3rd QUARTER 2018

SMALL CAP VALUE STRATEGY COMMENTARY

MARKET OVERVIEW

The Cortina Small Cap Value Strategy outperformed the Russell 2000 Value Index in 3Q18, delivering a 3.6% return in 3Q18 versus the index's 1.6% gain. Sector allocation was neutral and stock selection was the entirety of the outperformance. The United States' equity market was dominant in the globe by outpacing most other major markets and emerging markets declined. The dollar also rebounded. In our view, these market moves are very much in line with our view that the economic cycle has likely peaked and is rolling into a slower growth phase. Our current expectation is that risk aversion will continue apace, with solid economic data beginning to wane as the rate of change bends toward deceleration, a rising cost of capital through the Federal Reserve's rate hikes begins to bite, and hints that financial excesses are beginning to appear and showing the path to their eventual demise.

The portfolio was well positioned for the early October declines and we expect to add multiple new positions as a result. With valuations generally high in an environment where most believe the economy to be quite strong with the best labor market in a generation or two, we believe it is appropriate to consider risks again as the prolonged period of easy monetary policy closes and with it the robust economic growth it enabled. One does not have to be a bear to recognize that not all is wonderful in the world economy, yet many securities are priced as though growth is a promise versus a preference. Simultaneously, while secular growth stories appear expensive to us, certain cyclical stories are pricing in an economic deceleration already and are setting up nicely for future returns at current prices.

COMPOSITE PERFORMANCE

	3Q18	YTD	3 Year	5 Year	Inception*
Cortina Small Cap Value (Gross)	**3.62**	**4.92**	**12.62**	**7.83**	**11.80**
Cortina Small Cap Value (Net)	**3.49**	**4.52**	**12.04**	**7.19**	**11.19**
Russell 2000 Value Index	**1.60**	**7.14**	**16.12**	**9.91**	**10.94**

*Annualized return since June 30, 2011

PERFORMANCE REVIEW

The 3Q18 relative performance for the strategy was the best quarter since 3Q16, and the second-best of the past four years. Sector-wise, Industrials, Consumer Discretionary, Real Estate, Technology, Health Care, and Utilities were all positive contributors offset by weakness in Financials, Consumer Staples, and Energy. The common theme amongst the biggest winners was not earnings growth, factor trends, domestic exposure, leverage, or any common measure. The theme is price paid. Four out of five top performers in the quarter were bought in the middle of 2016 after the early year sell-off and markets reflected an abundance of caution and a touch of panic. Valuations were low despite the improvements occurring at each company as the market was misreading the economic data.

Although the market was up, thematically there was a risk-off flavor to the rise with low beta and low leverage equities doing well which aided the portfolio as we have intentionally reduced certain cyclical exposures in favor of more defensive positions. As discussed in last quarter's letter, it is our view that very low multiple equities will remain stuck until the cycle begins to reaccelerate, and this was borne out as the portfolio companies in the top two quintiles of valuation posted the strongest absolute returns while the lowest valuation companies were particularly weak.

We continue to believe traditional measures of value such as low price / earnings and price / book will be poor predictors of positive future performance for at least the very near-term and within our view that cheap does not equal value. Even Cliff Asness of AQR, blessed with $200+ billion of assets and a full Olympic sized squad of PhDs noted that the weakness of the value factor has been an ingredient in his strategy's underperformance this year. Others are calling for a rebound in value as it typically outperforms in rising rate environments. Perhaps, but it strikes us as intellectually dishonest to forecast that given the sample size of rising rates from 3,000 year lows is a sample size of one, and that sample is today. As shown below, it is the more expensive stocks leading the index this year.

Russell 2000 Value YTD Return through 3Q18

	Average Weight	Total Return	Contribution To Return
Total	**100.0**	**7.09**	**7.09**
NTM PE Quintile 1: 27.7 - 3846.7	**14.2**	**9.05**	**1.25**
NTM PE Quintile 2: 20.0 - 27.7	**17.8**	**10.40**	**1.89**
NTM PE Quintile 3: 16.2 - 19.9	**18.8**	**6.33**	**1.22**
NTM PE Quintile 4: 13.1 - 16.2	**18.4**	**5.59**	**1.01**
NTM PE Quintile 5: 2.8 - 13.1	**15.5**	**2.95**	**0.36**

Source: FactSet

With the benefit of wisdom (mistakes made), we consider 'value' investing as superior to all the rest, except when it's not. Value is rarely evenly distributed across markets nor across time. In fact, as highlighted on page one, the largest contributors to performance this quarter were from investments made two years ago in a very specific time period. Value is often episodic. One of the most difficult challenges for investors, particularly value investors these days, is that in a bull market the best returns do not often go to the best companies at attractive valuations. Peer pressure trends towards momentum as it takes hold for the most popular companies – which sometimes are not the best (and sometimes not even good). Strongly upwards trending markets can be particularly challenging for valuation-sensitive investors and this year proves the point as low valuation equities have basically been the worst place to be. But that makes sense if one believes the market is discounting a diminishing pace of GDP growth.

Still one must ask whether the trend of high multiple companies garnering much of the upside in the market is reflective of a market with appropriate expectations. We would argue that the growthier segments of the market are currently discounting a continuation in current trends of economic growth, specific company performance, and various monetary measures that probabilities argue against continuing. If the first mistake of value investors is to not recognize the episodic nature of value investing, the first mistake of growth investors is likely in errant expectations of uninterrupted growth worth any price.

Birdie in the hand for life's rich demand
The insurgency began and you missed it
I looked for it and I found it.
Begin the Begin, R.E.M.

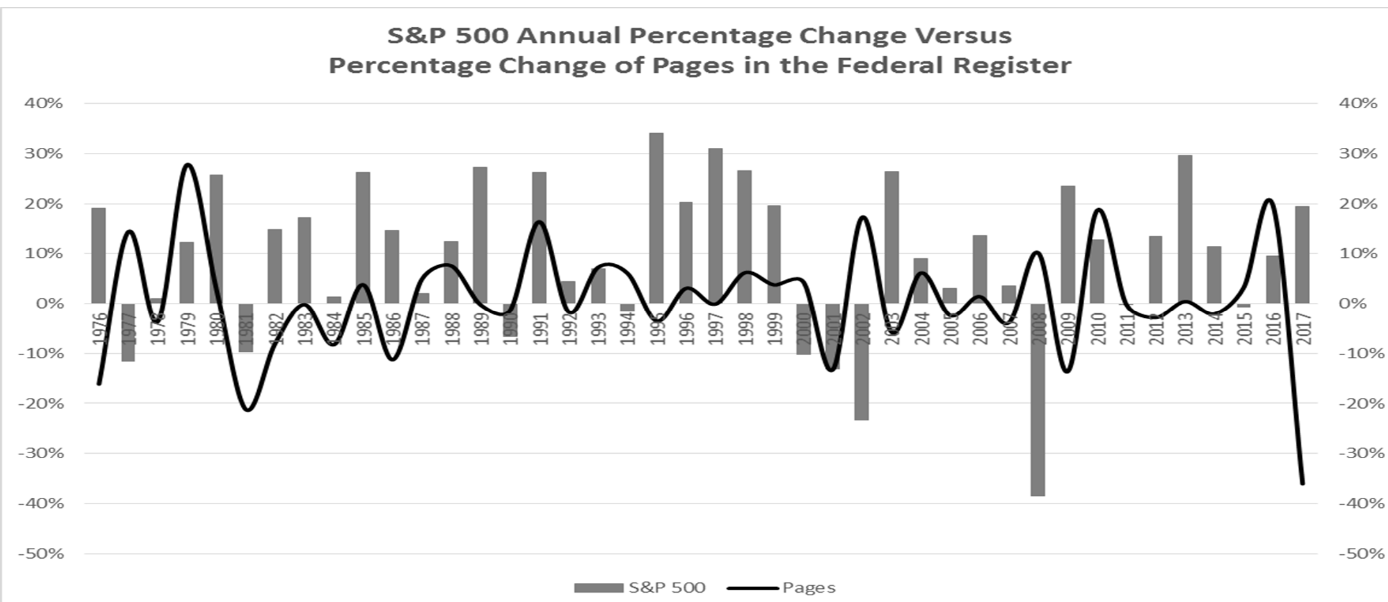
The Insurgency

We believe most investors are radically underappreciating the magnitude of change occurring domestically and globally and as a result underestimate the risks and opportunities created by foundational trend changes. As we wrote just after the 2016 election, we think the 2016-2020 period will ultimately be viewed as one of the more critical moments in this country's history whose impacts will be felt for a generation in politics, society, and for our purposes, financial markets.

We believe these changes will result in stronger but more irregular growth, more outright business failures, and a high likelihood of generational highs in inflation arriving in several years. It may be an exceptional period for nimble investors attuned to these trends and disciplined on entry points.

Regulation

In our January 2012 commentary (4Q11), we showed the following chart, now updated for most recent data, showing the number of pages in the Federal Register against the S&P 500. Our argument at the time was that our government had fallen into *Demosclerosis*, a term highlighted in Jonathan Rauch's 1994 book of the same name, where democracies stagnate as various interest groups prevent change from occurring. It appears that market returns are better and more consistent when rules themselves are consistent. Moreover, it would also appear that rises in regulation correlate with market drops, however that may also reflect rises in regulation *after* market drops too. However, the dramatic decline in regulations since President Trump took office is essentially off the charts with the largest drop since the mid-1970s. Generally, regulatory reductions are followed by positive returns.



Source: FactSet, Office of the Federal Register

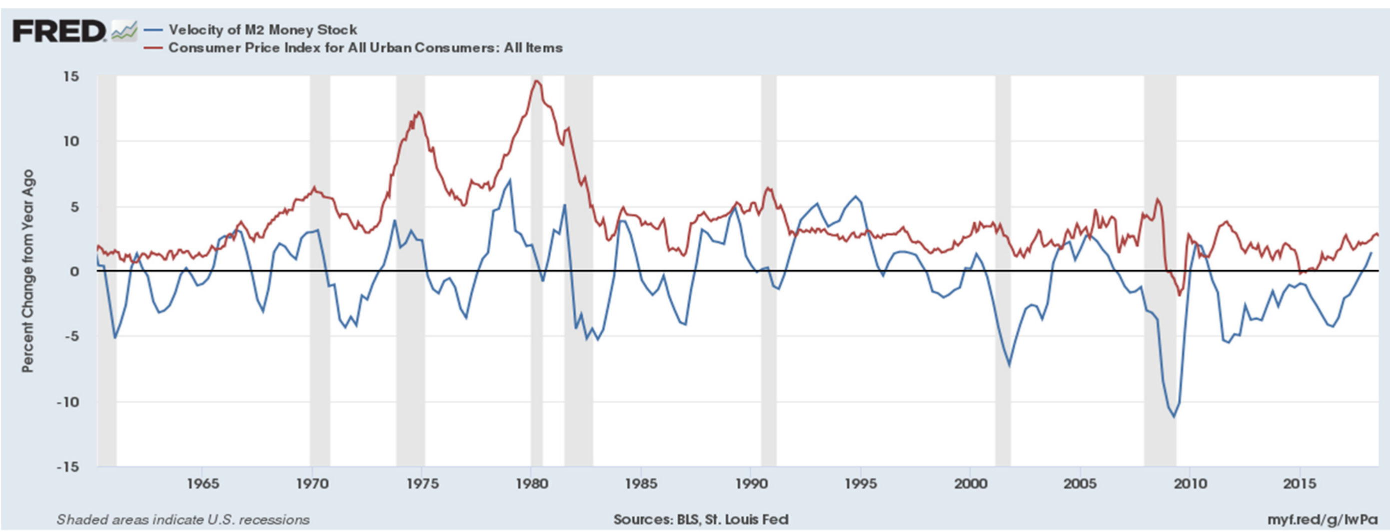
We believe the heavy regulation on industries such as finance, education, and manufacturing companies will diminish while the comfortable stasis technology companies have enjoyed will be broken down as their impact broadens. Relevant to investments, we could see increased growth and volatility as both new and existing companies will have less anchors to their growth, but established incumbents may find less regulatory cover for themselves. Dynamism in the economy should increase.

Monetary Policy

The last decade of global monetary policy is a radical departure from virtually all recorded history. Quantitative Easing and never-before-seen interest rate lows projected liquidity across the globe indiscriminately. Rather than deleveraging the total global economic debt load has increased. For all the uproar about the fundamental inequity of the U.S. dollar serving as the global reserve currency at the depths of the financial crisis, the flood of dollars likely further tightened its grip. Contrary to the doomsayers, this did not result in a hyper-inflationary spiral.

Milton Friedman wrote that "inflation is always and everywhere a monetary phenomenon," which probably became the basis for many of the view that inflation was imminent after the financial crisis. But he also wrote on the same page in Monetary Mischief that monetary growth initially leads to lower rates. Only after an acceleration in activity does inflation arise, a reminder in this 140-character world that sentence fragments are just that, fragments of complete thoughts. Recently that acceleration has arrived. Quantitatively and qualitatively inflation is picking up. However, the current Chair of the Federal Reserve is not the same as what the world has come to know of American central bankers in recent decades. We would argue that not since the mid-1990s has the Fed been hard on the street – it has not needed to as secular forces have pressured inflation down for decades now.

Chairman Powell is different. Allen Greenspan took the Chair of the Federal Reserve just prior to the 1987 stock market crash. His Fed quickly responded to that crisis but he was not an activist in financial markets until forcing a bailout of Long-Term Capital in 1998 which solidified a faith in a *Greenspan Put*. Today the 1994 bond market crash under his rate increases is forgotten, but for the most part his tenure and that of his successors Benjamin Bernanke and Janet Yellen have been a succession of capital market friendly periods. Chairman Powell, himself a former investment banker and private equity investor, appears to be a more pragmatic central banker and is not, unlike his predecessors, an academic economist. In a speech on October 2nd he said, "The Great Inflation taught us that a main task of monetary policy is to keep inflation expectations anchored as some low level."



It is no coincidence that the 10-year yield spiked the next day. The velocity of money is accelerating after an unusually long period of declines, and the CPI is on an upward slope. Capital markets now believe inflation is rising and, rather than using verbal obfuscation as previous Fed Chairs did, Chairman Powell is more likely to raise rates to avoid it taking hold. It may mean the nearly 40-year decline in interest rates has come to an end, a game changer for capital markets.

The point is that inflation may be a monetary phenomenon, but it is also a belief system. If the world begins to believe prices will continue to rise, they will, and current Federal Reserve leadership may not hesitate to act to short-circuit that loop. We expect both higher inflation and interest rates are likely and, despite the rise of new technologies, Energy may be a prime beneficiary.

Politics / Foreign & Trade Policy

Many have viewed President Trump as an aberration in the American trajectory. His "America First" policies appear discriminatory, his trade policies counter-productive, and his leadership narrow in appeal. This is a misunderstanding of history and an ignorance of current events globally. The United States has repeatedly withdrawn to its homeshores over its existence and even his political opponents view previous trade policies as overly-generous to others. Brexit in the U.K., rising authoritarianism in Poland and Turkey, an aggressive Russia carrying out assassinations overseas, China militarizing the South China Sea islands, among others, are all evidence that the world order that has comforted those with a more generous view of human nature over the past few decades are in for a disappointment to learn that the post-cold war period is itself the aberration.

Vice-President Michael Pence delivered a remarkable speech on October 4th that was all but buried under the Supreme Court hearings. It describes a material escalation in the United States' intentions to counter China's rise. It may not rise to the level of the Secretary of State Kenan's Containment policy begun in the 1940s, but it does indicate the rivalry will become more bare-knuckled. In the just published The Jungle Grows Back, Robert Kagan points out that the *Pax Americana* is not the usual state of the world. A return to the Clintonian-Obama world-friendly environment is not in the offing; Americans just don't care anymore in the scale that justifies the expense of it (George W. Bush gets a pass due to obvious events, but even he tried to be friendly to allies). We expect a far more Hobbesian struggle, with increasing conflict around the world and a realignment of national interests back to a great power game.

The concern for small cap investors is that international growth opportunities may become less promising as trade barriers increase, but perhaps the contentious discussions developing with China may result in better trade practices. Again, we see energy as a potential beneficiary, and we expect companies will accelerate the trend of shortening supply chains. Free trade believers should remember that despite all the bluster about opposition to Trump's trade policies, a number of prominent Democrats, Senator Schumer and Senator Sanders amongst them, generally agree with a more aggressive trade policy.

Domestically it appears the Democrats have a solid chance of regaining the House of Representatives but not the Senate. For the most part, domestic politics has become more entertainment than material for our portfolio, but there are several holdings, specifically the education companies, that will react to changes in regulation. At present, despite the low popularity with President Trump in some parts of the country, we expect him to be re-elected and for the Republicans to seal their hold on economic policy, international affairs, and the Supreme Court for a long time, but our view remains that politics' importance to short-term portfolio performance is low.

If we are honest with ourselves, nobody cares what a small cap portfolio manager thinks about worldly things. But if we are honest with you, we care because we see generational shifts that will impact multiple facets of life. The most critical is that we expect lesser regulation but a bit more state favoritism of certain companies, a significant pull back in monetary policy that will raise the cost of capital for all, and free trade policies to become more aligned with countries' foreign policies. All of which equal higher inflation in the coming years which generally has a deleterious impact on corporate margins and equity valuations.

PORTFOLIO POSITIONING & OUTLOOK

We do not see an imminent recession, but do expect more economic disappointments than we have seen in the past two years. Cost and labor inflation is biting, and we expect capital to lose a portion of its share of profits to labor. Rising rates and high home prices are forcing a reset in the housing market which has a carry-through impact to building products, trucking, and durable goods. Still, rates are rising because economic growth is healthy. In contrast to the debt-fueled housing boom of the 2000s and the energy boom of the 2010-2015 period, the current expansion appears more broad-based which is why the labor market is so tight.

We continue to have a significant overweight in Discretionary, particularly retail. We believe the market is wrong in according so little value to these companies, particularly when available evidence indicates that for all the capital thrown at online retailing, it does not work at scale enough to support the businesses without bricks and mortar. Casper, the online mattress company, is in the process of opening 200 stores which makes it – a mattress retailer. Warby Parker has nearly 100 stores listed on its website which makes it – an optical retailer. Everlane, an online clothing company whose founder swore it would never open a store, has opened stores which makes it – a clothing retailer. Conversely, StitchFix, an online apparel retailer selling multiple brands under an umbrella of customized offerings disappointed investors recently due to slowing growth in customer additions. All of the above companies are valued in the public and private markets at very rich multiples while publicly traded retailers, of which the strategy owns half-a-dozen, trade at multiples implying the companies will be gone in a few years despite free cash flow yields in the double-digits, increasing earnings estimates, strong balance sheets and, by the way, extensive networks of bricks and mortar stores and the associated supply chains that the new online companies covet. We expect online operators may acquire traditional retailers. This theme extends into REITs where the portfolio contains three mall REITs, beneficiaries of both moderating competition as the excess capacity of stores is destroyed and increasing interest from newer companies who need a mall presence.

The most significant underweight is Financials although that is largely due to underweights in Insurance and other Financial Services as the Banks weighting in the portfolio is roughly in line with the benchmark. Most other industries are close to in-line weightings. Most likely to change may be Industrials. Many companies' equity prices reflect, correctly in our view, a moderation in economic activity and a compression in margins due to inflationary pressures. We expect multiple downwards revisions in the sector to earnings outlooks relative to consensus in 2019 and intend to use associated weakness to add new positions from a long list of potential targets. Energy is particularly intriguing given our expectations of higher inflation, but with close to an equal weighting at present, we are wary any downwards revisions to economic growth could result in a quick drop in oil prices after the strong run thus far this year.

In sum, we expect the next several years to be much more interesting for active investors, with great opportunities coupled to less forgiveness of mistakes. Lest one forget, bear markets in the 1970s, 1980s, 2000, and 2008 were preceded by accelerating inflation. An episodic presentation of exceptional values in the marketplace may be soon to come.

TOP 5 CONTRIBUTING STOCKS[1,2]

Security	Weight	Contribution
Pacira Pharmaceuticals Inc	2.16%	0.88%
Atkore International	2.86%	0.66%
Harsco Corp	2.04%	0.52%
Eldorado Resorts Inc	1.99%	0.43%
Etsy Inc	1.99%	0.40%

TOP 5 DETRACTING STOCKS[1,2]

Security	Weight	Contribution
Endologix Inc	0.69%	-0.73%
Live Oak Bancshares Inc	2.42%	-0.31%
Invacare Corp	1.27%	-0.31%
Abercrombie & Fitch Co	1.78%	-0.25%
Treehouse Foods Inc	2.12%	-0.25%

CONTRIBUTING

Pacira Pharmaceuticals Inc **Health Care**

Pacira is a pharmaceutical company selling a non-opioid product for post-surgical pain. The second quarter report offered tangible signs of revenue acceleration, and government efforts to address the opioid epidemic carried favorable reimbursement changes that add a growth catalyst to 2019.

Atkore International **Industrials**

Atkore supplies equipment used for electrical installations. The company reported above expected earnings in the quarter and rebounded from a sell-off earlier in the year related to cyclical concerns.

Harsco Corp **Industrials**

Harsco is an industrial company with multiple divisions serving the steel, rail, and energy industries. The company reported earnings and cash flow well above expectations and has significantly deleveraged from high-debt levels several years ago.

DETRACTING

Endologix Inc **Health Care**

Endologix is a medical device company. Shares came under significant pressure as a newly appointed CEO announced a major strategic reset that while rational, carried a meaningful price in near-term revenue expectations. While the path has proven bumpier than expected, the longer-term growth story remains compelling with positive data and new product launches set to drive share gains.

Live Oak Bancshares Inc **Financials**

Live Oak Bank reported results during the quarter that were in line with expectations. However, management chose to prefund growth by raising deposits which caused the margins to fall. While the market seems to have extrapolated this trend, we expect a reversal in the upcoming quarters that will lead to continued growth and profitability.

Invacare Corp **Health Care**

Invacare is a medical equipment company. The company is mid-way through a multi-year turnaround plan. While Invacare has shown meaningful progress, the inflection evidenced in the second quarter report fell short of market expectations. We see valuation as attractive with key components of the turnaround heading the right direction.

[1] Positions identified do not represent all the securities held, purchased or sold. Calculation methodology and a complete list of positions and contributions for the quarter are available upon request. [2] Past performance does not guarantee future results.

PERFORMANCE DISCLOSURES

1. Cortina Asset Management, LLC ("Cortina") is an independent investment management firm established in 2004. Cortina manages small-cap equity assets in the U.S. The firm has no subsidiaries or related asset management firms.

2. The Cortina Small Cap Value composite numbers consist of all fully discretionary, fee-paying accounts greater than $1 million invested in our Small Cap Value Strategy. This composite was created in July of 2011.

3. Returns are calculated on a total return basis, including all dividends and interest, realized and unrealized gains or losses, and are net of all brokerage commissions, execution costs and without provision for federal and state income taxes. Securities transactions are accounted for on trade date. Cash and equivalents are included in performance returns. Composite returns are calculated daily. Quarterly returns are calculated by geometrically linking the daily returns for each day in the quarter and annual returns are calculated by geometrically linking the daily returns for each day in the year. All returns presented are calculated using U.S. Dollars.

4. Gross returns are presented before management and custodial fees and include dividends and interest, realized and unrealized gains or losses, and transaction costs. Net returns are presented after actual management fees, but include dividends and interest, realized and unrealized gains or losses, and transaction costs. A client's returns will be reduced by the management fees and other expenses it may incur in the management of the account. For example, an actively managed account of $20 million with an annual rate of return of 10% compounded over a 10-year period that was charged a management fee of 1%, would achieve a net-of-fee return of 136.7%; compared to a gross-of-fee return of 159.4% based on the same assumptions.

5. The benchmark for the Cortina Small Cap Value Composite is the Russell 2000 Value Index. 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. Benchmark returns are not covered by the report of independent verifiers.

6. The Cortina Small Cap Value Strategy may or may not invest in industries and sectors in the same weightings as the Russell 2000 Value Index. The Cortina Small Cap Value Strategy includes stocks not included in the Russell 2000 Value Index.

7. The dispersion of annual returns is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for the full year. The number of accounts in the composite are as of period end. Dispersion is not shown for periods less than a year or when there are five or fewer accounts in the composite for the entire year.

8. Cortina Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Cortina has been independently verified for the periods 7/1/04-12/31/17. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Cortina Small Cap Value composite has been examined for the periods 7/1/11-12/31/17. The verification and performance examination reports are available upon request.

9. A complete list and description of composites and additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

10. Past investment results are not necessarily indicative of future investment results.

11.

CORTINA ASSET MANAGEMENT, LLC
Small Cap Value Strategy as of 12/31/2017

Year	Total Return Gross of Fees	Benchmark Return	Composite Accounts at End of Period	Composite Dispersion (%)	3-Year Annualized Standard Deviation Composite	3-Year Annualized Standard Deviation Benchmark	Composite Assets at End of Period (millions)	Percentage of Firm's Assets	Total Firm Assets at End of Period (USD millions)
YTD 2011*	-8.18%	-8.94%	1	n/a	n/a**	n/a**	0.9	0.1%	1,871.7
2012	28.09%	18.05%	2	n/a	n/a**	n/a**	4.1	0.2%	2,157.8
2013	43.93%	34.52%	4	n/a	n/a**	n/a**	11.3	0.4%	2,830.3
2014	2.51%	4.22%	4	n/a	11.55	12.79	51.2	2.2%	2,349.5
2015	-7.21%	-7.47%	7	0.05	12.79	13.46	332.0	14.4%	2,308.5
2016	19.75%	31.74%	11	0.07	14.86	15.50	376.7	15.2%	2,481.5
2017	11.01%	7.84%	11	0.04	13.60	13.97	351.4	15.1%	2,331.6

*Inception 06/30/2011 **36 monthly returns N/A

Other Disclosures

1. The data provided about the portfolio characteristics relate to a representative account's portfolio holdings as of 9/30/18. While we believe the data accurately reflect the investment process, the holdings and portfolio characteristics will change from time to time.

2. This presentation includes stock profiles and other information about portfolio holdings. Information about portfolio holdings is as of 9/30/18 and will change without notice. It is not intended to represent or predict portfolio investment performance or as a recommendation of any individual security. The specific securities identified do not represent all the securities purchased for accounts and you should not assume these securities are or were profitable. For a complete copy of all investment recommendations made by Cortina within the past year, please contact Lori Hoch at 414-225-7365.

3. Additional information about Cortina is contained in the firm's Form ADV. Cortina will supply a copy of its Form ADV to any prospective client upon request.

4. Management fee schedule:

0-$25 million	100 bps
Next $25 million	90 bps
On balance	80 bps