PIER CAPITAL LLC
INSTITUTIONAL EQUITY MANAGEMENT

U.S. SMALL-CAP GROWTH EQUITIES

Proudly Serving Clients Since 1987

Third 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	$701 mm
Strategy AUM	$644 mm

STRATEGY CHARACTERISTICS

Wtd. Avg. Market Cap (Millions)	$3,713 mm
Median Market Cap (Millions)	$3,472 mm
Debt to Total Cap	35.97%
Price/Earnings FTM	27.0x
Cash Weighting	2.2%

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)

	Third Quarter 2020	YTD 2020
Pier Small Cap Growth*	9.66%	21.94%
Russell 2000 Growth Index	7.16%	3.88%
Russell 2000 Index	4.93%	-8.69%
S&P 500 Index	8.93%	5.57%

PORTFOLIO REVIEW

- Markets took a breather in September, giving pause to five consecutive months of positive returns as equities bounced significantly off March lows.
- Investor confidence appears to have diminished slightly as recent economic data is weighed and virus hot spots reemerge both in the U.S. and abroad.
- Pier's Small Cap Growth strategy again outperformed the Russell 2000 Growth Index in the third quarter of 2020 and is firmly in positive territory for the year as of the end of September (*).

SUMMARY

There is an abundance of uncertainty peppering headlines each day with nearly every subject becoming highly politicized as we get closer to Election Day, and the level of static reaching deafening levels. To add fuel to the fire, investors awoke to the news that President Trump and First Lady have both contracted Coronavirus and are in quarantine.

Our 33 year old investment process has been battle-tested time and again. It is not the first time we have faced dramatic macroeconomic uncertainty (and unlikely to be the last) and navigated through it. Based upon our collective experience, one of the main takeaways has been the importance of not being distracted by headlines and remaining firmly focused on the key fundamentals of businesses, markets and secular shifts in the economy.

Regardless of how long it may take to find a vaccine, who is elected President or how much the next round of stimulus may be, markets will digest that information and continue forward. As we have pointed out in the past, despite whatever the outcomes may be, there will be more clarity, which investors tend to favor. So improved clarity, coupled with very accommodating monetary and fiscal policy (regardless of who is President) is likely to provide support to a solid macroeconomic backdrop for the types of growth-oriented companies we invest in.

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

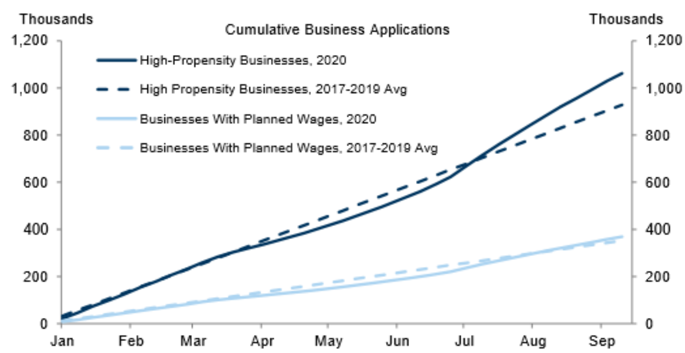
THE ECONOMY

While COVID has certainly resulted in demand destruction and has negatively impacted many businesses in 2020, one should not underestimate the resiliency of the U.S. economy.

COVID in many cases has not only created weakness but has also created strength and opportunity in certain market segments. To this point, the U.S. housing market has literally been on fire, driven in part by a COVID fueled exodus from the city rental model to suburban home ownership. Arm those affected with access to very low mortgage rates and you end up with very attractive trends in pending home sales, new construction, and home prices.

Furthermore, despite the negative impact of COVID on many businesses, new business formation continues to trend up as illustrated by the Business Applications data below. The businesses being formed are not just the entrepreneurial, sole proprietor type, but those scalable businesses that will need to hire workers. This bodes well for employment down the road, as new firms, according to research published by Goldman Sachs, have historically accounted for a majority of job growth.

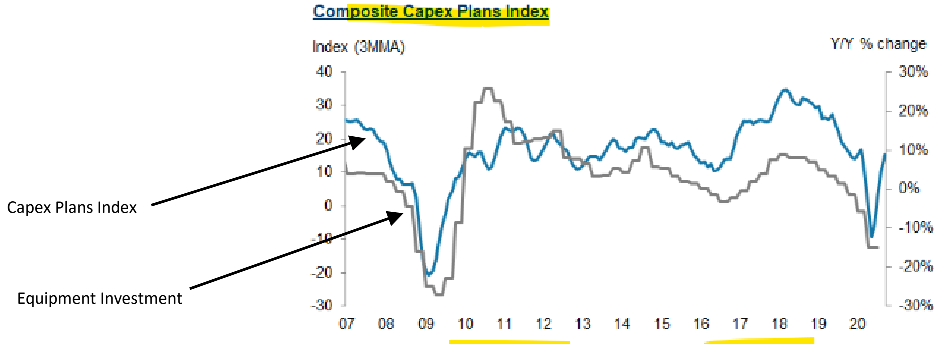
Exhibit 3: Year-to-Date Business Applications Well Surpass the Levels in Prior Years, Although Business Applications With Planned Wages Are Roughly at Similar Levels



Source: Department of Labor, Goldman Sachs Global Investment Research

In addition to the formation of new businesses, existing businesses, after shaking off the initial shock of COVID, are making plans to invest in their businesses once again as noted below by Morgan Stanley:

Composite Capex Plans Index



Source: Federal Reserve Banks of Richmond, Philadelphia, New York, Kansas City, Texas, Bureau of Economic Analysis, Morgan Stanley Research

THE ECONOMY *(continued)*

These trends are further supported by accommodative monetary and fiscal policy. The Federal Reserve has committed to keeping interest rates low for the foreseeable future and has adopted a higher tolerance for inflation than in the past, making this scenario more plausible over time. In addition, the current administration has expressed a willingness to infuse another $1.5 trillion in stimulus into the economy. Trump winning or losing the election should not have a meaningful impact on a stimulus package as the Democrats have indicated they would do something even larger if they take control.

Strategy

Many of the companies held in the portfolio had a hand in the technologies and services surrounding the utilization of a remote work force as companies scrambled to keep operations running smoothly during the Coronavirus outbreak. The original thesis regarding employees working remotely had a multi-year time frame associated with it, however, the emergence of COVID accelerated that transition into a matter of months instead of years. In addition, remote workers are effectively performing their jobs from afar, removing much of the doubt this was possible, further enabling the virtual economy.

While our conviction in the companies facilitating the shift to the virtual economy has not diminished, we have taken gains in many cases as valuations have become stretched. In the meantime, we have been opportunistic in identifying names where valuations became depressed due to COVID concerns, and have added to, or initiated positions at attractive levels.

THE PORTFOLIO

Q3 Attribution

Consumer Discretionary, Industrials and Health Care were the largest contributors to benchmark performance during the quarter and the only detractor, Communication Services, detracted a single basis point.

What helped performance in sector allocations:

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

In what sectors did stock selection help us:

Health Care, Technology, Communication Services, Real Estate and Consumer Discretionary

What hurt performance in sector allocations:

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

In what sectors did stock selection hurt us:

Industrials, Consumer Staples and Financials

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 third quarter were:

Enphase Energy (ENPH)

Enphase, a market leader in solar power conversion, utilizes low cost, high performance, micro inverters that can provide generation insight down to a single solar panel. We noticed late in 2019 that ENPH was gaining share with some of the highest quality panel manufacturers, including SunPower Corp., and that they would be introducing a backup generation product in 2020, allowing solar powered homes to become even less dependent on grid supplied power. Additionally, this year they launched a next generation micro inverter allowing for more efficient and independent power generation for homes and businesses.

Further fueled by an influx into the suburbs as a result of the impact COVID has had on big city life, supported by historically low borrowing rates thanks to an accommodative Federal Reserve Board, we believe the backdrop for solar power conversion is sustainably positive for the next several years. We continue to maintain a position in EHPH.

Ontrak Inc. (OTRK)

Ontrak provides health insurance companies with tools to reduce expenses by targeting patients with behavioral health issues. Patients with behavioral health issues and chronic conditions (such as diabetes and hypertension) often incur medical costs up to four times higher than those patients that are effectively managing their chronic conditions.

Ontrak has been improving its AI-powered proprietary algorithm for over ten years, helping insurers predict which patients with behavioral health issues could improve the treatment compliance of chronic conditions and then engage these patients via email, text, video and phone to address their condition and keep them on track. With the ability to provide cost savings for insurers and achieving better patient outcomes, OTRK has been adding clients, while patient participation in its program has been accelerating. We continue to hold a position in this company.

Fiverr International (FVRR)

In its second consecutive quarter on the winners list, Fiverr, is an e-commerce platform allowing people to buy and sell freelance services. We invested as the company rolled out its new product, Promoted Listings. Other marketplaces such as Amazon, eBay, and Etsy have proven that monetizing sellers with value-added services is a sustainable and profitable strategy and FVRR is just beginning to tap into this opportunity.

Like most companies, Fiverr reported a slowdown in March due to Coronavirus and the associated containment measures. However, for Fiverr the slowdown was shallow and short lived as their product's value proposition resonated even stronger, as companies shifted to remote workforces. Secular adoption accelerated year over year in the first quarter, as evidenced by increases in gross merchandise value, active buyers, spend per active buyer and web traffic. Promoted Listing adoption is a developing catalyst that should amplify Fiverr revenue growth and margin expansion for years to come. We believe Fiverr is still early in penetrating its addressable market and continue to hold a position.

THE PORTFOLIO *(continued)*

The largest detractors in the third quarter included:

Schrodinger (SDGR)

We bought a position in Schrodinger (SDGR) earlier this year to take advantage of large addressable opportunity associated with new ways to develop new therapies. As you may recall from previous writings, its computational chemistry simulation software platform enables pharmaceutical companies to develop new therapies dramatically cheaper and faster when compared traditional methods. In addition to its software platform, the company itself leverages this technology for internal drug development. SDGR, in fact, offered an attractive hybrid model to participate in the development of exciting new treatments across a broad clinical spectrum without taking a concentrated risk on any specific compound.

The stock rose dramatically through mid-summer, where we took profits on valuation concerns. The company reported a solid q2 result, noting acceleration in some of the internal and partner development efforts. Moreover, the software part of their business also showed signs of acceleration. We attribute the underperformance in the stock since mid-summer mostly to profit taking and no newsworthy clinical catalysts near-term, which tends to subdue investor interest. That said, we continue to like the long-term story and started scaling back into full position in this name.

Inter Parfums (IPAR)

Inter Parfums (IPAR) is a marketer and distributor of a wide array of fragrance and fragrance related products, primarily under license agreements with brand owners such as Coach, Jimmy Choo, Karl Lagerfeld, Montblanc, Van Cleef & Arpels as well as others. Inter Parfums has a long track record of compounding growth and we invested ahead of a major milestone, the global launch of the Kate Spade line of perfume and fragrance products.

Unfortunately, Inter Parfums was hard hit by the COVID pandemic due to reliance on travel consumers and in-store shopping for most of its sales. As a result, revenue declined sharply and the Kate Spade launch was pushed out to 2021, leading to a downturn in share price. We believe this to be a temporary headwind as Inter Parfums has a healthy balance sheet and is likely to emerge from the pandemic with its long-term growth story intact. As such, we added to our Inter Parfums position during the quarter.

Epizyme Inc. (EPZM)

Epizyme is a clinical stage biopharmaceutical company engaged in the development of various cancer treatments. In early 2020, their oral cancer medication Tazemetostat was approved for epithelioid sarcoma, a rare but fatal tissue cancer, followed recently by another recent approval for follicular lymphoma, which is a much larger indication.

Despite volatility in the stock's price, we continue to have conviction for Epizyme's long-term potential as it offers much lower toxicity than current alternatives for follicular lymphoma. Health professionals also like the fact that duration of response for Tazemetostat is similar to alternative treatments, but with a Grade 3 toxicity of only approximately 4% which compares to a range of 14-33% for current alternatives. This is particularly important given that follicular lymphoma patients could live on meds for up to 10 years. Additionally, Tazemetostat is administered orally compared to the competition's injection, making it even more attractive in the post-COVID environment. We continue to hold shares of EPZM.

THE PORTFOLIO *(continued)*

Final Words

The tail end of 2020 is likely to remain volatile as there is still uncertainty surrounding the pace and shape of the recovery in the post-COVID world. In addition, the presidential election is creating more uncertainty as President Trump has repeatedly indicated he believes there is wide scale fraud in the election process, specifically with the use of the mail-in-ballot which has dramatically risen in popularity since the emergence of COVID. In the event the election is not clearly decided in a timely fashion, there are concerns surrounding what role a more conservative Supreme Court might have in that process.

A vaccine is still needed that can protect against the contraction and spread of COVID. Even after it is successfully formulated, the timing and logistics required to vaccinate hundreds of millions here in the U.S. and billions globally are still uncertain.

Regardless of these challenges, we continue to seek out the best and most disruptive growth stories in large addressable markets, while remaining vigilant on valuations, and will use market volatility to our advantage to scale up high conviction names in the portfolio when possible.

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
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.

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 from September 15, 2004 through June 30, 2020. The verification reports are available upon request. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a Firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. A third-party verification as set forth by the GIPS standards has been conducted by ACA Performance Services from April 1, 2017 and by Ashland Partners & Company LLP until March 31, 2017.

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. Policies for valuing portfolios, calculating performance, and preparing compliant presentations 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. 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.