

## US Small Cap Equity Strategy

September 30, 2022

### Objective

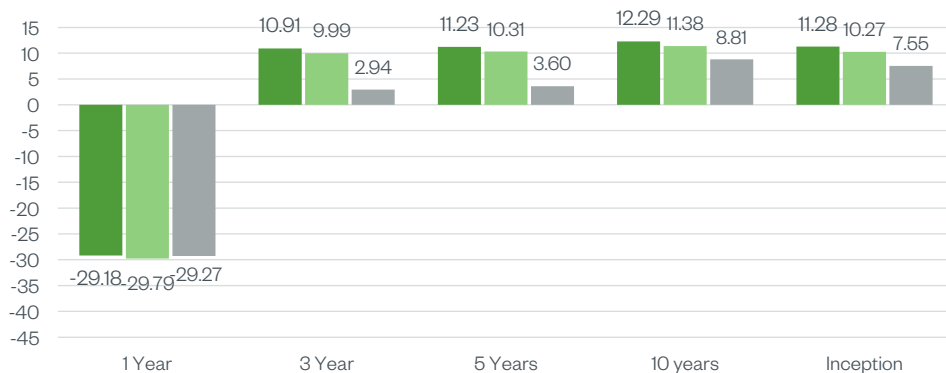
The US Small Cap Equity Strategy seeks long term compounding by focusing its investments in smaller capitalization companies of US markets.

### Why Invest?

- Clearly defined, transparent, and consistent process
- Driven by fundamentals, supported by evidence
- Active risk management with disciplined portfolio construction
- Advancing positive change through active engagement

### Annualized Returns (%)

As of 9/30/22

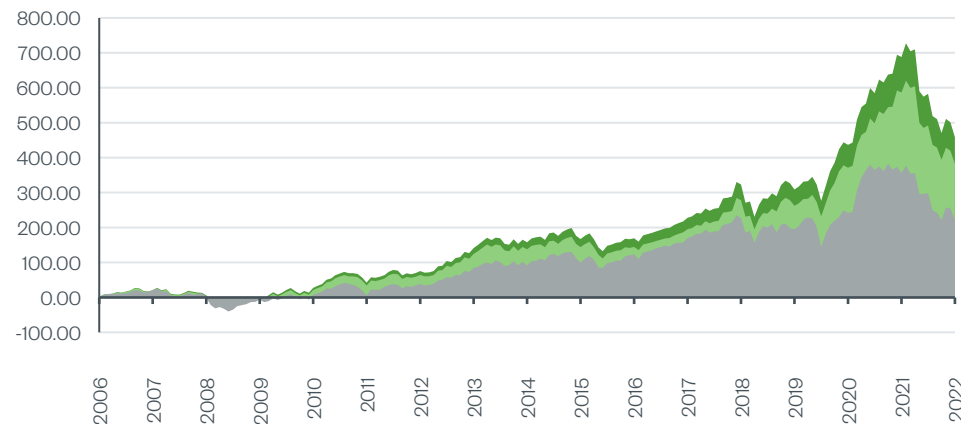


■ Axiom US Small Cap Equity Strategy – Gross ■ Axiom US Small Cap Equity Strategy – Net  
■ Russell 2000 Growth

\*Past performance is not indicative of future results, and the principal value and investment return will fluctuate, so that you may have a gain or loss when you sell your units.

### Cumulative Returns (%)

As of 9/30/22



### Strategy Facts

#### Inception

September 1, 2006

#### Firm Assets

\$15.4B\*

#### Strategy Assets

\$261M\*

#### Benchmark

Russell 2000 Growth

#### Vehicles

Separate account

Commingled fund 3(c)7

CIT\*\*

UCITS

### Portfolio Managers

#### David Kim, CFA

Portfolio Manager

#### Matthew Franco

Portfolio Manager

\*Assets include Assets Under Management (\$14.8B) & Assets Under Advisement (\$0.6B). Strategy Assets include Assets Under Management (\$191M) & Assets Under Advisement (\$70M)

\*\*SEI Trust Company (the "Trustee") serves as the Trustee of the Trust and maintains ultimate fiduciary authority over the management of, and the investments made in, the Fund. The Fund is part of a Collective Investment Trust (the "Trust") operated by the Trustee. The Trustee is a trust company organized under the laws of the Commonwealth of Pennsylvania and a wholly owned subsidiary of SEI Investments Company (SEI). Axiom CIT Trusts are trusts for the collective investment of assets of participating tax qualified pension and profit sharing plans and related trusts, and governmental plans as more fully described in the Declaration of Trust. As bank collective trusts, the Axiom CIT Trusts are exempt from registration as an investment company. Axiom CIT Trusts are managed by SEI Trust Company, the trustee, based on the investment advice of Axiom Investors, LLC, the investment adviser to the trusts.

Source: Factset and Axiom. There can be no assurance that the Strategy will continue to hold these positions or that weightings do not change after the as of date stated. Please refer to the attached GIPS compliant presentation for complete performance information.

# Investing Ahead of the Curve



## Top 10 Holdings (%)

As of 9/30/22

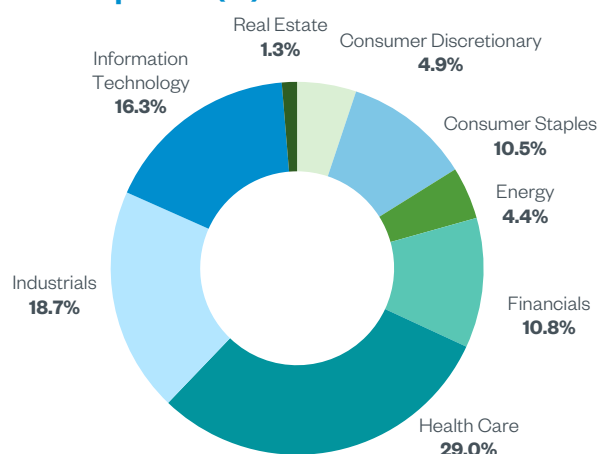
Security	Sector	% of Portfolio	% of Index
Kinsale Capital	Financials	4.7	0.5
Acadia Healthcare	Health Care	4.4	0.0
TreeHouse Foods	Consumer Staples	4.3	0.0
BJ's Wholesale Club	Consumer Staples	4.2	0.0
Lantheus	Health Care	4.1	0.4
WillScot Mobile Mini	Industrials	4.0	0.0
FTI Consulting	Industrials	3.7	0.0
SPS Commerce	Information Technology	3.5	0.4
Chart Industries	Industrials	3.4	0.6
Ensign	Health Care	3.2	0.4

## Risk/Return Analysis & Portfolio Characteristics (%)

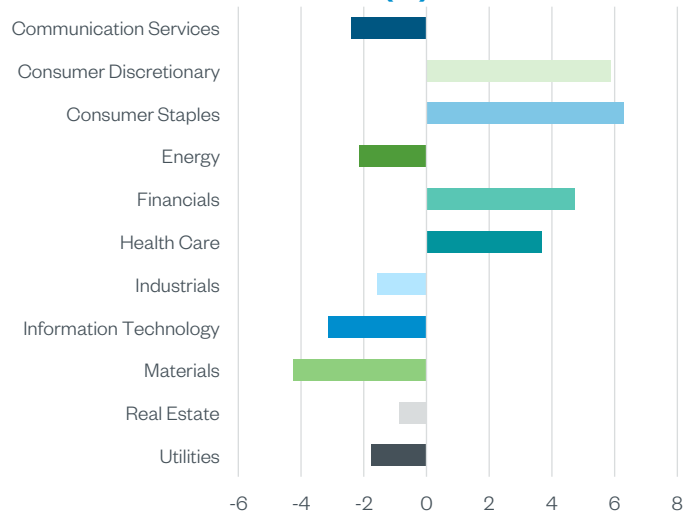
As of 9/30/22

10 Year Statistics	Axiom (Gross)	Axiom (Net)	Index		Axiom	Index
Cumulative Return (%)	218.7	193.8	132.6	Holdings	50	1121
Annualized Return (%)	12.3	11.4	8.8	% in Axiom Top 10 Holdings	39.6%	2.3%
Annualized Excess Return (%)	3.5	2.6	-	Wgt. Avg. Market Cap (\$B)	\$5.1	\$2.9
Batting Average (% Quarterly)	55.0	55.0	-	Median Market Cap (\$B)	\$4.0	\$1.1
Annualized Standard Deviation (%)	17.0	17.0	19.4	Liquidity (\$M/Day)	\$52	\$32
Tracking Error (%)	7.2	7.2	-	Net Debt/Equity Ratio	54.1	44.5
Information Ratio	0.5	0.4	-	Price Earnings Ratio	18.1	12.2
Annualized Sortino Ratio	1.0	1.0	0.6	Earnings Growth Rate	31.3	26.2
Upside Capture (% Quarterly)	97.5	90.8	-	PEG Ratio (PE/Growth Rate)	0.6	0.5
Downside Capture (% Quarterly)	83.7	84.8	-	Wgt. Avg. Carbon Intensity	51.0	124.3

## Sector Exposure (%)



## Sector Allocation vs. Index (%)



Index: Russell 2000 Growth

Currency: USD

Past performance is no guarantee of future results. Source: Factset and Axiom.

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# Investing Ahead of the Curve



## Commentary

During the third quarter 2022, the Axiom US Small Cap Equity Strategy ("Strategy") underperformed the Russell 2000 Growth Index ("Index") net of fees. The Strategy has outperformed the Index on a net of fees basis over 1-year, 3-year, 5-year, 10-year, and since inception periods.

Financial markets were volatile during Q322. Hopes for peak inflation, economic soft landing, and a positive Fed pivot drove equity markets materially higher (bond yields lower) from June through mid-August. This lower quality-driven rally was followed by sharply weaker markets into quarter-end, driven by more hawkish monetary policy commentary by Chairman Powell at Jackson Hole, higher reported inflation data and weaker economic growth data. Slowing growth, elevated inflation data, ongoing supply chain issues, and persistent geopolitical tensions have escalated future recession and global slowdown concerns. Reflecting these concerns, U.S. Real GDP forecasts were revised lower for 2022e from +2.5% to +1.6% and 2023e from +1.9% to +0.8% during the 3<sup>rd</sup> quarter.

While the Russell 2000 Growth Index returned +0.24% during the quarter, the volatile first 9-month period of 2022 was the 2<sup>nd</sup> worst start in the history of the Index. A positive development from the market volatility this year is that the Russell 2000 Growth Index is now trading at a -26% PE discount to historic levels and remains materially below its 2020 peak. Encouragingly, consensus 2023 earnings growth expectations for small cap growth companies (+17%) remain greater than the both the broad small cap (+12%) and large cap (+6%) indices.

Importantly, Small Cap Growth outperformed Small Cap Value companies by 483bps during the 3<sup>rd</sup> quarter. This was the 1<sup>st</sup> quarter of small cap growth relative outperformance since Q320. From a sector perspective, there was a significant performance dispersion. Strong gains in telecom (+12.4%), health care (+8.8%), and energy (+7.9%) were offset by negative returns in real estate (-19.2%), technology (-7.7%), and staples (-7.5%).

The best performing sector for the Strategy on a relative basis during the third quarter was financials, led by Kinsale Capital Group, a specialty provider of excess and surplus insurance, and United Community Bank, a Georgia-based regional bank. Consumer staples was also a source of relative outperformance, driven by warehouse club chain BJ's Wholesale Club and Treehouse Foods, a leading private label food manufacturer. Real Estate was another notable area of relative outperformance, driven by the Strategy's underweight position. Health care was the largest detracting sector, due to Prestige Brands and Omnicell, whose results disappointed as it experienced a ransomware attack that resulted in implementation timelines being pushed back.

From an individual stock perspective, the best relative contributors for the quarter were temporary mobile office space provider WillScot Mobile Mini, behavioral healthcare services provider Acadia Healthcare, and Kinsale Capital Group. The largest detractors on a relative basis were defense and aerospace technology supplier Mercury Systems, cloud-based security software provider Tenable Holdings, and Prestige Brands, a multi-national manufacturer of consumer over-the-counter healthcare products. These companies were negatively impacted during the quarter due to supply chain pressures and other margin headwinds, along with a more uncertain economic growth outlook.

Axiom continues to invest in dynamic growth stocks delivering superior growth and profitability. Market volatility has driven small cap valuations to historically attractive levels on an absolute and relative basis versus large caps. Earnings expectations remain encouraging for the Strategy, and we continue to carefully monitor company fundamentals into 2023. COVID trends, the pace of economic growth, fiscal/monetary policy actions, and geopolitical risks will continue to result in periods of elevated volatility and uncertainty in equity markets. While we continue to closely monitor these events, our focus remains on fundamental, bottom-up investing in innovative, higher quality, small-cap companies that are visibly and dynamically growing their revenues and earnings faster than prevailing economic growth rates. Well-capitalized, profitable, and reasonably valued growth companies that are executing in the current environment remain a differentiated and compelling area of investment.

The information presented is not definitive investment advice, should not be relied on as such, and should not be viewed as a recommendation by Axiom. The securities presented are not representative of all of the securities purchased, sold or held for advisory clients, and it should not be assumed that investment in the securities identified was or will be profitable.

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# Investing Ahead of the Curve



## Footnotes and Disclaimers

	Composite return (gross of fees)	Composite return (net of fees)	Benchmark Total Return (%)	No. of accounts	Market value (millions)	Total firm assets (millions)	% of firm assets (%)	Internal dispersion (%)	Composite 3-year standard deviation (%)	Benchmark 3-year standard deviation (%)
<b>YTD 2022</b>	-31.09%	-31.55%	-29.28%	≤5	191.3	14,824.8	1.29	N/A	20.79	25.61
<b>2021</b>	25.61%	24.58%	2.83%	≤5	283.9	18,639.7	1.52	N/A	17.06	23.07
<b>2020</b>	48.98%	47.77%	34.63%	≤5	242.7	18,535.9	1.31	N/A	20.74	25.10
<b>2019</b>	30.87%	29.80%	28.48%	≤5	204.3	13,458.1	1.52	N/A	15.67	16.37
<b>2018</b>	-2.70%	-3.51%	-9.31%	≤5	208.0	9,729.2	2.14	N/A	15.73	16.46
<b>2017</b>	21.02%	20.04%	22.17%	≤5	363.1	12,116.0	3.00	N/A	12.56	14.59
<b>2016</b>	5.52%	4.68%	11.32%	≤5	282.4	9,671.6	2.92	N/A	14.23	16.67
<b>2015</b>	-2.73%	-3.50%	-1.38%	≤5	44.2	8,704.3	0.51	N/A	14.37	14.95
<b>2014</b>	1.11%	0.31%	5.60%	≤5	101.7	9,482.3	1.07	N/A	13.14	13.82
<b>2013</b>	54.36%	53.17%	43.30%	≤5	103.7	9,949.8	1.04	N/A	14.65	17.27
<b>2012</b>	10.26%	9.47%	14.59%	≤5	78.0	8,611.6	0.91	N/A	17.68	20.72

Fee schedule: First \$10 million: 0.80%; next \$15 million: 0.75%; Balance: 0.70%

**Firm Compliance Statement:** Axiom Investors LLC (the Firm) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Axiom has been independently verified for the period September 1, 1998 to June 30, 2022. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Axiom US Small Cap Equity composite has had a performance examination for the periods September 1, 2006 to June 30, 2022. The verification and performance examination reports are available upon request.

**Definition of the Firm:** The firm is currently defined for GIPS purposes as Axiom Investors, LLC (the Firm) is a registered investment advisor under the Investment Advisers Act of 1940.

**Policies:** Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Past performance does not predict or guarantee future results.

**Composite Description:** The US Small Cap Equity strategy (the Composite) is designed for investors who seek to invest in a broadly diversified portfolio of small cap equities. Portfolios are invested in smaller capitalization equity and equity-related securities in companies located within the United States. Currencies may be actively managed to reduce portfolio volatility. The Composite represents the performance of all Institutional small cap style fee-paying, discretionary equity accounts, regardless of asset size and comingled fund(s). The Composite was initiated and created in September 2006. As of January 1, 2022 the composite name changed from US Small Cap Equity Composite - IP Eligible to US Small Cap Equity Composite. Prior to January 1, 2022 the composite only included accounts that were eligible to invest in Initial Public Offerings. A list of composite descriptions, a list of limited distribution pooled fund descriptions, a list of broad distribution pooled funds and performance results are available upon request.

**Benchmark Description:** The benchmark is the Russell 2000 Growth index, which is designed to measure the performance of the small cap growth segment of the U.S. equity universe. The benchmark is calculated on a total return basis and is free float-adjusted market cap weighted and unmanaged.

**Significant Cash Flow Policy:** Accounts with a cash flow greater than 20% of the portfolio market value are excluded for the month.

**Reporting Currency:** Valuations are computed and performance is reported in U.S. dollars.

**Fees:** Gross of fees returns are presented before management and custodial fees but after all trading expenses. Net of fees returns are calculated by deducting the highest fee from the monthly gross composite return which is expressed above in the stated fee schedule. Returns include the reinvestment of income. The fee schedule for the Axiom U.S. Small Cap Equity Portfolio, which is included in the US Small Cap Equity Composite is listed above. The total expense ratio as of December 31, 2020 was 0.61%. The Axiom U.S. Small Cap Equity Trust CIT, which is also included in the composite has an all-in fee (management fees & expenses) of 0.70%.

**Internal Dispersion:** Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were in the composite for the entire year. If 5 or less accounts, N/A is shown.

**Annualized Standard Deviation:** The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period. The standard deviation is not required for periods prior to 2011.

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This may contain forward-looking statements within the meaning of the federal securities laws. Actual results could and likely will differ, sometimes materially, from those projected or anticipated.

We are not undertaking any obligation to update or revise any forward looking statements whether as a result of new information, future events or otherwise. You should not take any statements regarding past trends as a representation that trends or activities will continue in the future. Accordingly, you should not put undue reliance on these statements.

The information contained herein represents neither an offer to sell nor a solicitation of an offer to buy any securities or investment service. This strategy will only be offered through appropriate documents, copies of which may be obtained upon request from ClientRelations@axiom-investors.com. Offers will not be made in any jurisdiction in which the making of an offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. Investors should read applicable materials carefully before making a decision to invest.

Risks of investing in the strategy:

**Potential loss of investment:** No guarantee or representation is made that the investment program used by Axiom will be successful. The strategy represents a speculative investment and involves a high degree of risk. An investment in the strategy should be discretionary capital set aside strictly for speculative purposes. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment in the strategy. An investment in the strategy is not suitable for all investors. An investor could lose all or a substantial portion of his/her/its investment. Only qualified eligible investors may invest in the strategy. Because of the nature of the trading activities, the results of the strategy's operations may be volatile from month to month and from period to period. Accordingly, investors should understand that past performance is not indicative of future results.

**Fees and expenses:** The strategy may be subject to substantial charges for management, advisory and brokerage fees. It may be necessary for those accounts that are subject to these charges to make substantial trading profits to avoid depletion or exhaustion of their assets.

**Reliance on key persons:** The strategy's manager or advisor has total trading authority over the strategy and may be subject to various conflicts of interest. The death, disability or departure of the manager or advisor may have a material effect on the strategy.

**Counterparty and bankruptcy risk:** Although Axiom will attempt to limit its transactions to counterparties which are established, well-capitalized and creditworthy, the strategy will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject the strategy to substantial losses.

**Volatile markets:** Market prices are difficult to predict and are influenced by many factors, including: changes in interest rates, weather conditions, government intervention and changes in national and international political and economic events.

The above summary is not a complete list of the risks, tax considerations and other important disclosures relating to Axiom products or services. Prospective clients should read all disclosure documents provided by Axiom relating to its products or services before engaging Axiom's advisory services.

The information herein is only current as of the date indicated, and may be superseded by subsequent market events or for other reasons.

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