

# EAGLE SMID CAP SELECT

Fourth Quarter | 2022

**EAGLE** | Asset  
Management

Not FDIC Insured

May Lose Value

No Bank Guarantee

# EAGLE SMID CAP SELECT

The Eagle SMID Cap Select Strategy is a “best ideas” portfolio, leveraging the team’s long-tenured experience in the small-mid cap space. The portfolio consists of 25-35 of the team’s high conviction ideas. Generally these stocks have the most durable business models, the strongest management teams, and long-term sustainable growth profiles.

## INVESTMENT PHILOSOPHY

The team believes in three key principles:

- Durable franchises differentiate themselves through long-term investment in their products and services, employees, community and culture;
- Such intangible investments are often misvalued as investors fail to recognize their resiliency; and
- Consistent alpha is achieved using a repeatable process to identify such franchises, exploit periodic mispricing, and mitigate unpredictable macro-level risk in portfolio construction

## INVESTMENT STRATEGY<sup>1</sup>

We are long-term investors, constructing portfolios of high-quality “blue chip” small-mid cap companies.

Our approach focuses on identifying **Durable Franchises**, which are companies that have:

- Defensible business models with differentiated products and services;
- A conservative financial profile; and
- Management teams that think and act for the long-term interests of all constituents

We create a **Focus List** which contains approved portfolio holdings and “bench” ideas.

We establish and build positions when short-term investors fail to recognize the value of durable franchises.

## ESG CONSIDERATIONS

ESG analysis is integrated into our approach from initial company analysis and subsequently monitored throughout the investment’s life cycle.

We focus on materiality to determine what issues are most/least important for each company.

We seek to encourage companies to enhance their commitment to all stakeholders.

In addition to seeking out those companies that take into account the interest of all constituents, our sell discipline is also willing to consider divesting our portfolio of companies that have violated this responsibility.

## RESULT

Over a full market cycle, the team would expect the portfolio to outperform the benchmark Russell 2500™ Index with less risk and volatility.

## TOP 10 HOLDINGS

Reinsurance Group of America	4.71%
Inter Parfums	4.49%
NICE	4.18%
Globus Medical	4.17%
RBC Bearings	4.08%
Cohen & Steers	3.77%
Catalent	3.77%
IDEX	3.75%
Repligen	3.73%
LKQ	3.69%

## STATISTICAL INFORMATION

	Portfolio	Index*
Long-term Historical Growth Rate <sup>1</sup>	18.22%	14.69%
Forward Price/Earnings <sup>2</sup>	16.43x	12.40x
Est. 3-5 yr. EPS Growth <sup>1</sup>	4.86%	14.14%
Long-term Debt/Capital <sup>1</sup>	28.59%	38.29%
Return on Equity <sup>3</sup>	12.19%	8.84%
Return on Invested Capital <sup>3</sup>	8.11%	4.82%
Free Cash Flow Yield <sup>1</sup>	4.03%	3.39%
5 Year EPS Stability <sup>4</sup>	18.73%	25.70%
Wtd. average market cap	\$7.22 B	\$5.97 B
Typical number of positions		25-35

## PORTFOLIO MANAGEMENT TEAM:

Jason Wulff, CFA  
Matthew McGeary, CFA  
Matthew Spitznagle, CFA  
E.G. Woods, CFA

\*Russell 2500™ Index

<sup>1</sup>Weighted average

<sup>2</sup>Weighted harmonic average

<sup>3</sup>Median

<sup>4</sup>Weighted median

**PERFORMANCE<sup>2</sup>** as of Dec. 31, 2022

		Fourth Quarter	Year to Date	One Year	Three Years	Since Inception (May 31, 2018)
Eagle SMID Cap Select	Gross	12.18%	-18.18%	-18.18%	9.53%	10.46%
Eagle SMID Cap Select	Net	11.43%	-20.75%	-20.75%	6.32%	7.23%
Russell 2500™ Index		7.43%	-18.37%	-18.37%	5.00%	5.38%

**CALENDAR YEAR RETURNS<sup>2</sup>**

		2022	2021	2020	2019
Eagle SMID Cap Select	Gross	-18.18%	29.23%	24.30%	32.59%
Eagle SMID Cap Select	Net	-20.75%	25.63%	20.72%	28.92%
Russell 2500™ Index		-18.37%	18.18%	19.98%	27.74%

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's portfolio, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain current month-end performance information, please call your financial professional or visit eagleasset.com.

**TRAILING STANDARD DEVIATION** as of Dec. 31, 2022

		One Year	Three Years	Since Inception (May 31, 2018)
Eagle SMID Cap Select	Gross	24.32%	30.68%	27.33%
Russell 2500™ Index		20.09%	32.24%	28.83%

Source: Callan; standard deviation is not statistically relevant for periods less than three years

<sup>1</sup>Not every investment opportunity will meet all of the stringent investment criteria mentioned to the same degree. Trade-offs must be made, which is where experience and judgment play a key role. Accounts are invested at the discretion of the portfolio management team and may take up to 60 days to become fully invested.

## <sup>2</sup>Performance Disclosures

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's portfolio, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain current month-end performance information, please call your financial professional or visit [eagleasset.com](http://eagleasset.com). The net returns reflect the application of the highest wrap fee of 3% annum.

The information provided above should not be construed as a recommendation to buy, sell or hold any particular security. The data is shown for informational purposes only and is not indicative of future portfolio characteristics or returns. Portfolio holdings are not stagnant and may change over time without prior notice. Past performance does not guarantee future results. Please note that the holdings identified do not represent all of the securities purchased, sold or recommended for the composite. They are provided for informational purposes only.

## Descriptions and Definitions

The Russell 2500™ Index measures the performance of the small to midcap segment of the US equity universe, commonly referred to as "smid" cap. The Russell 2500™ Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500™ Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set. The Index figures do not reflect any deduction for fees, expenses, trading costs or taxes.

Indices are unmanaged, and one cannot invest directly in an index.

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## Disclosures

No inference should be drawn that Eagle portfolios will hold these stocks in the future. References to specific securities are not intended as representative of investment recommendations by Eagle, past or present. Under no circumstances does the information contained represent a recommendation or solicitation to buy, hold or sell any security and it should not be assumed that the securities transactions or holdings discussed were or will prove to be profitable. All holdings are subject to change daily. Material regarding individual securities is based on information obtained from third-party sources that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

## Fees and Transaction Costs

As of Dec. 31, 2022 the maximum advisory fees charged for accounts are as follows:

3.00% Highest wrap fee

## Risks Associated with SMID Cap Select Investing

Risks Associated with Small/Mid Cap Investing in small and mid-sized companies is based on the premise that small and mid-sized companies will increase their earnings and grow into larger, more valuable companies. However, as with all equity investing, there is the risk that a company will not achieve its expected earnings results, or that an unexpected change in the market or within the company will occur, both of which may adversely affect investment results. Historically, small and mid-cap stocks have experienced greater volatility than larger equity asset classes, and they may be less liquid than larger-cap stocks. Thus, relative to larger, more liquid stocks, investing in small and mid-cap stocks involves potentially greater volatility and risk. The biggest risk of equity investing is that returns can fluctuate and investors can lose money.

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## About Eagle Asset Management

Eagle Asset Management, a boutique in the Raymond James Investment Management family, provides a broad array of fundamental equity and fixed-income strategies designed to meet the long-term goals of institutional and individual investors. Eagle's multiple independent investment teams have the autonomy to pursue investment decisions guided by their individual philosophies and strategies.

LEARN MORE ABOUT THE EAGLE SMID CAP SELECT PORTFOLIO.

FINANCIAL PROFESSIONALS: 1.800.237.3101 | INVESTING PUBLIC: contact your financial professional