ICM SMALL COMPANY PORTFOLIO
SECOND QUARTER 2019
JULY 15, 2019

Thanks to a strong June rally, the equity markets recorded solid gains for the second quarter, led by a 4.25% rise in the Russell 1000 Index, which reached record levels. These gains were achieved despite a softening in the U.S. economic data, particularly in the manufacturing sector where a falling Purchasing Manager's Index (PMI) has begun to show that the Administration's trade dispute with China is beginning to hurt business activity. Measures of business and consumer activity have begun to deteriorate as well.

The resilient equity markets contrast starkly with the mood of the U.S. Treasury market, where the yield on the ten year bond continues to plunge further below the Federal Funds Rate, signaling a much weaker economic outlook. Equity investors seem to be betting that the Administration and China will settle their differences and that the Federal Reserve will begin to cut interest rates and thus avert a recession.

As can be seen from the table below, small cap value stocks continued their decade long underperformance of small cap growth shares. As we have pointed out in past letters, this performance gap has reached statistically extreme levels and is likely to revert to the mean over time. In this environment we are pleased to report that the ICM Small Company Portfolio (the "Fund" or the "Portfolio") exceeded its primary benchmark, the Russell 2000® Value Index (the "Benchmark"), with a return of 2.85%.

TOTAL RETURN (%)
PERIODS ENDING 06/30/19

		2nd Quarter 2019					Periods Ending 06/30/19 Annualized				
	2019 1Q	April	May	June	2019 2Q	YTD	1 Year	3 Yrs	5 Yrs	10 Yrs	Since Inception*
ICM Small Co. Portfolio[1]	14.12	4.56	-8.26	7.22	2.85	17.36	-5.84	11.77	7.53	13.46	12.08
Russell 2000® Value Index	11.93	3.78	-8.17	6.37	1.37	13.47	-6.24	9.81	5.39	12.40	10.09
Russell 2000® Index	14.58	3.40	-7.78	7.07	2.10	16.98	-3.31	12.30	7.06	13.45	9.30
Russell 2000® Growth Index	17.14	3.05	-7.42	7.70	2.75	20.36	-0.49	14.69	8.63	14.41	8.10
Russell 1000® Index	14.00	4.04	-6.37	7.02	4.25	18.84	10.02	14.15	10.45	14.77	10.21

[1] The returns shown for the ICM Small Company Portfolio are net of all fees and expenses.
**ICM Small Co. Portfolio inception date is 4/19/1989. Russell data starts on 4/30/1989.*
Total annual Fund operating expenses are 0.93%.
Total returns assume reinvestment of all dividends and capital gains.
The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return 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 and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 1-866-234-5426 or visit our website at www.icomd.com.
Additional disclosures can be found on page 2-3 of this letter.

The Fund's Consumer Discretionary holdings provided the largest source of relative outperformance this quarter, climbing 3.5%, which far outpaced the 5.2% decline for the Benchmark constituents. Auto retailer Group 1 Automotive was a major contributor, gaining 27% versus a 17% decline for the specialty retailing sector as a whole. Despite a North American new car market that has peaked at around 17 million units per year, the company is posting solid earnings growth due to strong performance in used cars and service and parts sales, and share repurchases at attractive prices.

The Healthcare sector was another source of strong absolute and relative performance this quarter. The 8.9% return for the Fund's sector holdings easily surpassed the 4.5% decline for the healthcare shares in the index. Biotech and pharmaceutical companies were particularly weak as political scrutiny of drug pricing continues. The Portfolio's lack of direct exposure to these sectors aided performance, as did double digit gains in clinical software provider NextGen Healthcare and nursing home operator Ensign Group.

The Portfolio's Technology stocks, which advanced 1.8%, modestly outpaced both the Russell 2000® Value and the Benchmark's Technology sector, further adding to this quarter's outperformance. As large sellers of components to China, technology companies, and semiconductor manufacturers in particular, have been caught in the cross fire of the Administration's trade war. The Fund largely avoided this turmoil due to our underweight of the semiconductor sector as well as the 21.2% gain in semi equipment provider Rudolph Technologies which agreed to merge with competitor Nanometrics at a favorable valuation.

The biggest disappointment this quarter was the poor performance of the Fund's Real Estate Investment Trust (REIT) investments which declined 2.5% compared to a 1.7% gain for the REITS in the Russell 2000® Value Index. As a reminder, we look to invest in REITs run by shareholder oriented management teams that own well located properties and that trade at a discount to private market values. Put plainly, in the current market environment this strategy has not worked well with REIT investors preferring companies with growing earnings regardless of valuation.

The Portfolio also significantly underperformed in the Consumer Staples sector with a decline of 17.1% versus a 7.6% decline for the Benchmark sector. Shaving products manufacture Edgewell Personal Care was the major contributor to this underperformance, falling 38.6%. At the time of purchase we were aware that Edgewell was likely to make what we believed to be accretive acquisitions that would increase the company's leverage closer to the level of similar consumer products companies. Edgewell's substantial free cash flow mitigated this risk. The company surprised us, however, by agreeing to acquire its fast growing but still unprofitable competitor Harry's while taking leverage well above our, and the market's, expectations.

At 121 months, the U.S. economy is now enjoying its longest recorded uninterrupted expansion. This longevity has many market observers on a vigilant watch for the next inevitable downturn, but, as the saying goes, economic cycles do not die of old age alone. In fact, if measured instead by cumulative real GDP growth, the current expansion is well behind other periods of economic recovery of similar length. Outside of the inverted yield curve, which must be respected for its past predictive powers, there are few if any signs of an imminent recession. Nevertheless, economic data has weakened in recent months and earnings estimates for U.S. stocks, both large and small, have declined meaningfully since the beginning of the year. With these trends in mind, while we are not forecasting a near term recession, we do anticipate more muted returns for the remainder of 2019.

As always, we appreciate your business. Please feel free to contact us with any questions or concerns.

Sincerely,

William V. Heaphy, CFA
Managing Principal

This material must be preceded or accompanied by a current prospectus. Please read it carefully before you invest or send money.

**The Russell 2000® Index is an unmanaged index composed of the 2,000 smallest stocks in the Russell 3000®, a market value weighted index of the 3,000 largest U.S. publicly-traded companies. The Standard & Poor's 500 Stock Index is an unmanaged index composed of 400 industrial, 40 financial, 40 utilities and 20 transportation stocks. The Russell 2000® Growth and Value Indexes are created by sorting the universe of Russell 2000® companies by book/price ratio and separately by I/B/E/S growth rate. (Reported book value is adjusted to reflect FAS 106 and 109 write-offs by adding back the unamortized portion of the charge.) Each of the sorted series is normalized and combined to arrive at a composite rank for each company. The composite rank is used to generate the probability that a stock is either growth or value. About 30% of the stocks in the Russell 2000® appear in both the growth and value indexes in different proportions based on the probability calculated; the sum of the shares in each index is the total number of shares floating. The remaining 70% of the companies are in one style index only. Please note that one cannot directly invest into an unmanaged index.*

The ICM Small Company Portfolio is distributed by SEI Investments Distribution Co., which is not affiliated with Investment Counselors of Maryland (ICM) or its affiliates. The material represents the manager's assessment of the portfolio and market environment at a specific point in time and should not be relied upon by the reader as research or investment advice regarding any stock. Neither this material nor any accompanying oral presentation or remarks by a representative is intended to constitute a recommendation of the Fund or a determination of suitability.

Portfolio holdings are subject to change and should not be considered investment advice or a recommendation to buy securities.

There are risks involved with investing in mutual funds, including loss of principal. In addition to the normal risks involved with investing in mutual funds, including loss of principal, investments in smaller companies typically exhibit higher volatility. Current and future holdings are subject to risk.

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Top Ten Equity Holdings as of June 30, 2019:

Holding	% of Portfolio
QTS Realty Trust, Inc. Class A	1.42
Group 1 Automotive, Inc.	1.40
Belden Inc.	1.36
Argo Group International Holdings, Ltd.	1.34
Methode Electronics, Inc.	1.32
ICF International, Inc.	1.31
Advanced Energy Industries, Inc.	1.30
Atkore International Group Inc.	1.27
Conduent, Inc.	1.26
Federal Signal Corporation	1.26