

**RSQ International Equity Fund (RSQIX, RSQVX)**  
**4<sup>th</sup> Quarter 2017**

Monthly Performance Report for December 31, 2017

Fund/Index (Inception Date)	1 Month	3 Month	6 Month	Year to Date	1 Year	Fund Inception to Date	Gross Expense Ratio
International Equity Fund Institutional (11/27/13)	2.96%	4.45%	9.10%	25.92%	25.94%	2.13%	1.89%
International Equity Fund Investor (11/27/13)	2.85%	4.35%	8.89%	25.56%	25.58%	1.87%	2.26%
MSCI ACWI Ex USA NR USD	2.24%	5.00%	11.48%	27.19%	27.21%	5.06%	--

Annualized returns, except less than 1 year.

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 1-855-355-4RSQ.

The benchmark is the MSCI ACWI Ex-US NR Index®, a free float-adjusted market-capitalization weighted index designed to measure equity market performance in the global developed and emerging markets, excluding the US. The MSCI ACWI consists of 46 country indices comprising 23 developed and 23 emerging market country indices.

**PERFORMANCE AND POSITIONING**

For the fourth quarter of 2017, the RSQ International Equity Fund Institutional (RSQIX) and the RSQ International Equity Fund Investor (RSQVX) returned +4.45% and +4.35%, respectively. This brought the full year performance for RSQIX to +25.92% and RSQVX to +25.56%. The MSCI ACWI Ex-US NR Index USD also exhibited strong performance, returning +5.00% for Q4 and +27.19% for the full year.

As we move into 2018, the team has positioned the portfolio in the following manner. From a thematic perspective, the Fund is designed to harness structural tailwinds at the country, sector and company levels. Simply stated, we look for multi-year structural tailwinds and look to avoid structural headwinds. Currently, our overweight and underweight themes are as follows:

	Overweight	Underweight
Country / Region	Brazil	Europe
	Africa / Middle East	Japan
	Taiwan	India
	Philippines	Canada
Sector / Industry	Media	Banks
	Technology Hardware & Equipment	Automobile & Components
	Food & Staples Retailing	Real Estate
	Commercial & Professional Services	IT Software & Services
		Health Care

Regionally, we continue to find opportunities within emerging market stocks, which account for about 35% of our portfolio. Emerging Asia and Latin America represent some of our largest overweights; Pacific region looks attractive as well. We are heavily underweight Europe relative to the benchmark with a roughly 33% allocation versus the 43% exposure within the MSCI ACWI Ex US Index. We are also slightly underweight Japan.

From a sector perspective, our largest allocations are within the Financials (22%) and Information Technology (12%) sectors, followed by Industrials (12%), Consumer Discretionary (11%) and Consumer Staples (10%). The largest overweights are within Consumer Staples and Energy while our largest underweights are within Real Estate and Financials.

## ATTRIBUTION

Looking at the quarter from a regional perspective, our Japanese equities underperformed the larger index. Our selection in Japanese energy stocks was quite good, but this was a small part of our overall allocation. More significantly, our Japanese financial positions were disappointing and detracted from performance; similar situation in Latin America, as our financial positions also hurt us. We held an underweight position to the aforementioned lagging European markets which helped, and in particular, being underweight the European financial sector was a good call. Two of our worst performing stocks were Mexican holdings as the continued concerns over the renegotiation of NAFTA appeared to be more contentious than expected. We were further impacted in Mexico as the future of big box retail continues to be a contentious question.

With regards to sector attribution, our Healthcare selections were quite good, making this our strongest performing sector with Telecom and Information Technology not far behind. On the negative side, our Industrial and Materials bets were perhaps too defensive for the period and as a result, underperformed.

### Top Positive Contributors to Portfolio Alpha During Q4:

- Stock selection within Europe contributed +0.53% to alpha
- Stock selection within the Information Technology sector contributed +0.31% to alpha
- Stock selection within the Health Care sector contributed +0.27% to alpha

### Top Negative Contributors to Portfolio Alpha During Q4:

- Stock selection within the Industrials sector detracted -0.53% from alpha
- Stock selection within Emerging Asia detracted -0.49% from alpha
- Stock selection within the Financials sector detracted -0.47% from alpha

## CONCLUSION

The year ahead should be interesting. It certainly seems that markets are stretched from a valuation perspective, but the economic situation appears quite strong as the globally synchronized recovery seems well established. With that said, we are concerned about the great unwinding of central bank balance sheets, and our suspicion is that volatility may return over the course of 2018. Navigating the balance of this tension should make for a good year for prudent investors.

## Definitions

Alpha: The premium an investment portfolio earns above a certain benchmark (such as the Standard & Poor's 500). A positive alpha indicates that the investor earned a premium over that index.

## Disclosure

**To determine if this Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges, and expenses before investing. This and other information can be found in the Fund's prospectus, which may be obtained by calling 1-855-355-4RSQ (4777) or viewed online at [www.rsquaredcapital.com](http://www.rsquaredcapital.com). Read the prospectus carefully before investing or sending money.**

*Mutual fund investing involves risk, including possible loss of principal. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, differences in generally accepted accounting principles, or from social, economic, or political instability in other nations. Emerging markets and small cap holdings involve heightened risk related to the same factors, as well as increased volatility and lower trading volume. REIT investments are subject to changes in economic conditions, credit risk and interest rate fluctuations. The fund may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses. The use of leverage by the fund managers may accelerate the velocity of potential losses.*

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