

**Part 2A of Form ADV: Firm Brochure**

**Item 1: Cover Page**

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This brochure provides information about the qualifications and business practices of Montag & Caldwell. Montag & Caldwell is registered as an investment adviser with the United States Securities and Exchange Commission. Such registration does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 404-836-7141 or [rkeister@montag.com](mailto:rkeister@montag.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Montag & Caldwell also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

The information provided below highlights the material changes since the last brochure, dated March 7, 2022.

Within Item 4, we updated Client Assets Under Management.

Within Item 6 regarding Side-by-Side Management, we enhanced the description of portfolio manager compensation structure.

Within Item 8, we updated the description of the Investment Strategies for the thematic growth and Asset Allocation portfolios.

Within Item 13, we updated the average number of separately managed accounts assigned to portfolio managers.

Within Item 14, we clarified information pertaining to client referrals as a result of the new Marketing Rule and as well as to other compensation paid.

**Item 3: Table of Contents**

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## Item 4: Advisory Business

### History of the Firm

In 1945, Louis A. Montag started Atlanta's first independent investment advisory firm. We adopted the current name of Montag & Caldwell ("M&C") in 1956.

On July 29, 1994, M&C completed a merger with Alleghany Corporation of New York, a New York Stock Exchange-listed company, and became a member of the Alleghany family of companies including Alleghany Asset Management.

Effective February 1, 2001, Alleghany Asset Management was acquired by ABN AMRO Asset Management Holdings, Inc., a U.S. subsidiary of ABN AMRO Bank N.V. (headquartered in the Netherlands). After the completion of the transaction, M&C was owned directly by ABN AMRO Asset Management Holdings, Inc. and indirectly by ABN AMRO Bank N.V.

A group of three European banks, which included Fortis Bank SA/NV (headquartered in Belgium), purchased ABN AMRO Bank N.V. on October 17, 2007. M&C became directly owned by Fortis Bank SA/NV in April 2008. Effective October 2008, Fortis Bank SA/NV became 100% owned by the Belgian Government. As a result, M&C became indirectly owned by the Belgian Government.

Effective May 14, 2009, 74.93% of Fortis Bank SA/NV was acquired by the French bank BNP Paribas. M&C remained directly owned by Fortis Bank SA/NV, but also indirectly owned by BNP Paribas. Twenty-five percent ownership of Fortis Bank SA/NV was retained by the Belgian Government, and a small legacy minority interest was undisturbed.

On August 3, 2010, the employees of M&C announced their intention to buy the Firm from BNP Paribas Fortis. The employee-led buyout successfully closed on September 24, 2010, and the legal name of our Firm, formerly Montag & Caldwell, Inc., became Montag & Caldwell, LLC. M&C is now 100% employee-owned, and ownership interest is very broad-based. While no one employee holds a majority stake, Ronald E. Canakaris is a principal owner as he owns 25% or more of the Firm. All members of the Investment Team are owners of the Firm.

### Investment Advisory Services

M&C's principal service is investment counseling. We manage Client portfolios and advise on investments in equity and fixed income securities. For some portfolios (including asset allocation), we also advise on the use of exchange-traded funds (ETFs) and mutual funds. We provide specific investment advice solely based on our investment process and investment objectives and guidelines provided by our Clients.

M&C's investment approach generally involves selecting securities according to the investment disciplines of each respective investment strategy, and including those in strategy-specific Model Portfolios. Please see **Item 8** of this brochure for further information on our investment strategies. It is possible that different strategy Model Portfolios could hold the same security. Also, there could be differing recommendations for those securities in the Model Portfolios. Client portfolios typically mirror the applicable Model Portfolio, limited only by a Client's particular restrictions or circumstances. We typically select stocks for the Model Portfolios from the publicly traded largest capitalized U.S. companies as well as the largest capitalized foreign companies (often in the form of

American Depository Receipts or “ADRs”). All securities we select for our Model Portfolios are listed on U.S. or foreign stock exchanges.

While we generally do not make investment decisions based on tax considerations, we are sensitive to the tax implications associated with individual, trust and corporate Client accounts. For all Clients, although the investment decisions are of most importance, we will make an effort, when possible, to be flexible in the execution of trades for taxable accounts and may retain low basis names that are not in our model portfolios.

All investment counsel Clients retain M&C by entering into a written agreement for either discretionary or non-discretionary services. (M&C has discretionary authority if it is authorized to decide which securities to purchase and sell for a client.) This contract may be terminated by either party with written notice according to the terms of the agreement.

### **Wrap-Fee Programs**

In some instances, we provide investment advice under a wrap-fee program (the accounts of which at times may be referred to as a Separately Managed Account or SMA) where a broker-dealer or other financial institution sponsor 1) recommends us to a Client, 2) pays our management fees for the Client, 3) executes the Client’s trades without commission charges, 4) monitors our performance, and 5) may also act as custodian, or provide some combination of these or other services - - all for a single fee. The wrap-fee sponsor, rather than M&C, provides reports to wrap-fee Clients.

The investment strategy for wrap-fee accounts is the same as that for separately managed accounts. In considering such a program, a Client should understand that in a wrap-fee program we do not have the ability to negotiate brokerage transaction commissions with the sponsor. We effect trades “net”, and a portion of the wrap-fee is usually considered to cover the commission cost.

Unless we can step-out trades for wrap-fee program Clients, we will trade only with the designated broker since the Client is required to pay all costs associated with trades executed through broker-dealers other than the designated broker. We expect the designated broker to make diligent efforts to obtain best execution. Please see **Item 12** of this brochure for further information on our brokerage practices.

A Client considering entering such a program should consider portfolio activity, custodial or any other services provided, the value the Client places on performance monitoring by the wrap-fee program sponsor and whether the wrap-fee could exceed the cost of these services if provided separately and M&C were free to choose broker-dealers to execute the Client’s trades.

Specific information on the wrap-fee programs is available in each wrap-fee program sponsor’s brochure.

With regard to the record keeping requirement of the Investment Advisers Act of 1940 (“Advisers Act”), in most cases the wrap-fee program sponsor will be the primary record keeper of our wrap-fee Client records. We have been assured by our wrap-fee program sponsors that all such records will be made available upon request. Through an agreement we have with Tegra118/APL (a wrap-fee program accounting software company), we now have electronic access to and do maintain some wrap-fee program Client records. Some wrap fee sponsors do not use Tegra118/APL, and provide the performance data for their wrap-fee Clients through other applications. M&C is able to extract

data from Tegra118/APL and the other aforementioned applications for use in other performance databases employed by the Firm to produce reports.

### **Unified Managed Accounts**

We also provide investment advice as part of a Unified Managed Account (“UMA”) program arrangement. In such an arrangement, multiple advisers provide portfolio models to an overlay manager, appointed by the bank, broker-dealer or other financial intermediary sponsor of the UMA program. In some cases, the sponsor and overlay manager may be the same entity. The overlay manager executes investment decisions across the sponsor’s customer portfolios based upon the investment advisers’ models. This type of program seeks diversification through asset allocation, typically for customer portfolios with lower minimum asset levels.

In UMA program arrangements, we provide an updated portfolio model to the overlay manager of each UMA program on an agreed upon, periodic basis which may vary from UMA program to UMA program depending upon the terms of our agreement with the particular UMA program sponsor. M&C rotates the release of the updated model portfolio either before or after orders are placed for M&C’s discretionary Clients and also rotates the order of submission within the UMA group. We typically do not have investment discretion in any UMA program, and it is the sole responsibility of each UMA program’s overlay manager to make investment decisions for their respective UMA program customer accounts. The overlay manager of each UMA program may elect not to follow our provided Model Portfolio(s) in whole or in part. As a result, the investment performance of a particular UMA program customer account may differ from the investment performance of other portfolios of M&C Clients.

In most instances we will not maintain UMA program customer records, nor will we have access to the identity of a UMA program’s customers. Customers participating in a UMA program are not Clients of M&C. Additionally, UMA program customer accounts may be positively or negatively impacted if companies of the securities included in the Model Portfolio(s) we provide to the overlay manager release important or material information before the UMA program overlay manager has finished trading those securities for their customers’ accounts. For a more detailed description of a particular UMA program, please refer to the Form ADV provided by the UMA program sponsor.

### **Client Assets Under Management**

As of December 31, 2022, Client assets managed on a discretionary basis amounted to \$964,633,788.

Combined assets in the UMA programs to which we provide our Model Portfolio(s), as of December 31, 2022 amounted to \$69,699,755. As these assets are not Client assets, they have not been disclosed in Form ADV Part 1A.

## Item 5: Fees and Compensation

Our compensation for services is calculated and paid according to a schedule of fees agreed upon between M&C and the Client. Generally, an account's schedule of fees is based upon the percentage of assets under management. We generally invoice fees for payment quarterly in advance, although Clients have the option to request to pay fees quarterly in arrears. We apply the relevant schedule of fees to the fair market value of an account's assets, as we reasonably determine, on the last business day of each billing period. If a Client terminates the account with us, we will prorate any fees paid in advance to the date of termination specified in the Client's notice of termination and will promptly refund any unearned portion to the Client.

We compute the market value of any Client-account held security that is listed on a national securities exchange by valuing the security on the valuation date at the last quoted sale price on the principal exchange that trades the security. We then verify the price of every model portfolio security using a reputable second source. For fixed income securities, the Fixed Income Portfolio Management Department reviews for fairness valuations provided by third party pricing services. For any other security or asset that has no readily available price quotation, we will value it in a manner that we have determined in good faith to reflect the security's fair market value. If requested by a Client, we will calculate compensation for services based on the value determined by the Client's custodian on the last day of each period. Some Clients' fees are based on daily valuations. A Client may authorize us either to bill its custodian for fees or to bill the Client directly; however, M&C will not actually deduct fees from a Client's assets.

Although we generally require a minimum annual fee and adhere to a schedule of fees, we may, in our sole discretion, agree to a fee different from the annual minimum or standard schedule of fees.

Clients will also incur fee charges by the custodian of the Client's assets as well as brokerage and other transaction costs, as described in **Item 12** of this brochure. Asset allocation portfolios will also incur fees and expenses for ETFs or mutual funds as described in their respective prospectuses.

## Item 6: Performance-Based Fees and Side-by-Side Management

### Performance-Based Fees

We do not currently advise any accounts with performance based fees.

### Side-by-Side Management

We trade and monitor performance of all Client accounts in the same manner, without regard for fee structures. The controls in place to ensure fairness include:

- Managing all accounts alike. For each product, we implement the buy/sell decisions of the strategy's Investment Policy Group or lead portfolio managers similarly across all accounts, so the portfolio composition of an account is similar to the portfolio composition of the applicable Model Portfolio and other accounts invested in the same strategy, allowing for Client restrictions or circumstances. Deviations from the Model Portfolio due to Client environmental, social or governance restrictions can occur only if written instructions have been received from the Client. In some instances and in response to Client request, an appropriate substitute investment may be recommended by Research. Our portfolio managers review Client holdings no less than weekly for conformance with the decisions of the particular Investment Policy Group or lead portfolio managers.

Security changes to our Model Portfolios are known as "program" transactions. These buy or sell decisions for each Model Portfolio are optimized by our Trading department and applied across all of the managed accounts over which we have discretion and/or trading authorization. Regularly, our Chief Compliance Officer reviews reports generated from data within the trade order management system to determine the reason Clients' accounts did not participate in a program transaction.

- Compensation structure. Portfolio manager compensation structure is not based on the performance of individual accounts or on the value of assets held in the Clients' portfolios although some portion of their compensation may result from incentives paid for previously developed new business. See **Item 14** of this brochure for further information about Compensation. Rather we compensate employees on the performance of the Firm as a whole, as well as individual job performance, which removes the potential incentive for portfolio managers to favor one Client account over another.
- Account valuation. We maintain all Client accounts, other than wrap-fee program accounts, on the Firm's portfolio management accounting system, called Clearwater. Any reports that we run from Clearwater use the same prices for a given day for a given security from the same pricing service for all accounts. (The wrap-fee program accounts are valued according to the terms of the agreement with the sponsor.)
- Cross-trades. As a matter of policy, we do not transact cross trades in Client portfolios.
- Investment opportunities. Also as a matter of policy, we do not invest in limited availability investment opportunities, such as IPOs or private placements, for any Client portfolios.



- Trade allocations. We have in place written policies and procedures that are reasonably designed to allocate investment opportunities across our Clients' accounts on a fair and impartial basis, to ensure that no Client is advantaged or disadvantaged over another. This would include the allocation of transactions for any and all M&C proprietary accounts. Please see **Item 12** of this brochure for further information on our brokerage practices.

**Item 7: Types of Clients**

M&C serves a wide range of institutional and individual Clients through separate accounts. We are experienced in working with retirement plans, endowment funds and foundations, state and local governments, hospitals, insurance companies and credit unions, and Taft-Hartley funds.

The minimum asset value for an individual or institutional large cap, balanced or fixed income separately managed relationship is \$10 million. The minimum asset value for an individual or institutional mid cap, thematic or dividend growth separately managed relationship is \$1 million. The minimum asset value for an individual or institutional allocation portfolio is \$100 thousand. In our sole discretion, we may accept accounts under the stated minimums.

## Item 8: Methods of Analysis, Investment Strategies, Sell Disciplines and Risk of Loss

### Methods of Analysis

For our Growth strategies (large cap, mid cap, thematic and dividend growth), M&C's stock selection process relies on the analysis of our research team, which is led by Chief Investment Officer M. Scott Thompson, CFA. Our research analysts use the valuation and earnings momentum data generated through their inputs to our stock selection models and fundamental research to develop specific investment recommendations, used in part or in whole depending upon the particular strategy.

Our process for ranking a stock's relative attractiveness is entirely proprietary. The models we use cannot be purchased from third party providers. However, we do use inputs generated from a variety of external sources.

The key inputs to our internally published research reflect the fundamental conclusions of our analysts as well as estimates and assumptions for 1) estimated near-term earnings per share, 2) estimated long-term earnings per share growth rates, 3) normalized earnings per share, and 4) dividend payout ratio. These estimates are linked to historical earnings data and to an appropriate discount rate, which we determine using our proprietary method of scoring historical financial data. These assumptions generate valuation and relative earnings momentum data. This earnings momentum data is grouped into deciles via our internal software. These sorts (along with other investment considerations such as tentative conclusions about evolving changes in an industry's structure) prompt our analysts to explore potential investments based on the relative attractiveness of a company's earnings momentum and valuation at a particular time.

We perform fundamental analysis that supports our valuation and earnings inputs for all companies that meet our initial market capitalization, growth and quality criteria. Such analysis includes evaluation of a company's 1) management, 2) products, 3) distribution channels, 4) industry position, 5) cash generation, and 6) many other factors, along with an assessment of the effects of global and domestic macroeconomic events upon a company's earnings and growth rates.

In our fundamental analysis we utilize a number of resources including:

- Company-published data such as annual and quarterly reports filed with the SEC.
- Historical company and industry data available from sources such as Value Line, FactSet, Bloomberg and Standard & Poor's.
- Discussions with company management or investor relations representatives (including in-person meetings with top management, facilitated by our location in a leading financial center but also in other venues such as company-sponsored field trips and sell-side hosted industry conferences).
- Background discussions with economists and industry-appropriate professionals.
- Extensive company and industry data available from national brokerage firms and independent sources.

- Government-released data relating to macroeconomic variables and industry data (i.e., Department of Energy for energy, Federal Reserve Bank for bank industry data, etc.).

Through FactSet, an online financial information service, M&C analysts have timely access to current economic and company news and published sell-side analyst reports and notes. More detailed company and industry data is available in brokerage firms' published reports, which we can also access electronically via FactSet. In addition, these firms' analysts, who typically cover a small group of companies in a single industry, are available to our analysts both for timely answers to company specific questions and for broader discussions about industry issues. In the process of developing a buy or sell recommendation, M&C analysts typically talk with a number of sell-side analysts, usually representing a range of investment opinions on a particular stock.

On the research front, we have created an interactive, proprietary database to house all of our valuation and earnings inputs. This database, named CORE or Collaborative Online Research Engine, allows the analyst to see in real-time the impact of changes made to assumptions in a stock's earnings, growth rate, dividend policy, or discount rate. CORE maintains updates in real time. All reports can be viewed (and printed on-demand if so desired) at any time. CORE also allows the analyst much more flexibility in screening our stock universe. For example, an analyst can sort his or her coverage universe in a variety of fashions – such as by valuation, earnings momentum, annual earnings growth, etc. With CORE our analysts and portfolio managers have the ability to screen and sort our entire investable universe on over 70 individual data items stored in our database. Because CORE is maintained in the cloud, our investment team has access to this data at any time, either at the office or remotely via a web browser on any internet connected device.

M&C believes that good investment returns are derived from the competent, disciplined, fundamental analysis of individual securities, performed by experienced professionals operating as a team. For each product, our Investment Policy Groups, composed of experienced investment professionals or lead portfolio managers, establish the investment strategies and review the securities to be bought or sold. Portfolio managers manage Client portfolios within the parameters established by the particular Investment Policy Group or lead portfolio managers, with exceptions for Client restrictions or circumstances.

## **Investment Strategies**

### **Growth Portfolios**

We are long-term, high quality investors focusing on growth opportunities. Our flagship product style is large cap growth. The investment process is primarily bottom-up in which we interrelate price with earnings momentum. Our strategy uses a present value model in which the current price of the stock is related to the risk-adjusted present value of the company's future earnings stream.

The identification of appropriate stocks for consideration in our large cap growth product begins with the Russell 1000 universe of stocks. We then screen this universe for market capitalization of at least \$3 billion, an expected 10% earnings growth rate, and a proprietary quality evaluation. The resulting universe of common stocks is then processed through our proprietary earnings and valuation models. Analyst judgment, based on qualitative factors and strong financial characteristics, further narrows the universe to a select list of focus stocks, upon which more rigorous due diligence is performed. Our objective is to identify high quality, large cap growth stocks that

are selling at a discount to intrinsic value and tend to exhibit above-median near-term relative earnings strength.

The mid cap growth strategy extends our equity capabilities into the mid cap asset class while leveraging the strength of our resources and our time-tested, fundamentally driven investment process. As with large cap, the mid cap equity selection process is a growth approach focusing on high quality companies. It employs the same bottom-up process in which we interrelate valuation with earnings momentum, but focuses on identifying investment candidates within the range of market capitalizations of companies constituting the Russell Midcap Growth Index. Our objective is to identify high quality, mid cap growth stocks that are selling at a discount to intrinsic value and tend to exhibit above-median near-term relative earnings strength.

The thematic growth strategy is a concentrated growth strategy, primarily, although not exclusively, derived from our large and mid cap growth strategies. This strategy focuses on those industries and companies that we believe have the strongest secular growth trends. The strategy focuses on those sectors or industries identified in our fundamental work that offer strong growth potential over the next 3-5 years based on factors such as, but not limited to, new product cycles, new and emerging technologies, and/or changes in consumer behaviors. On a bottom up basis, the manager assembles a concentrated portfolio of stocks that best capitalize on the identified trends. Secondly, the strategy will favor those companies that rank highly within the firm's proprietary financial quality scoring process.

The dividend growth strategy focuses on those companies that have a demonstrated track record of consistently growing dividends. The manager believes such a history offers evidence of higher earnings quality and superior financial strength compared to the broader stock universe. Initially, the manager screens for stocks with a market capitalization of \$5 billion or more, a minimum 1% dividend yield, and at least 10 consecutive years of dividend growth. From this universe, the manager will assemble a concentrated portfolio that offers the most dynamic growth potential. Emphasis will be placed on those companies that have grown their dividends at a compound annual rate of 10% or greater and that offer similar prospective growth potential. Given the high quality nature of these dividend growers, greater emphasis will be placed on valuation during the stock selection process.

For the above mentioned growth strategies (large cap, mid cap, thematic and dividend), our analysts follow these stocks closely, regularly assessing their valuation and relative earnings growth. We typically initiate a position in a stock that is trading at a discount to our estimate of its intrinsic value. We compute this using a modified present value model that incorporates our analysts' assumptions for normalized earnings, secular earnings growth rate, dividend payout ratio, and a stock specific risk-adjusted discount rate.

The valuation model is a dynamic process in which the earnings base is adjusted each quarter. In addition, annually we re-evaluate the fundamental attributes that contribute to the risk-adjusted discount rate for each company and do so more frequently if market, industry, or specific company issues so demand. Daily we update our internal database that shows and sorts valuation and earnings momentum data and publish it as needed.

We consider above median relative earnings growth to be a primary catalyst driving share price appreciation. We determine this measure by comparing estimated and historical six-month annualized earnings growth to other companies in our universe and subsequently ranking companies by decile.

### Fixed Income Portfolios

M&C employs an active, yet conservative, approach to the management of fixed income portfolios. We construct portfolios taking into consideration the benchmark index, which at the current time includes the ICE BofA US Corporate and Government Index and the ICE BofA 1-10 year US Corporate and Government Index, and Client guidelines. Our objective is to provide an above market return while assuming less credit risk than the market, and without excessive activity.

We seek to accomplish this through actively managing and adjusting weighted average duration targets, and by changing the sector weights within the portfolio among government, corporate, mortgage-backed, asset-backed and other fixed income investments, according to our outlook. The Investment Policy Group determines the outlook for the economy and interest rates through an analysis of the business cycle. Federal Reserve policy, GDP growth, inflation rate expectations, the unemployment rate, exchange rates, industrial production and capacity utilization are factors influencing the duration decision. We implement our duration decisions within a normal limit of +/- 20% of the benchmark index. Large percentage moves are avoided, with a typical change of 3%.

We conduct an analysis of the yield curve to implement the duration distribution decision. By also analyzing the expected total return of a bond portfolio within a range of possible interest rate movements, we attempt to maximize our probability of success in structuring portfolios to outperform the market with lower risk over a complete interest rate cycle. We may under- or overweight various points along the yield curve versus the index based upon a relative rich/cheap analysis. The historical shape of the yield curve in the context of the current stage of the business cycle plays a role in this analysis. We do not utilize strict barbell/bullet strategies, as a percentage of our portfolios will always be maintained in the middle of the yield curve. However, if we anticipate a flattening of the yield curve, with long rates falling, a barbell strategy will be utilized, to the extent that we will underweight the middle of the curve. Conversely, if we anticipate a steepening of the yield curve, a bullet strategy will be employed.

### Balanced Portfolios

Balanced portfolios are composed of equity and fixed income. The equity portion of the portfolio is generally the driving force behind performance, while the use of high quality bonds diversifies the portfolio for capital preservation and helps to mitigate portfolio risk.

Holdings in the equity segment of separately managed balanced portfolios typically mirror one of our growth equity strategies, allowing for Client restrictions or circumstances. For the fixed income segment, we emphasize positioning along the yield curve and sector weightings and manage risk by changing the maturities and sector emphasis of the portfolio over time.

We determine the appropriate asset mix among cash, equities, fixed income, ETFs and mutual funds through consultation with the Client concerning the Client's risk tolerance, income needs, and growth objective. We make minimal shifts around the Client's strategic target asset allocation based upon the Investment Policy Group's outlook for the equity and fixed income markets, reflecting our judgment of the relative attractiveness of common stocks to other assets. Among the factors we consider are the economic environment, financial market valuation, economic and investor liquidity, and investor sentiment. We evaluate both short and long-term outlooks.

### Asset Allocation Portfolios

The GTAM Investment Team constructs Client portfolios using a hybrid approach of a top down macro view that emphasizes business cycle dynamics, coupled with fundamental and qualitative insights from decades of managed money experience. The team begins with a strategic allocation model that incorporates long-term capital market assumptions for different asset classes and geographies. This allocation is designed to represent a portfolio that compensates the investor for systematic market risks (risks that can't be diversified away). The strategic allocation is represented by the strategy's benchmark.

The Investment Committee will then make both short and intermediate term tactical adjustments relative to the strategic allocation to capitalize on market opportunities, or to avoid near-term risks. The team monitors a variety of macro-economic data points to assess where we are in the business cycle; we incorporate changes in monetary policy to our assumptions; and a variety of valuation metrics and growth assumptions as well as technical and sentiment indicators. By managing the portfolio's active risk, we believe we can achieve stronger risk adjusted relative performance.

### Sell Disciplines

M&C's primary sell disciplines are summarized in the bullets below. Generally, if a company's results remain consistent with our forecast, we could hold the position for a number of years. However, if a security becomes excessively valued or if we foresee a slowdown in earnings momentum, we could take profits. For most growth strategies, we would also reduce a position when it significantly exceeds 5% of the equity portion of a portfolio or its weighting in the benchmark, whichever is greater.

### Growth Equity

- Achieve the target price: We will review a holding for probable sale when it reaches our target price ratio, which is normally 120% of our determination of its fair value. Trimming the position, rather than total sale, might be the decision in the case of a high-growth company with rapidly compounding earnings. We may also sell stocks when experiencing weakening earnings momentum.
- Earnings disappointment: For large cap growth and mid cap growth, any significant earnings disappointment will trigger an immediate review of the holding and a decision to "add or sell". Since our investment policy centers on positive earnings momentum within a six-month period, we make "add or sell" decisions within that framework. We may extend this time frame for one quarter out to nine months, in order to capture exceptionally good value occurring just prior to restored earnings momentum. Unless we discern visible earnings growth for the next six to nine months and the valuation is attractive enough to justify adding to positions, we will sell on earnings disappointments. For thematic growth, given the strategy's longer-term nature, the earnings disappointment rule is typically not centered on any afore-mentioned monthly period, but instead will only be applied if it undermines the intermediate/long-term investment thesis in the context of the strategy's 3-5 year view.
- In addition to the primary sell disciplines, we may also sell on declining relative price or when we find more attractive alternatives. Particular to the dividend growth strategy, any deterioration

in financial condition or growth prospects that may limit future dividend growth may be a catalyst to trim or sell a stock.

### Fixed Income

- Bonds may be sold if a company's credit profile deteriorates, if a bond's spread to Treasury bonds is considered too low or in order to adjust the portfolio's average duration.

### Asset Allocation

- The Investment Policy Group uses the same hybrid approach in its sell discipline. The Group monitors any signs of changes in the long-term secular growth forecasts and relative valuations. Asset classes become a candidate for sale based on the current position in the business cycle and intermediate term macro trends. The Group will then sell or trim positions based on changes in near-term fundamentals towards allocating capital to more compelling investment opportunities.

### Risk of Loss

Clients should be aware that investing in securities involves risk of loss that Clients should be prepared to bear.

### Growth Equity

Relative to equity investments, M&C focuses on individual stock/fundamental risk at the portfolio level. Our Investment Policy Groups or lead portfolio managers for large cap growth, mid cap growth, thematic growth and dividend growth ("growth equity strategies") are responsible for monitoring risk in the portfolios.

We primarily manage risk through our fundamental valuation and quality work at the individual stock level. We then compensate for the various risk-levels of these variables through our stock-specific, discount rate score. Additionally, we employ sector limits and cap allocations to individual names.

Risk is also controlled through strict adherence to our sell discipline, which requires that we sell or reduce holdings in names when they reach a 20% premium to our estimate of their fair value.

We do not maintain tracking error targets or excess return targets, nor do we manage our portfolios relative to beta, information ratio, or other standardized risk measures, as benchmarks themselves can be skewed in irregular market environments. It is an important aspect of our investment process to be able either to over- or underweight various sectors of the market, based on our bottom-up work on which stocks will provide the best returns for our portfolios, and not be constrained by strict index weightings. We are also willing, if we do not find stocks with a combination of valuation and earnings, to exclude a sector from the portfolio.

That being said, while such standardized risk measures are not explicitly considered as part of our portfolio construction process, the Investment Policy Groups or lead portfolio managers for our growth equity strategies are continuously evaluating their respective Model Portfolios, which are implemented across all fully discretionary accounts (subject to Client constraints and circumstances),



and monitoring the dispersion of portfolio characteristics relative to the target benchmarks, to be sure that our portfolios are broadly in line with our expectations.

### Fixed Income

With regard to fixed income investments, we incur risk in making duration and sector adjustments around the benchmark indices. There is also a risk of falling prices due to a general rise in interest rates. We strive to minimize credit risk through our investment process:

- Weighted average portfolio duration is normally limited to +/- 20% of the benchmark index.
- Corporate bonds typically are rated Baa3/BBB- or higher. Asset-backed securities are Aaa rated only.
- Excluding Treasuries, the weighting in an issuer is normally limited to 5% of the market value of the fixed income portfolio.
- We avoid credit risk on the long end by typically limiting corporate and asset-backed securities to maturities of 10 years or less.
- Portfolios with small market values typically hold only Treasury and agency securities due to implicit liquidity costs.
- We also analyze our risk along the yield curve by comparing the distribution of our portfolios to the benchmark indices.

### Asset Allocation

With regard to our asset allocation portfolios, we incur risk in making asset allocation decisions, which may include and are not limited to, asset classes, equity styles, and sectors that are exposed to market risk through investments in exchange traded funds ("ETFs"). The value of any asset class can decline for many reasons, including but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, currency movements, regulatory changes, political developments, or relative country specific domestic growth rates. In addition, asset allocation selection is augmented by past price performance and volatility relationships to evaluate both current and future positioning. It is possible that different or unrelated (historically uncorrelated) asset classes may exhibit similar price changes in similar directions, which may adversely affect a Client's account, and may become more severe in times of market upheaval or high volatility. Historical returns, expected returns, or projections based on historical relationships may not reflect future performance.

The Global Tactical Allocation Model Investment Policy Group is responsible for monitoring risk in the portfolios on the whole.

Asset allocation Clients are also referred to the prospectuses of the ETFs in which their portfolios invest.

**Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of M&C's advisory business or the integrity of management.

**Item 10: Other Financial Industry Activities and Affiliations**

M&C does not have any other financial industry activities or affiliations to disclose.

## Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Montag & Caldwell Code of Ethics and Standards of Practice (“Code of Ethics”) as amended from time to time meets the requirements of Rule 204A-1 of the Advisers Act and is available upon request. The Code of Ethics governs the investment in securities by all M&C Access Persons. We consider each employee and certain other individuals Access Persons since they have available to them information regarding our investment decisions. Access Persons are permitted to make personal trades in securities that we recommend to Clients in accordance with the provisions of the Code of Ethics. The purpose of the portion of the Code of Ethics dealing with Access Persons’ securities transactions is to assure that those transactions do not conflict with Client investments and, where there is a need to set priorities, that Clients’ interests come first.

Every Access Person must provide an initial holdings report after the person becomes an Access Person and then annually thereafter.

Quarterly, each Access Person will receive notification from the Personal Trading Control Center (“PTCC”) application of Compliance Science of his/her personal reportable securities transactions on record and complete a certification attesting that it accurately covers all transactions for the stated time period in all accounts covered by the Code of Ethics.

M&C maintains a Restricted Stock List which is accessible by all employees within the PTCC application used in the trade pre-clearance process. We place a security on the Restricted Stock List when the Research Department makes a recommendation or when approved by a particular Investment Policy Group or lead portfolio managers or when purchased by a strategy to take an initial position in a security across all Client accounts, to eliminate a security position from all Client accounts, or to decrease or increase a security position across all Client accounts in the product. We also place on the Restricted Stock List securities which are under consideration by the Research Department, although not yet recommended. Securities for which we take investment actions remain on the Restricted Stock List for 7 days after the recommended action in Client accounts is complete. A security which involves a total sale of shares may be removed from the Restricted Stock List prior to the expiration of the 7 day period if all such shares have been sold from all Client portfolios. The review period for Code of Ethics compliance of Access Persons’ trading activity in a security for which M&C investment firm decisions have been made will include the 7 days prior to the commencement of the Firm’s investment action.

If an Access Person is considering a personal trade in a security, he/she must first preclear the transaction within the PTCC application and then, upon receiving preclearance, promptly execute the transaction with his or her broker. If a security is on the Restricted Stock List, the Access Person is prohibited from trading in that security or from disclosing that a security is on the Restricted Stock List. Preclearance will be authorized for securities that are not on the Restricted Stock List only so long as there are no unexecuted Client orders in the particular security held by the M&C Trading Desk. The Access Person also must have no knowledge of Client orders in those securities which will or should be executed on that day.

Access Persons are required to request that electronic feeds from their brokerage accounts be established to PTCC to provide transaction and holding information for all accounts covered by the Code of Ethics. If electronic feeds are not possible with a particular broker, each Access Person must submit copies of reportable transaction confirmations or statements to the Chief Compliance Officer who will forward the information to Compliance Science for manual entry.

**Securities not subject to reporting include:**

1. Purchases or sales of shares of mutual funds, with the exception of purchases or sales of shares of any funds for which M&C serves as the investment adviser;
2. Purchases effected upon exercise of rights issued by an issuer pro rata to all holders of a class of its securities, to the extent such rights are acquired from such issuer;
3. Transactions in Certificates of Deposits and other money market instruments (i.e. fixed income securities which mature in less than one year).

## Item 12: Brokerage Practices

### **Broker Selection and Trade Allocations**

For portfolios under M&C management, we select brokers to effect Client securities transactions unless the selection is made to follow a Client's specific directives.

A Client may direct us, in writing, to conduct all or a portion of its security transactions with designated brokerage firms. Client direction may be to a broker that provides custody or commission recapture benefits. A commission recapture program generally permits a Client to receive benefits (including cash rebates, products, services, and expense payments or reimbursements) from brokers in connection with the Client's transactions. In the event that a Client directs us to use a particular broker, we may not be able under those circumstances to negotiate commissions and may not be able to obtain volume discounts. In addition, under those circumstances a disparity in commission charges may exist between the commissions charged to Clients who direct us to use a particular broker and other Clients who do not direct us to use a particular broker. If a Client removes the broker selection decision from us, we can provide no assurance that we can obtain best execution for the Client.

For separately managed accounts which may otherwise not have an established bank or broker custody relationship, we may recommend Charles Schwab due to its operational and trading efficiencies. Charles Schwab is also the recommended custodian for the Asset Allocation Portfolio strategy. While our Investment Policy Groups or lead portfolio managers may recommend for purchase in Client portfolios the securities of Charles Schwab, we do not believe that the potential for a conflict of interest exists due to the size of assets in such accounts versus total assets of Schwab.

We denote security changes to the Model Portfolios as "program" transactions. These buy or sell decisions are implemented across all of the managed accounts for which we have discretionary authority and/or trading authorization. Client orders that do not have designated brokerage direction are known as free/discretionary orders. Some Clients choose to direct their trading activity to specific broker-dealers, and these are referred to as directed orders. For program transactions, the trader will normally aggregate the free and directed orders onto one ticket, and the executing broker selected from an approved broker list will step-out the directed portion to the Clients' designated brokers. While M&C proprietary account transactions will be aggregated with other Client account transactions, M&C will not favor its proprietary accounts in the allocation of transactions and will not subordinate other Clients' interests to its own. We may elect not to aggregate orders in those situations where the Client's directed broker does not allow "step-out" trades, where the efficiency or effectiveness of trading could be impeded or where it is not in the Client's economic best interest. In those instances as well as instances in which a Client restriction will not permit the aggregation of the program trade order, we will make an effort to ensure a fair and equitable placement of orders.

For executed, aggregated transactions we calculate an average price on a broker by broker basis daily and allocate to accounts in a fair and equitable manner. Our intention is to assure that no Client is advantaged or disadvantaged relative to others. We utilize the pro rata allocation methodology.

### **Best Execution**

In selecting brokers for Client securities transactions, M&C seeks to obtain the best available price and execution. We do not, however, base broker selection decisions solely on whether the lowest

possible commission costs may be obtained. Instead, we evaluate market liquidity and the various brokers as to the services they provide, including their reliability, responsiveness and trustworthiness, the quality of their research and general economic information, execution capability, operational capability, and financial condition. We rate these firms as to their performance with respect to these criteria and attempt to allocate commissions during the year in such a manner that brokers who achieve the highest ratings receive a larger proportion of the commissions generated during the year. We have established an approved broker list which we maintain through joint coordination between our Research and Trading Departments. The traders' ability to identify sources of liquidity will influence the selection of a broker for a particular trade.

### **Trading Errors**

We define a trading error as 1) the failure to implement on a timely basis in a Client portfolio an Investment Policy Group or lead portfolio manager's decision with regard to the Model Portfolio unless not permitted by a Client guideline, restriction or constraint, or 2) implementing an Investment Policy Group or lead portfolio manager's decision which is not permitted by a Client guideline, restriction or constraint. We require that any trading error that may occur in Client accounts be reported immediately to the Chief Compliance Officer as well as to the Head Trader, and that any such error be resolved promptly and, unless deemed immaterial, be communicated promptly to the Client. In every instance, we will prepare a written explanation detailing the circumstances and outcome of the error. In no case will we allow a Client account to suffer a loss resulting from a trading error caused by us.

### **Soft Dollars**

Soft dollar practices or arrangements refer to the practice of an investment manager paying brokers for investment research and other brokerage services, either provided directly by the brokers or by others (known as third party providers), using commission dollars generated by client transactions. The research provided may be either proprietary for the broker or acquired externally. Under Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"), as interpreted by the SEC, investment managers are allowed to allocate brokerage transactions and to pay for brokerage and research services through higher commission costs, that is to pay for a bundled transaction which includes both execution and research costs, so long as the cost is commensurate with the value of research or services received and such services provide lawful and appropriate assistance in the performance of the investment decision-making responsibilities.

Subject to meeting the primary objective of best execution, we select for portfolio transactions brokers which furnish research to us. To the extent permitted by Section 28(e) we may pay a commission on transactions in excess of the amount of commission another broker might have charged if we determine that such commission is reasonable in relation to the value of brokerage or research services provided by such broker, viewed in terms of either the particular account transaction or our overall responsibilities with respect to the Client. This research information is among many tools used in our analytical work, as described in **Item 8** of this brochure, and in providing advice to Clients.

We obtain research, as permitted under Section 28(e), which may benefit all of our Clients and not just those Clients that are paying for such research. We do not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credit the accounts generate. To the extent

permitted by Section 28(e), we do receive some economic benefit as a result of soft dollar arrangements in that we do not have to produce or pay for the research.

The following research is provided by various brokers through soft dollars:

**Economic, Stock & Industry Reports**

- Proprietary research information



### Item 13: Review of Accounts

M&C assigns each account to a portfolio manager; and at December 31, 2022, there are 7 in that position. The portfolio manager, who is a principal of the Company, reviews Client holdings no less than weekly as to their conformance with the Model Portfolio of the respective strategy.

Monthly performance numbers are reviewed by a designated principal to assure compliance with our written procedures relating to CFAI GIPS<sup>®</sup> which are described in detail in the M&C Compliance Manual. Our Internal Controls Policy requires portfolio managers and back-up portfolio managers to perform an annual review of their respective Clients' investment objectives and guidelines. The number of accounts assigned to each portfolio manager depends upon the overall number of relationships for each as well as the levels of service required for individual portfolios. The average number of separately managed accounts, not in wrap-fee programs, assigned to portfolio managers is 24 at December 31, 2022. We also serve wrap-fee accounts, all of which would have the same conditions and restrictions.

On an annual basis, the Compliance Department will select, unless all of a particular portfolio manager's Clients have been recently reviewed, no fewer than one Client account per portfolio manager to review for compliance with the Client's investment objectives and guidelines, and to verify the accuracy of the Client data in our proprietary databases. A report of this review is provided to the Management Committee as well as to the portfolio managers.

According to the Client's specific requirements we provide monthly and/or quarterly written reports on their accounts. These reports can include (depending upon the Client's request) a transaction ledger, an appraisal of portfolio holdings, a realized gain and loss statement, a performance report, and a purchase and sale report. In addition to monthly and/or quarterly correspondence discussing the portfolio and the investment outlook and regularly scheduled Client meetings, we encourage Clients to consult with us frequently about their portfolios.

**Item 14: Client Referrals and Other Compensation**

In accordance with SEC Revised Marketing Rule 206(4)-1, we are allowed to compensate for Client referrals. Both cash and non-cash compensation must be considered, and the definition and scope of what constitutes “solicitation” have been expanded. Any arrangements we make for the payment of any referral fees to a solicitor will meet the requirements of SEC Rule 206(4)-1.

M&C has an incentive plan that can pay ongoing cash bonuses for new business developed by members of the Firm.

To the extent permitted by Section 28(e) and as described in response to **Item 12**, M&C has soft dollar arrangements and does receive some economic benefit as a result of these arrangements.

## Item 15: Custody

M&C does not directly maintain custody or possession of the funds or securities of Clients. Notwithstanding any language to the contrary within a Client's agreement with its appointed Custodian, M&C does not have the authority to direct disbursements from a Client's account except 1) to settle transactions, 2) for the payment of management fees, if applicable, and 3) to direct disbursements upon the written instructions from the Client. M&C does not accept standing letters of authorization from our Clients to initiate wire transfers to other accounts.

However, we must be reasonably certain that the Client's qualified custodian provides quarterly statements directly to them. We have procedures in place to perform due diligence in this regard, and we also include the following statement on the disclosure page of the appraisals we send to Clients on a monthly or quarterly basis:

SEC Custody Rule 206(4)-2 encourages the comparison of our account statements with those received from your custodian. Please contact your custodian if you are not currently receiving a statement.

**Item 16: Investment Discretion**

M&C's standard investment management agreement states that we "shall have full power to supervise and direct the investment of the Account, making and implementing investment decisions, all without prior consultation with the Client, in accordance with such written objectives upon which Client and Investment Manager agree".

## Item 17: Voting Client Securities

If directed by a Client, M&C will make decisions on voting of proxies in accordance with our guidelines (as amended from time to time) which are available upon request. We will consider proxies as a Client asset and will vote consistently across all Client portfolios for which we have discretionary voting authority in the manner we believe is most likely to enhance shareholder value. Where practical, we may consider requests to vote proxies in accordance with Client specified guidelines. If a Client's shares are on loan at the time of voting, it is not our policy to request that the custodian recall the shares on loan.

If we are authorized to make decisions on voting of proxies, we will have no obligation to furnish a Client any proxies, notices of shareholder meetings, annual reports or other literature customarily mailed to shareholders.

Once we have been delegated discretionary voting authority, a Client may not direct how to vote the proxies. Clients who wish to adhere to a proprietary set of voting guidelines should exercise their right to reserve voting authority rather than delegating this responsibility to us.

### **Potential Conflicts of Interest**

Should the situation arise where we act as an investment adviser to a company whose proxy we are authorized to vote or other potential conflicts arise, we will follow policy outlined in our Guidelines.

It is against our policy for employees to serve on the board of directors of a company the stock of which we could purchase for our advisory Clients' portfolios.

### **Policy Guidelines**

We have established guidelines to outline our position on the most common issues addressed in proxy solicitations and to represent how we will generally vote such issues. However, an investment professional will review all proxy proposals to determine if shareholder interests warrant any deviation from these guidelines or if a proposal addresses an issue not covered in the guidelines.

We have established a Proxy Committee that consists of at least three investment professionals and includes at least one research analyst and one portfolio manager.

The Proxy Committee reviews proxy voting guidelines periodically and submits them to the Firm's investment professionals for approval.

We maintain electronically a record of proxy voting guidelines and the periodic updates.

At least one member of the Proxy Committee will make proxy voting decisions within the framework established by our guidelines, which are designed to cast votes in the best interests of all Clients.

We will maintain a record of any document created by us or procured from an outside party that was material to making a decision as to how to vote proxies on behalf of a Client or that memorializes the basis of that decision.

### **Administrative Procedures**

Where Investment Manager has been delegated discretionary voting authority, we will maintain records detailing receipt of proxies, number of shares voted, date voted and how each issue was voted. We will make these records available upon request to those Clients for whom we have proxy voting responsibility.

We will maintain records of all written Client requests for information as to how we voted proxies on their behalf and of our written response to the Client's written or verbal requests.

We enlist the service of a third party to vote proxies according to our guidelines and to maintain such voting records.

**Item 18: Financial Information**

M&C does not have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to Clients.

**Item 19: Requirements for State-Registered Advisers**

This is not applicable as M&C is registered with the SEC.