

MERIDIAN SMALL CAP GROWTH FUND

FOURTH QUARTER 2020



MARKET SUMMARY

A number of events kept investors on edge during the quarter, including delayed U.S. election results, rising COVID-19 infection rates, and a legislative stalemate over a new coronavirus relief package. However, data released during the period confirmed a strong economic rebound in the third quarter, and while job growth slowed and weekly unemployment claims remained elevated throughout the fourth quarter, consumer confidence ticked higher.

In the final days of 2020, investors gained hope that COVID-19 vaccine approval and deployment would impede and eventually halt the spread of a virus that has killed over a million people globally since January. Vaccine news also fueled optimism that the nascent economic recovery will gain momentum in 2021 as local economies fully reopen and consumers re-engage in activities outside their homes. The late-December approval of a long-awaited pandemic relief package also boosted investor sentiment. Equity markets consequently rotated into cyclically oriented stocks that historically do well in an economic recovery and logged solid gains for the quarter.

Against this backdrop, small-cap stocks outperformed large caps, as measured by the Russell family of U.S. indices, while value stocks outperformed growth stocks.

PERFORMANCE

The Meridian Small Cap Growth Fund (the "Fund") returned 28.47% (net) during the quarter ended December 31, 2020, slightly underperforming its benchmark, the Russell 2000 Growth Index, which returned 29.61%.

Our investment process prioritizes the management of risk over the opportunity for return. We look to build and "all-weather" 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.

Several market dynamics challenged our investment style during the quarter. For example, money-losing companies outperformed money-making companies, continuing a trend present through much of the year. Investors' preference for more expensive and volatile stocks, particularly within the small-cap equity universe, also worked against us. Conversely, momentum worked in our favor, as lower-momentum stocks outpaced higher-momentum stocks.

The Fund's performance data represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data shown. The investment return and principal value of an investment will fluctuate so that you may have a gain or loss upon sale. You can obtain performance data current to the most recent month-end at www.meridianfund.com. Short term performance may not be indicative of long term results.

Not FDIC-Insured, Not Bank Guaranteed, May Lose Value
www.meridianfund.com | contactmeridian@arrowmarkpartners.com

TOP 10 HOLDINGS (% OF PORTFOLIO)

Holding ¹ (subject to change)	Weighting
Heritage-Crystal Clean, Inc.	2.50%
Skechers USA, Inc.	2.48%
Sally Beauty Holdings, Inc.	2.47%
BioTelemetry, Inc.	2.45%
TriNet Group, Inc.	2.36%
Ritchie Bros Auctioneers, Inc.	2.33%
Forte Biosciences, Inc.	2.24%
Ranpak Holdings Corp.	2.10%
2U, Inc.	1.89%
Merit Medical Systems, Inc.	1.80%

At the sector level, the strategy's underweight position in the information technology sector was a detractor from relative performance during the period, as the sector returned 36.0%. We are unable to justify current valuations and worry that a bubble is forming in the software industry where many companies are operating under a grow-at-all-costs model with little-to-no focus on profits. Valuations within the software industry are at extremely stretched levels leaving no margin for error. Conversely, we continue to maintain our overweight position in the industrials sector, which rebounded strongly in the fourth quarter, yet still underperformed the total benchmark return. We have maintained our overweight to industrials given our focus on commercial and professional service companies, which tend to exhibit strong competitive advantages and generally less macro sensitivity than the broader sector.

TOP THREE DETRACTORS

The three largest detractors from the Fund's performance during the quarter were **Forte Biosciences, Inc.**, **DraftKings, Inc.**, and **Quidel Corp.**

Forte Biosciences, Inc. is a clinical-stage biopharmaceutical firm focused on the treatment of inflammatory skin diseases, particularly atopic dermatitis (eczema). Our research indicates

MERIDIAN SMALL CAP GROWTH FUND

FOURTH QUARTER 2020

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 in September as investors gained comfort that the company would commence a Phase 2b placebo-controlled trial in the third quarter. In October, however, the company announced an unexpected \$46 million secondary offering of common shares, which pressured the stock price. We maintained our position in the company and believe FB-401 has the potential to be a game changing treatment for atopic dermatitis.

DraftKings, Inc. is a digital sports entertainment and gaming company that offers online daily fantasy sports, sports betting, and iGaming products. Our investment in DraftKings is based on the company's strong competitive position in the rapidly expanding U.S. online sports-betting market. Over the past two years, more than a dozen states have legalized sports betting and online gambling, and many other states are projected to do the same, particularly in light of large and increasing state budget deficits. However, our outlook for the company dimmed after management reported better-than-expected third quarter revenues but a greater-than-expected loss. As competition within the sports-betting market intensifies, we believe it will be necessary for DraftKings to increase its spending on advertising and promotions to maintain market share, thereby reducing our profitability outlook for the company. We liquidated our position in DraftKings in favor of other opportunities that we feel offer more attractive risk-reward profiles.

Quidel, Corp. is a leader in developing point-of-care (POC) diagnostic testing systems. In March, the company became one of the first in the industry to receive FDA Emergency Use Authorization for its COVID-19 detection test. As testing ramped up through the summer and fall, the stock rallied. However, it pulled back in December following the approval of COVID-19 vaccines and an expected decline in COVID-19 testing volumes. Although we believe COVID-19 testing will continue to aid near-term fundamental performance, our investment thesis is predicated on longer-term factors and trends. The company has a solid business in other diagnostic areas with a robust product pipeline. Pipeline developments includes the company's new Savanna platform, which solves a long-term need for POC molecular testing that is accurate and fast, and its high-sensitivity troponin test for more accurately diagnosing heart attacks, which is expected to come to market in 2021. Given our expectations for strong near-term fundamentals and promising long-term outlook, we maintained our position in the stock.

BOTTOM THREE CONTRIBUTORS

The three largest contributors to the Fund's performance during the period were **Heritage-Crystal Clean, Inc.**, **BioTelemetry, Inc.**, and **CareDx, Inc.**

Heritage-Crystal Clean, Inc. is an environmental services company focused on machine parts cleaning, used oil collection, oil re-refining, and hazardous and non-hazardous waste services. A resurgence in COVID-19 cases in the fall caused the improvement in vehicle miles travelled to stall in the third quarter. Despite these difficult trends, the stock bounced back in the fourth quarter on positive vaccine news and optimism that the world may soon return to more typical patterns of activity. Additionally, the company reported strong quarter-over-quarter improvement in its environmental services segment, where operating margins increased 9.4 percentage points over the prior quarter. The oil business segment also saw a strong recovery with a 25.2% sequential growth in revenues and a 31.6 percentage point improvement in operating margins. We maintained our position in the stock, as our long-term outlook for Heritage-Crystal Clean remains positive.

BioTelemetry, Inc. is a cardiac diagnostics and monitoring firm. Through its wearable heart monitors and AI-based data analytics and services, the company monitors over one million cardiac patients remotely. BioTelemetry enjoys a strong market position that has enabled the company to generate consistent top and bottom-line growth. Strong secular tailwinds combined with more accurate monitoring has continued to provide a favorable backdrop for near-term fundamental performance. In December, Philips offered to buy BioTelemetry at a 16% premium to its previous day's closing price. The deal is expected to close in the first quarter of 2021.

CareDx, Inc. is a molecular diagnostics company focused on the development of diagnostic surveillance solutions for organ transplant patients. Our investment in CareDx was motivated by our conviction in its kidney transplant rejection test AlloSure, which, since launching in October of 2017, has enjoyed rapid adoption in a large \$2+ billion market opportunity. Strong demand for AlloSure and AlloMap (CareDx's heart transplant rejection test) allowed the company to become profitable for the first time in its history. CareDx also received Medicare reimbursement for pricing for its AlloSure Heart solution, which should fuel additional growth in 2021 and beyond. With AlloSure still in the early stages of adoption, we believe CareDx has a long runway for growth but subsequently trimmed our position in the stock based on our valuation discipline.

OUTLOOK

As we look ahead to 2021, we are encouraged by the prospect that COVID-19 infection rates will taper and that economies will reopen. However, the speed and breadth of a

MERIDIAN SMALL CAP GROWTH FUND

FOURTH QUARTER 2020



global recovery remain to be seen and depend largely on the rate of vaccine deployment. We also expect the new administration to deliver an additional stimulus package that should help buoy consumer confidence and spending. With increased stimulus and a more robust economy, the prospect for inflation and rising rates are likely to increase. We believe this dynamic could introduce more volatility in the markets, potentially pressuring some of the extreme valuations we are experiencing in the information technology and healthcare sectors – a development that we would welcome.

Now more than ever, we maintain strong conviction in the companies we own. Our focus remains on companies that can not only weather the 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 strategy's long-term investment objectives.

Thank you for your continued partnership with ArrowMark.

MERIDIAN SMALL CAP GROWTH FUND

FOURTH QUARTER 2020



FUND TOTAL PERFORMANCE (As of 12/31/2020)

Share Class ²	Ticker	Gross Expense Ratio	Net Expense Ratio	Inception Date	1 Month	3 Month	1 Year	3 Year ⁴	5 Year ⁴	Since Inception ^{4,5}
Class A Shares – No Load	MSGAX	1.50%	1.50%	12/16/13	9.03%	28.33%	27.52%	14.96%	17.44%	14.55%
Class A Shares – With Load	MSGAX	1.50%	1.50%	12/16/13	2.76%	20.96%	20.16%	12.72%	16.06%	13.59%
Class C Shares	MSGCX	2.19%	2.19%	7/1/15	8.92%	28.13%	26.61%	14.16%	16.62%	13.75%
Investor Class Shares	MISGX	1.30%	1.30%	12/16/13	9.05%	28.42%	27.78%	15.24%	17.74%	14.86%
Legacy Class Shares	MSGGX	1.14%	1.14%	12/16/13	9.05%	28.47%	27.91%	15.35%	17.83%	14.93%
Russell 2000 Growth Index ³	-	-	-	-	9.35%	29.61%	34.63%	16.20%	16.37%	12.68%

The Fund's performance data represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data shown. The investment return and principal value of an investment will fluctuate so that you may have a gain or loss upon sale. You can obtain performance data current to the most recent month-end at www.meridianfund.com.

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.

²Share classes are closed to new investors.

³The Fund's Index, the Russell 2000[®] Growth Index, measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values. One cannot invest directly into an index.

⁴Performance is annualized.

⁵Since inception returns are calculated using the Fund's Legacy class inception date of 12/16/13.

A Class: Prior to 7/1/15, the A Class was named Advisor Class. The historical performance shown for periods prior to inception on 12/16/13 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 1.50% as of 10/31/20. The net expense ratio is 1.50% as of 10/31/20. If the class had been offered prior to 12/16/13, 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 2.19% as of 10/31/20. The net expense ratio is 2.19% as of 10/31/20. 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 12/16/13 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 1.30% as of 10/31/20. The annual net expense ratio is 1.30% as of 10/31/20. Legacy Class: The annual gross expense ratio is 1.14% as of 10/31/20. The annual net expense ratio is 1.14% as of 10/31/20. 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: 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. **Basis Point:** is defined as one hundredth of one percent.

ALPS Distributors, Inc., a member FINRA, is the distributor of the Meridian Mutual Funds, advised by ArrowMark Colorado Holdings, LLC. ALPS, Meridian and ArrowMark are unaffiliated.

The statements and opinions expressed in this commentary are as of the date of the commentary. All information is historical and not indicative of future results and is subject to change.