

# SEGALL BRYANT & HAMILL MICRO CAP FUND

## FACT SHEET | December 31, 2018

### FUND INFORMATION

Class	Retail
Ticker	WTMIX
Cusip	81580H803
Fund Inception	6/23/2008
Strategy Inception	7/1/2008

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

*Investing in micro-cap funds generally will be more volatile and loss of principal could be greater than investing in large-cap funds.*

### PORTFOLIO MANAGEMENT

Scott E. Decatur, Ph.D.  
 Nicholas C. Fedako, CFA

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### Performance<sup>1,2</sup>

Periods Ended 12/31/18 (%)	Annualized Returns						
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Retail Class	-19.89	-13.06	-13.06	4.58	2.19	10.86	7.39
Russell Microcap® Index	-22.14	-13.08	-13.08	5.79	3.08	11.71	7.04
Calendar Year (%)	2018	2017	2016	2015	2014	2013	2012
Retail Class	-13.06	5.70	24.49	-4.92	2.49	46.20	15.60
Russell Microcap® Index	-13.08	13.17	20.37	-5.16	3.65	45.62	19.75

Retail Class Annual Expense Ratio: 1.94% Gross, 1.31% Net

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.

<sup>1</sup>Performance data quoted represents past performance and does not guarantee future results. 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.

<sup>2</sup>Segall Bryant & Hamill (the "Adviser") has contractually agreed to waive the investment advisory and/or administration fees and/or to reimburse other expenses from May 1, 2018 until at least April 30, 2020, 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. This agreement may not be terminated or modified by the Adviser prior to April 30, 2020 without the approval of the Board of Trustees.

### Top Ten Holdings<sup>3</sup> (%)

Vanda Pharmaceuticals Inc	1.4
Meridian Bioscience Inc	1.2
Perficient Inc	1.2
OFG Bancorp	1.2
ANI Pharmaceuticals Inc	1.2
Turning Point Brands Inc	1.1
Photronics Inc	1.1
Anika Therapeutics Inc	1.1
Pacific City Financial Corp	1.1
Global Medical REIT Inc	1.1
<b>Total</b> (% of portfolio)	<b>11.9%</b>

<sup>3</sup>Top ten holdings 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 company or holding and current and future portfolio holdings are subject to risk. For a complete list of holdings, please visit [www.sbhffunds.com](http://www.sbhffunds.com).

### Sector Allocation<sup>4</sup> (%)

	Micro Cap	Russell Microcap®	Relative Weights
Communication Services	3.6	3.5	0.1
Consumer Discretionary	10.8	10.5	0.3
Consumer Staples	1.6	2.2	-0.6
Energy	4.4	4.1	0.3
Financials	25.3	25.2	0.1
Health Care	24.7	24.4	0.3
Industrials	10.6	11.1	-0.5
Information Technology	10.5	10.3	0.2
Materials	2.8	2.7	0.1
Real Estate	4.0	4.5	-0.5
Utilities	1.3	1.4	-0.1
Cash & Cash Equivalents	0.4	0.0	0.4

<sup>4</sup>Sector classifications presented are based on the GICS methodology.

## Portfolio Characteristics<sup>5</sup>

	Micro Cap	Russell Microcap <sup>®</sup>
Total Fund Assets (\$ Mil)	\$3.9	-
Weighted Average Market Capitalization (\$ Mil)	\$547	\$534
Median Market Capitalization (\$ Mil)	\$343	\$193
Price/Cash Flow (1 year trailing)	10.4x	12.8x
Price/Book Value	2.2x	2.2x
Price/Earnings (1 year trailing)	11.1x	12.3x
Return on Assets	3.5%	-4.3%
Long-Term Debt/Capital	21.7%	24.5%
Turnover (12 month trailing)	86.74%	-
Number of Holdings	154	

<sup>5</sup>Standard Deviation, Beta and Tracking Error statistics versus the Russell Microcap<sup>®</sup> Index and based on monthly data. Three years. Source: eVestment Alliance.

## Morningstar Ratings<sup>7</sup>

	Morningstar Ratings <sup>™</sup> As of 12/31/18 Retail Class	Number of Funds in Small Blend Category
Overall	★★	644
3 Year	★★	644
5 Year	★★	541
10 Year	★★	393

<sup>7</sup>Morningstar proprietary ratings reflect historical risk-adjusted performance as of 12/31/18 and are subject to change every month.

## Stock Performance<sup>6</sup> (%)

Top 5 Stocks (3 Months Ended 12/31/18)	Average Weight	Contribution to Return
Charah Solutions, Inc.	0.10	0.18
HCI Group, Inc.	0.79	0.18
Kewaunee Scientific Corporation	0.08	0.17
EMC Insurance Group Inc.	0.34	0.15
Zymerworks Inc.	0.39	0.10
Bottom 5 Stocks (3 Months Ended 12/31/18)	Average Weight	Contribution to Return
Comtech Telecommunications Corp.	0.76	-0.26
W&T Offshore, Inc.	0.37	-0.28
RMR Group, Inc. Class A	0.52	-0.29
Patrick Industries, Inc.	0.57	-0.32
Eagle Pharmaceuticals, Inc.	0.70	-0.36

<sup>6</sup>Past performance does not guarantee future results. These stocks do not represent all of the securities purchased, sold or recommended by the Funds' Adviser. The methodology used to construct this chart took into account the weighting of every holding in the Fund that contributed to the Fund's performance during the measurement period. The contribution of each Fund holding was consistently determined by calculating the weight of each holding multiplied by the rate of return for that holding during the measurement period. To request a complete list of the contribution of each Fund holding to overall Fund performance, please call (800) 392-2673 or email invest@sbhfunds.com.

### Market Overview

Micro cap stocks posted their worst quarterly returns since 2011, with the Russell Microcap® Index returning -22.14% for the fourth quarter of 2018. Every sector within the Index finished the quarter in negative territory, except for the more defensive Utilities sector, which managed a mere 0.33% return. The worst-performing sector was Energy, which was hurt by the 35% fall in oil prices in the quarter, as measured by the price of Brent crude oil futures.

### Fund Performance

For the fourth quarter of 2018, the Segall Bryant & Hamill Micro Cap Fund returned -19.89%, outperforming its benchmark, the Russell Microcap® Index, by 2.25%. On an absolute basis, every sector within the Fund ended the quarter in negative territory, while 10 of 11 sectors within the benchmark had negative returns. The Fund, however, outperformed the benchmark in 6 of the 11 sectors.

### Contributors to Return

The Fund's strongest sectors relative to the benchmark in the quarter were Health Care, Financials and Energy. Among the Fund's best-performing individual holdings was waste management company Charah Solutions Inc. (CHRA), which offers environmental and maintenance services to the power-generation industry. The stock rallied in December after the company reached an agreement to settle a trade secrets lawsuit brought by a competitor. HCI Group Inc. (HCI), a health care information technology consulting firm, also contributed positively to the Fund's performance during the period following the company's third quarter earnings announcement. Another strong performer was EMC Insurance Group Inc. (EMCI), which provides property and casualty insurance, as well as reinsurance products. The stock price rose sharply after Employers Mutual Casualty Co. announced it would be acquiring EMCI.

### Detractors from Performance

The Fund's weakest sectors relative to the benchmark were Consumer Discretionary, Real Estate and Consumer Staples. Among the Fund's largest individual detractors was Eagle Pharmaceuticals Inc. (EGRX), which specializes in injectable treatments for patients across oncology, critical care and orphan diseases. Disappointing earnings and drug study results during the quarter caused several analysts to downgrade the stock. Another detractor during the period was Patrick Industries Inc. (PATK), a manufacturer of component products and distributor of building products and materials for the recreational vehicle (RV), manufactured housing and marine industries. The stock sold off after reports of falling RV shipments and lower RV manufacturers' earnings. Real estate management and investment company RMR Group Inc. (RMR) also proved to be a drag on performance. Recent weakness in the stock has been driven by the announcement of a merger between two of the company's managed REITs.

### Outlook and Positioning

U.S. equity markets, which had been seemingly sheltered from the worries affecting global markets, finally succumbed in the fourth quarter of 2018. This equity market weakness occurred despite the U.S. economy remaining fundamentally sound, as employment and other measures of economic health remain strong. With headlines about slowing economies abroad and the possibility that trade tensions with China may affect the U.S. economy, fears of a potential recession appear to have taken hold of investors. The recent pullback had the greatest impact on smaller companies, with the Russell Microcap® Index suffering the most amongst the Russell 2000® and Russell 1000®. An apparent silver lining is that the aggregate price-to-book value of the companies within the Russell Microcap® Index is now below its five-year median, which means there are potentially more bargains than investors have seen in years. We are excited for the opportunities that 2019 holds for the microcap asset class.

### 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 Russell Microcap® Index data, FactSet.

The **Russell Microcap® Index** measures the performance of the microcap segment of the U.S. equity market. It makes up less than 3% of the U.S. equity market. It includes 1,000 of the smallest securities in the small-cap Russell 2000 Index based on a combination of their market cap and current index membership and it includes the next 1,000 securities investors cannot invest directly in this index.

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#### DEFINITION OF TERMS

**Beta:** A measure of a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. A beta above 1 is more volatile than the overall market, while a beta below 1 is less volatile.

**Long-Term Debt/Capital:** A measurement of a company's financial leverage, calculated as the company's debt divided by its total capital.

**Market Capitalization:** Represents the total value of a company or stock. **Price/Book Value:** Used to compare a company's book value to its current market price.

**Price/Cash Flow:** A measure of a firm's stock price relative to its financial performance.

**Price/Earnings:** A stock's per share price divided by its per share earnings over a 12-month period.

**Return on Assets:** A measure of a company's profitability relative to its total assets.

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

**Tracking Error:** A measure of how closely a fund follows the index to which it is benchmarked.

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

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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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