ICM SMALL COMPANY PORTFOLIO
THIRD QUARTER 2018
OCTOBER 15, 2018

The fundamental backdrop for U.S. equities remained strong in the third quarter. Unemployment remains low, business and consumer confidence remain high and earnings growth, while undoubtedly slowing from the torrid pace of the second quarter, is still very healthy. To be sure, there are substantial global risks, from the escalating trade dispute with China to the weakness in emerging markets, but investors continued to shrug these off, pushing the S&P 500 Index up 7.7%.

Leadership along the market cap spectrum reversed in the third quarter with large cap stocks, as measured by the S&P 500 Index, outpacing the more modest 3.6% return for the Russell 2000® Index. Perhaps not coincidentally, much of this reversal occurred in September after the U.S. and Mexico announced an agreement on the renegotiation of the NAFTA treaty. Investors once again apparently felt comfortable leaving the relative domestic tranquility of small cap stocks for the more globally exposed large cap companies. At the same time, growth stocks, as measured by the Russell 2000® Growth Index, once again took over leadership from value oriented shares, as measured by the Russell 2000® Value Index, after a one quarter hiatus. In fact, in the small cap sector, the outperformance of the growth index over the value index over the last ten years is now back to an historic two standard deviation extreme.

The ICM Small Company Portfolio (the "Fund" or the "Portfolio") underperformed its primary Benchmark, the Russell 2000® Value Index (the "Benchmark"), with a return of 1.16%.

TOTAL RETURN (%) NET OF FEES
PERIODS ENDING 9/30/18

			3rd Quarter 2018						Periods Ending 9/30/18 Annualized			
	2018 1Q	2018 2Q	July	Aug	Sept	2018 3Q	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	4/19/89 Since Inception
ICM Small Co. Portfolio[1]	-1.62	9.01	1.35	2.98	-3.08	1.16	8.49	12.31	18.59	11.82	11.08	12.68
Russell 2000® Value Index	-2.64	8.30	1.77	2.38	-2.48	1.60	7.14	9.33	16.12	9.91	9.52	10.66
Russell 2000® Index	-0.08	7.75	1.74	4.31	-2.41	3.58	11.51	15.24	17.12	11.07	11.11	9.81
Russell 2000® Growth Index	2.30	7.23	1.72	6.23	-2.34	5.52	15.76	21.06	17.98	12.14	12.65	8.53
S&P 500 Index	-0.76	3.43	3.72	3.26	0.57	7.71	10.56	17.91	17.31	13.95	11.97	10.27

[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 and S&P data starts on 4/30/1989.*
Total annual Fund operating expenses are 0.95%.
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 of this letter.

From a sector allocation standpoint, the Fund was positioned well in the third quarter, with above benchmark weights in the strong performing Producer Durables and Health Care sectors, and below benchmark weights in lagging sectors such as Real Estate Investment Trusts, Financials and Energy. Unfortunately, this positioning was more than offset by subpar stock performance in seven of the ten Russell economic sectors.

On the positive side, the Portfolio's Health Care holdings continued to perform well in the quarter, advancing 14.5%, which doubled the return of the Russell 2000® Value Health Care constituents. Medical equipment and device manufacturers LivaNova and NuVasive, up 24.2% and 32.9% respectively, were major contributors to this performance. After several years of strong gains, valuations for many healthcare shares have become elevated and a number of the Fund's holdings in this area have exceeded our price objective. As a result, we have reduced our exposure to this sector of the market.

The Fund's investments in the Consumer Discretionary sector also performed relatively well, advancing 2.2% compared to a smaller 1.8% gain for the Benchmark peers. Retailing was a particular area of strength where the Portfolio's holdings climbed 20.3% due in large part to a 32.2% gain in footwear retailer DSW. In a difficult environment for traditional bricks and mortar apparel retailers, the company reported an impressive 10% increase in its same store sales for the recent quarter. This strength was partially offset by a 15% combined decline in the shares of the Portfolio's two homebuilders, M.D.C. Holdings, Inc. and Tri Point Group Inc. As new home prices and more recently mortgage rates have risen, sales of new homes nationwide have stalled in recent months. Consequently, the market has punished the shares of homebuilders to the point where they are trading at book value or lower. At this level the shares are attractively valued. With unemployment low and wage gains accelerating, the housing market, while no longer red hot, should remain healthy.

The poor performance of the Fund's Materials and Processing shares, which declined 4.6%, was the biggest detractor to relative performance this quarter. Most of this decline was a result of a 26.5% drop in U.S. Silica Holdings. Silica has one of the largest portfolios of sand mines and related logistic facilities in the country. While 17% of its revenues come from industrial customers, the bulk of its sales come from the sale of "fracking" sand to oil and gas drillers. The confluence of increased supply from new mines and a temporary slowdown in drilling in the Permian basin due to a lack of pipeline capacity has pressured sand prices in recent months beyond our initial expectations. Nevertheless, as new pipelines come on line in 2019, fracking demand should pick up and sand prices should firm accordingly. In the meantime, the company has a strong balance sheet, excellent free cash flow and a cyclically depressed valuation.

Given the increase in interest rates of U.S. Treasuries over the quarter, particularly in September, Utility shares were a surprisingly strong sector of the market, advancing 5.9%. On closer inspection, however, this strength was driven by a 30% return from telecommunications service providers, particularly the unregulated satellite service providers which do not pay dividends or possess the defensive characteristics of electricity and natural gas providers where the Fund's holdings are concentrated.

Another significant area of relative underperformance this quarter was in the Financial Services sector, where the Fund's 0.6% decline lagged the 0.3% advance for the Benchmark. While not a large disparity, the sizeable 27.1% of financial stocks in the Russell 2000® Value magnifies the importance to overall relative performance. All of the underperformance came from the Portfolio's regional bank holdings, which declined 2.9% compared to a small 1.5% decline for the banks in the benchmark. Investor sentiment towards small cap banks turned negative in recent months over concerns that loan growth is slowing and the margin compressing implications from a continually flattening yield curve. We are maintaining a modest underweight to banks, but third quarter earnings could come in better than expected.

For some time, market commentators have bemoaned the elevated valuation of the U.S. equity markets. However, after the robust earnings growth over the last year, fundamentals to a large extent have caught up with stock prices. The S&P 500 now trades at 16.8 times earnings expectations for the next 12 months, compared to a 20 year average multiple of 15.9. With the multiyear underperformance of value indices, the premium to longer term averages is even slimmer. In fact, the Russell 2000® Value, trading at 15.5 times next 12 months earnings estimates, now trades at a discount to the 20 year average multiple of 16 times.

Like many, we worry about the negative consequences for domestic and international economic growth that could entail from the escalating trade war with China and other nations, but we continue to believe that the single biggest risk to U.S. equities rests with the Federal Reserve. After raising the Federal Funds rate eight times in the past two years, the Fed seems intent on continuing to raise rates towards a more "normal" level despite a stubbornly flat yield curve. Without an increase in the yields on other competing sovereign bonds, which would likely require accelerating global growth, this could be a difficult mission.

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 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.

Top Ten Equity Holdings as of September 30, 2018:

Holding	*% of Portfolio*
Armstrong World Industries, Inc.	1.55
Belden Inc.	1.49
Cambrex Corporation	1.45
ICF International, Inc.	1.37
Simmons First National Corporation Class A	1.32
Carrizo Oil & Gas, Inc.	1.31
Verint Systems Inc.	1.30
Mitel Networks Corporation	1.30
Perficient, Inc.	1.28
Federal Signal Corporation	1.26