



James Murray
Portfolio Manager



Steve Block
Portfolio Manager

Investment Philosophy

We seek to provide a stable and high level of current income by selecting a core of common, preferred and convertible preferred equities that generate above average current income versus the broader equity markets with lower volatility over time.

Inception date
6/1/05

Number of holdings
100-200

Geography
U.S.

Benchmark
A weighted average of the S&P U.S. Preferred Stock Index, NAREIT Equity REIT Index, and Citigroup's Corporate BBB Bond Index

Total assets
Firm: \$1.2 BN
Strategy: \$0.5 M

Phocas Equity Income

Discipline

Embracing a patient and integrated research approach through multiple asset class investment strategies. We search for companies that trade at above average dividend yields relative to their peer group.

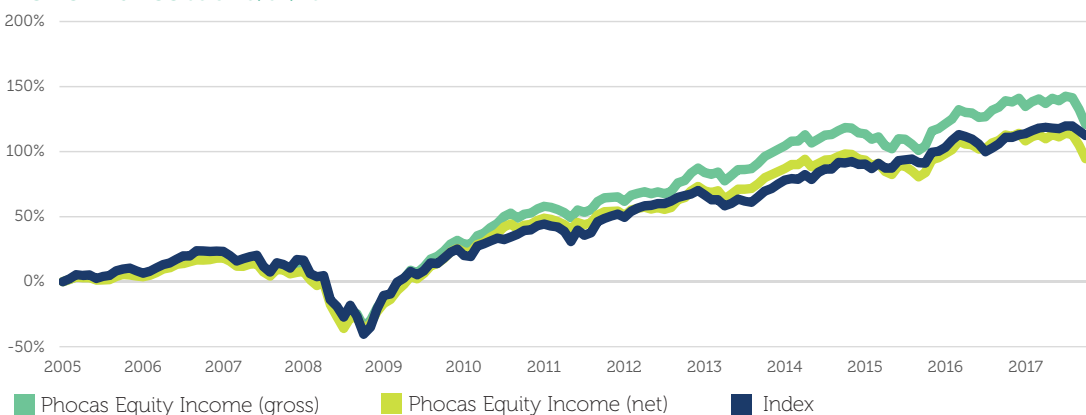
Research

Using various proprietary tools and research models that account for quantitative and qualitative factors, we seek securities with sound balance sheets, quality cash flows and predictable and sustainable dividends.

Balance

Our goal is to deliver above average yield while protecting the principal for future growth and needs. We believe our emphasis on fundamental investment valuation, using a combined quantitative and qualitative methods, enables us to serve our clients well over the long term.

Performance as of 3/31/18



Annualized Returns as of 3/31/18

	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Phocas Equity Income (gross)	-7.90%	-6.67%	0.64%	3.89%	7.38%	6.46%
Phocas Equity Income (net)	-8.15%	-7.67%	-0.36%	2.89%	6.38%	5.46%
Index*	-2.16%	1.94%	3.77%	5.13%	6.89%	6.18%

Calendar Year Returns

	2017	2016	2015	2014	2013	2012	2011	2010
Phocas Equity Income (gross)	4.12%	12.74%	-3.55%	14.12%	10.30%	9.07%	1.76%	30.10%
Phocas Equity Income (net)	3.12%	11.74%	-4.55%	13.12%	9.30%	8.07%	0.76%	29.10%
Index*	8.41%	4.31%	4.13%	15.90%	-0.63%	17.71%	2.53%	17.41%

Data presented reflects past performance, which is no guarantee of future results.

Net performance shown reflects the deduction of annual investment management fees of a maximum annual investment management fee of 1% of assets under management. Performance returns may reflect the effect of material economic and market factors not anticipated by Phocas. Clients' returns will be reduced by advisory fees and other expenses incurred in the management of the client's account.

The charts and graphs above are provided for illustrative purposes only.

The Phocas Equity Income composite contains all assets under management from discretionary portfolios that are fully invested in the Company's Equity Income investment strategy since June 2005.

There is inherent risk with investing in the stock market which may result in a loss of principal. Investment strategy, market conditions, composition of portfolios, and calculation methods are variables that can and will affect the performance of a portfolio.

*The benchmark ("Index") for the Phocas Equity Income Strategy is a weighted average of the S&P U.S. Preferred Stock Index, NAREIT Equity REIT Index, and Citigroup's Corporate BBB Bond Index ("Index") as it relates closely to the strategy. The Index measures the performance of a selected group of preferred stocks, REITs, and corporate bonds.

Interested in more information?

**Visit Phocas at
phocasfinancial.com
or give us a call at
510-523-5800.**

Key Differentiators

Our deep and experienced investment team utilizes a consistent and disciplined investment approach that combines internally generated research with thoughtful portfolio construction to generate high current yield with reduced volatility over a long-term investment horizon.

The typical portfolio composition is a core/satellite approach:

Core Equity Securities (minimum 2/3 of portfolio)

- Common stocks
- REITs
- Preferred stocks
- Convertible pref. stocks

Non-Core Securities (maximum 1/3 of portfolio)

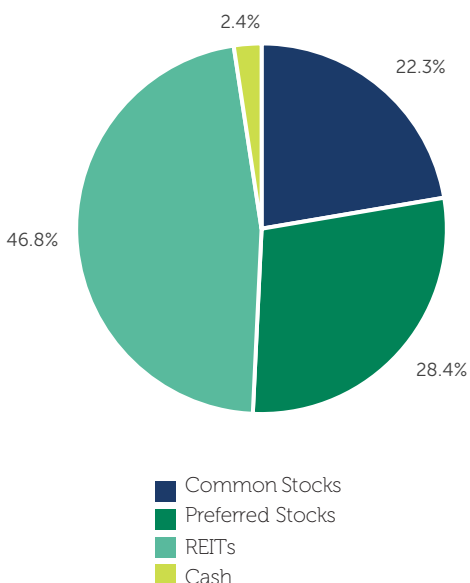
- Common stocks
- REITs
- Preferred stocks
- Convertible pref. stocks
- Corporate, government and municipal bonds

Top 10 Holdings[^]

Cbl & Assoc Pptys Pr	2.6%
Sabra Health Care REIT	2.4%
Blackstone Group	2.4%
CorEnergy Infrs REIT Pr	2.3%
Sabra Health Care REIT Pr	2.2%
Independence Realty	2.1%
City Office REIT, Inc.	2.1%
Iron Mountain, Inc.	1.9%
Las Vegas Sands	1.8%
Northstar Rlty Europe	1.8%

“ We believe that active managers investing in preferred securities should allocate 2/3 of their portfolio to core positions in order to generate a stable and high level of current income for investors while sufficiently managing risk. ”

Portfolio Composition as of 3/31/18



Portfolio Characteristics*

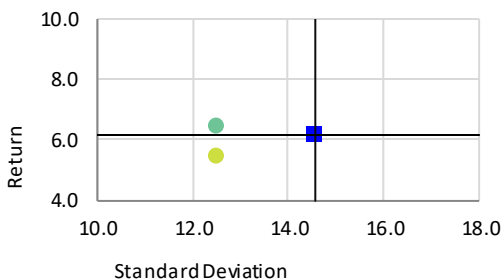
	Phocas
Number of Securities	76
Market Cap (\$bn; wtd avg)	\$6.5
Market Cap (\$bn; median)	\$0.9
Turnover	36.5

Portfolio Statistics⁺

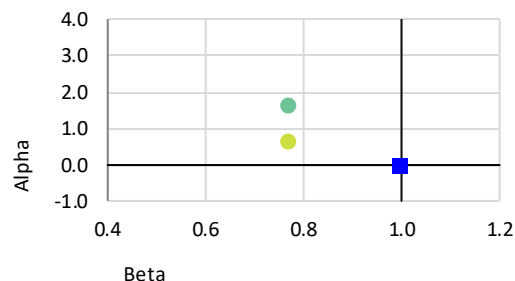
	Phocas	Index
Cumulative Return (%)	122.32	115.02
Annualized Return (%)	6.46	6.18
Alpha	1.63	-
Sharpe Ratio	0.33	0.29
Information Ratio	0.05	-
Up Period %	66.23	63.64
Down Period %	33.77	36.36
Correlation	0.90	1.00
Std Dev	12.50	14.56
Beta	0.77	1.00
Up Capture Ratio	88.18	100.00
Down Capture Ratio	86.65	100.00

* Source: Factset, 3/31/18
⁺ Time Period: 6/1/05 - 3/31/18

Risk/Reward 6/1/05 - 3/31/18



Efficiency (Beta/Alpha) 6/1/05 - 3/31/18



■ Phocas Equity Income (gross) ■ Phocas Equity Income (net) ■ Index

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Phocas Financial Corporation (the "Company" or "Phocas"), has been a registered investment advisor with the SEC since 2005. The Company provides investment management services focused on achieving competitive returns utilizing our equity income investment approach.

Phocas has prepared and presented this report in compliance with the Global Investment Performance Standards.

[^] Portfolio holdings and composition are subject to change. This information should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any of the securities holdings listed were or will be profitable, or that investment recommendations or decisions that we make in the future will be profitable. A complete list of holdings for the past twelve (12) months is available upon written request.