PIER CAPITAL LLC
INSTITUTIONAL EQUITY MANAGEMENT

U.S. SMALL-CAP GROWTH EQUITIES

Proudly Serving Clients Since 1987

Fourth Quarter 2020 *Quarterly Commentary*

STRATEGY MANAGER

Alex Yakirevich, President & CIO

STRATEGY DESCRIPTION

U.S. Small Cap Growth Stocks

Bench: Russell 2000 Growth Index

STRATEGY QUICK FACTS

Inception	July 1, 1987
Firm AUM	$961 mm
Strategy AUM	$892 mm

STRATEGY CHARACTERISTICS

Wtd. Avg. Market Cap (Millions)	$4,265 mm
Median Market Cap (Millions)	$4,146 mm
Debt to Total Cap	49.23%
Price/Earnings FTM	34.07x
Cash Weighting	1.6%

The above statistics are supplemental to the GIPS compliant disclosure on the last page.

Source: FactSet

CONTACT INFORMATION

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RETURNS (Gross of Fees)

	Fourth Quarter 2020	2020
Pier Small Cap Growth*	32.63%	61.74%
Russell 2000 Growth Index	29.61%	34.63%
Russell 2000 Index	31.37%	19.96%
S&P 500 Index	12.15%	18.40%

PORTFOLIO REVIEW

- As positive data regarding vaccine efficacy and availability accelerated during the quarter, investors drove equity prices higher, with an eye towards smaller companies.
- While there is some friction surrounding elections here in the U.S., the results appear to be final, reducing further uncertainty.
- Pier's Small Cap Growth strategy outperformed the Russell 2000 Growth Index again in the fourth quarter, resulting in very attractive absolute, and relative, returns for 2020(*).

SUMMARY

Despite being a standout year for our strategy, we, like most others, are eager to leave 2020 in the rearview mirror. The spread of COVID-19 around the world caused immeasurable heartbreak as families lost loved ones and businesses, both large and small, across several industries, were crippled as governments around the world imposed unprecedented restrictions on business and travel attempting to control the spread of the virus.

While many people and businesses have been negatively impacted by this pandemic, there were also market segments that were presented with significant opportunities resulting from this forced paradigm shift – staying at home. Companies offering tools enabling employees to work remotely and securely have flourished. Many of those who previously resisted patronizing ecommerce companies offering everything from household essentials like food and toilet paper, to holiday gifts and electronics, are now shopping online regularly. Brick and mortar businesses, if still operating, continue to rapidly retool their operations, often engaging their clients over the internet and delivering products and services directly to their homes.

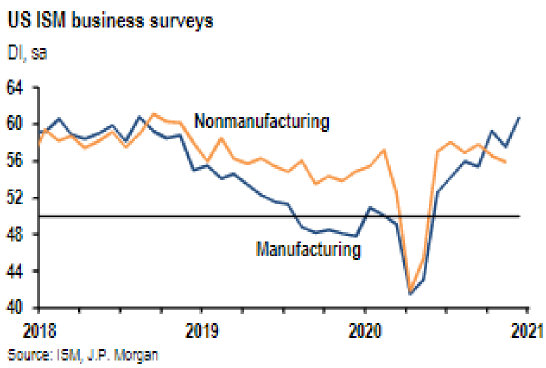
We often speak of disruption, albeit generally, as the opportunity that results from innovative companies offering better products and solutions to various needs. In this case, the virus and resulting business restrictions were the disruptions that provided those companies offering solutions, a unique opportunity to gain market share as businesses and consumers were forced to find ways to work around the disruptions. While the strategy was already focused on several of those themes prior to 2020, we continued to seek out opportunities that would benefit from "staying at home" and made sure not to lose focus on those traditional business lines that offered opportunities for entry at very attractive valuations.

(*) Performance is reported gross of fees. Past performance is not indicative of future results. Please see full performance disclosure on the last page.

THE ECONOMY

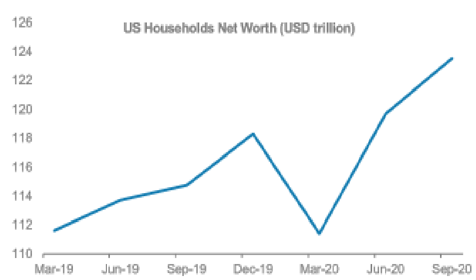
While many businesses have been adversely affected by COVID-19 business restrictions, the U.S. economy actually appears to be humming along quite nicely, anchored by the expectation that economic normalization will be achieved following wide scale vaccine distribution and administration.

In fact, ISM Manufacturing Activity, illustrated below, has once again reached levels not seen since August of 2018 and as JP Morgan Research has pointed out, has reached its second highest level in the last 18 years. ISM Non-Manufacturing Activity is also looking up, and seems poised to catch up, after pandemic sensitive sectors fully reopen.



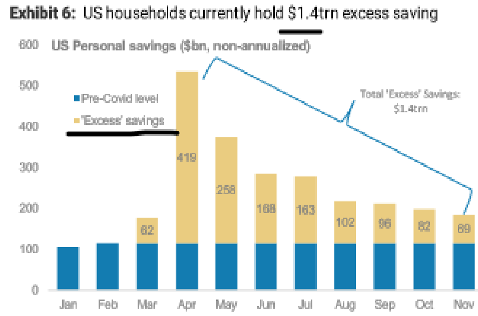
As illustrated by Morgan Stanley below, household wealth certainly appears strong as well, with U.S. household net worth rising substantially since the end of 2019. As the U.S. dollar is being "de-based", a trend which is likely to continue, at least in the near-term, asset inflation in real estate and stocks, should continue to trickle down to U.S. households.

Exhibit 5: US household net worth has increased by $5.2 trillion since the end of 2019



Source: Fed, Haver Analytics, Morgan Stanley Research

Exhibit 6: US households currently hold $1.4trn excess saving



Source: BEA, Haver Analytics, Morgan Stanley Research

Further to this, Exhibit 6 above paints a nice picture regarding the excess savings generated largely as a result of government issued stimulus checks, as well as the lack of spending on travel and leisure, given restrictions surrounding those activities. Again, considering bank deposits earn very little these days, it seems logical that much of this excess saving is poised to move from the sidelines, fueled by pent up demand for things like entertainment, dining and travel, continuing to fuel the economy as things normalize.

THE ECONOMY *(continued)*

Strategy

Much of what was described above regarding excess savings, rising household wealth and pent-up demand are likely to fuel a resurgence of spending in those areas that have been most negatively impacted, as the population gradually receives their vaccines and returns to more typical spending habits.

There are a handful of areas that we will be selectively searching for investment candidates. One of the most obvious of which are companies in the travel and leisure industry, which has been nearly paralyzed since the first quarter of 2020. Travelers, while perhaps a touch apprehensive, are still likely to once again sun on the deck of a cruise ship or trek around Europe embracing new cultures and locales. Additionally, there are many that simply wish to go to the movies, out to dinner, or spend a couple of days enjoying a theme park. Business travelers, perhaps in somewhat smaller numbers, will also return to the skies pursuing business opportunities and serving customers once again.

Another area we will continue to consider carefully, is health care. Battling COVID required hospitals to retool and focus on the treatment of those infected by the virus, pushing back many elective treatments and treatments for non-life-threatening conditions, throughout the year. As the vaccine does its job, hospitals should be able to once again service those patients that postponed treatments.

Companies that benefitted from quarantining are certainly still of interest, however it is now time to look back to those companies that produce products and services that will be broadly available to consumers once again.

THE PORTFOLIO

Q4 Attribution

Health Care, Technology and Industrials were the largest contributors to benchmark performance during the quarter and with no sectors detracting from benchmark performance.

What helped performance in sector allocations:

Underweight: Real Estate and Consumer Discretionary
Overweight: Technology and Industrials

In what sectors did stock selection help us:

Technology, Financials, Communication Services and Real Estate

What hurt performance in sector allocations:

Underweight: Health Care
Overweight: Consumer Staples, Financials and Communication Services

In what sectors did stock selection hurt us:

Consumer Discretionary, Consumer Staples, Industrials and Health Care

THE PORTFOLIO *(continued)*

As always, we have a detailed attribution report for our Small Cap Growth Composite available upon your request. Please note that all attribution, sector and holdings data, comes from our attribution provider FactSet and might not directly compare to the internal reports that we provide.

Holdings

The largest contributors in the fourth quarter were:

Appian (APPN)

This low-code software provider was a big detractor in 2019, but was the largest contributor in Q4, and is the third largest contributor to portfolio performance for 2020. Low-code software enables those with little or no coding experience to develop and create applications. Our patience and conviction in the long-term opportunity around the adoption of APPN's low-code software paid off as APPN continued to benefit from several vectors of growth, including continued momentum surrounding digital transformation projects and the increased adoption of APPN's low-code programming tools, thanks to their ability to complete these projects at fraction of cost and in a fraction of time.

Finally, the swell in the business generated via strategic partnerships with large system integrators (SIs) like PwC, Deloitte, KPMG, and Accenture were also instrumental to their growth. These growth drivers produced inflection in some key performance indicators for APPN in Q3. Specifically, the number of new customers signed via big SIs doubled. Cloud subscription revenue accelerated to 40%, bookings in the Federal Government vertical doubled, while bookings in the EMEA region increased nearly 70%. As growth numbers expanded, so did the valuation multiple, which led us take profits in the name. That said, we continue to hold a position in Appian, as the long-term thesis continues to play out.

UpWork (UPWK)

What caught our attention in this online professional talent platform was exposure to the shift toward more flexible workforce solutions in the US economy as well as their attractive valuation relative to peers like FVRR, another portfolio holding. While trailing FVRR's growth rate, UPWK successfully retooled its top management and fine-tuned its marketing message, which led to significant inflection in some of the company's leading edge key performance indicators in Q3, notably, strength in new customer acquisition. We believe it is likely that the valuation gap between UPWK and its faster growing peers like FVRR is likely to narrow as UPWK continues to execute on the new strategy.

Moreover, tactically, UPWK is preparing to launch its Upwork Project Catalog in February 2021. This new offering is an ecommerce-like feature that will enable freelancers to sell their services to customers via the UPWK platform as a product. "Productizing" these services could lead to better engagement and result in getting their "foot in the door" of the customers potentially driving an acceleration of the firm's legacy/larger engagement business. We maintain a full position in the stock.

Cardlytics (CDLX)

CDLX offers an in-app marketing platform, primarily utilized by banks, to deliver promotions from within mobile banking apps. With significant exposure to the travel industry, CDLX was hurt early on by the spread of COVID and the

THE PORTFOLIO *(continued)*

accompanying business restrictions. Simply put, 2020 was not CDLX's year from a growth perspective. However, CDLX did see early signs of a rebound in ad spending. That trend continued sequentially as the year progressed, handily beating expectations.

However, the real story surrounding Cardlytics has to do with the organic growth they are enjoying which resulted from the addition of new, large banking customers, as well as enhancing their marketing platform's service capabilities. These drivers are likely to provide them with strong growth for several years, and are what investors are focusing on. We maintain a position in CDLX.

The largest detractors in the fourth quarter included:

<u>Vital Farms (VITL)</u>

We bought this producer of pasture-raised eggs, based on our thesis that the company could sustainably generate high double-digit growth in the next few years, as it expands its farmer network and retail presence, while building brand awareness and educating customers on the benefits of pasture-raised shelled eggs (a small sub-category of a much bigger market) versus product from the traditional competition. VITL does business with small, family-owned farmers emphasizing responsible farming practices, animal welfare, and the resulting quality of the end-product compared to their higher volume competitors. As these characteristics are becoming increasingly important to consumers who are willing to spend a bit extra on premium products with verifiable and traceable content and process, we believe there is an opportunity for VITL to marry these locally produced natural products with national distribution capabilities. This thesis seems intact, as the household penetration of the Vital brand, while still in the low single digits, improved 50% year-over-year in 2020.

The recent sell off in the stock is more related to near term concerns about the ability of VITL's supply to meet the demand. Lead time is one of the byproducts of responsible farming, and unlike a typical egg producer, it takes VITL 8-12 months to secure a supply of pasture-raised eggs from the farmers in its network. As the company printed 56% revenue growth in Q3 following an even stronger Q2, investors expressed concern about sustainability of these trends, given supply constraints. As the company further expands its farmer network (100 new farmers are in the pipeline on top of the 200 or so farmers currently in network) and adds to egg sorting capacity, we believe near-term concerns obscure the attractive long term growth drivers that appear very much in play. We maintain a position in this name.

<u>Vroom (VRM)</u>

VRM is an e-commerce based used car seller that demonstrated very strong market share gains in the second quarter and through much of the third quarter. Then, just as some peers also noted, they experienced growing pains from staffing utilization peaking in q3 which led to a miss in the third quarter's e-commerce segment.

Additionally, Vroom also has some legacy brick and mortar exposure in Texas that experienced traffic disruptions in the third quarter. Lastly, they experienced elevated costs resulting from rolling out new distribution centers. We see these as short-term speed bumps for VRM that has built a strong e-commerce model serving a very large addressable market. Therefore, we will act opportunistically and currently maintain a position in VRM.

THE PORTFOLIO *(continued)*

Allogene Therapeutics (ALLO)

Allogene is engaged in the development of allogenic T-cell therapies used in the treatment of various cancers. Following the success of auto-carT immunoncology (IO) therapies, the company has potential to take market share with their allo-carT IO therapy (an off-the-shelf, on-demand product), which boasts lower toxicity and faster treatment time. With the time to treatment being days, rather than weeks, the window of time to treatment in which patients are at risk of dying is substantially shortened. Early data suggests efficacy of the therapy has exceeded investor expectations. Additionally, Allo-carT treatment is less expensive to make allowing for broader patient access to IO treatment.

Despite these clear benefits, investors became uneasy after a fourth quarter medical conference. Potential competitors, although in other treatment classes, such as biospecific and antibody drug conjugates, also showed encouraging positive data. Overall, the data in these treatment alternatives offered by competitors are still in very nascent stages. As such, we remain optimistic that ALLO is likely to be first to market with its allo-carT therapy and continue to maintain a position.

Final Words

In general, we are optimistic about the economic outlook going forward. A “dormant” Federal Reserve monetary policy, along with the potential for more fiscal stimulus, should buoy economic activity, as the economy continues to march towards pre-virus levels.

We are not making any dramatic changes in the portfolio but continue to identify and add to growth stories that have been on pause due to the pandemic and will take profits in names that outperform significantly where valuations appear stretched.

The long-term, secular growth drivers that are key to our strategy (including digital transformation, revolutionary therapies and the instruments that make them possible in the life science industry as well as the shift to alternative energy), are firmly in place in our opinion and should provide continued opportunity for the strategy.

DISCLOSURE

Small Cap Growth Equity Composite - Annual Disclosure Presentation

Total Assets		Composite Assets		Annual Performance Results			3 yr. Annualized Standard Deviation	
Year End	Total Assets (Millions)	USD (Millions)	# of Accounts~	Composite Gross	Russell 2000 Growth Index	Comp. Dispersion	Composite	Russell 2000 Growth Index
2020	$961	$359	9	61.74%	34.63%	0.17%	26.63%	25.10%
2019	$628	$235	9	28.04%	28.48%	0.19%	18.09%	16.37%
2018	$520	$184	9	-3.08%	-9.31%	0.57%	17.53%	16.46%
2017	$602	$272	10	30.83%	22.17%	0.51%	14.05%	14.59%
2016	$559	$247	15	7.07%	11.32%	0.43%	16.49%	16.67%
2015	$600	$278	20	-0.26%	-1.38%	0.12%	15.11%	14.95%
2014	$707	$341	25	3.40%	5.60%	0.44%	14.18%	13.82%
2013	$766	$357	27	52.69%	43.30%	0.49%	17.77%	17.27%
2012	$536	$313	36	10.50%	14.59%	0.61%	20.32%	20.72%
2011	$752	$449	32	-6.03%	-2.91%	0.65%	23.39%	24.31%
2010	$925	$859	46	26.52%	29.09%	1.32%	26.28%	27.69%
2009	$703	$649	46	45.09%	34.47%	0.51%	24.12%	24.84%
2008	$505	$386	53	-37.93%	-38.54%	0.58%	21.24%	21.26%
2007	$758	$531	53	22.26%	7.05%	0.94%	14.09%	14.23%
2006	$653	$394	54	9.45%	13.35%	0.90%	15.59%	15.57%
2005	$742	$416	54	13.50%	4.15%	0.87%	16.07%	16.51%
2004	$695	$403	56	18.52%	14.31%	1.44%	21.61%	21.40%
2003†	$1,975	$485	53	51.07%	48.54%	1.32%	30.15%	27.00%
2002†	$1,789	$317	52	-32.02%	-30.26%	1.02%	44.49%	33.33%
2001†	$1,805	$508	55	-8.53%	-9.23%	1.48%	47.05%	33.58%
2000†	$1,777	$512	60	-24.24%	-22.43%	1.33%	44.58%	33.28%
1999†	$1,621	$565	41	117.41%	43.09%	3.11%	30.60%	26.31%
1998†	$1,213	$208	21	14.62%	1.23%	1.57%	27.94%	25.03%
1997†	$981	$119	15	14.69%	12.95%	0.75%	21.82%	18.27%
1996†	$773	$95	14	54.61%	11.26%	2.63%	18.72%	15.48%
1995†	$686	$59	12	47.51%	31.03%	1.72%	12.89%	12.43%
1994†	$534	$45	12	4.77%	-2.42%	0.86%	13.83%	14.25%
1993†	$516	$56	13	-1.04%	13.37%	1.34%	N.A. (2)	N.A. (2)
1992†	$575	$61	14	15.34%	7.77%	1.74%	N.A. (2)	N.A. (2)
1991†*	$509	$41	11	5.96%	8.28%	N.A. (1)	N.A. (2)	N.A. (2)

~ From 2001 - 2010 the number of accounts figure includes separately managed accounts as well as the number of investors in the Firm's pooled investment vehicle.
*Results shown for the year 1991 represent partial period performance from October 1, 1991 through December 31, 1991.
†Represents the assets of SEB Asset Management America Inc. prior to the management buy-out September 15, 2004.
†SEB claimed compliance with the Global Investment Performance Standards (GIPS®) and received a firm-wide verification for the period October 1991 through June 2004. The verification report is available upon request.
N.A.(1) Dispersion is not presented as there were an insignificant number of portfolios in the composite for the full year.
N.A.(2) 3-Year Annualized Standard Deviation is not presented as 36 months of performance is not available.

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. The Small Cap Growth Equity Composite consists of fully discretionary separately managed accounts invested in the Small Cap Growth strategy. The Composite primarily contains a diversified range of common stock publicly traded the US Exchanges and OTC-markets. Investments are made primarily, but not exclusively in stocks within the Russell 2000 Index market cap range. The strategy does not allow investments in derivative contracts or the use of leverage. The base currency of the Composite is U.S. Dollar. Investment results are measured against the Russell 2000 Growth Index.

For comparison purposes the composite is measured against the Russell 2000 Growth Index. The Russell 2000 Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics.

Pier Capital, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Pier Capital, LLC has been independently verified for the periods September 15, 2004 through June 30, 2020. The verification report(s) is/are available upon request. 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 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. Verification does not provide assurance on the accuracy of any specific performance report.

Pier Capital, LLC is a registered investment advisor. The Firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the Firm. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross of management fees and include the reinvestment of all income including dividends, which are gross of any withholding tax. Returns will be reduced by management fee to calculate net return. Returns do not reflect the deduction of investment advisory fees. Investment advisory fees are described in Part 2 of the firm's Form ADV. Performance prior to 10/1/1991 is not in line with GIPS standards. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Composite dispersion and the 3-year ex post standard deviation is calculated using gross returns. Policies for valuing investments, calculating performance, and creating GIPS Reports are available upon request.

Beginning July 1, 2009, GIPS composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of 50% of portfolio assets. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the Composite the month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request. The Composite was redefined beginning January 1, 2011 to exclude pooled accounts which are managed distinctively from the rest of the separate accounts in this Composite. Firm's records, including third party records since inception to 2002 were destroyed by the record storage provider in error without authorization from the firm. The firm maintains certain records for this period but was not able to rebuild records from inception to 2002 in full.

The management fee schedule is as follows:

<u>Asset Based Fee:</u>
1.00% per annum on assets between $0 and $20 million
0.80% per annum on assets between $20 and $40 million
0.75% per annum on assets between $40 and $80 million
0.65% On Assets Greater than $80 million

<u>Performance Based Fee:</u>
0.500% per annum on assets between $0 and $10 million
0.400% per annum on assets in excess of $10 million
Plus: 20% of the excess return generated by the portfolio each calendar year above the benchmark (Russell 2000 Growth Index)

Actual investment advisory fees incurred by clients may vary. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) $1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be $10,416 in the first year, and cumulative effects of $59,816 over five years and $143,430 over ten years.

Balanced portfolio segments are not included in this composite. Prior to April 1, 2004 balanced portfolio segments were in this composite, and performance reflects required total segment plus cash returns using a 3% cash allocation percentage, with the performance of cash equaling the Federal Funds Rate as of the beginning of each quarter. The Small Cap Growth Equity Composite was created July 1, 1987 which is also the inception date for the Composite. Performance presented prior to September 15, 2004 occurred while the Portfolio Management Team was affiliated with SEB Asset Management America Inc. The investment decision makers and the support staff are now part of Pier Capital, LLC, the Firm established as a result of a management buy-out of the equity operations of SEB Asset Management America Inc.

Disclosure: Please contact us for a full list of recommendations made within the 12-month period preceding the date of this communication. It should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities in this list.