



www.teamemerald.com



Emerald Advisers, Inc.

Small Capitalization Growth

Data as of March 31, 2014

***Prepared for:
City of Fort Pierce
Ret. & Benefit System***

Information contained herein should be used for one-on-one presentations only and should be accompanied by this disclosure.



DRIVEN BY RESEARCH

Inception to Date Statement of Cashflow

Original Investment	\$4,841,219.58
Contributions	\$1,000,000.00
Withdrawals	-\$3,682,896.07

Management Fees	-\$458,951.69
-----------------	---------------

1Q04	-\$1,499.47
2Q04	-\$10,496.24
3Q04	-\$4,804.83
4Q04	-\$10,840.63
1Q05	-\$10,406.50
2Q05	-\$10,663.78
3Q05	-\$11,314.23
4Q05	-\$11,689.52
1Q06	-\$13,377.49
2Q06	-\$12,840.88
3Q06	-\$12,400.84
4Q06	-\$12,973.99
1Q07	-\$13,372.71
2Q07	-\$12,999.35
3Q07	-\$11,334.91
4Q07	-\$10,462.07
1Q08	-\$9,129.24
2Q08	-\$9,499.07
3Q08	-\$9,102.94
4Q08	-\$7,072.70





DRIVEN BY RESEARCH

Inception to Date Statement of Cashflow

Management Fees

1Q09	-\$6,610.24
2Q09	-\$7,486.93
3Q09	-\$8,601.21
4Q09	-\$10,134.48
1Q10	-\$11,610.98
2Q10	-\$10,760.62
3Q10	-\$12,001.66
4Q10	-\$12,532.52
1Q11	-\$13,664.03
2Q11	-\$13,554.81
3Q11	-\$9,250.42
4Q11	-\$10,427.46
1Q12	-\$12,332.14
2Q12	-\$11,474.10
3Q12	-\$12,193.85
4Q12	-\$12,038.06
1Q13	-\$13,565.10
2Q13	-\$14,234.57
3Q13	-\$16,471.32
4Q13	-\$16,650.18
1Q14	-\$17,075.62

FOR INSTITUTIONAL INVESTOR USE ONLY – NOT FOR PUBLIC DISTRIBUTION.



DRIVEN BY RESEARCH

Inception to Date
Statement of Cashflow

Total Investment Earnings		\$6,548,764.18
Income	\$172,177.36	
Capital Appreciation/Depreciation	\$6,376,586.82	
Total Assets as of March 31, 2014		\$8,248,136.00



Page	Content
1.1 – 1.8	Profile & Process
2.1 – 2.2	Performance
3.1 – 3.11	Investment Summary
4.1 – 4.2	Current Outlook
5.1 – 5.5	Portfolio Holdings
5.6 – 5.8	Appendix



Parent Company: **Emerald Asset Management, Inc.** • S-Corporation • 100% ESOP-owned

Total Firm Assets Under Management: \$3.0 billion as of March 31, 2014

Affiliated Advisers: **Emerald Advisers, Inc.** • Equity Separate Accounts • Mutual Funds
Small Cap Growth • Mid Cap Growth • All Cap Growth • Large Cap Core • Small Cap Core
Emerald Banking & Finance Fund • Emerald Growth Fund

Emerald Mutual Fund Advisers Trust • Equity Mutual Funds • Annuities

Emerald Fixed Income Advisers LLC • Fixed Income Separate Accounts
Core Aggregate • Intermediate Government Credit • Low Duration • Balanced

Emerald Direct Lending Advisers LLC • Peer-to-Peer Lending Platform Notes

Emerald ETF Advisers LLC • Separate Accounts • Investment Funds
Global ETF • Domestic Equity Hybrid



Partial Client List

Public

- City of Fort Pierce (FL)
- City of Philadelphia
- City of Taunton (MA)
- Commonwealth of Pa.
- Contra Costa County (CA)
- Prince George's County (MD)
- State of Illinois Teachers'
- 18 Pennsylvania Counties
- PA State Workers Insurance Fund
- Board of City Trusts/Girard Estate

Corporate

- Independence Blue Cross
- Shands Healthcare Pension Plan
- Carpenter Technology

Endowments

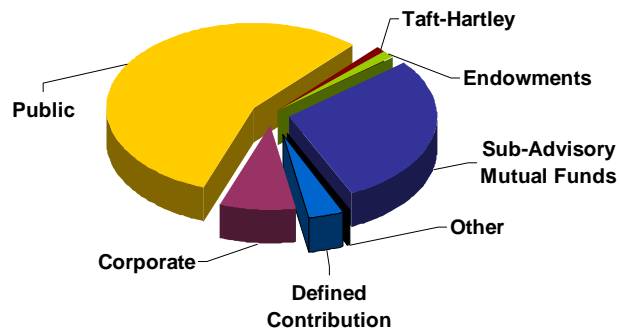
- Lower Susquehanna Synod of the ELCA
- Shippensburg University Foundation

Taft-Hartley

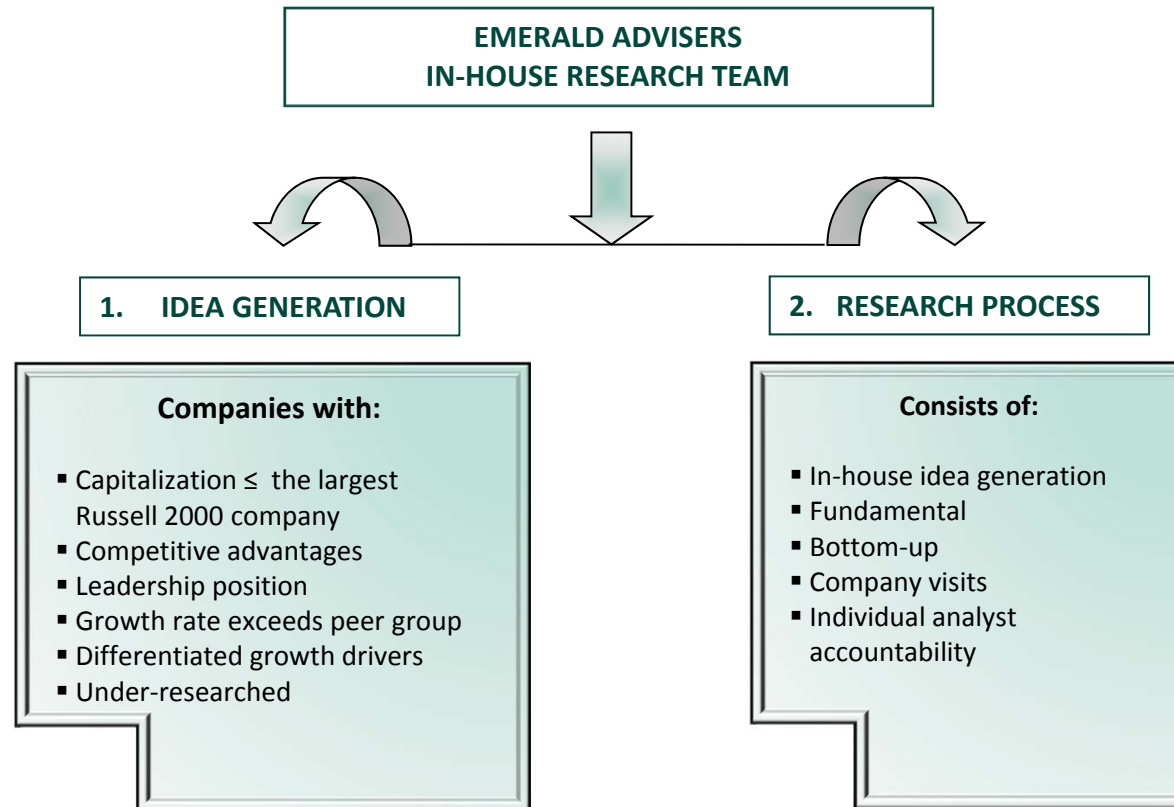
- UFCW Tri-State Pension Fund
- AFSCME 13

Sub-Advisory Relationships

- Prudential Investments



It is not known whether the clients approve or disapprove of Emerald services provided through its subsidiaries. Emerald did not use performance-based data to determine which clients are included on this list. Clients were selected based upon their general name recognition and as a representative sampling of the types of accounts managed. Performance-based data was not used to determine which clients are included on this list. Clients were selected based on a sampling of the types of accounts managed.





PORTFOLIO MANAGEMENT TEAM

Kenneth G. Mertz II, CFA
35 Years

Stacey L. Sears
19 Years

Joseph W. Garner
19 Years



3. PORTFOLIO CONSTRUCTION

- 110 – 120 Stocks
- Sector Diversification
- Industry Diversification
- 1/2 – 2% Positions
- Risk-Averse



Review of Portfolio Philosophy, Process, and Style

Emerald Advisers employs an intense fundamental, bottom-up, research-focused investment philosophy designed to identify unrecognized, under-researched, and under-valued investment opportunities. Since over 400 of the Russell 2000 companies are covered by two or fewer sell-side brokerage firms, Emerald believes there is extraordinary opportunity in the small capitalization markets. Emerald's hands-on approach offers us unique insight into both industry trends and company-specific trends that enable us to identify largely undiscovered companies with distinct competitive advantages and higher growth rates relative to their industry peers and the market as a whole.



DRIVEN BY RESEARCH

Portfolio Management

Small Cap Growth Equity



Kenneth G. Mertz II, CFA
*Chief Investment Officer/
Portfolio Manager*

- Community Banks
- Insurance



Stacey L. Sears
*Portfolio Manager /
Analyst*

- Consumer Discretionary
- Consumer Technology



Joseph W. Garner
*Portfolio Manager /
Director of Research*

- Consumer Goods/Services
- Technology/Tech Team
- Transportation

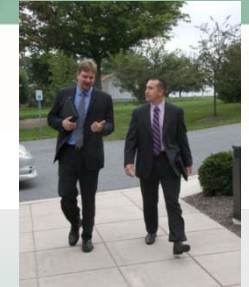
Investment Experience		
35 Yrs.	19 Yrs.	19 Yrs.



DRIVEN BY RESEARCH

Investment Research Process

Emerald's in-house research team focuses on providing intense fundamental bottom-up research and analysis of small and mid-cap growth companies in a wide range of industries. Our analysts utilize this proprietary 10-step process in researching each individual company or security.



10-Step Process

- 1. Review SEC Filings, Press Releases and News Stories**
The process includes monitoring relevant media sources such as industry press, financial press and popular press.
- 2. Meet with Management**
Conduct on-site meetings with management across the organization in areas such as executive management, marketing, product development, operations and finance. The Emerald Research Team conducts approximately 2,000 meetings per year.
- 3. Interview Customers**
Interview customers to determine (1) the critical factors driving their buy decision, (2) what competitors or alternatives were considered, (3) level of satisfaction with the quality of the product or service, and (4) likelihood of generating repeat business.
- 4. Interview Competitors**
Interview competitors to determine their strengths and weaknesses, as well the competitors' perception of the strengths and weaknesses of the company.
- 5. Interview Suppliers**
Interview suppliers to determine their ability to supply the products/services required by the company. Also, assess the extent of potential supply chain bottlenecks.
- 6. Interview Distributors**
Interview distributors to determine potential issues and opportunities in the company's distribution channel such as inventory levels, demand drivers and competitive pressures.
- 7. Develop Financial and Valuation Models**
Develop a financial model to analyze financial performance and estimate future cash flows, earnings and financing needs. Use a valuation model to analyze relative and absolute valuation.
- 8. Review Third-Party Research**
Review published research from sell-side analysts and industry research firms to compare our data points and financial estimates. Also, use third party research to assess security-specific and industry-specific sentiment.
- 9. Publish an internal research report**
Publish an internal research report summarizing the company's business, competitive advantages, management strengths/weaknesses, growth drivers and risks, as well as stating investment conclusions and recommendations.
- 10. Communicate, Communicate, Communicate**
The entire research team meets formally twice per week and informally on an ongoing basis with the portfolio management team to discuss the fundamentals of all current and potential holdings. Internal discussions are held throughout the process.



DRIVEN BY RESEARCH

Managers & Analysts
Tenure • Experience

Disciplined Focus Grounded by the Emerald 10-step Research Process

Kenneth G. Mertz, CFA
Chief Investment Officer
Portfolio Manager
- Community Banks
- Insurance
Tenure w/Firm: 21 Years
Experience: 35 Years

Stacey L. Sears, MBA
Portfolio Manager
- Consumer Discretionary
- Consumer Technology
Tenure w/Firm: 21 Years
Experience: 19 Years

Joseph W. Garner, MBA
Director of Research
Portfolio Manager
- Consumer Goods / Services
- Technology / Tech Team
- Transportation
Tenure w/Firm: 19 Years
Experience: 19 Years

David Volpe, CFA, MA
Portfolio Manager
- Energy
- Producers
- Oil Services
Tenure w/Firm: 14 Years
Experience: 24 Years

Steven E. Russell, Esq., MBA
Portfolio Manager
- Financial Services
- Communications
Technology
Tenure w/Firm: 13 Years
Experience: 19 Years

Stephen Amsterdam
- Semi Cap Equip.
- Electronics
- Gaming
- Semiconductors
- Tech Team
Tenure w/ Firm: 10 Years
Experience: 21 Years

Joseph A. Besecker, MD, FAAP
- Biotechnology
- Emerging Pharma
- Medical Devices
Tenure w/Firm: 12 Years
Experience: 55 Years



Scott Blumenthal, MBA
- Basic Materials
- Industrials
- Capital Goods
- Defense & Aerospace
- Engineering & Const.
Tenure w/Firm: 8 Years
Experience: 17 Years

Alfred Cooke, MD, FASC
- Medical Devices/
Diagnostics
- Surgical Products
Tenure w/ Firm: 12 Years
Experience: 51 Years

Derek Fisher
- Computer Software
- Information Technology
- Professional Services
- Tech Team
Tenure w/Firm: 16 Years
Experience: 16 Years

Nathan R. Jones, PhD, MBA
- Technology
- Tech Team
Tenure w/ Firm: 9 Months
Experience: 9 Months

Andrew Rohrer
- Agriculture
- Automotive
- Transportation
- Trucking
Tenure w/Firm: 5 Years
Experience: 9 Years

Terry M. Smith, PhD, MBA
- Biotechnology
- Drugs & Pharma.
- Drug Distribution &
Pharma Services
- Managed Care
Tenure w/Firm: 6 Years
Experience: 6 Years

Nishit Trivedi, PhD, MBBS, MBA
- Molecular Diagnostics
- Medical Devices
- Hospitals
Tenure w/Firm: 7 Years
Experience: 7 Years



DRIVEN BY RESEARCH

Trailing Preliminary Performance
as of March 31, 2014

RATE OF RETURN REPORTED GROSS

GROSS PERFORMANCE	QTD	YTD	1 Year*	3 Year*	5 Year*	Incept**
Portfolio	3.39	3.39	36.15	17.70	28.42	10.74
RUSSELL 2000G TOTAL RETURN	0.48	0.48	27.19	13.61	25.24	8.86

*Annualized **Since Inception-Mar 17, 2004

Performance Disclaimer - The preceding performance information is approved for use in “One-on-One” client presentations only. The above performance results for the Emerald Advisers, Inc., Diversified Composite do not reflect the deduction of advisory fees or other expenses normally incurred in the management of an advisory account. The Adviser’s fees are fully described in Part II of its Form ADV. If a client placed \$100,000 under management and a hypothetical gross return of 10% were achieved, the investment assets before fees would have grown to \$259,374 in ten years. However, if an advisory fee of 1% of average net assets were charged, investment assets would have grown to \$234,573, or an annual compounded rate of 8.9%. The results reflect the reinvestment of all dividends. Past performance is no guarantee of future results. Results vary so that a client may show a profit or loss in their account depending upon the market conditions and specific portfolio performance. As shown above, the Diversified Composite tracks the performance of all accounts managed in this style that have been with Emerald for at least one month where the Adviser maintains full discretionary authority and for those which are not classified as broker-dealer directed “wrap” accounts. As of March 31, 2014, the Diversified Composite represented 36% of Emerald Advisers’ total assets under management.



DRIVEN BY RESEARCH

Preliminary Performance
as of March 31, 2014

RATE OF RETURN REPORTED GROSS

PERFORMANCE REVIEW

		MARKET VALUE (\$)	TOTAL	RUSSELL 2000G TOTAL RETURN
Monthly				
March		8,440,333	-4.96	-2.46
February		8,880,997	4.64	4.83
January		8,502,983	3.97	-1.73
Quarterly				
1stQtr		8,440,333	3.39	0.48
Yearly				
2014	YTD	8,440,333	3.39	0.48
2013		8,178,646	50.62	43.30
2012		5,753,631	18.54	14.59
2011		4,894,644	-0.23	-2.91
2010		5,870,649	29.73	29.09
2009		5,224,800	34.89	34.47
2008		3,105,499	-36.22	-38.54
2007		4,913,104	2.93	7.05
2006		6,252,795	13.01	13.35
2005		5,567,745	9.79	4.15
2004	YTD	5,114,889	6.05	8.26
Cumulative			178.48	133.83
Annualized			10.74	8.86

Performance Disclaimer - The performance information reflected is approved for "One-on-One" client presentations only. The performance figures do not reflect the deduction of investment fees; the investment advisory fees are described in Part II of Emerald Advisers' Form ADV. For example, if a client placed \$100,000 under management and a hypothetical gross return of 10% were achieved, the investment assets before fees would have grown to \$259,374 in ten years. However, if an advisory fee of 1% of average net assets were charged, investment assets would have grown to \$234,573, or an annual compounded rate of 8.9%. This includes all reinvestment of dividends



- **March comments from Fed Chair Yellen precipitate a revaluation of growth.**
- **Market performance in the last three weeks of March changed the complexion of the quarter, as early quarter leaders turned into laggards, with growth stocks and small capitalization stocks trailing their value and larger capitalization peers.**

- **Small capitalization stocks trailed large for the quarter**

	<u>1Q 2014</u>
Russell 1000 Growth	1.12%
Russell 2000 Growth	0.48%

(Source: Russell Investments)

- **Growth stocks underperformed value**

	<u>1Q 2014</u>
Russell 2000	1.12%
Russell 2000 Growth	0.48%
Russell 2000 Value	1.78%

(Source: Russell Investments)

- **The healthcare and energy sectors led, while consumer discretionary lagged** (Source: Russell Investments)

	<u>R2G Q1</u>	<u>R2V Q1</u>	<u>R2 Q1</u>
Consumer Discretionary	-5.17%	-0.41%	-3.45%
Consumer Staples	2.94%	2.90%	2.98%
Healthcare	4.19%	2.26%	3.86%
Materials	0.57%	0.93%	0.70%
Technology	0.22%	0.72%	0.39%
Financials	-2.80%	1.72%	0.81%
Producer Durables	1.53%	0.75%	1.15%
Energy	7.68%	6.35%	6.94%



- **“Fastest Growers Maintain Lead” – Strong start to the quarter for the fastest growers enabled the group to outperform, despite underperformance in March.**

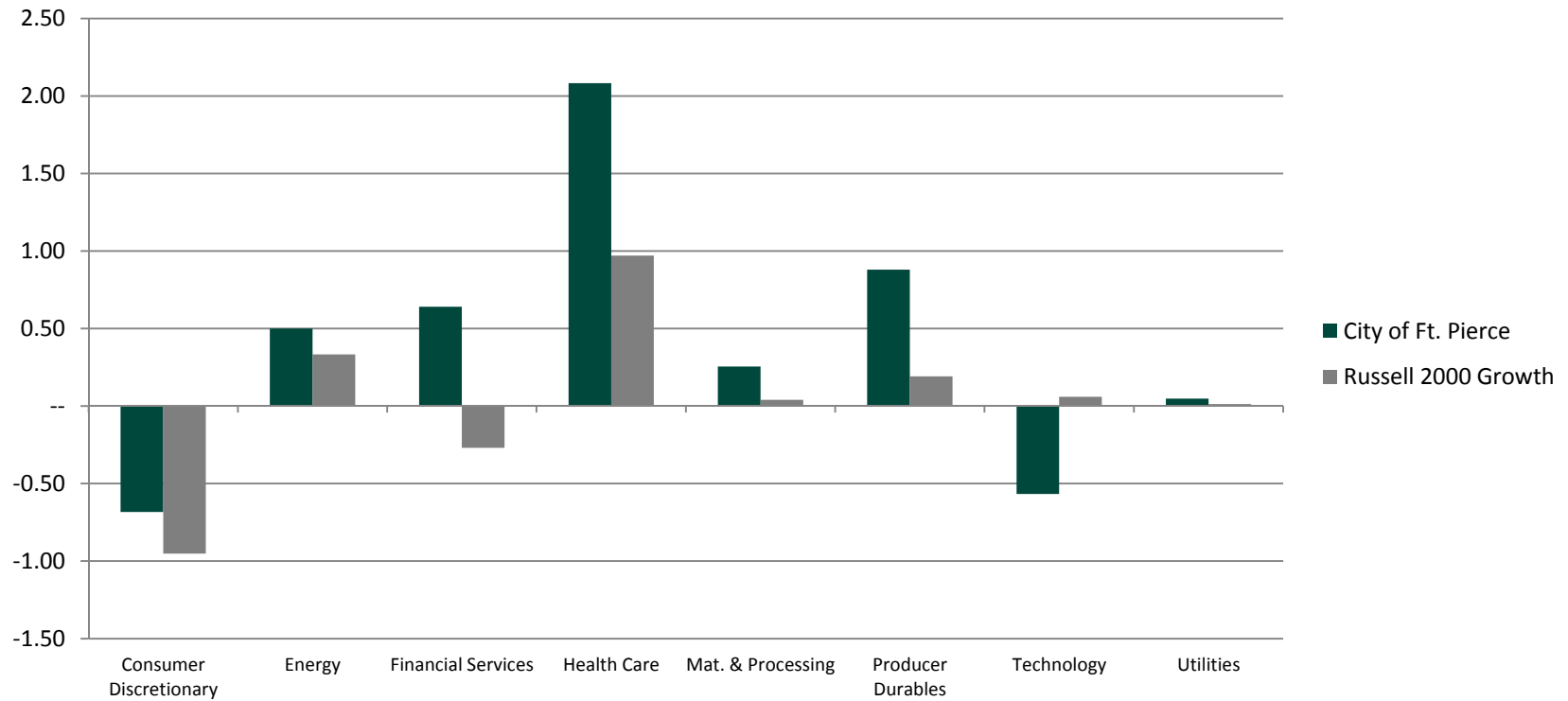
	First Quarter					
	Russell 20000		Russell 2000 Growth		Russell 2000 Value	
Long-Term Earnings Growth	Return	Contrib.	Return	Contrib.	Return	Contrib.
<=10%	1.4	0.3	-0.6	-0.1	2.1	0.6
>10%,<=20%	0.0	0.0	-0.5	-0.1	1.1	0.2
>20%	-0.4	-0.1	0.1	-0.1	-2.7	-0.1
NA	2.7	1.0	2.4	0.9	2.5	1.2

Source: BofA Merrill Lynch Small Cap Research; Russell Investment Group



DRIVEN BY RESEARCH

1st Quarter 2014
Perf. Attribution





DRIVEN BY RESEARCH

1st Quarter 2014
Performance Review

- Stock selection within the healthcare, financial services and producer durables sectors was the largest contributor to the portfolio's relative outperformance in the quarter.



Portfolio Performance Summary

Contributors

- At the sector level, the healthcare sector was the largest contributor to the portfolio's relative outperformance, driven predominantly by stock selection within the biotechnology and pharmaceutical industries.
- Stock selection within the financial services, producer durable, materials, consumer discretionary and energy sectors also contributed positively to return during the quarter. At the industry level the strength was most pronounced within the banking, air transport and building materials industries.

Top 5 Contributors to Return

- Intercept Pharmaceuticals, Inc.
- Spirit Airlines, Inc.
- Bank of the Ozarks, Inc.
- SVB Financial Group
- H&E Equipment Services, Inc.



Portfolio Performance Summary

Detractors

- At the sector level, performance within the technology sector was challenged this quarter as a result of disappointing stock selection within the software industry.

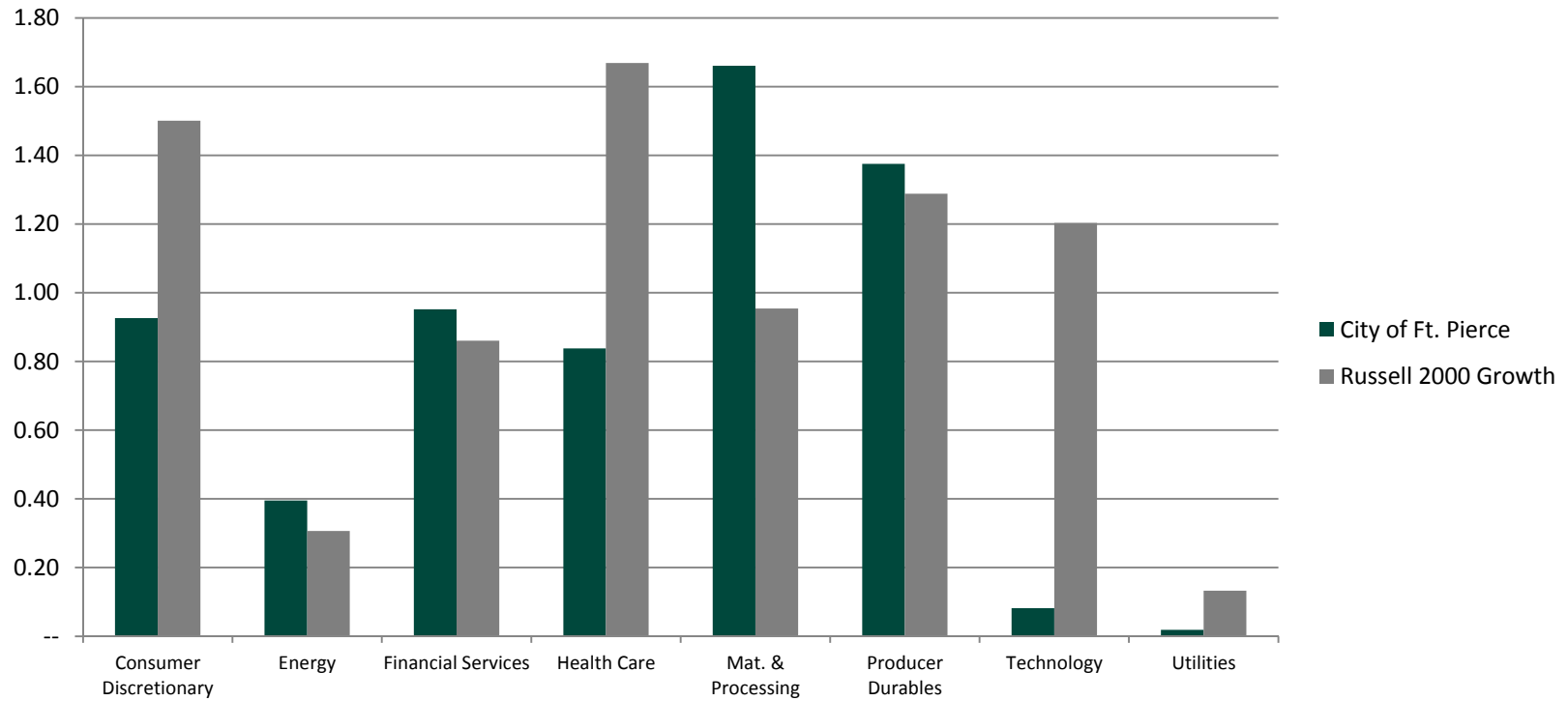
Top 5 Detractors to Return

- Infoblox Inc.
- Geron Corporation
- MWI Veterinary Supply, Inc.
- Epizyme, Inc.
- Trex Company, Inc.



DRIVEN BY RESEARCH

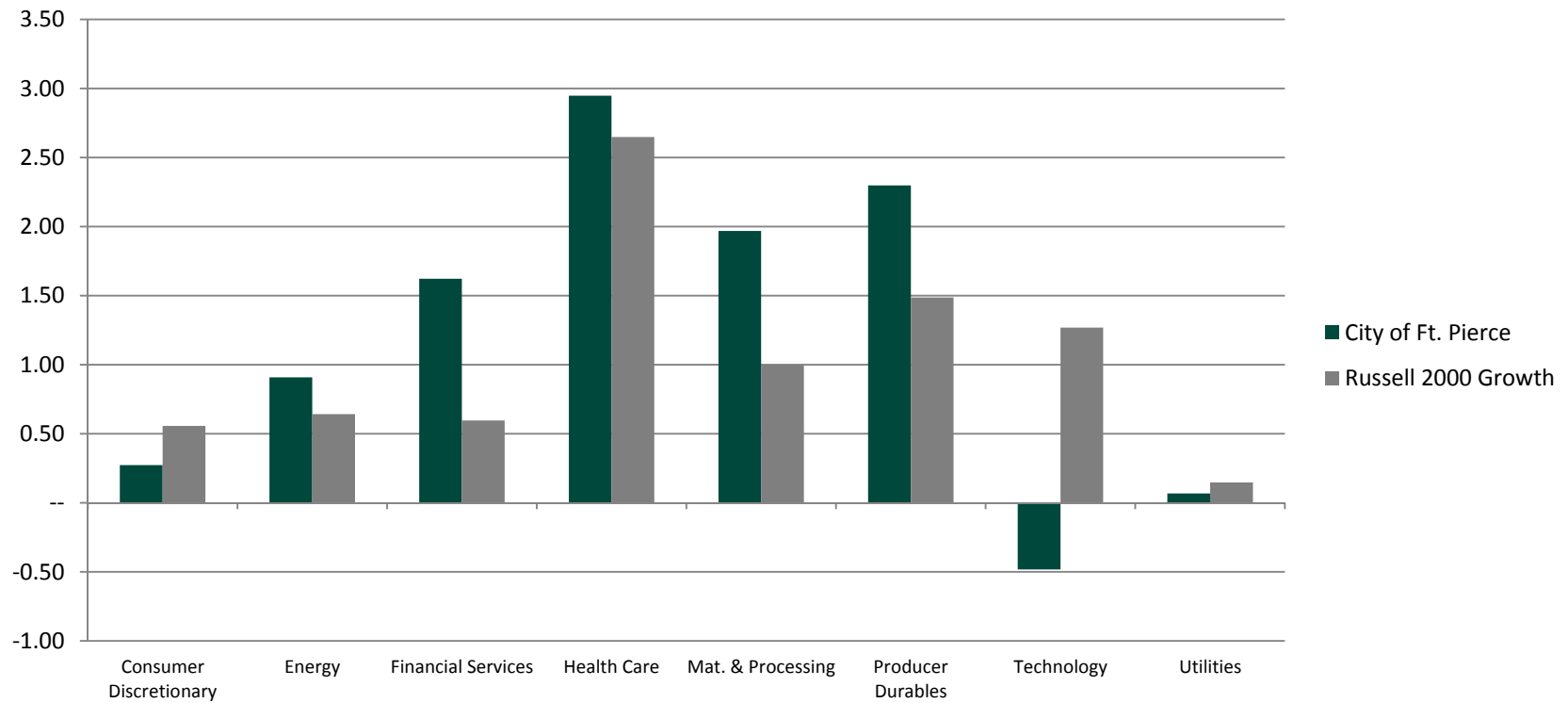
4th Qtr. 2013
Perf. Attribution





DRIVEN BY RESEARCH

6-Month
Perf. Attribution as of 3/31/14





Portfolio Sector Allocation vs. Benchmark

Sector	Emerald	Russell 2000 Growth	Russell 2000
Consumer Discretionary	14.7%	16.6%	13.6%
Consumer Staples	0.0%	4.5%	3.3%
Energy	4.7%	4.5%	5.6%
Financial Services	11.3%	9.2%	24.0%
Health Care	22.7%	21.7%	13.4%
Materials & Processing	7.8%	8.8%	7.1%
Producer Durables	14.5%	14.5%	14.4%
Technology	20.3%	18.8%	14.4%
Utilities	1.8%	1.4%	4.0%
Cash	2.2%	0.0%	0.0%



Portfolio Top 10 Holdings

	<i>Company</i>	<i>Ticker</i>	<i>% Held</i>
1.	Spirit Airlines Inc.	SAVE	3.30
2.	MWI Veterinary Supply Inc.	MWIV	3.03
3.	Trex Inc.	TREX	2.63
4.	Bank of the Ozarks Inc.	OZRK	2.35
5.	Middleby Corp.	MIDD	2.35
6.	SVB Financial Group	SIVB	2.11
7.	Acadia Healthcare Company Inc.	ACHC	2.04
8.	Proofpoint Inc.	PFPT	1.96
9.	Magnum Hunter Resources Corp.	MHR	1.89
10.	HomeAway Inc.	AWAY	1.67



Portfolio Characteristics vs. Benchmark

Characteristic	Emerald SCG Model	Russell 2000 Growth
Projected Growth Rate (3-5 Year)*	23.1%	18.3%
P/E Ratio**	24.0x	21.5x
R ² vs. Russell 2000 Growth	0.74	1.00
Yield (%)	0.15	0.65
Price / Book Value**	3.9x	3.9x
Median Market Cap (By No. of Stocks)	\$1,002 mm	\$877 mm
Wgt. Average Market Cap	\$2,101 mm	\$2,101 mm
Turnover (Trailing 12 mos.)	67%	---

* Database estimate, Emerald's internal estimates are higher.

** In order to better reflect Emerald's characteristics relative to the Russell Indices, Emerald is now calculating its P/E and Price/Book ratios based on a weighted harmonic average in line with Russell's calculation methodology.



- **Portfolio positioning:**
 - Overweight positions: Financial Services, Healthcare and Technology
 - Underweight positions: Consumer Staples, Consumer Discretionary and Materials
- **Cash rich corporate balance sheets**
 - 11% of small cap company market capitalization is in cash (Source: Bank of America Merrill Lynch)
 - Creates potential for increases in:
 - Mergers & Acquisitions
 - Infrastructure Investments
 - Share Repurchases
- **Market corrections are necessary and healthy**
- **Earnings growth is poised to reaccelerate in tandem with a reacceleration in developed market economic growth as the year progresses**
- **ZIRP appears firmly entrenched for 2014**
- **Historically rising 10 yr. U.S. treasury yields have been positively correlated to equity market performance**
- **Capital spending recovery could be on the horizon**
 - Early signs of an acceleration in non-residential construction



- **History is on the side of continued small capitalization outperformance**
 - In the 11 years since 1950 where small caps have achieved a 35% return or better, returns in the next year average a 20% gain (Source: Furey Research)
- **Implementation of the Affordable Healthcare Act and impact to consumer spending remains a point of uncertainty**
- **Innovation continues to drive secular investment opportunities**
 - Emerald continues to view the healthcare sector favorably given the resurgence in innovation in drug development, particularly in the areas of orphan drugs and oncology, as well as select opportunities within medical devices and services
 - Innovations in mobility, cloud computing, security, software delivery, network management and communications technology are driving new growth opportunities in the Technology sector
 - Innovation in oil and gas exploration and production processes as the industry has pursued hydraulic fracturing, enabling access to resources stored in the shale formations throughout the U.S.
 - The recovery from the 2007-2009 financial crisis has driven opportunities for innovative, new business models in the financial services and banking markets
- **Believe stock selection will be the key driver of relative outperformance**



DRIVEN BY RESEARCH

Portfolio Holdings
as of March 31, 2014

PORTFOLIO APPRAISAL

	Cost Basis		Market Value			Unrealized Gain/Loss	Current Yield	Estimated Annual Income	
	Quantity	Average Cost	Total Cost	Current Price	Total Value				% Portfolio
Cash/Cash Equivalent									
LIQUID ASSETS			187,304.35		187,304.35	2.2	0.0	0.0	0
PRINCIPAL CASH			187,304.35		187,304.35	2.2	0.00	0.0	0.00
TOTAL Cash/Cash Equivalent			187,304.35		187,304.35	2.2	0.0	0.0	0
Equity									
CONSUMER DISCRETIONARY			945,551.14		1,243,567.31	14.7	298,016.2	0.1	1,354
HOMEAWAY INC	3,740	27.30	102,119.87	37.67	140,885.80	1.7	38,765.93	0.0	0.00
DIVERSIFIED RSTRNT HLDGS INC	2,594	6.01	15,599.20	5.00	12,970.00	0.2	-2,629.20	0.0	0.00
BLACK DIAMOND INC	4,038	9.22	37,237.67	12.23	49,384.74	0.6	12,147.07	0.0	0.00
CHRISTOPHER & BANKS COPR	5,596	6.95	38,868.35	6.61	36,989.56	0.4	-1,878.79	0.0	0.00
CHEGG INC	4,820	11.06	53,320.54	7.00	33,740.00	0.4	-19,580.54	0.0	0.00
CHUY'S HOLDINGS INC	1,540	23.99	36,949.33	43.14	66,435.60	0.8	29,486.27	0.0	0.00
CARMIKE CINEMAS INC	1,797	13.00	23,361.00	29.86	53,658.42	0.6	30,297.42	0.0	0.00
FIVE BELOW	708	35.94	25,448.38	42.48	30,075.84	0.4	4,627.46	0.0	0.00
GRAY TELEVISION INC	4,124	13.25	54,641.60	10.37	42,765.88	0.5	-11,875.72	0.0	0.00
JACK IN THE BOX INC	1,637	38.08	62,333.91	58.94	96,484.78	1.1	34,150.87	0.0	0.00
KATE SPADE & CO	3,360	14.82	49,811.54	37.09	124,622.40	1.5	74,810.86	0.0	0.00
LITHIA MOTORS-A	957	48.91	46,805.62	66.46	63,602.22	0.8	16,796.60	0.8	497.64
LUMBER LIQUIDATORS HOLDINGS INC	780	88.75	69,228.20	93.80	73,164.00	0.9	3,935.80	0.0	0.00
MALIBU BOATS INC-CLASS A	1,850	17.21	31,841.98	22.22	41,107.00	0.5	9,265.02	0.0	0.00
MULTIMEDIA GAMES INC	4,071	19.69	80,149.15	29.04	118,221.84	1.4	38,072.69	0.0	0.00
PENSKE AUTO GROUP	1,190	32.26	38,386.01	42.76	50,884.40	0.6	12,498.39	1.7	856.80
RED ROBIN GOURMET BURGERS INC	1,411	35.55	50,160.71	71.68	101,140.48	1.2	50,979.77	0.0	0.00
TILLY'S INC-CLASS A SHRS	1,810	16.53	29,910.34	11.70	21,177.00	0.3	-8,733.34	0.0	0.00
TILE SHOP HLDGS INC	5,583	17.80	99,377.74	15.45	86,257.35	1.0	-13,120.39	0.0	0.00
ENERGY			219,988.04		400,702.10	4.7	180,714.1	0.0	0
DIAMONDBACK ENERGY INC	1,136	30.00	34,076.17	67.31	76,464.16	0.9	42,387.99	0.0	0.00
GULFPORT ENERGY CORP	953	25.40	24,204.95	71.18	67,834.54	0.8	43,629.59	0.0	0.00
MAGNUM HUNTER RES CORP DEL	18,717	4.50	84,181.48	8.50	159,094.50	1.9	74,913.02	0.0	0.00
MAGNUM HUNTER RES CORP WT EXP 041516	1,932	0.00	0.01	0.00	0.02	0.0	0.01	0.0	0.00



DRIVEN BY RESEARCH

Portfolio Holdings
as of March 31, 2014

PORTFOLIO APPRAISAL

	Quantity	Cost Basis		Market Value			Unrealized Gain/Loss	Current Yield	Estimated Annual Income
		Average Cost	Total Cost	Current Price	Total Value	% Portfolio			
Equity									
ENERGY			219,988.04		400,702.10	4.7	180,714.1	0.0	0
REX ENERGY CORPORATION	3,158	14.47	45,709.69	18.71	59,086.18	0.7	13,376.49	0.0	0.00
SANCHEZ ENERGY CORP	1,290	24.66	31,815.74	29.63	38,222.70	0.5	6,406.96	0.0	0.00
FINANCIAL SERVICES			595,820.42		954,618.25	11.3	358,797.8	0.8	8,104
AMTRUST FINANCIAL SERVICES	2,083	31.22	65,027.64	37.61	78,341.63	0.9	13,313.99	2.1	1,666.40
COBIZ INC	4,390	6.99	30,697.35	11.52	50,572.80	0.6	19,875.45	1.2	614.60
CUSTOMERS BANCORP INC	1,500	16.61	24,914.21	20.87	31,305.00	0.4	6,390.79	0.0	0.00
EVERCORE PARTNERS INC-CLA	1,636	42.04	68,782.09	55.25	90,389.00	1.1	21,606.91	1.8	1,636.00
FINANCIAL ENGINES INC	601	18.09	10,871.65	50.78	30,518.78	0.4	19,647.13	0.5	144.24
GSV CAP CORP	5,736	7.83	44,906.52	10.14	58,163.04	0.7	13,256.52	0.0	0.00
FIRST INTERNET BANCORP	640	20.14	12,891.14	22.77	14,572.80	0.2	1,681.66	1.1	153.60
FIRST NBC BANK HOLDING CO	2,960	28.04	82,992.46	34.86	103,185.60	1.2	20,193.14	0.0	0.00
BANK OF THE OZARKS INC	2,920	23.90	69,782.26	68.06	198,735.20	2.4	128,952.94	1.3	2,569.60
PACWEST BANCORP DEL	1,320	42.68	56,335.05	43.01	56,773.20	0.7	438.15	2.3	1,320.00
PACIFIC PREMIER BANCORP	2,153	10.13	21,804.59	16.14	34,749.42	0.4	12,944.83	0.0	0.00
SVB FINL GROUP	1,381	56.96	78,661.77	128.78	177,845.18	2.1	99,183.41	0.0	0.00
SQUARE 1 FINANCIAL INC	1,466	19.20	28,153.69	20.10	29,466.60	0.3	1,312.91	0.0	0.00
HEALTH CARE			1,238,958.00		1,912,256.88	22.7	673,298.9	0.0	0
ACADIA HEALTHCAREPANY INC	3,814	13.29	50,690.68	45.12	172,087.68	2.0	121,397.00	0.0	0.00
ALNYLAM PHARMACEUTICALS INC	1,954	19.93	38,936.41	67.14	131,191.56	1.6	92,255.15	0.0	0.00
ANI PHARMACEUTICALS INC	550	30.59	16,825.03	31.35	17,242.50	0.2	417.47	0.0	0.00
AUSPEX PHARMACEUTICALS, INC	310	12.00	3,720.00	30.76	9,535.60	0.1	5,815.60	0.0	0.00
ATRICURE INC	1,040	19.25	20,020.00	18.81	19,562.40	0.2	-457.60	0.0	0.00
CARA THERAPEUTICS INC	720	11.00	7,920.00	18.61	13,399.20	0.2	5,479.20	0.0	0.00
CAMBREX	4,656	13.67	63,657.32	18.87	87,858.72	1.0	24,201.40	0.0	0.00
CEPHEID	1,875	34.04	63,827.24	51.58	96,712.50	1.1	32,885.26	0.0	0.00
CYNOSURE INC.	1,640	23.47	38,488.89	29.30	48,052.00	0.6	9,563.11	0.0	0.00
DEPOMED INC	5,261	12.64	66,490.41	14.50	76,284.50	0.9	9,794.09	0.0	0.00
EPIZYME INC	2,200	32.79	72,138.67	22.77	50,094.00	0.6	-22,044.67	0.0	0.00
EVERYDAY HEALTH INC	553	13.85	7,659.87	13.99	7,736.47	0.1	76.60	0.0	0.00



DRIVEN BY RESEARCH

Portfolio Holdings
as of March 31, 2014

PORTFOLIO APPRAISAL

	Quantity	Cost Basis		Market Value			Unrealized Gain/Loss	Current Yield	Estimated Annual Income
		Average Cost	Total Cost	Current Price	Total Value	% Portfolio			
Equity									
HEALTH CARE			1,238,958.00		1,912,256.88	22.7	673,298.9	0.0	0
HORIZON PHARMA, INC	5,542	13.41	74,291.65	15.12	83,795.04	1.0	9,503.39	0.0	0.00
INTERCEPT PHARMACEUTICAL	200	205.49	41,097.24	329.79	65,958.00	0.8	24,860.76	0.0	0.00
INOGEN INC	1,140	15.83	18,043.77	16.51	18,821.40	0.2	777.63	0.0	0.00
ISIS PHARMACEUTICALS INC	1,387	23.32	32,350.64	43.21	59,932.27	0.7	27,581.63	0.0	0.00
INTERMUNE INC	2,610	33.61	87,719.82	33.47	87,366.70	1.0	-363.12	0.0	0.00
LDR HOLDING CORP	490	21.83	10,696.96	34.33	16,821.70	0.2	6,124.74	0.0	0.00
LIPOSCIENCE INC	656	6.58	4,318.84	3.19	2,092.64	0.0	-2,226.20	0.0	0.00
MACROGENICS INC	1,810	25.84	46,767.96	27.83	50,372.30	0.6	3,604.34	0.0	0.00
MWI VETERINARY SUPPLY INC	1,645	54.55	89,739.20	155.62	255,994.90	3.0	166,255.70	0.0	0.00
NEUROCRINE BIOSCIENCES, INC	1,560	17.75	27,690.00	16.10	25,116.00	0.3	-2,574.00	0.0	0.00
NPS PHARMACEUTICALS INC	3,592	9.46	33,974.87	29.93	107,508.56	1.3	73,533.69	0.0	0.00
NANOSTRING TECHNOLOGIES INC	2,903	9.39	27,260.38	20.65	59,946.95	0.7	32,686.57	0.0	0.00
OMNICELL INC	2,514	17.38	43,686.16	28.62	71,950.68	0.9	28,264.52	0.0	0.00
OVASCIENCE INC	830	10.00	8,300.00	8.94	7,420.20	0.1	-879.80	0.0	0.00
PORTOLA PHARMACEUTICALS INC	1,799	18.00	32,375.68	25.90	46,594.10	0.6	14,218.42	0.0	0.00
ULTRAGENYX PHARMACEUTICAL INC	210	21.00	4,410.00	48.89	10,266.90	0.1	5,856.90	0.0	0.00
SURGICAL CARE AFFILIATES INC	1,100	30.11	33,119.03	30.75	33,825.00	0.4	705.97	0.0	0.00
SAREPTA THERAPEUTICS INC	1,640	18.79	30,821.52	24.03	39,409.20	0.5	8,587.68	0.0	0.00
THORATEC LABS CORP	1,160	37.95	44,024.64	35.81	41,539.60	0.5	-2,485.04	0.0	0.00
TANDEM DIABETES CARE INC	420	20.78	8,729.37	22.09	9,277.80	0.1	548.43	0.0	0.00
VERASTEM INC	3,770	13.46	50,752.03	10.79	40,678.30	0.5	-10,073.73	0.0	0.00
INTREXON CORP	1,819	21.12	38,413.72	26.29	47,821.51	0.6	9,407.79	0.0	0.00
MATERIALS & PROCESSING			437,300.81		654,304.00	7.8	217,003.2	0.5	2,946
APOGEE ENTERPRISES INC	1,712	25.34	43,378.84	33.23	56,889.76	0.7	13,510.92	1.2	684.80
ACUITY BRANDS INC	900	71.69	64,520.06	132.57	119,313.00	1.4	54,792.94	0.4	468.00
POLYONE CORPORATION	3,040	31.27	95,060.08	36.66	111,446.40	1.3	16,386.32	0.9	972.80
US SILICA HOLDINGS INC	1,640	34.98	57,363.14	38.17	62,598.80	0.7	5,235.66	1.3	820.00
TREX INC	3,029	38.68	117,159.83	73.16	221,601.64	2.6	104,441.81	0.0	0.00
USG CORP	2,520	23.74	59,818.86	32.72	82,454.40	1.0	22,635.54	0.0	0.00



DRIVEN BY RESEARCH

Portfolio Holdings
as of March 31, 2014

PORTFOLIO APPRAISAL

	Quantity	Cost Basis		Market Value			Unrealized Gain/Loss	Current Yield	Estimated Annual Income
		Average Cost	Total Cost	Current Price	Total Value	% Portfolio			
Equity									
PRODUCER DURABLES			772,954.96		1,220,946.44	14.5	447,991.5	0.1	1,573
ASTRONICS CORP	560	52.73	29,529.52	63.41	35,509.60	0.4	5,980.08	0.0	0.00
CONTROL4 CORP	1,030	17.40	17,926.24	21.21	21,846.30	0.3	3,920.06	0.0	0.00
FARO TECHNOLOGIES INC	1,636	44.56	72,895.25	53.00	86,708.00	1.0	13,812.75	0.0	0.00
H&E EQUIPMENT SERVICES INC	2,497	23.96	59,831.23	40.45	101,003.65	1.2	41,172.42	0.0	0.00
KFORCE INC	3,156	21.43	67,624.05	21.32	67,285.92	0.8	-338.13	1.9	1,262.40
MIDDLEBY CORP	751	86.60	65,035.20	264.21	198,421.71	2.4	133,386.51	0.0	0.00
PRIMORIS SERVICES CORP	2,220	31.55	70,038.86	29.98	66,555.60	0.8	-3,483.26	0.5	310.80
PROTO LABS INC	800	74.14	59,310.24	67.67	54,136.00	0.6	-5,174.24	0.0	0.00
ROADRUNNER TRNSN SVCS HLDG	3,462	18.66	64,603.26	25.24	87,380.88	1.0	22,777.62	0.0	0.00
SPIRIT AIRLS INC	4,687	22.49	105,418.46	59.40	278,407.80	3.3	172,989.34	0.0	0.00
TUTOR PERINI CORPORATION	580	29.22	16,950.21	28.67	16,628.60	0.2	-321.61	0.0	0.00
WESCO AIRCRAFT HOLDINGS	5,396	19.79	106,760.77	22.01	118,765.96	1.4	12,005.19	0.0	0.00
WESCO INTL INC	1,061	34.90	37,031.67	83.22	88,296.42	1.0	51,264.75	0.0	0.00
TECHNOLOGY			1,446,510.80		1,715,653.59	20.3	269,142.8	0.0	622
APPLIED OPTOELECTRONICS INC	1,830	9.96	18,221.74	24.67	45,146.10	0.5	26,924.36	0.0	0.00
ARUBA NETWORKS INC	2,910	17.76	51,676.24	18.75	54,562.50	0.6	2,886.26	0.0	0.00
A10 NETWORKS INC	929	15.12	14,045.64	15.04	13,972.16	0.2	-73.48	0.0	0.00
INFOBLOX INC	3,583	21.80	78,097.27	20.06	71,874.98	0.9	-6,222.29	0.0	0.00
CALAMP CORP	2,754	20.70	57,015.51	27.87	76,753.98	0.9	19,738.47	0.0	0.00
CAVIUM INC	2,191	29.62	64,899.94	43.73	95,812.43	1.1	30,912.49	0.0	0.00
CORNERSTONE ONDEMAND INC	1,610	48.28	77,730.21	47.87	77,070.70	0.9	-659.51	0.0	0.00
CHANNELADVISOR CORP	2,280	33.16	75,611.82	37.74	86,047.20	1.0	10,435.38	0.0	0.00
GLOBAL EAGLE ENTERTAINMENT	4,040	15.36	62,040.61	15.78	63,751.20	0.8	1,710.59	0.0	0.00
EPAM SYSTEMS INC	3,361	23.98	80,580.26	32.90	110,576.90	1.3	29,996.64	0.0	0.00
GIGAMON INC	2,665	29.54	78,733.06	30.39	80,989.35	1.0	2,256.29	0.0	0.00
GUIDEWIRE SOFTWARE INC	1,060	29.65	31,431.76	49.05	51,993.00	0.6	20,561.24	0.0	0.00
IMPERVA INC	2,290	44.30	101,442.01	55.70	127,553.00	1.5	26,110.99	0.0	0.00
IPG PHOTONICS CORP	1,183	28.07	33,204.92	71.08	84,087.64	1.0	50,882.72	0.0	0.00
INPHI CORP	3,767	11.07	41,703.51	16.09	60,611.03	0.7	18,907.52	0.0	0.00



DRIVEN BY RESEARCH

Portfolio Holdings
as of March 31, 2014

PORTFOLIO APPRAISAL

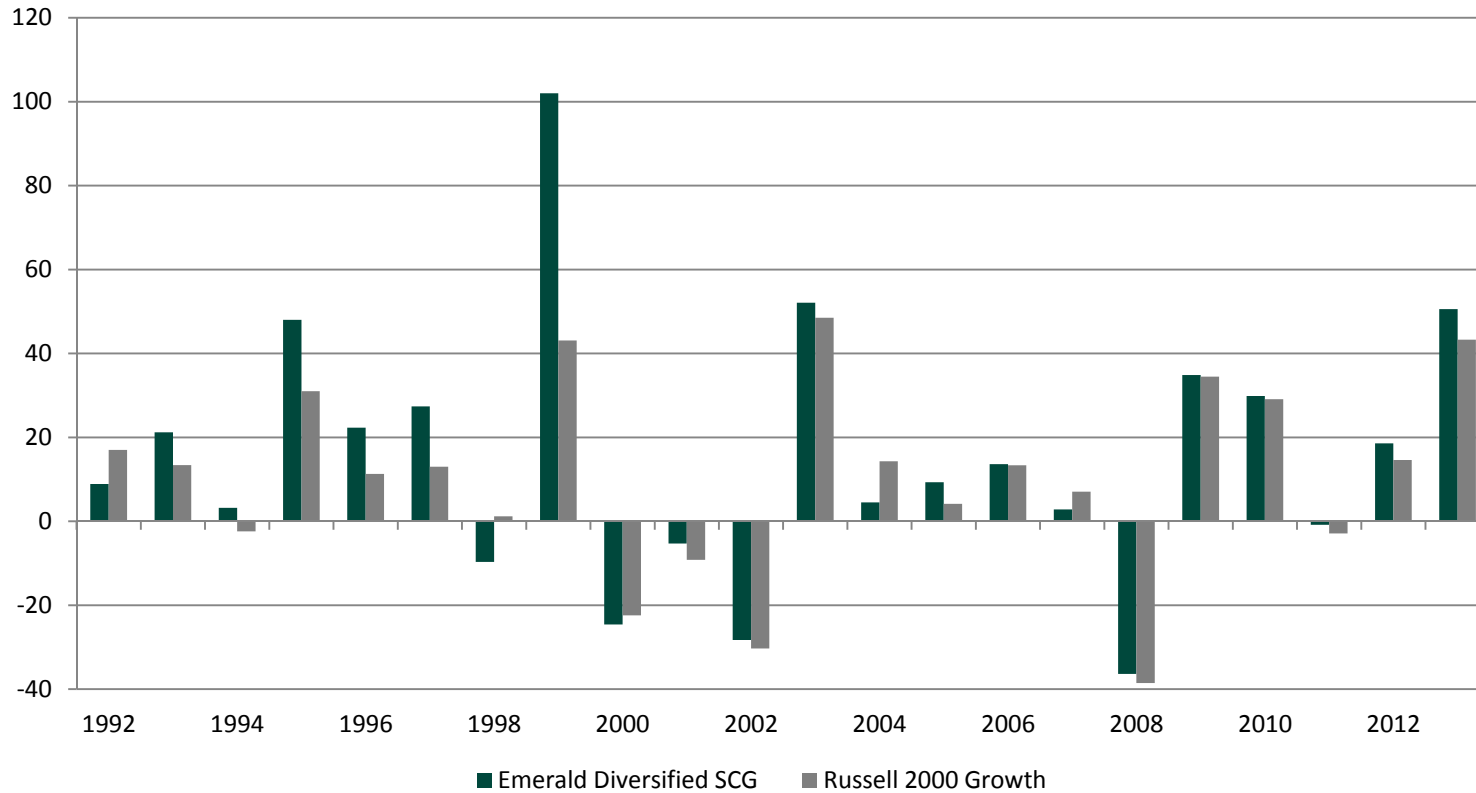
	Quantity	Cost Basis		Market Value			Unrealized Gain/Loss	Current Yield	Estimated Annual Income
		Average Cost	Total Cost	Current Price	Total Value	% Portfolio			
Equity									
TECHNOLOGY			1,446,510.80		1,715,653.59	20.3	269,142.8	0.0	622
METHODE ELECTRONICS INC	1,340	29.24	39,186.36	30.66	41,084.40	0.5	1,898.04	1.2	482.40
MICROSEMI CORP	1,690	24.09	40,715.27	25.03	42,300.70	0.5	1,585.43	0.0	0.00
NEONODE INC	7,460	6.29	46,939.93	5.69	42,447.40	0.5	-4,492.53	0.0	0.00
PDF SOLUTIONS INC	1,794	21.61	38,771.40	18.17	32,596.98	0.4	-6,174.42	0.0	0.00
PROOFPOINT INC	4,470	29.98	133,990.16	37.08	165,747.60	2.0	31,757.44	0.0	0.00
QLIK TECHNOLOGIES INC	3,346	28.97	96,921.19	26.59	88,970.14	1.1	-7,951.05	0.0	0.00
Q2 HOLDINGS INC	310	14.27	4,425.12	15.53	4,814.30	0.1	389.18	0.0	0.00
RALLY SOFTWARE DEVELOPMENT CO	3,530	25.18	88,901.74	13.38	47,231.40	0.6	-41,670.34	0.0	0.00
SABA SOFTWARE	3,110	10.12	31,473.70	12.15	37,786.50	0.4	6,312.80	0.0	0.00
TRANSACT TECHNOLOGIES INC	500	12.09	6,046.22	11.49	5,745.00	0.1	-301.22	2.4	140.00
ULTIMATE SOFTWARE GROUP INC	621	35.44	22,006.28	137.00	85,077.00	1.0	63,070.72	0.0	0.00
IXIA	1,684	18.23	30,698.93	12.50	21,050.00	0.2	-9,648.93	0.0	0.00
UTILITIES			121,005.54		149,962.66	1.8	28,957.1	0.0	0
8X8 INC NEW	9,146	7.57	69,234.19	10.81	98,868.26	1.2	29,634.07	0.0	0.00
ORBCOMM INC	5,670	6.90	39,095.99	6.85	38,839.50	0.5	-256.49	0.0	0.00
VONAGE HOLDINGS CORP	2,870	4.42	12,675.36	4.27	12,254.90	0.1	-420.46	0.0	0.00
TOTAL Equity			5,778,089.71		8,252,011.23	97.8	2,473,921.5	0.2	14,600
TOTAL Dividend Accruals					1,016.96	0.0			
TOTAL MANAGED			5,965,394.06		8,440,332.54	100	2,473,921.5	0.2	14,600



DRIVEN BY RESEARCH

Div. SCG Cal. Year Performance
as of December 31, 2013

RATE OF RETURN REPORTED GROSS



**Emerald has
outperformed in
17 of the 21 full
calendar years we
have been in
business.**

Performance Disclaimer - The performance information reflected is approved for "One-on-One" client presentations only. The performance figures do not reflect the deduction of investment fees; the investment advisory fees are described in Part II of Emerald Advisers' Form ADV. For example, if a client placed \$100,000 under management and a hypothetical gross return of 10% were achieved, the investment assets before fees would have grown to \$259,374 in ten years. However, if an advisory fee of 1% of average net assets were charged, investment assets would have grown to \$234,573, or an annual compounded rate of 8.9%. This includes all reinvestment of dividends



Differentiators / Keys to Success

- ***People***
 - Portfolio management team has 73 years collective experience; together since 1994
 - Teamwork Environment: 14 analysts with 11 years average tenure
- ***Philosophy***
 - Active management uncovers extraordinary opportunities in small-cap markets
 - We work to maximize return and minimize risk by capitalizing on inherent inefficiencies
- ***Process***
 - Disciplined focus grounded by Emerald 10-Step Research Process
 - Consistent investment style adhering to growth and small-cap mandates
 - Emerald's entrepreneurial culture generates alpha by discovering and exploiting trends
- ***Persistence***
 - Remaining true to our fundamental bottom-up process irrespective of market cycles
 - Demonstrated by a 20+ year record of portfolio attribution and performance
- ***Performance***
 - Consistent long-term outperformance and consistent upside/downside market capture



Emerald Foundation

We support the communities in which we live and work as well as initiatives throughout the country. In addition to working diligently to provide superior investment returns, Team Emerald continuously sustains its involvement with both local and national organizations committed to aiding various vital community needs and services. Because of Emerald's diverse group of investment products and extensive research commitments we recognize our obligation to be an involved member of the communities in which we work and live. Since its founding in 1991, Emerald has supported community initiatives, organizations and schools that provide much-needed services to area residents. In 2005 Emerald Asset Management was selected as the *Corporate Citizen of the Year* by the Central Penn Business Journal. The Emerald Foundation is a 501(c)3 nonprofit organization founded to help “give back” to the community. A partial list of organizations supported by the Foundation includes:

ALS	Children Deserve A Chance	Boys and Girls Club Foundation	
American Red Cross	Cal Ripken, Sr. Foundation	Keystone Care	PA Breast Cancer Coalition
American Cancer Society	Cystic Fibrosis	Lititz Lions Club	St. Jude’s Research Hospital
Boy Scouts of America	Kimmel Cancer Center	Lancaster County CASA	No Greater Sacrifice

The Emerald Foundation joins hands with community and national charitable organizations devoted to encouraging initiatives focusing primarily on Youth, Education and Healthcare Research, both locally and throughout the country. To help meet the challenges facing communities the Foundation encourages initiatives by seeking meaningful collaboration among other nonprofits, local businesses and private individuals helping to promote and strengthen every individual’s commitment to community. In addition to the corporate sponsorships and participation in events, we encourage members of Team Emerald to actively work in their communities to make a difference. Emerald executives have held senior leadership positions in a number of philanthropic and charitable organizations including the Leukemia & Lymphoma Society, Boys Club, Millersville University Foundation, Pennsylvania State University Research Foundation, Berks Conservancy, and Keystone Care.