

# Small Cap Innovation Fund

## OBJECTIVES AND PROCESS

- Seeks long-term capital appreciation.
- Invests in at least two-thirds of its assets in equity securities of US small-capitalisation companies.
- Seeks to identify companies that embrace innovation and foster disruption using technology to maximise efficiencies, gain pricing advantages and take market share from competitors.
- Seeks to identify companies with potential for capital growth, improving sales, effective management and a competitive advantage, taking a surround-the-company approach.
- Uses a negative screen to exclude securities issued by companies based on their exposure to ESG risks.
- The fund may invest:
  - principally in equity securities of small-capitalisation companies (within the Russell 2000 Index market-cap range at the time of purchase)
  - in up to 15% of total assets in equity securities of non-US issuers including through ADRs, CDRs, EDRs, GDRs, IDRs and similar depositary receipts
  - by using futures/derivatives for hedging or efficient portfolio management purposes

## KEY RISKS

**Market risk:** securities may decline in value due to factors affecting securities markets generally, and equity securities generally have greater price volatility than debt securities.

**Global investment risk:** securities of certain jurisdictions may experience more rapid and extreme changes in value and may be affected by uncertainties such as international political developments, currency fluctuations and other developments in the laws and regulations of countries in which an investment may be made.

**Smaller company securities risk:** securities of companies with smaller market capitalisations tend to be more volatile and less liquid than securities of larger companies.

**ESG risk:** applying an ESG screen for security selection may result in lost opportunity in a security or industry resulting in possible underperformance relative to peers, ESG screens are dependent on third party data and errors in the data may result in the incorrect inclusion or exclusion of a security.

## Calendar-year performance (%)

Past performance is not indicative of future results.

|                              | 2023  | 2022   | 2021  |
|------------------------------|-------|--------|-------|
| Class I (USD) (20 Feb 2020)* | 13.43 | -38.14 | -2.46 |
| Russell 2000® Growth Index¹  | 18.66 | -26.36 | 2.83  |

## Performance (%)

|                              | Annualized |          |              |        |        |        |         |              |
|------------------------------|------------|----------|--------------|--------|--------|--------|---------|--------------|
|                              | 1 Month    | 3 Months | Year to date | 1 Year | 3 Year | 5 Year | 10 Year | Since incep. |
| Class I (USD) (20 Feb 2020)* | 5.27       | 12.16    | 3.41         | 8.93   | -11.87 | —      | —       | 1.61         |
| Russell 2000® Growth Index¹  | 8.12       | 17.19    | 4.66         | 14.18  | -4.59  | —      | —       | 4.78         |

Past performance is not indicative of future results. Performance calculations are net of all applicable fees and are calculated on a NAV-to-NAV basis (with income re-invested). Performance shown is for class and currency indicated and returns may increase/decrease as a result of currency fluctuations. \*Share class inception date.

Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this fund presents disproportionate communication on the consideration of non-financial criteria in its investment policy.

1. The Russell 2000® Growth Index measures the performance of those Russell 2000 companies with higher price/book ratios and higher forecasted growth values. You cannot invest directly in an index. The Fund uses the Russell 2000® Index as a reference for selecting investments and the Russell 2000® Growth Index for performance comparison. The investments of the Sub-Fund may deviate significantly from the components of and their respective weightings in the benchmark.



# Small Cap Innovation Fund

## FUND INFORMATION

**Fund managers:** Michael T. Smith, CFA;  
Christopher J. Warner, CFA  
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**Fund inception date:** 20 February 2020

**Asset class:** US equity

**Financial year-end:** 31 March

**Fund size:** \$7.58m (USD)

**Base currency:** USD

**Benchmark:** Russell 2000® Growth Index<sup>1</sup>

**Minimum investment (or equivalent value):**  
Class I: \$1,000,000 (USD)

**Management approach:** Actively managed

**Sustainable Finance Disclosure Regulation:**  
Article 6<sup>2</sup>

## KEY STATISTICS

|                         | Fund    |
|-------------------------|---------|
| Alpha                   | -7.35   |
| Beta                    | 1.03    |
| Sharpe ratio            | -0.60   |
| Standard deviation      | 23.93%  |
| R-squared               | 0.90    |
| Information ratio       | -0.95   |
| Upside capture          | 89.17%  |
| Downside capture        | 109.32% |
| Tracking error          | 7.66%   |
| Correlation coefficient | 0.95    |
| Treynor ratio           | -0.14   |

Based on the net returns calculated over a 36-month period for the share class shown in the performance table.

## DEALER CUTOFF

Luxembourg: 10pm  
United States: 4pm ET

## Sector weights (%)

|                        |       | Compared to benchmark <sup>1</sup> |
|------------------------|-------|------------------------------------|
| Industrials            | 29.61 | +9.44                              |
| Information technology | 22.13 | -0.81                              |
| Health care            | 18.83 | -3.22                              |
| Consumer discretionary | 5.95  | -4.91                              |
| Financials             | 5.59  | -0.54                              |
| Consumer staples       | 3.88  | -0.78                              |
| Communication Services | 3.86  | +1.84                              |
| Materials              | 3.18  | -0.96                              |
| Real estate            | 2.68  | +1.11                              |
| Energy                 | 1.17  | -3.01                              |
| Cash & equivalents     | 3.12  | +3.12                              |

Based on ending weights as of month-end. Source: FactSet.

## Portfolio characteristics

|                                    | Fund       | Benchmark <sup>1</sup> |
|------------------------------------|------------|------------------------|
| Weighted average market cap        | US\$7.03bn | US\$5.42bn             |
| Weighted median market cap         | US\$6.24bn | US\$3.62bn             |
| EPS growth (3- to 5-year forecast) | 19.90%     | 17.01%                 |
| Forward P/E ratio                  | 34.14x     | 34.71x                 |
| P/B ratio                          | 4.29x      | 4.53x                  |
| P/S ratio                          | 3.34x      | 2.35x                  |
| Number of equity holdings          | 75         | 1,063                  |

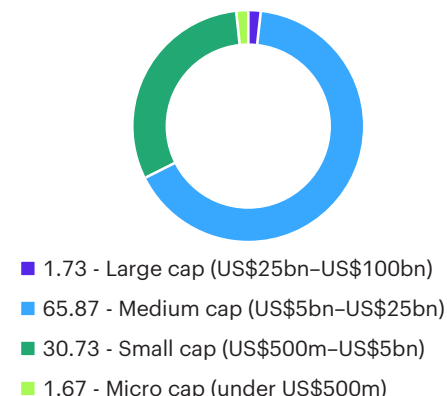
Sources: FactSet and Allspring Global Investments.

## Largest holdings (%)

|  | Fund |
|--|------|
| Casella Waste Systems, Inc. Class A    | 2.80 |
| Tetra Tech, Inc.                       | 2.55 |
| HealthEquity Inc                       | 2.46 |
| Applied Industrial Technologies, Inc.  | 2.29 |
| Morningstar, Inc.                      | 2.05 |
| SiteOne Landscape Supply, Inc.         | 1.99 |
| CCC Intelligent Solutions Holdings Inc | 1.98 |
| AAON, Inc.                             | 1.94 |
| Novanta Inc                            | 1.94 |
| Celsius Holdings, Inc.                 | 1.88 |

Based on ending weights as of month-end. Source: FactSet.  
The information shown is not intended to be, nor should it be construed to be, a recommendation to buy or sell an individual security.

## Holding market capitalisation (%)



Based on ending weights as of month-end. Source: FactSet.

<sup>1</sup> The Russell 2000® Growth Index measures the performance of those Russell 2000 companies with higher price/book ratios and higher forecasted growth values. You cannot invest directly in an index. The Fund uses the Russell 2000® Index as a reference for selecting investments and the Russell 2000® Growth Index for performance comparison. The investments of the Sub-Fund may deviate significantly from the components of and their respective weightings in the benchmark.

<sup>2</sup> While the Sub-Funds listed above have access to both internal and external ESG research and integrate financially material sustainability risks into their investment decision-making processes, ESG-related factors are considered but not determinative, permitting the relevant Sub-Investment Managers to invest in issuers that do not embrace ESG; as such, sustainability risks may have a more material impact on the value of the Sub-Fund's investments in the medium to long term. The investments underlying these Sub-Funds do not take into account the EU criteria for environmentally sustainable economic activities.



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## Share class information (Share class and currency availability varies by jurisdiction)

|               | Inception date | Type         | ISIN         | Bloomberg ID | NAV    | Annual Mgmt Fee | Ongoing charges/TER (%)** |
|---------------|----------------|--------------|--------------|--------------|--------|-----------------|---------------------------|
| Class I (USD) | 20 Feb 2020    | Accumulating | LU2065731478 | WELSIU LX    | 106.62 | 0.85            | 0.950                     |

\*\*The ongoing charges/total expense ratio (TER) reflects annual total operating expenses for the class, excludes transaction costs and is expressed as a percentage of net asset value. The figure shown is from current KID. The investment manager has committed to reimburse the Sub-Fund when the ongoing charges exceed the agreed upon TER. Ongoing charges may vary over time.

## ESG metrics

The data provided is for transparency and informational purposes only. The ESG metrics are not indicative of how or whether ESG factors will be utilised by the fund. The information is based on third party ratings and, unless otherwise stated within a fund’s investment objective, do not change a fund’s investment objective or constrain the fund’s investable universe. For more information regarding a fund’s investment strategy, please see the fund’s prospectus. Refer to [allspringglobal.com](https://allspringglobal.com) for further sustainability disclosures.

### MSCI ESG SCORE

|                    | Fund  |          | Benchmark |          |
|--------------------|-------|----------|-----------|----------|
|                    | Value | Coverage | Value     | Coverage |
| MSCI Overall Score | 5.4   | 92%      | 5.4       | 98%      |

Data is sourced from MSCI ESG Research where companies are rated on a scale of 0 – 10 (0 - worst, 10 - best). Weighted average scores exclude effects of unrated securities.

### SUSTAINALYTICS ESG RISK SCORE

|           | Value | Coverage |
|-----------|-------|----------|
| Fund      | 24    | 93%      |
| Benchmark | 24    | 98%      |

ESG Risk Ratings measure exposure to and management of ESG risks. Lower risk scores reflect less ESG risk. Sustainalytics ESG Risk Scores measure ESG risks on a scale of 0 – 100 (0 - no ESG Risk, >40 - Severe ESG Risk).

### PRODUCT/ACTIVITY INVOLVEMENT (%)

|                       | Fund | Benchmark <sup>1</sup> |
|-----------------------|------|------------------------|
| Controversial Weapons | 0.00 | 0.38                   |
| Oil Sands             | 0.00 | 0.00                   |
| Small Arms            | 0.00 | 0.47                   |
| Thermal Coal          | 0.00 | 0.02                   |
| Tobacco               | 0.00 | 0.11                   |
| UNGC violators        | 0.00 | 0.00                   |

Source: Allspring Global Investments. This report contains information developed by Sustainalytics. Such information and data are proprietary of Sustainalytics and/or its third-party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>. Copyright © 2024 Sustainalytics. All rights reserved.

### CARBON CHARACTERISTICS

|  | Fund  |          | Benchmark |          | % above/ below benchmark |
|--|-------|----------|-----------|----------|--------------------------|
|  | Value | Coverage | Value     | Coverage |                          |
| Carbon to value invested (metric tons CO2e/\$1MM invested)*          | 25    | 97%      | 50        | 94%      | -50%                     |
| Weighted average carbon intensity (metric tons CO2e/\$1MM revenues)* | 105   | 97%      | 112       | 94%      | -6%                      |

\*Carbon emissions includes operational and first-tier supply chain greenhouse gas emissions. Data sourced from S&P Trucost Limited.



# Small Cap Innovation Fund

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