

Oklahoma City Employee Retirement System

Small/Mid Cap Equity Portfolio Review

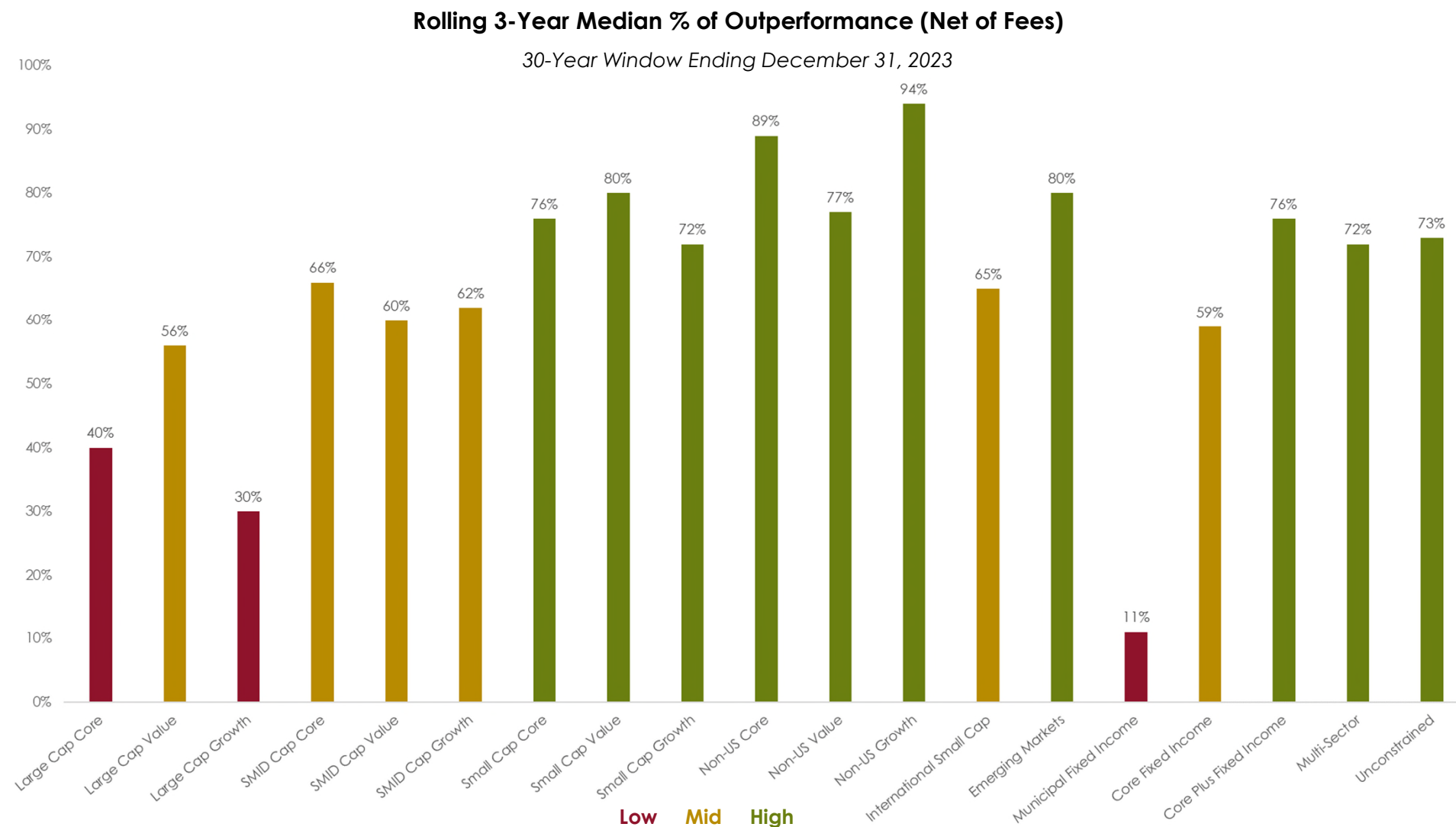
May 8, 2025



2018 2019 2020 2021 2022 2023 2024

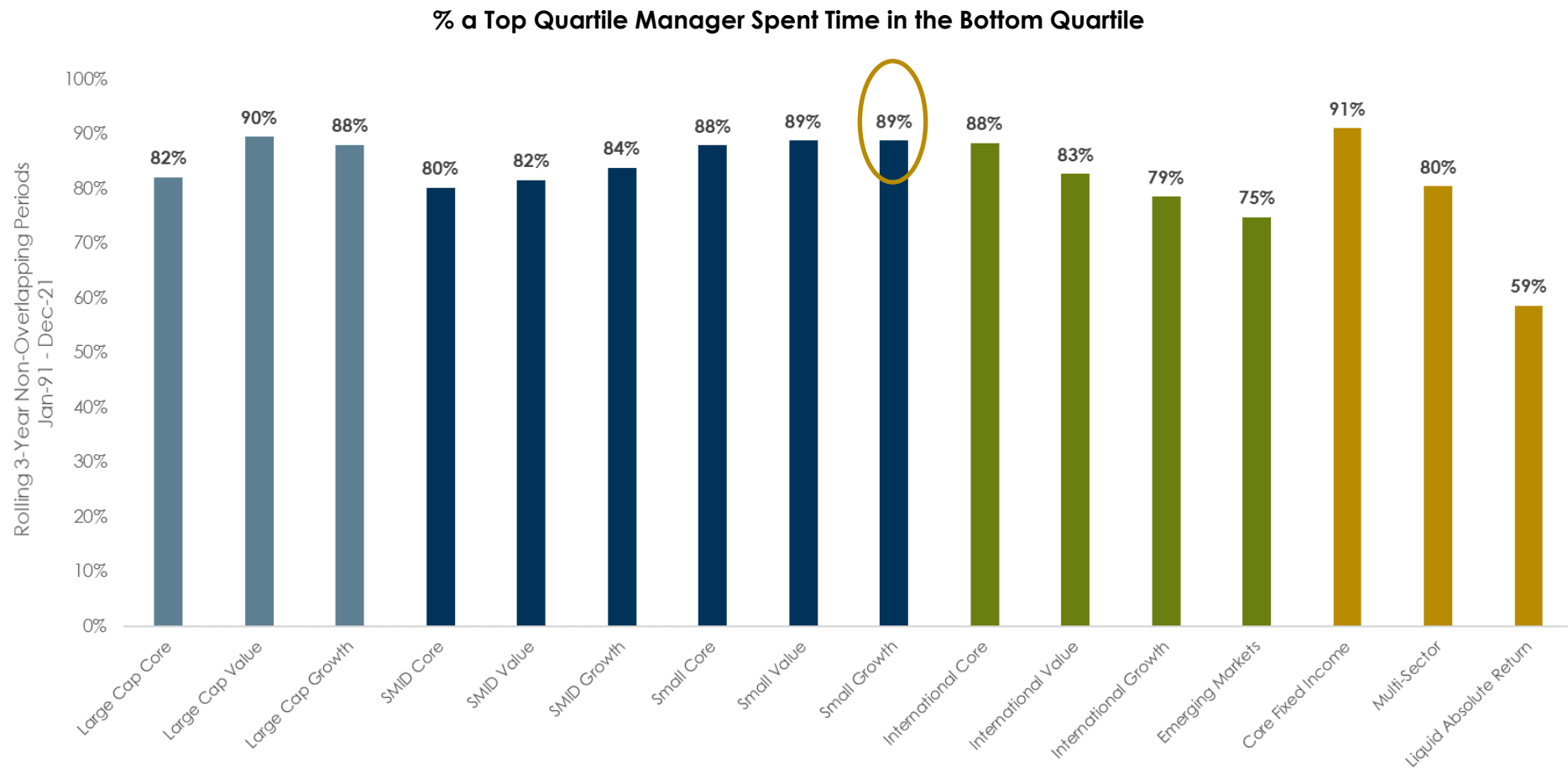
**ACG has been named a
Coalition Greenwich Best Investment Consultant
for seven consecutive years.**

Methodology and Disclosure: Between February and September 2024, Coalition Greenwich conducted interviews with 699 individuals from 563 of the largest tax-exempt funds in the United States. These U.S.-based institutional investors are corporate, public, union, and endowment and foundation funds with either pension or investment pool assets greater than \$150 million. Study participants were asked to provide quantitative and qualitative evaluations of their asset management and investment consulting providers, including qualitative assessments of those firms soliciting their business and detailed information on important market trends. ACG is one of three firms recognized in the mid-size investment consultant category. The ratings may not be representative of any one client's experience with ACG; rather they are representative of those clients that chose to participate in the survey. The results are not indicative of ACG's future performance. ACG does not pay to have its clients participate in the study.



- Across most asset classes and over rolling three-year periods, the median manager has consistently outperformed (>50% of time).
- Consistency helps define the breadth of the active opportunity set.
- **Key Takeaway: evaluate the magnitude (excess return) and consistency of the active managers in an asset class.**

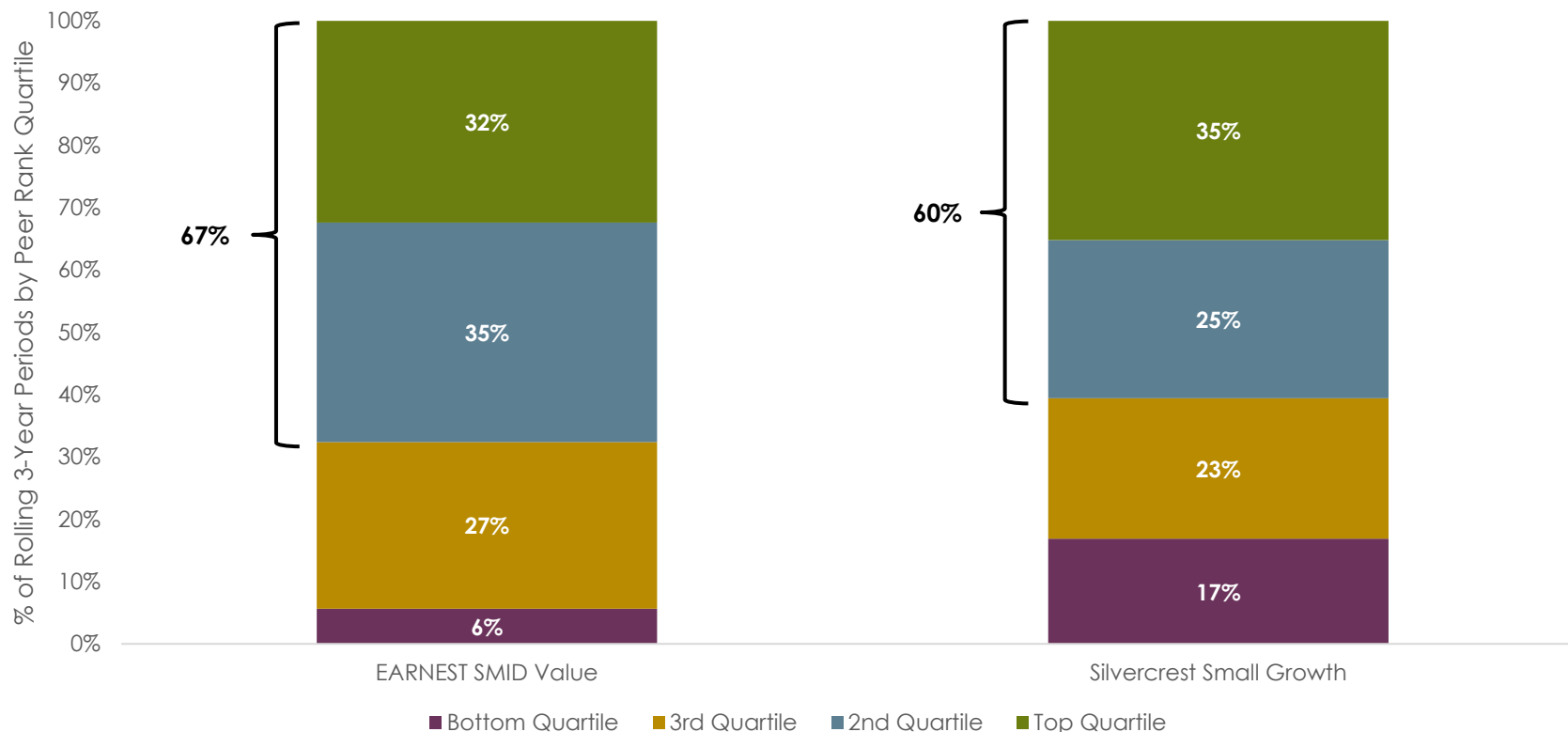
Consistency is calculated as the percentage of quarterly observations that the peer group's median three-year return exceeds the benchmark over the most recent 30-year window.



- 89% of Small Cap Growth managers who achieved top quartile returns have also spent time in the bottom quartile.
- Long-term success requires patience – **most managers are likely to appear in the bottom quartile for certain time periods.**
- Across most asset classes, **there is a >80% chance that any individual manager will fall into the bottom quartile of their peer group at some point in time.**

Rolling 3-Year Peer Rank Consistency by Quartile

For the Periods June 2004 – December 2024



- **Earnest Partners** has outperformed the median US Small/Mid Cap Value manager 67% of rolling three-year periods and been in the top performing quartile relative to peers 32% of observations. **The average 3 year rolling rank is 37.**
- **Silvercrest** has outperformed the median US Small Cap Growth manager 60% of rolling three-year periods and been in the top performing quartile relative to peers 35% of observations. **The average 3 year rolling rank is 45.**
- **Both Earnest Partners and Silvercrest have** been in the bottom quartile at times.
- **Long-term success requires patience** – managers are very likely to experience periods in the bottom half.

Source: eVestment Alliance. Common periods using Silvercrest's June 2004 inception.

Small/Mid Cap Value

For the Period Ending December 31, 2024

Firm Details

EARNEST is a 100% employee-owned firm (Paul Viera owns the majority of the firm and eight others own the rest) founded in 1999. EARNEST manages US and non-US equity (relative value and core styles) and fixed income portfolios. Paul Viera is the CEO of the firm and leads the investment team. Paul has a significant portion of his net worth in the firm and its strategies. EARNEST uses a team of 15-20 investment professionals to make buy and sell decisions (Mr. Viera has final decision, if consensus is not reached). This team of sector specific analysts is a resource for all equity strategies. Each associate has responsibility for approximately 25 stocks.

Organization

Address	1180 Peachtree St., Suite 2300 Atlanta, Georgia 30309
Firm Inception	1998
Team Location(s)	Atlanta, Georgia
Firm Assets	\$34,315 (Millions)
Ownership Structure	100% Employees

Investment Strategy

EARNEST has attempted to identify the most predictive drivers of performance among six broad categories (Valuation Measures, Market Trends, Operating Trends, Growth Measures, Profitability Measures and Macro-Economics) for 36 industry clusters. EARNEST's model screens the universe to identify stocks with the largest expected excess return, based on the most predictive combination of drivers for a given cluster. Over time, the team has identified performance drivers within industries that have preceded prior periods of significant outperformance ("Return Pattern Recognition"). Initially, EARNEST utilizes a quantitative approach to identify a select group of stocks for further fundamental analysis. The research group then performs detailed fundamental analysis on each company, focusing on meetings with management, customers, suppliers, and competitors. Each idea is then presented to the research group for approval. The resulting portfolio of about 60 stocks with the greatest expected return is then optimized. Finally, the team uses a statistical approach, called downside deviation, to measure and constrain the likelihood of significantly underperforming the benchmark.

Strategy Information

Benchmark	Russell 2500 Value
Strategy Assets	\$2,755 (Millions)
Strategy Inception	11/30/2002
Holdings Range	50-70
Turnover Range	25% - 50%
Research Technique / Investment Style	Bottom-Up / Relative Value
Vehicles / Minimums	SMA: \$10M; CIT: \$3M
Fees/Expense Ratios	SMA: First \$10M at 100 bps, next \$15M at 75 bps, next \$25M at 60 bps, balance at 50 bps; CIT: Jumbo Class: 55bps (initial investment >\$100mm), Large Class: 65bps (initial investment \$5-100mm), Standard Class: 75bps (initial investment <\$5mm)

Key Personnel Responsible for Strategy

Name	Title	Start
Paul Viera	Partner	1998
Chris Hovis	Partner	2006
Dinkar Singh, PhD	Partner	2009

Key Personnel Departures

Name	Title	Start	End
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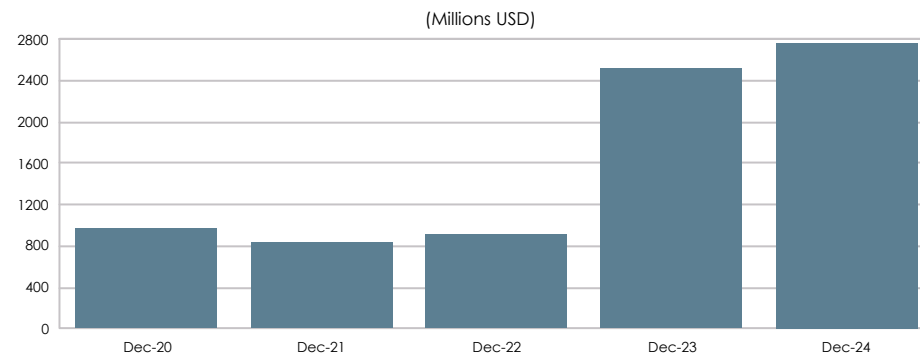
Small/Mid Cap Value

For the Period Ending December 31, 2024

Recent Meetings

ACG Attendee	Manager Attendee	Location	Date
R. Siebers	P. Malcom, R. Burgess	Conference Call	03/12/2025
R. Siebers	R. Burgess, A. Kirchoff	ACG Office	08/26/2024
J. Pulos, P. Karolczak	T. Greer	Client Office	04/11/2024
R. Siebers	A. Kirchoff	Conference Call	03/27/2024

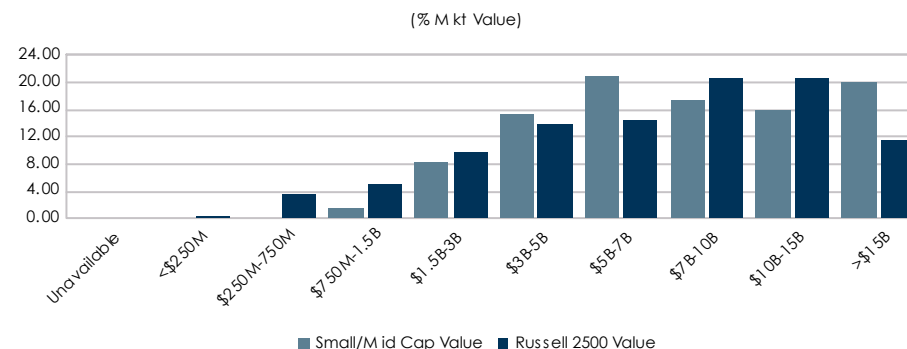
Strategy Assets



Investment Thesis

The strategy is appealing for a number of reasons. First, the process is unique in that it uses a proprietary screen developed by the founder Paul Viera, which has been used for a number of years. Second, the team has been relatively stable since the inception of the strategy. Furthermore, those on the investment team have very diverse backgrounds from a number of different industries. Lastly, long-term absolute and risk-adjusted performance has been very solid.

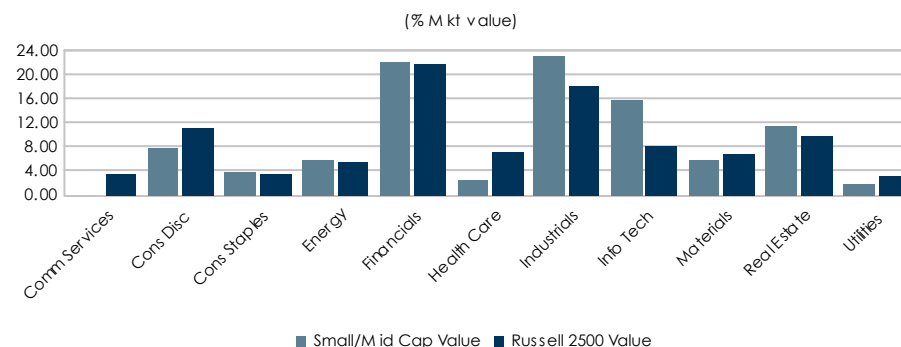
Market Cap



Commentary

The EARNEST Partners Small/Mid Cap Value composite lagged its benchmark by 40 bps gross-of-fees in the fourth quarter, finishing calendar year 2024 165 bps behind the Russell 2500 Value. Stock selection in Energy accounted for most of the annual underperformance, costing the strategy -155 bps relative return, after Exploration & Production holdings underperformed. Health Care and Consumer Staples were the other material detractors, accounting for -57 bps and -70 bps respectively. Information Technology was the largest contributor, with AI-related holdings accounting for most of the sector's outperformance. The strategy managed to keep pace during the benchmark's rallies in July and November, when the benchmark gained over 8% in each month.

Sector Allocation



Small/Mid Cap Value

For the Periods Ending December 31, 2024

Monthly Returns (%)	Dec 24	Nov 24	Oct 24	Sep 24	Aug 24	Jul 24	Jun 24	May 24	Apr 24	Mar 24	Feb 24	Jan 24
EARNEST SMid Value	-7.12	8.69	-1.62	0.65	-0.68	8.66	-2.56	3.91	-7.00	5.39	3.67	-1.50
<i>Russell 2500 Value</i>	-7.18	8.82	-1.26	1.42	0.00	8.10	-2.01	4.21	-6.29	4.93	4.01	-2.81

Calendar Year Returns (%)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	Performance Stats (120 Months)				
											Pos.	Neg.	Best	Worst	Med.
EARNEST SMid Value	9.33	15.97	-8.23	26.38	20.71	31.57	-14.16	23.86	20.84	-3.70	72	48	17.54	-18.71	1.04
<i>Russell 2500 Value</i>	10.98	15.98	-13.08	27.78	4.88	23.56	-12.36	10.36	25.20	-5.49	73	47	17.50	-24.93	1.16

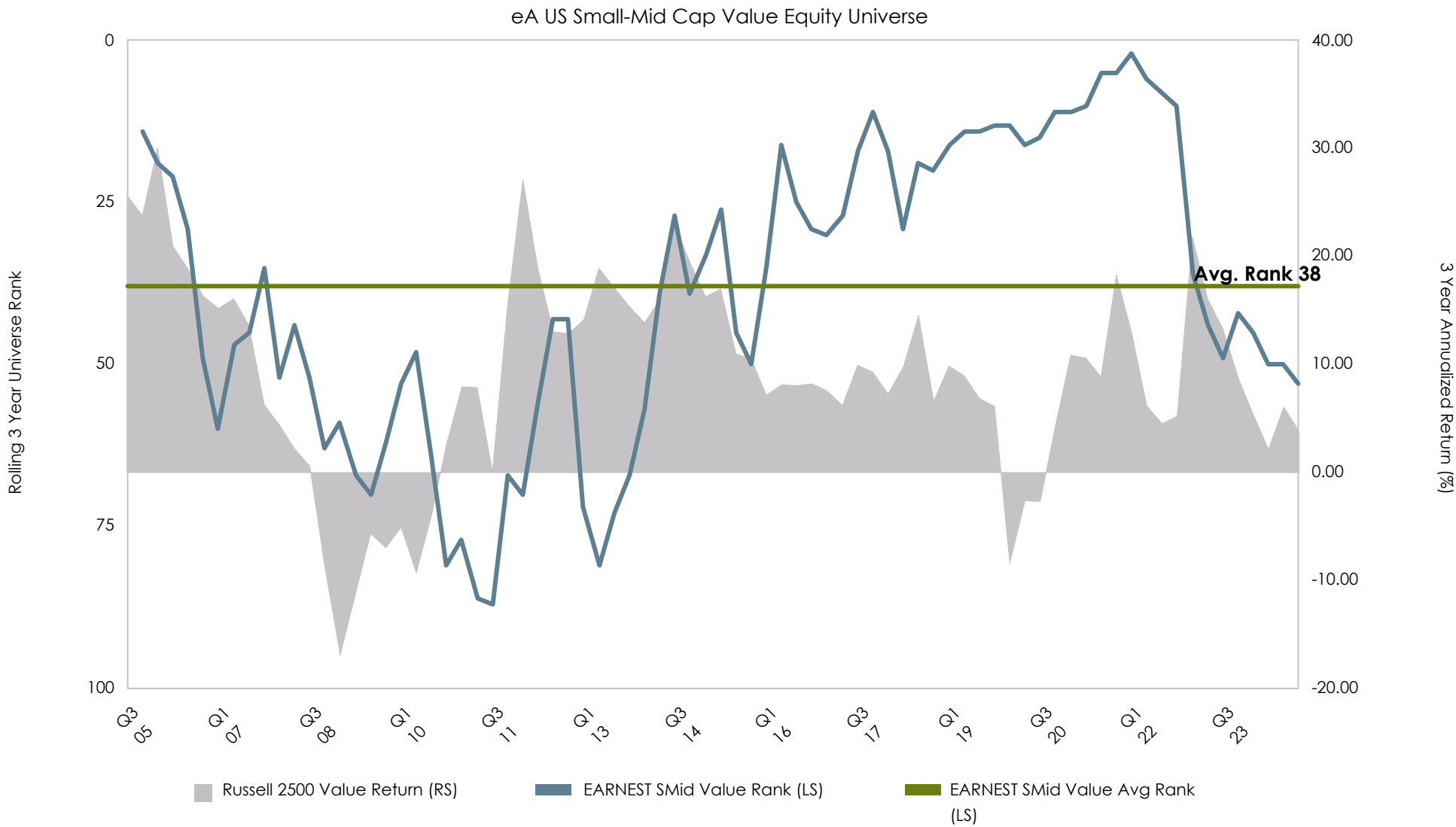
Statistics	Return (%)	Standard Deviation (%)	Sharpe Ratio	Beta	R2 (%)	Alpha (%)	Tracking Error (%)	Batting Average (%)	Up Capture (%)	Down Capture (%)
1 Year										
EARNEST SMid Value	9.33	18.42	0.21							
<i>Russell 2500 Value</i>	10.98	17.98	0.31	1.02	98.66	-1.64	2.16	33.33	97.95	104.30
<i>Rank*</i>	72									
3 Years										
EARNEST SMid Value	5.18	21.75	0.06							
<i>Russell 2500 Value</i>	3.81	21.94	-0.01	0.98	97.30	1.40	3.61	47.22	96.91	94.90
<i>Rank*</i>	53									
5 Years										
EARNEST SMid Value	12.16	23.28	0.42							
<i>Russell 2500 Value</i>	8.44	24.29	0.25	0.94	96.26	3.81	4.73	53.33	100.81	92.12
<i>Rank*</i>	21									
10 Years										
EARNEST SMid Value	11.19	19.57	0.48							
<i>Russell 2500 Value</i>	7.81	19.79	0.31	0.96	94.33	3.46	4.73	53.33	103.87	92.48
<i>Rank*</i>	15									

*Rank in the eA US Small-Mid Cap Value Equity Universe

Small/Mid Cap Value

For the Period Ending December 31, 2024

Rolling 3 Year Ranking



Small Cap Growth

For the Period Ending December 31, 2024

Firm Details

Silvercrest Asset Management Group LLC was formed in April 2002 as an employee-owned registered investment advisor by senior executives formerly affiliated with DLJ Asset Management and Credit Suisse Asset Management. The sole member of Silvercrest Asset Management Group LLC at its founding was Silvercrest L.P., whose general partner was Silvercrest LLC. As of May 1, 2007, an affiliate of Vulcan, Inc. had acquired a 30% equity stake in Silvercrest from the firm's original financial backers. On June 27, 2013, Silvercrest LLC dissolved and the limited partnership reorganized with Silvercrest Asset Management Group Inc. a publicly traded company (NASDAQ: SAMG), as its new general partner. The firm acquired Neosho Capital and Cortina Asset Management in 2019.

Organization

Address	1330 Avenue of the Americas, 38th Floor New York, New York 10019
Firm Inception	2002
Team Location(s)	Milwaukee, Wisconsin
Firm Assets	\$22,640 (Millions)
Ownership Structure	Limited Partnership w/ Silvercrest Asset Management (NASDAQ: SAMG) as GP

Investment Strategy

Silvercrest's Small Cap Growth team (formerly known as Cortina) utilizes a bottom-up fundamental approach to identify innovative companies with large market opportunities. The investment team, comprised of Brian Bies, Steve Lilly, and three research analysts, seeks out companies under \$2B in market cap that have at least 20% revenue growth. The investment process is based primarily on meetings with company management teams and does not incorporate much quantitative screening. The team feels that most quantitative screens are backward looking, which would prevent them from investing ahead of fundamental inflection points. While the team is focused on bottom-up research, they allow themes to develop within the portfolio and are cognizant of the broader macro environment. The themes are developed through the team's company and industry research, not as a result of any tactical market outlook. Once a potential investment opportunity has been vetted, the two portfolio managers determine how it best fits into the overall portfolio. The portfolio typically has between 90 - 120 stocks, with no single position representing more than 5% of the total portfolio. Relative sector weightings are limited to +/-15% versus the Russell 2000 Growth Index. Investment themes are limited to a maximum of 15%. Cash is a residual of the process and is typically less than 5%.

Strategy Information

Benchmark	Russell 2000 Growth
Strategy Assets	\$712 (Millions)
Strategy Inception	06/30/2004
Holdings Range	90 - 120
Turnover Range	50% - 100%
Research Technique / Investment Style	Bottom-Up / Growth
Vehicles / Minimums	SMA: \$5M
Fees/Expense Ratios	SMA: First \$25M at 100 bps, next \$25M at 90 bps, balance at 80 bps

Key Personnel Responsible for Strategy

Name	Title	Start
Brian Bies	Founding Principal & Portfolio Manager	2004
Steven Lilly	Portfolio Manager	2007
Jennifer Hanson	Senior Equity Analyst	2004
Jeff Nevins	Senior Equity Analyst	2018

Key Personnel Departures

Name	Title	Start	End
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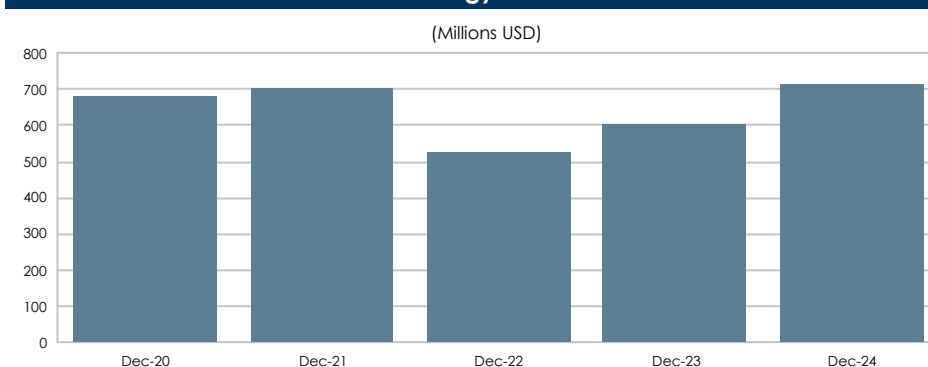
Small Cap Growth

For the Period Ending December 31, 2024

Recent Meetings

ACG Attendee	Manager Attendee	Location	Date
R. Siebers	S. Lilly, J. Klaus, B. Bies, T. Eck, J. Potter, J. Nevins, R. Rama	Manager Office	12/17/2024
R. Siebers	J. Klaus, T. Eck, J. Potter	Video Conference	11/14/2024
R. Siebers	S. Lilly, B. Bies, V. Martin, J. Klaus	Video Conference	02/28/2024
R. Siebers	S. Lilly, B. Bies, J. Klaus	Video Conference	05/24/2023

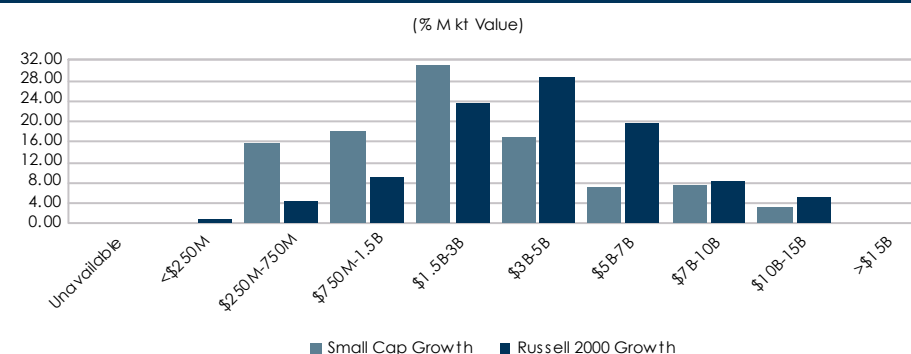
Strategy Assets



Investment Thesis

The strategy is compelling for several reasons. First, the firm is dedicated to domestic small cap investing. Secondly, investment team members are significant owners of the organization and are committed to the long-term success of this strategy. The portfolio managers and research analysts on this team own about 20% of the firm and have been in place for more than five years. Furthermore, their commitment to limit the amount of assets under management in this strategy to approximately \$1B gives the team the flexibility to invest in many small and micro cap companies that are off limits to many larger investment managers.

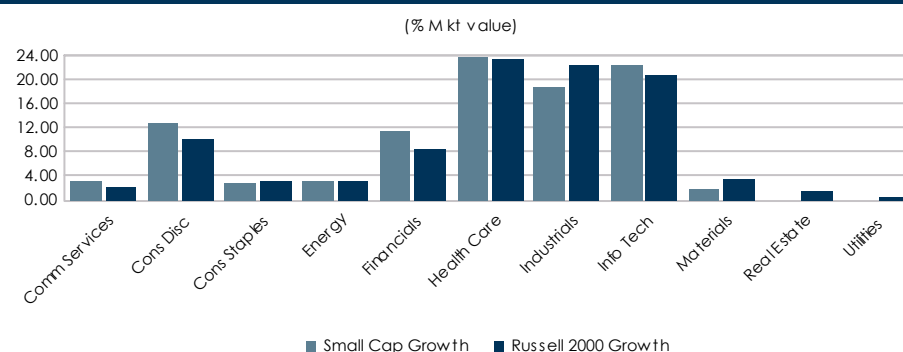
Market Cap



Commentary

The Silvercrest Small Cap Growth composite outperformed the Russell 2000 Growth by 550 basis points in the fourth quarter, narrowing its performance gap and finishing behind its benchmark by 150 bps in calendar year 2024. Health Care was the largest contributor during the quarter, with health care equipment and biotech names (which have detracted from performance over the past few years) adding most of the excess return within the sector. Consumer Discretionary and Financials each added over 100 bps during the quarter, with restaurants, regional banks, and payment processors driving outperformance. Industrials was the only material detractor during the calendar year, accounting for -350 bps relative returns, as the portfolio was under exposed to outperforming areas of the market like aerospace and infrastructure. The strategy had mixed results during the small cap rallies in July and November. The strategy lagged by 250 bps during the benchmark's 8% return in July, which favored lower-quality businesses. The benchmark's 12% rally in November was broader, and favored fundamentals and smaller-cap companies, and the portfolio outperformed by 360 basis points.

Sector Allocation



Small Cap Growth

For the Periods Ending December 31, 2024

Monthly Returns (%)	Dec 24	Nov 24	Oct 24	Sep 24	Aug 24	Jul 24	Jun 24	May 24	Apr 24	Mar 24	Feb 24	Jan 24
Silvercrest Small Growth	-4.37	15.85	-3.19	-1.26	-1.08	5.89	-0.10	5.56	-7.97	0.17	8.47	-2.85
<i>Russell 2000 Growth</i>	-8.19	12.26	-1.33	1.33	-1.11	8.19	-0.17	5.36	-7.70	2.80	8.12	-3.21

Calendar Year Returns (%)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	Performance Stats (120 Months)				
											Pos.	Neg.	Best	Worst	Med.
Silvercrest Small Growth	13.63	7.56	-25.03	20.46	53.08	23.02	5.34	15.28	23.90	-5.34	71	49	19.50	-21.44	1.31
<i>Russell 2000 Growth</i>	15.15	18.66	-26.36	2.83	34.63	28.48	-9.31	22.17	11.32	-1.38	73	47	17.63	-19.10	1.12

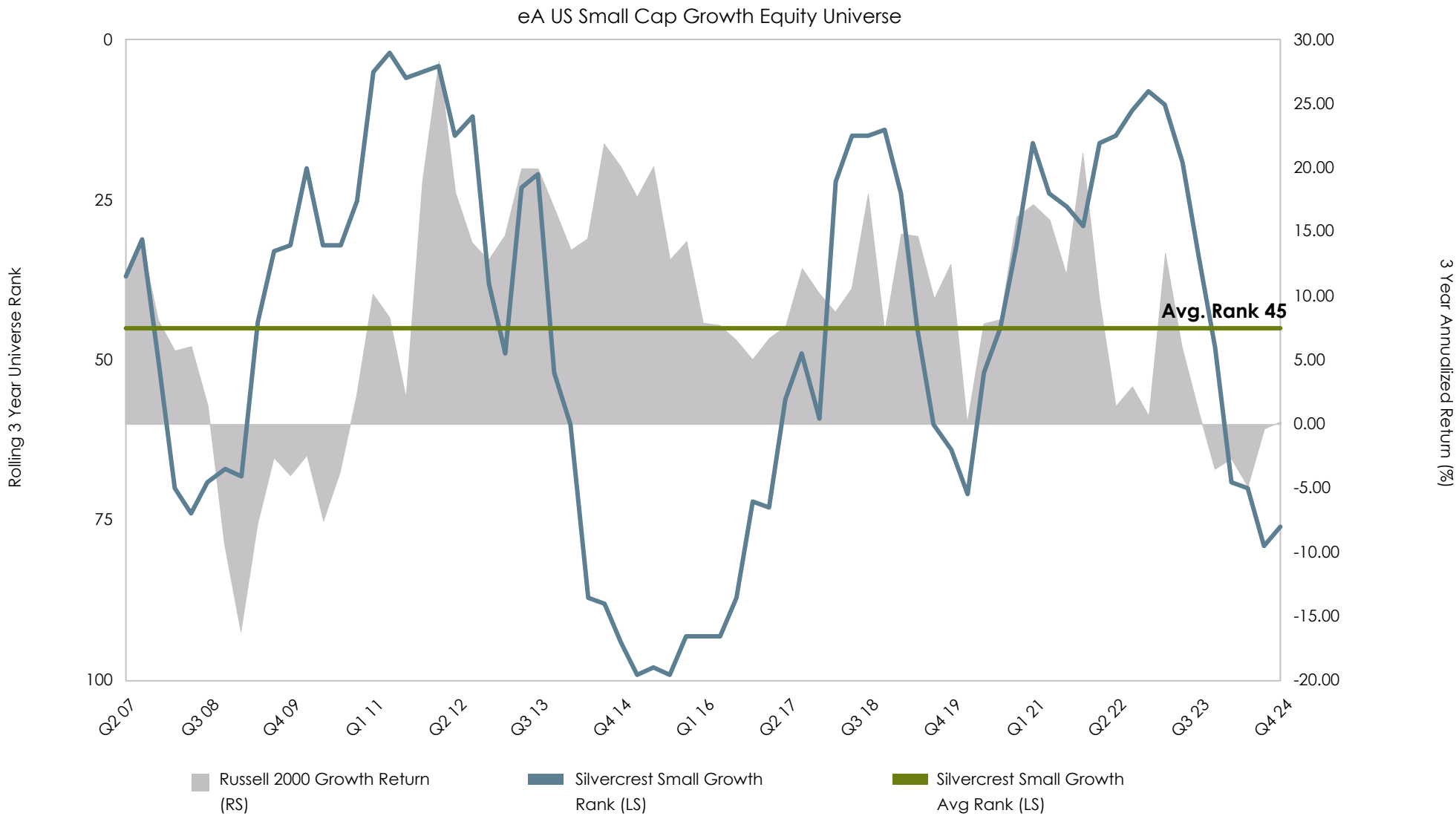
Statistics	Return (%)	Standard Deviation (%)	Sharpe Ratio	Beta	R2 (%)	Alpha (%)	Tracking Error (%)	Batting Average (%)	Up Capture (%)	Down Capture (%)
1 Year										
Silvercrest Small Growth	13.63	22.72	0.36							
<i>Russell 2000 Growth</i>	15.15	21.88	0.45	0.98	89.45	-0.95	7.39	58.33	88.23	90.61
Rank*	61									
3 Years										
Silvercrest Small Growth	-2.87	25.88	-0.26							
<i>Russell 2000 Growth</i>	0.21	24.33	-0.16	1.03	94.39	-2.85	6.18	47.22	100.21	106.61
Rank*	76									
5 Years										
Silvercrest Small Growth	11.06	27.48	0.31							
<i>Russell 2000 Growth</i>	6.86	24.87	0.18	1.07	94.45	3.88	6.73	58.33	119.10	102.31
Rank*	31									
10 Years										
Silvercrest Small Growth	11.46	22.64	0.43							
<i>Russell 2000 Growth</i>	8.09	21.17	0.30	1.03	92.51	3.15	6.23	59.17	110.00	98.06
Rank*	37									

*Rank in the eA US Small Cap Growth Equity Universe

Small Cap Growth

For the Period Ending December 31, 2024

Rolling 3 Year Ranking



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