Q3 2021 Riverwater ESG SMID Value Strategy Update

Small caps ended their five-quarter run of positive returns and ended the third quarter with a small loss. The Riverwater SMID strategy outperformed its benchmark the Russell 2500 Value with a miniscule positive return. Higher quality companies with strong returns on capital and better balance sheets outperformed lower quality companies in the quarter, a reversal from trend we've seen earlier in the year. We anticipate that the strategy should do better on a relative basis when quality companies are in favor.

We are seeing sector rotation move and favor towards companies in the Energy, Financials, and Industrials with less cyclical areas of the marketing underperforming, like health care and utilities. Much of this rotation is likely driven by higher ten-year treasury rates. We sold out of one of our best performing stocks over the last few years Zebra Technologies, as it grew to over $30 billion in value. It was our largest position at the time and we used the sale to fund our purchases. We added to Renewable Energy Group as it declined roughly 50% from the level we trimmed it at earlier in the year.

We purchased four new companies in the quarter. CNX Resources (CNX), is a natural gas producer located in Pennsylvania. In the United States, 38% of electric power is sourced from natural gas, which emits approximately 50% less emissions than coal. We are attracted to CNX for several reasons. First, their focus on their environmental footprint: specifically Scope 1 & 2 emissions and their ability to capture methane allows them to be carbon negative. Also, their focus on cost structure enables them to be a low-cost natural gas producer which gives them industry leading margins and significant free cash flow generation to the tune of over $500 million per year. We bought the stock for only 5x free cash flow.

Overall, we are attracted to the low valuation and forward-thinking approach CNX management team is taking to their operations, employees, and impact on the environment.

Builders FirstSource (BLDR) engages in the supply and manufacture of building materials, manufactured components and construction services to professional homebuilders, sub-contractors, remodelers, and consumers. BLDR has a multi-year opportunity in an underbuilt housing market, where there is estimated to be a shortage of 3.8 million homes. BLDR and BMC Stock Holdings combined earlier this year to become the largest housing supplier in the US.

BLDR serves an important role in the homebuilder industry as it struggles with labor shortages. BLDR provides outsourcing of many products and fabrication including its most important pre-made frame business. Their value-added products are expected to make up 43% of revenue and will continue to grow, increasing EBITDA margins along the way. While housing does have headwinds for the rest of the year due to supply chain and labor issues, as these ease housing could have multiple years of prolonged building. Much of the waste in the homebuilding market comes from on-site work. By providing outsource and prefab products, BLDR has significantly reduced waste on the worksite.

Cambium Networks (CMBM), originally carved out from two business units within Motorola Solutions, provides wireless broadband networking infrastructure solutions for medium-sized network operators. When wireless broadband was first introduced 20 years ago, its performance significantly lagged that of wired broadband infrastructure, relegating it to specific use cases. With a negligible performance gap today, CMBM's solutions offer the ability to bring broadband to rural US, remote international, and urban areas that have constraints to burying cable infrastructure. As a result, CMBM's growth rate is accelerating. In addition, from an ESG perspective, CMBM's solutions democratize access to broadband to places that have not had access due to limitations of wired connectivity.

First Solar, Inc. (FSLR), designs, manufactures, and sells solar panel modules which convert sunlight into electricity. FSLR's differentiated Cadmium Telluride (CdTe) thin-film technology and proprietary manufacturing process enable the company to produce modules at a lower carbon footprint and cost than its competitors that use polysilicon.

Module makers that compete with FSLR use polysilicon, which is exclusively sourced and processed in China, to manufacture solar panel modules. *In Broad Daylight,* produced by the Helena Kennedy Centre for International Justice, documents the fact that virtually all polysilicon used in solar panel modules is tainted with forced labor of the Uyghur Muslim people. In response, the Biden administration has issued a Withhold and Release Order (WRO) that will detain all polysilicon and goods using it at the border, pending proof that it was not complicit in forced labor. This attention to the human rights considerations involved in the production of this greener energy brought FSLR to our attention. We believe its "greener" green energy will catalyze superior performance to its peers.

The Biden administration has signaled its intent to grow solar share of green energy production to 45% by 2050 from < 5% in 2020. FSLR has recently completed a fab in Ohio and is building one in India to produce panels for the US and India markets, which is important, given the high cost of transporting panels. FSLR's superior technology, manufacturing footprint, and cost structure will allow it to capitalize on the tailwind of accelerating growth in solar power deployment.

Disclosures:

Performance is presented net of fees and includes the reinvestment of income. Past performance is not indicative of future results. 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.*

ESG SMID Value Strategy Largest Contributors & Detractors

Q3 2021

5 Best - Absolute Contribution					
Ticker	**Company**	**Average Weight**		**Contribution**	
JLL	Jones Lang Lasalle	3.78	%	81	bps
CRL	Charles River Corp	5.39	%	53	bps
SIVB	SVB Financial Group	3.51	%	48	bps
ZBRA	Zebra Technologies	3.47	%	39	bps
BLDR	Builders FIrstSource	1.7	%	30	bps
		17.9	%	**251**	bps

5 Worst - Absolute Contribution					
Ticker	**Company**	**Average Weight**		**Contribution**	
CIEN	Ciena Corp	4.06	%	-46	bps
FMC	FMC Corp	2.3	%	-38	bps
REGI	Renewable Energy Group	2.16	%	-36	bps
SJM	J.M. Smucker	3.26	%	-23	bps
PNW	Pinnacle West Capital	1.88	%	-23	bps
		13.7	**%**	**-166**	**bps**

Contribution reflects the impact of performance and the portfolio weight to total portfolio return.

Data shown is from a representative account of the Strategy Name Composite. All Returns Are Gross-of-Fees. Included as supplemental information and complements a full disclosure presentation, which can be found in the appendix section of this presentation. Reader should not assume that investments in the securities identified were or will be profitable. Timing differences of purchases and sales may have a modest impact on the actual contribution numbers presented. The holdings identified do not represent all of the securities purchased, sold, or recommended. The calculation's methodology along with details on all holding's contribution to the overall account's performance during the measurement period are available upon request. Past performance does not guarantee future results.