

# NIGHTINGALE ADVISORS

## SMALL MID-CAP STRATEGY FACTSHEET – APRIL 2021



### COMPANY PHILOSOPHY

Nightingale Advisors provides investment management services to individuals and institutions. We deliver concentrated, actively managed strategies that rely on measuring single stock risks and building balanced portfolios to grow and protect client capital.

### SMALL MID-CAP STRATEGY DESCRIPTION

The Nightingale Small Mid-Cap strategy aims to outperform the Russell 2000 over time. It holds a concentrated selection of stocks of roughly 30 North American companies with market caps below \$10 bln and includes most major economic industries. Our research combines fundamental analysis from our team with data-driven single stock risk analysis from our sister company Equity Risk Sciences. The strategy's main selection criteria emphasize financially strong and growing companies that are priced with low probability of significant valuation compression.

### SMALL MID-CAP STRATEGY COMMENTARY

April marked the roughly six-month anniversary of the Nightingale Small Mid-Cap strategy which has an inception date of November 9, 2020.

Equity markets have been strong for the past six months, yet the strategy returns show an experienced beta well below 1 and were driven by strong security selection, particularly in the healthcare, technology, and industrial sectors. The strategy held no energy or financial services stocks during the period while they performed well. Since inception, two holdings were acquired in strategic deals by companies who will benefit from the strong balance sheets and discipline that let us to buy the stocks. Our focus remains on companies with solid financials, attractive valuations, and highly persistent business models.

### MONTHLY MODEL PERFORMANCE IN %

Month Ending	SMID Equity	R2000	Difference
11/30/2020	7.46%	10.85%	-3.39%
12/31/2020	8.54%	8.69%	-0.15%
1/31/2021	11.78%	6.70%	5.07%
2/26/2021	8.66%	6.34%	2.33%
3/31/2021	0.99%	1.16%	-0.17%
4/30/2021	2.40%	3.17%	-0.76%

### CUMULATIVE RETURNS IN %

Month Ending	SMID Equity	R2000	Difference
11/30/2020	7.46%	10.85%	-3.39%
12/31/2020	16.63%	20.48%	-3.85%
1/31/2021	29.00%	26.66%	2.33%
2/26/2021	40.17%	34.69%	5.48%
3/31/2021	41.56%	36.25%	5.31%
4/30/2021	44.55%	39.12%	5.43%

	SMID	Russell 2000
Price to Book Value	2.32	2.91
Price to Sales	1.31	1.62
Price to Earnings	32.56	N/A
Debt to Equity (%)	31.32	144.14
Dividend Yield (%)	1.94	1.88
ROE (%)	5.01	-0.93
Current Ratio	2.28	1.60

#### Portfolio Metrics

Beta to Russell 2000 - ex-ante	1.00
Beta to Russell 2000 - ex-post	0.81
Active Share to S&P	98.53
Active Risk to S&P (%)	9.26

#### Largest 10 Positions – 35.5% of Portfolio

Scholastic Corp.	4.18%
New Jersey Resources	4.07%
Energy Recovery Inc.	3.67%
Marten Transport Ltd.	3.59%
Hexcel Corp.	3.53%
Carpenter Technology	3.44%
Kforce Inc.	3.42%
Graham Holdings	3.36%
Vanda Pharmaceuticals	3.18%
Steelcase Inc	3.05%

#### Sector Exposures

	SMID	Russell 2000
Communication Services	6.18	2.50
Consumer Discretionary	16.67	14.41
Consumer Staples	9.31	3.16
Energy	0	2.44
Financials	0	15.59
Health Care	8.66	18.87
Industrials	25.70	15.58
Info Technology	13.20	12.17
Materials	11.10	4.36
Real Estate	5.12	6.02
Utilities	4.07	2.68



### THE TEAM

Nightingale Advisors utilizes a team approach to investment research and portfolio management. Douglas Burtnick, CFA has spent three decades managing institutional and mutual fund equity portfolios, researching companies, and monitoring markets. Peter Walsh has three decades of experience trading equities and informing investment portfolios for institutional investment clients. Raymond Mullaney founded our research partner Equity Risk Sciences and has actively invested client portfolios nearly forty years. Tom Harpin supports the team and is a key research partner of Equity Risk Sciences.

### RISK DISCLOSURES

Nightingale Advisors is a registered investment adviser. Information presented herein is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and unless otherwise stated, are not guaranteed. Readers of the information contained on this fact sheet should be aware that any action taken by the viewer/reader based on this information is taken at their own risk. This information does not address individual situations and should not be construed or viewed as any typed of individual or group recommendation. The performance shown represents only the results of Nightingale Advisors Small Mid-Cap Strategy portfolio for the relevant time period and do not represent the results of actual trading of investor assets. Model performance has inherent limitations. The results are theoretical and do not reflect any investor's actual experience with owning, trading, or managing an actual investment account. Every attempt has been made to manage the strategy as if it were a real account, however there is no guarantee that the prices received, and the timing of the decisions made would have been executed precisely as demonstrated with a real account. Model portfolio performance is shown net of a 0.8% investment management fee. Performance does not reflect the deduction of other fees or expenses, including but not limited to brokerage fees, custodial fees, implementation slippage or other costs. Performance results shown include the reinvestment of dividends and interest on cash balances where applicable. The model performance data was stored in and calculated using Bloomberg's portfolio management tools and then organized and presented by Nightingale Advisors.

### DISCLAIMER

Past performance is not indicative of future performance. Principal value and investment return will fluctuate. There are no implied guarantees or assurances that the target returns will be achieved, or objectives will be met. Future returns may differ significantly from past returns due to many different factors. Investments involve risk and the possibility of loss of principal. The values and performance numbers represented in this report do not reflect management fees. The values used in this report were obtained from sources believed to be reliable. Performance numbers were calculated by Nightingale Advisors and represent the performance of a model portfolio where the history of holdings and transactions is stored on Bloomberg. Nightingale used Bloomberg's performance measurement and attribution systems to support the information presented. The performance calculations include the reinvestment of dividends into the index and into the individual holdings of the strategy. They do not include transaction fees and slippage which we estimate at less than 0.1% nor fees for investing in an ETF that represents returns of the index which we also estimate to be roughly 0.1%. The performance of the Nightingale strategy is also provided after calculated management fees of 0.8% which may vary by contractual arrangements with clients.