



Riverwater Partners is a woman owned, independent, ESG advisor based in Milwaukee, WI, serving individuals and institutions. We are proud to be a Certified B Corp.™

## BENCHMARK

Russell 2500 Value Index

## TOP 5 PORTFOLIO HOLDINGS

5.5%	Charles River Laboratories
5.3%	Atkore
5.0%	Hannon Armstrong
4.2%	Jones Lang LaSalle
4.2%	Cullen Frost Bankers
<b>24.1% of total net assets</b>	

## RESEARCH TEAM

The Riverwater Partners research team has deep experience across all equity sectors. Analysts employ a disciplined due diligence process to identify companies offering superior fundamental and ESG characteristics. We place emphasis on proprietary research and management team engagement, supported by third party research providers.

### ADAM J. PECK, CFA

- 21 years industry experience
- Financials

### CINDY BOHLEN, CFA

- 16 yrs. industry experience
- Health Care, Technology

### KIRK S. FOX

- 18 yrs. industry experience
- Consumer, Energy, Materials, Utilities

### NATHAN FREDRICK, CFA

- 4 yrs. industry experience
- Communications, Industrials, Real Estate, Financials

## RESPONSIBLE INVESTMENT

Riverwater can customize portfolios for clients based on specific environmental and social values.

Recent reports by Morningstar and MSCI conclude that performance of ESG strategies may match or outpace that of non-ESG investments over the long term.

## INVESTMENT PHILOSOPHY

**LONG TERM INVESTING** – We are business owners, not stock traders, and target holding periods of three years or more.

**FOCUSED PORTFOLIOS** – The strategy invests in 20-35 holdings.

**INVESTING BESIDE YOU™** – We believe in aligning our interests with those of our clients and proudly invest our personal assets in the SMID strategy.

## INVESTMENT PROCESS

Our investment team evaluates each investment through our proprietary Three Pillar Approach®, requiring all holdings to meet each criterion. Pillar One: Exceptional Management Team; Pillar Two: Superior Business; Pillar Three: Attractive Valuation.

## ESG APPROACH

Our investment team considers a company's environmental, social, and governance (ESG) factors into our analysis. This helps identify potential risk and/or opportunity. We seek companies that are either leaders in their industry or are making substantial improvements in their ESG policies and practices.

Riverwater has developed and maintains a proprietary ESG database and uses a 25-point scoring system to compare companies on ESG factors. We actively engage with company management teams and boards of directors on ESG efforts. Riverwater also uses shareholder resolutions and proxy voting as tools to promote responsible corporate policies and practices.

Collaboration with responsible investment thought leaders informs our practice and deepens our engagement. We are proud members of the following organizations:



## PORTFOLIO INFORMATION

Annualized returns (%)						
	3 mo	YTD	1 yr	3 yr	5 yr	Since Incept 9.30.16
Composite	-0.45%	14.97%	39.46%	10.62%	12.34%	12.34%
Benchmark	-2.07%	20.14%	54.38%	8.88%	10.50%	10.50%

Key Statistics			Sector Weightings		
	SMID	Benchmark		SMID	Benchmark
Price to Cash Flow	11.2x	10.8x	Consumer Discretionary	3.3%	10.4%
Price to Earnings	15.5x	14.8x	Consumer Staples	3.1%	3.0%
Price to Earnings, FY1	14.9x	14.0x	Energy	4.8%	4.8%
LT Debt to Capital	37.0%	41.9%	Healthcare	14.6%	8.8%
Dividend Yield	1.2%	1.5%	Financials	22.0%	20.1%
Median Return on Equity	10.9%	4.8%	Industrials	11.2%	16.3%
Average Weighted	\$8,175	\$7,023	Info Tech	6.1%	10.0%
Market Cap			Materials	12.2%	6.7%
			Real Estate	11.5%	13.1%
			Communication Services	4.9%	3.1%
			Utilities	3.7%	3.8%

The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable. The Composite performance is presented gross of fees and includes the reinvestment of income. Strategy portfolio holdings, key statistics and sector weightings are based on a representative account. Past performance is not indicative of future results.

09/30/2016 to 09/30/2021

Year	Gross Return	Composite Net Return (%)	Benchmark Return	Year End Portfolios	Composite Assets (\$)	Firm Assets (\$)	Internal Dispersion	Composite 3-Yr Std Dev	Benchmark 3-Yr Std Dev
2021 <sup>2</sup>	14.97	14.501	20.14	34	28,934,443	833,862,148	0.72	20.41	25.50
2020	21.32	20.419	4.88	28	11,123,287	747,241,350	1.68	20.21	25.05
2019	13.95	13.010	23.58	28	9,593,784	625,880,780	0.65	13.04	14.23
2018	-10.43	-11.224	-12.35	23	6,289,145	31,452,911	0.54		
2017	16.83	15.835	10.38	9	2,767,686	30,362,450	n/a		
2016 <sup>1</sup>	7.58	7.540	9.34	<=5	648,939	12,096,706	n/a		

<sup>1</sup> Returns for 2016 are from 09/30/2016 to 12/31/2016

<sup>2</sup> Returns for 2021 are from 12/31/2020 to 09/30/2021

## DISCLOSURES

- Riverwater Partners, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Riverwater Partners has been independently verified for the periods April 27, 2016 to December 31, 2020.  
  
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 Riverwater ESG SMID Value Strategy has had a performance examination for the periods October 1, 2016 through December 31, 2020. The verification and performance examination reports are available upon request.
- Riverwater Partners is defined as a registered investment advisor that is not affiliated with any parent organization. Riverwater Partners acquired Falcons Rock Investment Counsel in 2019.
- The Riverwater ESG SMID Value Strategy seeks to provide attractive risk-adjusted returns versus its benchmark, the Russell 2500 Value Index. The ESG SMID Value Strategy holds 20-35 small and mid-sized companies generally between a range of \$250mm and \$20B in market capitalization. Key material risks include the risks that stock prices will decline and that the composite will underperform its benchmark. There is no account minimum for the composite.
- Returns presented are time-weighted returns. Valuations and performance is reported in US dollars.
- Gross-of-fees returns are presented before management and custodial fees but after all transaction costs. Composite and benchmark returns are presented gross of non-reclaimable withholding taxes. Net-of-fees returns are calculated using the actual account fee. The management fee for the Riverwater ESG SMID Value portfolio is 1.00% for less than \$5M and .75% over \$5M.
- A list of composites, policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.
- The composite was created in July 2019 and the inception date is September 30, 2016.
- Internal dispersion is calculated using the equal-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. The composite requires more than 5 accounts to calculate this metric.
- The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period.
- Since inception, portfolios are removed from the composite if they have a significant cash flow. A significant cash flow is defined as a contribution or withdrawal greater than 20% of the beginning market value of a portfolio. The portfolio is removed from the composite for the month in which the significant cash flow occurred.
- 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.
- A change in policy and procedures was implemented May 2020 to reflect the capability of the computer program generated results of the composite. As a result of the change, the inception date was altered. This did not have material impact on composite returns.