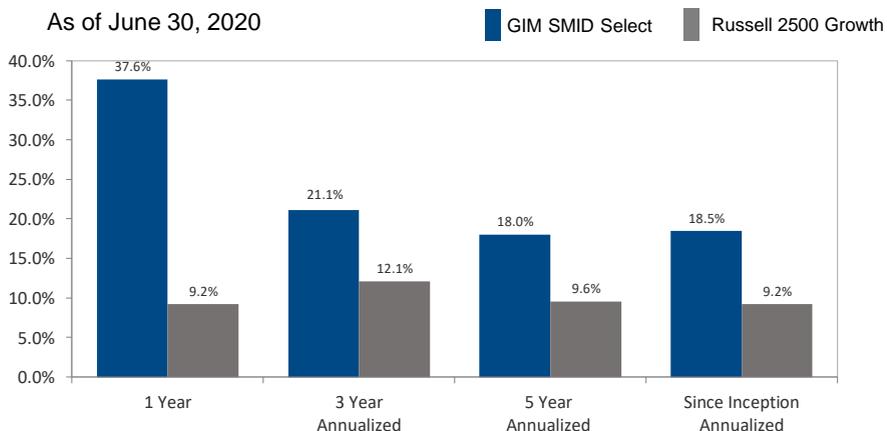
GIM's disciplined, fundamental, bottom-up research process identifies growth drivers that may be underappreciated by the market. We seek companies that can sustain growth through market disruption. The portfolio focuses on stock selection with an overlay of thematic ideas showing the best risk/reward.

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

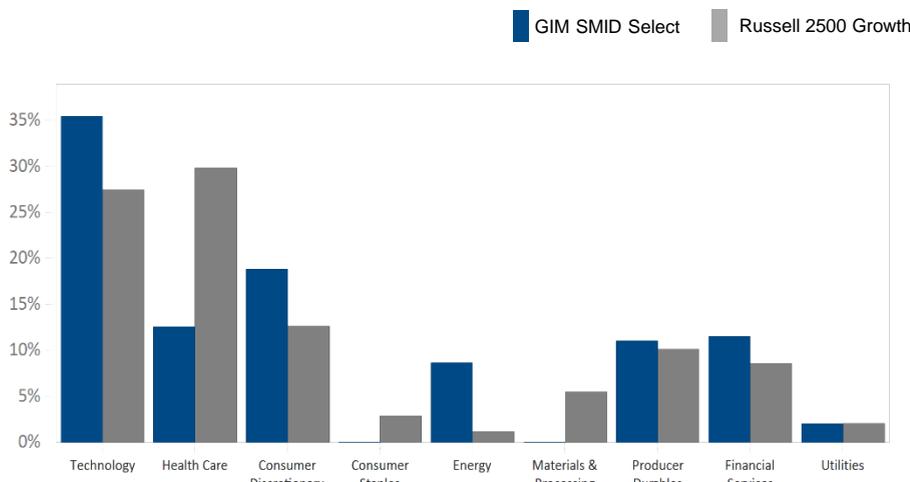
Founded in 1985, Granahan Investment Management, Inc. is a 100% employee-owned firm specializing in smaller cap equity investments for large institutions and wealthy individuals. The firm utilizes fundamental, bottom-up research to uncover and invest in fast growing companies. The firm manages over \$2.8 billion in client assets and the founding principals have continuously strengthened the investment team which now totals seven professionals.

## Annualized Performance: Net of Fees

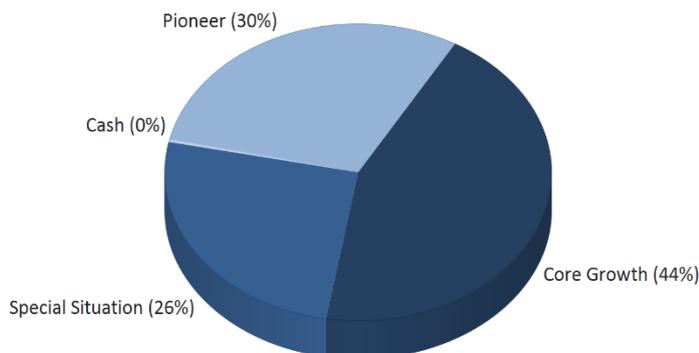


Performance is net of fees; Inception Date: 3/31/15

## Sector Diversification: Individual stock selection



## Life Cycle Diversification: Adds stability



SMID Select Opportunities Composite										
Date										
As of 6/30/2020	Composite Gross Return	Russell 2500 Growth Return	Composite Assets \$ Mil	Composite # Accts	Composite 3-Yr. Std. Dev.	Russell 2500 Growth 3-Yr. Std. Dev.	Composite Dispersion	Composite Net Return	Non-Fee Assets	Firm Assets \$ Mil
YTD 2020	20.48%	2.02%	\$185.3	6	30.18	22.22	NA	19.89%	0.0%	\$2,809.2
2019	41.40%	32.65%	\$62.9	5	18.09	15.85	NA	40.09%	0.0%	\$2,211.3
2018	-2.20%	-7.47%	\$71.4	4	19.48	15.33	NA	-3.15%	0.0%	\$1,481.6
2017	33.09%	24.46%	\$48.6	<5	NA	13.04	NA	31.80%	0.0%	\$1,350.8
2016	15.00%	9.73%	\$226.6	1	NA	14.67	NA	13.91%	0.0%	\$2,996.5
2015*	0.39%	-7.10%	\$190.7	1	NA	13.29	NA	-0.34%	0.0%	\$3,045.4
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: March 31, 2015 through December 31, 2015.										

**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, 2018. 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. GIM is an independent, SEC-registered investment firm that oversees small and mid-cap equity portfolios for large institutions and wealthy individuals. The Small/Mid Cap Select product utilizes fundamental, bottom-up research and analysis to invest in the stocks of companies in the small to mid-cap sector of the market that have the ability to sustain growth through market disruption. The Small/Mid Cap Select is a concentrated SMID-cap portfolio typically containing 45-50 holdings. The benchmark for the Small/Mid Cap Select product is the Russell 2500 Growth. The composite, created in September 2016, is calculated by asset-weighting the performance of each account on a monthly basis. The composite includes an autonomous sub-portfolio, which includes cash, as part of a sleeve-managed SMID strategy. 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. The dispersion is a standard deviation using equal-weighted total returns for accounts in the composite the entire year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Leverage is not utilized. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Returns are gross of investment management fees, which when included, reduce investment returns. The standard management fee applicable is applied to calculate the net return. The standard fee for accounts managed in the Small/Mid Cap Select style is payable quarterly in arrears and is calculated by applying the ANNUAL rate of 1.00% 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. 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	Characteristic	Portfolio	Russell 2500 Growth
ENPHASE ENERGY	Core Growth	8.2%	Median Market Cap	\$2,515.8 mil	\$1,144.3 mil
MAGNITE	Pioneer	7.9%	Weighted Avg. Market Cap	\$3,943.8 mil	\$5,067.4 mil
DIGITAL TURBINE INC	Pioneer	7.8%	Active Share	95.83%	-
KORNIT DIGITAL	Core Growth	6.0%	Est 3-5 Yr EPS Growth	22.7%	16.7%
EURONET	Core Growth	5.4%	Forward P/E Ratio	18.3x	29.6x
ETSY INC	Core Growth	4.7%	Annual Portfolio Turnover	127.5%	-
CLOUDERA, INC	Pioneer	4.4%	Dividend Yield	1.01%	0.52%
WESTERN DIGITAL	Special Situation	4.1%	Price to Book	2.71x	5.55x
BGC PARTNERS INC	Special Situation	3.8%	Source: FactSet		
GRAY TELEVISION	Special Situation	3.8%	Holdings and Characteristics are Supplemental Information. Please reference fully compliant GIPS Presentation above.		

