SYCAMORE SMALL CAP VALUE EQUITY QUARTERLY COMMENTARY

SYCAMORE CAPITAL®

A VICTORY CAPITAL® INVESTMENT FRANCHISE

As of December 31, 2020

Executive Summary

Sycamore Capital's Small Cap Value investment team employs a disciplined, bottom-up, fundamental process to invest in better businesses that trade at a discount to the team's estimate of intrinsic value and possess fundamental drivers that will narrow the valuation gap. By investing in businesses that exhibit these attributes, we seek to minimize downside risk without sacrificing the upside potential.

- The Sycamore Small Cap Value Equity strategy notably underperformed the Russell 2000® Value Index during the fourth quarter of 2020, but modestly outperformed for the 12-month period ended December 31, 2020.
- For the quarter, stock selection was the primary driver of relative underperformance, with sector weighting also having a negative impact. For the 12-month period, sector allocation was the driver of relative outperformance, while stock selection partially offset the favorable impact of sector weighting. Sector weighting is a by-product of the bottom-up security selection process and not a result of top-down tactical decisions.

The Fourth Quarter Closes Out an Unprecedented Year

Solid equity market performance across all major U.S. indices capped an unparalleled year on many levels. The S&P 500® Index posted a return of 12.1% during the quarter and is up 18.4% on the year. It is difficult to fathom that nine months ago the equity market was in bear market territory and the economy was on the verge of the most "predictable" recession in history. However, the bear market was short-lived, as aggressive monetary and fiscal stimulus was quickly injected into the economy to help alleviate the negative shock from the pandemic. The potential for a vaccine(s) to become widely available in early 2021, fading election uncertainty, and the accumulation of massive stimulus conspired to fuel investor optimism. Nevertheless, as we close out a memorable year (mostly for the wrong reasons), it is remarkable that we can report that all major U.S. indices ended the year in positive territory.

"Unprecedented" is likely to go down in history as possibly the most overused word of 2020. But, what other word can serve that much justice for such an unusual year? Reflecting on 2020, we encountered so many unprecedented and infrequent events—some of which we will highlight below:

- The S&P 500®'s drop into bear market territory from its February highs took 22 days, which marked the fastest path to a 20% decline on record (Illustration 1).
- At 33 days, the S&P 500® bear market was also the shortest on record (Illustration 2).
- Volatility in the first quarter spiked to levels only experienced in the 1929 and 1987 crashes.
- From February 19 through the end of the first quarter, the S&P 500® Index moved +/-4% in approximately 48% of the trading sessions.
- March was the most volatile month in history for the S&P 500® Index, with an average daily move of 5.0%.
- In 2020, the S&P 500® Index moved +/-1% in over 43.1% of trading sessions compared with an average of 17.4% from 2013 to 2019 (Illustration 3).
- First quarter performance for the S&P 500® Index (-19.6%) was the worst first quarter performance in its history.
- The Russell Midcap® Value Index reported its worst quarterly performance on record in the first quarter, returning -31.7%. Subsequently, the Index reported its third and fourth best quarterly performances in the fourth and second quarters, respectively (Illustration 4).
- Both the Russell 2000® Value Index (Illustration 5) and the Russell 2000® Index and the reported their worst (first quarter) and best (fourth quarter) quarters on record during the year.
- Both the Russell Midcap® Value and the Russell 2000® Value indices posted their worst performance relative to the S&P 500® Index in the first quarter. The Russell 2000® Value Index also posted its best quarter (fourth quarter) relative to the S&P 500® Index during the year (Illustrations 4 and 5).
- November was the best monthly performance for both the Russell 2000® Index (18.4%) and the Russell 2000® Value Index (19.3%).
- As of December 31, 2020, the percentage of non-earners (loss-making stocks) in the Russell 2000® Index is at its highest level since 1990 (Illustration 6).

Market Performance (%) As of 12/31/2020	**1Q 2020**	**2Q 2020**	**3Q 2020**	**4Q 2020**	**FY 2020**	**Peak to Trough** (2/19 - 3/23)	**Trough to Year-End** (3/23 - 12/31)	**Vaccine Announcement** (11/9 - 12/31)
S&P 500® Index	-19.6	20.5	8.9	12.1	18.4	-33.8	70.2	7.3
Russell 1000® Index	-20.2	21.8	9.5	13.7	21.0	-34.6	75.5	8.3
Russell Midcap® Index	-27.1	24.6	7.5	19.9	17.1	-40.3	88.8	11.4
Russell Midcap® Growth Index	-20.0	30.3	9.4	19.0	35.6	-35.7	97.1	8.3
Russell Midcap® Value Index	-31.7	19.9	6.4	20.4	5.0	-43.4	82.4	13.3
Russell 2000® Index	-30.6	25.4	4.9	31.4	20.0	-40.7	99.0	20.4
Russell 2000® Growth Index	-25.8	30.6	7.2	29.6	34.6	-38.5	108.2	18.3
Russell 2000® Value Index	-35.7	18.9	2.6	33.4	4.6	-43.1	87.9	22.7

Source: FactSet and eVestment.

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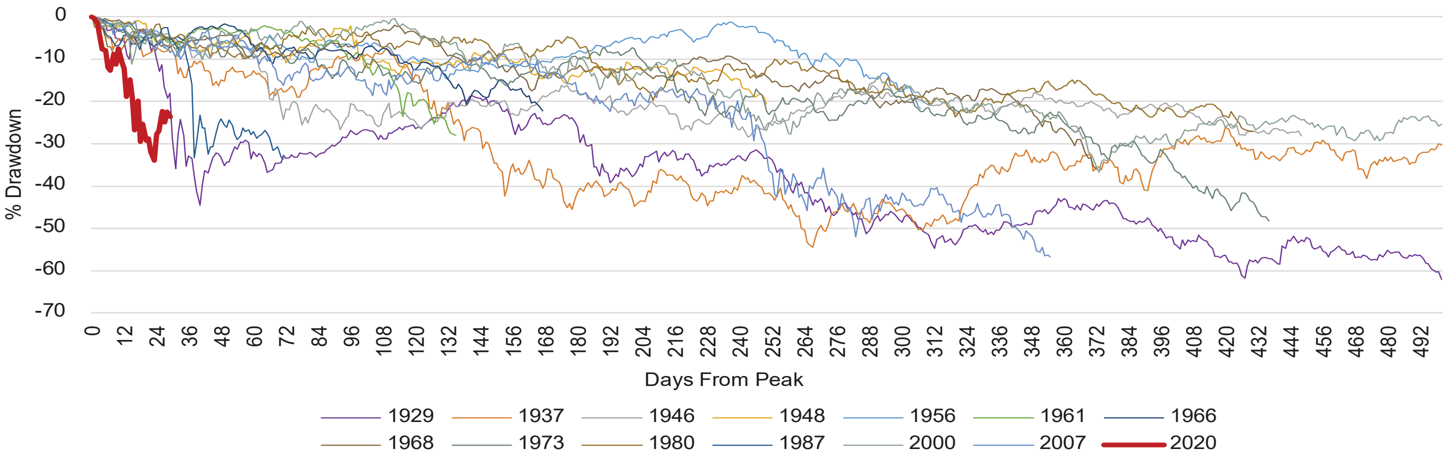
Illustration 1: S&P 500® Index Bear Markets Since 1929



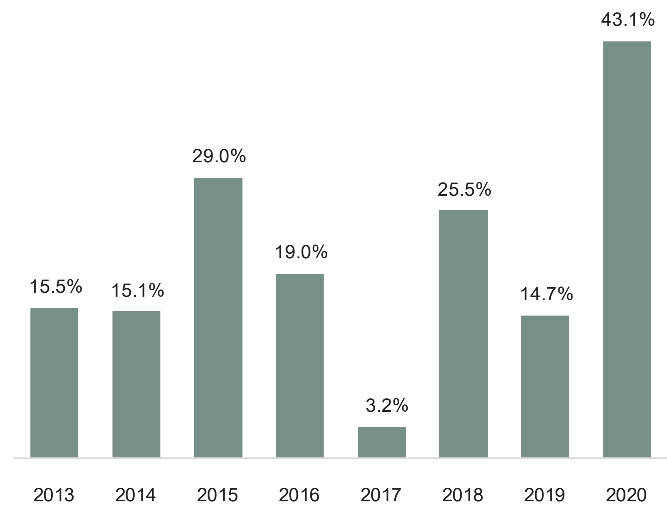
Source: FactSet. Data compiled and analyzed by Sycamore Capital. A bear market is considered to be a 20% drawdown from peak index levels.

Illustration 2: S&P 500® Index Bear Markets Since 1929

Peak	Trough	% Change	# of Months
9/16/1929	6/1/1932	-86.2	32.5
3/10/1937	4/28/1942	-60.0	61.6
5/29/1946	3/16/1948	-28.1	21.6
6/15/1948	6/13/1949	-20.6	11.9
8/2/1956	10/22/1957	-21.6	14.7
12/12/1961	6/26/1962	-28.0	6.5
2/9/1966	10/7/1966	-22.2	7.9
11/29/1968	5/26/1970	-36.1	17.9
1/11/1973	10/3/1974	-48.2	20.7
11/28/1980	8/12/1982	-27.1	20.5
8/25/1987	12/4/1987	-33.5	3.3
3/24/2000	10/9/2002	-49.1	30.5
10/9/2007	3/9/2009	-56.8	17.0
2/19/2020	**3/23/2020**	**-33.9**	**1.1**
	Average	**-39.4**	**19.1**
	Median	**-33.7**	**17.5**

Source: FactSet. Data compiled and analyzed by Sycamore Capital.
A bear market is considered to be a 20% drawdown from peak index levels.

Illustration 3: Percentage of Days with a +/-1% Move for the S&P 500® Index



Source: FactSet. As of December 31, 2020. Data compiled and analyzed by Sycamore Capital.

Illustration 4: Top/Bottom 10 Quarters for the Russell Midcap® Value Index

TOP 10 QUARTERS

	Russell Midcap® Value (RMCV)	Russell Midcap® Growth (RMCG)	S&P 500® (SPX)	Relative (RMCV - RMCG)	Relative (RMCV - SPX)
Q3 2009	23.6%	17.6%	15.6%	6.0%	8.0%
Q2 2009	20.9%	20.7%	15.9%	0.3%	5.0%
Q4 2020	**20.4%**	**19.0%**	**12.1%**	**1.4%**	**8.3%**
Q2 2020	**19.9%**	**30.3%**	**20.5%**	**-10.3%**	**-0.6%**
Q1 1991	18.6%	23.1%	14.5%	-4.5%	4.0%
Q2 2003	17.9%	18.8%	15.4%	-0.9%	2.5%
Q1 1987	16.8%	24.0%	21.4%	-7.2%	-4.5%
Q1 1986	15.2%	17.6%	14.1%	-2.3%	1.1%
Q4 2003	15.2%	12.2%	12.2%	3.1%	3.0%
Q1 2019	14.4%	19.6%	13.6%	-5.2%	0.7%
Average	**18.3%**	**20.3%**	**15.5%**		

BOTTOM 10 QUARTERS

	Russell Midcap® Value (RMCV)	Russell Midcap® Growth (RMCG)	S&P 500® (SPX)	Relative (RMCV - RMCG)	Relative (RMCV - SPX)
Q1 2020	**-31.7%**	**-20.0%**	**-19.6%**	**-11.7%**	**-12.1%**
Q4 2008	-27.2%	-27.4%	-21.9%	0.2%	-5.2%
Q4 1987	-21.9%	-23.7%	-22.5%	1.8%	0.6%
Q3 1990	-19.5%	-20.2%	-13.7%	0.7%	-5.8%
Q3 2011	-18.5%	-19.3%	-13.9%	0.9%	-4.6%
Q3 2002	-18.0%	-17.2%	-17.3%	-0.8%	-0.7%
Q4 2018	-15.0%	-16.0%	-13.5%	1.0%	-1.4%
Q1 2009	-14.7%	-3.4%	-11.0%	-11.3%	-3.7%
Q3 1998	-13.7%	-16.7%	-9.9%	3.0%	-3.7%
Q3 2001	-11.6%	-27.8%	-14.7%	16.2%	3.1%
Average	**-19.2%**	**-19.2%**	**-15.8%**		

Source: eVestment. As of December 31, 2020. Data compiled and analyzed by Sycamore Capital

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Illustration 5: Top/Bottom 10 Quarters for the Russell 2000® Value Index

TOP 10 QUARTERS

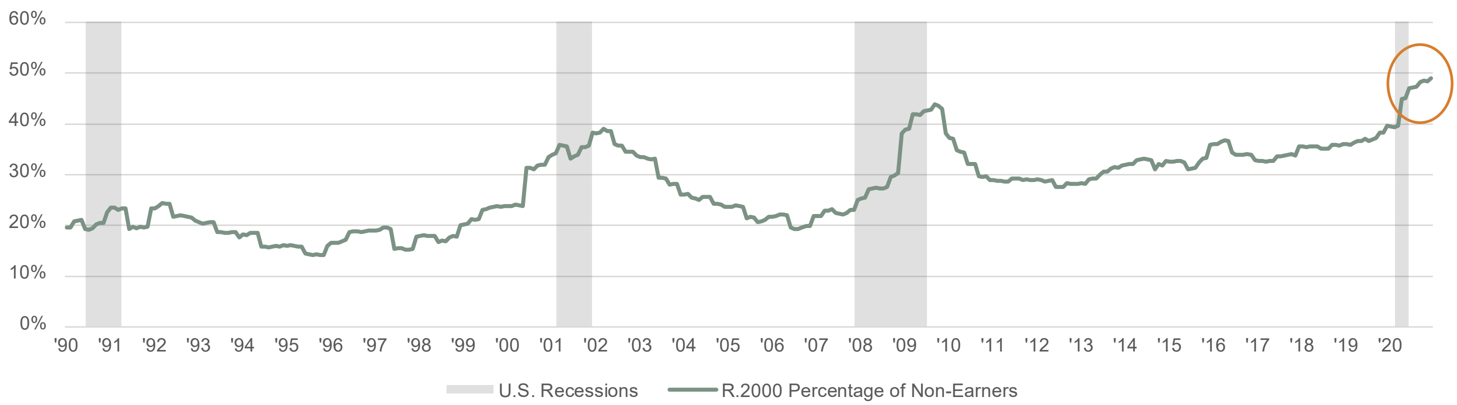
	Russell 2000® Value (R2V)	Russell 2000® Growth (R2G)	S&P 500® (SPX)	Relative (R2V - R2G)	Relative (R2V - SPX)
Q4 2020	**33.4%**	**29.6%**	**12.1%**	**3.8%**	**21.2%**
Q1 1991	28.9%	30.6%	14.5%	-1.7%	14.3%
Q2 2003	22.7%	24.1%	15.4%	-1.4%	7.3%
Q3 2009	22.7%	16.0%	15.6%	6.8%	7.1%
Q4 1982	21.8%	31.0%	18.2%	-9.2%	3.6%
Q1 1987	21.4%	27.2%	21.4%	-5.7%	0.1%
Q1 1988	20.7%	17.4%	5.7%	3.3%	15.0%
Q2 1980	19.3%	21.1%	13.5%	-1.8%	5.8%
Q2 2020	**18.9%**	**30.6%**	**20.5%**	**-11.7%**	**-1.6%**
Q2 2009	18.0%	23.4%	15.9%	-5.4%	2.1%
Average	**22.8%**	**25.1%**	**15.3%**		

BOTTOM 10 QUARTERS

	Russell 2000® Value (R2V)	Russell 2000® Growth (R2G)	S&P 500® (SPX)	Relative (R2V - R2G)	Relative (R2V - SPX)
Q1 2020	**-35.7%**	**-25.8%**	**-19.6%**	**-9.9%**	**-16.1%**
Q4 1987	-27.3%	-30.9%	-22.5%	3.6%	-4.7%
Q4 2008	-24.9%	-27.4%	-21.9%	2.6%	-2.9%
Q3 1990	-22.9%	-26.1%	-13.7%	3.2%	-9.2%
Q3 2011	-21.5%	-22.2%	-13.9%	0.8%	-7.6%
Q3 2002	-21.3%	-21.5%	-17.3%	0.2%	-4.0%
Q1 2009	-19.6%	-9.7%	-11.0%	-9.9%	-8.6%
Q4 2018	-18.7%	-21.7%	-13.5%	3.0%	-5.1%
Q3 1998	-17.9%	-22.4%	-9.9%	4.5%	-7.9%
Q3 1981	-13.6%	-21.3%	-10.2%	7.7%	-3.4%
Average	**-22.3%**	**-22.9%**	**-15.4%**		

Source: eVestment. As of December 31, 2020. Data compiled and analyzed by Sycamore Capital.

Illustration 6: Percentage of Non-Earners in the Russell 2000® Index (1/1990 to 12/2020)



Source: FactSet & National Bureau of Economic Research. Data compiled and analyzed by Sycamore Capital.

Illustration 7: Performance of Earners vs. Non-earners in the Russell 2000® Value Index (%)

The outperformance of non-earners relative to earners within the Russell 2000® Value Index from the trough is noteworthy and demonstrates the headwind that has been created for quality-oriented managers

	1Q 2020		2Q 2020		3Q 2020		4Q 2020		FY 2020		Peak to Trough (2/19 - 3/23)		Trough to Year-End (3/23 - 12/31)		Vaccine Announcement (11/9 - 12/31)	
	Avg. Weight	Total Return	Avg. Weight	Total Return	Avg. Weight	Total Return	Avg. Weight	Total Return	Avg. Weight	Total Return	Avg. Weight	Total Return	Avg. Weight	Total Return	Avg. Weight	Total Return
EARNERS (profit-making)	80.2	-33.7	75.5	15.3	69.1	1.4	66.3	29.1	72.7	0.1	82.5	-42.8	70.5	76.6	65.3	19.0
NON-EARNERS (loss-making)	19.5	-42.8	24.2	31.2	30.6	5.4	33.5	42.4	27.0	12.8	17.4	-44.7	29.2	118.5	34.5	30.6

Source: FactSet. As of December 31, 2020. Data compiled and analyzed by Sycamore Capital on January 5, 2021.

Performance by Size and Style

Small-cap equities rallied during the fourth quarter and outpaced their larger brethren, with the Russell 2000® Index returning 31.4%. Mid-cap equities, as measured by the Russell Midcap® Index, ended the quarter in the middle of the pack, returning 19.9%. Large-cap equities were at the back of the pack, with the Russell 1000® Index returning 13.7% and the S&P 500® Index returning 12.1%. Broken down by style, value finally had its day and outpaced growth across all three major size segments. Within small-caps, the Russell 2000® Value Index returned 33.4%, outpacing its growth counterpart, which posted a return of 29.6%.

For the 12-month period ended December 31, 2020, all the major indices posted double-digit returns. Large-cap stocks ended the year on top, with the Russell 1000® Index and the S&P 500® Index registering returns of 21.0% and 18.4%, respectively. Small-cap stocks ended the year in the middle of the pack, with the Russell 2000® Index returning 20.0%. Mid-cap equities finished the year in last place, with the Russell Midcap® Index returning 17.1%. Broken down by style, growth dominated across all three major size segments for the year. Within small-caps, the Russell 2000® Growth Index returned 34.6%, significantly outpacing its value counterpart, which posted a return of 4.6%.

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Performance Attribution Relative to the Russell 2000® Value Index – 4Q 2020

Positive Contributors	Negative Contributors
Stock Selection in Consumer Discretionary	**Stock Selection & Underweight in Financials**
Underweight in Utilities	**Stock Selection in Industrials**
	Stock Selection in Materials; *partially offset by overweight*
	Stock Selection in Information Technology; *partially offset by overweight*
	Stock Selection in Real Estate; *partially offset by underweight*
	Stock Selection in Consumer Staples
	Cash Position

Portfolio Attribution – Fourth Quarter 2020

The Sycamore Small Cap Value Equity strategy notably underperformed the Russell 2000® Value Index (the "Index") in the fourth quarter of 2020.

For the quarter, stock selection was the primary driver of relative underperformance, with sector weighting also having a negative impact. Sector weighting is a by-product of the bottom-up stock selection process and not a result of top-down tactical decisions. Returns for the Index across the 11 major economic sectors were all in the positive double-digits, with five cyclical-leaning sectors outpacing the broader Index. Materials was the top-performing sector, posting a return of 48.7%. In contrast, Utilities was the worst-performing sector, returning 20.7% for the quarter.

Specifically, for the portfolio, stock selection in the Industrials, Materials, Information Technology, Financials, Real Estate and Consumer Staples sectors detracted from overall relative return for the quarter. However, an overweight in Information Technology and Materials, as well as an underweight in Real Estate, partially offset the unfavorable impact from selection. An underweight in Financials also detracted from relative return. Additionally, the portfolio's cash position was a slight drag on performance for the quarter. Conversely, stock selection in Consumer Discretionary contributed to relative performance for the quarter. An underweight in Utilities—the worst-performing sector—was also additive.

Top Contributors – Fourth Quarter

The top five contributors for the quarter were cyclical-leaning holdings that likely benefited from the optimism that fueled a rally over a vaccine(s) becoming widely available in 2021. In fact, two of the top contributors were top detractors in the third quarter of 2020. That highlights the rotational nature of the market over the past year. Shoemaker, Steve Madden, Ltd., (SHOO), was the top-performer for the quarter after being the top detractor the prior one. While challenges remain, especially in the brick & mortar (B&M) retail segment, SHOO's e-commerce sales grew rapidly over the year—helping to soften the blow from weakness in retail and wholesale. E-commerce is generally considered higher margin than traditional retail. The strength in e-commerce highlights the advantage of SHOO's test-and-react model, which allowed the company to swiftly adjust to meet shifting consumer demands (comfort/cozy) during the pandemic. SHOO has implemented several initiatives to drive sales during a challenging backdrop, including installment payment options, launch of a mobile app, and a try-before-you-buy program. Some headwinds are likely to persist; however, SHOO is well-positioned to benefit from a recovery. Our thesis for SHOO remains intact. Shares of Tennessee-based Pinnacle Financial Partners, Inc. (PNFP) rebounded after selling off the prior quarter due to the difficult operating environment. PNFP boasts an attractive footprint in key growth markets in the Sunbelt states and is well-positioned to weather the current environment given their capital position. We suspect that shares rallied in sympathy with the entire group, as Banks handily outpaced the broader market. Our thesis for PNFP remains unchanged. Applied Industrial Technologies, Inc. (AIT), a leading value-add distributor of bearings, power transmission products, engineered fluid power components and systems, specialty flow control solutions, automation technologies, and other industrial supplies, was also a top contributor for the quarter. While uncertainty around end-market demand remains due to the COVID-19 induced disruptions, we suspect that the company's share price benefited from the rotation into cyclical-leaning pockets of the market during the quarter. Earlier in the year, management indicated that there appears to be an uptick for break-fix demand due to equipment sitting idle during the pandemic and has now suddenly come back online at an accelerated pace as restrictions ease. AIT is well-positioned for future recovery as customers invest in productivity and efficiency. Additionally, AIT could benefit as customers assess reshoring strategies to prevent future disruptions experienced during pandemic, as well as increased adoption of robotics at facilities. Our thesis for AIT remains intact. Another bank, South State Corp. (SSB), also made the top contributors list for the quarter. SSB reported third quarter results that were ahead of consensus expectations mainly due to higher fees. The third quarter was also the first full quarter that reflected the merger of equals with CenterState Bank Corp. (CSFL). Results were viewed favorably given the risks that generally accompany integrations. With the addition of CenterState, SSB boasts an attractive footprint in the fast-growing Southeast market. At this time, our thesis for SSB remains. Visteon Corp. (VC), an automotive supplier that designs, engineers, and manufactures cockpit electronics and connected car solutions for global vehicle manufacturers reported third quarter results that were well-ahead of consensus estimates. Revenues in the quarter benefited from pent-up demand coming out of lockdown, government incentives, particularly in Europe, and inventory re-stocking. VC expects to continue to outgrow the market by mid- to high-single digits. The company is increasingly developing its software for digital clusters in-house, as opposed to licensing like many of its competitors, which it views as a point of differentiation, and allows the company to achieve higher margins. Despite the strong share price performance, the risk/reward for VC remains compelling.

Top Detractors – Fourth Quarter

Truckload carrier, Werner Enterprises (WERN), was the top detractor for the quarter. While supply/demand dynamics for truckload carriers remain favorable given capacity constraints and ongoing inventory restocking, there is concern that industry freight rates are peaking. One of the metrics that industry observers pay attention to is net truck orders. Historically, when net truck orders increase, it generally puts pressure on the share price of carriers. We suspect that WERN shares declined due to the short-term sentiment headwind created from the two consecutive quarters of an increase in net truck orders. Despite these short-term headwinds, we continue to view the long-term risk/reward profile for WERN favorably. UFP Industries, Inc. (UFPI), the world's largest producer of pressure-treated lumber, was another detractor. Despite a blow-out quarter versus consensus estimates driven by solid Retail segment sales, there is concern

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Performance Attribution Relative to the Russell 2000® Value Index – Full Year 2020

Positive Contributors	Negative Contributors
Underweight & Stock Selection in Financials	**Stock Selection in Health Care;** *partially offset by overweight*
Underweight in Energy	**Stock Selection in Consumer Discretionary;** *partially offset by overweight*
Stock Selection & Overweight in Information Technology	**Stock Selection in Consumer Staples;** *partially offset by overweight*
Overweight in Industrials	**Stock Selection in Materials;** *partially offset by overweight*
Underweight in Real Estate; *partially offset by stock selection*	**Cash Position**
Underweight & Stock Selection in Communication Services	

that lumber prices may have peaked over the summer—thus pressuring future margins. UFPI benefited from inflationary lumber environment earlier in the year. Additionally, UFPI has been a COVID-19 beneficiary due to the uptick in DIY projects during the pandemic. Therefore, we suspect that UFPI may have fallen victim to the rotation into the more neglected pockets of the market during the quarter. We remain constructive on UFPI given their exposure to DIY. UFPI could also benefit from a rebound in construction and industrial demand. Like many of its insurance peers, RenaissanceRe Holdings Ltd. (RNR) is facing a challenging environment. RNR is experiencing an elevated catastrophe ("cat") season associated with several hurricanes and the west coast wildfires. Additionally, RNR is anticipating that the COVID-19 pandemic will likely generate significant losses due to event-related cancellations and business interruptions. Despite these challenges, RNR is a leading property cat franchise and is well-positioned to benefit from hardening premium prices. We will continue to monitor RNR, as we do with all holdings. Shares of Sonic Automotive, Inc. (SAH), an auto dealer with franchise locations in attractive markets such as California, Colorado and Texas, underperformed during the quarter. The company reported third quarter results that were ahead of consensus estimates mainly due to cost discipline. Its New Vehicle and Parts & Service segment results were robust; however, results for its Used Vehicle segment were lighter than expected and lagged peers, which likely weighed on shares during the quarter. We view this as a short-term hurdle. SAH boasts a diversified business model with exposure to the higher margin Parts & Service and Used Vehicle markets. With its stand-alone used car concept, EchoPark, SAH is well-positioned to gain market share in the attractive category. Its scale in a fragmented market gives SAH a competitive advantage in sourcing vehicles, which is generally a challenge in the industry. For these reasons, our thesis for SAH remains intact at this time. Leading toy maker, Mattel, Inc. (MAT) was also a top detractor for the quarter. MAT is a very recent addition to the portfolio and the relative underperformance is not a surprise. New positions often experience short-term underperformance given transitory fundamental challenges. Our investment thesis for MAT remains unchanged.

Portfolio Attribution – Full Year 2020

The Sycamore Small Cap Value Equity strategy modestly outperformed the Russell 2000® Value Index (the "Index") for the 12-month period ended December 31, 2020.

During the year, sector allocation was the driver of relative outperformance, while stock selection partially offset the favorable impact of sector weighting. Index returns across six of the 11 major economic sectors were positive for the year, with all six sectors outpacing the Index. Consumer Staples was the top-performing sector, posting a return of 35.3%. In contrast, Energy was the worst-performing sector, significantly lagging the Index and returning -37.4%.

Specifically, for the portfolio, an underweight in Financials, Energy, Real Estate, and Communication Services, as well as an overweight in Industrials and Information Technology, contributed the most to relative performance. However, stock selection in the Real Estate sector partially offset the favorable impact from the underweight. Stock selection in the Financials, Information Technology, and Communication Services sectors also augmented performance for the year. Conversely, stock selection in the Health Care, Consumer Discretionary, Consumer Staples, and Materials sectors detracted the most from relative return for the year; however, an overweight in each of the sectors partially offset the unfavorable impact from selection. Additionally, the portfolio's cash position during the year was a drag on performance.

Top Contributors – Full Year 2020

Networking solutions provider NETGEAR, Inc. (NTGR) was the top contributor for the year. The company likely benefited from the wide-scale work-from-home environment during the pandemic, which boosted demand for remote network solutions. As we look beyond this crisis, NTGR is well-positioned for 5G adoption and migration toward Wi-Fi 6. At this time, we maintain our position in NTGR. Churchill Downs Inc. (CHDN), a gaming company and owner of the renowned racetrack that hosts the Kentucky Derby race, was another top contributor for the year. CHDN benefited from strong results, driven by solid performance across its Online Wagering and Gaming segments. Additionally, the rescheduling, rather than cancellation, of the Kentucky Derby in the third quarter and Preakness Stakes in the fourth quarter boded well for the company. With its TwinSpires segment, CHDN is well-positioned to capitalize on the shift to online gaming, as well as the heightened interest in horse racing. We reduced our position and view the risk/reward for CHDN as balanced, given the momentum in online gaming, as well as its trophy asset in the Derby. Shares of Valmont Industries, Inc. (VMI), an industrial company that caters to the agricultural, transportation, telecommunications and utilities industries, benefited earlier in the year from the perception that it may be a safe haven, given its solid balance sheet and the fact that its end markets are less likely to be impacted by the fallout from COVID-19. Late in the third quarter, the company announced that it entered into a contract for a large irrigation project with an African country. The project is sizeable and will provide a welcoming boost to the Irrigation segment margins. Texas Roadhouse, Inc. (TXRH), which operates a casual steakhouse dining concept, was also a top contributor for the year. Shares sold off in the first quarter, as states implemented virus mitigation efforts. As states began to relax restrictions, TXRH shares benefited from the optimism surrounding the reopening of the economy and the pent-up demand for away-from-home dining. We continue to believe that TXRH will be a share gainer in the long term, given its focus on quality food (made in-house) and customer service offered at a value. We divested our position in TXRH during the fourth quarter on diminished upside. Saia, Inc. (SAIA), a less-than-truckload carrier with exposure to the majority of the lower 48 states, rounded out the top contributors list for the year. Not surprisingly, the company benefited from defensive pantry stocking earlier in the year and continues to do so as companies restock depleted inventory levels. Since 2017, Saia has been expanding its footprint in the Northeast and recent results suggest that the company is taking market share. Management continues to execute, and it is evident that the expansion strategy is bearing fruit. We continue to maintain a position in SAIA.

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Top Detractors – Full Year 2020

The two top detractors for the year were holdings caught at the epicenter of the COVID-19 crisis. Boyd Gaming Corp.'s (BYD) operations, like many gaming and entertainment companies, were severely disrupted by COVID-19 mitigation efforts. While BYD is better positioned than other regional gaming casinos, we divested the position during the first quarter given the lack of clarity on what impact the virus would have on its operations. Additionally, at the time, it was unclear how spending habits would evolve once restrictions were relaxed. Viad Corp. (VVI) was also a casualty of the COVID-19 virus. VVI specializes in events and leisure travel, and the pandemic has been highly disruptive to both. In August, VVI received a cash infusion that not only removed insolvency risk, but allowed VVI to invest in growth areas, such as its Pursuit portfolio—a collection of unique travel and hospitality destinations. While the pace of recovery in exhibition/conference demand is unknown, VVI is well-positioned to capitalize on the pent-up demand by both consumers and businesses for in-person interaction post-COVID. We continue to hold a position in VVI. Shares of Helix Energy Solutions Group, Inc. (HLX) likely declined in sympathy with a sector that was beleaguered for most of the year. While HLX continued to generate robust free cash flow during the Energy downturn through a combination of prudent cost reduction and improved utilization rates, the share price was penalized due to the negative sentiment that plagued the sector. Our thesis for HLX remains intact at this time. Axis Capital Holdings Ltd. (AXS) was also impacted by COVID-19, which soured sentiment on the reinsurer. The company incurred some COVID-related losses in the first quarter, and investors remained concerned that additional pandemic-related losses could emerge over the year. Shares were under pressure with that possibility lingering in the backdrop. Due to the diminishing risk/reward profile, we divested the position. Shares of Orion Engineered Carbons (OEC), a leading producer of carbon black, which goes into the manufacturing of tires, were under pressure during the first quarter, as the pandemic injected uncertainty into the demand picture. Management pulled its full-year guidance and suspended the dividend—actions that symbolized the lack of macro clarity. Cooling demand, an increase in EPA-related expenses, and COVID-related business interruptions made the risk/reward for OEC less compelling at the time. Consequently, we sold the position during the second quarter.

Reflections on 2020: The "It Is What It Is" Year

There is likely going to be a significant amount written in history books about 2020. By any measure, it was a very challenging year for societies around the world. Words such as "unprecedented," "unrivaled," and "aberration" became ubiquitous to describe the unusual period. Yes, 2020 was unprecedented on many levels. In countless conversations with clients, colleagues, friends and family, the phrase that often surfaced when alluding to 2020 was, "it is what it is." As sophomoric as the phrase is, it is befitting of the tumultuous year we've experienced. When trying to make sense of what was unfolding during the year, conversations often ended with, "it is what it is."

One of the things that draws us to this business is that you never stop learning. Despite the challenging nature of 2020, it offered us a meaningful opportunity to learn. We will let more qualified historians and political scientists elaborate on the year in greater detail; however, we would like to briefly share some of our takeaways from an unusual period for all of us.

- **Trend following in the market is alive and well**

  As evidenced during the first quarter, at the onset of the crisis, there was indiscriminate selling with little focus on fundamentals. Capitulation is generally driven by fear, and the proliferation of algorithmic and computer-based trading likely exacerbated the sell-off. Additionally, crowding into pockets of the market that are "working" has become common. Take for example the relative outperformance of companies such as Clorox and Kimberly-Clark during the height of the pandemic. Some market participants continued to crowd into such names late in the first quarter and early in the second quarter, despite lofty relative valuations. As fundamental value investors, this reinforced the need to remain disciplined on valuation.

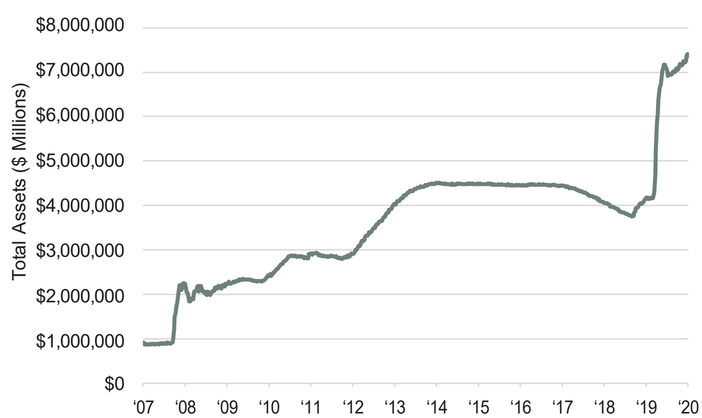
- **The market structure is constantly evolving**

  This observation is not a surprise and we are not suggesting that it is caused by the pandemic; however, we do believe that the pandemic accelerated further change to market dynamics. In addition to what we prefaced above, regarding the propagation of computer-based trading, we witnessed a meaningful increase in retail investor participation. For example, Robinhood Markets, the popular trading platform, grew its user base by 3 million, to 13 million total users, during the first four months of the year. We are not necessarily insinuating that this is a bad thing for the equity market; however, retail investors have a greater tendency to invest in more "fashionable" stocks—those with a more widely disseminated story or theme that provides an emotional element to their decision. Furthermore, these market participants have become increasingly focused on the short term, and thus have a higher propensity to overreact to news flow or rumors. Clients of ours have likely heard us assert our belief that there are many "renters" and not many "owners" in the market. In other words, there is a greater emphasis on short-term gains and less focus on long-term fundamentals. This is partly due to the combination of some of the things we've already mentioned. In our view, this creates opportunities to invest in compelling businesses when there is dislocation in asset prices.

- **Policy makers are not hesitant to call a "Keynesian" audible**

  The year 2020 has cemented one of investors' favorite sayings: "Don't fight the Fed." The past year was another example of policy makers' willingness to implement unprecedented monetary and fiscal measures to combat negative shocks, especially ones perceived to be short-term in nature. The Fed's balance sheet ballooned from $4.3 trillion in mid-March to close to $7.4 trillion by mid-December (Illustration 8). For perspective, during the Great Financial Crisis, the Fed's balance sheet expanded from $870 billion in August 2007 to $4.5 trillion in early 2015. Furthermore, the federal government has passed legislation to inject approximately $4 trillion into the economy in the form of stimulus to alleviate some of the negative impact from COVID-19. According to the U.S. Department of the Treasury, the FY2020 deficit increased to $3.1 trillion, 218% higher than FY2019. The debt-to-GDP ratio for FY2020 stands at roughly 15.2%, levels not seen since World War II. Again, the pandemic has demonstrated that policy makers are willing to go to extremes to quell any impacts from shocks. The crisis has also assuaged the concern that the Fed will eventually take the proverbial "punchbowl" away.

Illustration 8: The Federal Reserve's Balance Sheet Over Time



Source: The Federal Reserve

- **Market economies are "chameleons"**

  Despite the many disruptions and business interruptions that accompanied the widespread shutdowns, the country did what it could to adapt. Whether it was adopting work-from-home (WFH) policies, utilizing outside tents to serve customers, or resorting to e-commerce for shopping, people and businesses rapidly adapted to a dynamic situation. In our opinion, the convergence of the

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private sector and public sector to develop a vaccine to protect against an unknown pathogen in less than a year is profound and should give us a great deal of hope for the future.

The final takeaway we would point to is: "Don't bet against America." We cannot take credit for this assertion. Famed investor Warren Buffett has reminded investors to "never bet against America" many times before. This proclamation has been reinforced this year. Despite the many challenges we've faced as a nation—political polarization, social unrest, and economic recession, to name a few—it is important to recognize that America is a vastly diverse nation, with a resilient and ingenious population. The COVID-19 pandemic was not the first, and will likely not be the last, negative shock the country faces. Moving forward, the good news is that we have a history of overcoming various challenges as a country. Citizens of this country, and their public sector representatives, have navigated two major crises in less than two decades. It is often said that in investing, one needs to build scar tissue to learn from their mistakes. Our hope is that, as a country, we will reflect on this crisis and be better equipped to handle the next.

With the vaccine likely to become widely available over the next several months, investors are looking ahead to a post-COVID world. As we begin thinking about recovery, the post-pandemic economy could look different. Some of the key questions remain unclear at this point:

- When do we get back to normal? And what does the "new" normal look like?
- What does the work environment look like post-COVID?
- Are some industries permanently impaired?
- Are dining, shopping and travel habits permanently altered?
- Are global supply chains going to be reconfigured?
- Will rates rise? If so, why? Because of growth or inflation?
- Will we continue to see a migration out of coastal and densely populated cities?
- Will we experience the proliferation of "Zoom Towns" in places such as Bend, Oregon, Bozeman, Montana, and Park City, Utah, as remote work becomes more widely accepted?

We don't have clear insights into what a post-COVID world might look like. But, imperfect clarity is one of the attributes that draws us to this business. Ultimately, we think alpha in investing is achieved without the benefit of perfect information. We remain committed to a bottom-up, fundamental investment process. Through bottom-up, company-specific research, we seek to identify better businesses that we believe will be well-positioned to benefit from an economic recovery.

On behalf of the Sycamore Capital Team, we wish you and your family a safe and healthy New Year.
We appreciate the continued trust that you have placed in us.

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Top Contributors (%)	
Steven Madden, Ltd.	1.2
Pinnacle Financial Partners, Inc.	1.0
Applied Industrial Technologies, Inc.	0.7
South State Corp.	0.7
Visteon Corp.	0.6

Top Detractors (%)	
Werner Enterprises, Inc.	-0.1
UFP Industries, Inc.	0.0
RenaissanceRe Holdings Ltd.	0.0
Sonic Automotive, Inc.	0.0
Mattel, Inc.	0.0

Source: FactSet. The percent displayed is the contribution to return.

				ANNUALIZED RETURNS				
Investment Performance (%)	QTR	YTD	1-YR	3-YR	5-YR	7-YR	10-YR	Since Inception*
Sycamore Small Cap Value Equity (gross of fees)	28.58	5.77	5.77	7.82	13.18	10.53	12.22	12.31
Sycamore Small Cap Value Equity (net of fees)	28.26	4.72	4.72	6.75	12.06	9.43	11.10	11.20
Russell 2000® Value Index	33.36	4.63	4.63	3.72	9.65	6.25	8.66	—

Source: Zephyr.
**Since inception results are as of 01/1993.*

Past performance cannot guarantee future results.

Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of fees returns are calculated by deducting 1/12 of the highest tier of the standard fee schedule in effect for the period noted (the model feel). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equity to the composite net-of-fee return calculated using actual fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and may be found on Part II of its Form ADV.

Returns greater than one year are annualized. Returns are expressed in U.S. dollars. Composite returns are net of transaction costs and gross of non-reclaimable withholding taxes, if any, and reflect the reinvestment of dividends and other earnings. Please note: High, double-digit returns are highly unusual and cannot be sustained. Investors should be aware that these returns were primarily achieved during favorable market conditions.

The Sycamore Small Cap Value Equity Composite includes all accounts, except wrap fee paying accounts, primarily invested in stocks of small/emerging companies with market capitalizations of less than $2 billion. The product generally has a minimum equity commitment of 90%. The benchmark is the Russell 2000® Value Index. The composite creation date is 1Q93.

The Russell 2000® Value Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index with lower price-to-book ratios and lower forecasted growth values. Index returns reflect the reinvestment of dividends and capital gains but do not include advisory fees, transaction costs, or other expenses. One cannot invest directly in an index.

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Contributors and Detractors Source: FactSet. The top contributors and detractors are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. The percent displayed is contribution to return. Holdings are as of quarter end and may change at any time.

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