

## Mountain Pacific Investment Advisers

Domestic Equity: Russell 2500 Benchmark

For the month of: **August** 2020

### Manager Performance Calculations

\* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Mountain Pacific	4.01%	11.65%	13.20%	11.85%	13.09%
Russell 2500	4.53%	11.83%	6.79%	6.94%	8.54%

### Portfolio Attributes

<u>Characteristics</u>	<u>Mtn Pac</u>	<u>RU 2500</u>	<u>Sector Analysis</u>		
			<u>Over-weight</u>	<u>Mtn Pac</u>	<u>RU 2500</u>
Mkt Value (\$m)	728.15	N/A	Capital Goods	38.04%	13.30%
Wtd Cap (\$b)	25.99	5.13	Technology	23.17%	15.12%
P/E	23.55	30.77			
Beta	1.01	1.00			
Yield (%)	1.11	1.69	<u>Under-weight</u>	<u>Mtn Pac</u>	<u>RU 2500</u>
Earnings Growth	9.93	8.53	Financial	12.75%	23.18%
			Cons. Cyclical	3.48%	14.91%
			Basic Material	3.21%	7.99%

### Performance Attribution & Strategy Comments

The portfolio was up 4.0% in August, underperforming our index, the RU 2500, by 52 bps. During the month, our industrial holdings outperformed the index, while consumer, technology, healthcare and financial services underperformed. Generac, a manufacturer of standby and portable generators, rose 20.6%. More frequent power outages and an aging power grid across the U.S. provide strong long-term trends that support Generac's home standby generator market. Recent acquisitions have shifted the company from solely a backup provider toward a broader energy management solutions supplier. Assurant, a provider of specialized insurance, warranties, and lifestyle solutions, advanced 13.7%. The company reported higher than expected quarterly results due to expense reductions and lower claims frequency from stay-at-home orders related to the virus. Their device warranty deal with T-Mobile is seen as an opportunity as the T-Mobile and Sprint merger completes and ties more subscribers to the company. Our results suffered from a 29.6% decline in Great Western Bank, a Midwest regional bank, due primarily to investor concerns about credit quality. Additionally, to preserve capital the company cut their quarterly dividend for a second time this year to only \$.01. We exited our entire position as of August 7. Over the past three months, our portfolio underperformed the index by 18 bps. Investors remain optimistic on progress towards a vaccine as well as the Fed signaling it will keep interest rates low to support the economic recovery and encourage inflation.

### Manager Style Summary

Mountain Pacific manages a mid-to small-cap portfolio, employing a "GARP" (Growth At a Reasonable Price) investment strategy. Their portfolio holdings and characteristics will wander around the average stock in their benchmark, and they tend to favor companies which do not sell directly to the public and therefore, depend on sales to other businesses. Mountain Pacific runs a more concentrated portfolio than most, and as a result, their returns will diverge more dramatically from their benchmark, and sometimes for sustained periods.

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**Portfolio Guideline Compliance**

August

2020

Portfolio Guideline:	Mtn Pac	RU 2500	Calc	Min	Max	Compliance
B2. Security Market Cap (in \$m)				\$100.0	\$7,500.0	ok
B3. Wtd Avg Cap	25994	5125	507%	80%	120%	check
B4. Number of issues	41			35	55	ok
B5. Security Positions <= 4% @ purchase						ok
B6a. P/E (12-mo trail)	28.55	48.11	59%	80%	120%	check
B6b. Beta	1.01	1.00	1.01	0.80	1.20	ok
B6c. Yield	1.11	1.69	66%	80%	120%	check
B6d. Expected Earnings Growth	9.93	8.53	116%	80%	120%	ok
E2. Commissions not to exceed \$0.06/share						ok
E3. Annual Turnover	10%				60%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines						<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**Manager Explanations for Deviations from Portfolio Guidelines**

- B3. Wtd Avg Cap: Exceeds benchmark due to price appreciation of securities purchased. The median cap of the portfolio is \$11.0 BN.
- B6c. Yield: Our yield is below the guideline range. Most of our companies pay little in dividends, and instead reinvest earnings for growth.
- B6a. P/E: Our P/E is below that of the benchmark as we have been adding securities with P/Es lower than the benchmark.

**Organizational/Personnel Changes**

No organizational/personnel changes.

**Account Turnover**

Gained:	Number of Accounts: 0	Total Market Value (\$r \$	-
Lost:	Number of Accounts: 0	Total Market Value (\$r \$	-
	Reason(s): N/A		