JACKSON SQUARE PARTNERS
SAN FRANCISCO

SMID-Cap Growth

FACT SHEET I 6/30/23

STRATEGY HIGHLIGHTS

Benchmark	Russell 2500 Growth Index
Style	Growth
Market Cap	Small to Mid / Index range
Positions	25-35
Investment horizon	3-5 years
Inception Date	4/30/2005

PHILOSOPHY

We seek superior returns through a **concentrated portfolio** of companies that we believe have advantaged business models and opportunities to generate consistent, long-term **growth of intrinsic business value**.

APPROACH

Fundamental, bottom-up approach

Generalist analyst structure

Low turnover leads to high threshold for new ideas

ESG risk and opportunity assessment

Preferred company characteristics:

- Fundamental change
- Superior business model
- Significant free cash flow generation
- High returns on invested capital (absolute and incremental)

Collaborative group vetting informs PM decisions

PORTFOLIO CONSTRUCTION

Benchmark agnostic

All-weather objective

Maximize stock selection risk while neutralizing style

Conviction-based weights balancing risk/reward

Applies during normal market conditions.

TEAM	YEARS: IN INDUSTRY	WITH TEAM
CHRIS BONAVICO, CFA	**35**	**30**
KEN BROAD, CFA	**35**	**23**
IAN FERRY, MBA	**19**	**12**
+7 ANALYSTS	***Average:* 12**	**5**

ASSETS

Firm	$3.5 Billion
SMID-Cap Growth	$3.1 Billion

RETURNS

	Gross	Net	Russell 2500 Growth Index
2Q23	1.17	0.98	6.41
YTD	8.48	8.06	13.38
9 Month	19.43	18.74	18.73
1 Year	11.03	10.18	18.58
3 Year	-4.99	-5.71	6.56
5 Year	2.82	2.03	7.00
10 Year	9.39	8.55	10.38
SI	12.10	11.21	9.93

SMID-CAP GROWTH STATISTICS

Risk and Return	***4/30/05 – 6/30/23***
Alpha*	2.68
Beta	0.95
Return*	11.21
Benchmark return*	9.93
Standard deviation*	20.16
Tracking error	7.98
Information ratio	0.27
Upside capture	100%
Downside capture	93%
Portfolio Characteristics	
Turnover LTM	49
Active Share	96
Positions	30

*Annualized
Sources: FactSet, Jackson Square
All statistics are calculated since inception, except as noted
Returns are net of advisory fees. See disclosures at end of document.
Past performance is no guarantee of future results. Investing involves risk, including possible loss of principal.

TOP 10 HOLDINGS[1]

Company	Position Initiated	Portfolio (%)
New York Times Co. Class A	Jan-2018	7.59
Grocery Outlet Holding Corp.	Jan-2020	5.22
FMC Corporation	Sep-2022	4.71
Graco Inc.	Apr-2005	4.45
Clean Harbors, Inc.	Mar-2023	4.37
Wyndham Hotels & Resorts	Jun-2018	4.19
Charles River Labs Intl, Inc.	Apr-2022	4.00
Wix.com Ltd.	Jul-2017	3.85
Howmet Aerospace Inc.	Jul-2022	3.83
Aspen Technology, Inc.	Mar-2022	3.66
Top 10 total		**45.86**

SECTOR ALLOCATION

	SMID-Cap Growth[1]	Benchmark
Communication Services	10.70	2.20
Consumer Discretionary	7.57	12.99
Consumer Staples	5.22	3.64
Energy	0.00	3.85
Financials	8.97	7.96
Health Care	16.93	22.51
Industrials	22.27	19.28
Information Technology	20.31	21.27
Materials	4.71	3.68
Real Estate	0.00	1.49
Utilities	0.00	1.12
Cash	3.33	0.00

MARKET CAP ALLOCATION (% ex cash)

	SMID-Cap Growth[1]	Benchmark
$0-3B	8.36	29.38
$3-5B	12.87	22.50
$5-10B	33.71	28.40
$10-15B	31.84	17.21
$15B+	13.22	2.50

Weighted Avg.	$9 B	$6 B
Median	$9 B	$2 B

1. The portfolio information shown above is that of a representative SMID-Cap Growth portfolio. Holdings, weightings, and characteristics are current as of the day indicated, are subject to change, and may not reflect the current portfolio. It should not be assumed that the Top Ten Holdings presented for the portfolio will, in the future, be profitable. A full list of holdings Is available upon request. Sector weights are based on the Index.

2Q 2023 SMID-Cap Growth Commentary

The portfolio underperformed the R2500G index in 2Q, driven by (1) three company updates that did not meet investor expectations, and (2) technical pressure on two holdings related to speculative AI-themed flows. We believe these headwinds are in the rearview mirror and are likely to reverse over the balance of the year. As such, prospective portfolio potential IRRs are higher following the quarter's +1% absolute net performance (vs. +6% benchmark).

Looking forward, we believe the prospective portfolio IRR is approximately 18% over the next few years, well ahead of what we expect for the broader index. Importantly, our base case underwriting assumes interest rates remain high and valuation multiples contract for nearly all holdings. Further, we continue to work diligently with our portfolio companies across several key value drivers, including how best to establish their investor narrative as many focus on accelerating free cash flow generation.

In this letter, we cover several portfolio updates, including:

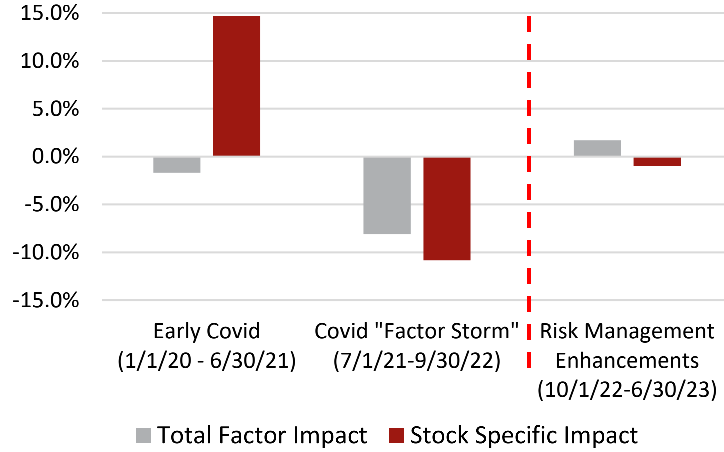
1. Update on risk management and the return of stock-specific risk
2. Portfolio IRR framework and discussion of anticipated drivers
3. Attribution detail and discussion of 2Q portfolio detractors
4. Impact of AI in SMID-Caps

Update on risk management and the return of stock-specific risk

Consistent with our risk management objective discussed in recent quarters, factor risk impacts to relative performance continued to be immaterial during the quarter despite a highly volatile backdrop. While idiosyncratic excess return (and detraction) can be lumpy in a 25-30 stock portfolio, we have maintained a largely factor-neutral stance since completing portfolio construction enhancements last fall.

As a reminder, the vast majority of portfolio underperformance in recent years has been due to inadvertent factor headwinds we did not sufficiently neutralize through our portfolio construction process. We spent significant time upgrading our factor and risk management tools in 2022 across our strategies and are encouraged by the result — factor impacts have been muted in recent periods.

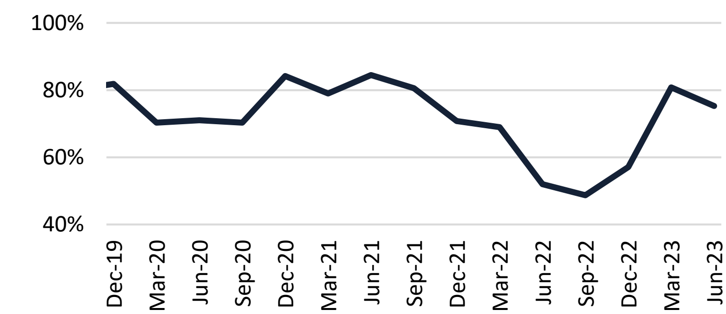
SMID Attribution – Early Covid to Present



Source: FactSet. Attribution data is shown on a gross basis.

These portfolio construction enhancements have helped to drive an increase in idiosyncratic risk in the portfolio, back to the levels we have historically delivered in the strategy.

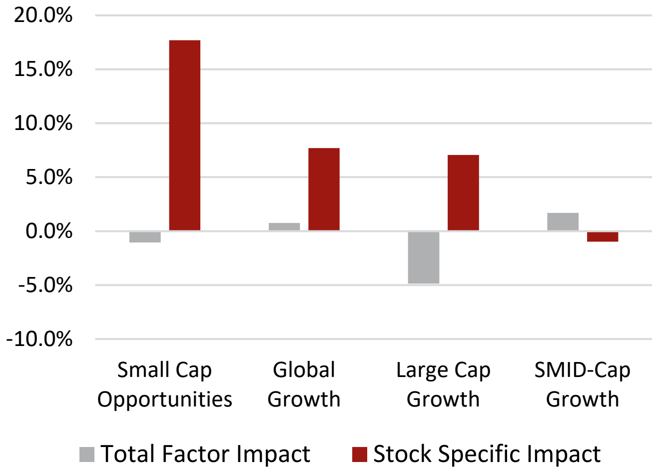
SMID Stock-Specific Contribution to Active Risk



Source: FactSet

This impact can be seen more broadly across JSP strategies, which show strong relative performance in most portfolios, and, importantly, with limited factor contribution. This has positively reinforced the decisions made in 2022 to take meaningful steps to prioritize stock-specific risk across all strategies.

JSP Strategy Level Attribution (10/1/22 – 6/30/23)



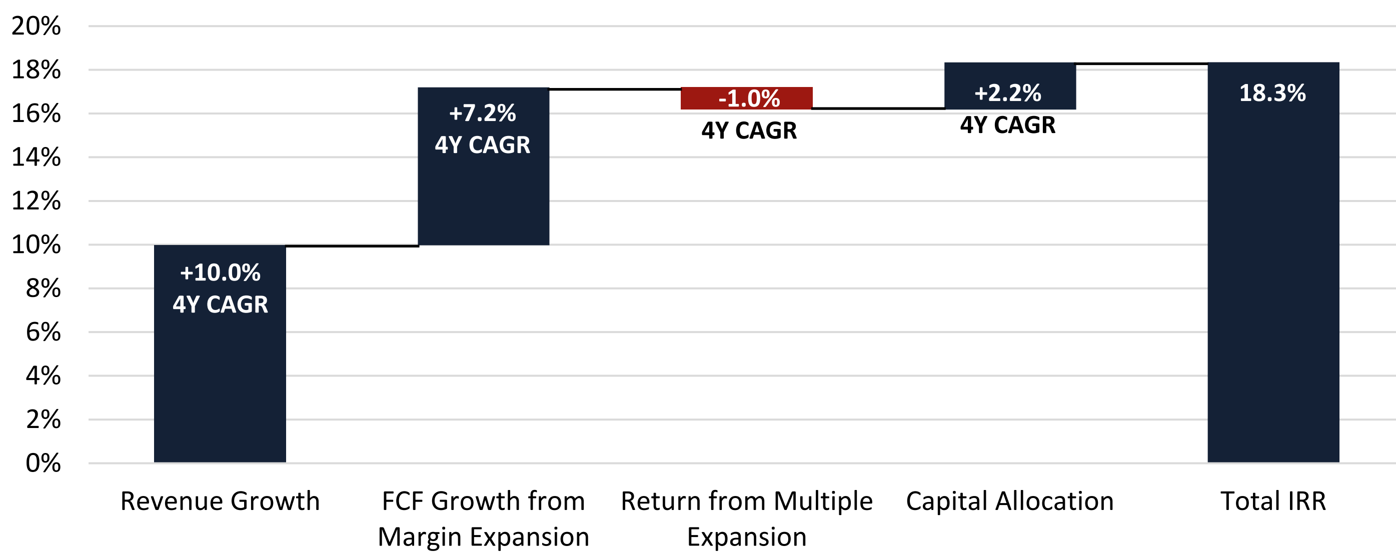
Source: FactSet. Attribution data is shown on a gross basis.

Despite a step back in relative performance in 2Q in SMID-Cap Growth, we believe the portfolio is on the path back to its historical profile of strong, stock-selection driven outperformance. Top contributors YTD and QTD represent a diverse array of growth paths, sectors, and tenure in the portfolio, and include both consistent outperformers and holdings which saw significant headwinds in prior periods. We believe our research engine has never been stronger and are pleased that new positions added to the portfolio in 2023 have been positive contributors to relative performance. While we would prefer a more linear and rapid snap-back in performance, we view the choppier 2Q earnings season across portfolio companies as well within the normal distribution of historical returns.

Portfolio IRR framework and discussion of anticipated drivers

JSP base case projections result in an 18% potential IRR for the portfolio over the next few years. The components of this projected return stream are relatively balanced between top line growth and improvement in FCF margins. Importantly, base case projections assume multiple contraction and conservative assumptions around revenue growth (+10% CAGR). A significant amount of the margin expansion within the portfolio is coming from companies that currently have sub-scale profitability. These assumptions highlight our multi-year thesis that many small and mid-cap growth companies will be successful in transitioning from a prior ‘growth-at-any-price’ strategy in a low interest rate world to balancing durable growth with incremental profitability in a more volatile interest rate backdrop.

SMID Portfolio Holdings: Jackson Square’s 3-4 Year Expected Sources of Return



Source: Jackson Square Partners portfolio holdings models

While we do not believe the entire cohort of less profitable, emerging growth companies will be successful (45% of Russell 2000 companies are not GAAP profitable), we believe our investment framework helps identify the subset that has the right to win. Specifically, we are looking for (1) an industry structure with favorable supply/demand characteristics, (2) attractive unit economics/contribution margins, (3) a revenue stream that is largely recurring or "quasi-recurring" that can leverage fixed costs, and (4) a management team that is demonstrating a willingness to moderate hyper-growth ambitions to reduce the P&L burden of less productive reinvestment. We are already seeing this positive trend begin to play out across many of our portfolio companies. As discussed over the past few quarters, we continue to work with several of them (including Wix and Elastic) as they navigate how best to frame this transition for investors. We're confident the reward for getting this right will be well worth our effort.

TOP CONTRIBUTORS	
BILL Holdings, Inc.	Information Technology
Graco Inc.	Industrials
SiteOne Landscape Supply, Inc.	Industrials
LendingClub Corp	Financials
Howmet Aerospace Inc.	Industrials

TOP DETRACTORS	
Aspen Technology, Inc.	Information Technology
Wix.com Ltd.	Information Technology
FMC Corporation	Materials
Warner Music Group Corp. Class A	Communication Services
Peloton Interactive, Inc. Class A	Consumer Discretionary

Attribution detail and discussion of 2Q portfolio detractors

Underperformance in 2Q can be attributed to two key drivers, both of which we view as temporary and likely to revert in the coming months and quarters:

Idiosyncratic 2Q company updates - Though the fundamentals of our portfolio holdings outperformed the index constituents in the quarter (a higher percentage of portfolio holdings met or beat consensus estimates), two of our high conviction holdings missed investor expectations. Aspen Technology (AZPN) and FMC Corp (FMC), both top-ten positions, provided disappointing guidance for the subsequent quarter, sending shares down significantly. We have re-underwritten both positions and remain highly convicted, as discussed below.

FMC Corp - In the case of FMC, a manufacturer of pesticides for agricultural use, the company issued a below-consensus update for Q2 and subsequently cut guidance. In addition to drought impacts in the Western hemisphere, the pesticide industry is seeing a general destocking from channel partners in various geographies. Though underlying application by farmers has not changed, the company believes dealers are transitioning away from supply-concern-driven overstocking to a just-in-time inventory system as interest rates remain high and carrying costs have increased. Our initial analysis indicates that the inventory reset is transitory in nature and that there are no competitive or macro issues impacting the company's long-term volume growth trend though we are actively seeking disconfirming evidence. The company has committed to cost cuts and has a history of meeting efficiency targets. We continue to believe the current ag cycle has ample runway ahead, owed to the structural supply/demand imbalance for food (exacerbated by the pandemic) that will drive farmer net incomes and spending on FMC's indispensable products higher. We believe that, between new product launches (omitted by consensus) and pent-up margin expansion as pricing power catches up with cost inflation, the medium-term cash flow power of FMC should be materially higher than what the market currently fears. If correct, we expect sentiment to improve accordingly, driving an IRR potential of 18%+ with a particularly asymmetric range of outcomes given the downside protection reinforced by its current (and we believe unfairly cheap) 10x FY '24 EBITDA.

Aspen Technology - For AZPN, an industrial software company focused on optimizing the assets of the energy and chemical industries, the company reported a noisy quarter and softer guidance owed to complexities with the recent Emerson asset merger as well as some elongation of buying cycles. Our near-term numbers came down modestly as a result – however, given we expect all issues to prove one-time or transitory in nature, our medium-term (CY25-CY26) cash flow underwriting is little changed. Additionally, volatility in commodity prices exacerbated sentiment headwinds. We find this unwarranted given AZPN tends to benefit when its customers are highly profitable (as they are now); further, demand for its products has proven durable and uncorrelated to near-term commodity fluctuations over time. We continue to believe the ongoing recovery of AZPN's key end markets from peak COVID pressure – combined with Emerson synergies, new greenfield products, and capital return – can drive a high-teens potential IRR even if the cash flow multiple remains at its historical trough. In a more realistic scenario, stabilization of results with expanding ROICs would likely be accompanied by a positive re-rating, driving our expected potential returns well north of 20%.

Lastly, to a lesser extent, **Peloton** (PTON), which has been intentionally weighted near the bottom of the portfolio given its financial profile, reversed the strong outperformance seen in Q1 following an update that did not meet expectations. On a YTD basis, PTON has been a marginal detractor (-42bps net). We continue to maintain a <2% weight in PTON. We see highly favorable risk/reward asymmetry, given the business is now essentially cash flow break-even, has $1b of cash on the balance sheet, and a new management team pursuing a strategy of balancing growth with incremental profitability. Since Barry McCarthy took over as CEO, the company has (1) reduced quarterly cash burn by approximately $700m, (2) upgraded the entire management team, (3) outsourced manufacturing of hardware, (4) successfully implemented a price increase on subscriptions, with negligible churn, and (5) refreshed the app to broaden the appeal of the service. These achievements have been overshadowed thus far by a difficult macro environment for the company's category. As a result, calling the turn in the stock is challenging, so we intend to keep the position weighted near the bottom of the portfolio as an "optionality" bet.

Our analysis suggests that if the company were to stop selling new bikes and simply service the current installed base of subscribers, the NPV of run-off cash flow yields approximately $8 per share – essentially the current price. We believe given the strength of the brand that a strategic buyer could pay significant goodwill on top of that, justifying a very sizable takeout premium. In a successful turnaround, we think the stock is potentially worth $35-$45 in 3-4 years. Given the stock: (1) currently trades near our estimate of liquidation value, (2) could more than double in a strategic takeover, and (3) has the potential to 5x in a successful turnaround scenario, we believe patience will be rewarded.

Technical pressure related to speculative AI-themed flows - in addition to the idiosyncratic updates mentioned, we had two positions get caught up in the AI disruption debate. While we believe generative AI could be the most impactful tech paradigm shift since the rise of the internet, the initial hype-cycle is creating speculative distortions in the price of several securities. In Q2, the market was quick to crown several perceived winners and applied a "shoot first, ask questions later" approach to perceived losers.

Portfolio holdings Wix and Warner Music were both included in several AI "short baskets" crowd-sourced by sell-side firms. We believe this mischaracterizes the fundamental durability of both businesses. We see AI even potentially being a net positive in WIX's case, as it will help increase product velocity, improve conversion of free to paid users, and reduce customer support costs.

For WMG, we believe (1) the threat from AI-generated music and copyright infringement is a non-issue, and (2) the recent market reaction fails to appreciate the alignment of interest on these topics among all stakeholders in the music ecosystem – consumers, artists, labels, and distributors. Finally, we would note that quick-takes on AI winners and losers should be viewed with caution, as we observed that more than half of the companies on a prominent sell-side “AI Winners” list also appeared on one of their competitors’ “AI Losers” list. Further, perceptions of several bellwether companies such as Google and Adobe flipped essentially overnight from negative to positive. As such, we are currently working with WIX and WMG on how to better manage the AI narrative for their stocks and are confident both will see sentiment improve this year.

Impact of AI in SMID-Caps

We believe the rise of generative AI is likely to drive significant dispersion within the SMID landscape over the next decade, as market winners deploy AI tools to drive share gains and improve incremental profitability at the expense of market losers. For active SMID managers, we believe this will require more skill and patience vs. large caps, where clear “picks and shovel” winners like NVDA could be identified in the top of the first inning.

We are thinking through the long-term implications for various industry structures from 2nd and 3rd order downstream impacts of the AI arms race. Ultimately, several industries that have heretofore been viewed as “protected” from the threat of new entrants will experience a flood of competitors delivering goods and services “cheaper, faster, better”, and at superior profitability. Conversely, there will be incumbents in existing industries with forward-thinking management teams who aggressively embed AI into their business models and permanently outrun the competition. One analogy we are reminded of is how the prior management team at Domino’s Pizza (DPZ) invested aggressively and early in mobile and big data to dominate competition and improve profitability. The stock >20x’d over the former CEO’s tenure (March 2010 – June 2018) and outperformed 1st order digital disruptor Amazon due to accelerating share gains and improving unit economics in an industry that typically grows no more than 1-2% per year. Generative AI will bring many opportunities to find the next Domino’s while avoiding management teams that do not see where the puck is going. There has never been a time when understanding fundamental change and evaluating a team’s strategic roadmap is more critical to future equity returns than it is today. As such, we are re-underwriting of the portfolio with this as a central focus. A related process evolution is to incorporate an AI discount or premium into our JSP business model beta to derive an appropriate cost of capital.

Concluding Thoughts

While the market continues to grapple with the direction of both interest rates and economic growth, we are confident in the changes we made last year to ensure stock-specific risk will drive future relative performance. As we have said for the last year, we see potential scenarios in which (1) the economy remains strong and nominal rates hold firm or (2) the lag from the rate hike cycle eventually catches up with the economy and forces the Fed to pivot towards prioritizing financial stability. However, simultaneous market concerns of a hard landing in conjunction with ever-increasing rates to fight inflation did not, and do not, seem likely to us. It is our belief that at some point this year the path towards one of those outcomes will become clear, which will further incent capital on the sidelines to engage with the market. We may be seeing early signs of this now. Further, we believe we may be on the verge of a significant rotation into small and mid-caps, as relative underperformance vs. large-caps over the past several years is at an all-time high. Regardless of the timing and outcome of these developments, we will maintain our focus on finding generational growth potential early in its life cycle, identifying positive idiosyncratic change unfolding at companies, and constructively engaging management teams to drive shareholder value.

Strategy Review

For the second quarter of 2023 the SMID-Cap Growth Portfolio underperformed its benchmark, the Russell 2500 Growth Index. On a sector level, industrials was the largest contributor and information technology was the largest detractor.

Market Review

Though a broad array of sectors generated strong performance in the second quarter, mega-cap growth accounted for a significant portion of market returns for the second quarter in a row. Investors juggled worries of imminent recession, instability in the banking system and the emergence of generative AI. All of this took place on a backdrop of continued bearish sentiment on Wall Street. Both core inflation and near-term inflation expectations continued to trend downward, but strength in economic indicators persisted and the Fed maintained a hawkish tone. Meanwhile, the global economy saw support from falling energy prices in Europe and a continued recovery in post-Covid China.

At Jackson Square, we remain focused on the three-to-five year growth potential for our portfolio companies and optimizing upside/downside capture over the long term. Regardless of policy outcomes and oscillating investor sentiment, we remain consistent in our long-term investment philosophy: owning 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.

Factor headwinds result when the portfolio has material exposure to specific factors, such as growth, market sensitivity, volatility or others, when such factors are underperforming.

Securities described are subject to change and may not reflect the current portfolio. A full list of holdings is available upon request.

Please see additional disclosures on page 2.

Past performance is no guarantee of future results. Investing involves risk, including possible loss of principal.

COMPOSITE STATISTICS AND PERFORMANCE

Period End	Composite return gross-of-fees (%)	Composite return net-of-fees (%)	Russell 2500 Growth Index (net) return (%)	Composite Internal dispersion (%)	3-Year Annualized Standard Deviation (%)		As of December 31st		
					Composite	Russell 2500 Growth Index (net)	Number of Portfolios	Composite Assets ($mm)	Total Firm Assets ($mm)
2022	-38.7	-39.2	-26.2	0.1	29.6	25.2	23	3,255	3,826
2021	-11.5	-12.2	5.0	0.1	26.0	22.0	25	5,856	12,342
2020	66.5	65.2	40.5	0.7	25.3	23.9	25	6,920	25,497
2019	31.7	30.7	32.7	0.2	16.1	15.9	23	4,286	19,889
2018	3.0	2.2	-7.5	0.5	13.2	15.3	19	2,496	16,779
2017	21.9	21.0	24.5	0.5	9.8	13.0	18	2,355	20,154
2016	8.9	8.1	9.7	0.1	11.3	14.7	17	2,204	19,749
2015	8.4	7.6	-0.2	0.2	10.7	13.3	16	3,405	26,197
2014	4.0	3.2	7.1	0.3	12.1	12.5	16	3,093	25,753
2013	42.1	41.0	40.7	0.6	14.9	16.5	19	3,489	n/a

PERFORMANCE DISCLOSURES: SMID-CAP GROWTH COMPOSITE

Jackson Square Partners claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Jackson Square Partners has been independently verified for the periods May 1, 2014 through December 31, 2022. A firm that claims compliance with the GIPS standards must establish policies and procedure 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 verification report is available upon request. A list of the firm's limited distribution pooled fund descriptions and a list of broad distribution pooled funds is available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Jackson Square Partners is a registered investment adviser established on May 1, 2014. Registration does not imply a certain level of skill or training. Jackson Square Partners manages domestic and global growth equity strategies for institutional and retail clients. Performance shown prior to May 1, 2014 represents results achieved by the Jackson Square Partners team at Delaware Investments prior to the establishment of Jackson Square Partners. Delaware Investments claims compliance with the GIPS standards and was previously verified.

The Composite invests in small- and mid- common stocks of growth-oriented companies for which the firm believes may have long-term capital appreciation potential and may grow faster than the U.S. economy. Investing involves risk, including loss of principal. Investments in the equities markets are subject to risk. Because the 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. This Composite was created and incepted on April 30, 2005. The Composite includes all discretionary, fee paying accounts, including pooled funds, managed in this strategy. Performance results are shown as total returns, net of dividend withholding taxes, assume reinvestment of dividends and capital gains, are presented before and after the deduction of investment advisory fees, and are calculated in U.S. dollars. The returns of some accounts in the Composite may include income from securities lending. Net returns are calculated using a model investment advisory fee derived by applying the strategy's maximum fee schedule in effect for the respective period, monthly. The current fee schedule for the strategy is as follows: first $25 million, 0.85%; next $25 million, 0.80%; amounts over $50 million, 0.75%. Jackson Square Partners investment advisory fees are described in Part 2A of the firm's Form ADV. Some clients may utilize a performance-based fee. Actual advisory fees can vary among clients employing this strategy and may be higher or lower than model investment advisory fees. Policies for valuing investments, calculating performance and preparing GIPS Reports are available upon request. A list of composite descriptions is available upon request. Past performance is not an indicator of future results. Internal dispersion is calculated using the asset-weighted standard deviation of the annual returns of all the portfolios that were included in the Composite for the entire year. Internal dispersion is only shown if the Composite has at least six accounts that were managed for the full calendar year. All risk measures presented are calculated using gross-of-fees returns.

The three-year annualized standard deviation measures the variability of the Composite and the benchmark over the preceding 36-month period. This measure is not required to be presented when 36 monthly composite returns are not yet available.

The benchmark for the Composite is the Russell 2500™ Growth Index. The Russell 2500 Growth Index measures the performance of the small- to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500™ companies with higher price-to-book ratios and higher forecasted growth values. For comparison purposes, the index is fully invested and includes the reinvestment of income. 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. The benchmark returns are not covered by the report of independent verifiers.

Investments in small and/or medium-sized companies typically exhibit greater risk and higher volatility than larger, more established companies.

Because the strategy expects to hold a concentrated portfolio of a limited number of securities, the strategy's risk is increased because each investment will have a greater effect on the strategy's overall performance.

This is not an offer of any product or service in any jurisdiction where it would be unlawful to do so under the laws of that jurisdiction.

The information presented is available for institutional one-on-one presentations only. It is not intended and should not be construed to be a presentation of information concerning any U.S. mutual fund.