



SMALL CAP CORE

INVESTMENT COMMENTARY & REVIEW

by Quinn Stills

First Quarter 2022

For the first quarter of 2022, the PIA Small Cap Core strategy fell 12.83% versus the 7.53% drop for the benchmark Russell 2000 index. For the quarter, the top performing sectors included industrials, real estate, and financials. The weakest performing sectors included health care, technology and consumer discretionary. On an individual stock level of analysis, the top performing individual stocks included Rada Electronic Industries, Midland States, Peoples United and Artisan Resources. The weakest performing individual stocks included Aehr Test Systems, Rent-A-Center, Calix, and Joint Corporation. The combination of an overweight in technology and the underweight in energy hurt results for the quarter relative to the benchmark Russell 2000 index.

The strategy is to invest in companies with positive earnings revisions, outstanding balance sheets, rising cash flow and excess cash flows. Our portfolio is overweight financials and information technology while being underweight energy and basic materials. In the near-term, this allocation has been challenging for

results. However, we believe that fundamentals will win out over time.

PIA measures and monitors risk in the portfolio on a daily basis. We measure individual stock positions, sector weights, earnings revisions, balance sheet health and cash flow dynamics on a daily and quarterly basis.

The Federal Reserve is winding down several dovish monetary positions in an attempt to restore more normal monetary conditions, which are seen to include higher nominal interest rates. The outlook is for continued steady economic growth and a more forceful return to our normal lives. Our portfolio continues to be invested in companies with strong positive business momentum, little-to-no debt on balance sheets, and strong cash flow dynamics.

Quinn Stills
Small Cap Portfolio Manager