



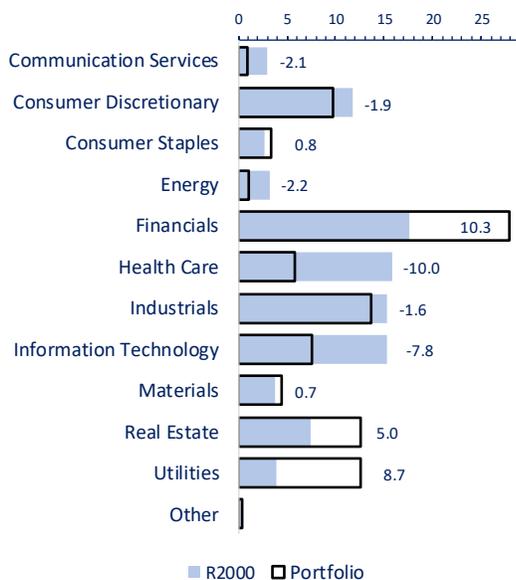
# U.S. SMALL CAP EQUITY

S&P Performance	2Q19	YTD	1 Yr	3 Yrs	5 Yrs
US Small Cap Gross	2.28%	13.92%	-3.03%	10.20%	11.39%
US Small Cap Net	2.09%	13.49%	-3.75%	9.49%	10.95%
Russell 2000 Total Return	2.09%	16.97%	-3.34%	12.28%	7.05%

The equity markets followed strong 1<sup>st</sup> quarter returns with continued positive albeit more modest performance during the 2<sup>nd</sup> quarter. All the major equity indices posted positive returns. The SGI US Small Cap Equity strategy slightly outperformed its benchmark, the Russell 2000 Index, on a gross basis gaining 2.28% while taking significantly lower overall portfolio risk.

The economy tied the longest previous post-war expansion of 120 months. Dominating the headlines was a tit-for-tat trade dispute between the U.S. and China. Although stalled talks have resumed, prospects for a quick resolution with a new trade agreement seems unlikely. The yield curve, which had been flattening steadily over the past year, finally inverted. Five of the G7 economies showed a slowing manufacturing sector. The futures markets have already priced in a 100% probability of an interest rate cut by the July 31 Fed meeting.

Portfolio sector weights are shown below:



The three best performing companies were:

- **Foundation Building Materials (FBM)** up 80.69% as Q1 earnings and revenue beat estimates, driven by robust growth in non-residential construction.
- **Vectrus (VEC)** up 52.54% as the company won four contracts with the U.S. Army Contracting Command-Rock Island in support of the U.S. military worldwide.
- **iStar (STAR)** up 49.21% as the company announced a \$112 million acquisition of Bowlero's bowling centers.

The three worst performing companies were:

- **Edgewell Personal Care (EPC)** declined -38.60% as the company announced a \$1.34 billion all-cash acquisition of shaving start-up Harry's Inc. Edgewell also reported a 9% year-on-year decline in its Q2 organic revenue.
- **Movado Group (MOV)** declined -24.74% as Q1 earnings and revenue missed estimates.
- **The Marcus Corporation (MCS)** declined -17.34% amid the closure of its Saint Kate Arts Hotel and its initial integration of the company's Movie Tavern acquisition

Characteristics	Portfolio	R2000
Strategy Assets (\$ Million)	75.4	-
Number of Holdings	106	1,980
Beta*	0.83	1.00
Standard Deviation*	14.9%	17.1%
Market Cap. (\$ Billion)	0.88	2.27
Price to Trailing Earnings	16.4	20.8
Price to Cash Flow	10.9	13.7
Price to Book	1.5	2.5
Enterprise Value to Sales	2.7	3.0
Debt as % of Assets	31.4	26.9
Dividend Yield (%)**	3.41	1.49
Return on Equity (%)	8.6	9.5

\* Beta & Standard Deviation 36 months

\*\* Dividend Yield weighted average, all other data weighted median

Top 10 Holdings	Ticker	Position
AAR CORP	AIR	1.1%
PHIBRO ANIMAL HEALTH CORP-A	PAHC	1.1%
UNIFIRST CORP/MA	UNF	1.1%
UNITIL CORP	UTL	1.1%
OTTER TAIL CORP	OTTR	1.1%
ISTAR INC	STAR	1.1%
COMTECH TELECOMMUNICATIONS	CMTL	1.1%
NORTHWEST PIPE CO	NWPX	1.1%
TRIPLE-S MANAGEMENT CORP-B	GTS	1.1%
WHITE MOUNTAINS INSURANCE G	WTM	1.1%

This document is provided to you solely as an informational piece. It does not constitute an offer, a solicitation of an offer, advice, or a recommendation to invest with Summit Global Investments and may not be construed as such. This informational piece should not serve as the only basis of any investment decision. This document is intended exclusively for the use of those to whom it was delivered. Please refer to the Summit Global Investments ADV Part 2 for information regarding fees. Past performance is no guarantee of future results. Your actual returns may vary. Factors which will impact returns include, but are not limited to, the advisory fee charged by SGI, directed brokerage costs and fees charged by the Custodian. Other factors which may affect the return of your investment include, but are not limited to, the custodian selected, additional fees on transactions, timing of your investment, timing of trades placed with the custodian and when advisory fees are taken out of your account. See SGI's ADV for additional information regarding this strategy. Before investing, consider the investment objectives, risks, charges, and expenses of the strategy's various investment options. See [www.summitglobalinvestments.com](http://www.summitglobalinvestments.com) for a fund prospectus and statement of additional information. Please read carefully.