



HANCOCK HORIZON MICROCAP FUND

INSTITUTIONAL CLASS: HMIIX

INVESTOR CLASS: HMIAX

PORTFOLIO MANAGEMENT INSIGHTS

- The 2nd quarter was positive for microcap stocks, but as a group they significantly underperformed their big brothers. The Russell Microcap Index was up less than 1% while small caps measured by the Russell 2000 were up 2.1% over the same time period. Performance results were much better as investors moved up the market cap spectrum. Large and mid-cap equities were up 4.2% (Russell 1000) and 4.1% (Russell Midcap Index), respectively.
- Additionally, over the last 12 months for the period ending 6/30/19 small cap equities had a negative return while large cap returns were positive. This is an unusual occurrence and in the past has led to small caps outperforming large caps in the following 12 months the majority of the time.
- The trend remained the same when analyzing style breakdown. Value stocks continued to underperform growth stocks across all capitalizations. For the quarter small cap value measured by Russell 2000 Value returned 1.4% while Russell 2000 Growth returned 2.7%. Year to date for the period ending 6/30/19 Russell 2000 Value and Russell 2000 Growth were up 13.5% and 20.4%, respectively.
- For the quarter the Hancock Microcap Fund had good relative performance versus the benchmark. Sector weighting and stock selection both contributed positive relative performance. The fund’s significant overweighting in Financials and underweighting in Healthcare accounted for the bulk of the outperformance in regards to sector positioning. The largest detractor was the overweight in the Energy sector.
- Regarding stock selection Technology and Materials provided the largest lift for the quarter. The technology holdings of the fund were up almost 19% for the quarter while the technology sector of the benchmark was up a little over 4%. We also had one acquisition in technology, PCM, Inc. (PCMI), that occurred in June. PCMI rallied significantly on the news, but still had a negative return for the quarter. The Fund held 0.00% of PCMI as of June 30, 2019.
- Stock selection in Consumer Discretionary and Energy were the largest drags on relative performance in the second quarter.

TOP 3 CONTRIBUTORS % at Quarter End

STOCK	WEIGHT
Foundation Building Materials, Inc.	1.38
Goosehead Insurance, Inc. Class A	1.27
NAPCO Security Technologies, Inc.	1.59

TOP 3 DETRACTORS % at Quarter End

STOCK	WEIGHT
Vitamin Shoppe, Inc.	0.91
Basic Energy Services, Inc.	0.51
Kingstone Companies, Inc.	0.78

PERFORMANCE

	Average Annual Total Returns				
	Last Quarter	Year-to-date	1 Year	3 Year	Since Inception*
Institutional Class	1.12%	11.72%	-16.80%	4.74%	3.40%
Investor Class	1.06%	11.59%	-17.01%	4.47%	3.14%
Russell Microcap Index	0.92%	14.15%	-10.39%	11.19%	5.30%

*Inception date is 5/29/15. Performance quoted represents past performance and is not indicative of 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. Current performance may be higher or lower than the performance quoted. For performance data current to the most recent month end, please visit www.hancockhorizonfunds.com. Fund returns include change in share value and reinvestment of distributions, unless otherwise indicated. The Institutional Class gross expense ratio is 1.30%, and the Investor Class gross expense ratio is 1.55%. The material represents the manager’s assessment of the market environment as of the time of this writing and should not be relied upon by the reader as research or investment advice regarding any security, nor is it intended to be a forecast of future events or a guarantee of future results.

NOT INSURED

NOT GUARANTEED

MAY LOSE VALUE

HANCOCK HORIZON MICROCAP FUND

FUNDAMENTALS		
	FUND	Russell Microcap
P/E Ratio	14.16	17.73
P/B Ratio	1.46	1.98
Avg. Mkt. Cap millions	\$458.62	\$323.87
Weighted Avg. Cap*	\$462.37	\$713.60
Up Capture Ratio^	82.78	-
Down Capture Ratio^	106.43	-
*In Millions ^Since Inception		

QUARTERLY ATTRIBUTION ANALYSIS			
	Allocation Effect	Selection Effect	Active Return
Communication Services	0.01	-0.02	-0.01
Consumer Discretionary	-0.15	-0.93	-1.08
Consumer Staples	0.02	0.13	0.15
Energy	-0.23	-0.53	-0.76
Financials	0.44	-0.42	0.01
Health Care	0.34	0.37	0.71
Industrials	0.10	0.24	0.34
Information Technology	-0.05	1.26	1.21
Materials	-0.04	0.60	0.56
Real Estate	-0.01	-0.45	-0.46
Utilities	-0.01	0.21	0.20
Attribution Total	0.41	0.47	0.89

FUND MANAGERS



Anthony Slovick, CFA
7 years with firm
20 years in industry



Steven Solomon, CFA, CFP
7 years with firm
25 years in industry

ABOUT THE HANCOCK HORIZON FUNDS

Hancock Horizon Funds, founded in 2000, manage 10 mutual funds in equity, state specific tax-free, and liquid alternative funds.

To determine if the Fund is appropriate for you, carefully consider the Fund’s investment objectives, risks and charges and expenses. This and other information including additional share classes offered can be found in the Fund’s full or summary prospectus which can be viewed by visiting www.hancockhorizonfunds.com. Read it carefully before you invest or send money.

Mutual fund investing involves risk, including possible loss of principal. Investments in smaller companies typically have higher volatility. Current and future holdings are subject to risk. REIT investments are subject to changes in economic conditions, credit risk and interest rate fluctuations. There are specific risks inherent in investing in small-cap and micro-cap companies. Small-cap and micro-cap companies have a higher risk of failure and typically experience a greater degree of volatility. Investing in micro-cap companies may not be appropriate for all investors. Diversification may not protect against market risk. There is no guarantee the Fund will achieve its stated objective. Holdings subject to change.

The Russell Microcap® Index measures the performance of the microcap segment of the U.S. equity market. Microcap stocks make up less than 3% of the U.S. equity market (by market cap) and consist of the smallest 1,000 securities in the small-cap Russell 2000® Index, plus the next 1,000 smallest eligible securities by market cap. The Russell 2000 is an index measuring the performance of approximately 2000 smallest cap American companies. The Russell 1000 is an index measuring 1000 of the largest companies in the U.S. equity market. The Russell 2000 Value Index is a composite of U.S. small cap companies that also exhibit value probability. The Russell 2000 Growth Index is a composite of U.S. Small Cap companies that exhibit a growth probability. Index returns do not reflect any management fees, transaction costs, or expenses. It is not possible to invest in an index.

The price to earnings ratio (PE Ratio) is the measure of the share price relative to the annual net income earned by the firm per share. The price-to-book ratio, or P/B ratio, is a financial ratio used to compare a company's current market price to its book value. Up Capture Ratio is a statistical measure used to evaluate how well or poorly a manager performs relative to an index during periods when the index has risen. Down Capture is used to evaluate relative performance during periods when the index has dropped. Allocation effect refers to sector allocation decisions and selection effect refers to stock selection decisions. Active return is the percentage gain or loss of an investment relative to the investment’s benchmark. Alpha is a measure of performance on a risk-adjusted basis.

Horizon Advisers serves as investment advisor for the Hancock Horizon Family of Funds. The Hancock Horizon Family of Funds is distributed by SEI Investments Distribution Co., which is not affiliated with Hancock Whitney Corporation, or any of its affiliates.