



Emerald Advisers, Inc.

Small Capitalization Growth

Data as of September 30, 2014

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

www.teamemerald.com

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		-\$491,611.00
	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





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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
2Q14	-\$16,699.88
3Q14	-\$15,959.43



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Inception to Date Statement of Cashflow

Total Investment Earnings		\$6,178,316.49
Income	\$183,867.06	
Capital Appreciation/Depreciation	\$5,994,449.43	
Total Assets as of September 30, 2014		\$7,845,029.00



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Corporate Profile

Parent Company: Emerald Asset Management, Inc.

- Incorporated November, 1991 • S-Corporation / 100% ESOP-Owned
- \$2.9 Billion Firm-Wide Assets Under Management as of September 30, 2014
- Separate Account Management, Mutual Funds, LP Funds

Emerald Asset Management

Emerald Advisers

Small Cap Growth
Mid Cap Growth
All Cap Growth

Emerald Mutual Fund Advisers Trust

Mutual Funds
Annuities

Affiliated Advisers

Emerald Fixed Income Advisers LLC

Intermediate Gov't Credit
Core Aggregate
Low Duration

Emerald Direct Lending Advisers LLC

Peer to Peer Lending Notes

Emerald ETF Advisers LLC

Global ETF/Domestic Equity Hybrid

Partial Client List

Public

Commonwealth of Pa.
City of Fort Pierce (FL)
State of Illinois Teachers'
18 Pennsylvania Counties

Corporate

Independence Blue Cross
Carpenter Technology

Endowments

Lower Susquehanna Synod of the ELCA
Shippensburg University Foundation

Taft-Hartley

UFCW Tri-State Pension Fund

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.

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Small Cap Growth Product Snapshot

Objective: Long-term growth of capital by delivering alpha during both up and down markets.

Product Inception:	October, 1992
Number of Holdings:	110 – 120
Average Position:	1/2 – 2%

Assets Under Management in Diversified SCG Strategy:

Institutional Accounts:

Separate Managed Accounts	\$1.0 billion
Sub-Advised	\$674 million

Retail & DC Funds:

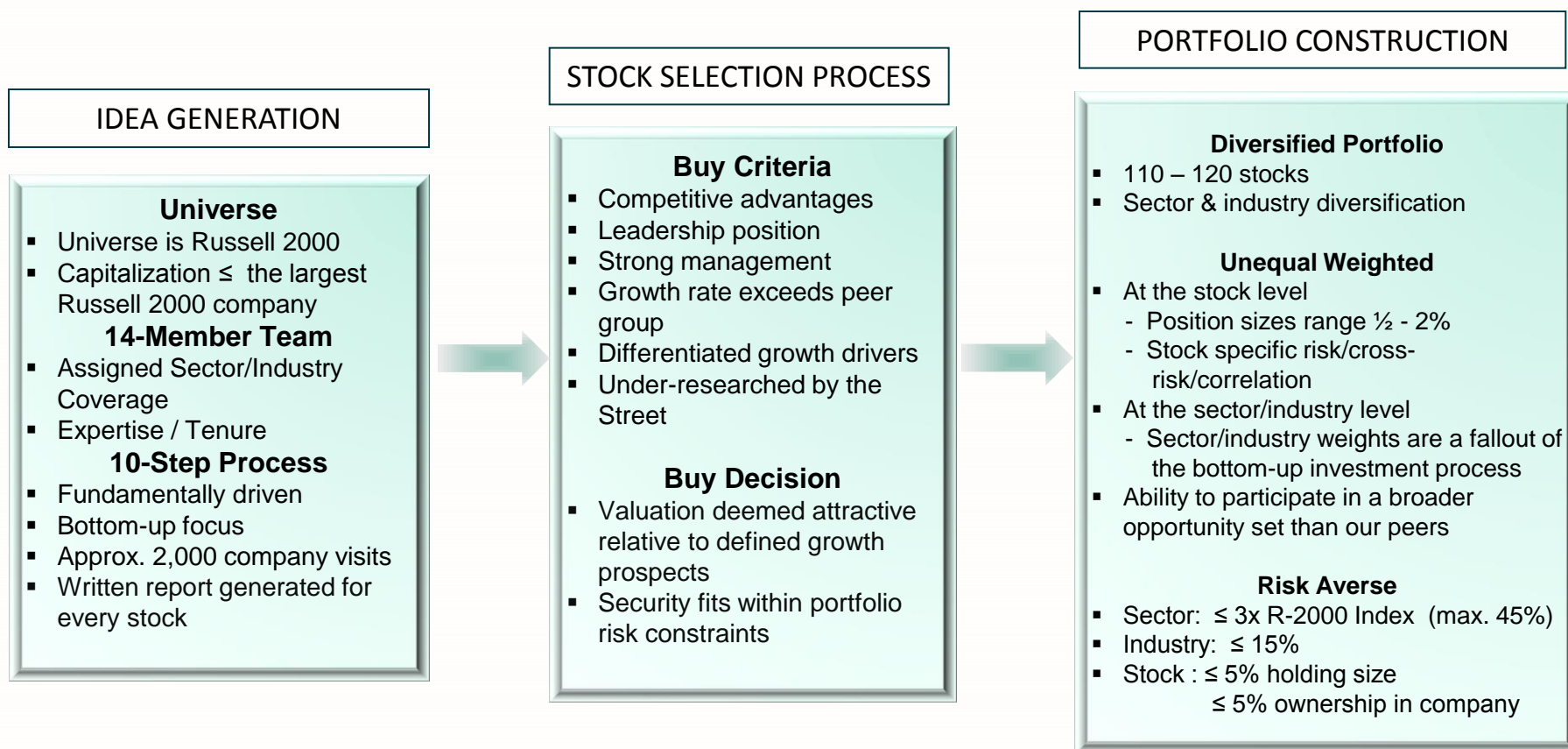
Emerald Growth Fund	\$260 million
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Institutional Accounts

Public Plans / Government:	76%
Corporate	24%
Taft Hartley / Union:	1%
Endowments:	1%



Stock Selection is a Fundamentally Driven Process





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.

Small Cap Growth Portfolio Management Team

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

Stacey L. Sears
*Portfolio Manager /
Analyst*

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

Investment Experience

36 Yrs.

20 Yrs.

20 Yrs.



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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.





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Team Emerald Managers & Analysts

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: 22 Years
Experience: 36 Years

Stacey L. Sears, MBA
Portfolio Manager
- Consumer Discretionary
- Consumer Technology
Tenure w/Firm: 22 Years
Experience: 20 Years

Joseph W. Garner, MBA
Director of Research
Portfolio Manager
- Consumer Goods / Services
- Technology / Tech Team
- Transportation
Tenure w/Firm: 20 Years
Experience: 20 Years

David Volpe, CFA, MA
Deputy Chief Investment Officer
Portfolio Manager
- Energy
- Producers
- Oil Services
Tenure w/Firm: 15 Years
Experience: 25 Years

Steven E. Russell, Esq., MBA
Portfolio Manager
- Financial Services
- Communications
Technology
Tenure w/Firm: 14 Years
Experience: 20 Years

**Team Emerald:
14 Investment
Professionals
Average 22 years
Industry Experience
and 13 years
Emerald Tenure**

Stephen Amsterdam
Associate Portfolio Manager
- Semi Cap Equip.
- Electronics
- Gaming
- Semiconductors
- Tech Team
Tenure w/ Firm: 11 Years
Experience: 22 Years

Joseph A. Besecker, MD, FAAP
- Biotechnology
- Emerging Pharma
- Medical Devices
Tenure w/Firm: 13 Years
Experience: 56 Years

Scott Blumenthal, MBA
- Basic Materials
- Industrials
- Capital Goods
- Defense & Aerospace
- Engineering & Const.
Tenure w/Firm: 10 Years
Experience: 18 Years

Alfred Cooke, MD, FASC
- Medical Devices/
Diagnostics
- Surgical Products
Tenure w/ Firm: 12 Years
Experience: 55 Years

Derek Fisher
- Computer Software
- Information Technology
- Professional Services
- Tech Team
Tenure w/Firm: 17 Years
Experience: 17 Years

Nathan R. Jones, PhD, MBA
- Technology
- Tech Team
Tenure w/ Firm: 1 Year
Experience: 1 Year

Andrew Rohrer
- Agriculture
- Automotive
- Transportation
- Trucking
Tenure w/Firm: 6 Years
Experience: 10 Years

Terry M. Smith, PhD, MBA
- Biotechnology
- Drugs & Pharma.
- Drug Distribution &
Pharma Services
- Managed Care
Tenure w/Firm: 7 Years
Experience: 7 Years

Nishit Trivedi, PhD, MBBS, MBA
- Molecular Diagnostics
- Medical Devices
- Hospitals
Tenure w/Firm: 8 Years
Experience: 8 Years



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Trailing Preliminary Performance as of September 30, 2014

RATE OF RETURN REPORTED GROSS

GROSS PERFORMANCE	QTD	YTD	1 Year*	3 Year*	5 Year*	Incept**
Portfolio	-4.59	-3.48	2.45	25.59	18.83	9.48
RUSSELL 2000G TOTAL RETURN	-6.13	-4.05	3.79	21.91	15.51	7.95

*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 September 30, 2014

PERFORMANCE REVIEW

RATE OF RETURN REPORTED GROSS

		MARKET VALUE (\$)	TOTAL	RUSSELL 2000G TOTAL RETURN
Monthly				
September		7,845,029	-3.34	-5.35
August		8,115,820	6.68	5.58
July		7,607,574	-7.48	-6.06
Quarterly				
3rdQtr		7,845,029	-4.59	-6.13
Yearly				
2014	YTD	7,845,029	-3.48	-4.05
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			159.96	123.28
Annualized			9.48	7.95

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- After eight consecutive quarters of positive returns for small capitalization stocks, performance turned negative in the third quarter with the Russell 2000 declining 7.4%. Growing concern regarding the timing and trajectory of interest rate increases, slowing global growth and the implications of a strengthening dollar weighed on the market.
- The month of September proved to be particularly challenging and accounted for 6.1% of the Russell 2000's third quarter decline
- The Russell 2000 Growth Index outperformed the Russell 2000 Value Index for the quarter declining 6.1% vs. 8.6%, despite the rising risk aversion

	<u>3Q 2014</u>
Russell 1000	0.65%
Russell 2000	-7.36%
Russell 2000 Growth	-6.13%
Russell 2000 Value	-8.58%

(Source: Russell Investments)

- The building wall of worry disproportionately pressured risk assets with small capitalization stocks significantly underperforming their larger capitalization brethren. The Russell 2000 underperformed the S&P 500 by 850 bps during the quarter, ranking it among the worst relative performance quarters since the first quarter of 1979, according to a recent report from Furey Research.



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3rd Qtr. 2014 Performance Review

- **Cyclicals underperform, led on the downside by energy** (Source: Russell Investments)

	<u>R2G Q2</u>	<u>R2V Q2</u>	<u>R2 Q2</u>
Consumer Discretionary	-7.12%	-9.30%	-5.61%
Consumer Staples	0.68%	-7.02%	-3.40%
Healthcare	-2.67%	-6.61%	-8.02%
Materials	-7.85%	-9.42%	-8.53%
Technology	-5.30%	-6.28%	-5.61%
Financials	-4.74%	-5.05%	-4.99%
Producer Durables	-8.37%	-11.53%	-9.99%
Energy	-17.73%	-24.54%	-21.31%

- **The complexion of the Russell 2000 Growth performance was very similar to that of the second quarter. Specifically, within the Russell 2000 Growth benchmark, the smallest of the small market capitalization stocks underperformed as did the highest P/E, and fastest growing companies** (Source: Bank of America Merrill Lynch)



Performance by Market Cap

Market Cap Bucket	Third Quarter					
	Russell 2000		Russell 2000 Growth		Russell 2000 Value	
	Return	Contrib.	Return	Contrib.	Return	Contrib.
>1 BIL	-6.7	-5.0	-5.2	-4.1	-8.3	-5.8
>500 MIL, <=1 BIL	-8.9	-1.4	-7.9	-1.0	-9.9	-1.8
>250 MIL, <=500M	-9.3	-0.7	-12.0	-0.7	-7.5	-0.7
<=250M	-9.8	-0.2	-12.1	-0.2	-9.0	-0.3

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

Performance by P/E Quintile

P/E Quintile	Third Quarter					
	Russell 2000		Russell 2000 Growth		Russell 2000 Value	
	Return	Contrib.	Return	Contrib.	Return	Contrib.
Q1 (Lowest)	-6.6	-1.0	-5.3	-0.7	-6.7	-1.2
Q2	-5.6	-1.1	-5.7	-0.9	-6.6	-1.3
Q3	-7.1	-1.3	-5.4	-1.1	-7.3	-1.5
Q4	-7.0	-1.3	-6.0	-1.0	-9.6	-1.7
Q5 (Highest)	-9.9	-1.5	-7.7	-1.2	-12.5	-1.7
Nonearnings Stories	-8.5	-1.1	-6.7	-1.1	-12.0	-1.1

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

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Performance by Long-Term Growth Rate

	Third Quarter					
	Russell 2000		Russell 2000 Growth		Russell 2000 Value	
Long-Term Earnings Growth	Return	Contrib.	Return	Contrib.	Return	Contrib.
<=10%	-6.6	-1.3	-5.4	-0.7	-7.2	-1.9
>10%, <=20%	-7.2	-2.1	-6.2	-2.3	-8.9	-2.0
>20%	-8.2	-1.0	-7.1	-1.3	-13.0	-0.6
NA	-7.5	-2.8	-5.5	-1.6	-8.7	-4.0

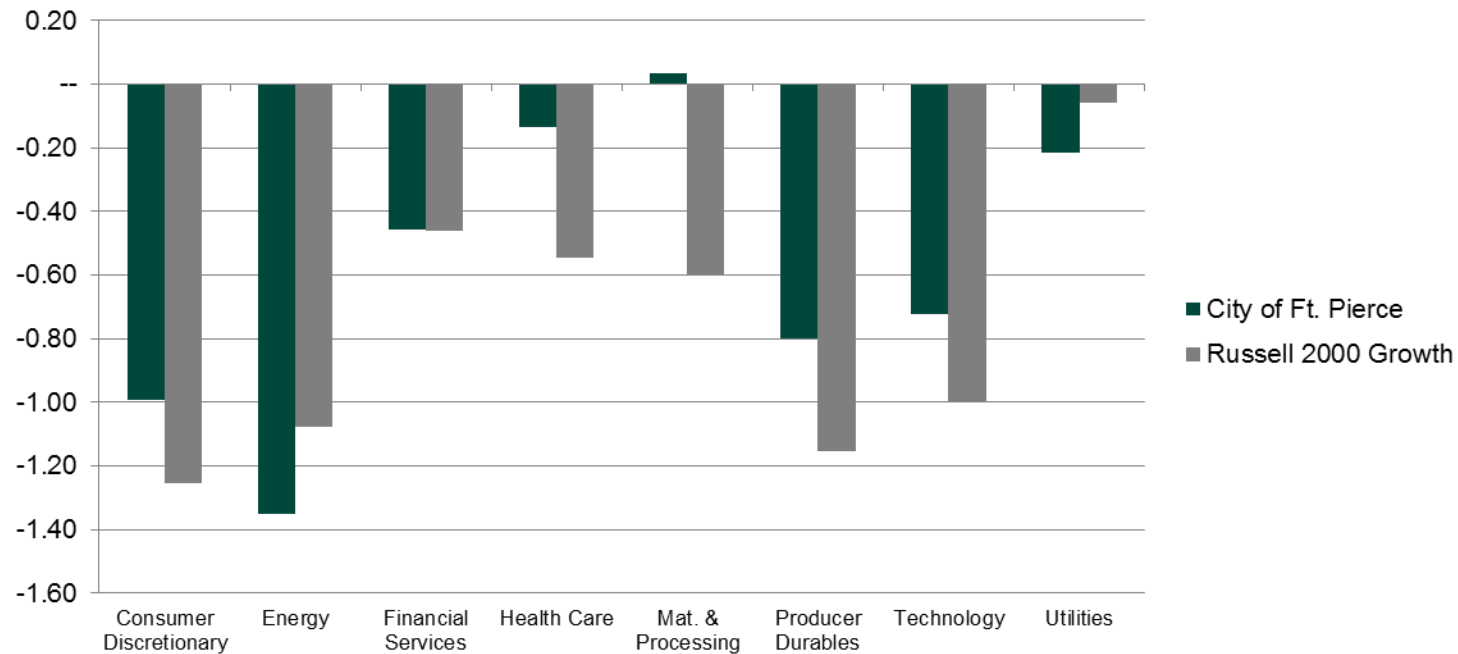
Source: BofA Merrill Lynch Small Cap Research; Russell Investment Group.



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3rd Qtr. 2014 Perf. Attribution
as of September 30, 2014

- The portfolio outperformed the Russell 2000 Growth Index for the quarter as stock selection within the materials, healthcare, producer durable and consumer discretionary sectors drove the portfolio's relative outperformance.



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Portfolio Performance Summary

Contributors

Within the healthcare and consumer discretionary sectors, merger and acquisition activity was additive to performance as both InterMune, Inc. and Multimedia Games Holding Company were acquired during the quarter.

The portfolio also experienced strong relative performance within the materials and producer durables sectors. Stock selection led performance in both sectors with strength at the industry level within the building materials, glass, commercial services and air transport industries.

Top 5 Contributors to Return

InterMune, Inc.

Spirit Airlines, Inc.

Alnylam Pharmaceuticals, Inc.

Multimedia Games Holding Company, Inc.

OvaScience, Inc.



Portfolio Performance Summary

Detractors

While there were no significant detractors to return, performance within the energy sector was a modest detractor to overall performance.

Top 5 Detractors to Return

Magnum Hunter Resources Corporation

Penn Virginia Corporation

Horizon Pharma plc

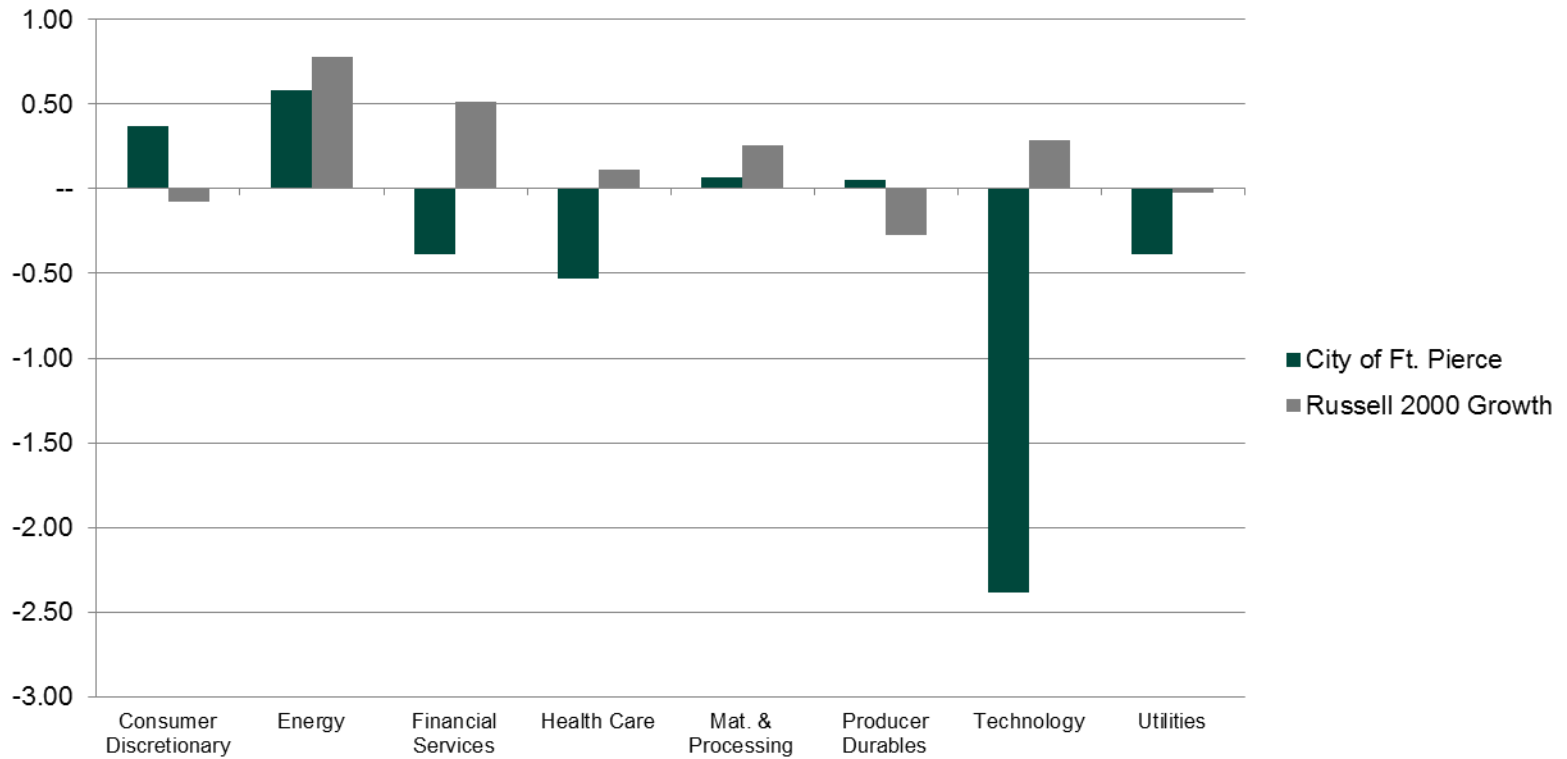
Tile Shop Holdings, Inc.

Channeladvisor Corporation



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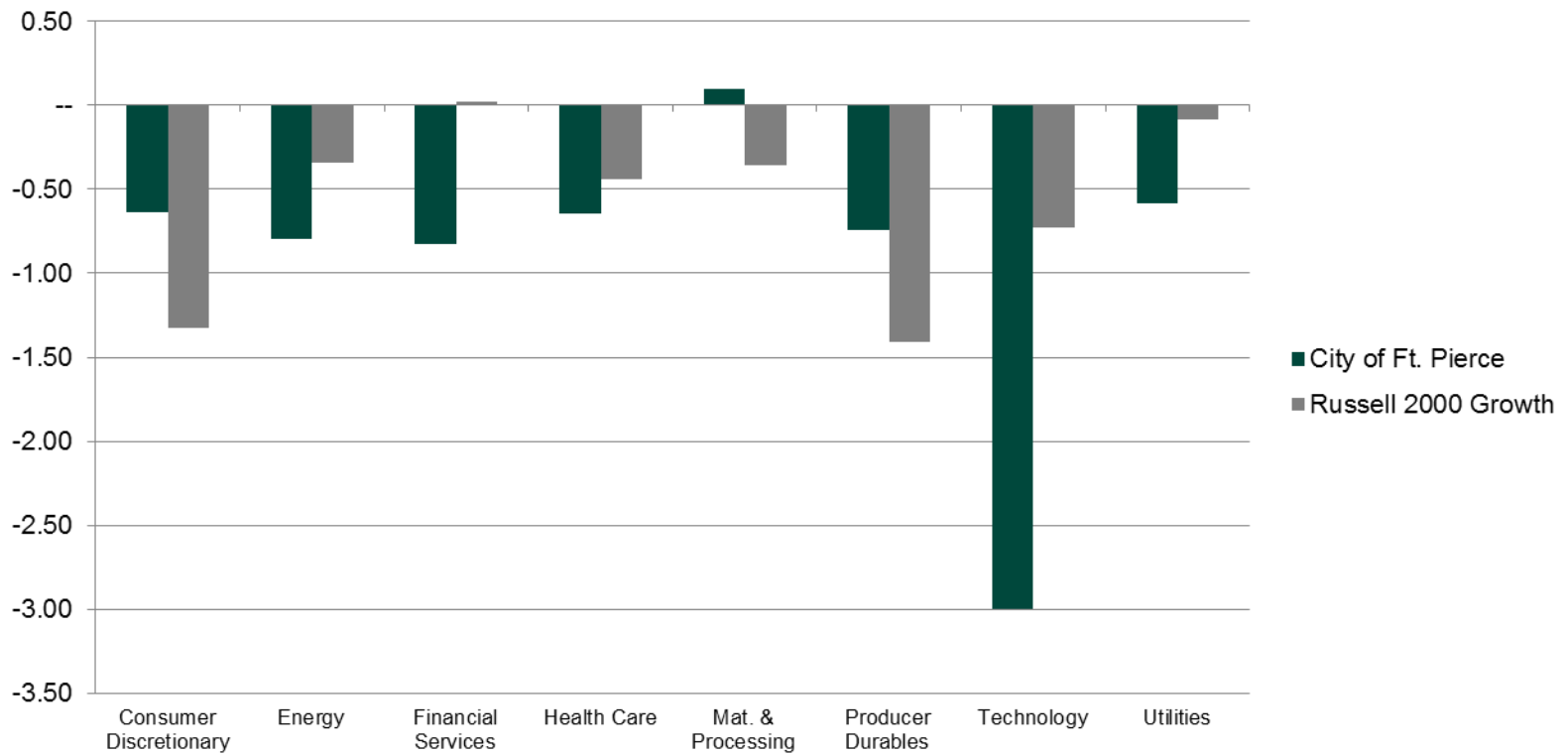
2nd Qtr. 2014
Perf. Attribution





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6-Month
Perf. Attribution as of 9/30/14





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Portfolio
as of September 30, 2014

Portfolio Sector Allocation vs. Benchmark

Sector		Emerald	Russell 2000 Growth	Russell 2000
Consumer Discretionary	↓	13.4%	16.4%	14.0%
Consumer Staples		0.3%	3.5%	2.9%
Energy	↓	3.6%	5.4%	5.5%
Financial Services	↑	15.1%	9.9%	24.8%
Health Care	↑	24.6%	21.8%	13.4%
Materials & Processing	↑	7.9%	7.4%	6.6%
Producer Durables	↓	15.7%	13.8%	13.7%
Technology	↑	16.4%	20.4%	14.9%
Utilities		1.5%	1.4%	4.2%
Cash		1.5%	0.0%	0.0%

↓↑ Indicates weighting changed **0.5% or greater** from previous quarter.

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Portfolio
as of September 30, 2014

Top Ten Holdings



	<i>Company</i>	<i>Ticker</i>	<i>Sector</i>	<i>% Held</i>
1.	MWI Veterinary Supply Inc.	MVIV	Healthcare	3.11
2.	Spirit Airlines Inc.	SAVE	Producer Durables	3.03
3.	Acadia Healthcare Company Inc.	ACHC	Healthcare	2.20
4.	Bank of the Ozarks Inc.	OZRK	Financial Services	2.18
5.	Alnylam Pharmaceuticals Inc.	ALNY	Healthcare	1.85
6.	Jack in the Box Inc.	JACK	Consumer Discretionary	1.82
7.	FARO Technologies Inc.	FARO	Producer Durables	1.70
8.	HomeAway Inc.	AWAY	Consumer Discretionary	1.69
9.	Apogee Enterprises, Inc.	APOG	Materials	1.58
10.	Proofpoint Inc.	PFPT	Technology	1.57



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Portfolio
as of September 30, 2014

Portfolio Characteristics vs. Benchmark

Characteristic	Emerald SCG Model	Russell 2000 Growth
Projected Growth Rate (3-5 Year)*	21.3%	17.3%
P/E Ratio**	21.3x	20.3x
R ² vs. Russell 2000 Growth	0.78	1.00
Yield (%)	0.28	0.72
Price / Book Value**	3.0x	3.7x
Median Market Cap (By No. of Stocks)	\$888 mm	\$799 mm
Wgt. Average Market Cap	\$1,869 mm	\$1,851 mm
Turnover (Trailing 12 mos.)	72%	---

* 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.

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- **Portfolio positioning:**
 - Overweight positions: Financial services, healthcare and producer durable sectors
 - Underweight positions: Consumer discretionary, consumer staples, energy and technology sectors
- **Downward market pressure experienced in September is extending into October**
- **Global growth concerns have risen to the top of the wall of worry**
- **While fears about a growth contagion appear to spreading, we have seen little evidence to support a significant slowdown in domestic growth**
 - Continue to see signs of an acceleration in non-residential construction
- **Geopolitical issues adding to the wall of worry**
 - Russia, Ukraine, ISIL, Hong Kong and most recently the spread of Ebola
 - Mid-term elections in November



- **Taking all of these headwinds into consideration, the weaker start to the fourth quarter could be setting the market up for better performance during the second half of the fourth quarter**
 - Small capitalization valuations have compressed
 - Relative forward P/E spread between the Russell 2000 and the Russell 1000 has narrowed and now stands at 0.9x from 2.8x in the past quarter (Source: Bank of America Merrill Lynch)
 - If we are correct and domestic economic growth remains strong, the gap between the rate of earnings growth for the S&P 500 and the Russell 2000 should widen in favor of small caps
- **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 has enabled 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
- **We believe stock selection will be the key driver of relative outperformance**



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Portfolio Holdings
as of September 30, 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			114,146.49		114,146.49	1.5	0.0	0.0	0
PRINCIPAL CASH			114,146.49		114,146.49	1.5	0.00	0.0	0.00
TOTAL Cash/Cash Equivalent			114,146.49		114,146.49	1.5	0.0	0.0	0
Equity									
CONSUMER DISCRETIONARY			907,698.19		1,050,643.57	13.4	142,945.4	0.2	2,588
HOMEAWAY INC	3,740	27.30	102,119.87	35.50	132,770.00	1.7	30,650.13	0.0	0.00
DIVERSIFIED RSTRNT HLDGS INC	4,114	5.57	22,932.91	4.92	20,240.88	0.3	-2,692.03	0.0	0.00
BRUNSWICK CORP	1,820	42.69	77,697.28	42.14	76,894.80	1.0	-1,002.48	1.2	910.00
BLACK DIAMOND INC	4,038	9.22	37,237.67	7.56	30,527.28	0.4	-6,710.39	0.0	0.00
CHRISTOPHER & BANKS COPR	6,416	6.90	44,266.32	9.89	63,454.24	0.8	19,187.92	0.0	0.00
CHEGG INC	4,820	11.06	53,320.54	6.24	30,076.80	0.4	-23,243.74	0.0	0.00
CHUY'S HOLDINGS INC	2,790	28.35	79,098.18	31.39	87,578.10	1.1	8,479.92	0.0	0.00
FIVE BELOW	1,118	37.18	41,571.14	39.61	44,283.98	0.6	2,712.84	0.0	0.00
MARINEMAX INC	3,825	15.94	60,969.09	16.85	64,451.25	0.8	3,482.16	0.0	0.00
JACK IN THE BOX INC	2,097	42.20	88,503.41	68.19	142,994.43	1.8	54,491.02	1.2	1,677.60
KATE SPADE & CO	1,370	18.41	25,220.80	26.23	35,935.10	0.5	10,714.30	0.0	0.00
MALIBU BOATS INC-CLASS A	2,040	17.33	35,356.98	18.52	37,780.80	0.5	2,423.82	0.0	0.00
MULTIMEDIA GAMES INC	2,331	21.64	50,436.69	36.01	83,939.31	1.1	33,502.62	0.0	0.00
RED ROBIN GOURMET BURGERS INC	1,631	38.56	62,894.78	56.90	92,803.90	1.2	29,909.12	0.0	0.00
SCIENTIFIC GAMES CORP	3,850	10.51	40,455.27	10.77	41,464.50	0.5	1,009.23	0.0	0.00
SEQUENTIAL BRANDS GROUP INC	3,050	13.33	40,643.86	12.50	38,125.00	0.5	-2,518.86	0.0	0.00
TILLY'S INC-CLASS A SHRS	3,660	12.29	44,973.40	7.52	27,523.20	0.4	-17,450.20	0.0	0.00
CONSUMER STAPLES			27,917.77		27,345.60	0.3	-572.2	0.0	0
INVENTURE FOODS INC	2,110	13.23	27,917.77	12.96	27,345.60	0.3	-572.17	0.0	0.00
ENERGY			239,900.85		280,484.69	3.6	40,583.8	0.0	0
ENPHASE ENERGY, INC	2,090	13.56	28,330.06	14.99	31,329.10	0.4	2,999.04	0.0	0.00
DIAMONDBACK ENERGY INC	1,006	36.68	36,897.55	74.78	75,228.68	1.0	38,331.13	0.0	0.00
FORUM ENERGY TECHNOLOGIES INC	1,680	30.52	50,657.57	30.61	50,812.60	0.6	155.03	0.0	0.00
MAGNUM HUNTER RES CORP DEL	8,777	3.85	33,750.00	5.57	48,887.89	0.6	15,137.89	0.0	0.00



DRIVEN BY RESEARCH

Portfolio Holdings
as of September 30, 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			
Equity									
ENERGY			239,900.85		280,484.69	3.6	40,583.8	0.0	0
MAGNUM HUNTER RES CORP WT EXP 041518	1,932	0.00	0.01	0.00	0.02	0.0	0.01	0.0	0.00
PENN VIRGINIA CORP	5,840	15.46	90,265.66	12.71	74,226.40	0.9	-16,039.26	0.0	0.00
FINANCIAL SERVICES			996,674.96		1,185,918.67	15.1	189,243.7	1.1	12,786
AMTRUST FINANCIAL SERVICES	2,933	34.56	101,371.04	39.82	116,792.06	1.5	15,421.02	2.0	2,346.40
CONNECTONE BANCORP INC	2,300	19.20	44,159.29	19.05	43,815.00	0.6	-344.29	1.6	690.00
COBIZ INC	5,940	8.16	48,452.65	11.18	66,409.20	0.8	17,956.55	1.4	950.40
CUSTOMERS BANCORP INC	1,716	15.27	26,200.05	17.96	30,819.36	0.4	4,619.31	0.0	0.00
EVERCORE PARTNERS INC-CL A	1,636	42.04	68,782.09	47.00	76,892.00	1.0	8,109.91	2.1	1,636.00
FCB FINANCIAL HOLDINGS INC	3,780	21.98	83,103.01	22.71	85,843.80	1.1	2,740.79	0.0	0.00
GREENHILL AND CO	850	48.73	41,418.87	46.49	39,516.50	0.5	-1,902.37	3.9	1,530.00
GSV CAP CORP	5,736	7.83	44,906.52	10.01	57,417.36	0.7	12,510.84	0.0	0.00
FIRST INTERNET BANCORP	0	NaN	0.00	16.12	0.00	0.0	0.00	NaN	0.00
MOELIS & CO	1,160	30.39	35,248.05	34.15	39,614.00	0.5	4,365.95	2.3	928.00
FIRST NBC BANK HOLDING CO	3,050	28.15	85,852.20	32.75	99,887.50	1.3	14,035.30	0.0	0.00
OPUS BANK	3,940	29.88	117,710.47	30.63	120,682.20	1.5	2,971.73	0.0	0.00
BANK OF THE OZARKS INC	5,420	12.14	65,803.47	31.52	170,838.40	2.2	105,034.93	1.5	2,601.60
PACWEST BANCORP DEL	1,900	42.58	80,907.87	41.23	78,337.00	1.0	-2,570.87	2.4	1,900.00
PACIFIC PREMIER BANCORP	2,153	10.13	21,804.59	14.05	30,249.65	0.4	8,445.06	0.0	0.00
SQUARE 1 FINANCIAL INC	3,036	19.55	59,342.20	19.23	58,382.28	0.7	-959.92	0.0	0.00
TALMAR BANCORP INC - CL A	5,092	14.06	71,612.59	13.83	70,422.36	0.9	-1,190.23	0.3	203.68
HEALTH CARE			1,458,965.62		1,933,577.49	24.6	474,611.9	0.0	300
ABAXIS INC	750	50.16	37,623.55	50.71	38,032.50	0.5	408.95	0.8	300.00
ACADIA HEALTHCAREPANY INC	3,554	13.68	48,634.21	48.50	172,369.00	2.2	123,734.79	0.0	0.00
ADAMAS PHARMACEUTICALS INC	1,407	16.44	23,134.26	18.62	26,198.34	0.3	3,064.08	0.0	0.00
ALNYLAM PHARMACEUTICALS INC	1,854	20.00	37,076.54	78.10	144,797.40	1.8	107,720.86	0.0	0.00
ANI PHARMACEUTICALS INC	910	31.45	28,622.09	28.28	25,734.80	0.3	-2,887.29	0.0	0.00
AUSPEX PHARMACEUTICALS, INC	860	19.64	16,892.38	25.67	22,076.20	0.3	5,183.82	0.0	0.00
ATRICURE INC	1,830	18.27	33,431.41	14.72	26,937.60	0.3	-6,493.81	0.0	0.00
BLUEBIRD BIO INC	2,100	36.99	77,680.44	35.88	75,348.00	1.0	-2,332.44	0.0	0.00



DRIVEN BY RESEARCH

Portfolio Holdings
as of September 30, 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			
Equity									
HEALTH CARE			1,458,965.62		1,933,577.49	24.6	474,611.9	0.0	300
CAMBREX	1,043	13.42	13,997.23	18.68	19,483.24	0.2	5,486.01	0.0	0.00
CEPHEID	2,385	35.90	85,625.34	44.03	105,011.55	1.3	19,386.21	0.0	0.00
DEPOMED INC	5,223	14.82	77,413.74	15.19	79,337.37	1.0	1,923.63	0.0	0.00
EPIZYME INC	2,090	32.72	68,380.67	27.11	58,859.90	0.7	-11,720.77	0.0	0.00
EVERYDAY HEALTH INC	1,983	15.06	29,856.30	13.97	27,702.51	0.4	-2,153.79	0.0	0.00
HERON THERAPEUTICS INC	2,390	11.53	27,563.52	8.33	19,908.70	0.3	-7,654.82	0.0	0.00
HORIZON PHARMA, INC	3,822	13.96	53,363.22	12.28	48,934.16	0.6	-4,429.06	0.0	0.00
INOGEN INC	1,990	16.14	32,122.58	20.61	41,013.90	0.5	8,891.32	0.0	0.00
ISIS PHARMACEUTICALS INC	1,912	29.15	55,743.98	38.83	74,242.96	0.9	18,498.98	0.0	0.00
K2M GROUP HOLDINGS INC	3,190	15.17	48,403.54	14.43	46,031.70	0.6	-2,371.84	0.0	0.00
LDR HOLDING CORP	2,430	24.33	59,123.24	31.13	75,645.90	1.0	16,522.66	0.0	0.00
MACROGENICS INC	1,810	25.84	46,767.96	20.90	37,829.00	0.5	-8,938.96	0.0	0.00
MARINUS PHARMACEUTICALS INC	1,220	8.00	9,760.00	6.47	7,893.40	0.1	-1,866.60	0.0	0.00
MWI VETERINARY SUPPLY INC	1,645	54.55	89,739.20	148.40	244,118.00	3.1	154,378.80	0.0	0.00
NEUROCRINE BIOSCIENCES, INC	2,510	16.69	41,888.63	15.67	39,331.70	0.5	-2,556.93	0.0	0.00
NPS PHARMACEUTICALS INC	3,288	20.73	68,157.99	26.00	85,488.00	1.1	17,330.01	0.0	0.00
NANOSTRING TECHNOLOGIES INC	2,993	9.45	28,295.65	10.94	32,743.42	0.4	4,447.77	0.0	0.00
OVASCIENCE INC	2,700	8.32	22,457.28	16.60	44,820.00	0.6	22,362.72	0.0	0.00
PUMA BIOTECHNOLOGY INC	240	256.26	61,502.60	238.57	57,256.80	0.7	-4,245.80	0.0	0.00
PORTOLA PHARMACEUTICALS INC	2,389	19.61	46,847.53	25.28	60,393.92	0.8	13,546.39	0.0	0.00
ULTRAGENYX PHARMACEUTICAL INC	310	24.89	7,715.39	56.60	17,546.00	0.2	9,830.61	0.0	0.00
SAREPTA THERAPEUTICS INC	1,862	21.08	39,257.52	21.10	39,288.20	0.5	30.68	0.0	0.00
WELLCARE HEALTH PLANS INC	830	65.81	54,619.92	60.34	50,082.20	0.6	-4,537.72	0.0	0.00
INTREXON CORP	2,679	21.14	56,647.11	18.58	49,775.82	0.6	-6,871.29	0.0	0.00
ZS PHARMA INC	1,110	27.59	30,620.60	39.23	43,545.30	0.6	12,924.70	0.0	0.00
MATERIALS & PROCESSING			477,191.64		620,654.65	7.9	143,463.0	0.7	4,556
APOGEE ENTERPRISES INC	3,122	28.57	89,204.04	39.80	124,255.60	1.6	35,051.56	1.0	1,248.80
ACUITY BRANDS INC	600	71.71	43,026.56	117.71	70,626.00	0.9	27,599.44	0.4	312.00
NN INC	1,080	28.60	30,891.25	26.72	28,857.60	0.4	-2,033.65	1.0	302.40



DRIVEN BY RESEARCH

Portfolio Holdings
as of September 30, 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			
Equity									
MATERIALS & PROCESSING			477,191.64		620,654.65	7.9	143,463.0	0.7	4,556
POLYONE CORPORATION	3,380	31.87	107,714.00	35.58	120,280.40	1.5	12,546.40	0.9	1,081.80
US SILICA HOLDINGS INC	1,610	37.85	60,931.02	62.51	100,641.10	1.3	39,710.08	0.8	805.00
TIMKENSTEEL CORP	1,440	49.15	70,773.07	48.49	66,945.60	0.9	-3,827.47	1.2	808.40
TREX INC	3,155	23.66	74,651.70	34.57	109,068.35	1.4	34,416.65	0.0	0.00
PRODUCER DURABLES			1,006,877.63		1,231,374.83	15.7	224,497.2	0.6	6,976
ASTRONICS CORP	1,301	46.27	60,201.07	47.68	62,031.68	0.8	1,830.61	0.0	0.00
ASTRONICS CORPORATION - CL B	260	46.92	12,198.39	47.50	12,350.00	0.2	151.61	0.0	0.00
FARO TECHNOLOGIES INC	2,631	44.38	116,771.48	50.75	133,523.25	1.7	16,751.77	0.0	0.00
H&E EQUIPMENT SERVICES INC	2,787	25.24	70,333.41	40.28	112,280.36	1.4	41,926.95	2.5	2,787.00
KFORCE INC	5,156	21.02	108,381.76	19.57	100,902.92	1.3	-7,478.84	2.0	2,062.40
KORN FERRY INTERNATIONAL	1,320	29.04	38,327.17	24.90	32,888.00	0.4	-5,459.17	0.0	0.00
KNOLL INC	1,730	18.24	31,552.65	17.31	29,946.30	0.4	-1,606.35	2.8	830.40
PRIMORIS SERVICES CORP	4,000	30.73	122,914.16	28.84	107,380.00	1.4	-15,554.16	0.6	640.00
PROTO LABS INC	620	74.24	46,027.61	69.00	42,780.00	0.5	-3,247.61	0.0	0.00
ROADRUNNER TRNSN SVCS HLDG	4,282	19.97	85,520.73	22.79	97,586.78	1.2	12,066.05	0.0	0.00
SPIRIT AIRLS INC	3,432	22.63	77,676.22	69.14	237,288.48	3.0	159,612.26	0.0	0.00
TENNANT CO	820	72.87	59,752.12	67.09	55,013.80	0.7	-4,738.32	1.2	656.00
TUTOR PERINI CORPORATION	4,150	30.18	125,244.98	28.40	109,560.00	1.4	-15,684.98	0.0	0.00
WESCO INTL INC	1,251	41.55	51,975.89	78.26	97,903.26	1.2	45,927.37	0.0	0.00
TECHNOLOGY			1,089,324.87		1,284,045.74	16.4	194,720.9	0.0	608
APPLIED OPTOELECTRONICS INC	1,830	9.96	18,221.74	16.10	29,463.00	0.4	11,241.26	0.0	0.00
ADEPT TECHNOLOGY INC	2,130	9.03	19,236.76	8.41	17,913.30	0.2	-1,323.46	0.0	0.00
ARC DOCUMENT SOLUTIONS INC	1,720	7.65	13,155.14	8.10	13,932.00	0.2	776.86	0.0	0.00
CALAMP CORP	1,614	23.67	38,208.23	17.62	28,438.68	0.4	-9,769.55	0.0	0.00
CAVIUM INC	1,451	30.04	43,588.45	49.73	72,158.23	0.9	28,569.78	0.0	0.00
CHANNELADVISOR CORP	2,280	33.16	75,611.82	16.40	37,392.00	0.5	-38,219.82	0.0	0.00
EPAM SYSTEMS INC	2,491	25.03	62,348.31	43.79	109,080.89	1.4	46,732.58	0.0	0.00
GLU MOBILE INC	16,485	4.22	69,497.01	5.17	85,227.45	1.1	15,730.44	0.0	0.00
GUIDEWIRE SOFTWARE INC	1,060	29.65	31,431.76	44.34	47,000.40	0.6	15,568.64	0.0	0.00



DRIVEN BY RESEARCH

Portfolio Holdings
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PORTFOLIO APPRAISAL

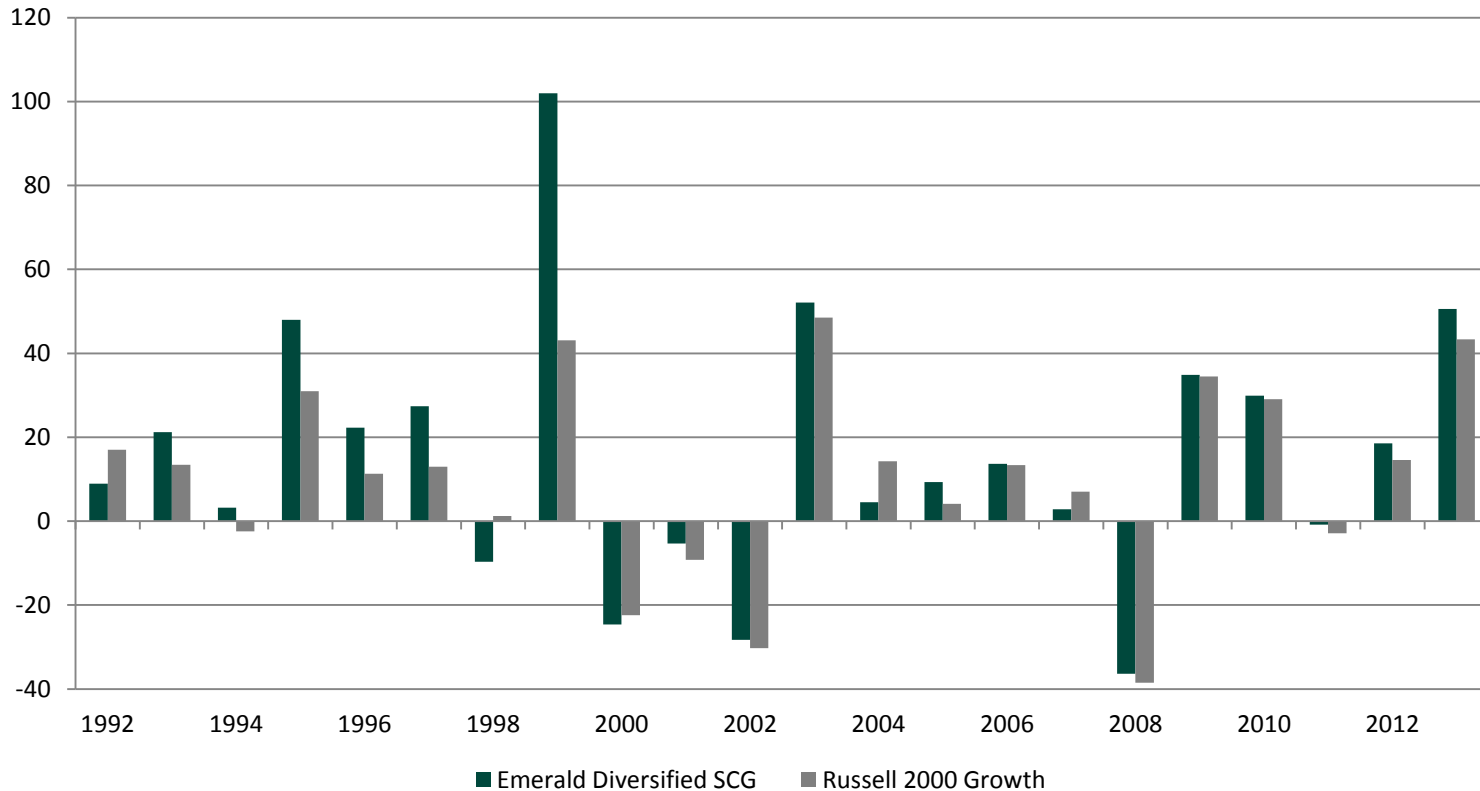
	Quantity	Cost Basis		Market Value			Unrealized Gain/Loss	Current Yield	Estimated Annual Income
		Average Cost	Total Cost	Current Price	Total Value	% Portfolio			
Equity									
TECHNOLOGY			1,089,324.87		1,284,045.74	16.4	194,720.9	0.0	608
IMPERVA INC	3,160	32.01	101,147.47	28.73	90,786.80	1.2	-10,360.67	0.0	0.00
IPG PHOTONICS CORP	1,413	34.55	48,822.38	68.78	97,186.14	1.2	48,363.76	0.0	0.00
INPHI CORP	3,767	11.07	41,703.51	14.38	54,169.46	0.7	12,465.95	0.0	0.00
METHODE ELECTRONICS INC	1,690	29.65	50,114.30	36.87	62,310.30	0.8	12,196.00	1.0	608.40
MICROSEMI CORP	4,640	24.21	112,340.80	25.41	117,902.40	1.5	5,561.60	0.0	0.00
MICROSTRATEGY INC	260	145.98	37,955.63	130.84	34,018.40	0.4	-3,937.23	0.0	0.00
PDF SOLUTIONS INC	1,794	21.61	38,771.40	12.61	22,622.34	0.3	-16,149.06	0.0	0.00
PROOFPOINT INC	3,320	30.83	102,341.23	37.14	123,304.80	1.6	20,963.58	0.0	0.00
PIXELWORKS INC	3,700	7.51	27,775.22	6.46	23,902.00	0.3	-3,873.22	0.0	0.00
QLIK TECHNOLOGIES INC	4,156	28.58	118,784.98	27.04	112,378.24	1.4	-6,406.74	0.0	0.00
ULTIMATE SOFTWARE GROUP INC	741	51.64	38,268.73	141.51	104,858.91	1.3	66,590.18	0.0	0.00
UTILITIES			135,666.04		115,608.18	1.5	-20,057.9	0.0	0
8X8 INC NEW	9,146	7.57	69,234.19	6.68	61,095.28	0.8	-8,138.91	0.0	0.00
ORBCOMM INC	5,670	6.90	39,095.99	5.75	32,602.50	0.4	-6,493.49	0.0	0.00
VONAGE HOLDINGS CORP	6,680	4.09	27,335.86	3.28	21,910.40	0.3	-5,425.46	0.0	0.00
TOTAL Equity			6,340,217.57		7,729,653.42	98.5	1,389,435.9	0.4	27,814
TOTAL Dividend Accruals					1,229.53	0.0			
TOTAL MANAGED			6,454,364.06		7,845,029.44	100	1,389,435.9	0.4	27,814



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.