



IRONWOOD

INVESTMENT MANAGEMENT®, LLC

VIP SMALL CAP VALUE STRATEGY PROFILE — As of 2/28/2018

Composite Performance	MTD	YTD	1 Year	3 Years	5 Years	Since Inception (06/30/2009)
Gross of Fees: VIP Small Cap Value	-5.41%	-3.71%	3.83%	11.41%	13.21%	18.85%
Net of Fees:	-5.49%	-3.86%	2.80%	10.29%	12.08%	17.66%
Russell 2000 Value Index	-5.00%	-3.83%	2.96%	8.03%	10.59%	14.07%

All performance data is preliminary and as of 2/28/2018. Final performance data will be available 20 business days after the end of the month. All performance data over a 1-year period is annualized. Please see footnotes to performance on last page.

OVERVIEW

The objective of the Value Investment Partners (“VIP”) Small Cap Value strategy has been the same since 1986— to purchase shares of small cap companies with good, long-term prospects and a demonstrated history of management integrity that trade at a wide discount to intrinsic value. Fundamental research and absolute, rather than relative, valuations drive the stock selection process. The portfolio is diversified relative to macroeconomic variables and individual security allocation limits, not benchmark weightings. We seek to attain the highest level of absolute return with the lowest level of risk over a full economic cycle.

INVESTMENT PHILOSOPHY

We attempt to buy shares of small cap (<\$2 billion), good quality companies that are selling at dislocated prices. Companies must meet seven quantitative and qualitative criteria to qualify for purchase: 1) shares sell at a low P/E so earnings yield exceeds AA 20-year corporate bond yield on forward 12-month earnings; 2) earn an ROE consistently above 15%; 3) utilize financial leverage below industry peers; 4) generate positive free cash flow to internally fund growth; 5) demonstrate consistent historical earnings growth; 6) have an achievable business plan to grow revenues and earnings faster than inflation; 7) employ conservative accounting and design management incentives aligned with shareholder interests.

PORTFOLIO MANAGEMENT

We manage concentrated portfolios of 30-40 names, equally dollar weighted at cost. Both portfolio managers must agree on purchases. Portfolios are diversified relative to macroeconomic variables: interest rates; cost and availability of labor; GDP growth rate; inflation rate; value of US\$ relative to other currencies; cost and availability of material inputs, including energy. Our goal is to minimize the portfolio’s exposure to dramatic changes in any of these factors. Portfolios are not managed to a particular benchmark. Stocks are sold when they appreciate to 150% of the P/E at purchase or when they reach 85% of private market value. Positions are trimmed when they become 5% of the portfolio if the stock has not met our sell criteria. Our average holding period is 2-3 years.

VIP SMALL CAP VALUE STRATEGY PROFILE

INVESTMENT TEAM

Paul Weisman is a portfolio manager of the VIP strategies. Mr. Weisman has an MA in industrial organization (applied microeconomics) from Boston University and a BA from Haverford College. Prior to joining Ironwood as the head of the V.I.P. team in 2009, Mr. Weisman was Chief Investment Officer at J.L. Kaplan Associates which he joined in 1986. From 1983 to 1986 he was an investment analyst at Delphi Management.

Regina Wiedenski is a portfolio manager of the VIP strategies. Ms. Wiedenski has an MS in management with a concentration in finance from the Sloan School at M.I.T. and a BS from M.I.T. Prior to joining Ironwood to manage V.I.P. portfolios, she was a portfolio manager at J.L. Kaplan Associates. Previously she was an equity analyst at Advest, Inc. and had spent nine years as an analyst at Adams, Harkness & Hill covering healthcare, specialty chemical, instrumentation and publishing companies. She began her career as a financial analyst at Morgan Stanley.

VIP SMALL CAP VALUE STRATEGY PROFILE

COMPOSITE HIGHLIGHTS

Investment Universe

- U.S. Domestic Equity Securities
- Market Cap < \$2 billion

Investment Approach

- Searching For Attractive Valuation
- Bottom Up Stock Picking
- Focus on Management
- Intensive Original Research
- Disciplined Process with Strict Risk Controls

Company Characteristics

- Consistent earnings growth
- High ROE
- Low financial leverage
- Generating free cash flow

TOP TEN HOLDINGS

(SUPPLEMENTAL DATA)

As of 12/31/2017

Commercial Vehicle Group, Inc.	6.52%
Koppers Holdings, Inc.	5.77%
Barrett Business Services, Inc.	5.09%
TTM Technologies, Inc.	4.80%
KMG Chemicals, Inc.	4.54%
Pinnacle Financial Partners	4.22%
Invacare Corporation	4.01%
Barnes Group, Inc.	3.91%
Comtech Telecommunications	3.80%
Arrow Electronics Inc.	3.41%

CONTACT INFORMATION

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PORTFOLIO CHARACTERISTICS

(SUPPLEMENTAL DATA)

As of 12/31/2017

Price/Book Value	1.9x
Price/Cash Flow	9.6x
Price/Sales	0.6x
Price/Earnings	20.4x

VIP SMALL CAP VALUE STRATEGY PROFILE

FOOTNOTES TO PERFORMANCE

Ironwood Investment Management, LLC is an independent investment advisory firm providing investment advisory services to institutional clients, mutual funds, and high-net-worth clients. The firm is a registered investment adviser with the Securities Exchange Commission. The Ironwood VIP Small Cap Value Composite consists of fee-paying and non-fee paying, fully discretionary, and separately managed accounts managed in the VIP Small Cap Value style. Portfolios are invested in securities of small cap companies with good, long-term prospects and a demonstrated history of management integrity that trade at a wide discount to intrinsic value. Performance data is quoted U.S. Dollars and represents past performance and is no guarantee of future results. The specific securities identified and described in this letter do not represent all of the securities, purchased, sold or recommended for advisory clients. The reader should not assume that the investments in the securities identified and discussed were or will be profitable. Returns include the reinvestment of dividends and other income. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that account values may be worth more or less than original cost. Ironwood Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®). Separate account performance calculations are reported "gross of fees" as actual fees may vary with factors such as the size of the account; net returns will be reduced by the effect of the highest management fees; note to schedule available upon request. Top ten holdings, market sectors and asset allocation information are presented to illustrate examples of the manager's investment style and may not be representative of the manager's current or future investments. Investment management fees are 1.00% on the first \$5 million, 0.90% on the next \$10 million, 0.80% on the next \$10 million, 0.70% on the next \$10 million, 0.60% on the next \$10 million, and 0.50% over \$45 million on an annual basis and a client's return will be reduced by these and other related expenses. The actual fee charged to an individual portfolio may vary by size and type of portfolio and may be negotiated. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be \$10,416 in the first year, and cumulative effects of \$59,816 over five years and \$143,430 over ten years. Actual investment advisory fees incurred by clients may vary. Top ten holdings do not include money market investments and are presented as supplemental information to the GIPS® compliant presentation. Investments in smaller companies generally carry greater risk than is customarily associated with larger companies for various reasons such as narrower product lines, limited financial resources and less depth in management. Small company stocks also tend to be more volatile and less liquid than stocks of larger companies. The Russell 2000 Value Index measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect value characteristics. All Russell 2000 Indexes are similarly constituted with Value represented by companies considered undervalued and Growth represented by companies with above average growth characteristics. The Adviser believes that the Russell 2000 Value Index is an appropriate benchmark because it closely reflects the investment strategy, portfolio characteristics and holdings of the portfolios invested in the strategy. It is not possible to invest in any index. The views expressed may not reflect management's views on the date of first use or anytime thereafter. These views are intended to assist in understanding the manager's investment methodology and do not constitute investment advice. The information contained in all correspondence is proprietary in nature. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. The foregoing has been prepared solely for information purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or to participate in any particular trading strategy. Please contact Ironwood for a GIPS® compliant presentation and the firm's list of composite descriptions.
