ICM SMALL COMPANY PORTFOLIO
SECOND QUARTER 2020
JULY 15, 2020

In recent months, the U.S. economy experienced its sharpest, and quite possibly shortest, recession on record. In large part this is due to the extraordinary monetary and fiscal support injected into the economy and its financial markets. Through large scale bond buying the Federal Reserve has expanded its balance sheet to a record $7.0 trillion. At the same time, the Federal Government has put $2.4 trillion in the accounts of state governments, consumers and businesses in the form of enhanced unemployment benefits, payroll protection loans and other programs. The long term impacts these actions will have on the Federal Debt and inflation can be debated but, for now, they seemed to have staved off a potential depression brought on by the Covid-19 pandemic and the consequent government lockdowns.

The stock market's response to the aggressive moves of the Federal Reserve and Government have been impressive. From its March low, the Russell 1000® Index rallied 40.4% and finished the second quarter off just 2.8% year to date. Even more remarkable was the performance of the NASDAQ Composite, which gained 12.1% through the first six months of 2020. These moves have left many understandably wondering whether the market has become dangerously untethered from the more sober reality of the current economic climate. Nevertheless, to small cap value investors like ourselves, the market has been considerably less friendly. Although well off its March lows, the Russell 2000® Value is still down 23.5% this year through June 30th, and down more so from its mid-2018 high.

TOTAL RETURN (%)
PERIODS ENDING 06/30/20

		2nd Quarter 2020					Periods Ending 06/30/20 Annualized				
	2020 1Q	April	May	June	2020 2Q	YTD	1 Year	3 Yrs	5 Yrs	10 Yrs	Since Inception*
ICM Small Co. Portfolio[1]	-35.02	12.85	3.44	2.32	19.44	-22.39	-16.57	-2.39	3.31	9.14	11.03
Russell 2000® Value Index	-35.66	12.34	2.87	2.90	18.91	-23.50	-17.48	-4.35	1.26	7.82	9.08
Russell 2000® Index	-30.61	13.74	6.51	3.53	25.42	-12.98	-6.63	2.01	4.29	10.50	8.75
Russell 2000® Growth Index	-25.76	14.89	9.45	3.84	30.58	-3.06	3.48	7.86	6.86	12.92	7.95
Russell 1000® Index	-20.22	13.21	5.28	2.21	21.82	-2.81	7.48	10.64	10.47	13.97	10.12

[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 3-4 of this letter.

From an economic sector standpoint, the Fund was positioned well in the quarter, with an overweight in the Benchmark leading Consumer Discretionary area, and substantial underweights in the lagging Utility and Financial Services sectors. In this latter sector, the Portfolio enjoyed a bounce back from a poor first quarter, gaining 16.5%, or double the 8.1% return for the Benchmark constituents. As oil prices rallied from their historic lows, our Texas based banks, Texas Capital Bancshares, Veritex Holdings and Independent Bank Group, all performed well, the latter of which surging 84.6%. Although low interest rates are a headwind to earnings, the current valuation of small regional banks is attractive and the companies are in a much stronger condition than they were heading into the last recession. Nonetheless, we continue to maintain an underweight to banks as large credit reserves are likely to be taken this quarter and we prefer to add to the sector on any weakness.

The Portfolio's Producer Durables holdings were also a source of relative strength this quarter, with a return of 24.6% that easily bested the 15.5% gain for the Benchmark peers. The outperformance was fairly broad based but, similar to last quarter, the Fund's investments in trucking companies, which gained 53.7% were outsized contributors. Pricing for both truckload and less than truckload carriers remains favorable and both segments are benefitting from e-commerce and work from home trends, however valuations in the sector have become fairly full, leading us to pare back our weighting.

Utilities were the only sector of the small cap value benchmark that declined this quarter as investors moved to a less defensive posture and became optimistic towards an eventual economic recovery. The Fund's well below Benchmark weight was another significant contributor to outperformance this quarter. Interestingly, while the equity markets have moved higher, the yield on the ten-year U.S. Treasury has been relatively flat at around 70 basis points. It has been several years since we viewed Utility shares favorably, but they are increasingly interesting if rates stay stubbornly low as the Fed has communicated.

Consumer Discretionary shares led the small cap value benchmark, climbing 50.0% as consumers began to emerge from their lockdown and retailers and restaurants opened back up in several states. While the Fund's Consumer Discretionary holdings trailed the Benchmark peers rising "only" 43.8%, our substantial overweight in this sector was a significant contributor to the relative outperformance in the quarter. Recreational vehicle manufacturer Winnebago Industries was a major contributor, surging 140.7% on the heels of a renewed interest from consumers in the RV lifestyle. We still see plenty of value in the consumer sector, but near-term stock performance will be volatile as the market reacts to the news flow regarding the path of the Corona virus and its impact on consumer confidence and spending.

Healthcare shares in the Russell 2000® Value Index continued their recent stretch of outperformance, gaining 34.1% in the second quarter. This was driven predominantly by a 49.1% surge in the biotechnology subsector, which now represents 56% of the benchmark healthcare weighting. Our lack of exposure to biotechnology companies was the primary reason why the Fund's healthcare holdings, up just 11.5%, lagged the benchmark. Although we monitor the industry closely for potential investment opportunities, few, if any, biotech companies fit within our valuation discipline, which focuses on earnings and cash flow.

The 2.7% gain for the Portfolio's Energy investments significantly lagged the 40.3% return for the Benchmark constituents in the quarter. As the global economy emerged from government mandated lockdowns oil prices recovered partially from their historic plunge in March. The energy and production companies in the Russell 2000® Value followed suit, rocketing 79.5%. In fact, somewhat illogically, oil producers that have filed for bankruptcy protection, wiping out most if not all of shareholders equity, were some of the strongest performers, due perhaps to the emergence of a new breed of day traders that are unaware of, or unconcerned about, fundamentals. The Fund's significant underweight in this subsector of the Energy market represented about half of the underperformance. We continue to be comfortable with this weighting. While oil prices have recovered to $40, it will still be difficult for small cap exploration companies to service their debt, much less provide returns for shareholders.

The Portfolio's energy equipment and services stocks, which were essentially flat in the quarter, also lagged the benchmark peers which gained 41.9%. With their strong balance sheets and healthy cash positions, the Fund's holdings held up much better in the first quarter crash and thus did not participate in the sharp snap back as oil prices rallied. Nevertheless, we still have conviction in these investments which are largely tied to a recovery in offshore drilling rather than the struggling shale industry.

Despite the recent rally, our near-term outlook for U.S. equities has not changed since our last letter. The direction of stocks will likely be dictated by the progression of the Corona virus and its impact on the ability of the U.S. economy to maintain a self-sustaining recovery. The primary risks to the market are "second wave" in nature; both a second wave surge of Covid-19 cases and a second wave of employee layoffs in response to reduced economic output. The Government's massive fiscal programs have so far plugged the gap of reduced demand but eventually the economy will have to stand on its own. Despite the serious near-term challenges, we remain optimistic based on our confidence in the scientific community's ability to develop and deliver effective treatments and a vaccine for Covid-19.

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

Sincerely,

William V. Heaphy

William V. Heaphy, CFA

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 Russell 1000 Index is an unmanaged index composed of the 1,000 largest stocks in the Russell 3000 index. 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.

Top Ten Equity Holdings as of June 30, 2020:

Holding	*% of Portfolio*
Astec Industries, Inc.	1.74
Methode Electronics, Inc.	1.70
TRI Pointe Group Inc	1.69
Verint Systems Inc.	1.67
M.D.C. Holdings, Inc.	1.63
PRA Group Inc	1.61
NETGEAR, Inc.	1.59
Cooper Tire & Rubber Company	1.52
Regal Beloit Corp	1.49
Providence Service Corporation	1.44