

The logo for International Small Cap Fund, featuring the letters 'ISC' in a large, white, serif font on a dark blue background.

INTERNATIONAL
SMALL CAP FUND
ISMIX | ISMRX

The logo for LMC G FUNDS, with 'LMCG' in white letters on a green background and 'FUNDS' in a smaller, black, sans-serif font below it.

Gordon A. Johnson, PhD, CFA
Portfolio Manager



Shannon M. Ericson, CFA
Portfolio Manager

as of September 30, 2018

International Small Cap Fund Quarterly Commentary

FUND OVERVIEW

The LMC G International Small Cap Fund seeks to deliver long-term capital appreciation by capturing the growth potential of international small cap stocks through active management and a bottom-up quantitative approach.

MARKET OVERVIEW

The third quarter witnessed a preference among investors for large cap US stocks. The S&P 500 led the major global equity indices, returning 7.71% in the quarter – bringing the year-to-date return to 10.56%. International large cap stocks, proxied by the MSCI EAFE Index gained just 1.35% in the quarter, while the MSCI Emerging Markets Index posted a 1.10% decline. International Small Cap stocks, proxied by EAFE Small Cap Index, declined 0.88%. Volatility was somewhat mixed across the global equity markets in the quarter – and ebbed and flowed in response to the continued trade rhetoric among the US and its major trading partners. The US dollar strengthened in the quarter, buoyed by continued solid company earnings reports – in part due to the Tax Cuts and Jobs Act passed at the end of 2017. Interest rates trended up slightly in the quarter, and the Bloomberg Barclays Aggregate Index was flat for the quarter. Year-to-date, the Index has declined 1.60% reflecting higher yields. The Federal Reserve Bank raised interest rates for the third time in 2018 in late September, and indicated there would be one more before year-end.

PERFORMANCE ATTRIBUTION

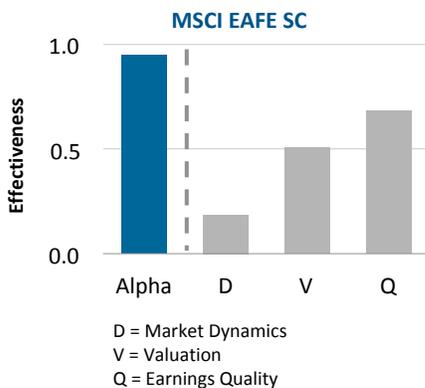
The LMC G International Small Cap Fund (ISMIX) declined 1.29% in the quarter versus the 0.88% pullback for the MSCI EAFE Small Cap Index. On a year-to-date basis, the Fund has posted a 4.37% decline, versus a 2.19% decline for the Index. Since inception (8/26/2010), the Fund has outperformed its benchmark, returning 11.97% vs. 10.64% for the benchmark, on an annualized basis.

The Fund underperformed its benchmark for the quarter. Performance was weak despite slightly positive results for the overall stock selection model (*Alpha*) as the effectiveness of the individual components, *Market Dynamics*, *Value* and *Earnings Quality* was positive on average but mixed from month to month (see Figure 1). *Earnings Quality* was the strongest of the three composite factors and worked quite well in August and September. *Value*

Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Call 877-591-4667 for current to most recent month-end performance.

Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

FIGURE 1:
FACTOR PAYOFFS
 FOR THE QUARTER
 ENDING 9/30/18
 SOURCE: LMCG INVESTMENTS



worked on average but was only positive in two out of the three months. *Market Dynamics*, which includes *Earnings Revision* and *Price Momentum* was the least effective of the three major factor components.

The market environment during the quarter was mixed. Riskier assets outperformed in July and our Value factors were very effective and high beta¹ stocks outperformed low beta stocks. In August, the opposite was true. Investors were more risk averse and Value did not work and low beta stocks

were favored over high beta stocks. September was a more neutral environment and our process worked better as more of our factors were working.

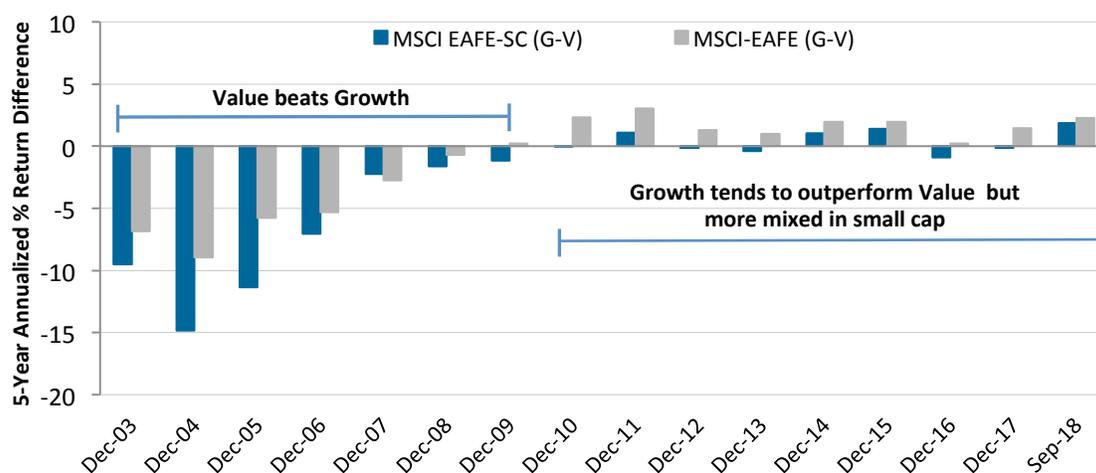
Stock selection within countries was slightly positive led by selections in the UK, Germany and Japan. The worst stock selection was in Australia. Country allocation was a drag on performance and more than offset the positive contribution from stock selection. An underweight in Israel and an overweight in Korea detracted most. Within sectors, stock selection was negative – especially in Consumer Discretionary and Financials. Allocation to sectors was also negative led by an underweight position in Energy.

STYLE DISCUSSION

For the last few years, our core investment style has had a difficult time outperforming as one of our key factor categories, Value, has not worked well. September 15, 2018 marked the 10th anniversary of Lehman Brothers’ bankruptcy filing, which set the global financial crisis in motion. Developed markets bottomed in March 2009 and the value style worked well immediately following the crash through the end of 2009. Since then, the growth investment style has been more dominant over most five-year rolling periods (see Figure 2). The value style has worked intermittently but it has not been sustained for

FIGURE 2:
DIFFERENCE IN ANNUALIZED
5-YEAR ROLLING RETURNS
 FROM JANUARY 1, 1999 -
 SEPTEMBER 30, 2018 FOR
 DEVELOPED MARKET SMALL
 AND LARGE CAP GROWTH VS.
 VALUE INDICES

SOURCE: LMCG INVESTMENTS
 AND MSCI



Index returns are published returns.

any length of time and the magnitude has been much smaller than what we saw in the five-year rolling periods ending in December 2003-2006 for MSCI EAFE-Small Cap (SC). Given the last several years of lackluster results, the efficacy of a value investment style has been challenged. As a proxy for these styles, we compare Value and Growth index

¹ I.e., stocks that tend to move more than the broad market in either direction

performance for MSCI EAFE-SC compared to MSCI EAFE. We calculated five-year rolling returns starting from January 1, 1999 through September 30, 2018 in order to capture the tech bubble, the financial crisis and the aftermath. In Figure 2 below, the blue bars represent the five-year rolling returns for the MSCI EAFE-SC Growth Index minus the MSCI EAFE-SC Value Index. The gray bars show the same calculation for the MSCI EAFE Growth versus the MSCI EAFE Value Indexes. The MSCI EAFE-SC Value index beat the MSCI EAFE-SC Growth index in every rolling five-year period up until December 31, 2009 and until December 31, 2008 for MSCI EAFE. More recently, Growth indices have outperformed Value indices in large cap developed markets but it was less consistent in small cap. In 2018, there is a jump in the five-year rolling return difference between the Growth and Value indices in both small and large cap developed market stocks. We believe this larger spread between growth and value in the MSCI EAFE-SC has made it more difficult for our core approach, which combines elements of value and growth, to add value.

OUTLOOK

We expect continued volatility as negotiations on trade tariffs between the US and China continue. So far this year, investors in developed markets have been more focused on macro news events rather than company fundamentals, which is a difficult environment for an active strategy such as ours. In this environment, investors have preferred stocks that have positive earnings growth and good performance versus their peers compared to cheapness, which is considered more risky. Our more growth-oriented factors have worked better and have been able to partially offset our *Value* factors, which have not worked on average year-to-date. This quarter, *Value* did work a bit better and we are hopeful this trend will continue.

Despite the recent preference for the Growth style, we still believe that valuation has a place in our investment process and maintain that Value and Growth styles can have periods of outperformance or underperformance, but eventually they reverse or converge so that the return differences are not as large. We continue to employ a balanced approach with respect to our major stock selection components: *Value*, *Market Dynamics* and *Quality*. We believe it is important to invest in stocks with good valuations that also have a catalyst such as *Estimate Revision* or *Price Momentum*.

STRATEGY

Our investment philosophy is based on a bottom-up quantitative approach to investing. We believe inefficiencies in the market create opportunities and a quantitative process is well-suited to capture these inefficiencies and outperform. Our stock selection model groups factors into three major categories: *Market Dynamics*, *Value* and *Quality*. Our *Market Dynamic* factors are designed to exploit short-term trends as we believe investors under react in the short term. Our *Value* factors are intended to capture mean reversion as investors tend to overreact in the longer term.

NET PERFORMANCE AS OF 9/30/18	Q3 2018	YTD 2018	ONE YEAR	THREE YEAR*	FIVE YEAR*	SINCE INCEPTION**
LMCG INTERNATIONAL SMALL CAP FUND INSTITUTIONAL SHARES (ISMIX)	-1.29%	-4.37%	0.95%	10.11%	9.28%	11.97%
LMCG INTERNATIONAL SMALL CAP FUND INVESTOR SHARES (ISMRX)	-1.37%	-4.53%	0.72%	9.87%	9.13%	11.88%
MSCI EAFE SMALL CAP INDEX	-0.88%	-2.19%	3.73%	12.39%	7.96%	10.64%

+ Annualized. * Inception: 8/26/2010. The Fund has adopted the historical performance of LMCG International Small Cap Collective Fund, a separate collective investment fund of LMCG Collective Trust (the "Predecessor Fund") managed by LMCG Investments, LLC as the result of a reorganization in which the Fund acquired all of the assets, subject to liabilities, of the Predecessor Fund, effective as of the close of business on April 1, 2016. The returns presented for the Fund prior to this date reflect the performance of the Predecessor Fund. The Predecessor Fund commenced operations on August 26, 2010. The Predecessor Fund was not registered as an investment company under the Investment Company Act of 1940, and therefore the Predecessor Fund was not subject to certain investment limitations, diversification requirements, liquidity requirements, and other restrictions imposed by the Investment Company Act of 1940 and the Internal Revenue Code of 1986 which, if applicable, may have adversely affected its performance. The Predecessor Fund had an investment objective and strategies that were, in all material respects, equivalent to those of the Fund.

The Fund's performance for periods prior to the commencement of operations is that of the Predecessor Fund and is based on calculations that are different from the standardized method of calculations adopted by the Securities and Exchange Commission (the "SEC"). The performance of the Predecessor Fund was calculated net of the Predecessor Fund's fees and expenses. The performance of the Predecessor Fund is not the performance information of the Fund, and has not been restated to reflect the fees, estimated expenses and fee waivers and/or expense limitations of the Fund. If the performance of the Predecessor Fund had been restated to reflect the applicable fees and expenses of the Fund, the performance may have been higher or lower than the performance shown.

Performance data provided represents past performance. Past performance does not guarantee future results. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. For current month-end performance call 1-877-591-4667. See prospectus for other fees and expenses that apply to a continued investment in the Fund. Fees (Institutional Shares ISMIX/Investor Shares ISMRX): Gross Expense Ratio 2.09%/5.02% equal to the Fund's total annual operating expense before reimbursement as set forth in the Fund's most recent prospectus dated August 1, 2018. Net Expense Ratio 0.86%/1.11% reflects the reduction of expenses from fee reimbursements. LMCG Investments, LLC (the "Adviser") has contractually agreed to waive its fee and/or reimburse Fund expenses to limit Total Annual Fund Operating Expenses (Institutional Shares ISMIX/Investor Shares ISMRX) to 0.85%/1.10% through July 31, 2019 ("Expense Cap"), excluding all taxes, interest, portfolio transaction expenses, dividend and interest expenses on short sales, acquired fund fees and expenses, proxy expenses and extraordinary expenses. It is the Adviser's intention to maintain the Expense Cap indefinitely. The Expense Cap may only be raised or eliminated with the consent of the Board of Trustees. Elimination of the Expense Cap at current asset levels will result in higher expenses and lower performance. Performance includes operating expenses and reinvested distributions. Index returns assume reinvestment of all distributions and do not reflect fees or expenses. It is not possible to invest directly in an index. The MSCI EAFE Small Cap Index is a free float-adjusted market capitalization weighted index that is designed to measure developed market equity performance of small cap stocks in European, Australasian and Far Eastern Markets.

IMPORTANT RISKS & INVESTMENT CONSIDERATIONS

Beta Beta represents the systematic risk of a portfolio and measures its sensitivity to a benchmark. A beta of 1 implies that you can expect movement of a manager's return series to match that of the benchmark used to measure beta.

Equity Risk The Fund's equity holdings, including common stocks, may decline in value. The value of a security may decline for a number of reasons, which are detailed in the prospectus.

Foreign & Emerging Markets Investing Risks As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to potential for greater economic and political instability in less developed countries.

Market Events Risk Turbulence in the financial markets and reduced liquidity in equity, credit and fixed-income markets may negatively affect issuers, which could adversely affect the Fund.

Small Cap Risk The Fund's investments in small capitalization companies may be less liquid and their securities' prices may fluctuate more than those of larger, more established companies.

Price to Book Ratio (P/B Ratio) A ratio used to compare a stock's market value to its book value.

Price to Equity Ratio (P/E Ratio) The ratio of a company's share price to its per-share earnings.

Return on Equity (ROE) A measure of profitability that calculates how many dollars of profit a company generates with each dollar of shareholders' equity.

There can be no guarantee that any strategy (risk management or otherwise) will be successful. All investing involves risk, including the potential loss of principal.

Investors should consider the investment objectives, risks, and charges and expenses of the Fund carefully before investing. The prospectus and SAI contain this and other information about the Fund. You may obtain a prospectus and SAI by calling (877) 591-4667. The prospectus should be read carefully before investing.

FUND ADVISER
LMCG INVESTMENTS, LLC.

DISTRIBUTOR
FORESIDE FUND SERVICES, LLC | MEMBER FINRA