GMC

GLOBAL
MULTICAP FUND
GMCIX | GMCRX

LMCG FUNDS

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as of December 31, 2018

Global MultiCap Fund Quarterly Commentary

FUND OVERVIEW

The LMCG Global MultiCap Fund seeks to deliver long-term capital appreciation by investing primarily in a portfolio of domestic, international and emerging market equity securities of companies of any market capitalization.

MARKET AND PORTFOLIO HIGHLIGHTS FOR THE QUARTER

- The MSCI ACWI IMI benchmark fell 13.28% for the quarter and declined 10.08% for full year 2018. GMCIX lagged in the fourth quarter (-15.02%) as bank stocks and US small cap stocks sold off sharply in December. For the year, the Fund declined 12.67%.

- The Russell 1000 Index measuring US Large Cap stocks fell 13.82% in the fourth quarter taking down the 2018 return to -4.78%. US small and mid-cap stocks lagged in the fourth quarter and the year. Small cap growth stocks were the most significant underperformers of the fourth quarter of all major equity asset classes, dropping 21.65% as measured by the Russell 2000 Growth Index.

- Our increased "late cycle" positioning in value and quality produced mixed results in the market selloff. Value stocks provided some defense late in the quarter, but far below expectations. Quality dividend growth securities held up well. Security selection within US SMID cap stocks continued to struggle in our value area – while security selection in the SMID growth area turned around and was a positive contributor for the quarter and the year.

- Emerging markets posted the best fourth quarter returns, but the MSCI Emerging Markets Index still declined 7.47%. Our shift to overweight in September in emerging markets was a positive contributor to our performance for the quarter.

- Energy and banking stocks declined along with the price of oil and treasury bond yields and were among the worst performing sectors. Utilities posted the only positive sector return.

- Large technology stocks sold off sharply as Amazon, Apple and Facebook lost more the 20% for the quarter. Apple fell nearly 30% as it ended the year warning of significant slowdown of sales in China.

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.

THE LONG VIEW ON INTERNATIONAL

The foundation of our approach to investing in international equities is a valuation discipline that assumes global companies, regardless of the domicile of their headquarters, should have a long-term fair value that is directly related to their earnings potential.

GMCIX has historically had a range of roughly 20-40% non US equities. While most global benchmarks, including the MSCI All Country World Index, have averaged closer to 50% non-US equities, we felt a US overweight vs. the Index was appropriate for most individual investors in the United States who would naturally be biased towards domestic markets. We published a piece last year regarding the long-term debate among researchers about better approaches to global weights than capitalization.

Year	MSCI ACWI Ex USA minus S&P 500 Index
2001	-7.8%
2002	7.2%
2003	12.1%
2004	10.0%
2005	11.7%
2006	10.9%
2007	11.2%
2008	-8.5%
2009	15.0%
2010	-3.9%
2011	-15.8%
2012	0.8%
2013	-17.1%
2014	-17.6%
2015	-7.0%
2016	-7.5%
2017	5.4%
2018	-9.5%

Sources: MSCI, FactSet

What was impossible to know was just how long the current stretch of wide performance variation between the US market and the rest of the world would last. The table to the left shows that the annual performance differential between the US and non-US equity markets has historically been significant. The six-year period beginning in 2002 witnessed an enormous advantage for non-US markets. 2011–2014 favored the US for the most part, but that advantage declined in 2015 and 2016 and by 2017 we believed a long cycle of correction was underway as foreign stocks strengthened and outperformed. However, we did not anticipate the reversal that came in the run up to and passing of the (unfinanced) US tax cut in late 2017. This gave an enormous boost to US growth stocks and, in particular, the giants of US technology/communication services. In spite of a reversal in the fourth quarter of 2018, the full year posted another large gap between US and non-US stocks.

This extraordinary period from 2013–2018 was partially due to a solid and steady recovery in the United States economy following the financial crisis. Previous cycles saw non-US equities follow suit. But by the end of 2014, valuation of US large cap equities began to run away from developed and emerging markets, leading to a huge premium that we still see today.

In the fourth quarter of 2018, two things happened that gave us comfort that foreign stock exposure might soon resume its dominance. First, emerging markets provided a measure of protection on the downside. The MSCI Emerging Markets Index declined 7.47% while the S&P 500 Index fell 13.52%. Second, the problem with the S&P 500 Index concentration in Technology/Communications stocks (the "FAANG"[1] issue) was exposed by the dramatic 29% decline in shares of Apple and the 25% decline in Amazon during the fourth quarter.

We believe this is only the early stages of catch-up for foreign equities. The key issue regarding the tax cut that we believe was directly responsible for extending the outperformance of US large cap equities is that it was not financed by reduction in government spending. Already the US debt levels are far higher than the rest of the world, and the trade deficit with key partners is widening along with the budget deficit.

[1] FAANG stocks are a group of companies made up of Facebook, Apple, Amazon, Netflix and Google (Alphabet is the holding company).

STRATEGY REVIEW – VALUATION DISCIPLINES AND RISK MANAGEMENT

We've been stressing late business cycle risk management decisions in 2018.
Shifting gradually towards value in US Large and Small Cap, building in quality, capping FAANG stocks and refining our value tilt in non-US Equities have all been a part of that larger strategy. We have not been afraid of underperforming the growth market in 2018, given soaring valuations among technology stocks.

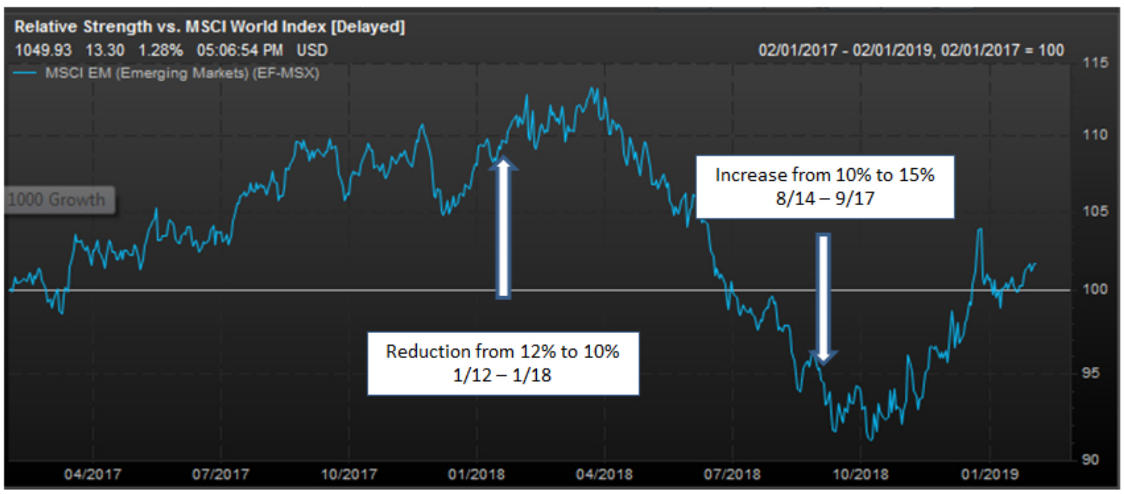
Adhering to valuation disciplines has been constructive.
First, emerging markets have given us a good chance to highlight our valuation discipline. Exaggerated swings in valuation resulting from changing perceptions of interest rate direction and watershed political events made for our most profitable shift out of, and then back into, emerging markets.

In GMCIX, we sold our emerging markets weight down from 12% to 10% in mid-January. We bought back in after a big reversal, at first in mid-August, and finally to our current target of 15% in mid-September. As the chart below demonstrates, our valuation discipline has been constructive in helping us identify appropriate buy and sell phases.

EMERGING MARKETS TARGET SHIFTS 2018

MSCI EMERGING MARKETS INDEX VS. MSCI WORLD INDEX (EX-EMERGING MARKETS)

SOURCE: FACTSET



Balancing interest rate risk.
By keeping a full position in bank stocks even after we reduced our holdings in August, we were positioned to perform well in that dire scenario. Happily, the opposite happened, and banks stocks lagged as interest rates on US Treasuries, inflation expectations and oil prices all fell. By building in a position in quality dividend stocks earlier in 2018, we established stock positions in solid companies that would be consistent for our long-term growth objective, but that should appreciate as interest rates fell. Historically, emerging markets have benfited from falling rates.

GMCIX positioning relative to its benchmark is shown below.

ASSET ALLOCATION

AS OF 12/31/18
SOURCES: FACTSET, LMCG INVESTMENTS

Asset Class	Relative Positioning*	Q4 2018 Index Performance^
US Large Cap (Russell 1000)	Underweight	-13.8%
US Small/Mid Value (Russell 2500 Value)	Overweight	-17.1%
US Small/Mid Growth (Russell 2500 Growth)	Overweight	-20.1%
Non-US Large Cap (MSCI EAFE)	Underweight	-12.5%
Non-US Small Cap (MSCI EAFE Small Cap)	Underweight	-16.1%
Emerging Markets (MSCI Emerging Markets)	Overweight	-7.5%

**Asset Allocation decisions in the LMCG Global MultiCap Fund are subject to change over time.*

The Russell 1000 Index consists of the largest 1000 companies in the Russell 3000 Index. Russell 2500 Value Index measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values. Russell 2500 Growth Index measures the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values. The MSCI EAFE Index is a free-float weighted equity index. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East. The MSCI Developed Markets Small Cap Index offers an exhaustive representation of this size segment by targeting companies that are in the Investable Market Index but not in the Standard Index in a particular developed market. The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. An investor cannot invest directly in an index. Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. 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.

OUTLOOK

2019 has started out with a very welcome rebound in global equity markets. Whether this rebound "has legs," of course, remains to be seen. We think there will be continued volatility due to many cross currents affecting the capital markets – the trade/tariff picture, increasing interest rates and an unclear direction for the Brexit initiative, to name a few. We are also now in the middle of the longest government shutdown, which will have some ramifications for GDP growth. We appear to be in the latter stages of the global economic cycle – with some regions/countries further along than others. While we do not foresee a US recession in 2019 or early 2020, there is certainly the potential for one in the not-too-distant future. But 2019 company earnings growth forecasts remain healthy (if a bit weaker than 2018), and the Federal Reserve Bank appears to be striking a somewhat more dovish tone with regard to interest rate hikes. Hopefully, this will contribute to a (continued) healthy economic backdrop.

Our strategy in this environment is to remain vigilant regarding risk management in the Fund – managing/limiting its technology stock exposure, incorporating dividend growers as a defensive hedge and biasing the portfolio towards the lower p/e area (value) to provide some downside protection. Our goal continues to be to deliver core-like equity returns to the Fund's investors while carefully monitoring (and mitigating) portfolio risk. Please reach out to us if you should have any questions.

NET PERFORMANCE AS OF 12/31/18	Q4 2018	ONE YEAR	THREE YEAR+	FIVE YEAR+	SINCE INCEPTION+*
LMCG GLOBAL MULTICAP FUND INSTITUTIONAL SHARES (GMCIX)	-15.02%	-12.67%	5.67%	3.46%	4.88%
LMCG GLOBAL MULTICAP FUND INVESTOR SHARES (GMCRX)	-15.10%	-12.82%	5.44%	3.28%	4.71%
MSCI ALL COUNTRY WORLD INVESTABLE MARKET INDEX	-13.28%	-10.08%	6.49%	4.17%	5.44%

*+Annualized; *Inception: 9/11/2013. 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 GMCIX/Investor Shares GMCRX): Gross Expense Ratio 13.52% / 41.73% 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 0.71% / 0.96% 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 GMCIX/Investor Shares GMCRX) to 0.70% / 0.95 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 ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.*

IMPORTANT RISKS & INVESTMENT CONSIDERATIONS

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 Investments Risk *Foreign investments may be subject to the same risks as domestic investments and to additional risks which include international trade, currency, political, regulatory and diplomatic risks, which may affect their value.*

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.*

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.

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