

Investment Philosophy

The Munder Mid-Cap Core Growth Strategy invests in mid-cap stocks that have superior growth prospects and reasonable valuations. We believe this combination of fundamental strength and attractive valuation positions the Strategy for strong competitive performance. These characteristics have historically contributed to the Strategy's successful long-term record, and we are confident they will continue to serve our investors well.

Market Overview

- The Russell 3000[®] Index was roughly flat during the quarter but stands ~30% above its February 2020 pre-COVID high.
- September saw a sharp change in leadership, with the market down 5%, interest rates up, and longer duration/ growth equities underperforming after a strong July and August.
- Financials benefited the most during September's rotation and led performance for the quarter; Technology, Real Estate and Utilities managed to outperform for the quarter despite relative weakness in September.
- Materials and Industrials declined ~4.5% in 3Q, pressured by commodity prices (excluding Energy) and slowdown fears.

Outlook and Positioning

- The recovery continues as the pandemic subsides, supply chains normalize, and people return to work. We see noteworthy opportunities within housing, trucking/logistics, building products, payments, and consumer finance.
- Secular trends around digital transformation, cloud computing and artificial intelligence can accelerate, providing support to current outsized growth rates. Selection is key given extended valuations/sentiment and rising rates.
- We see lots of stock-specific opportunity in semiconductors and leading-edge life science tools.
- The Strategy is overweight Industrials/Tech/Health Care; underweight Utilities/Real Estate/Consumer Staples/Communication Services.
- The Strategy maintains its positive exposure to growth, momentum, and profitability, with benchmark-like earnings yield.

Performance and Attribution

- The Munder Mid-Cap Core Growth Strategy generated a +0.99% total return (gross) in 3Q21, led by 4%+ gains in Consumer Staples/Financials/Technology; Energy/Materials/Communication Services declined 5%+.
- 3Q performance was above both the Russell Midcap[®] Index and Russell Midcap[®] Growth Index, with strong stock selection in Tech/Industrials/Health Care; selection was negative in Materials/Energy. Sector allocation effect was immaterial, but style factors were a headwind (negative exposure to deep value) relative to the benchmark.
- The Strategy continues to outperform the Russell Midcap[®] Index year-to-date (YTD), after strong outperformance in 2020.

Top Contributors

- In Tech, **Monolithic Power Systems**, a power semiconductor company growing 2-3x its market with strong competitive advantages, is benefiting from early capacity additions, accelerating design wins and market share gains.
- In Industrials, **Chart Industries**, a leading cryogenic equipment company with differentiated gas-to-liquid technology for industrial and energy use cases, is well positioned for improved liquefied natural gas (LNG) orders and a shift to clean energy.
- In Health Care, **Dynavax Technologies**, a developer of novel vaccines and immuno-oncology therapeutics, is quickly seeing its vaccine for hepatitis B virus infection (HBV) becoming the standard of care, while its adjuvant CpG is also being used to improve vaccine efficacy, including pending COVID-19 vaccines.

Largest Detractors

- In Materials, **Scotts Miracle-Gro Company**, the leading producer/retailer of branded lawn care products, is facing difficult compares and inflationary/logistic margin pressures. These are transitory headwinds, and we forecast a return to double-digit growth as comps moderate and its cannabis business sees outsized growth.
- In Energy, **U.S. Silica Holdings**, a producer of fracturing sand and specialized commercial silica products, sold off with other high growth/high momentum names. We exited our position given the technical breakdown, repositioning into **Cheniere Energy**, which has a first-mover/cost advantages in the U.S. LNG export market.

Top 5 Contributors (% Rep. Account)	
Dynavax Technologies Corporation	0.54
Monolithic Power Systems, Inc.	0.37
Chart Industries, Inc.	0.33
MSCI Inc. Class A	0.29
EPAM Systems, Inc.	0.27
Top 5 Detractors (% Rep. Account)	
U.S. Silica Holdings, Inc.	-0.32
Scotts Miracle-Gro Company Class A	-0.26
NanoString Technologies, Inc.	-0.24
Oshkosh Corp	-0.22
Kratos Defense & Security Solutions, Inc.	-0.22

Top Ten Holdings (Rep. Account)	Sector
EPAM Systems, Inc.	Information Technology
Ally Financial Inc	Financials
MSCI Inc. Class A	Financials
Synchrony Financial	Financials
Advanced Micro Devices, Inc.	Information Technology
Trane Technologies plc	Industrials
Monolithic Power Systems, Inc.	Information Technology
Synopsys, Inc.	Information Technology
Agilent Technologies, Inc.	Health Care
AutoZone, Inc.	Consumer Discretionary
Total % of Portfolio	17.65%

Investment Performance (%)	QTR	YTD	ANNUALIZED RETURNS				
			1 Year	3 Year	5 Year	10 Year	Since Inception*
Munder Mid-Capitalization Core Growth Composite (Gross)	0.99	16.76	38.10	14.88	15.57	15.19	12.38
Munder Mid-Capitalization Core Growth Composite (Net)	0.77	16.02	36.94	13.91	14.55	14.23	11.55
Russell Midcap® Index	-0.93	15.17	38.11	14.22	14.39	15.52	-
Russell Midcap® Growth Index	-0.76	9.61	30.45	19.14	19.27	17.54	-

Source: Zephyr

*Since inception results are as of January 1, 1999. This information is supplemental to the GIPS® presentation, which is available upon request. Past performance does not guarantee of future results.

Past performance cannot guarantee future results. Investing involves risk, including the possible loss of principal and fluctuation of value. 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.

Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. The composite net-of-fees returns shown reflect gross performance less actual investment management 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.

The Munder Mid-Capitalization Core Growth Composite includes all fee-paying, non-wrap discretionary portfolios of \$100,000 or more that are managed according to the Munder Mid-Capitalization Core Growth strategy. The strategy focuses on mid-sized companies that we believe are high-quality companies with the potential for higher than average earnings growth and high consistency in earnings. The composite creation date is December 2001. The primary benchmark of the composite is the Russell Midcap Index. The secondary benchmark of the composite is the Russell Midcap Growth Index.

The Russell Midcap® Index is a market capitalization-weighted index that measures the performance of the 800 smallest U.S. stocks in the Russell 1000® Index.

Characteristics, Top Ten Holdings and Sector Diversification source: FactSet Research Systems, Inc. The top ten holdings and sector diversification are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. The Holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients.

Holdings are as of quarter end and may change at any time. This material should not be construed as a recommendation to buy or sell any security.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

The information in this article is based on data obtained from recognized services and sources and is believed to be reliable. Any opinions, projections or recommendations in this report are subject to change without notice and are not intended as individual investment advice.

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