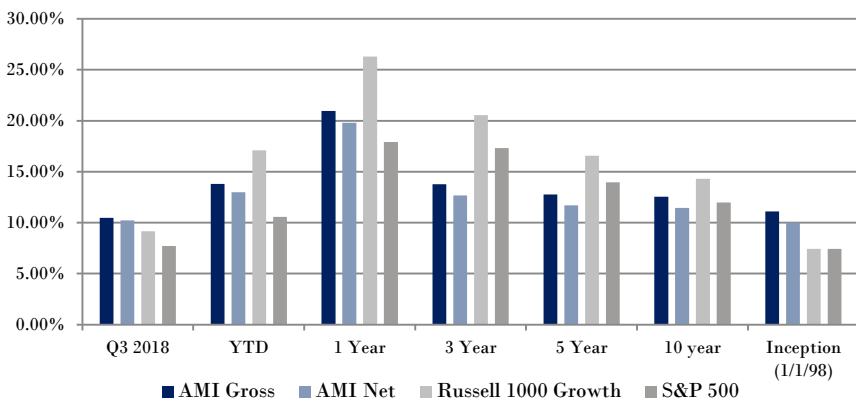


# AMI Large Cap Growth Equity Factsheet

Growth Through Stability

Q3 • 2018

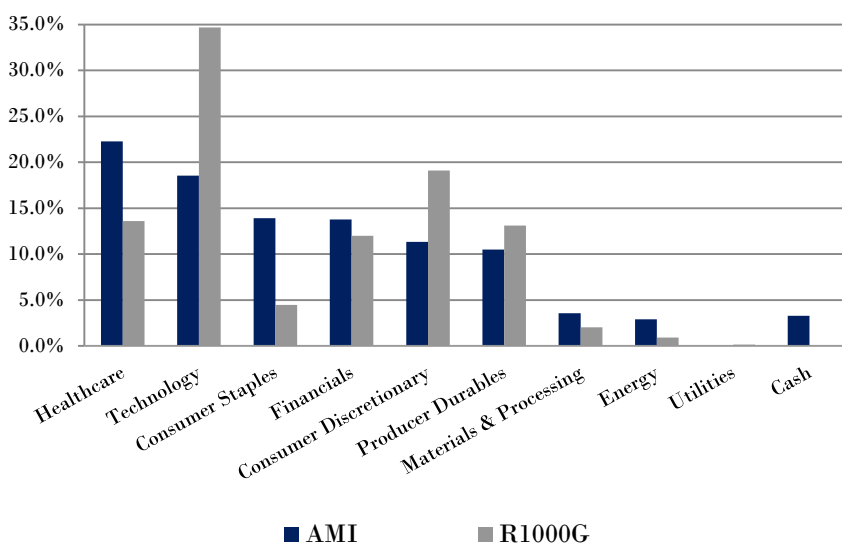
## Annualized Returns



|                            | Q3 2018*      | YTD*          | 1 Year        | 3 Year        | 5 Year        | 10 year       | Inception (1/1/98) |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|
| <b>AMI Gross</b>           | <b>10.49%</b> | <b>13.79%</b> | <b>20.95%</b> | <b>13.76%</b> | <b>12.78%</b> | <b>12.54%</b> | <b>11.09%</b>      |
| <b>AMI Net</b>             | <b>10.24%</b> | <b>12.98%</b> | <b>19.80%</b> | <b>12.66%</b> | <b>11.69%</b> | <b>11.45%</b> | <b>10.01%</b>      |
| <b>Russell 1000 Growth</b> | 9.17%         | 17.09%        | 26.30%        | 20.55%        | 16.58%        | 14.31%        | 7.43%              |
| <b>S&amp;P 500</b>         | 7.71%         | 10.56%        | 17.91%        | 17.31%        | 13.95%        | 11.97%        | 7.44%              |

\*Not annualized. As of 9/30/18. Net returns are based on the highest annual fee paid by AMI clients of 1.00%. The annual fee schedule for institutional accounts is as follows: 0.70% for the first \$10 million, 0.60% on the next \$15 million, 0.50% on the next \$25 million and 0.40% on the balance. The above information is based on the Domestic Large Cap Growth Composite and clients accounts may vary and includes the reinvestment of dividends and other earnings. Past performance is not an indication of future returns. Please refer to important disclosures on last page. Source – AMI.

## Sector Allocations (%)



\*\*Please see the following page for important disclosures.

## Firm Summary:

- Founded in 1994
- Located in Los Angeles, CA
- Employee Owned
- Total Firm-Wide Assets: \$1.8 Billion
- Total Strategy Assets: \$1.0 Billion

## Investment Philosophy and Process:

- Invest in companies with recurring revenue business models, defined as having products and services with < 2 year life span
- Utilize a fundamental, bottom-up approach to identify high quality growing companies with good growth prospects, strong cash flow and good balance sheets
- Purchase securities at attractive valuations as determined by AMI's proprietary models
- Concentrated portfolio of 30-35 names with turnover of approximately 25%
- Target in-line participation in up markets, with significant downside protection

## Portfolio Characteristics

|                                 | AMI Growth | Russell 1000G | S&P 500 |
|---------------------------------|------------|---------------|---------|
| Price/Earnings                  | 20.0x      | 20.1x         | 17.3x   |
| Price to Book Value             | 4.9x       | 8.0x          | 3.2x    |
| EPS LTG Estimate                | 11.5%      | 11.4%         | NA      |
| Dividend Yield                  | 1.0%       | 1.2%          | 1.9%    |
| Median Mkt. Cap. (\$B)          | \$64       | \$13          | \$22    |
| Dollar Wt. Avg. Mkt. Cap. (\$B) | \$163      | \$319         | NA      |
| Positions                       | 32         | 542           | 505     |

\*\*Please see the following page for important disclosures.



## Top Ten Holdings

| Company                | Sector                 | Weight |
|------------------------|------------------------|--------|
| Church & Dwight (CHD)  | Consumer Staples       | 4.90%  |
| Becton Dickinson (BDX) | Healthcare             | 4.54%  |
| Apple (AAPL)           | Technology             | 4.18%  |
| Mastercard (MA)        | Financial Services     | 4.11%  |
| PayPal Holdings (PYPL) | Financial Services     | 3.58%  |
| Alphabet (GOOGL)       | Technology             | 3.56%  |
| Ecolab (ECL)           | Materials & Processing | 3.55%  |
| Laboratory Corp. (LH)  | Healthcare             | 3.54%  |
| Zoetis (ZTS)           | Healthcare             | 3.54%  |
| McCormick (MKC)        | Consumer Staples       | 3.52%  |

\*\*\*Please see below for important disclosures.

## Risk/Return Statistics

|                    | 3 Year | 5 Year | 10 Year | Incept. (1/1/98) |
|--------------------|--------|--------|---------|------------------|
| Standard Deviation | 7.23   | 8.44   | 12.65   | 13.76            |
| R-Squared          | 0.75   | 0.78   | 0.89    | 0.69             |
| Alpha              | -6.09  | -3.33  | 1.18    | 5.48             |
| Beta               | 1.01   | 1.00   | 0.78    | 0.60             |
| Sharpe Ratio       | 1.78   | 1.45   | 0.96    | 0.67             |
| Tracking Error     | 3.59   | 3.92   | 5.41    | 10.73            |
| Upside Capture     | 66.89  | 81.13  | 82.64   | 83.01            |
| Downside Capture   | N/A    | 138.07 | 79.65   | 50.73            |

As of 9/30/18. Source – PSN Informa Enterprise. The above information is based on a representative account and client's accounts may vary. The portfolio characteristics information is being presented as supplemental information to the AMI Domestic Large Cap Growth Composite. Based on quarterly performance.

### AMI Asset Management Domestic Large Cap Growth Composite Performance Report January 1, 1998 through December 31, 2017

| Year | Total Firm Assets (\$) | Total Composite Assets (\$) | Composite Composed of Carve-Outs (%) | Composite Accounts at Year-End | Composite Non-Fee-Paying Accounts (%) | Total Return % (Gross) | Total Return % (Net) | S&P 500® Total Return (%) | Russell 1000® Growth Return (%) | Internal Dispersion (%) | Composite 3-Yr St Dev (%) | S&P 500® Total Return 3-Yr St Dev (%) | Russell 1000® Growth 3-Yr St Dev (%) |
|------|------------------------|-----------------------------|--------------------------------------|--------------------------------|---------------------------------------|------------------------|----------------------|---------------------------|---------------------------------|-------------------------|---------------------------|---------------------------------------|--------------------------------------|
| 1998 | 78,191,889             | 10,337,846                  | 92                                   | 15                             | 47                                    | 61.32                  | 59.89                | 28.58                     | 38.71                           | n/a <sup>1</sup>        |                           |                                       |                                      |
| 1999 | 111,490,925            | 17,273,108                  | 87                                   | 29                             | 24                                    | 2.39                   | 1.37                 | 21.04                     | 33.16                           | 17.79                   |                           |                                       |                                      |
| 2000 | 135,547,048            | 27,871,170                  | 94                                   | 47                             | 28                                    | 14.10                  | 13.00                | -9.10                     | -22.42                          | 21.32                   |                           |                                       |                                      |
| 2001 | 151,024,054            | 48,610,638                  | 79                                   | 101                            | 0                                     | -5.78                  | -6.73                | -11.89                    | -20.42                          | 7.19                    |                           |                                       |                                      |
| 2002 | 142,900,724            | 58,677,522                  | 69                                   | 143                            | 18                                    | -13.68                 | -14.57               | -22.10                    | -27.88                          | 5.44                    |                           |                                       |                                      |
| 2003 | 178,661,274            | 96,389,995                  | 60                                   | 200                            | 12                                    | 27.99                  | 26.79                | 28.68                     | 29.75                           | 5.76                    |                           |                                       |                                      |
| 2004 | 209,851,255            | 138,470,752                 | 50                                   | 249                            | 5                                     | 16.18                  | 15.06                | 10.88                     | 6.30                            | 6.38                    |                           |                                       |                                      |
| 2005 | 305,431,425            | 193,735,218                 | 43                                   | 342                            | 3                                     | 8.66                   | 7.61                 | 4.91                      | 5.26                            | 6.02                    |                           |                                       |                                      |
| 2006 | 356,240,234            | 208,487,349                 | 55                                   | 158                            | 0                                     | 2.92                   | 1.90                 | 15.79                     | 9.07                            | 2.17                    |                           |                                       |                                      |
| 2007 | 406,750,350            | 242,114,894                 | 58                                   | 162                            | 0                                     | 14.18                  | 13.08                | 5.49                      | 11.81                           | 2.71                    |                           |                                       |                                      |
| 2008 | 388,681,780            | 171,710,444                 | 53                                   | 134                            | 0                                     | -22.03                 | -22.87               | -37.00                    | -38.44                          | 1.62                    |                           |                                       |                                      |
| 2009 | 453,680,134            | 195,966,631                 | 2                                    | 121                            | 0                                     | 22.02                  | 20.86                | 26.46                     | 37.21                           | 1.84                    |                           |                                       |                                      |
| 2010 | 528,289,682            | 251,454,682                 | 0                                    | 141                            | 0                                     | 15.92                  | 14.80                | 15.06                     | 16.71                           | 0.54                    |                           |                                       |                                      |
| 2011 | 646,220,334            | 322,062,286                 | 0                                    | 170                            | 0                                     | 7.03                   | 5.98                 | 2.11                      | 2.64                            | 0.35                    | 10.71                     | 15.24                                 | 15.28                                |
| 2012 | 803,448,904            | 422,335,857                 | 0                                    | 194                            | 0                                     | 17.94                  | 16.81                | 16.00                     | 15.26                           | 0.25                    | 10.13                     | 13.03                                 | 13.45                                |
| 2013 | 1,202,046,130          | 655,958,453                 | 0                                    | 283                            | 0                                     | 31.12                  | 29.89                | 32.39                     | 33.48                           | 0.37                    | 9.52                      | 11.92                                 | 12.16                                |
| 2014 | 1,476,318,603          | 784,078,336                 | 0                                    | 322                            | 0                                     | 14.30                  | 13.19                | 13.69                     | 13.05                           | 0.16                    | 8.46                      | 8.96                                  | 9.58                                 |
| 2015 | 1,756,380,341          | 462,222,146                 | 0                                    | 246                            | 0                                     | 3.85                   | 2.82                 | 1.38                      | 5.67                            | 0.23                    | 9.84                      | 10.46                                 | 10.68                                |
| 2016 | 1,683,058,163          | 345,910,812                 | 0                                    | 256                            | <1%                                   | 0.33                   | -0.67                | 11.96                     | 7.08                            | 0.18                    | 10.40                     | 10.58                                 | 11.14                                |
| 2017 | 1,800,836,245          | 279,648,992                 | 0                                    | 191                            | <1%                                   | 23.10                  | 21.93                | 21.83                     | 30.21                           | 0.14                    | 9.93                      | 9.91                                  | 10.53                                |

† The composite contains five or fewer households and therefore no internal dispersion is calculated

1. AMI Asset Management Corporation ("AMI") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. AMI Asset Management has been independently verified for the periods January 1, 1998 through December 31, 2017.

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. The Domestic Large Cap Growth Composite has been examined for the periods January 1, 1998 through December 31, 2017. The verification and performance examination reports are available upon request.

2. AMI is an independent investment management firm registered with the Securities and Exchange Commission. AMI was established in 1994; however, we did not start investing on clients' behalf until 1998. AMI manages equity and fixed income accounts for our clients. We offer seven investment options: Domestic Large Cap Growth Strategy, Domestic Small Cap Growth Strategy, Domestic Small-Mid Cap Growth Strategy, Domestic Large Cap Equity Income Strategy, Government/Corporate Fixed Income Strategy, Intermediate Quality Tax Exempt Strategy and a High Yield Capital Appreciation Strategy.

3. The Domestic Large Cap Growth Composite includes all fully discretionary, fee-paying and non-fee-paying, taxable and nontaxable households with at least \$400,000 in equities on the last day of the previous quarter. Beginning January 1, 2006, the composite was constructed using client households, as defined, whereas previously the composite was constructed at the account level. The composite was modified beginning January 1, 2006, to reflect the increase in our minimum equity balance per household from \$100,000 to \$400,000. AMI manages the Domestic Large Cap Growth Composite with the goal of achieving long term returns in excess of both the S&P 500® Total Return and the Russell 1000® Growth Index through investing in quality large cap growth companies that trade at a discount to their values. This composite was created in January 1998. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

4. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns are presented before management fees but after all trading expenses. Net returns are calculated by deducting an annual fee of 1.0% from the quarterly gross composite return. The annual fee schedule is as follows for institutional accounts: 0.70% on the first \$10 million, 0.60% on the next \$15 million, 0.50% on the next \$25 million and 0.40% on the balance.

5. The benchmarks we use are the Standard & Poor's 500® Total Return and the Russell 1000® Growth Index. The Standard & Poor's 500® Total Return is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. It includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The S&P 500® Total Return focuses on the large cap segment of the market with over 80% coverage of U.S. equities. The Russell 1000® Growth Index measures the large-capitalization growth sector of the U.S. equity market. It is a subset of the Russell 1000® Index. The Index is capitalization-weighted and consists of those companies, or portion of a company, with higher price-to-book ratios and higher forecasted growth within the Russell 1000® Index. The Russell 1000® Growth Index was added as an additional benchmark on January 1, 2013 and since the inclusion of the additional benchmark represents a more complete comparison to our composite strategy, the data was applied retroactively. The benchmark was changed from the S&P 500® Index to the S&P 500® Total Return on January 1, 2007. The inclusion of dividends in the S&P 500® Total Return represents a more accurate comparison to our composite strategy, and therefore was applied retroactively.

6. The actual cash and cash equivalents in each household are used in the performance of the composite. Prior to January 1, 2010, cash was allocated to the equity carve-out returns based on actual average monthly cash balances of households in the composite and the respective returns of those cash balances. Prior to January 1, 2005, cash was allocated to the carve-outs in the composite based on the average quarterly percentage of cash in a typical equity-only account. The three-month T-bill rate was used as the return on the cash allocation percentage.

7. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Past performance is not indicative of future results. The performance information is supplied for reference. Results will vary among accounts.

8. Valuations and returns are computed and stated in U.S. dollars. The internal dispersion of annual returns is measured by the standard deviation of equal-weighted household returns presented within the composite for the full year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not presented for 1998-2010 because monthly composite and benchmark returns were not available and is not required for periods prior to 2011. Accounts managed by AMI Asset Management Corporation do not make use of leverage, derivatives or short positions.

9. Beginning on January 1, 2006, a significant cash flow policy was added to the Domestic Large Cap Growth Composite. A significant cash flow is defined as a cash flow greater than 40% of the equity portfolio during the quarter.

10. To receive a complete list of composite descriptions, contact Katharine Kim at (424) 320-4003, or write AMI Asset Management Corporation, 10866 Wilshire Boulevard Suite 770, Los Angeles, California 90024, or [Katharine@amiassetmanagement.com](mailto:Katharine@amiassetmanagement.com).

\*\* As of 9/30/18. Source – Bloomberg, AMI, Russell, and Standard and Poors. The above information is based on a representative account and clients accounts may vary. The portfolio characteristics information is being presented as supplemental information to the AMI Domestic Large Cap Growth Composite.

\*\*\* As of 9/30/18. Holdings are subject to change. The above information is based on a representative account and client's accounts may vary. The reader should not assume that an investment in the securities identified was or will be profitable. A complete list of all buy and sell recommendations for this strategy within the last 12 months is available upon request. AMI Asset and/or one or more of its employees may have a position in these securities and may purchase and sell such securities from time to time. The holdings information is being presented as supplemental information to the AMI Domestic Large Cap Growth Composite.