

## First Quarter Performance Review

**Performance.** The performance of our small cap growth composite, gross of fees, for the quarter ended March 31, 2018 was 2.08%. For longer term performance, please see “Performance.”

**Attribution.** After a several year hiatus, volatility in the equity markets roared back to life during the first quarter as investors reacted to countervailing forces – significant tax cuts, positive earnings revisions, fluctuating interest rates, tariffs and trade war tensions, and a mega-cap technology sell off. For the quarter, growth stocks significantly outperformed value stocks despite the technology sell off in March. Our stock selection in the portfolio was overall positive with strong selection in industrials, technology, financials and energy being offset somewhat by selection in materials and consumer discretionary. However, the negative effect of our sector weights more than offset positive stock selection because of the portfolio’s underweight to healthcare and overweight to energy.

The top contributor to the portfolio for the quarter was MuleSoft, which offers a platform allowing customers to connect diverse software applications relating to data, cloud-based solutions, mobile devices and networks. The company went public in March 2017 and announced its sale to Salesforce in February 2018. Another strong contributor during the quarter was Altair Engineering, which develops engineering simulation software designed to improve product design and development as well as reduce product testing costs. The stock reacted positively to reported earnings that exceeded expectations for the recent quarter. Lastly, On Assignment, which provides temporary staffing for various information technology and engineering sectors, had a positive earnings report driven by strong economic growth and labor scarcity over the last several quarters.

The largest detractor to performance for the first quarter was Ferroglobe, a manufacturer of silicon-based metals used by a wide variety of chemical, aluminum and steel manufacturers. Our investment thesis was predicated on positive price trends for the company’s products, which was placed in jeopardy after a surprisingly adverse ruling by the U.S. International Trade Commission, which rejected a recommendation by the U.S. Department of Commerce to place duties on competing imports. We continue to evaluate the company’s prospects under the current pricing environment and hold the position. Another detractor to performance was Coherent, which is no longer held in the portfolio. The company produces laser-based technologies and tools used in a range of scientific, commercial and industrial applications. The stock sold off on disappointing sales projections for the iPhone X, which reduced expectations for growth of OLED screens made using the company’s laser tools.

## TCM SMALL CAP GROWTH

March 31, 2018

### Tygh Capital Management

- Independent, employee-owned firm
- All investment professionals have equity
- All employees invested in the firm’s mutual funds

### Investment Philosophy and Process

- Investment Objective — outperform the Russell 2000 Growth Index by investing in companies with market capitalizations generally between \$100 million and \$2 billion at the time of purchase
- Intensive bottom-up fundamental research drives stock selection
- A focus on identifying stocks with superior revenue and earnings growth for at least the next 2 years, sustainable valuations, and a 20% upside to price target over a 12 month time horizon
- A diversified portfolio of 90-110 stocks, with maximum position size of 4%
- An effective sell discipline that forces review by the investment team of under-performing stocks

### Investment Team

#### Richard J. Johnson, CFA

BA, Geology, Occidental College, 1980  
MBA, Anderson Graduate School of UCLA, 1990  
28 years of investment experience

#### Mitchell S. Brivic, CFA

BA, Finance and Marketing, Baylor University, 1989  
MBA, The Wharton School, 1995  
23 years of investment experience

#### Michael C. Coyne, CFA

BA, Engineering Science, Dartmouth College, 1997  
MBA, Anderson Graduate School of UCLA, 2005  
20 years of investment experience

#### Dayton E. Rodegerdts, CFA

BS, Engineering and Mathematics (minor),  
Trinity University, 1998  
20 years of investment experience

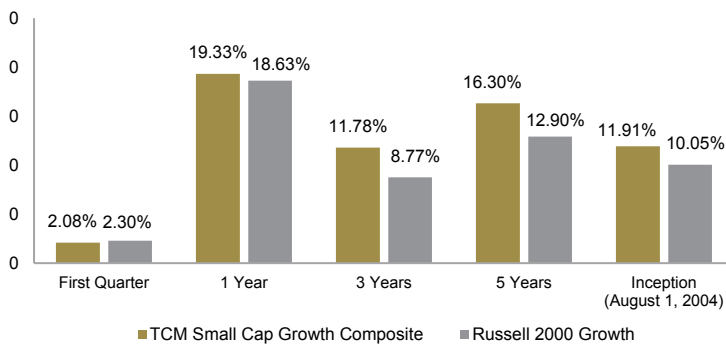
#### Scott W. Haugan, CFA

BS, Business, Montana State University, 1999  
18 years of investment experience

#### Thomas R. Abernethy

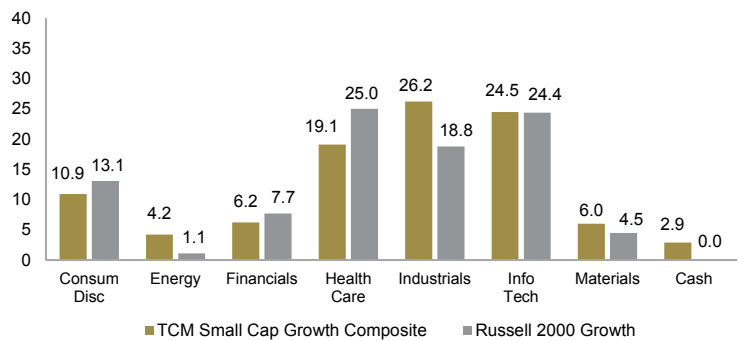
BA, Denison University, 1989  
28 years of investment experience

**Performance (as of March 31, 2018)**



Composite performance is gross of fees. See Performance Disclosure below. Periods over one year are annualized.

**Sector Allocation (%)**



Sector allocations for the TCM Small Cap Growth Composite reflect a representative portfolio and are subject to change at any time.

**Portfolio Characteristics**

Number of Holdings	92
Weighted Average Market Cap.	\$3.2B
Weighted Median Market Cap.	\$2.2B
Forward P/E	20.8x
Long-Term Future Growth Rate	17.8%
Price to Book	3.1x
Forward P/E/LT Growth Rate	1.2x

**Top Holdings (% of net assets)**

MasTec	2.85%
H&E Equipment Services	2.70%
Kinsale Capital Group	2.54%
On Assignment	2.23%
Bio-Techne Corporation	2.13%
Cavco Industries	2.07%
Altair Engineering	1.92%
Western Alliance Bancorporation	1.70%
Rudolph Technologies	1.69%
Summit Materials	1.66%

Holdings are subject to change and are not recommendations to buy or sell any security.

**TCM Small Cap Growth Composite - Performance Disclosure**

Year End	Total Firm Assets (mil.)	Composite Assets		Annual Performance Results				Composite 3-Yr Standard Deviation	Benchmark 3-Yr Standard Deviation
		USD (mil.)	Number of Accounts	Gross	Net	Russell 2000 Growth	Dispersion		
2017	543	543	7	25.90%	24.79%	22.17%	0.17%	12.93%	14.59%
2016	414	413	7	16.96%	15.90%	11.32%	0.24%	15.21%	16.67%
2015	368	367	7	-0.05%	-0.97%	-1.38%	0.11%	14.48%	14.95%
2014	531	412	7	7.38%	6.43%	5.60%	0.18%	13.58%	13.82%
2013	494	383	4	50.68%	49.31%	43.30%	0.26%	17.02%	17.27%
2012	822	340	6	13.57%	12.57%	14.59%	0.09%	20.43%	20.72%
2011	1,538	658	12	-7.23%	-8.06%	-2.91%	0.10%	22.27%	24.31%
2010	2,863	1,369	41	22.81%	21.72%	29.09%	0.40%	26.01%	27.69%
2009	2,791	1,380	54	28.25%	27.08%	34.47%	0.40%	23.27%	24.84%
2008	2,011	1,076	51	-42.53%	-43.05%	-38.54%	0.32%	21.76%	21.26%
2007	3,574	1,905	51	17.26%	16.22%	7.05%	0.37%	14.55%	14.23%
2006	2,671	1,399	36	19.52%	18.43%	13.35%	0.16%	NA	NA
2005	1,222	828	26	21.60%	20.51%	4.15%	0.13%	NA	NA

TCM Small Cap Growth Composite contains all discretionary, fee paying, equity only accounts that invest primarily in small domestic companies that display above average growth characteristics. For comparison purposes the composite is measured against the Russell 2000 Growth Index, which is an unmanaged index generally considered representative of the market for small cap domestic stocks with higher price-to-book ratios and higher forecasted earnings growth. Index returns reflect the reinvestment of dividends but not the deduction of fees, brokerage commissions or other expenses of investing.

Tygh Capital Management, Inc. ("TCM") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. TCM has been independently verified for the periods August 1, 2004 through December 31, 2017.

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 TCM Small Cap Growth Composite has been examined for the period August 1, 2004 through December 31, 2017. The verification and performance examination reports are available upon request. The composite was created on August 1, 2004.

TCM is an independent investment management firm established in 2004 and registered with the Securities and Exchange Commission. The firm maintains a complete list and description of composites, which is available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are also available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated by deducting a model annual fee of 0.90% applied monthly, which represents the highest fee paid by any client in the composite during the period shown. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for calculating and reporting returns is available upon request. In 4Q 2010, 1Q 2011 and 2Q 2011, 28 related small cap accounts closed representing approximately \$58.5 million in assets. The investment management fee schedule for TCM's small cap growth accounts is 0.90% on the first \$25 million, 0.75% on the next \$25 million, and 0.65% on assets over \$50 million. Actual investment advisory fees incurred by clients may vary.

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not presented for 2005 through 2006 because 36 monthly composite returns were not available.

The above information under Sector Allocation, Portfolio Characteristics and Top Holdings is supplemental information under GIPS. Investing in small cap stocks involves additional risks such as limited liquidity and greater volatility than large cap stocks. For institutional investors only.