



DGHM MicroCap Value

Team Leader: Donald Porter, CFA
 First Quarter 2017
 Assets: \$142mm

THE FIRM

DGHM employs a fundamental, value-driven investment philosophy that focuses specifically on domestic equity across the market capitalization spectrum. Our team of Sector Specialists combines quantitative tools with rigorous fundamental analysis. These specialists are experts in their fields and utilize a time-tested, disciplined approach to purchase high quality companies at compelling valuations. We are committed to value creation over the long term. We strive for consistent alpha generation, yielding superior risk-adjusted results across our product line. Established in 1982, DGHM currently manages \$1.8 billion* in assets.

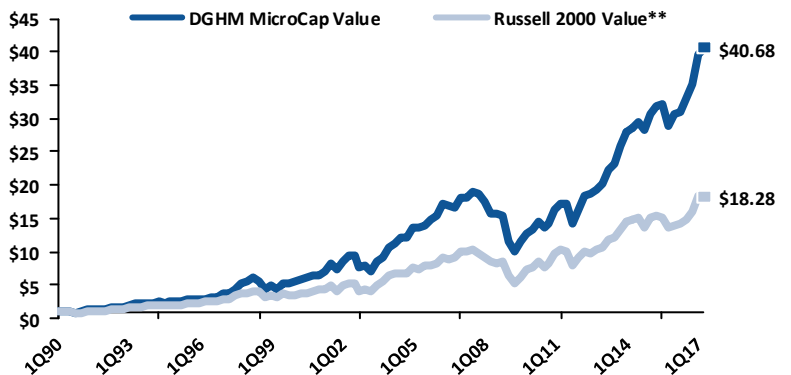
DGHM MICROCAP VALUE PORTFOLIO

DGHM has developed a particular expertise in the microcap universe. Through careful security selection and company due diligence, the portfolio has achieved an annualized return of 14.6% since its inception in 1990. The objective of the fund is long-term capital appreciation reached through a highly diversified portfolio of microcap US-listed equity securities. We define the universe as any stock between \$50 million and \$1 billion in market capitalization. The fund will comprise approximately 60 to 90 individual equity securities with an initial position size of 1% to 2% and a maximum position size of 4%. The fund will remain within a 75% to 125% band of the benchmark sector weight (Russell 2000 Value) and target cash to 3% of assets.

ANNUALIZED COMPOSITE PERFORMANCE

	DGHM MicroCap Value	Russell Microcap Value**	Russell 2000 Value**
YTD	2.6%	-1.0%	-0.1%
1YR	31.5%	33.3%	29.4%
3YR	12.6%	7.0%	7.6%
5YR	17.1%	13.6%	12.5%
10YR	8.4%	5.0%	6.1%
15YR	10.2%	8.8%	8.5%
20YR	12.6%	—	9.7%
25YR	13.7%	—	11.0%
Inception	14.6%	—	11.3%

VALUE OF A DOLLAR



DGHM MicroCap Value returns are gross since inception (2/1990). See the provided Explanation of Performance.

The Russell Microcap Value Index is excluded from the Value of a Dollar chart, as it was introduced in 2000, 10 years after the launch of the DGHM MicroCap Value product.

QUARTERLY REVIEW

The DGHM MicroCap Value portfolio returned 2.6% for the quarter, outperforming the Russell Microcap Value and Russell 2000 Value indices by approximately 360 and 280 basis points, respectively. This was a strong start to the year given that larger and more growth-oriented stocks outperformed.

Sector breadth was strong as 13 of 17 sectors outperformed. Stock selection drove all of the outperformance, with our Industrials and Financials names driving most of this excess return. Specifically, we saw Capital Goods, Utilities, and Banks leading the charge. Capital Goods benefited from Huttig Building Products, which distributes residential housing supplies. The company has benefited not only from a robust housing market but also from internal initiatives. There is no sell-side coverage. Our Utilities benefited from RGC Resources, the fund's best-performing stock, which was up +33% during the quarter. RGC is a Virginia-based gas distributor that had strong volumes and customer growth as well as favorable weather. While we continue to find the Utilities space rich, we own a select few where fundamentals remain favorable. Many of our Banks did well in the period, led by Marlin Business Services, which had strong equipment finance originations that drove better than expected results. Pacific Continental, an Oregon-based bank, was a take-out at a whopping 3x tangible book value. Banks have generally done well since the presidential election. While we are believers that higher interest rates, less regulation, and lower taxes will favor our regional banks, we find overall valuations (at approximately 2x book value) rich. Therefore, we remain underweight the Banks sector.

Detracting from performance were Real Estate, Staples, and Technology. The REIT market has been weak given concerns over excess supply and rising interest rates. Ramco-Gershenson, a retail-based REIT, has come under pressure given its exposure to retail, which has faced both secular and cyclical headwinds. We believe the story is misunderstood as the company continues to grow rents and with the stock trading at a significant discount to NAV and a well-covered 6% dividend yield, we find the shares compelling. We have added to the position. In Staples, Nutraceutical International was weak on some profit-taking and negative sentiment surrounding retail. We continue to like this name given its attractive valuation. Our stock-picking in Technology was in line with the benchmark; however, given our sector underweight, we underperformed. The fund's worst-performing stock was ICF International, a government consulting firm. The shares came under pressure due to fears that many of its key programs tied to civil agencies like the EPA and State Department would be cut as the government shifts its spending priorities to defense. We have subsequently sold the name.

During the quarter we added four new ideas to the portfolio, which replaced the five names we sold. The portfolio finished the quarter with 61 stocks with a median market capitalization of \$494 million. The additions were Johnson Outdoors, a manufacturer of recreational outdoor equipment; City Office REIT, a suburban office owner in the southern and western United States; Francesca's Holdings, a retailer; and Kimball Electronics, a niche electronic manufacturer. Charter Financial, a bank, and Gastar Exploration, an energy company, were both sold upon reaching full valuation. Crown Crafts was sold on deteriorating fundamentals in the infant market, and Resource Capital, a mortgage REIT, was sold after we disagreed with the new management's strategy on the direction of the business. Lastly, we sold ICF International, which was mentioned above.

RETURN CHARACTERISTICS: SINCE INCEPTION

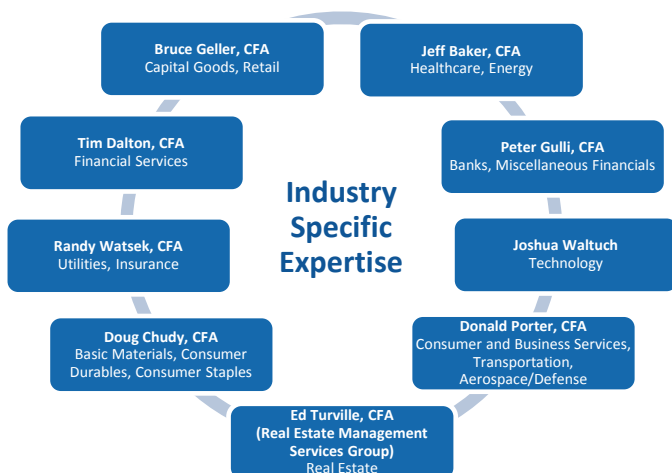
	DGHM MicroCap Value	Russell 2000 Value**
Annualized Return Since Inception	14.6%	11.3%
Alpha	4.6%	
Beta	0.89	
Standard Deviation	18.2%	19.0%
Information Ratio	0.52	
Sharpe Ratio***	0.65	0.43
Upside Capture	106%	
Downside Capture	82%	
Correlation to Benchmark (R ²)	87%	
Average Turnover	49%	
Tracking Error	7.0%	

DGHM MicroCap Value returns are gross since inception (2/1990). See the provided Explanation of Performance. The Russell 2000 Value Index is used for the Since Inception comparison above, as the Russell Microcap Value Index was introduced in 2000, 10 years after the launch of the DGHM MicroCap Value product.

PORTFOLIO CHARACTERISTICS

	DGHM MicroCap Value
Weighted Average Market Cap	\$595
Enterprise Value/EBITDA	11.0x
Free Cash Flow Yield	5.1%
2017 Estimated P/E	20.2x
5-Year EBITDA ROA (excluding cash)	13.0%
5-Year CAGR EBITDA/SHR	4.9%
Net Debt (Cash) / Total Cap %	18.8%
Active Share (vs. Russell 2000 Value)	98.0%

TEAM STRUCTURE

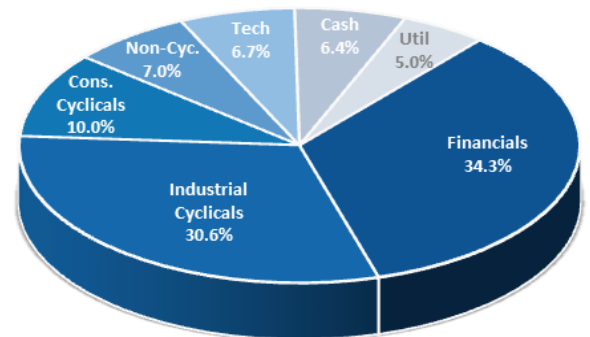


TOP 10 HOLDINGS

Symbol	Company Name	Weight
CTT	CatchMark Timber Trust, Inc. Class A	2.6%
FCH	FelCor Lodging Trust Incorporated	2.6%
NUTR	Nutraceutical International Corporation	2.5%
RPT	Ramco-Gershenson Properties Trust	2.3%
ARKR	Ark Restaurants Corp.	2.3%
KLIC	Kulicke & Soffa Industries, Inc.	2.2%
RGCO	RGC Resources, Inc.	2.1%
EIG	Employers Holdings, Inc.	2.1%
NR	Newpark Resources, Inc.	2.0%
TRNS	Transcat, Inc.	2.0%
Total % of MicroCap Value portfolio		22.7%

This is supplemental information.

ECONOMIC SECTOR ALLOCATION



This is supplemental information.

CONTACT INFORMATION

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EXPLANATION OF PERFORMANCE

The DGHM MicroCap Value composite is an actively managed, diversified portfolio of the equity securities of primarily U.S. based value companies at the microcap end of the market capitalization spectrum, currently defined by the firm as companies between \$50 million and \$1 billion. The Micro Cap Value composite was created in February 1990.

Dalton, Greiner, Hartman, Maher & Co., LLC ("DGHM") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. DGHM has been independently verified for the periods 12/31/92-12/31/16. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The DGHM MicroCap Value composite has been examined for the periods 12/31/93-12/31/16. The verification and performance examination reports are available upon request. The benchmark returns are not covered by the report of independent verifiers.

Period	DGHM Microcap Value Gross Return	DGHM Microcap Value Net Return	Russell 2000 Value Index	Russell Micro Value Index	Composite Assets (\$mm)	# of Portfolios	% of Total Assets	% of Non-Fee Paying Assets	Composite Dispersion	Composite 3-year Annualized Std Deviation	Russell 2000 Value 3-year Annualized Std Deviation	Russell Micro Value 3-year Annualized Std Deviation
2016	28.85%	27.26%	31.74%	30.59%	\$94	11	7%	5%	0.14%	12.76%	15.51%	15.95%
2015	0.33%	-0.93%	-7.47%	-6.45%	\$69	10	5%	28%	0.09%	12.24%	13.46%	13.56%
2014	9.78%	8.43%	4.22%	3.15%	\$67	6	4%	28%	0.38%	11.52%	12.79%	13.41%
2013	38.29%	36.62%	34.52%	41.17%	\$64	6	4%	25%	0.26%	15.54%	15.82%	16.46%
2012	23.88%	22.38%	18.05%	22.81%	\$48	6	5%	25%	0.15%	18.36%	19.89%	21.32%
2011	-0.25%	-1.45%	-5.50%	-10.33%	\$97	8	8%	8%	0.32%	21.69%	26.04%	27.40%
2010	22.18%	20.70%	24.50%	28.35%	\$171	11	14%	5%	0.25%			
2009	15.90%	14.50%	20.57%	17.52%	\$214	18	23%	3%	0.56%			
2008	-34.29%	-35.20%	-28.92%	-34.93%	\$254	20	29%	N/A	0.40%			
2007	-2.47%	-3.69%	-9.79%	-13.13%	\$471	22	32%	N/A	0.37%			
2006	17.33%	15.92%	23.49%	21.81%	\$564	25	26%	N/A	0.96%			
2005	13.53%	12.16%	4.70%	3.15%	\$595	22	19%	N/A	0.66%			
2004	28.13%	26.87%	22.24%	20.92%	\$523	21	17%	N/A	1.02%			
2003	31.62%	30.08%	46.02%	63.46%	\$422	18	15%	N/A	0.66%			
2002	-6.34%	-7.53%	-11.43%	-5.79%	\$290	15	14%	N/A	0.13%			
2001	30.07%	28.52%	14.02%	27.53%	\$316	11	16%	N/A	0.70%			
2000	16.92%	15.52%	22.82%		\$311	12	25%	N/A	0.81%			
1999	11.35%	9.99%	-1.49%		\$245	10	33%	N/A	0.81%			
1998	-6.30%	-7.49%	-6.45%		\$297	10	30%	N/A	0.22%			
1997	45.16%	43.51%	31.78%		\$305	6	24%	N/A	0.50%			
1996	34.24%	32.69%	21.40%		\$209	5	13%	N/A	0.66%			
1995	13.56%	12.19%	25.75%		\$169	6	6%	N/A	1.05%			
1994	2.24%	0.98%	-1.55%		\$62	3	2%	N/A	N/A			
1993	21.80%	20.36%	23.85%		\$55	1	2%	N/A	N/A			

I. GIPS COMPLIANCE REQUIREMENTS:

- DGHM is an autonomous investment advisory firm organized as a Limited Liability Company (LLC). DGHM is 80% owned by Boston Private Financial Holdings, Inc., a bank holding company focusing on wealth management through private banking and investment services, and 20% owned by the following DGHM professionals; Tim Dalton, Ken Greiner, Bruce Geller, Jeffrey Baker, Peter Gulli, Joshua Waltuch, Randall Watsek, Michael Dunn, Dolores Casaletto, Kate O'Brien, Erika Donalds, Donald Porter, Douglas Chudy and Lisa Hurst. The Firm is registered with the Securities and Exchange Commission, which oversees its investment management activities. For GIPS purposes, the Firm is defined to exclude SMA (Wrap) and UMA relationships.
- Portfolio valuations are based on fair values and are expressed in U.S. Dollars.
- Performance is calculated using total return. Performance includes the reinvestment of dividends and other earnings.
- Rates of Return are time-weighted, with valuation on a daily basis with geometric linking of period returns.

5. Individual portfolios are valued on a daily basis. Composite returns are calculated monthly with the creation of one performance file using the combined transaction history of all the portfolios in the composite. Monthly composite returns are geometrically linked to calculate performance for longer periods.
6. DGHM's gross and net performance is reported after the deduction of brokerage and other transactions fees. Net performance is reported after the deduction of the highest management fee currently charged by DGHM for the particular product (1.25%). Custodial fees are not deducted. Management fees are more fully described in Part 2A of Form ADV which is available upon request. Withholding taxes are not included as an expense in the calculation of performance.

II. MANDATORY DISCLOSURES:

1. A complete list and description of DGHM's composites is available upon request.
2. At 12/31/16, SMA and model assets excluded from Firm assets totaled \$370 Million.
3. Composite dispersion is calculated as the equal-weighted standard deviation of portfolio results.
4. Composite dispersion is not shown for periods where five or fewer portfolios are in the composite for the entire year.
5. The inception date of the composite is February 1990.
6. The management flat fee is 125bps.

III. MANDATORY HISTORICAL DISCLOSURES:

1. Performance is presented since January 1, 1993.

IV. PERFORMANCE DISCLOSURES:

1. Past performance is no guarantee of future results. No assurance can be given that an investor will not lose invested capital. The performance data presented in this report represent the quarter-to-quarter and annual Total Return of an investment in the applicable DGHM portfolio and describe results for the indicated portfolio ONLY for the full period reported; results for specific separately managed accounts may vary due to the cash flows and timing of (a) investment made or withdrawn by the respective account and (b) fees paid to DGHM in accordance with applicable fee agreements between said investor(s) and DGHM. These materials include the discussion of certain companies. These case studies are for information purposes only and should not be considered as investment recommendations. There can be no guaranty that the investment adviser continues to maintain its view of these companies or that the investment adviser continues to hold positions in the companies for its client's accounts. Upon request, DGHM will provide you with similar performance information for all of its investments held during the periods shown.
2. This report is for informational purposes only and does not constitute an offering of securities unless accompanied by the DGHM Form ADV and/ or Investment Management Agreement as the case may be for Separate Accounts. These documents may be amended from time to time.
3. The summary of performance stated herein is internally prepared and results are unaudited.
4. An investment in this product is suitable only for qualified individuals that fully understand the risks of such a portfolio. An investor should review thoroughly the Investment Management Agreement.
5. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

V. INDEX DESCRIPTIONS:

The Russell 2000 Value Index measures the performance of those Russell 2000* companies with lower price-to-book ratios and lower forecasted growth values. The Russell Microcap Index is composed of the 1,000 smallest companies in the Russell 2,000* plus the next 1,000 smallest companies. The Russell Microcap Value Index measures the performance of those Russell Microcap companies with lower price-to-book ratios and lower forecasted growth values. These three indices are non-managed and do not accrue advisory or transactional expenses. Index performance data is sourced from Interactive Data Corporation.

* DGHM AUM includes third party platform assets for which DGHM does not have full conditional authority, and which have been excluded from the definition of the firm for GIPS purposes. The assets consist of direct wrap relationships of \$354 million and model portfolio relationships of \$28 million as of March 31, 2017.

** References to the Russell Microcap Value and Russell 2000 Value are trademarked by Frank Russell Company.

*** Sharpe Ratio calculated using Citigroup 3-Month T-Bill.