

## Silvercrest Asset Management Group, LLC

1330 Avenue of the Americas, 38th Floor  
New York, New York 10019

Style: US Small Cap Value  
Sub-Style: Relative Value  
Firm AUM: \$12.9 billion  
Firm Strategy AUM: \$366.7 million

Year Founded: 2002  
GIMA Status: Focus  
Firm Ownership: Silvercrest Asset Management Group LLC  
Professional-Staff: 139

### PRODUCT OVERVIEW

Silvercrest seeks to assemble a diversified portfolio of higher-quality companies that can potentially deliver 3-5 year growth in the mid-single to low double digits of cash flow, eps, sales and or book value. Careful attention to valuation enables them to take advantage of marketplace mis-pricings in order to invest in these companies at opportune moments, giving them the potential to benefit from an upward revaluation compounded by the companies intrinsic growth. By focusing on companies with strong financial profiles and high market shares, their companies are also logical candidates for acquisition by either larger firms or financial buyers. Silvercrest believes this approach gives them a reasonable chance to earn a low to mid double-digit return with volatility at or below that of the benchmark indices.

### TARGET PORTFOLIO CHARACTERISTICS

Number of stock holdings:	45 to 65
P/E ratio:	Similar to/Above the S&P 500
Cash level over market cycle:	0 to 5%
Risk (standard deviation):	Above the S&P 500
Average turnover rate:	25 to 33%
Use ADRs:	0 to 0%
Capitalization:	Large, Medium and Small companies

### PORTFOLIO'S EQUITY SECTOR WEIGHTINGS \*

Sector	-----06/20-----		12/19
	Silvercrest	Index***	Silvercrest
Energy	2.41	0.11	4.24
Materials	5.22	3.28	6.69
Industrials	13.54	11.45	13.69
Consumer Discretionary	11.90	11.38	10.37
Consumer Staples	5.27	2.96	2.77
Health Care	10.68	30.05	7.20
Financials	15.51	4.40	16.16
Information Technology	20.23	29.51	19.00
Communication Services	0.63	2.76	2.87
Utilities	4.50	1.22	4.21
Real Estate/REITs	9.58	2.88	11.01
Cash/Cash Equivalents	0.51	0.00	1.79

### PORTFOLIO STATISTICS

	-----06/20-----		12/19
	Silvercrest	Index***	Silvercrest
Number of stock holdings	56	1,867	52
Dividend Yield	1.6%	2.2%	1.8%
Distribution Rate	—	—	—
Wtd avg P/E ratio <sup>1</sup>	19.70x	13.40x	20.10x
Wtd avg portfolio beta	—	—	0.94
Mega capitalization <sup>+</sup>	0.0%	0.0%	0.0%
Large capitalization <sup>+</sup>	0.0%	3.0%	0.0%
Medium capitalization <sup>+</sup>	0.0%	67.9%	0.0%
Small capitalization <sup>+</sup>	0.0%	24.2%	0.0%
Micro capitalization <sup>+</sup>	0.0%	4.3%	0.0%

### PORTFOLIO'S TOP FIVE EQUITY HOLDINGS

	%
Atmos Energy Corporation	3.3
SYNNEX Corporation	3.2
MKS Instruments Inc.	3.2
QTS Realty Trust, Inc. Class A	3.0
Casella Waste Systems, Inc. Class A	2.8

### % PROCESS BASED ON

10	Asset allocation - cash vs. stock
10	Industry or sector weighting
80	Stock Selection

### MANAGER'S INVESTMENT STRATEGY

- Top-down / portfolio structures based on economic trends  
 Bottom-up / portfolio structure based on individual securities

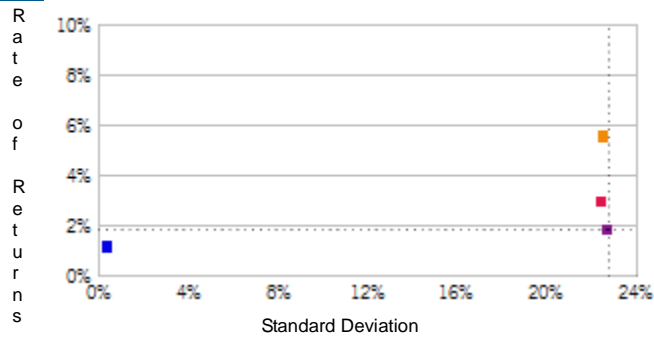
<sup>1</sup>The P/E used here is calculated by the harmonic mean.

<sup>+</sup>Total may not equal 100% due to rounding.

<sup>\*\*\*</sup>Index : Russell 2500 VI

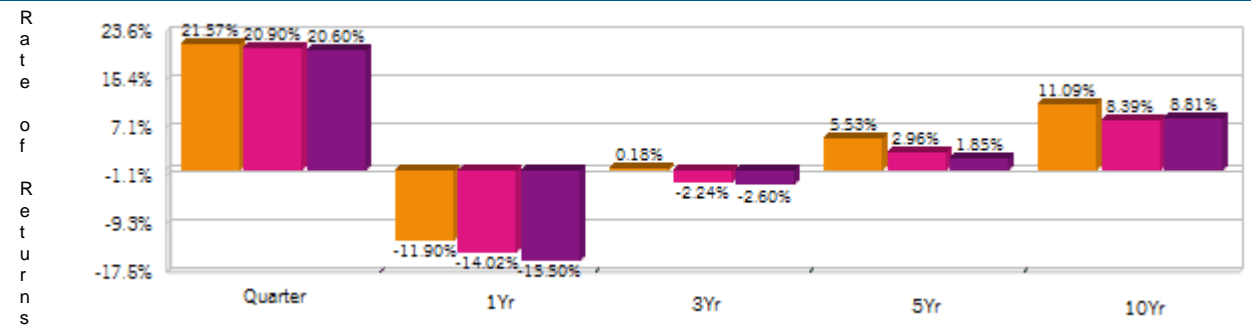


## RISK/RETURN ANALYSIS - 5 YEARS ENDING 06/30/20



	STD	ROR
Silvercrest (Gross)	22.51	5.53
Silvercrest (Net)	22.42	2.96
Russell 2500 VI	22.73	1.85
90-Day T-Bills	0.43	1.15

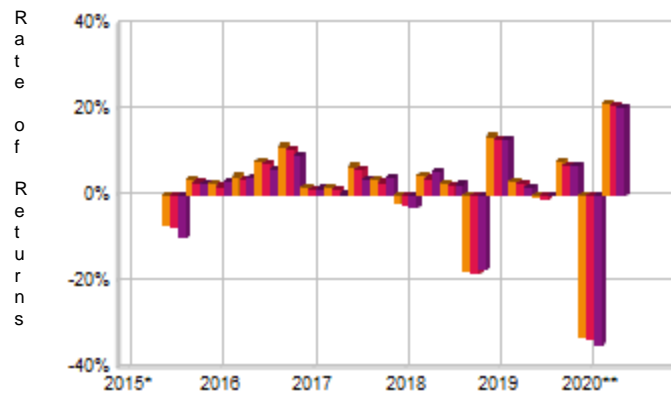
## AVERAGE ANNUAL TOTAL RETURN (%) - PERIODS ENDING 06/30/20



## INVESTMENT RESULTS

	Annual Rates of Return (%)										10 Year - Ending 06/30/20	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Annual	Std. Dev.
Silvercrest (Gross)	19.28	1.10	16.73	33.45	7.03	-0.08	29.36	15.36	-12.48	26.84	11.09	19.68
Silvercrest (Net)	16.39	-1.32	13.88	30.28	4.36	-2.54	26.13	12.56	-14.67	23.85	8.39	19.60
Russell 2500 VI	24.82	-3.36	19.22	33.32	7.11	-5.49	25.20	10.36	-12.36	23.57	8.81	19.93

## RISK VOLATILITY (%)



\*07/01/15-12/31/15

\*\*01/01/20-06/30/20

	Number Of	Up Qtrs.	Down Qtrs.
Silvercrest (Gross)	15	5	5
Silvercrest (Net)	15	5	5
Russell 2500 VI	16	4	4

## PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter1		Quarter2		Quarter3		Quarter4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2010	2.87	2.20	-7.57	-8.12	8.51	7.86	15.61	14.91
2011	8.34	7.68	-0.07	-0.68	-19.73	-20.25	16.33	15.70
2012	11.61	10.95	-4.41	-5.01	5.03	4.38	4.17	3.51
2013	11.69	11.03	2.27	1.63	6.25	5.63	9.96	9.30
2014	1.94	1.28	5.55	4.88	-7.90	-8.51	8.01	7.38
2015	3.41	2.74	0.05	-0.59	-6.83	-7.41	3.66	3.06
2016	2.90	2.21	4.43	3.79	8.04	7.40	11.41	10.70
2017	2.08	1.45	2.06	1.43	6.75	6.10	3.72	3.09
2018	-1.64	-2.24	4.76	4.11	2.91	2.29	-17.46	-18.03
2019	13.81	13.17	3.47	2.86	-0.12	-0.74	7.85	7.19
2020	-32.72	-33.16	21.57	20.90				

Related

Select UMA

## PORTFOLIO'S RISK STATISTICS -€<sup>1</sup> PERIODS ENDING 06/30/20 <sup>1 2</sup>

	3 Year	5 Year
Standard Deviation	28.18%	22.51%
Standard Deviation of Primary Benchmark	28.42%	22.73%
Sharpe Ratio	-0.05	0.19
Sharpe Ratio of Primary Benchmark	-0.15	0.03
Alpha	2.67%	3.56%
Beta	0.99	0.99
Downside Risk	0.75%	0.60%
R-Squared	0.99	0.99
Tracking Error	2.26%	2.24%
Information Ratio	1.23	1.64

## PORTFOLIO DIVERSIFICATION - R<sup>2</sup>(INCEPTION THROUGH 12/14)+

	R <sup>2</sup>
Silvercrest vs. Russell 2500 VI	0.98

+Statistics are calculated using gross of fee performance only.

1. Statistics are calculated using gross of fee performance only.
2. Russell 2500 VI was used as the primary benchmark and the 90-Day T-Bills Index as the risk-free benchmark.

See important notes and disclosures pages for a discussion of the sources of the performance data used to calculate the performance results and related analyses shown above.

## IMPORTANT NOTES AND DISCLOSURES

## COMPOSITE DISCLOSURES

**The disclosures provided below apply to performance information in this profile, if any. Past performance is not a guarantee of future results. Actual individual account results may differ from the performance shown in this profile. There is no guarantee that this investment strategy will achieve its intended results under all market conditions. Do not rely upon this profile as the sole basis for your investment decisions.**

Performance results in this profile are calculated assuming reinvestment of dividends and income. Returns for more than one calendar year are annualized and based on quarterly data. Returns for periods of less than a calendar year show the total return for the period and are not annualized. No representation is being made that any portfolio will or is likely to achieve profits or losses similar to those shown. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. Performance shown does not reflect the impact of fees and expenses of the underlying mutual fund and ETFs, as applicable.

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**Related Performance:**

The Smid Cap composite was created October 2005. All returns are based in U.S. Dollars and are calculated on a "time-weighted" total rate of return (the "Return") for the Composite (the "Composite") by the Firm. Past performance is not an indication of future results and may differ for future time periods. The Smid Cap composite consists of fee paying portfolios managed on a fully discretionary basis by the Firm according to the strategy Portfolios within the composite are primarily invested in small and mid capitalization securities, with an objective of outperforming the Russell 2500 Index and Russell 2500 Value Index.

**Morgan Stanley Performance:**

**Gross Performance:** Silvercrest's gross results do not reflect a deduction of any investment advisory fees or program fees, charged by Silvercrest or Morgan Stanley, but are net of commissions charged on securities transactions.

**Net Performance for all Periods:** Net performance results reflect a deduction of 0.6225% quarterly. This consists of three components: 0.5% maximum quarterly MS Advisory Fee and 0.0175% maximum quarterly Program Overlay Fee (which, together cover the services provided by Morgan Stanley), plus 0.105% quarterly SMA Manager Fees (being the fee currently charged by Silvercrest to new clients for managing their assets in the Select UMA program). The SMA Manager Fees may differ from manager to manager, and managers may change their fee to new clients from time to time. If you select this manager for your account, check the SMA Manager Fees specified in the written client agreement, in case these have changed since you received this profile. Historical net fees reflect the Advisory Fee Schedule as of October 1, 2018. Morgan Stanley program fees are usually deducted quarterly, and have a compounding effect on performance. The Morgan Stanley program fee, which differs among programs and clients, is described in the applicable Morgan Stanley ADV brochure, which is available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) or on request from your Financial Advisor or Private Wealth Advisor. Document approval 09/2017. #CRC 1901874

**Focus List, Approved List, and Watch Status:**

Global Investment Manager Analysis ("GIMA") uses two methods to evaluate investment products in applicable advisory programs. In general, strategies that have passed a more thorough evaluation may be placed on the "Focus List", while strategies that have passed through a different and less comprehensive evaluation process may be placed on the "Approved List". Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either evaluation process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved". The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" on the cover page.

For more information on the Focus List, Approved List, and Watch processes, please see the applicable Morgan Stanley ADV brochure ([www.ms.com/adv](http://www.ms.com/adv)). Your Financial Advisor or Private Wealth Advisor can provide on request a copy of a paper entitled "GIMA: At A Glance".

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The information about a representative account is for illustrative purposes only. Actual account holdings, performance and other data will vary depending on the size of an account, cash flows within an account, and restrictions on an account. Holdings are subject to change daily. The information in this profile is not a recommendation to buy, hold or sell securities.

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The Model Portfolio Provider or Investment Manager may use the same or substantially similar investment strategies, and may hold similar portfolios of investments, in other portfolios or products it manages (including mutual funds). These may be available at Morgan Stanley or elsewhere, and may cost an investor more or less than this strategy in Morgan Stanley's Select UMA program.

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The portfolio may, at times, invest in exchange-traded funds (ETFs), which are a form of equity security in seeking to maintain continued full exposure to the broad equity market.

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#### INDEX DESCRIPTIONS

##### 90-Day T-Bills

The 90-Day Treasury Bill is a short-term obligation issued by the United States government. T-bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference of discount is the interest earned. T-bills are issued in denominations of \$10,000 auction and \$1,000 increments thereafter.

##### Russell 2500 VI

The Russell 2500 Value Index is representative of the U.S. market for smaller to medium capitalization stocks containing those companies in the Russell 2500 Index with lower price-to-book ratios and lower forecasted growth.

##### S&P 500

The S&P 500 Total Return has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index has over \$5.58 trillion benchmarked, with index assets comprising approximately \$1.31 trillion of this total. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities. This index includes dividend reinvestment.

**Indices are unmanaged and have no expenses. You cannot invest directly in an index.**

#### GLOSSARY OF TERMS

**Alpha** is a mathematical estimate of risk-adjusted return expected from a portfolio above and beyond the benchmark return at any point in time.

**American Depositary Receipts (ADRs)** are receipts for shares of a foreign-based corporation held in the vault of a U.S. bank.

**Average Portfolio Beta** is a measure of the sensitivity of a benchmark or portfolio's rates of return to changes against a market return. The market return is the S&P 500 Index. It is the coefficient measuring a stock or a portfolio's relative volatility.

**Beta** is a measure of the sensitivity of a portfolio's rates of return to changes in the market return. It is the coefficient measuring a stock or a portfolio's relative volatility.

**Bottom-Up Stock Selection** Emphasis primarily on individual stock selection. Considerations of economic and industry factors are of secondary importance in the investment decision-making process.

**Capitalization** is defined as the following: Mega (Above \$100 billion), Large (\$12 to \$100 billion), Medium (\$2.5 - \$12 billion), Small (\$.50 - \$2.5 billion) and Micro (below \$.50 billion).

**Distribution Rate** is defined as the most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains, and /or returns of capital.

**Dividend** a portion of a company's profit paid to common and preferred shareholders.

**Dividend Yield** annual dividend per share divided by price per share. Dividend Yield for the portfolio is a weighted average of the results for the individual stocks in the portfolio.

**Downside Risk** is a measure of the risk associated with achieving a specific target return. This statistic separates portfolio volatility into downside risk and upside uncertainty. The downside considers all returns below the target return, while the upside considers all returns equal to or above the target return.

**Duration** is a measure of price sensitivity expressed in years.

**High Grade Corporate Bonds** corporate bonds from issuers with credit ratings of AA or AAA.

**Information Ratio** is a measure of the investment manager's skill to add active value against a given benchmark relative to how stable that active return has been. Essentially, the information ratio explains how significant a manager's alpha is. Therefore, the higher the information ratio, the more significant the alpha.

**Investment Grade Bonds** are those rated by Standard & Poor's AAA (highest rated), AA, A or BBB (or equivalent rating by other rating agencies or, in the case of securities not rated, by the investment manager).

**Price/Book Ratio (P/B)** weighted average of the stocks' price divided by book value per share. Book value per share is defined as common equity, including intangibles, divided by shares outstanding times the adjustment factor.

**Price/Cash Flow Ratio** a ratio used to compare a company's market value to its cash flow. It is calculated by dividing the company's market cap by the company' operating cash flow in the most recent fiscal year (or the most recent four fiscal quarters); or, equivalently, divide the per-share stock price by the per-share operating cash flow.

**Price/Earnings Ratio (P/E Ratio)** shows the multiple of earnings at which a stock sells. Determined by dividing current stock price by current earnings per share (adjusted for stock splits). Earnings per share for the P/E ratio are determined by dividing earnings for past 12 months by the number of common shares outstanding. The P/E ratio shown here is calculated by the harmonic mean.

**Price/Sales Ratio** determined by dividing current stock price by revenue per share (adjusted for stock splits). Revenue per share for the P/S ratio is determined by dividing revenue for past 12 months by number of shares outstanding.

**R2 (R-Squared)/Portfolio Diversification** indicates the proportion of a security's total variance that is benchmark-related or is explained by variations in the benchmark.

**Sharpe Ratio** measures the efficiency, or excess return per unit of volatility, of a manager's returns. It evaluates managers' performance on a volatility-adjusted basis.

**Standard Deviation** is a statistical measure of historical variability or spread of returns around a mathematical average return that was produced by the investment manager over a given measurement period. The higher the standard deviation, the greater the variability in the investment manager's returns relative to its average return.

**Top-Down/Economic Analysis** Emphasis primarily on macroeconomic trends as opposed to bottom-up stock selection.

**Tracking Error** represents the standard deviation of the difference between the performance of the investment strategy and the benchmark. This provides a historical measure of the variability of the investment strategy's returns relative to its benchmark.

**U.S. Treasury Bonds** a marketable, fixed interest U.S. government debt security with a maturity of more than 10 years. Treasury bonds make interest payments semi-annually and the income that holders receive is only taxed at the federal level.

**Volatility** a measure of risk based on the standard deviation of the asset return. Volatility is a variable that appears in option pricing formulas, where it denotes the volatility of the underlying asset return from now to the expiration of the option. There are volatility indexes. Such as a scale of 1-9; a higher rating means higher risk.