AlphaOne™ Small Cap Opportunities Fund

Portfolio Commentary

In Q1 2018, the Fund lost 0.66% while the Russell 2000 (R2) lost 0.08% (as of 3/31/18).

Since inception (March 31, 2011), the Fund is up a cumulative 101.14%, the R2 is up 99.78%.

The AlphaOne Small Cap Opportunities Fund's objective is to achieve higher returns than the R2 with less volatility through active management. Through the years, the team has applied a consistent core (value and growth) process that targets companies that demonstrate earnings and earnings growth, return on capital and management that exhibits an ownership mentality. Since inception, the Fund has managed to outperform its benchmark with below-average volatility compared to peers and to the Russell 2000 Index. The Fund typically holds 50-70 domestic common stock positions and a targeted holding period of 3-5 years.

AlphaOne Small Cap Opportunities Fund (6/30/17) Annualized Returns	AOMAX	Russell 2000® Index	AlphaOne Advantage
Trailing 1-Year	11.03%	11.79%	**-0.76%**
Trailing 3-Year	9.52%	8.39%	**1.13%**
Trailing 5-Year	12.06%	11.47%	**0.60%**
Inception-to-Date	10.50%	10.39%	**0.11%**
Inception-to-Date (Cumulative Return)	101.14%	99.78%	**1.36%**

The performance quoted herein 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 that their original cost, and current performance may be higher or lower than performance quoted. For performance data current to the most recent month end, please call 1-855-4-ALPHAONE. Gross Expenses for Small Cap Opportunities Fund I Shares are 1.27%. Returns do not reflect the effect of a 2.00% redemption fee which is incurred on shares held less that 90 days. The expense ratio does not reflect the ability of the Adviser to recover all or a portion of prior waivers, which would result in higher expenses for the investors. This option is available contractually to the Adviser until February 28, 2019. Other share classes are available, which would have different results.

Stocks go up, stocks go down. Stocks go up, stocks go down. No, this isn't a review of a Wall Street version of Groundhog Day, but a summation of Russell 2000 (R2) price performance during the first quarter of 2018. During the quarter, the R2 rose approximately 5%, lost 10%, rose 10%, and finally, lost 5%. And yet, with all that movement the R2 ended up basically flat for the quarter, as did your portfolio.

Steady readers of this quarterly letter know we have seen increased price volatility between quarters. Many times, this swing in price has been a result of style drift. Other times it has been due to non-financial events that in hindsight become less relevant to investors. However, this intra-quarter movement is different, or at least less common. Over the past 30 years, there have been less than a dozen times this has occurred. Given the infrequency of this trading behavior, it may have more versus less significance. And to us this means we are in a transition period.

As a result, forward returns in the short term may be muted. Why? Past winners no longer receive new incremental dollars as these dollars begin to support less benefitted stocks. This pattern remains in place until eventually the lack of incremental dollars for past winners informs investors that owning these shares could be detrimental to returns. Thus, leading investors to sell the weakening shares and to buy those previous losers that have built bases. Forward returns in the medium term then may begin to rise as one portion of the R2 no longer faces downward pressure and the other portion, now bigger, continues to receive incremental investment dollars.

Okay, that neatly describes a transition from one group of stocks to another. It doesn't tell you how long it will take or who were winners and who will become winners. As to the length of time it may take to complete this transition I will leave up to technicians. However, the fundamental story I am weaving is we are transitioning from growth to value within the R2.

The reasons for this potential transition are manifold. First, the return spread between the R2G (growth) and R2V (value) was historic in 2017 (1500 bps) and ran at a faster annualized pace in 1Q18 (500 bps absolute, 2000 bps annualized). During years in which there exists such a performance disparity, style change tends to occur in subsequent years. Second, after a year of volatility quiescence (The VIX in 2017 averaged about 10), a return to more normal volatility occurs (1Q18 the VIX rose to 39 before settling around 20, which is about average). A rise in volatility tends to support investors who own profit making companies. A rise in volatility tends to support active managers over passive investments. Third, non-profit making companies continue to outperform profit making companies. As the economy grows and the need to find growth declines, investors historically have moved from potential earnings growth to actual earnings. Fourth, a narrowing market tends to suggest a topping out formation. During 1Q18, only 3 sectors outperformed the R2 and only 9 out of 24 industries. Again, the winners were sectors (technology and health care) and industries (software and biotech) that have benefitted from easy money creation via ZIRP, low interest rates, and quantitative easing.

Further reasons, or foundational beliefs, for this potential transition also include economic events. First, the tax act is legislation. The immediate impact from a reduction in tax rates will benefit domestically focused industries, such as retail, homebuilding, and banks. Technology and healthcare companies already have low tax rates. Second, the tax act allows for the immediate expensing for capital equipment. Many of the companies that manufacture capital equipment are domestic. Capital equipment is at its oldest in nearly a half-century. Demand for value-added manufactured goods is rising, thus, the need for manufacturers to improve operating efficiencies to meet increasing demand. Ergo, a rise in demand for capital equipment. Third, short-term interest rates are on the rise as the Federal Reserve Bank (FRB) is on the path to interest rate normalization. As short-term rates rise, the benefit to high growth companies from low discount rates employed in net present value calculations decreases. Fourth, as the yield curve shifts higher, there is a positive relationship with profit making companies. Fifth, again, as the yield curve shifts higher, companies with low leverage tend to outperform. Sixth, as earnings visibility rises for those sectors/industries that benefit the most from the tax act rises, the valuation discount for these companies relative to tech and healthcare companies should shrink.

The above may read like a screed, yet after nearly five quarters of historic outperformance by one style over another, after years of non-earning companies benefitting from low interest rates, and after outsized fund flow difference towards growth, recognizing that a shift may be under way is important in maintaining an investing discipline to reap the hopeful benefits of investor support and demand coming to the names in your portfolio.

Our AlphaOne Small Cap Opportunities Fund is composed of companies that we believe are well managed, have low leverage, and long revenue and earning cycles that allow for book value to compound and valuation to improve. We are not value investors, we are business buyers. For the past several years incremental capital flows have found their way towards companies that offered outsized potential returns given a low interest rate, high money supply monetary regime. As we transition from this economic backdrop to one driven by fiscal stimulus, we believe owning companies with low levels of debt, provide value added manufactured products, and that benefit from providing financing to domestic businesses will receive those incremental investment dollars they so richly deserve.

We will continue to endeavor to escort your capital towards positive absolute and relative returns.

Sincerely,

Daniel Goldfarb, CFA
Senior Portfolio Manager

Christopher Crooks, CFA
Senior Portfolio Manager

Disclosures

Top 10 holdings as of 3/31/2018 are Invacare Corporation; On Assignment, Inc.; Novanta, Inc.; CRA International, Inc.; Enterprise Financial Services Corp.; Supernus Pharmaceuticals, Inc.; OceanFirst Financial Corp.; Federal Signal Corporation; CalAmp Corp.; Columbia Banking Systems, Inc. Top 10 holdings represent 24.49% of the portfolio. Holdings are subject to change. Current and future holdings are subject to risk.

Mutual fund investing involves risk including possible loss of principal. In addition to the normal risks associated with investing, investments in smaller companies typically exhibit higher volatility.

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The Russell 2000® (R2) Index are a trademark/service mark of the Frank Russell Company. The Russell 2000® Index represents the smallest 2,000 companies within the Russell 3000® Index of the 3,000 largest U.S. companies.

VIX is ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 Index options.

Zero interest-rate policy (ZIRP) is a macroeconomic concept describing conditions with a very low nominal interest rate, such as those in contemporary Japan and December 2008 through December 2015 in the United States.

Indices are unmanaged (R2); includes only U.S. companies; is market-value weighted; includes reinvestment of dividends; is shown for illustration only; does not reflex any management fees; and cannot be purchased directly by investors.

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 (855) 4-ALPHAONE. Read the prospectus carefully before investing or sending money.