



DGGM MicroCap Value

Team Leader: Donald Porter, CFA
 Fourth Quarter 2017
 Assets: \$195mm

THE FIRM

DGGM 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, DGGM currently manages \$2.0 billion* in assets.

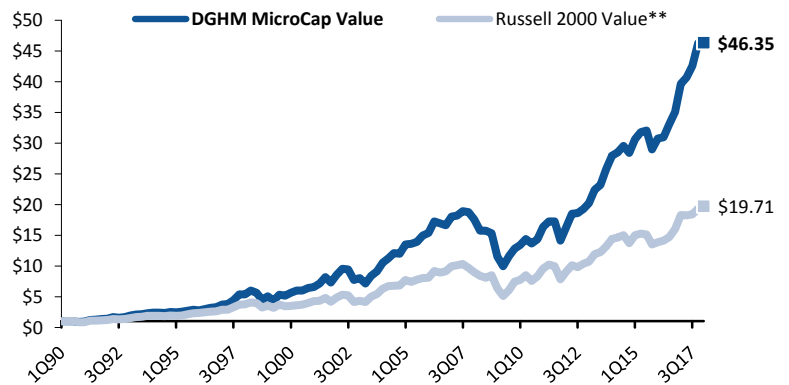
DGGM MICROCAP VALUE PORTFOLIO

DGGM 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 14.7% 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 \$1.1 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

	DGGM MicroCap Value	Russell Microcap Value**	Russell 2000 Value**
1YR	16.9%	11.1%	7.8%
3YR	14.8%	10.7%	9.6%
5YR	18.1%	14.6%	13.0%
10YR	10.2%	7.9%	8.2%
15YR	12.4%	10.7%	10.7%
20YR	11.4%	—	8.6%
25YR	13.5%	—	10.7%
Inception	14.7%	—	11.3%

VALUE OF A DOLLAR



DGGM 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 DGGM MicroCap Value product.

QUARTERLY REVIEW

The DGGM MicroCap Value portfolio returned 0.2% for the quarter, underperforming the Russell Microcap Value and Russell 2000 Value indices by 220 and 180 basis points, respectively. While the quarterly results were weak, the fund delivered solid full year results returning 16.9%, which not only outperformed our respective benchmarks by 580 and 910 basis points, but also eclipsed the broad small cap index (Russell 2000) by 230 basis points.

Sector breadth was weak during the quarter as only 4 of 17 sectors outperformed, which contrasts with the strong full year results where 15 of 17 sectors outperformed. Sectors that underperformed in the quarter were Miscellaneous Financials, Energy and Consumer Durables. Miscellaneous Financials underperformed due to **Marlin Business Services**, an equipment lessor, which was the fund's worst performing stock, declining 22% in the quarter. Deteriorating credit in their transportation leasing business and concerns about their underwriting discipline led us to sell the stock. **Newpark Resources**, an oil service company, negatively impacted our Energy sector as poor revenue mix depressed margins. We continue to like the name. In Durables, **Nautilus** was weak in both the quarter and full year due to disappointing sales trends and a large reduction in guidance. We have since sold the name as new product development has been slower than we anticipated.

Retail, Real Estate and Basic Materials were the strongest sectors in the quarter. Retail made a nice reversal in the fourth quarter with **Rocky Brands** (+37%), a recent addition to the portfolio and the fund's largest contributor, given very strong sales which led to margin improvement. **Ark Restaurants** was also strong in the quarter and is poised for a robust 2018. **Ramco-Gershenson**, a retail REIT and weak performer for the year, was the fund's second largest contributor in the quarter on an upbeat investor day. Basic Materials was led by **Orion Engineered Carbons**, a maker of carbon black, on strong demand trends and better pricing.

During the quarter, we purchased nine new stocks and sold out of seven. The portfolio finished the quarter with 63 stocks with a median market capitalization of approximately \$670 million. A new addition to the portfolio we would like to highlight is **Gray Television Inc.**, an owner and operator of 57 local TV affiliates that reaches about 10% of US households. Gray has a strong market position as the #1 or #2 player in most of its markets with leading local news operations. Our thesis is based on very strong retransmission fees from cable distributors on contract repricing, strong mid-term elections driving higher advertising revenues, and the ability for the company to continue to conduct accretive acquisitions in a more liberal era for media consolidation. The company generates very high free cash flows due to minimal capital requirements, is led by a very capable management team and carries a +20% free cash flow yield.

We also purchased **Ducommun Inc.**, an aerospace and defense contractor; **MCBC Holdings**, a boat manufacturer under the MasterCraft brand; **Rocky Brands**, a manufacturer and retailer of boots; **Simmons First National Corporation**, which merged with our holding of Southwest Bancorp; **South State Corporation**, which merged with our holding of Park Sterling; **Territorial Bancorp**, the fifth largest bank in Hawaii; **Unitil Corporation**, a gas and electric utility serving areas of the Northeast; and **Steel Partners Holdings LP 6% Preferred**, which we received as a result of Handy & Harman being acquired.

We sold **Biglari Holdings** due to the deterioration in their Steak-N-Shake subsidiary; **Johnson Outdoors**, as the stock reached our price target; **Nautilus** due to deteriorating fundamentals; **Pacific Continental**, as the company was acquired by Columbia Banking System; **Southwest Bancorp**, **Park Sterling** and **Handy & Harman** were each sold due to mergers or acquisitions discussed above.

RETURN CHARACTERISTICS: SINCE INCEPTION

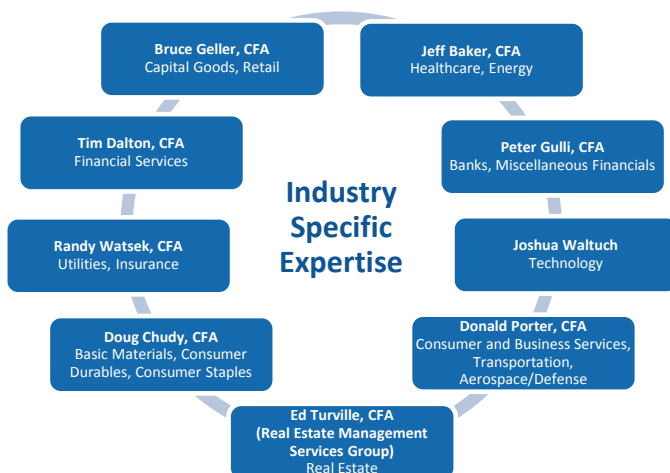
	DGHM MicroCap Value	Russell 2000 Value**
Annualized Return Since Inception	14.7%	11.3%
Alpha	4.7%	
Beta	0.89	
Standard Deviation	18.0%	18.8%
Information Ratio	0.54	
Sharpe Ratio***	0.67	0.44
Upside Capture	107%	
Downside Capture	82%	
Correlation to Benchmark (R ²)	86%	
Average Turnover	48%	
Tracking 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	\$770
Enterprise Value/EBITDA	10.4x
Free Cash Flow Yield	4.3%
2018 Estimated P/E	21.1x
5-Year EBITDA ROA (excluding cash)	12.5%
5-Year CAGR EBITDA/SHR	2.1%
Net Debt (Cash) / Total Cap %	23.6%
Active Share (vs. Russell Microcap Value)	93.8%

TEAM STRUCTURE

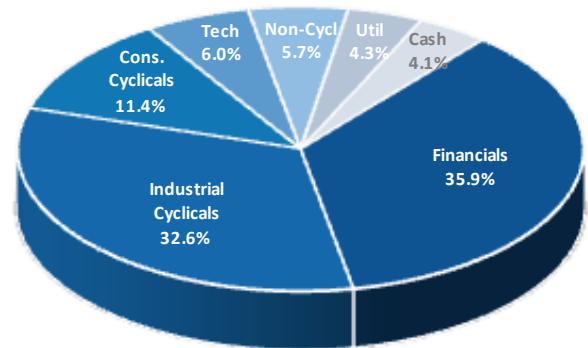


TOP 10 HOLDINGS

Symbol	Company Name	Weight
CTT	CatchMark Timber Trust, Inc. Class A	2.6%
CIO	City Office REIT, Inc.	2.6%
EIG	Employers Holdings, Inc.	2.5%
PLPC	Preformed Line Products Company	2.4%
TRNS	Transcat, Inc.	2.2%
RPT	Ramco-Gershenson Properties Trust	2.2%
EMCI	EMC Insurance Group Inc.	2.1%
ARKR	Ark Restaurants Corp.	2.1%
MRTN	Marten Transport, Ltd.	2.1%
CBZ	CBIZ, Inc.	2.0%
Total % of MicroCap Value portfolio		22.8%

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 \$365 million and model portfolio relationships of \$32 million as of December 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.