PIER CAPITAL LLC
INSTITUTIONAL EQUITY MANAGEMENT

U.S. SMALL-CAP GROWTH EQUITIES

Proudly Serving Clients Since 1987

Fourth 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	$963 mm
Strategy AUM	$873 mm

STRATEGY CHARACTERISTICS

Wtd. Avg. Market Cap (Millions)	$4,151 mm
Median Market Cap (Millions)	$3,637mm
Debt to Total Cap	46.3%
Price/Earnings FTM	29.8x
Cash Weighting	1.7%

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

Source: FactSet

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RETURNS (Gross of Fees)

	Fourth Quarter 2021	2021
Pier Small Cap Growth*	-0.85%	9.87%
Russell 2000 Growth Index	0.01%	2.83%
Russell 2000 Index	2.14%	14.82%
S&P 500 Index	11.03%	28.71%

PORTFOLIO REVIEW

- Economic recovery has been uneven as supply chain disruptions catalyzed by the emergence of COVID variants have led to prolonged labor shortages, as well as price and wage inflation.
- During the quarter, markets shifted their focus sharply towards Fed Policy, contemplating both the timing and magnitude of tapering and the rate hikes that will be used to bring inflation back within an acceptable range.
- A somewhat choppy market resulted in strategy underperformance in the fourth quarter, however the strategy finished ahead of the Russell 2000 Growth Index by a healthy margin(*).

SUMMARY

While the world began the gradual and cautious process of trying to return to normal, fund managers plodded along doing their best to navigate the ever-changing landscape of stay at home and return to work and play.

In a substantial reversal from 2020, large caps enjoyed very robust returns during the year and small caps lagged significantly. Further to that, in the small cap space, value stocks trounced growth by more than 25% (Russell 2000 Value Index v. Russell 2000 Growth Index) as investors contemplated the future impact of rising rates.

While it is well known that small caps generally offer a better chance for active outperformance relative to their benchmarks than large caps, this proved true this year as it was indeed more of a stock pickers market for the small guys in 2021. According to B of A Global Research's US Mutual Fund Performance Update published on 1/1/2022, small cap mutual fund outperformance handily trumped that of large cap, with 85% of small cap mutual fund managers besting their benchmarks, compared to only 25% in the large cap space. It did, however, prove slightly more difficult in the small cap growth space, with 80% of mutual fund managers outperforming their bogies. We are pleased our Small Cap Growth strategy was able to accomplish the same in 2021(*).

(*) 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

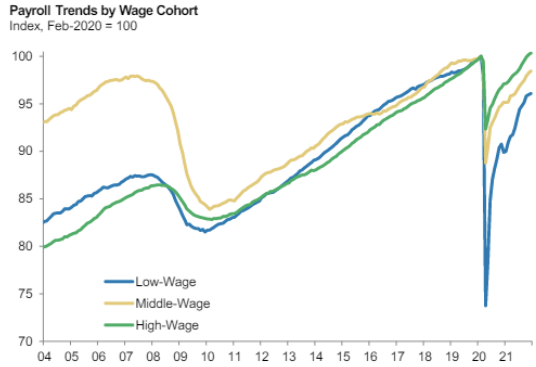
Inflationary pressures cannot be ignored near-term. One sign of broadening inflation pressure is wage growth. According to Morgan Stanley research regarding the December non-farm payroll report,

> *"100% of industries now have 3-months wage growth in excess of their long-term trends. All, low-, middle-, and high-wage "cohorts" are seeing earnings rise."*

Some parts of the labor market are back to pre-pandemic levels, especially in the high-wage category, and the labor participation rate is edging up:

Morgan Stanley | RESEARCH

Exhibit 3: High-Wage Jobs Back Above Pre-Covid Peaks



Source: Bureau of Labor Statistics, Morgan Stanley Research

Exhibit 4: Labor Force Participation Was Stronger in December

Source: Bureau of Labor Statistics, Morgan Stanley Research

While acknowledging uncertainty about Omicron near-term, the Fed continues the tapering process and has signaled the beginning of rate normalization. Absent of another wave of the pandemic with a more difficult-to-treat variant or other disruptive events, monetary policy is poised to get tighter over the coming months and quarters.

While still hovering at the multi-decade lows on the 10-year treasury yield, the rapid velocity of rates rising since the start of the year is starting to diminish the risk appetite for Tech and growth-oriented companies. Clearly, this segment of the market has benefitted from "stay-at-home" orders and, as a result, their valuations have become elevated. It appears this cycle has begun to unwind, with investors rotating back to more cyclical names that have been hurt by the pandemic.

We cannot help but think that the pandemic simply pushed out the inevitable normalization in monetary policy, and it is now resuming. Goldman Sachs expects 10-year yields to reach 2% by the end of 2022, and we could be heading towards the late 2018 peak of roughly 3%.

THE ECONOMY *(continued)*

We believe this scenario presents opportunities on several fronts. Eleven million job opening in the US against the backdrop of a 3.9% unemployment rate will have to be reconciled with more automation, technological training, and technological advances. Moreover, if the trend for "industry repatriation" persists, a domestic capital investment cycle not seen since the end of the Great Recession could be unleashed. Early signs of this can be observed in the semiconductor industry, where the US wants to rebuild chip manufacturing capacity over the next several years and is investing tens of billions into this effort.

Finally, wage inflation is a good thing for the US consumer for obvious reasons. This trend should be supportive of housing, retail, and other industries that traditionally have been notable drivers of earnings for small capitalization stocks.

Strategy

2022 could shape up to be another unusual economic combination as the continuing effects of COVID continue to play out. On one hand, we have reason to believe that we are early in an economic expansion cycle as the economy reopens, travel is restored, and jobs rebound. On the other hand, high inflation, capex build outs and rising interest rates are giving the economy the feel of being quite a bit later in the cycle. Further to that, the drawing down of both the fiscal and monetary stimulus implemented during COVID, removes an economic tailwind which was enjoyed over the last couple of years, as the Fed continues the process of tapering its balance sheet. If you combine these factors together, it could suggest that economic growth peaked in 2021. The rate of deceleration of economic growth will be largely dependent on the sustainability of the industrial capex cycle, which has been fueled by historic inflation and Fed policy, and, how the massive government spending bill being debated by Congress shakes out.

Industrial companies in the Russell 2000 Growth Index were amongst the top performers in 2021, rising more than 20% on average. If economic growth is approaching an apex, or is in deceleration mode, we believe it will be beneficial for those owning secular themes (which dominate our portfolio holdings), as investors typically want to own fewer industrials following a peak in a cycle. With that said, we are still very cognizant of the impact the Fed has on valuations, and we are focused, as always, on high quality names that are either operating at a profit/positive cash flow already or have strong enough unit economics and customer growth that we are confident they can be profitable soon. This focus on quality growth names should help us navigate the 2022 taper and continue to uncover those companies enjoying longer-term secular growth trends.

One secular theme that is of significant interest to us is one of the latest catch phrases, "the metaverse". We perceive the metaverse (a virtual reality world) as a further embodiment of the digital transformation revolution. While most investors are focusing on the consumer applications, we are also quite interested in the commercial and industrial applications of these new technologies. 3D imaging, CAD design and structural integrity continue to proliferate, and we will continue to seek out strong operators in the space.

THE PORTFOLIO

Q4 Attribution

The largest contributors to benchmark performance during the quarter were Industrials, Technology and Real Estate. Health Care, Consumer Discretionary and Energy were the largest detractors in the benchmark.

Sector Allocation

Relative Contributors	
Overweight	Underweight
Technology	Health Care
Industrials	
Financials	

Relative Detractors	
Overweight	Underweight
Communication Services	Consumer Discretionary
Consumer Staples	

Stock Selection within Sectors

Relative Contributors
Health Care
Financials
Consumer Discretionary
Consumer Staples

Relative Detractors
Technology
Communication Services
Industrials

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 external attribution provider FactSet and might not directly compare to the internal reports that we provide.

Holdings

The largest contributors in the fourth quarter were:

Axcelis Technologies (ACLS)

Axcelis Technologies makes ion-implantation systems, which are critical in the microchip manufacturing process. During the ion implantation process, chemical elements like phosphorus and boron, among others, are injected into a silicon wafer to control the flow of electricity and form transistors, which are the basic building blocks of microchips.

Given their expanding product set that handles both mature and advanced manufacturing nodes, the company has been successfully penetrating a handful of secular markets, including customers in the electric vehicle, 5G, and artificial intelligence industries. This dynamic, along with an overall shortage of semiconductor manufacturing capacity coupled with the US Government's drive to "repatriate" semiconductor manufacturing back to the US, created a very favorable environment for growth and gradual multiple expansion. We continue to like this name and maintain an overweight position at the end of the fourth quarter.

THE PORTFOLIO *(continued)*

Silvergate International (SI)

Silvergate is a regional bank that continues to leverage its early-mover advantage in cryptocurrency infrastructure serving financial markets. Institutional adoption continues to accelerate as banks, fin-techs, and hedge funds enter the space and this is evidenced by growth in crypto assets from $2 billion to $12 billion over the past several years. Silvergate continues to innovate and launch new products to drive future growth and earnings power.

In December, Silvergate announced the launch of the EJF Silvergate Ventures Fund, enabling the bank to invest in early-stage companies engaged in a broad range of industries including real-time payments, digital assets, regtech, and banking-as-a-service. Additionally, Silvergate should benefit from a rising rate environment. Using an assumption of four interest rate hikes, implies up to 83% increase in EPS by 2023. While valuation is at a premium compared to most regional bank peers, Silvergate appears to enjoy strong growth prospects, and we remain optimistic about the company's potential to outpace peers in 2022 and beyond. We maintain a position in this name as of quarter end.

Inter Parfums (IPAR)

Inter Parfums markets and distributes of a wide array of fragrance and fragrance related products, primarily under license agreements with various well-known global luxury brands. IPAR's outperformance in 2021 is rooted in broad-based sales growth across all the company's major brands, producing double-digit growth from 2019 levels, despite ongoing headwinds from muted international travel.

The company is navigating supply chain challenges while executing against an ambitious new product launch strategy and has notified retailers about 2-4% price increases in 2022. Additionally, several new products with brand partners including Ferragamo, Donna Karan and Moncler, carry higher gross margins. We have conviction that IPAR's growth runway is substantial and their ability to help brands monetize intellectual property with successful fragrance launches will be enjoyed over several years. We continue to maintain a position in this name as of quarter end.

The largest detractors in the fourth quarter included:

AXL Oncology Holdings (ALXO)

ALXO is focused on clinical stage immune-oncology therapies. Their checkpoint inhibitor treats cancer by targeting the cluster of differentiation 47 (CD47), a tumor associated antigen that is highly expressed on many types of cancer cells.

ALXO is running many trials addressing both blood cancers as well as solid tumor indications. As a combination agent coupled with immunotherapy, it has shown a potential to replace chemotherapy. When combined, the value proposition is clear: ALXO appears to enhance treatment efficacy significantly while reducing toxicity for the patient.

Its initial Myelodysplastic Syndrome (a type of blood cancer) data was somewhat weaker than that from competitor Gilead Sciences, so investors were disappointed in the fourth quarter. However, this is only based on data from a few patients and cross-trial comparison may not be conclusive. We continue hold our positive view on ALXO because it could be the only CD47 blocker that offers efficacy in solid tumor. We continue to maintain a position as of quarter end.

THE PORTFOLIO *(continued)*

Everbridge (EVBG)

Everbridge is a leading provider of cloud-based emergency messaging services. The company is benefiting from their continued build out of enterprise customers with record large contract wins in the third quarter, and meaningful wins in Europe as well.

EVBG is also benefitting from their new product, critical event management, which enables companies to notify the right employees when something operationally disruptive happens. Additionally, new acquisitions (which include travel warnings) and funding from the newly passed infrastructure bill, also provide opportunities for growth. In the fourth quarter the CEO abruptly announced his departure from the company and, out of an abundance of caution, lowered 2022's guidance, leaving investors scratching their heads. At this juncture, we do not believe there is anything fundamentally wrong with the company and investment thesis and as of the end of the quarter continue to maintain a position.

LivePerson (LPSN)

LivePerson is an enterprise software company specializing in messaging and conversational commerce solutions. We believe the opportunity for messaging to play bigger part in ecommerce is substantial, if not massive, and LivePerson is well positioned to capture share among both existing and new retail customers.

That said, execution has been uneven as the company has recently faced difficult comparisons. LPSN was a COVID beneficiary as ecommerce adoption accelerated and more consumers used messaging for customer service. A portion of the company's revenue is usage-based, and as consumer behavior normalized more recently, the related increase enjoyed in 2020 was not repeated in 2021.

In the most recent quarter, management lowered profitability guidance and announced an ambitious plan to double the quota-carrying sales force. This news was perceived negatively by the market due to increased execution risk, leading to the stock's underperformance over past 3+ months. We believe that this product will gain traction and new customer growth will accelerate in 2022 as retailers continue to position their offerings with native messaging functionality. Therefore, we maintain a position in LPSN as of the end of the fourth quarter.

Final Words

With the size and timing of the Fed's taper now fully known to the public, and with headlines suggesting the impact from Omicron will be "manageable", markets appear to be setting aside their jitters for the time being. Investors appear to be looking past COVID, towards a more complete economic recovery, especially given the widespread availability of vaccination options and therapeutic treatments for COVID patients, including new oral medications from Merck and Pfizer, which should be available in the very near future.

Market volatility continues to yield opportunities in high-quality growth stories. We remain focused on identifying sustainable, long-term secular growth stories in the Technology, Biotech, Consumer Discretionary and Industrial segments of the market, while paying careful attention to the valuations as well as each company's roadmap to profitability, particularly in the Technology/Software-as-a-Service space.

THE PORTFOLIO *(continued)*

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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
2021	$963	$347	10	9.87%	2.83%	0.33%	24.20%	23.07%
2020	$961	$397	10	61.70%	34.63%	0.20%	26.64%	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.

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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, 2021. 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 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. Verification does not provide assurance on the accuracy of any specific performance report. The firm's list of pooled fund descriptions for limited distribution pooled funds is available upon request. 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 for this Composite is listed below. This Composite includes separately managed accounts as well as Pier Capital's private fund - Pier Capital Commingled Small Cap Growth Fund Investment Trust. For year end 2020, the expense ratio for the private fund was 0.06%.

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.