Pier Capital LLC
Institutional Equity Management

U.S. SMALL-CAP GROWTH EQUITIES

Proudly Serving Clients Since 1987

First Quarter 2021 *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	$1,079 mm
Strategy AUM	$1,001 mm

STRATEGY CHARACTERISTICS

Wtd. Avg. Market Cap (Millions)	$3,919 mm
Median Market Cap (Millions)	$3,742 mm
Debt to Total Cap	39.26%
Price/Earnings FTM	33.34x
Cash Weighting	1.99%

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

Source: FactSet

CONTACT INFORMATION

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RETURNS (Gross of Fees)

	First Quarter 2021
Pier Small Cap Growth*	5.64%
Russell 2000 Growth Index	4.88%
Russell 2000 Index	12.70%
S&P 500 Index	6.17%

PORTFOLIO REVIEW

- With three COVID vaccines now available, the rate of vaccination continues to accelerate and a return to normalcy (albeit slightly modified), appears to be within close reach.
- Equity markets in the U.S. continued to climb during the quarter, despite a shift in market dynamics.
- Pier's Small Cap Growth strategy outperformed the Russell 2000 Growth Index in the first quarter, extending upon the outperformance garnered in 2020(*).

SUMMARY

Bolstered by confidence surrounding vaccine distribution and the anticipation of a return to normalcy, investors engaged in a frenzy of buying growth companies for most of the second half of 2020, driving the valuation of many companies to new highs. Market dynamics shifted meaningfully during the first quarter of 2021 as this trend paused, with investors selling shares of higher multiple (primarily technology) companies, and redirecting those funds to many smaller, underperforming cyclical and growth names that were severely punished during the pandemic.

Within the Russell 2000 Growth Index, the best performing stocks last year were those within the largest market cap quintile, which constitute a bit more than half of the entire index. In the first quarter of 2021, on the heels of the shift described above, this trend completely reversed, with the two smallest cap quintiles delivering the highest returns. The two smallest quintiles constitute less than 8% of the index. Aside from the obvious, this is noteworthy because it has significant implications on active managers, and for small cap growth managers in particular. The smallest segments of the market are often underrepresented by active managers for several reasons, including imperfect liquidity and thin sell side coverage. As such, when those underrepresented market segments run, it becomes more difficult for active managers to outperform the index or passive funds.

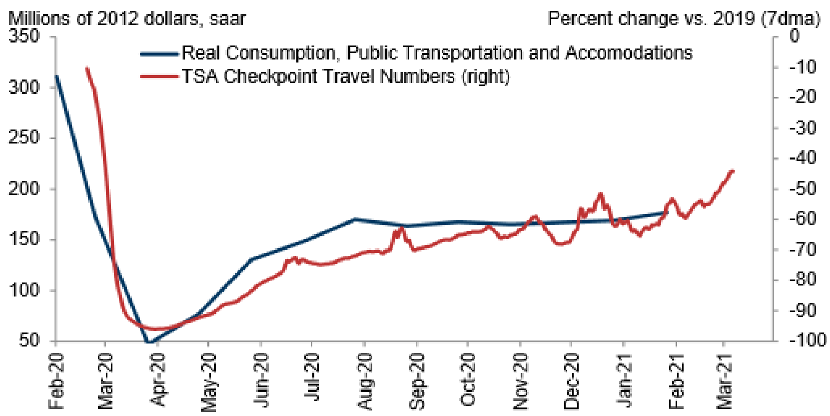
Pier was able to outperform the Russell 2000 Growth Index in the first quarter as we remained cognizant of valuations, mining gains where prudent over the last few quarters and redeploying some profits to pandemic sensitive businesses that should benefit from easing restrictions and increased consumer activity. Given that our strategy, like many in our peer group, is more heavily weighted in the larger, more liquid names in our universe, our process of taking gains when prudent and looking for names in more depressed areas of the market, successfully insulated the portfolio despite the rotation into smaller, somewhat lower quality names.

(*) 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

Economic data still suggests that the economy continues to progress towards a full reopening supported by a strengthening tailwind conjured from massive fiscal and monetary stimulus. The rate of vaccine distribution has been robust and according to projections by Goldman Sachs, 50% of the population should be vaccinated over the next month or two.

As such, services such as air travel and hotels that were decimated early in the pandemic, while still far from their 2020 peaks, are enjoying a steady increase in activity as restrictions are relaxed and travelers are gaining confidence in being able to travel safely as illustrated below:



Source: Department of Labor, Department of Commerce, Bloomberg, Haver Analytics, Federal Reserve System, Goldman Sachs Global Investment Research, Department of Homeland Security

As a result of increased economic activity, concerns regarding inflation and the potential for a rise in long rates have emerged. These issues appear to be a recouping of the pandemic risk premium built into long bonds and the deflationary pressures that resulted from the evaporation of demand for many products during the pandemic. These factors reflect an improved economic outlook and we do not believe they are sustainable over the longer-term given the remaining slack in the labor market and the progression of technological innovation.

Strategy

Throughout the pandemic, many market segments suffered as consumers retreated and businesses paused. One of the worst hit areas in the technology space has been advertising. Given the evaporation of demand for travel, coupled with a lack of physical store utilization during the economic shutdown of 2020, brands abruptly turned off the marketing switch, and took a step back to reevaluate their advertising spending initiatives and programs.

More recently, we have been witnessing a rather steady rebound in digital first advertising. Despite this rebound, we believe that there are still two major industries that have yet to bounce back: travel and hospitality. As the population progresses in the vaccination process, it is likely we will see a meaningful snap back in advertising spending as consumers are once again able to return to the air, sea and restaurants with confidence.

THE ECONOMY *(continued)*

Further to this, there are two substantial new trends that are shaping how brands approach advertising. First is the end of use of cookies, or non-consenting web-tracking. Second, is a greater emphasis on marketing spend and feedback, as well as on the management of the customer life cycle. These trends are putting greater emphasis on personal protection and consent, improved data collection and analytics, and customer interaction and feedback. These changes will present opportunities and we have identified attractive companies in the space including a programmatic seller of ad inventory and a social media customer feedback enablement technology company. We remain optimistic about this space and will continue to seek out companies offering innovative products and services which enable sellers to market their brands more effectively.

THE PORTFOLIO

Q1 Attribution

Consumer Discretionary, Industrials and Technology were the largest contributors to benchmark performance during the quarter and Health Care was the only sector detracting from benchmark performance.

What helped performance in sector allocations:

Underweight: Health Care and Real Estate
Overweight: Industrials and Consumer Staples

In what sectors did stock selection help us:

Financials, Consumer Discretionary, Industrials and Communication Services

What hurt performance in sector allocations:

Underweight: Consumer Discretionary
Overweight: Technology, Financials and Communication Services

In what sectors did stock selection hurt us:

Technology, Health Care, Consumer Staples and Real Estate

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 first quarter were:

Silvergate Capital (SI)

Silvergate is a regional bank which made an early investment in cryptocurrency infrastructure. That investment is paying off as the institutional and enterprise cryptocurrency trading and investing ecosystem inflects towards broader mainstream adoption.

THE PORTFOLIO *(continued)*

Specifically, Silvergate built the Silvergate Exchange Network (SEN), which integrates over 60 digital currencies exchanges and is used by over 500 institutional investors to transfer US dollars 24/7/365. Users of SEN must keep deposits with Silvergate to utilize the network. As such, SEN has enabled Silvergate to amass over $2.0B in zero-cost deposits. In Q4, Silvergate's operating metrics were healthy and new customer additions continued to be strong. SEN handled over 90k transactions in the quarter, a sequential increase of 33%. Importantly, the company showed traction with its new product, SEN Leverage, allowing customers to obtain US Dollar loans collateralized with Bitcoin. Recent partnership announcements with Coinbase and Fidelity underscore the potential for Silvergate to play an important role in the maturation of institutional cryptocurrency trading. After taking some profits, we continue to maintain a position in this stock.

Montrose Environmental Group (MEG)

Montrose Environmental provides a suite of regulatory solutions and consulting services to both public and private parties that have a need to reduce negative environmental impacts resulting from things such as gas leaks and water contamination.

Montrose's service offerings are receiving increased demand, as Environmental, Social and Corporate Governance (ESG) initiatives have become high priority issues which management teams must face. This sense of urgency significantly contributed to growth in 2020, despite the pandemic recession, as the new administration's shift in political regulatory priorities fueled an even stronger demand environment. This favorable regulatory backdrop drove strong quarterly results and an optimistic earnings outlook leading the stock meaningfully higher during the quarter. We continue to maintain a position in this name.

American Eagle Outfitters (AEO)

Our investment thesis on this clothing retailer has been anchored around two vectors of growth, the Aerie brand of intimate apparel and activewear, and the company's transition to digital distribution. The company continued to deliver on both vectors, despite impacts resulting from the pandemic. Specifically, digital sales of the Aerie brand increased 75% in the fourth quarter. Further to that, the entire digital channel, including both Aerie and AE brands, generated 45% of the company's overall sales in 2020, a 36% increase year over year.

With an improving economic backdrop, the company appears well positioned to sustain growth, as the AE brand could experience resurgence in the later part of 2021, as students are likely to return to schools (in person) which would fuel a more normalized back-to-school shopping season. We continue to maintain a position in this company.

The largest detractors in the first quarter included:

Acutus Medical (AFIB)

Our investment thesis for Acutus is based upon the company's disruptive technology, AcQMap system. AcQMap enables a much faster, more accurate, mapping and survey of a heart's anatomy and electrical signal propagation. The resulting data is then utilized to treat complex arrhythmias with electrophysiology ablation. This is a multibillion-dollar market, with AFIB only scratching the surface in terms of the system's installed base and the number of procedures the system assists in performing.

THE PORTFOLIO *(continued)*

Given the hands-on process necessary for efficient system installation and training, coupled with the need to help drive system utilization after installation, the pandemic has meaningfully hindered the company's ability to expand its installed base and provide the necessary training and after sale support. We believe these headwinds will prove transitory, resulting in a resumption of AFIB's growth story. As such, we have added to the position at more attractive levels after entering into the name early in the quarter.

Tenable Holdings (TENB)

Tenable is a provider of network vulnerability management tools. These types of tools are increasingly important due to recent headline grabbing hacks as well as enterprises' continued digital transformation. Despite a slowdown in spending on security during COVID, the company displayed some promising signs last quarter, with record new customer additions. Given some uncertainty resulting from the pandemic, management provided what we believe is conservative guidance, taking the wind from the sails of the stock in the shorter-term. We believe TENB will continue to see solid and improving results in 2021. We increased our exposure in TENB during the quarter and continue to hold a position in the name.

Myovant Sciences (MYOV)

Myovant is a clinic stage biotechnology company focused on providing therapies addressing women's health and endocrine diseases. Shares of MYOV ended 2020 on a high note following the approval of Relugolix, the only FDA approved oral androgen deprivation therapy for the treatment of advanced prostate cancer. The decline in Myovant's stock price during the first quarter is a reflection of a typical "sell the news" move post-approval for biotech names.

However, we expect Relugolix will have a successful launch given its differentiation over that of Lupron, the current leading medication. Not only is Relugolix taken orally, but also significantly reduces cardiovascular risk. Additionally, Myovant is waiting for two additional indication approvals for Relugolix in 2021 for uterine fibroid and endometriosis. With the potential of each of these indications to yield revenues similar to those associated with prostate cancer, we remain optimistic on the stock and continue to maintain a position in it.

Final Words

As there are now three vaccines available and the rate of vaccination continues to improve, consumers are gaining confidence and are eager for the economy to reopen without restrictions. A vaccinated population coupled with significant fiscal stimulus, both passed and proposed, should provide much of the fuel required for a robust economic recovery.

One potential headwind could be the proposed increase to the corporate tax rate from 21% to 28% by the current administration as part of the way to fund the massive economic stimulus spending packages both passed and proposed. Some Democrats have pushed back at such a large increase, and alternatively, an increase to 25% appears to being kicked around, which would lessen the impact on equity prices.

Current areas of interest include identifying breakthrough solutions and opportunities in the field of biotechnology and in the alternative energy space. Technology continues to be our biggest sector in terms of exposure, with some names appearing more attractive after the recent pullback in technology stocks.

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.

Asset Based Fee:
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

Performance Based Fee:
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.