

CWSGX

Small Cap Growth Fund Commentary

Q1 2019 Highlights

- The Fund returned 18.39% vs. the Russell 2000 Growth Index return of 17.14% during Q1.
- The top performing sector was Technology, while the largest detractor was the portfolio's cash weighting.

Performance

As of 03.31.2019



Source: Chartwell Investment Partners
*Since Inception (SI) date as 06.16.2017

Macroeconomic Update

The U.S. economy continues to steadily grow at moderate rates, with the Atlanta Federal Reserve estimating first quarter 2019 growth of 2.1%. This follows the US GDP growth of 2.2% in Q4 of 2018. It is worth noting however that the Q4 GDP growth rate was a notable deceleration from the growth seen earlier in the year. There were several issues that led to the deceleration: lower business confidence from trade war concerns; dramatically slower growth in EU and China, and the government shutdown in January. However, the Institute for Supply Management Manufacturing and Non-Manufacturing (services) indices [ISM] registered continuing economic expansion readings.

On the demand side of the economy, consumers remain on solid ground as employment gains continue to be surprisingly healthy. Despite an economic expansion that has lasted over nine years, the monthly employment data indicates that more workers are returning to the workforce. Wage growth continues to steadily improve as well. Concerns in the past of full employment leading to rampant wage inflation appear to have been overblown. The concerns that arose last quarter about the Federal Reserve continuing to raise interest rates during this recent economic slowdown have faded, as the Fed has signaled that interest rate policies are on hold for now. While the markets now are pricing in a higher probability of interest rate reductions, we are doubtful that will occur. The investor psychology that was overly negative last quarter has been replaced by a more balanced perspective; while US growth is decelerating, that does not necessarily insure an imminent recession.

Q1 2019 Review

The Chartwell Small Cap Growth Fund returned 18.39% as compared to the Russell 2000 Growth Index return of 17.14% for Q1 2019. The strategy significantly outperformed the index in a rebound from the miserable market conditions that were seen in Q4 2018. The drivers behind the recovery was a course correction by the Federal Reserve; the prior policy of interest rate tightening wasn't appropriate given the worldwide economic

slowdown, and the Fed has clearly stated that new the monetary policy is neutral and data dependent. Also confirming the rebound in the quarter were tightening high yield and corporate bond spreads, as well as a healthy IPO market.

The top performing sector compared to the Russell 2000 Growth benchmark was the Technology sector, where strong stock selection led to alpha for the portfolio. It was notable that the market recovery was quite broad, with seven of the ten Russell sectors having returns greater than 15%. As a result, the Consumer Discretionary and Healthcare sectors also enjoyed excellent returns for the quarter. The strategy's stock selection was excellent in those sectors as well. There really wasn't any underperforming sector in Q1. The largest detractor to performance was the portfolio's cash weighting, which averaged 7.5%, which in hindsight was too high.

The strategy's top overall contributor on a relative basis during Q1 2019 was Rapid7 (3.49%)¹, which appreciated 62.4% during the quarter. Rapid7's software helps enterprises assess their vulnerabilities, detect and respond to attacks, and gather and analyze security related data across their network. They reported a phenomenal Q4 2018, with revenues, bookings and earnings easily exceeding expectations. Their guidance for full year 2019 was surprisingly strong as well.

Another strong performer was Roku (1.16%), which returned 110.5% during Q3. While Roku started their business with a streaming player device, now investors are more excited about its operating system that is being licensed out to nearly every TV manufacturer. This operating system allows consumers to easily 'cut the cord', meaning breaking free from incredibly expensive and bulky cable bundles, and through the Roku network, choosing smaller individual packages. It unfortunately is a high beta stock that is prone to violent swings. In Q4 2018, it suffered a -58% return; thankfully we were able to look past the short term negative returns, and actually increased our position on the weakness in late November and December. Our patience and conviction was rewarded with the astounding return in Q1.

¹The numbers in parentheses following each company mentioned reflect the percentage of the average weight of the Fund's net assets comprised of such securities as of 03.31.2019. Holdings percentage is subject to change.

²A basis point or bp represents a unit equal to 1/100th of 1%.

The performance data quoted represents past performance, and is no guarantee of 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 the original cost. Current performance may be lower or higher than the performance data cited. Current month end data is available at www.chartwellip.com. Returns for periods of less than a year are not annualized. Expense ratio is 1.06% Net and 2.16% Gross. Chartwell Investment Partners, LLC has contractually agreed to waive its fees and/or pay expense until one year from the 3/1/19 prospectus to limit Fund expenses.

Q1 2019 Largest Contributors

As of 03.31.2019

Holding	Total Effect
Rapid7 Inc. (RPD)	114 bps ²
Roku, Inc. (ROKU)	75 bps
Amarin Corporation (AMRN)	48 bps
Evolus, Inc. (EOLS)	36 bps
Chart Industries, Inc. (GTLS)	31 bps

Source: FactSet

Q1 2019 Largest Detractors

As of 03.31.2019

Holding	Total Effect
Sprouts Farmers Mkts. (SFM)	-44 bps
ICON Plc (ICLR)	-31 bps
Burlington Stores, Inc. (BURL)	-30 bps
Grand Canyon Edu. (LOPE)	-27 bps
American Eq. Invest. Life (AEL)	-26 bps

Source: FactSet

Small Cap Growth Fund Commentary

Definitions

Russell 2000 Growth Index is an index measuring the performance of approximately 2,000 small-cap companies in the Russell 2000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks.

Alpha is a measure of performance. It gauges the performance of an investment against a market index or benchmark which is considered to represent the market's movement as a whole.

Top 10 Holdings

As of 03/31/2019

Weight %³

Rapid7 Inc.	4.11
Icon Plc	3.12
Insulet Corp.	2.97
On Assignment, Inc.	2.87
ELDorado Resorts Inc.	2.84
Strategic Education Inc.	2.53
PRA Health Sciences Inc.	2.21
Chart Industries Inc.	2.05
RingCentral Inc.	1.96
Amarin Corp.	1.95
Total Top 10	26.61%

Source: Chartwell

Holdings are subject to change at any time. The most current available data regarding portfolio holdings can be found on our website, www.chartwellip.com.

³Percentage based on net assets as of close of business

Q1 2019 Review (cont'd)

The portfolio's largest detractor during Q1 was Sprouts Farmers Markets (1.74%), which decreased 7.7%. Sprouts is a fast-growing national food retailer that is currently in the midst of a national store expansion. However, as it expands to new geographies, its operating margins are being negatively impacted from higher freight costs. In addition, the company is in the midst of an expensive IT investment program. While the company is making the right moves to prepare for its long-term expansion, it unfortunately is having an impact on its near-term earnings growth. Given that the market is focused on short-term earnings growth, and the company will not be reporting earnings growth until the second half of 2020, we have stepped to the sidelines.

Another underperformer was ICON Plc (2.92%), which increased 5.7% in Q1. We believe ICON is a well run clinical research organization [CRO] that has fantastic visibility as it manages multi-year clinical trials for its pharmaceutical and biotech companies. There is a steady realization from the pharma and biotech industry that CROs are more efficient, and can more quickly enroll and execute important clinical trials. As a result, there is a steady outsourcing trend occurring, with CROs such as ICON steadily gaining market share. While the stock underperformed the Russell 2000 Growth index in the past quarter, we are taking a longer term view here, and we believe that the stock will enjoy stronger relative performance for the balance of the year.

Outlook

The strong equity market returns in Q1 rewarded investors that were able to patiently endure the surprising selloff in Q4 2018. The investor psychology has shifted significantly, with most investors now interpreting every datapoint with a 'glass half full' perspective. Given the dramatic psychology swings that we've witnessed over the past year, we are careful to avoid being overly influenced with the most recent data point, or the most recent market swing. Staying objective and unemotional has become critical when making investment decisions.

We continue to find compelling investment opportunities, particularly in the Consumer Discretionary sector. That is currently our largest overweighting in the portfolio. There is not any one specific theme, instead we are finding unique companies that are experiencing exceptional growth. We remain focused on generating alpha and producing the strongest investment results we can for you over the long run. We thank you for your continuing support and investment. Please feel free to call or email us with any feedback or questions about the portfolio.

Manager views expressed herein were current as of the date indicated above and are subject to change. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this commentary.

Index performance data quoted represents past performance and does not guarantee future results. One cannot invest in an index.

Mutual fund investing involves risk, including the potential loss of principal.

The Small Cap Growth Fund invests in foreign securities which involve certain risks such as currency volatility, political and social instability and reduced market liquidity. Growth Securities typically are very sensitive to market movements, particularly over the short term. Small-cap investing involve greater risk not associated with investing in more established companies, such as greater price volatility, business risk and less liquidity. From time to time, the Fund may invest a significant amount of its total assets in certain sectors of the economy, which may be subject to specific risks, like changes in governmental regulation and policy and changes in market sentiment. The Fund invests in ETFs (Exchange Traded Funds) and is therefore subject to the same risks as the underlying securities in which ETFs invest as well as entails higher expenses that if invested into the underlying ETF directly.

You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses of the Fund before investing. The Fund's prospectus contains this and other information about the Fund, and should be read carefully before investing. You may obtain a current copy of the Fund's prospectus by calling 888-995-5505.

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