



Emerald Advisers is an investment management firm founded in 1991 that specializes in actively managed investment portfolios, with an emphasis on fundamental, hands-on research analysis anchored by our proprietary 10-step research process. We believe our products provide investors with a convenient way to benefit from the knowledge and insights of an experienced investment team. In addition, we believe clients are advantaged by our low turnover in investment staff which continues to enhance our collective experience and delivers competitive risk-adjusted performance.

## Investment Philosophy/Objective

Emerald seeks to maximize returns and minimize risks by capitalizing on the inefficiencies inherent in today's small cap markets. Emerald is dedicated to intense fundamental, bottom-up research designed to identify unrecognized, under-researched and undervalued growth companies. The Small Cap Growth product's objective is to outperform the Russell 2000 Growth Index and rank in the upper echelon to its peer group over a full market cycle by constructing portfolios that have little resemblance to the broader market.

## Investment Process/Portfolio Construction

Emerald uses a ten-step research process to assist in identifying companies that qualify for inclusion in its small cap growth portfolio. The process reveals competitive advantage, an assessment of management, specific growth drivers, risk, and valuation metrics (and its comparable). Emerald portfolio managers and research analysts are in constant communication and also participate in twice-weekly structured research meetings. To control volatility, Emerald diversifies its portfolios not only between the broad economic sectors, but also among subgroups or industries within these sectors.

The Emerald Small Cap Growth portfolio includes companies with market capitalizations equal to or less than the largest R-2000 company. Company selection criteria include: competitive advantage, leadership position, growth rate exceeding peer group, differentiated growth drivers and the amount of street research coverage. The portfolio will generally hold between 110 - 120 stocks consisting of 1/2 - 2% positions providing both sector and industry diversification.

**Sector**  
Up to 3x R-2000 Index  
(45% Max)

**Industry**  
Up to 15% Max

**Individual Stock**  
Up to 5% Max

## Portfolio Managers



**Kenneth G. Mertz II, CFA:**

CIO - 42 Years Experience

**Stacey L. Sears:**

Senior Vice President - 26 Years Experience

**Joseph W. Garner:**

Director of Research - 26 Years Experience