

MARKET SUMMARY

U.S. equity markets sustained momentum during the third quarter, supported by stronger-than-expected economic and corporate earnings growth and hopes for breakthrough COVID-19 treatments. Strength in the housing market and durable goods orders suggested the economy may be recovering at a faster pace than initially projected. While unemployment claims remained elevated on a historical basis, lower-trending claims added to investor optimism. Additionally, with inflation remaining below 2%, Federal Reserve policymakers adopted a lower-for-longer interest rate strategy, indicating that rates will likely remain low for several years. Countering this optimism was stalled progress on the approval of another coronavirus economic relief program, which led to heightened market volatility toward the end of the period.

Against this backdrop, large-cap stocks outperformed small- and mid-cap stocks, as measured by the Russell family of U.S. indices, while growth stocks outperformed value stocks. The Russell 2500 Growth Index has now outperformed the Russell 2500 Value Index over the trailing quarter, 1-year, 3-year, 5-year, and 10-year periods.

PERFORMANCE

The Meridian Growth Fund (“the Fund”) returned 9.03% (net), underperforming its benchmark, the Russell 2500 Growth Index, which returned 9.37%.

Our investment process prioritizes the management of risk over the opportunity for return. We look to build an enduring portfolio that can mitigate capital losses during turbulent bear market environments and, secondarily, participate on the upside during strong market environments. Volatility was limited during the quarter, with index declines of 2% or more occurring on only three days. Notably, the Fund outperformed on all three of these days.

Negative stock selection within the information technology, consumer discretionary, and industrials sectors weighed on the Fund’s relative results. In addition, investors’ preference for larger cap companies over smaller cap companies within the index also created headwinds for the strategy.

Conversely, positive contribution to the Fund’s relative results came from the communications services and healthcare sectors, where strong stock selection drove outperformance.

TOP 10 HOLDINGS (% OF PORTFOLIO)

Holding ¹ (subject to change)	Weighting
Hanesbrands, Inc.	3.04%
ON Semiconductor Corp.	2.81%
TriNet Group, Inc.	2.64%
Forte Biosciences, Inc.	2.55%
Ritchie Bros Auctioneers, Inc.	2.49%
Skechers USA, Inc.	2.45%
J2 Global, Inc.	2.41%
Sensata Technologies Holding PLC	2.38%
DraftKings, Inc.	2.24%
Steris PLC	2.22%

BOTTOM THREE DETRACTORS

The three largest detractors from the Fund’s performance during the quarter were **Sally Beauty Holdings, Inc.**, **Kirby Corporation**, and **Agios Pharmaceuticals, Inc.**

Sally Beauty Holdings, Inc. is a specialty distributor and retailer of beauty products to salons and consumers worldwide. The company operates through two segments: Sally Beauty Supply, which caters to retail customers, and Beauty Systems Group, an exclusive supplier of professional brands to salons through professional-only stores and its own direct sales force. After seeing same store sales grow 4.7% in the months prior to COVID-19, revenues declined 72% during the month of April after nationwide mandates forced the company to temporarily close its retail stores and sell only through online and curbside pick-up channels. The company began to reopen its stores in mid-April and saw a dramatic improvement in trends with June revenues increasing 10.8% year over year. While future mandated store closures remain a risk, we believe the business has demonstrated its resiliency and that management is well prepared to steward the company through challenging environments. We maintained our position in Sally Beauty through the quarter.

Kirby Corporation is the largest supplier of inland marine transportation in the U.S. It specializes in the transportation of

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bulk liquid products, including petrochemicals, black oil, refined products, and agricultural chemicals. The company also has a distribution and after-market parts and service business for engines, transmissions and related equipment across a multitude of industries. Among the many things that initially attracted us to Kirby are its history of profitability, consistent free cash flow and expansive transportation network that is more than twice as large as its next nearest competitor. After rallying during the second quarter on high utilization of its barges, Kirby's stock pulled back in the third quarter. Weak demand for refined oil resulting from pandemic-related travel restrictions led to a decline in barge utilization. However, as the low-cost provider of inland marine transportation, Kirby has an advantage over its competition in that it is able to generate profits at current pricing levels while competitors are struggling to break even. During the downturn, the company has taken steps to reduce costs and improve free cash flow to continue paying down debt. We believe Kirby is well positioned for a rebound in demand and added to our position in the stock.

Agios Pharmaceuticals, Inc. develops and commercializes cellular metabolism therapies to treat cancer and other rare genetic diseases. In addition to having a promising clinical pipeline, Agios has two approved products that are generating revenue. Its primary drug, Tibsovo, is currently approved for patients with acute myeloid leukemia and is expected to generate ~\$100 million of revenue in the U.S. in 2020. The company also has a number of promising late-stage clinical programs underway that we believe could lead to additional growth and value creation. Although the stock declined during the period, management reported better-than-expected second quarter revenue on increased sales of Tibsovo, and the company remains well funded for continued drug development. We believe the stock will recover and maintained our position.

TOP THREE CONTRIBUTORS

The three largest contributors to the Fund's performance during the period were **Forte Biosciences, Inc.**, **Pinterest, Inc.**, and **Immunomedics, Inc.**

Forte Biosciences, Inc. is a clinical-stage biopharmaceutical firm focused on the treatment of inflammatory skin diseases, particularly atopic dermatitis (eczema). Our research indicates there is a large unmet need for Forte's lead drug candidate FB-401, a live biotherapeutic being developed as a topical therapy for inflammatory skin disease. Currently, there are few treatment options for pediatric patients with eczema and many of them include steroids which are often a non-starter for parents. However, FB-401 has shown a significant reduction in the disease among both adult and

pediatric patients while tapering steroid use in a Phase 2a trial. The stock rallied during the quarter on increased awareness of the company following its reverse merger with Tocagen and excitement about a new placebo-controlled trial for FB-401 that dosed its first patient in September. We maintained our position in Forte, which is now fully funded through the readout of the placebo-controlled trial results in mid-2021.

Pinterest, Inc. is a social media platform where users create, manage, and share theme-based image collections online. The company generates revenue through a targeted advertising model. We purchased the stock at what we felt was an attractive price based on our belief that Pinterest's user base is drastically under-monetized and that revenue growth can accelerate. The stock rallied after management reported extremely strong revenue trends in July driven by stay-at-home mandates. During pandemic-related quarantines, social media platforms like Pinterest have become a more important way for retailers and brands to reach consumers. Pinterest's average revenue per user in the U.S. is only \$12 which is anywhere from 70% to 90% below its most comparable peers. We believe the company has a very clear opportunity to close this gap which will drive long duration revenue growth and expanding margins. Despite the attractive long-term outlook, we trimmed our position as the stock appreciated 87% during the quarter.

Immunomedics, Inc., through its antibody drug conjugate platform, develops targeted treatments for cancer. Our initial investment in the biopharmaceutical company was motivated by positive clinical trial data for, Trodelvy, its experimental treatment for an aggressive type of metastatic triple-negative breast cancer. The Food and Drug Administration approved the drug in April and it became commercially available in May, with sales quickly gaining momentum. Given the unmet clinical need of this patient population, commercialization efforts should continue to accelerate. Not surprisingly, the value of Immunomedics' drug platform attracted acquisition interest and, in September, it accepted Gilead Sciences' buyout offer of \$21 billion, which was more than double Immunomedics' market cap at the time of the offer. News of the agreement sent the stock soaring and we trimmed our position in Immunomedics during the period.

OUTLOOK

We believe the markets will continue to be volatile over the next few months as investors anticipate and digest the U.S. presidential election results, the timing and availability of a COVID-19 vaccine, the likelihood of a supplemental coronavirus stimulus relief package, and the possibility of rising inflation.

MERIDIAN GROWTH FUND

THIRD QUARTER 2020



Now more than ever, we maintain strong conviction in the companies we own. Our focus remains on companies that can not only weather the recent market volatility, but also emerge even stronger once the recessionary clouds clear. The market's correction and subsequent rebound has presented us with opportunities to continue to upgrade the quality of the portfolio while maintaining our strict valuation discipline. Although recent economic events are unprecedented, we remain confident that staying disciplined to our investment process is the best approach to achieve the Fund's long-term investment objectives.

Thank you for your continued trust and confidence.

MERIDIAN GROWTH FUND

THIRD QUARTER 2020



FUND TOTAL PERFORMANCE (As of 9/30/2020)

Share Class ²	Ticker	Gross Expense Ratio	Net Expense Ratio	Inception Date	1 Month	3 Month	1 Year	3 Year ⁴	5 Year ⁴	10 Year ⁴	Since Inception ^{4,5}
Class A Shares - No Load	MRAGX	1.15%	1.15%	11/15/13	-0.71%	8.94%	9.58%	7.82%	12.13%	11.17%	11.57%
Class A Shares – With Load	MRAGX	1.15%	1.15%	11/15/13	-6.43%	2.68%	3.27%	5.71%	10.82%	10.52%	11.39%
Class C Shares	MRCGX	1.87%	1.87%	7/1/15	-0.76%	8.75%	8.83%	7.07%	11.36%	10.49%	10.94%
Investor Class Shares	MRIGX	0.87%	0.87%	11/15/13	-0.67%	9.05%	9.94%	8.13%	12.46%	11.50%	11.86%
Legacy Class Shares	MERDX	0.85%	0.85%	8/1/84	-0.69%	9.03%	9.95%	8.17%	12.52%	11.72%	12.24%
Russell 2500 Growth Index ³	-	-	-	-	-0.77%	9.37%	23.37%	13.36%	14.19%	14.06%	n/a

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¹Listed holdings are presented to illustrate examples of the securities the Fund has bought and do not represent all of the Fund's holdings or future investments. Information about the Fund's holdings should not be considered investment advice. There is no guarantee that the Fund will continue to hold any one particular security or stay invested in any one particular sector. Holdings are subject to change at any time and are as of the date shown above.

²Closed to new investors.

³The Fund's Index, the Russell 2500™ Growth Index, measure the performance of the small-cap growth segment of the U.S. equity universe. It include those Russell 2500 Index companies with higher price-to-value ratios and higher forecasted growth values. One cannot invest directly in an index.

⁴Performance is annualized.

⁵Since Inception returns are calculated using the Fund's Legacy class inception date of 8/1/84.

A Class: Prior to 7/1/15, the A Class was named Advisor Class. The historical performance shown for periods prior to inception on 11/15/13 was calculated using historical Legacy class performance as adjusted for estimated class-specific expenses, for distribution, shareholder servicing and sub-transfer agency fees, without consideration to any expense limitation or waivers. The annual gross expense ratio is 1.15% as of 10/31/19. The net expense ratio is 1.15% as of 10/31/19. If the class had been offered prior to 11/15/13, the actual performance and expenses may have differed from the amounts shown. Performance shown for class A shares with load includes the Fund's maximum sales charge of 5.75%. C Class: The historical performance shown for periods prior to inception on 7/1/15 was calculated using historical Legacy class performance as adjusted for estimated class-specific expenses, for distribution, shareholder servicing and sub-transfer agency fees, without consideration to any expense limitation or waivers. The annual gross expense ratio is 1.87% as of 10/31/19. The net expense ratio is 1.87% as of 10/31/19. If the class had been offered prior to 7/1/15, the actual performance and expenses may have differed from the amounts shown. Investor Class: The historical performance shown for periods prior to inception on 11/15/13 was calculated using historical Legacy class performance as adjusted for estimated class-specific expenses for shareholder servicing and sub-transfer agency fees without consideration to any expense limitation or waivers. The annual gross expense ratio is 0.87% as of 10/31/19. The annual net expense ratio is 0.87% as of 10/31/19. Legacy Class: The annual gross expense ratio is 0.85% as of 10/31/19. The annual net expense ratio is 0.85% as of 10/31/19. Legacy class shares of the Fund are no longer available for purchase by new investors, except under certain limited circumstances which are described in the Statement of Additional Information.

Investors should consider the investment objective and policies, risk considerations, charges and ongoing expenses of an investment carefully before investing. The prospectus contains this and other information relevant to an investment in the fund. Please read the prospectus carefully before you invest or send money. To obtain a prospectus, please contact your investment representative or access the website at meridianfund.com.

Principal Investment Risks

There are risks involved with any investment. The principal risks associated with an investment in the Fund, which could adversely affect its net asset value, yield and return, are set forth below. Please see the section "Further Information About Principal Risks" in the Prospectus for a more detailed discussion of these risks and other factors you should carefully consider before deciding to invest in the Fund. *An investment in the Fund may lose money and is not a deposit of a bank or insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.* **Investment Strategy Risk:** The Investment Adviser uses the Fund's principal investment strategies and other investment strategies to seek to achieve the Fund's investment objective of long-term growth of capital. There is no assurance that the Investment Adviser's investment strategies or securities selection method will achieve that investment objective. **Equity Securities Risk:** Equity securities fluctuate in price and value in response to many factors including historical and prospective earnings of the issuer and its financial condition, the value of its assets, general economic conditions, interest rates, investors' perceptions and market liquidity. **Market Risk:** The value of the Fund's investments will fluctuate in response to the activities of individual companies and general stock market and economic conditions. As a result, the value of your investment in the Fund may be more or less than your purchase price. **Growth Securities Risk:** Because growth securities typically trade at a higher multiple of earnings than other types of securities, the market values of growth securities may be more sensitive to changes in current or expected earnings than the market values of other types of securities. In addition, growth securities, at times, may not perform as well as value securities or the stock market in general, and may be out of favor with investors for varying periods of time. **Small Company Risk:** Generally, the smaller the capitalization of a company, the greater the risk associated with an investment in the company. The stock prices of small capitalization and newer companies tend to fluctuate more than those of larger capitalized and/or more established companies and generally have a smaller market for their shares than do large capitalization companies. **Foreign Securities Risk:** Investments in foreign securities may be subject to more risks than those associated with U.S. investments, including currency fluctuations, political and economic instability and differences in accounting, auditing and financial reporting standards. Foreign securities may be less liquid than domestic securities so that the Fund may, at times, be unable to sell foreign securities at desirable times or prices. In addition, emerging market securities involve greater risk and more volatility than those of companies in more developed markets. Significant levels of foreign taxes are also a risk related to foreign investments. **Glossary: Earnings Per Share:** A company's profit divided by its number of common shares outstanding. **EBITDA:** Earnings before interest, taxes, depreciation & amortization. **Free Cash Flow:** A measure of a company's financial performance, calculated as operating cash flow minus capital expenditures. **Price-to-earnings:** A valuation ratio of current share price compared to its per-share operating earnings over the previous four quarters. **Return On Invested Capital (ROIC):** A calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments. **Russell 2500™ Value Index:** An index that measures the performance of the small to mid-cap value segment of the US equity universe. It includes those Russell 2500™ companies that are considered more value oriented relative to the overall market as defined by Russell's leading style methodology. One cannot invest directly into an index.

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