



## QUARTERLY MARKET REVIEW

COVID-19 continued to be a driving factor in market volatility in the third quarter. The Delta variant forced companies across industries and geographies to reassess forecasts for the second half of the year as the timing and breadth of re-opening became increasingly less certain. This uncertainty drove broad underperformance in healthcare names, while continued supply chain issues and inflation uncertainty plagued the consumer discretionary sector. Inflation fears spiked at the end of the quarter, weighing on long-duration growth names, which underperformed after having made up some ground relative to the value rotation that has largely dominated 2021. In addition to these concerns, the breadth and depth of Beijing's intervention in the Chinese economy accelerated, furthering that market's selloff. The markets remain focused on near-term catalysts and are seemingly awaiting further evidence of economic recovery to assign credit to longer-term trends of fundamental performance.

## CONTRIBUTORS & DETRACTORS

### Top Contributors relative to the benchmark

**Atlassian Corp. Plc Class A** - Information Technology

**Sartorius Stedim Biotech SA** - Health Care

**Recruit Holdings Co., Ltd** - Industrials

**Stevanato Group SpA** - Health Care

**Adyen NV** - Information Technology

### Top Detractors relative to the benchmark

**Bilibili, Inc. Sponsored ADR Class Z** - Communication Services

**Wix.com Ltd.** - Information Technology

**StoneCo Ltd. Class A** - Information Technology

**Farfetch Limited Class A** - Consumer Discretionary

**Fiverr International Ltd.** - Consumer Discretionary

## FUND REVIEW

For the third quarter of 2021 the International Growth Portfolio underperformed its benchmark, the MSCI All Country World Index ex USA. While performance was largely driven by our stock exposure, on a sector level, communication services were the largest detractor and health care was the largest contributor to performance.

### Contributors

**Atlassian Corp. Plc Class A**, an enterprise software company focused on productivity and workflow management, was a contributor to performance during the quarter. The company reported strong growth in its subscription business following the end of permanent on-premise software license sales in its prior quarter. Subscription growth was above 50% compared to company guidance of mid 30s. This reflects the early success of Atlassian's business model shift and highlights the potential for accelerating revenue and expanding margins as the company laps the end of life of license sales. We believe Atlassian is very well positioned for a cloud-based world and will have a much greater ability to create enterprise specific products and effectively upsell its wide range of customers over the next few years.

**Sartorius Stedim Biotech SA**, a provider of equipment and consumables for the manufacture of biopharmaceutical drugs, was a contributor to performance during the quarter. Stedim reported strong 2Q21 results that exceeded Street expectations for sales and earnings before interest, taxes, depreciation, and amortization (EBITDA) by 5% and 9%, respectively. Consequently, Stedim raised 2021 guidance, which is now expected to be 24% and 45% ahead of Street expectations for sales and EBITDA, respectively, as compared to estimates at the beginning of the year. Despite Stedim's outperformance, we remain excited about the long-term risk/reward profile given the expected secular growth for biopharmaceutical drugs and Stedim's strong competitive positioning.

**Recruit Holdings Co., Ltd.**, a provider of HR and business technology and staffing services, was additive to performance during the quarter. The company reported blowout FQ1 earnings in August and subsequently raised their full year revenue guidance by 5% and Adjusted EBITDA by 30% as their HR Technology segment is seeing incredible demand for hiring. In the quarter, HR Technology, which includes Indeed and Glassdoor, saw revenue increase 148.9% with Adjusted EBITDA margins reaching 37.7%, the highest in company history by over 1400 basis points (bps). While these margins are likely to decrease over the course of the year as Recruit continues to invest behind ongoing international expansion, we believe it highlights the powerful model of the business and where margins may be headed over the coming years. The media and solutions and staffing segments also saw strong rebounds from COVID-impaired comparables a year ago despite some continued covid headwinds in Japan and other international markets.

### Detractors

**Bilibili, Inc. Sponsored ADR Class Z**, a popular video entertainment platform in China, was a detractor from performance during the quarter. The stock performed poorly in Q3 2021 amid regulatory pressure in China. The Chinese government has been stepping up regulatory reform on everything from tutoring companies, to anti-monopoly practices, to gaming, impacting notable high-profile stocks. We think Bilibili is positioned favorably relative to its technology peers due to its size and domain. With regard to youth

## FUND REVIEW CONTINUED

gaming, Bilibili has taken proactive steps to monitor and collaborate with the government. Bilibili has also diversified revenue streams with advertising and live streaming. Lastly, third party data shows Bilibili's monthly active users trend is weaker than usual post summer. However, this has been true for all major Chinese internet platforms in China and isn't a Bilibili specific issue. We continue to believe there is a sustainable runway for potential growth in both users and revenues and that the company will continue to evolve into a dominant user-generated video content platform in the Chinese internet sector.

**Wix.com Ltd.**, a cloud-based web development platform, was a detractor from performance during the quarter. Shares reversed strong year-to-date performance after the company reduced its 2021 guidance. The company, like most other internet businesses, saw weakness in demand in the last few weeks of the quarter. Despite the temporary moderation of demand, we are nonetheless impressed by the implied continued strong levels of growth after lapping the COVID-19 demand surge. Longer-term, we believe the opportunity remains attractive, due in part to the fact that there are over 400 million small and medium size businesses in the company's target market—the majority of which have yet to obtain an online presence. We believe such a presence is becoming more necessary given COVID-19 disruptions and other challenges to the physical presence of many companies, along with the need to efficiently market online to customers.

**StoneCo Ltd. Class A**, a financial technology solutions company, was a detractor from performance during the quarter. While the Brazilian political, macroeconomic, and COVID dynamics all remain tumultuous, Stone also mis-fired out of the gate in its small and midsize business (SMB) credit opportunity and was too aggressive in its underwriting, causing a sizable write-down and one-time earnings headwind, which has impaired management's credibility. This caused the company to pause lending until further notice and pivot the future model to an 100% asset-lite partnership (as opposed to a portion on balance sheet). Most recent commentary suggests the worst of the loan losses have passed, though the market will need to see evidence. We believe the core merchant acquiring thesis - although masked by the preceding overhangs - is fully intact with stable SMB take rates (excluding credit), still only ~6% (and rising) share of total SMB payment volumes, and 30+% total payments volume growth over the next 3-5 years. The stock has corrected significantly to the point where our underwriting suggests the core merchant acquiring business is substantially undervalued on its own, with micro-merchant acquiring (TON), software (Linx acquisition), and banking providing further upside potential. In the midst of both macro and execution uncertainty we believe the risk of an abrupt rebound in the short-term is low, and we look to the coming quarters for signs of stabilization.

## MARKET OUTLOOK

The economic backdrop remains accommodative to equity prices, although with a sustained higher level of volatility and market concerns over the potential inflation impact of a return to normal business activity. The U.S. market has possibly passed the peak of negative impacts brought by the Delta variant and investors have now turned their attention to assessing the level and profile of economic recovery. The back and forth between growth and value factors noted above demonstrated investors' wrestling with the nature of the recovery: will a post-COVID world unleash an unrestricted economic boom that favors the most cyclical companies; or are there enough limiting factors in play to put a cap on economic growth and therefore favor secularly-growing companies, those more in control of their own destinies? Furthermore, there is increasing investor focus on assessing the impact of potential Biden Administration policy changes, including the latest political battles—some inside the administration's own party—on how far to go on aggressive spending programs in infrastructure and social services. The third quarter demonstrated the tension between recent periods of growing enthusiasm of economic recovery, only to end with a month of concerns over the pace of economic recovery, the impact of a potential higher interest rates, and political battles clouding clear fiscal policy outcomes. Much like the third quarter itself, the translation of these complicated factors to equity prices makes the market outlook for the fourth quarter and into 2022 less clear, especially given the strong absolute equity returns already posted this year (albeit varied considerably depending on market capitalization segments).

At Jackson Square, our portfolio turnover increased at the onset of COVID in early 2020 as we took advantage of market volatility to purchase companies at some of the largest discounts to intrinsic business value we have seen since the Global Financial Crisis over a decade ago. We have returned to a lower, more typical level of turnover in recent periods, though we continue to seek to rebalance into asymmetrical risk/reward in our highest conviction holdings. We remain vigilant in watching for volatility that may give us more opportunities to enhance and refine the portfolio.

**Regardless of policy outcomes and oscillating investor sentiment, we remain consistent in our long-term investment philosophy: we want to own what we view as strong secular-growth companies with great competitive positions that can grow market share and have the potential to deliver shareholder value in a variety of market environments.**

PERFORMANCE as of 09/30/21	Current quarter	YTD	1 year	3 year	5 year	10 year	Since inception	Inception date	Gross expense	Net expense*
JS International Growth Fund Inst. Class	-3.58%	4.17%	-	-	-	-	5.57%	12/28/20	2.67%	1.09%
JS International Growth Fund Inv. Class**	-3.57%	4.06%	-	-	-	-	5.45%	8/31/21	2.92%	1.34%
JS International Growth Fund IS Class	-3.58%	4.20%	31.01%	20.10%	18.31%	-	18.60%	9/19/16	2.57%	0.99%
Russell 3000® Growth Index	0.69%	13.49%	27.57%	21.27%	22.30%	19.40%	22.47%	9/19/16		
MSCI ACWI ex US	-2.99%	5.90%	23.92%	8.03%	8.94%	7.48%	9.16%	9/19/16		

The performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. To obtain performance data current to the most recent month-end, call 844.577.3863. Performance reflects fee waivers in effect. In the absence of such waiver, returns would be reduced. Returns greater than 1 year are Average Annualized. Prior to 12/28/20, the Fund was named Jackson Square All-Cap Growth Fund and had different principal investment strategies.

\* The adviser has contractually agreed to reduce management fees and reimburse operating expenses until 02/28/22. Net expense is what the investor pays.

\*\* Performance shown for the periods prior to the inception of the Investor Class is based on the performance of the Inst. Class shares, adjusted for the higher expenses applicable to the Investor class.

## TOP 10 HOLDINGS

		of Total Net Assets
Atlassian	Information Technology	4.58%
Taiwan Semiconductor Mfg.	Information Technology	4.42%
Sartorius Stedim Biotech	Health Care	4.38%
Adyen	Information Technology	4.35%
Lonza Group	Health Care	4.22%
ASML Holding	Information Technology	4.19%
MercadoLibre	Consumer Discretionary	4.16%
Recruit Holdings	Industrials	4.10%
DSV	Industrials	4.02%
Experian	Industrials	3.61%
<b>Total Top Ten Holdings</b>		<b>42.03%</b>

List excludes cash and cash equivalents.

## IMPORTANT INFORMATION

Unless otherwise noted, the source of statistical information used in this document was FactSet.

The views expressed represent the Manager's assessment of the account and market environment as of 09/30/21 and should not be considered a recommendation to buy, hold, or sell any security, and should not be relied on as research or investment advice. Holdings are as of 09/30/21 and subject to change. Investments in small and/or medium-sized companies typically exhibit greater risk and higher volatility than larger, more established companies. Because this strategy expects to hold a concentrated portfolio of a limited number of securities, the portfolio's risk is increased because each investment has a greater effect on the strategy's overall performance.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company and may be obtained by calling 844.577.3863, or by visiting [www.jspfunds.com](http://www.jspfunds.com). Read the prospectus carefully before investing.

Mutual Fund investing involves risk. Principal loss is possible. Small- and Mid-capitalization companies tend to have limited liquidity and greater price volatility than large-capitalization companies. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater in emerging and frontier markets. Investments in Real Estate Investment Trusts (REITs) involve additional risks such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments.

Earnings growth is not representative of the Fund's future performance.

The Russell 3000® Growth Index measures the growth segment of the U.S. equity universe. It includes those Russell 3000® Index companies with higher growth earning potential, as defined by Russell's leading style methodology. Index returns do not reflect management fees, transaction costs, or expenses. Indices are unmanaged, and one cannot invest directly in an index. Benchmark information contained herein has been obtained from third party sources believed to be reliable, but we cannot guarantee its accuracy or completeness. All third-party marks are the property of their respective owners. CapEx Expenditure (capex) forecast is a company's projected expenditures on capital such as property, plants, and equipment. Return on investment (ROI) is a metric used to understand the profitability of an investment. EBITDA: Earnings before interest, tax, depreciation and amortization, is a measure of a company's operating performance. Basis Point: a unit of percentage measure equal to 0.01%.

Information regarding JSP's policies and procedures for calculating and reporting performance results is available upon request. A complete list and description of composites managed by Jackson Square Partners is available upon request. The above information is not intended and should not be construed as a presentation of information regarding any mutual fund.

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