

# SEGALL BRYANT & HAMILL QUALITY HIGH YIELD FUND

**FACT SHEET** | September 30, 2018

## WHY CONSIDER THIS FUND

For investors seeking income and high yield exposure that emphasizes capital preservation and low volatility.

## KEY FEATURES

- Focus on high-quality high yield investments, which generally leads to an emphasis on BB rated bonds.
- Take advantage of inefficiencies created by small issue sizes and rating agency classifications.
- Bottom up bond selection and quality focus create a portfolio that may differ significantly from peers and the benchmark.

## INVESTMENT PHILOSOPHY

- We seek to take advantage of inefficiencies in the fixed income market by identifying high-quality, overlooked issues.
- We focus on fundamental analysis and disciplined risk controls rather than market timing.
- Our consistent process seeks to perform well in all periods with an emphasis on capital preservation.

## INVESTMENT OBJECTIVE

The Segall Bryant & Hamill Quality High Yield Fund seeks to achieve long-term total rate of return consistent with preservation of capital.

## FUND INFORMATION

Class	Retail	Institutional
Ticker	WTLTX	WILTX
Cusip	81580H878	81580H779
Fund Inception	6/1/1988	9/28/2007
Strategy Inception	10/1/2000	

Also available in SMA and separate account vehicles offered by Segall Bryant & Hamill.

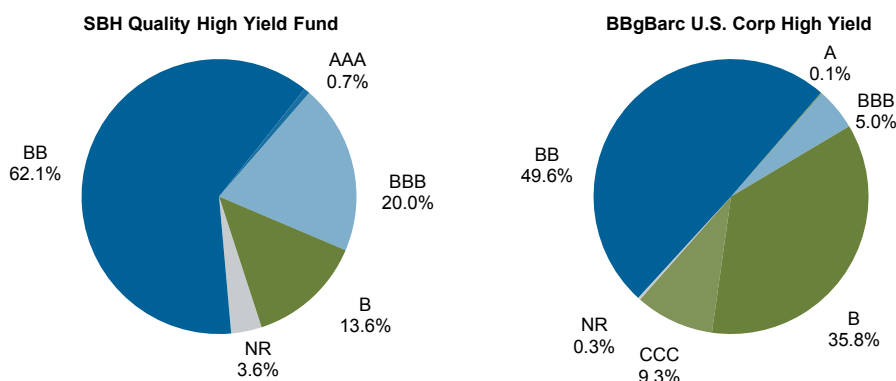
*This Fund is subject to additional risk in that it may invest in high-yield/high-risk bonds and will be subject to greater levels of liquidity risk. Additionally, investing in bond funds entails interest rate risk and credit risk.*

## PORTFOLIO MANAGEMENT

Troy A. Johnson, CFA  
Gregory M. Shea, CFA

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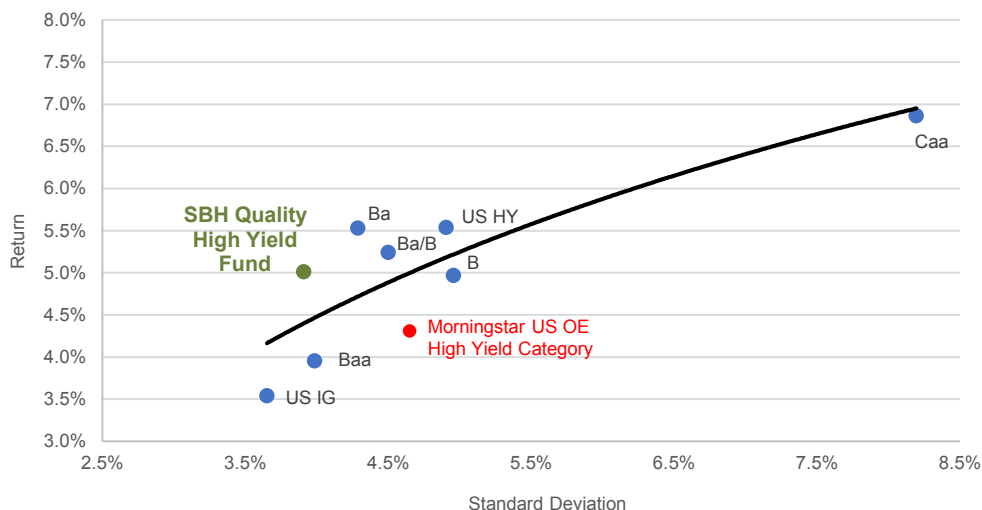
## Quality Comparison vs. High Yield Index



The ratings allocation reflects the Standard & Poor's equivalent ratings category for the higher credit quality rating assigned by either Standard & Poor's or Moody's. Credit quality does not remove market risk.

## Risk Return Profile vs. Bloomberg Barclays Indices

5 Years Ended 9/30/18



Based on monthly returns of the retail share class from 9/30/13 – 9/30/18. Past performance does not guarantee future results

## Portfolio Characteristics

	SBH Quality High Yield	BBgBarc U.S. Corp High Yield Ba	BBgBarc U.S. Corp High Yield
Total Strategy/Fund Assets (\$ mil)	\$68.0 / \$61.1	—	—
Number of Holdings (Peer Group Average*)	72 (300)	811	1,974
Effective Duration	4.1 years	4.4 years	3.9 years
Average Maturity	6.2 years	6.5 years	6.0 years
Turnover (12 month trailing)	25.1%	—	—
Standard Deviation (3 year)	4.07%	4.11%	4.93%

\*Morningstar US OE High Yield Category

## Quality Detail (%)

% of portfolio	SBH Quality High Yield	BBgBarc U.S. Corp High Yield Ba	BBgBarc U.S. Corp High Yield
AAA (Cash)	0.7	0.0	0.0
A	0.0	0.1	0.1
BBB	20.0	11.5	5.0
BB	62.1	88.3	49.6
B	13.6	0.0	35.8
CCC	0.0	0.0	9.3
NR	3.6	0.1	0.3

The ratings allocation reflects the Standard & Poor's equivalent ratings category for the higher credit quality rating assigned by either Standard & Poor's or Moody's. Credit quality does not remove market risk.

## Sector Allocation (%)

	SBH Quality High Yield	BBgBarc U.S. Corp High Yield Ba	BBgBarc U.S. Corp High Yield
Basic Industry	7.9	8.0	6.9
Capital Goods	11.7	7.0	8.2
Communications	14.2	15.8	18.6
Consumer Cyclical	24.2	19.4	19.0
Consumer Non-Cyclical	12.3	10.5	12.6
Energy	12.0	12.7	14.5
Technology	4.7	8.0	5.4
Transportation	0.0	0.6	1.3
Other Industrial	2.3	0.7	1.0
Finance	7.8	13.9	10.0
Utility	0.0	3.5	2.4
Securitized Products	2.3	0.0	0.0
Cash	0.7	0.0	0.0

Corporate allocation classifications presented are based on the categorization method of the Adviser to the Funds.

## Top Ten Corporate Credit Exposure (%)

SBH Quality High Yield		BBgBarc U.S. Corp High Yield Ba		BBgBarc U.S. Corp High Yield	
Range Resources Corp.	3.0	HCA Inc.	4.8	HCA Inc.	2.1
Potlatch Corp.	2.7	Charter Communications Inc.	3.5	Sprint Corp.	1.9
Diamondback Energy Inc.	2.6	T-Mobile USA Inc.	2.1	Charter Communications Inc.	1.5
Iron Mountain Inc.	2.5	Ally Financial Inc.	1.9	Bausch Health Cos Inc.	1.2
MGM Growth Properties Operating Partnership LP	2.4	Navient Corp.	1.8	Tenet Healthcare Corp.	1.1
United Rentals Inc.	2.4	Freeport-McMoran Inc.	1.7	CenturyLink Inc.	1.0
AmeriGas Partners LP	2.4	Dell Inc.	1.4	T-Mobile USA Inc.	0.9
Teleflex Inc.	2.3	Lennar Corp.	1.4	Intel Corp.	0.9
Tuckahoe	2.3	United Rentals Inc.	1.3	CSC Holdings LLC.	0.8
Medical Properties Trust Inc.	2.2	MGM Resorts International	1.3	DISH Network Corp.	0.8
<b>Total (% of portfolio)</b>	<b>24.7%</b>	<b>Total (% of portfolio)</b>	<b>21.1%</b>	<b>Total (% of portfolio)</b>	<b>12.1%</b>

Percentages represent the Fund's aggregate holdings in the same corporate issuer and its affiliates. Top ten corporate credit exposures do not include any cash or cash equivalents and are subject to change. There are no guarantees that the Fund will continue to remain invested in any particular security or issuer and current and future holdings are subject to risk. For a complete list of holdings, please visit [www.sbhffunds.com](http://www.sbhffunds.com).

## Expense Ratio (%)

**Retail Class Annual Expense Ratio: 0.99% Gross, 0.86% Net**  
**Institutional Class Annual Expense Ratio: 0.79% Gross, 0.69% Net**

Segall Bryant & Hamill (the "Adviser") has contractually agreed to waive certain investment advisory and/or administration fees and/or to reimburse other expenses from May 1, 2018 until at least April 30, 2020. The first waiver/reimbursement applies so that the ratio of expenses to average net assets, as reported in the Fund's Financial Highlights, will be no more than a fixed percentage for the Fund's Retail Class for such period. Please see the Fund's Prospectus for more information. From May 1, 2018 until at least April 30, 2020, for the Fund's Institutional Class, the Adviser has contractually agreed to waive the investment advisory and/or administration fees and/or to reimburse other expenses in the same proportion as the Retail Class waivers/reimbursements described above and also to waive or reimburse Institutional Class-specific Other Expenses, but only to the extent that after applying the waiver/reimbursements described in this sentence, the excess of the net Retail Class expense ratio over the net Institutional Class expense ratio does not exceed 25 basis points. If after applying the waivers/reimbursements discussed above, the excess of the net Retail Class expense ratio over the net Institutional Class expense ratio is less than 15 basis points, then the Adviser agrees to waive/reimburse such that the excess equals 15 basis points. This agreement may not be terminated or modified by the Adviser prior to April 30, 2020 without the approval of the Board of Trustees.

## Duration Distribution (%)

% of securities	SBH Quality High Yield	BBgBarc U.S. Corp High Yield Ba	BBgBarc U.S. Corp High Yield
0 - 1 year	4.3	4.6	7.2
1 - 3 years	26.8	25.8	27.4
3 - 4 years	21.8	16.7	18.5
4 - 6 years	32.8	32.6	35.0
6 - 8 years	7.6	13.8	8.1
8+ years	6.7	6.5	3.9

## Morningstar Ratings

	Morningstar Ratings™				Number of Funds in High Yield Bond Category
	Percent Rank in Category				
	Retail Class	Institutional Class			
Overall	★★★	—	★★★	—	592
3 Year	★★★	61	★★★	51	592
5 Year	★★★★	24	★★★★	19	502
10 Year	★★★	58	★★★	53	331

Morningstar proprietary ratings reflect historical risk-adjusted performance as of 9/30/18 and are subject to change every month.

The Percent Rank in Category is the fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. Rankings are subject to change every month.

## Performance (%)

Periods Ended 9/30/18	QTD	YTD	Annualized Returns				
			1 Year	3 Years	5 Years	10 Years	Since Inception
Retail Class	1.85	0.77	1.20	6.21	5.01	7.54	7.25
Institutional Class	1.79	0.86	1.43	6.45	5.21	7.69	7.31
BBgBarc U.S. Corporate High Yield Ba	2.32	0.51	0.90	6.70	5.53	9.05	8.46
BBgBarc U.S. Corporate High Yield Ba/B	2.30	1.80	2.18	7.13	5.24	8.58	—
BBgBarc U.S. Corporate High Yield	2.40	2.57	3.05	8.15	5.54	9.46	—
Morningstar US OE High Yield Category	2.02	1.84	2.36	6.41	4.31	7.62	—
<b>Calendar Year</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Retail Class	6.18	12.75	-1.64	5.01	4.31	10.49	8.13
Institutional Class	6.35	13.10	-1.51	5.21	4.45	10.74	8.14
BBgBarc U.S. Corporate High Yield Ba	7.32	12.78	-1.00	5.37	5.05	14.59	6.86
BBgBarc U.S. Corporate High Yield Ba/B	6.92	14.14	-2.79	3.43	6.23	15.12	6.09
BBgBarc U.S. Corporate High Yield	7.50	17.13	-4.47	2.45	7.44	15.81	4.98
Morningstar US OE High Yield Category	6.47	13.30	-4.01	1.11	6.90	14.67	2.83

**Retail Class 30-Day SEC Yield: With Fee/Expense Waivers: 4.51%; Without Fee/Expense Waivers: 4.34% Institutional Class 30-Day SEC Yield: With Fee/Expense Waivers: 4.67%; Without Fee/Expense Waivers: 4.53%**

**Segall Bryant & Hamill acquired Denver Investment Advisors LLC on 4/30/2018. Performance results before this date reflect returns generated by the portfolio managers at Denver Investment Advisors LLC.**

*Performance data quoted represents past performance and does not guarantee future results. Performance information for the institutional class shares prior to their inception is based on the performance of the retail class. Current performance may be lower or higher than the performance quoted. To obtain current performance as of the most recent month-end, visit [www.sbhffunds.com](http://www.sbhffunds.com). Average annual total returns reflect the reinvestment of dividends, capital gains distributions, all fee waivers and expense reimbursements. Without the fee waivers and expense reimbursements, total return figures would have been lower. Investment return and principal value will vary, and shares, when redeemed, may be worth more or less than their original cost. Segall Bryant & Hamill fund shares are not insured by the FDIC, the Federal Reserve Board or any other agency and are subject to investment risk.*

## Manager Commentary for the quarter ended 9/30/18

### Market Overview

The U.S. economy continued to improve during the third quarter of 2018. Confidence in the economic backdrop picked up momentum as the U.S. equity market, as measured by the Russell 3000® Index, posted a strong 7.12% return. The fundamental picture remained benign in high yield as the default rate declined further, from 3.02% at the end of the second quarter of 2018, to 2.46% at the end of the third quarter of 2018, a level not seen since July 2015. The new-issue supply picture also supported high yield valuations as new-issue volume in the quarter was at its lowest level since the fourth quarter of 2011. This decreased supply of new bonds to be digested by the market acted as a counterbalance to lower demand from high yield mutual funds and exchange-traded funds (ETFs), which has been a consistent theme all year. In short, the trend was supportive for high yield markets in the quarter. High yield credit spreads, the additional yield over U.S. Treasuries offered by high yield bonds, reversed the previous widening episodes experienced in the first and second quarters of 2018, and tightened by 47 basis points (bps). This tightening helped the high yield market post its highest quarterly return of the year, with the Bloomberg Barclays U.S. Corporate High Yield Index returning 2.40% and again outperforming the Bloomberg Barclays U.S. Corporate Investment Grade Index, which posted a 0.97% return. Dissecting returns by the different credit rating cohorts within the high yield space reveals similar optimism. On a year-to-date basis, the riskiest segment of the high yield market, the Bloomberg Barclays U.S. Corporate High Yield Caa Index, has been the standout performer, returning 5.99%, while the notable underperformer has been the highest rating category, the Bloomberg Barclays U.S. Corporate High Yield Ba Index, which has returned 0.51%.

### Fund Performance

The Segall Bryant & Hamill Quality High Yield Fund's 1.85% return for the quarter underperformed the 2.32% return recorded by its benchmark, the Bloomberg Barclays U.S. Corporate High Yield Ba Index. The Fund's underperformance was primarily driven by its increased allocation to investment grade bonds, which lagged the performance of the benchmark.

### Outlook and Positioning

High yield credit spreads ended the quarter near the tightest levels seen in the last decade. Volatility remained very low and credit spreads have traded in a narrow range relative to historic levels. We continue to position the Fund defensively given current valuations and remain prepared to go on the offensive if dislocations occur and the situation warrants. For example, the additional yield that could be achieved by investing in securities in the CCC category, versus those rated BB, stood at 3.73% at quarter end. We currently do not see this as an attractive option as investing in the CCC category exposes the Fund to greater volatility and potential loss during market corrections. In the two most recent high yield market corrections, the 2015/2016 energy-led selloff and the 2011 "Eurozone crisis," CCC rated securities sold off 22.00% and 12.86%, respectively, while BB rated securities only sold off 5.52% and 5.08%, respectively.

We position the Fund with a longer-term investment orientation and an emphasis on higher-quality high yield bonds. Our goal is to provide stable income with a focus on greater capital preservation and lower volatility than our high yield peers. Our process entails intensive credit analysis by which we evaluate yield versus risk through business cycles. This process helps narrow down the universe and aids us in constructing the Fund with issuers who meet our quality standards. Most importantly, we believe this strategy is suitable over the long term for shareholders who want comparative yield from a high yield fund, but who are also more sensitive to volatility and more focused on capital preservation.

### Past performance does not guarantee future results.

*The Manager Commentaries contain certain forward-looking statements about the factors that may affect the performance of the Funds in the future. These statements are based on Fund management's predictions and expectations concerning certain future events and their expected impact on the Funds, such as performance of the economy as a whole and of specific industry sectors, changes in the levels of interest rates, the impact of developing world events, and other factors that may influence the future performance of the Funds. Management believes these forward-looking statements to be reasonable, although they are inherently uncertain and difficult to predict. Actual events may cause adjustments in portfolio management strategies from those currently expected to be employed.*

Source for Bloomberg Barclays U.S. Corporate High Yield Ba Index data, CMS Bond Edge.

The **Bloomberg Barclays U.S. Corporate High Yield Ba Index** is an unmanaged index that measures the performance of intermediate (1 to 10 year) U.S. high yield issues. It includes fixed-rate, noninvestment grade debt issues rated Ba1 or lower by Moody's, BB+ or lower by S&P, below investment grade by Fitch Investor's Service or if unrated, previously held a high yield rating or have been associated with a high yield issuer and must trade accordingly. The Bloomberg Barclays US Corporate High Yield Ba Index is a subset of the overall US Corporate High Yield Bond Index and only includes securities where the middle rating of Moody's, Fitch and S&P is BB+ to BB-.

The **Bloomberg Barclays U.S. Corporate High Yield Bond Index** is an unmanaged index that measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or lower.

The **Bloomberg Barclays U.S. Corporate High Yield B Index** is a subset of the overall US Corporate High Yield Bond Index and only includes securities where the middle rating of Moody's, Fitch and S&P is B+ to B-.

The **Bloomberg Barclays U.S. Corporate High Yield Ba/B Index** is a subset of the overall US Corporate High Yield Bond Index and only includes securities where the middle rating of Moody's, Fitch and S&P is BB+ to B-, excluding lower rating categories.

The **Bloomberg Barclays U.S. Corporate High Yield Caa Index** is a subset of the overall US Corporate High Yield Bond Index and only includes securities where the middle rating of Moody's, Fitch and S&P is CCC+ to CCC-.

The **Bloomberg Barclays U.S. Corporate Bond Index** measure the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

The **Bloomberg Barclays U.S. Baa Index** is a subset of the overall US Corporate Bond Index and only includes securities where the middle rating of Moody's, Fitch and S&P is BBB+ to BBB-.

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The **Morningstar US OE High Yield Bond Category** consists of mutual funds classified by Morningstar as high-yield bond portfolios that concentrate on lower-quality bonds, which are riskier than those of higher-quality companies. These portfolio generally offer higher yields than other types of portfolios, but they are also more vulnerable to economic and credit risk. These portfolios primarily invest in U.S. high-income debt securities where at least 65% or more of bond assets are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

Gregory M. Shea, CFA is a registered representative of ALPS Distributors, Inc.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10 year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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#### DEFINITION OF TERMS

**Basis Point:** Is the smallest measure used in quoting yields on bills, notes and bonds. One basis point equals one one-hundredth of one percent. Therefore, 100 basis points equal 1%.

**Credit Quality:** The credit quality of the investments in the Fund's portfolio does not apply to the safety and stability of the Fund and are subject to change. Ratings are assigned by one or more Nationally Recognized Statistical Rating Organizations (NRSRO), such as Standard & Poor's, and typically range from AAA (highest) to D (lowest). When ratings from two NRSROs are available, the lowest rating is used. Bonds not rated by an NRSRO are included in the Not Rated category, which does not necessarily indicate low quality.

**Effective Maturity:** The date on which a bond, other debt or security is due to be repaid.

**Effective Duration:** A measure of price sensitivity resulting from changes in the yield of a bond.

**REIT:** A REIT is a real estate investment trust. REITs are securities that sell like a stock on a major exchange. REITs invest directly in real estate, either through properties or mortgages.

**Standard Deviation:** A statistical measure of the historical volatility of a fund.

#### BOND RATING CATEGORIES

**AAA:** An obligation rated "AAA" (Aaa) has the highest rating assigned by Standard & Poor's (Moody's). The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

**AA:** An obligation rated "AA" (Aa) differs from the highest rated obligations only in small degree. The obligor's capacity to meet its financial commitment is very strong.

**A:** An obligation rated "A" (A) is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

**BBB:** An obligation rated "BBB" (Baa) exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

**Below BBB:** Obligations rated "BB" (Ba), "B" (B), "CCC" (Caa), "CC" (Ca) and "C" (C) are regarded as having significant speculative characteristics. "BB" (Ba) indicates the least degree of speculation and "C" (C) the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

**Non-Rated:** These bonds are not rated.

#### FOR MORE INFORMATION ABOUT SEGALL BRYANT & HAMILL FUNDS, PLEASE CONTACT:

Segall Bryant & Hamill Funds | 1290 Broadway, Suite 1100 | Denver, Colorado 80203  
Individual Investors: (800) 392-2673 | Financial Advisors: (800) 734-9378 | [www.sbhffunds.com](http://www.sbhffunds.com)

An investor should consider investment objectives, risks, charges and expenses of the Fund(s) carefully before investing. To obtain a prospectus, which contains this and other important information about the Fund(s), please call (800) 392-2673 or visit [www.sbhffunds.com](http://www.sbhffunds.com). Please read the prospectus carefully before investing.

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