

**PORTFOLIO MANAGER: MARK WYNEGAR**
**FIRST QUARTER 2024**

	Quarter	Year to Date	1 Year	3 Years	5 Years	Since Inception*
Tributary Capital Management (Gross of Fees)	7.6%	7.6%	16.7%	6.9%	11.4%	10.2%
Tributary Capital Management (Net of Fees)	7.4%	7.4%	15.7%	6.0%	10.5%	9.3%
S&P 500 Index	10.6%	10.6%	29.9%	11.5%	15.1%	12.7%
Russell 3000 Index	10.0%	10.0%	29.3%	9.8%	14.3%	12.2%
Russell 3000 Value Index	8.6%	8.6%	20.2%	7.7%	10.2%	8.5%

*\*Inception: 12/31/2014*

### PORTFOLIO REVIEW

The Russell 3000 benchmark's +10.0% return this quarter was slightly below the S&P 500's +10.6% increase. Small-cap companies, as measured by the Russell 2000 Index, rose +5.2% in the quarter and the Russell Midcap Index returned +8.6%. Growth stocks surpassed value this quarter, with the Russell 3000 Growth rising +11.2% compared to the Russell 3000 Value's +8.6% return. The Equal-Weight S&P 500 rose +7.9% in the quarter, which is below the S&P 500's return and is indicative of a top-heavy market.

The Tributary All Cap portfolio's total return of +7.6% (gross return) fell short of both the Russell 3000 and the S&P 500 Index in the quarter but was only slightly below the Equal-Weight S&P 500. Not owning NVIDIA was over 90% of the portfolio's underperformance versus the Russell 3000, accounting for 2.2% of the 2.4% shortfall. The portfolio's most favorable sector returns this quarter were delivered by the consumer discretionary (+19%), consumer staples (+12%), financials (+12%) and communication services (+12%) sectors from an absolute return standpoint. On a relative basis, sector outperformance came from consumer discretionary, consumer staples and financials. The portfolio's consumer discretionary holdings, as noted, rose +19% in the first quarter. This compares to +6% for the Russell 3000 consumer discretionary sector and was driven by outperformance from both of the portfolio's sector holdings. The consumer staples sector provided the portfolio with a +12% return, leading the index sector's +8% rise. Financials sector performance was led by strong quarters from JP Morgan Chase and Travelers.

Weaker returns came from the information technology, healthcare and energy sectors this quarter. The portfolio's technology sector trailed the Russell 3000's sector by a margin of +4% versus +12%. Favorable performance from Microsoft and MKS Instruments was offset by a weaker quarter from Littelfuse, but the impact of not owning NVIDIA was a substantial culprit in the portfolio's relative underperformance. AMN Healthcare and Revvity underperformed this quarter, resulting in a -1% loss for the portfolio's healthcare sector versus the index's +9% result. The energy sector rose +7% in the quarter compared to the Russell 3000 sector's +13% return.

While the market broadened in the closing months of the 2023, it narrowed again in early 2024, especially in January and somewhat so in February as well. Rate cut expectations seemed to get ahead of themselves at year end, with as many as six rate cuts being built into consensus. Inflation remained sticky in the first quarter, and the Fed had to reel in rate cut expectations somewhat. By March, consensus seemed to settle in on three rate cuts in 2024, starting in or around June. Combined with an uptick in economic growth expectations for the year, the broader market gained some momentum, leading the Equal-Weight S&P 500 and Russell 2000 to outperform the S&P 500 benchmark in March. We continue to believe that the All Cap portfolio is positioned well for an economic soft landing (or even a modest slowdown) coupled with interest rate cuts. The portfolio is underweighted in the biggest holdings of the Russell 3000 and overweighted in small- and mid-cap stocks relative to the index, which should benefit the portfolio if the market broadens as more economic clarity emerges.

### PORTFOLIO CHANGES

There were no initiations or eliminations from the All Cap portfolio this quarter.

### TOP CONTRIBUTORS

**Microsoft** beat revenue, margins and EPS expectations partly on strong Azure performance and integration of artificial intelligence into its many product offerings.

**Walt Disney** had a significant beat on EPS and management raised full year guidance for EPS, driven in part by improved margins for its streaming operations. Also, management provided favorable guidance for subscriber additions for Disney Plus.

**JPMorgan Chase & Co.** is benefiting from improving net interest income expectations, anticipation of a capital markets recovery, strong capital building and still-healthy credit metrics. This caused EPS estimates to improve and the stock's valuation multiples to expand.

**Travelers Companies**, a property and casualty insurer, reported strong fourth quarter results driven by healthy premium growth and a notable improvement in the company's combined ratio. Policy rates are growing faster than loss cost trends which should translate to further margin improvement.

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**MKS Instruments**, a manufacturer of instruments used to monitor, analyze and control critical aspects in advanced manufacturing processes, has had no obvious fundamental story driving strong returns for the stock since the market bottomed in October of 2023. However, optimism for improved inventory positions in the semiconductor industry and attractive valuation could be providing a catalyst.

**TOP DETRACTORS**

**Apple** guided for weaker revenue in the next quarter due to foreign exchange headwinds and slower iPhone sales.

**AMN Healthcare Services**, a temporary hospital staffing services provider (nurses, doctors), reported good quarterly results but offered weak first quarter guidance as hospitals prioritize hiring permanent over temporary staff.

**Littelfuse**, a manufacturer of fuses and other circuit protection components, continues to see inventory destocking across its electronic and commercial vehicle distribution channels as well as at some of its OEM customers.

**IDACORP**, an electric utility in Idaho, was down -5% in the quarter. The company reported earnings slightly ahead of consensus, but volumes were down in 2023 due to weather-related declines in usage.

**Revvity**, a life sciences and healthcare diagnostics company, continues to be impacted by a slowdown in demand for research tools and materials, but recent trends point to a possible firming of business conditions.

*Unless otherwise noted, all returns, excluding Tributary Capital Management's strategies, have been obtained from FactSet Research Systems. Sector and security level performance is presented net of fees, using the highest potential fee an investor would pay.*

*The performance numbers shown above are for the Tributary All Cap Equity Composite and are expressed in U.S. dollars. The composite includes all discretionary accounts with an initial market value of \$500,000 that are generally invested in the All Cap Equity Strategy. The inception date of the All Cap Equity Composite is December 31, 2014.*

*The portfolio returns for periods other than those starting and ending with calendar month ends are generated using FactSet attribution software to approximate portfolio performance. They are not official composite returns. They are provided for illustrative purposes only and are presented gross of fees meaning they do not reflect the impact of advisory fees which reduces performance returns.*

*S&P 500 is a basket of 500 stocks that is weighted by market value, and its performance is thought to be representative of the stock market as a whole. The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Value Index measures the performance of the broad market value segment of the U.S. equity market. The Russell 3000 Growth Index includes companies that display signs of above average growth. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The S&P 500 Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance. The Russell Midcap Index measures performance of the 800 smallest companies in the Russell 1000 Index. The S&P SmallCap 600 seeks to measure the small-cap segment of the U.S. equity market. The S&P MidCap 400 Index is a stock index that tracks the performance of 400 mid-sized U.S. companies. It is not possible to invest directly in the S&P 500, S&P 600 SmallCap Index, S&P 400 MidCap Index, Russell 3000 Index, the Russell 2000 Index, the Russell 3000 Value Index, the Russell 3000 Growth Index, the S&P 500 Equal Weight Index or the Russell Midcap Index.*

*Net-of-fees composite returns are calculated using the highest potential fee the investment advisor will charge investors in the composite. Net performance is reported net of investment advisory fees and transaction costs. Capital gains and dividends are reinvested for performance calculations.*

*It should not be assumed that an investment in securities identified was or will be profitable or that the investment decisions we make in the future will be profitable or will equal the performance of the securities discussed herein. Holdings are subject to change. The holdings identified do not represent all of the securities purchased, sold or recommended for the portfolio. The holdings listed should not be considered recommendations to purchase or sell a particular security. The "Top Contributors" and "Top Detractors" represented are based on contribution to portfolio return. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the quarter, please contact [clientservices@tributarycapital.com](mailto:clientservices@tributarycapital.com). Sector performance in commentary is stated gross of fees.*

*Tributary, an SEC Registered Investment Adviser, is the combined entity of the prior Tributary (formed Jan. 1, 2005) and First Investment Group (formerly a department of First National Bank of Omaha) which merged in May 2010. Tributary is a wholly owned subsidiary of First National Bank, a wholly owned subsidiary of First National of Nebraska, Inc. and manages mutual funds and equity and balanced portfolios. Tributary Capital Management, LLC ("Tributary") claims compliance with the Global Investment Performance Standards (GIPS®). A fully compliant presentation can be requested by emailing [clientservices@tributarycapital.com](mailto:clientservices@tributarycapital.com).*

*Comments are provided as general market commentary and should not be considered investment advice or predictive of any future market performance.*

*Past performance does not guarantee future results. Investments: Are Not FDIC Insured • May Go Down in Value • Are Not a Deposit*