



SMALL CAP VALUE COMMENTARY

4Q18

AS OF DEC 31, 2018

In the fourth quarter, the Small Cap Value composite had a preliminary gross return of -17.47% (net of fees: -17.52%) compared to -18.67% for the Russell 2000 Value Index (“Index”).

9/30/2018 to 12/31/2018	SCP Small Cap Value			Russell 2000 Value			Variation			Attribution Analysis		
	Port. Average Weight	Port. Total Return	Port. Contrib. To Return	Bench. Average Weight	Bench. Total Return	Bench. Contrib. To Return	Average Weight Difference	Total Return Difference	Contrib. To Return Difference	Allocation Effect	Selection + Interaction	Total Effect
Total	100.00	-17.46	-17.46	100.00	-18.66	-18.66	--	1.21	1.21	1.33	-0.12	1.21
Energy	--	--	--	6.64	-41.20	-3.12	-6.64	41.20	3.12	1.91	--	1.91
[Cash]	4.09	0.68	0.02	--	--	--	4.09	0.68	0.02	0.84	--	0.84
Information Technology	16.17	-10.69	-1.70	10.35	-14.68	-1.47	5.82	3.99	-0.23	0.22	0.62	0.84
Industrials	16.17	-17.65	-2.82	11.72	-19.69	-2.28	4.45	2.04	-0.54	0.03	0.45	0.49
Health Care	0.93	-24.76	-0.24	4.68	-29.50	-1.46	-3.75	4.74	1.23	0.46	0.03	0.49
Communication Services	2.50	-15.14	-0.36	3.15	-18.73	-0.61	-0.66	3.59	0.25	-0.00	0.08	0.08
Consumer Staples	2.14	-19.12	-0.28	2.63	-14.23	-0.37	-0.50	-4.89	0.09	-0.01	-0.10	-0.11
Financials	31.13	-16.24	-5.08	29.21	-15.78	-4.44	1.92	-0.46	-0.64	0.02	-0.23	-0.21
Materials	10.87	-25.27	-2.80	4.19	-27.31	-1.20	6.68	2.04	-1.60	-0.71	0.34	-0.37
Consumer Discretionary	11.24	-23.00	-2.61	9.41	-18.96	-1.71	1.84	-4.05	-0.90	-0.04	-0.46	-0.50
Utilities	--	--	--	6.76	-2.26	-0.27	-6.76	2.26	0.27	-1.09	--	-1.09
Real Estate	4.75	-30.20	-1.59	11.26	-14.66	-1.72	-6.51	-15.55	0.13	-0.30	-0.85	-1.15

Source: FactSet, Gross Returns Shown

The portfolio is constructed utilizing a quantitative system that helps the portfolio team make investment decisions based on factors (“SCP Factors”) that we believe will outperform over full market cycles. The quantitative model used in stock selection has been the starting point for all SCP strategies since the firm was founded. The quantitative model is intended to help us maintain exposure to securities with cheap valuation, high quality metrics, and positive market reaction relative to the index. The Small Cap Value strategy implicitly takes advantage of a fourth investment anomaly related to “small size” or market capitalization. Both academic and independent research has found these factors to be lowly correlated and additive to each other over long time horizons.

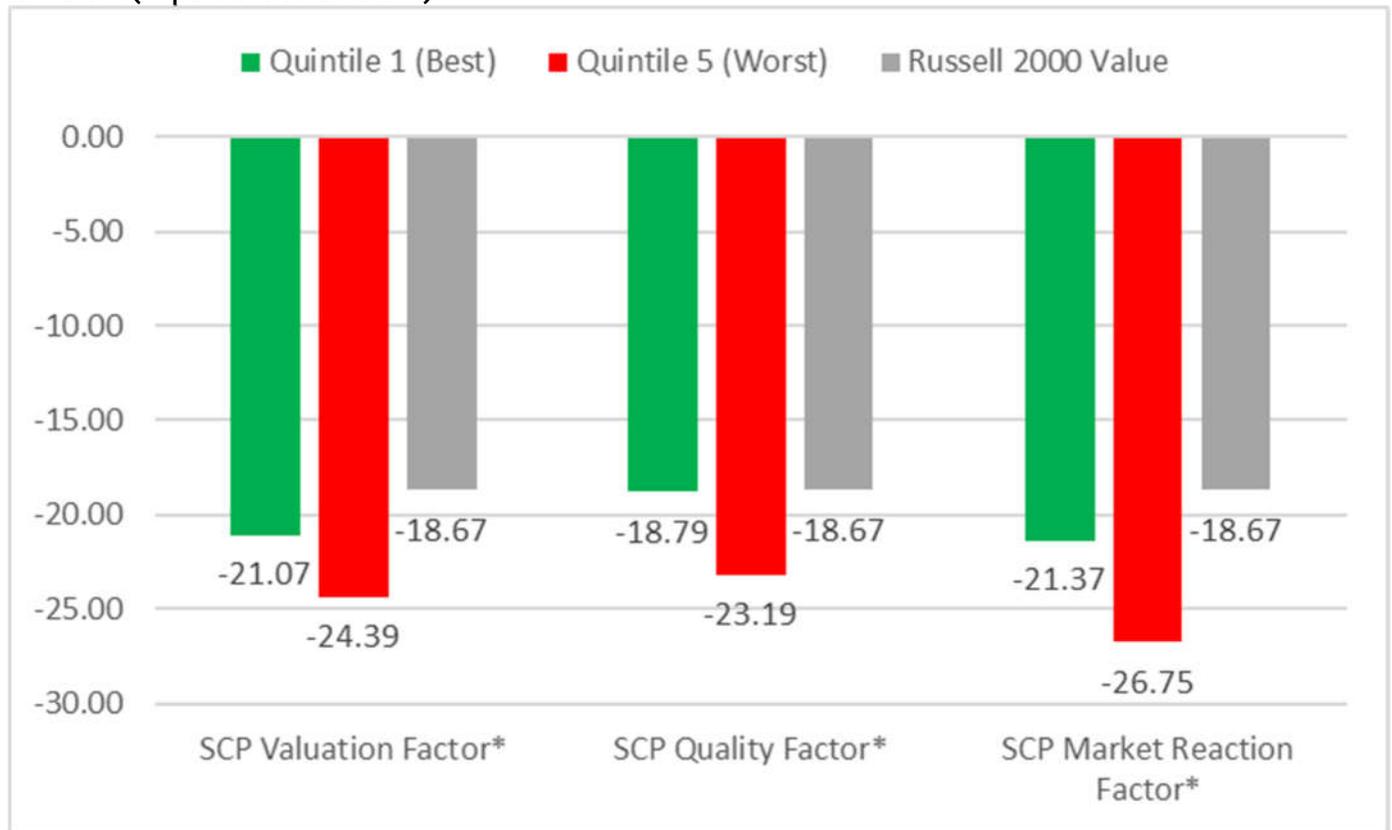
We believe that adhering to a consistent discipline of maintaining positive exposure to the SCP Factors will add value over full market cycles but may not work every quarter. We also believe that our process of combining factors can allow for better risk-adjusted returns than single factors by themselves. To assist in risk management, a number of risk flags are included in the quantitative process to alert the portfolio team to heightened perceived risks.

The following returns are based on SCP’s composite factors grouped relative to their benchmark and equal weighted. These are hypothetical portfolios and do not reflect any fees or transaction costs and are only meant to be representative of our quantitative process. Actual results of the portfolio may differ materially from the individual factors due to interaction effects not explained by singular factor exposure, among other reasons.



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Exhibit 1 (in percent total return)



Source: Seizert Capital Partners, Bloomberg

*Exhibit 1: SCP Factor data is an output of the firm's quantitative investment system. SCP's factor data is calculated for each company in the Index at the end of the previous quarter, organized into quintiles, with equal weighted performance for each quintile calculated for the following quarter. This information illustrates performance of various criterion used in the investment process. Please refer to additional disclosure at the end of commentary.

Current Strategy Overview

As of December 31st, 2018, the Small Cap Value portfolio has a weighted average portfolio exposure of the 16TH percentile based on the SCP Valuation Factor, 17TH percentile on the SCP Quality Factor and 28TH percentile based on the SCP Market Reaction Factor with respect to the Russell 2000 Value Index. We strive to maintain positive portfolio exposure to these three factors over long-term time horizons to capture factor efficacy. Please see our quarterly fact sheet, available at www.seizertcapital.com, for a graphical representation of these exposures.



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Past performance does not guarantee future results.

Gross composite performance figures shown are based on time-weighted rates of return, and are net of transaction costs. The net composite performance figures shown reflect gross performance less investment management fees, net of transaction costs. Our advisory fees are disclosed in Form ADV, Part 2 A. All returns reflect the reinvestment of investment income (dividends and/or interest) and capital gains. Estimates and certain information contained in this commentary are based upon research and should not be considered as investment advice. The Russell 2000® Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values. 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. Index performance information was furnished by sources deemed reliable and is believed to be accurate, but not guaranteed and the information is subject to correction. Attribution information is based on a representative portfolio which is an account in the composite that we believe closely reflects current portfolio management style for this strategy. We believe these effects are representative of other accounts in the composite as they are managed in a very similar manner however; the portfolio shown may differ from that of the composite. Attribution results are not calculated in the same manner as actual performance and may be higher or lower than actual composite results. Attribution results are calculated using a third party source. Gross performance is not a consideration in the selection of the representative portfolio. The information provided should not be considered a specific recommendation to purchase or sell any securities and is subject to change without any notice.

The **SCP Valuation Factor** is a weighted aggregate of over 20 components that are ranked relative to the Russell 2000 Value benchmark. This ranking ranges from 1 to 100 in percentile format, with lower values (less than the 50th percentile) being more attractive relative to the benchmark. We believe this best represents our effort to maintain a favorable Valuation exposure to characteristics relative to the Russell 2000 Value Index.

The **SCP Quality Factor** is a weighted aggregate of over 20 components that are ranked relative to the Russell 2000 Value benchmark. This ranking ranges from 1 to 100 in percentile format, with lower values (less than the 50th percentile) being more attractive relative to the benchmark. We believe this best represents our effort to maintain a favorable Quality exposure to characteristics relative to the Russell 2000 Value Index.

The **SCP Market Reaction Factor** is a weighted aggregate of over 10 components that are ranked relative to the Russell 2000 Value benchmark. This ranking ranges from 1 to 100 in percentile format, with lower values (less than the 50th percentile) being more attractive relative to the benchmark. We believe this best represents our effort to maintain a favorable Market Reaction exposure to characteristics relative to the Russell 2000 Value Index.

SCP Factors are built from numerous underlying components that are then scored and ranked with respect to the Russell 2000 Value Index. The information provided is based on actual data and combined to show the back-tested compounded return of market factors. Back-tested performance is not actual performance, but is hypothetical.

DISCLOSURE FOR HYPOTHETICAL CUMULATIVE COMPOUND RETURN OF MARKET FACTORS – Exhibit 1

Back-tested performance is NOT an indicator of future actual results and cannot be guaranteed. The results reflect performance of a strategy that do NOT represent returns that any investor actually attained. The strategy was not historically offered to investors by Seizert Capital Partners and is not currently available for investment. The back-test presents return data from a hypothetical portfolio in which stocks are selected using criterion similar to those used in SCP's investment process. **EXHIBIT 1** was created using Bloomberg's Equity Screening and Equity Back-test tools to demonstrate the one quarter efficacy of an equal weighted portfolio that was both 1) In the Russell 2000 Value Index 2) in the top (best) 20% (labeled Quintile 1) or bottom (worst) 20% (labeled Quintile 5) of the factors of SCP Value, SCP Quality, or SCP Market Reaction. These SCP Factors are built from numerous underlying components that are then scored and ranked with respect to the Russell 2000 Value Index. This yields a cross section of the SCP Factor within the Russell 2000 Value Index of anywhere from 300 to 400 stocks that are then equal weighted and rebalanced on a quarterly basis. The information provided is based on actual data and combined to show the back-tested compounded return of market factors. The back-tested performance is hypothetical and does not represent actual trading and there are no fees or transaction costs factored into the results shown. No cash balance or cash flow is included in the calculation. The results are run on an equal weighted quarterly rebalance from 09/30/2018 to 12/31/2018. The Russell 2000® Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. Index returns include reinvestment of income and do not reflect investment advisory fees that would reduce performance in an actual client account. The index is unmanaged and unavailable for direct investment. Back-tested performance does not represent actual performance and should not be interpreted as an indication of such performance. Actual performance for client accounts may be materially lower. Back-tested performance results have certain inherent limitations. Such results do not represent the impact that material economic and market factors might have on an investment adviser's decision-making process if the adviser were actually managing client money. Back-tested performance also differs from actual performance because it is achieved through the retroactive application of model data designed with



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the benefit of hindsight. As a result, the models theoretically may be changed from time to time and the effect on performance results could be either favorable or unfavorable. No representations and warranties are made as to the reasonableness of the assumptions.