

# SEGALL BRYANT & HAMILL SMALL CAP GROWTH FUND

## FACT SHEET | December 31, 2018

The Segall Bryant & Hamill Small Cap Growth Fund II had a capital loss carryforward of \$82.0 million as of 12/31/17. Please see page 103 of the Annual Report dated December 31, 2017 for additional details.

### FUND INFORMATION

Class	Retail	Institutional
Ticker	WTSGX	WISGX
Cusip	81580H407	81580H811
Fund Inception	12/20/2013	12/20/2013
Strategy Inception	1/1/2011	

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

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

### PORTFOLIO MANAGEMENT

Brian C. Fitzsimons, CFA  
 Mitch S. Begun, CFA

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

EPAM Systems Inc	2.6
Envestnet Inc	2.3
Everbridge Inc	2.3
Bright Horizons Family Solutions Inc	2.2
MAXIMUS Inc	2.1
Globus Medical Inc	2.1
Globant SA	2.0
Amedisys Inc	2.0
BioTelemetry Inc	1.9
Hexcel Corp	1.9
<b>Total (% of portfolio)</b>	<b>21.4%</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).

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

Periods Ended 12/31/18 (%)	QTD	YTD	Annualized Returns					Since Inception
			1 Year	3 Years	5 Years	10 Years		
Retail Class	-17.50	3.19	3.19	12.25	6.94	-	7.17	
Institutional Class	-17.36	3.56	3.56	12.52	7.26	-	7.50	
Russell 2000® Growth Index	-21.65	-9.31	-9.31	7.24	5.13	-	5.45	

  

Calendar Year (%)	2018	2017	2016	2015	2014	2013	2012
Retail Class	3.19	25.98	8.79	-4.77	3.85	1.30	-
Institutional Class	3.56	25.94	9.22	-4.37	4.24	1.30	-
Russell 2000® Growth Index	-9.31	22.17	11.32	-1.38	5.60	1.67	-

Retail Class Annual Expense Ratio: 1.15% Gross, 1.15% Net

Institutional Class Annual Expense Ratio: 0.98% Gross, 0.98% Net

<sup>1</sup>Performance results shown for the year 2013 represent partial period performance from December 20, 2013 through December 31, 2013.

<sup>2</sup>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>3</sup>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.

<sup>4</sup>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.

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

	Small Cap Growth	Russell 2000® Growth	Relative Weights
Communication Services	5.1	3.5	1.6
Consumer Discretionary	9.3	14.8	-5.5
Consumer Staples	2.3	3.1	-0.8
Energy	1.9	1.7	0.2
Financials	9.7	7.5	2.2
Health Care	24.6	26.3	-1.7
Industrials	13.6	17.7	-4.1
Information Technology	27.2	18.5	8.7
Materials	2.8	3.4	-0.6
Real Estate	1.6	3.0	-1.4
Utilities	0.0	0.5	-0.5
Cash & Cash Equivalents	1.8	0.0	1.8

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

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

	Small Cap Growth	Russell 2000 <sup>®</sup> Growth
Total Fund Assets (\$ Mil)	\$64.7	-
Weighted Average Market Capitalization (\$ Mil)	\$3,040	\$2,176
EPS Growth (3-5 year forecast)	16.8%	14.4%
Price/Earnings (1 year forecast)	28.8x	22.8x
Beta (3 Years)	0.96	-
Standard Deviation (3 Years)	16.60%	16.69%
Tracking Error (3 Years)	4.59%	-
Turnover (12 month trailing)	82.55%	-
Number of Holdings	75	

<sup>5</sup>Standard Deviation, Beta and Tracking Error statistics versus the Russell 2000<sup>®</sup> Growth Index and based on monthly data. Three years. Source: eVestment Alliance.

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

	Morningstar Ratings™ As of 12/31/18		Number of Funds in Small Growth Category
	Retail Class	Institutional Class	
Overall	★★★★	★★★★	583
3 Year	★★★★	★★★★★	583
5 Year	★★★★	★★★★	516
10 Year	-	-	-

<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
MarketAxess Holdings Inc.	0.77	0.22
Instructure, Inc.	1.19	0.09
Acadia Healthcare Company, Inc.	0.24	0.09
Burlington Stores, Inc.	0.82	0.08
Huron Consulting Group Inc.	1.63	0.06

  

Bottom 5 Stocks (3 Months Ended 12/31/18)	Average Weight	Contribution to Return
PolyOne Corporation	1.38	-0.55
Proto Labs, Inc.	1.71	-0.56
HealthEquity Inc	1.56	-0.62
Inogen, Inc.	1.31	-0.80
Teladoc Health, Inc.	1.87	-0.95

<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](mailto:invest@sbhfunds.com).

### Market Overview

After positive returns for 10 straight quarters, the Russell 2000® Growth Index posted its worst quarterly performance since the third quarter of 2011, returning -21.65% for the fourth quarter of 2018. For the year, the Russell 2000® Growth Index returned -9.31%, its worst-performing calendar year since 2008. While the market is signaling likely slower growth going forward, it has been a very good extended period for equities. Stepping back, the Russell 2000® Growth Index has returned 13.52% annualized for the last decade, coinciding with the second-longest economic expansion in history.

### Fund Performance

For the fourth quarter of 2018, the Segall Bryant & Hamill Small Cap Growth Fund outperformed its benchmark, returning -17.50% compared to the Russell 2000® Growth Index's -21.65% return.

### Contributors to Return

The three sectors that contributed most to the Fund's performance relative to its benchmark in the quarter were Information Technology, Health Care and Industrials. MarketAxess Holdings Inc. (MKTX), a leading electronic fixed income securities trading platform, was the Fund's best-performing stock during the fourth quarter. The stock performed well as interest rate volatility drove increased trading of fixed income securities. Also, MKTX has continued to gain market share across most product categories. Instructure Inc. (INST), a leading provider of cloud-based software for learning management, primarily in the education markets, outperformed in the quarter with improved results across its education and enterprise segments. With increased penetration of its products into the enterprise human capital management market, along with consistent win rates across its traditional education segment, we believe the company is well positioned to grow significantly over the coming years. Huron Consulting Group Inc. (HURN), a health care and education advisory services firm, was also a significant contributor to the Fund as business momentum remained strong in an environment where overall slowing growth concerns are prevalent.

### Detractors from Return

The three sectors that detracted most from the Fund's performance relative to its benchmark in the quarter were Consumer Staples, Real Estate and Utilities. The Fund's worst-performing stock in the quarter was Teladoc Health Inc. (TDOC), a leader in virtual health care delivery. The stock underperformed after concerns emerged about the company's mental health business. We believe the concerns are unfounded and see TDOC as well positioned to continue driving higher adoption of virtual care, as evidenced by its strong execution in 2018. Proto Labs Inc. (PRLB), a leading digital manufacturer of custom prototype and production parts, was weak in the quarter due to concerns surrounding a slowdown in economic activity. We believe that PRLB will continue to innovate and expand its product offering, enabling it to outgrow its peers over time. Inogen Inc. (INGN), a medical technology company that manufactures portable oxygen concentrators, was a negative contributor in the quarter after the company reported weaker-than-expected quarterly results. The company has been rapidly hiring sales personnel to execute on the domestic consumer market opportunity for portable oxygen concentrators. The new hires have been temporarily pressuring sales growth and margins while they ramp up to full productivity. We believe the company's strategy is sound and that the portable oxygen concentrator market has a long duration growth opportunity ahead.

### Outlook and Positioning

As of the end of the fourth quarter of 2018, the Fund was overweight primarily in the Information Technology sector and underweight primarily in the Consumer Discretionary and Industrials sectors.

In our past few quarterly commentaries, we expressed concerns about valuation in certain pockets of the market and actively had been reducing exposure to names that had surpassed our valuation expectations. Consequently, the increased market volatility has been a welcome sight as it has provided opportunities to initiate new positions in or add to existing positions of companies that we believe have attractive long-term growth opportunities, but that have been indiscriminately sold down in the recent pullback.

As bottom-up investors, our focus is not on predicting macroeconomic cycles, but rather on finding companies that can grow consistently across the inevitable economic ups and downs. We believe taking a long-term investment view, while building a portfolio of companies that have unique products and services that do not necessarily need economic tailwinds to thrive, is a sound strategy for seeking strong risk-adjusted returns in the growth universe.

### 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 2000® Growth Index data, FactSet.

The **Russell 2000® Growth Index** is an unmanaged market-weighted total return index and 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. Investors cannot invest directly in the 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.

**EPS Growth:** Earnings per share is the portion of a company's profit allocated to each outstanding share of common stock. EPS growth serves as an indicator of a company's profitability.

**Market Capitalization:** Represents the total value of a company or stock.

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

**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:

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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