

Strategy Facts

Portfolio Manager: Ajoy Reddi

Inception: December 31, 2015

Index: MSCI All Country World ex USA Small Cap

Available Vehicles: Separate Account, Collective Trust

Strategy AUM: \$65MM

Firm AUM: \$3.8B

Website: www.castleark.com/international-small-cap/

Investment Philosophy

We believe that **accelerating growth in revenue and earnings** are the primary drivers of stock price appreciation over the long term, and that **opportunities in inefficient markets** can be realized by identifying and exploiting **key inflection points** in a company's fundamentals.

Portfolio Characteristics

	CastleArk	Index
# of Securities	72	4,318
Weighted Avg Market Cap (\$MM)	\$3,586	\$2,369
Median Market Cap (\$MM)	\$2,236	\$895
Historical Sales Growth	2.4	1.0
Historical EPS Growth	25.8	11.3
EPS Growth - Long Term Forward	25.3	15.4
Return on Capital	8.8%	6.4%
Return on Equity	0.9%	2.4%
Price to Earnings (Trailing 12M)	29.3	14.9
Price to Earnings (Forward 12M)	9.2	4.4
Price to Book	4.31	1.55
Dividend Yield	0.9%	2.4%
Active Share	0.97	-

Investment Strategy



An investment process that emphasizes a company's **long-term growth potential** over the market's demand for short term results.



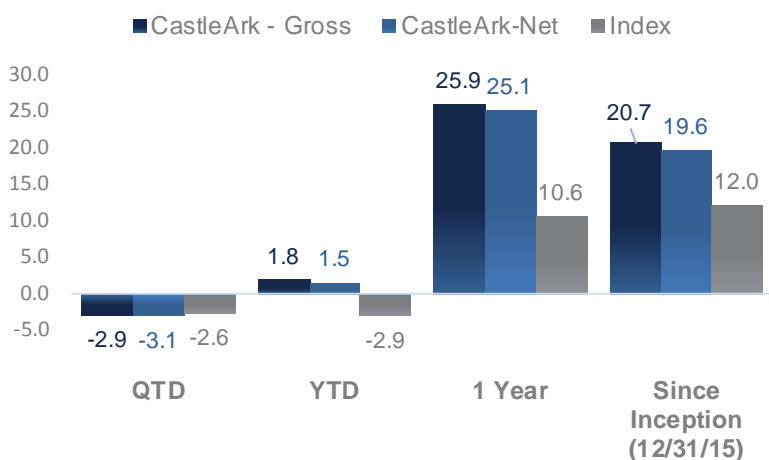
A **holistic approach** to growth investing that seeks to identify attractive opportunities, using **both traditional and non-traditional** sources of information



A proven **institutional money manager** with a long-term record of **growth** investing in capacity constrained asset classes.

Composite Performance

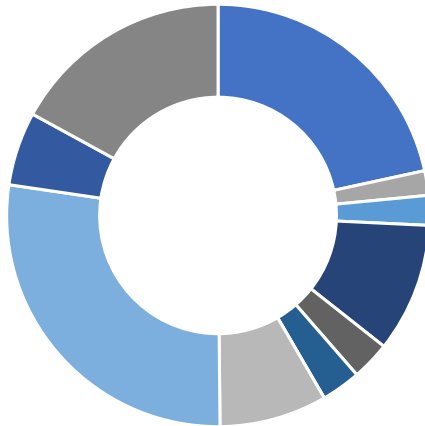
(Periods greater than 1-year are annualized)



Top 10 Positions

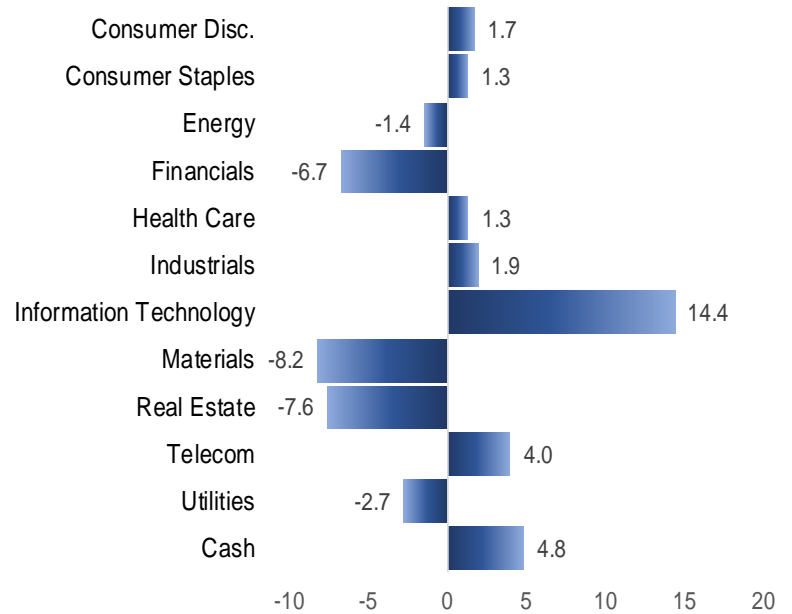
Security	Weight
Ambu A/S Class B	2.40%
DNA Plc	2.17%
a2 Milk Company Ltd.	2.07%
Open House Co., Ltd.	2.04%
Fevertree Drinks PLC	1.93%
Smart Metering Systems PLC	1.91%
Cellnex Telecom SA	1.85%
Evolution Gaming Group AB	1.82%
Benefit One Inc.	1.72%
Harmonic Drive Systems Inc.	1.72%

Portfolio Exposure by Sector

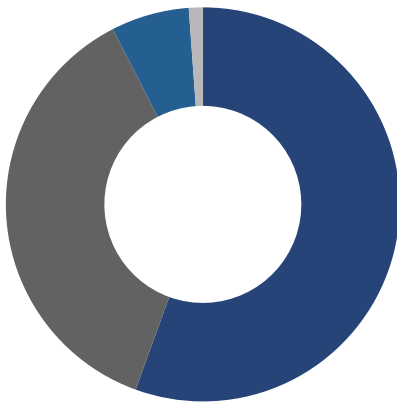


21.2% - Industrials	1.9% - Energy
3.9% - Financials	9.0% - Health Care
2.7% - Materials	2.5% - Real Estate
0.0% - Utilities	8.0% - Consumer Staples
26.5% - Information Technology	5.1% - Telecom
16.7% - Consumer Disc.	

Sector Allocation vs. Index

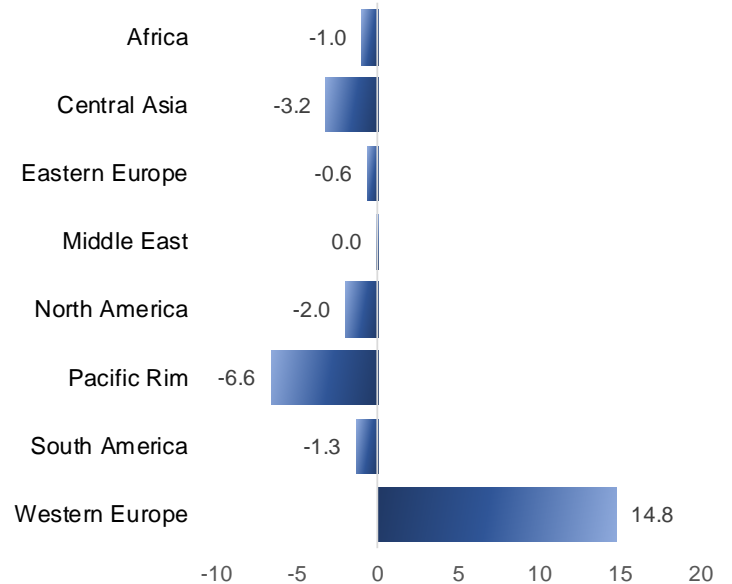


Portfolio Exposure by Region



0.0% - Africa	0.0% - Central Asia
0.0% - South America	55.5% - Western Europe
36.9% - Pacific Rim	6.4% - North America
0.0% - Eastern Europe	1.1% - Middle East

Regional Allocation vs. Index



Portfolio Exposure by Country

	CastleArk	Index		CastleArk	Index		CastleArk	Index
Belgium	1.51	1.34	Germany	11.94	4.27	New Zealand	2.12	0.65
Canada	1.88	7.01	Israel	2.20	0.80	South Korea	0.79	3.73
China	2.78	0.44	Italy	2.91	2.64	Spain	3.42	1.95
Denmark	2.46	1.34	Japan	26.60	22.66	Sweden	3.24	3.73
Finland	2.22	1.09	Malaysia	1.10	0.66	United Kingdom	24.77	13.77
France	3.21	2.73	Netherlands	3.74	2.06	Emerging Total	5.64	13.32

Commentary

Performance Update

The CastleArk International Small Cap Equity strategy underperformed the MSCI AC World ex US Small Cap Index in the second quarter, returning -2.90% (gross) and -3.06% (net) vs. -2.60% for the Index. Year-to-date, the International Small Cap Equity outperformed with returns of +1.81% (gross) and +1.49% (net) compared to -2.94% for the Index.

Market and Portfolio Review

International markets suffered in the second quarter. Geopolitics, monetary policy, and concerning macroeconomic data exacerbated the volatility that disrupted markets in the first quarter. Since the end of May, international markets have seen significant underperformance relative to the United States. While the US benefits from fiscal stimulus and a deregulatory drive, a stronger dollar and tighter monetary policy from the Federal Reserve have had adverse consequences for risk assets outside the US, particularly in emerging markets. Weak investment data from China and soft PMIs in Europe and Korea have lowered sentiment among investors, translating into collapsing forward PE ratios.

The biggest story for markets is the trade confrontation with China and others. So far, tariffs enacted come to about 7% of US imports, mainly steel and aluminum as well as \$34 billion in goods from China. More worrisome is the \$800 billion of imports, or 33% of US imports, that have been targeted for further tariffs, mainly goods from China but also automobiles from around the world, including the European Union. Global trade has already begun to slow, boding ill for export-oriented economies. The rhetoric is harsh and the final effects are highly uncertain, a combination that lends itself to significant volatility across global equity markets.

While the macroeconomic backdrop remains concerning, volatility creates opportunity for the stock picker. As fundamental, bottom-up investors we continue to focus on finding quality growth companies irrespective of geography or sector. Exemplifying this, our top five positive return contributors are very different businesses. One such position is GDS Holdings a Chinese owner-operator of data centers. Strong demand for cloud capacity has led internet players

like Alibaba and Tencent to invest massive sums into data centers translating into high growth for their preferred partner, GDS. Ambu, a Danish medical device company, manufactures disposable endoscopes to help alleviate concerns around communicable diseases in hospitals and provide superior economics as governments and payers continue their drive to lower healthcare costs around the world. Other positions of note, included Ubisoft, a French video game developer benefiting from increased spending by players in-game, and Fevertree, a British producer of premium drink mixers that has created and rapidly grown a new category in beverages. Overall, consumer discretionary, healthcare, and information technology were our best performing sectors, with the positive differential driven largely by stock selection.

In contrast to the dispersion in our top performers, our bottom performers were technology companies and technology-related industrials. Investors have extrapolated weakness in the smartphone market and its supply chain into the rest of the semiconductor industry. This has led to the underperformance in our semiconductor capital equipment stocks like BE Semiconductor and Aixtron, as well as Daifuku and Harmonic Drive Systems, industrial names both with large exposure to semiconductor production. But our interactions with management teams from across the semiconductor value chain tell a different story. Broader and deeper demand drivers, like automotive and the Internet of Things, should sustain industry growth for the foreseeable future. Energy was our worst performing sector driven by a 170 basis point average underweight as the sector rallied almost 11% on the back of higher oil prices while industrials, for reasons highlighted above also contributed to underperformance. As a consequence of where we have found the most compelling opportunities we remain overweight Japan, the United Kingdom, and Germany while underweight emerging markets.

Marketing Contacts

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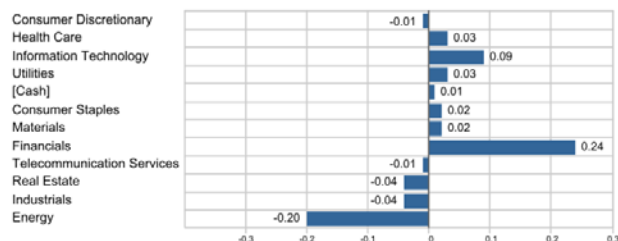
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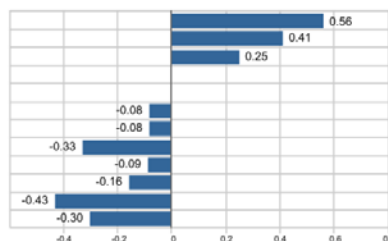
Attribution – 2Q 2018

	Portfolio			Benchmark			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Total	100.00	-2.34	-2.34	100.00	-2.22	-2.22	--	-0.12	-0.12	0.15	-0.27	-0.12
Consumer Discretionary	17.18	0.62	0.06	15.45	-2.82	-0.43	1.73	3.44	0.48	-0.01	0.56	0.55
Health Care	8.90	3.19	0.26	7.57	-1.26	-0.09	1.33	4.45	0.35	0.03	0.41	0.44
Information Technology	26.37	-0.19	-0.15	12.09	-1.17	-0.16	14.28	0.98	0.01	0.09	0.25	0.34
Utilities	--	--	--	2.73	-3.40	-0.09	-2.73	3.40	0.09	0.03	--	0.03
[Cash]	2.85	0.19	0.01	--	--	--	2.85	0.19	0.01	0.01	--	0.01
Consumer Staples	8.00	-1.70	-0.12	6.66	-0.55	-0.03	1.34	-1.15	-0.08	0.02	-0.08	-0.06
Materials	2.63	-5.80	-0.16	10.88	-2.62	-0.28	-8.24	-3.18	0.11	0.02	-0.08	-0.06
Financials	2.57	-16.68	-0.46	10.75	-5.21	-0.55	-8.18	-11.47	0.09	0.24	-0.33	-0.09
Telecommunication Services	5.22	-4.37	-0.22	1.15	-2.24	-0.03	4.07	-2.14	-0.20	-0.01	-0.09	-0.10
Real Estate	2.90	-7.38	-0.21	9.86	-1.69	-0.16	-6.97	-5.70	-0.04	-0.04	-0.16	-0.20
Industrials	21.45	-6.03	-1.26	19.24	-3.89	-0.76	2.21	-2.15	-0.49	-0.04	-0.43	-0.47
Energy	1.94	-5.66	-0.09	3.63	10.87	0.35	-1.69	-16.53	-0.45	-0.20	-0.30	-0.50

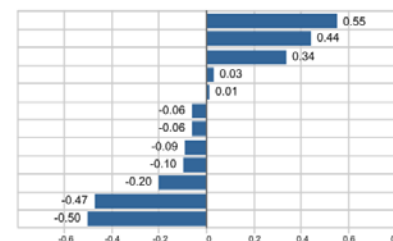
Allocation Effect



Selection Effect



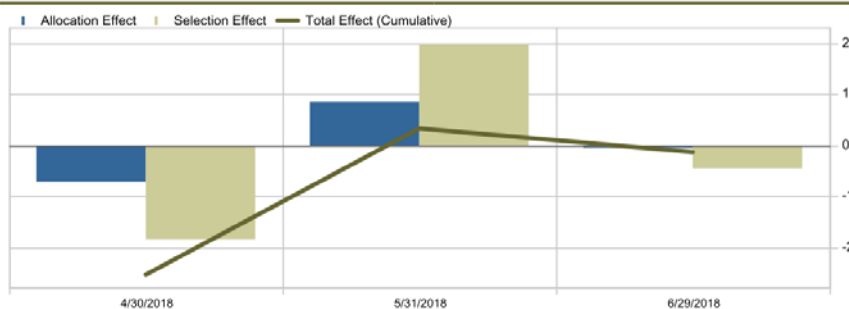
Total Effect



Top/Bottom Active Contributors

	Active Weight	Total Return	Active Contribution
Top 5	8.05		2.62
GDS Holdings Ltd. Sponsored AD...	2.04	46.05	0.85
Ambu A/S Class B	1.89	49.85	0.77
Huazhu Group Limited Sponsored...	1.30	27.52	0.39
Ubisoft Entertainment SA	1.26	30.21	0.30
Fevertree Drinks PLC	1.56	21.56	0.30
Bottom 5	7.74		-2.86
BE Semiconductor Industries N...	1.33	-42.72	-0.70
V-Technology Co., Ltd.	1.58	-35.42	-0.65
AIXTRON SE	1.44	-32.77	-0.53
Daifuku Co., Ltd.	1.90	-24.69	-0.50
Sodick Co., Ltd.	1.49	-28.24	-0.47

Attribution Over Time



Generated by FactSet Research Systems, Inc.

Disclosures and Footnotes

Performance reflects reinvestment of all income and capital gains and is shown in US dollars and after the deduction of transaction costs. Performance is shown gross and net of actual management fees charged. Actual investment advisory fees incurred by clients may vary. Performance during certain periods reflect strong stock market performance that is not typical and may not be repeated. Investing in foreign markets has additional risks in addition to those of domestic investments. These include currency fluctuations relative to the US dollar, liquidity risk, emerging market risk and regulatory and geo political risks. Additional information on the calculation methodologies used herein is available upon request.