"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." ***– Winston Churchill***

"I'm not going to say I told you so. But I did."
-***Nouriel Roubini***

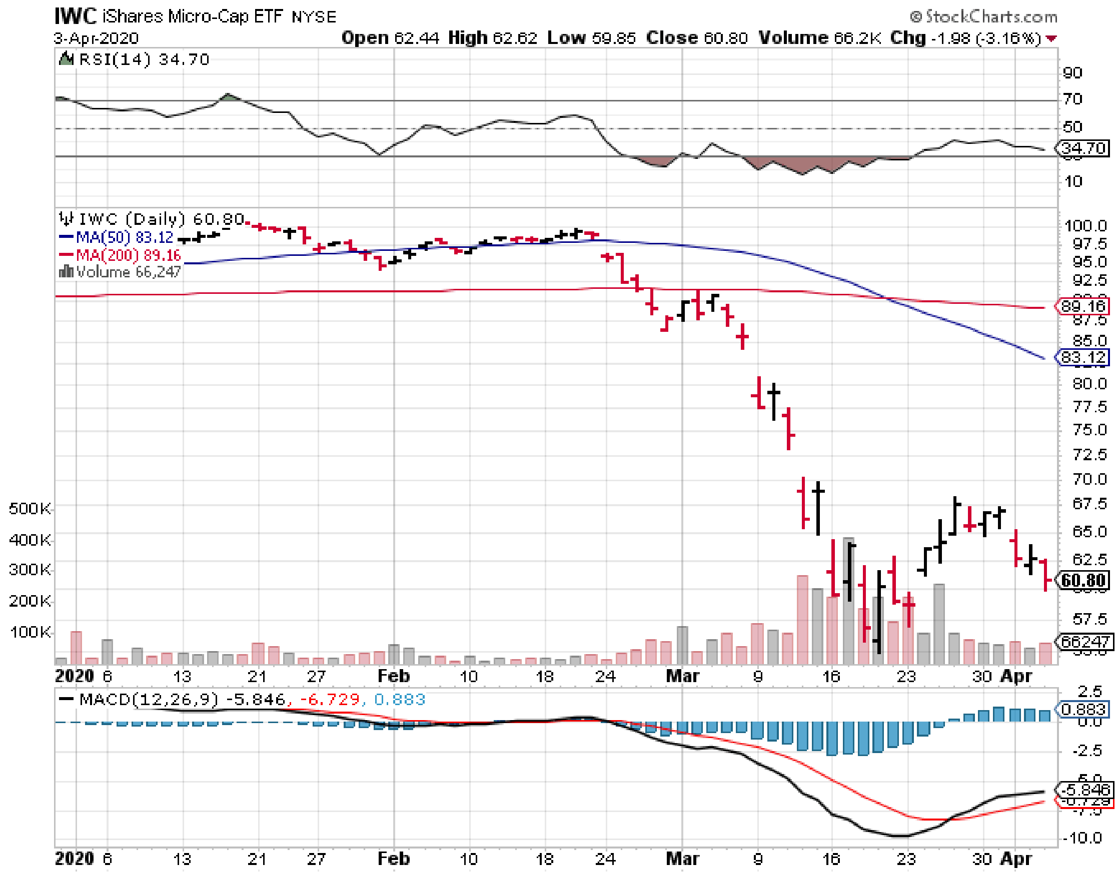
Summary for 2020 Q1 – The Covid-19 World

For the year-to-date period ended March 31, 2020, the ***preliminary estimated*** investment results for the Uniplan Micro Cap Portfolio are as follows:

	QTD	YTD
Uniplan Micro Gross	-34.37%	-34.37%
Uniplan Micro Net	-34.78%	-34.78%
Russell Micro	-31.99%	-31.99%
Wilshire Micro	-33.84%	-33.84%

On January 31, 2020 the Trump Administration imposed restrictions on incoming travelers from China. The travel disruption sent shock waves through the media and rattled industries that depend on the flow of goods and people between the world's two largest economies. But the impact of the Covid-19 market sell-off did not begin in earnest until Monday, February 24, after a weekend of expanded news coverage about the rapidly spreading coronavirus and the alarming rise of the illness in Italy. Until that day, micro cap indices had been moving sideways before gapping lower and falling for the next five days straight. That decline foreshadowed the approximately -25% micro cap drop that followed during March as a tidal wave of bad public health news continued to grow and the grim economic implications of that news was discounted by the market.

The implications of the improbable always take market participants by surprise, but the speed and breadth of the ensuing market selloff was nothing short of arresting. Day after day global markets plunged lower with volatility that has set records and stunned investors. For those who are in the market, the markdowns have been swiftly taken. The mandate now is to use the broad-based sell-off to reposition portfolios into new positions that better reflect the new reality of a post Covid-19 world. For those who are not in the market, it is perhaps a once in a generation window to position in investments that may never see valuations like this for decades.



Source: StockCharts.com

Adversity = Opportunity "The Post-Pandemic World"

The current global health pandemic is tragic and horrific. We hope and pray for the best for everyone. The implications of everything that is happening now and everything that will happen in the near future will be examined and debated across the globe as the world moves forward. It is probable that the policies of globalization which have been widely embraced for the past 40 years will change dramatically. Certainly, the production of critical products that have a potential impact on national security such as medical equipment and supplies, the raw materials for important drugs, and microchips and processors that are used in critical applications across numerous industries will all be top priorities for policymakers as the global economy begins to normalize in a post Covid-19 world.

As the secular trends that supported globalization, such as the outsourcing of critical manufacturing to low-cost countries, or the manufacture of high-tech components by state supported companies of potentially adversarial regimes, begin to reverse there will be a large and varied opportunity for many small and micro cap companies to thrive in this new post-pandemic world.

The gap between Value and Growth exploded during the quarter, as the Russell Micro Cap Value benchmark fell -36.1%, dramatically underperforming the Russell Micro Cap Growth's -26.6% decline. In fact, Value benchmarks were the worst performers across the US equity benchmark universe. Growth, which has become synonymous with the higher P/E Information Technology (IT) companies that have fueled the broader market’s growth for a decade, was one of only two factors that meaningfully outperformed the Index. In part the underperformance of value factors was less driven by COVID-19 pandemic, but rather fueled by the oil price war which weighed on global markets as the price of energy collapsed along with global demand. This resulted in the market volatility index (VIX) breaking out to its highest absolute level and posting its largest single intraday move since the global financial crisis (GFC).

Credit markets, responding to central bank backstops, traded to all-time low yields as the spread between equity and bond yields approached an all-time high, with equities growing increasingly compelling versus the perceived safety of bonds. The ratio of earnings to treasury yield is significantly higher than in 2009, highlighting the extremely compelling absolute and relative case for active equity investing today.

Year	Russell 2000 LTM P/E	Russell 2000 Earnings Yield	30 YE UST Yield	Difference	Earnings Yield to Treasury Yield
2020	12.5	8.02%	1.32%	6.70%	6.09
2009	17.0	5.88%	3.57%	2.31%	1.65
2002	29.9	3.34%	4.86%	-1.52%	0.69
1990	14.1	7.09%	9.08%	-1.99%	0.78

(Source: Bloomberg)

Over the years we have argued that investing in micro cap stocks can offer excess returns because of the inefficient information flow regarding the thousands of small companies which populate this space. Do your homework, be mindful of valuation and actively manage risk; this is the road to adding alpha in a micro cap portfolio. This thesis in part, is supported by the fact that very few micro cap companies have any formal sell side research analyst coverage. As a result, doing primary source research can often lead to gaining insights and finding opportunities long before the investing public learns about these facts.

While some investors may try to gain exposure via the index or ETF trading in an effort to time and capture market beta, we would argue that this is a less effective way to play small and micro cap opportunities. In a post Covid-19 world there will be bigger differences between winners and losers on an individual security basis in a market segment where careful fundamental research can still result in an information advantage. Our rigorously screened bottom-up work on business, management and valuation along with our thematic macro framework helps us distinguish real businesses trading at low historic multiples of cash flow that will grow versus value trap stocks with poor underlying businesses.

Portfolio Notes

During Q1, we made some adjustments in positions and holdings given the closing window of opportunity and increased downward trading volume as the market reacted to the growing negative news flow surrounding the Covid-19 situation. We undertook a thorough review of each company that we own on a case-by-case basis to determine the potential value impact of the emerging disaster and to ensure that our appraisal values and target prices are appropriately conservative and adjusted them in the face of the uncertain future. We reassessed the framework of each investment thesis reaffirming that we own high-quality businesses with capable management teams that can adeptly navigate the current environment.

We sold two long term holdings from the portfolio. The first sale was One Spa World (OSW), a provider of day spa services on cruise ships, whose share price collapsed in the face of the growing pandemic at sea on cruise ships. It's unlikely that they will generate any revenue until 2021 at the earliest and will likely encounter a slow recovery after business activity resumes. The other sale was Southerly Hotels Inc. (SOHO), an owner of boutique hotels in southeastern resort cities which fell victim to the unfortunate collapse in travel just as the high season for winter vacations approached. It's unlikely that they will see any meaningful recovery in their business until the winter of 2020 at the earliest and we forecast a slow recovery in leisure travel in a post Covid-19 world.

We added several names to the portfolio including two that we have successfully owned in the past. First, LeMaitre Vascular Inc. (LMAT), a provider of medical devices for the treatment of peripheral vascular disease. The Company develops, manufactures and markets medical devices and implants used primarily in the field of vascular surgery. It is a well-managed niche business in the medical device arena that was a highly successful portfolio contributor in the past which was sold on valuation. The other is a revisit of Physicians Realty Trust (DOC), a conservative well positioned owner of medical office buildings on and near the campuses of major hospitals. These two businesses have all the elements to succeed in a post Covid-19 environment.

In volatile environments like today, we maintain an even more active, engaged dialogue with our portfolio companies. We are always thinking about and looking for ways to help create value by encouraging our management teams to pursue intelligent, value accretive capital allocation moves or making changes to upgrade governance and oversight and business performance. In these times, our quiet and trusted approach to engagement is more productive and appreciated, as we often act as a sounding board to our company management partners.

As our investors know, we also closely monitor insider and smart money activity across our portfolio and the micro cap universe. Insiders at many of our portfolio companies have bought shares personally this quarter, signaling confidence in their companies and the future of the business.

Conclusion

We are more excited for the long-term prospects of our portfolio than we have been in a long time. As global markets continue to be rocked by extreme uncertainty and fear we have seen a rapid rise in stock price volatility and a steep decline in investor sentiment. We have only seen this level of disruption a handful of times and they have always led to new opportunities for our investors.

Due to liquidity constraints and the effects of information flow, being a patient long term investor is an important factor in micro cap investing. For the patient, long-term investor, micro cap stocks offer better return opportunities than any domestic equity class. Looking back at the history of micro cap securities, they are often punctuated with periods of extreme volatility. It's easy to argue that we are in one of those periods of volatility. As such, we often look to those periods to reposition and evolve the portfolio**.** For these reasons we believe now more than ever micro cap stocks have a meaningful place in the portfolios of individual investors.

While we have discussed here at length the investment opportunity that the market disruption has created, we are deeply saddened by the devastating loss of life and dangerous health impact the Covid-19 pandemic has had for so many globally. The health and safety of our employees, their families, our clients and the community around us remain our top priority. As we all work from home, we look forward to the time when we can once again sit together and debate investment opportunities.

###

Richard Imperiale
Chief Investment Officer
April 2020

The Uniplan Micro Cap Portfolio is a low-turnover high-conviction micro cap strategy designed to offer investors a quality alternative to private equity having a similar unlevered return while providing daily liquidity. The core investment thesis is focused on companies trading at a low multiple of cash flow or EBITDA, with little or no balances sheet debt and having meaningful smart money activity in the form of insider buying, or 13G/13D activity along with identifiable macro or company level catalysts.

Important Information: 1. Uniplan Investment Counsel is a boutique investment firm, with roots dating back to 1984, that manages a variety of portfolios primarily for US clients. Uniplan maintains a complete list and description of composites that is available upon request. 2. The composite was created August 1, 1999. Performance is calculated in US dollars utilizing a time-weighted total rate of return. Total return for the composite is represented by the asset-weighted returns of the portfolios within the composite. Trade-date valuation is used. 3. Performance is net of all transaction costs and net performance is net of transaction costs and (maximum allowable total) investment management fee, but before any custodial fees (that may be incurred separately by the client). 4. The benchmark for the composite is the Wilshire US Micro Cap Index that represents a float-adjusted, market capitalization-weighted portfolio of all stocks below the 2,500th rank by market capitalization in the Wilshire 5000 at March 31 and December 31 of each year. The index is used to measure small stocks and is adjusted to reflect the reinvestment of dividends, when applicable. 5. The Russell Micro Index may be used as an alternative benchmark. The Russell Microcap Index is an unmanaged total return index of the smallest 1,000 securities in the small cap Russell 2000 Index and the next smallest 1,000 companies based on a ranking of U.S. equities by market capitalization. 6. It is not possible to invest directly in an index. The index figures do not reflect any deduction for fees, expenses or taxes. 7. The dispersion of annual returns is measured by the standard deviation of asset-weighted portfolio returns represented within the composite for the full year. The standard deviation of the annual returns for the period August 1, 1999 to March 31, 2020 is 19.76% for the composite and 25.74% for the Wilshire Micro Cap Index. 8. The composite does not have a minimum size criterion for composite membership. All fee-paying discretionary accounts with similar investment objectives are included. Leverage is not used in this composite as a means to generate higher returns. There may be non-fee paying portfolios in the composite. Individual account holdings may vary depending on numerous factors including the size of an account, cash flows, and account restrictions. 9. There have been no changes in the personnel responsible for the management of this composite. 10. The composite contains both traditional and wrap fee portfolios. Uniplan has a flexible and negotiable fee schedule reflecting the differences in size, composition and servicing needs of clients' accounts. A complete description of investment advisory fees is contained in Uniplan's Form ADV and is available upon request. 11. Uniplan Investment Counsel does not claim GIPS Compliance. The performance has been verified by an independent source as of 1/01/2006 – 12/31/2018. Individual account performance may vary from the results shown because of differences in inception date, restrictions and other factors. 12. Investors should understand that micro cap stocks are subject to a higher degree of risk than other equity investments due to the small size of the companies and the limited trading volume inherent in micro cap stocks. 13. This information is not an offer to buy or sell a security nor does it constitute investment advice or an offer to provide investment advisory or other services. All information is subject to correction or change. **Past performance is no guarantee of future results. Investment involves a risk of loss.**

All investments carry a certain degree of risk, including possible loss of principal. REITs are subject to illiquidity, credit and interest rate risks, as well as risks associated with small and mid-cap investments. It is important to review your investment objectives; risk tolerance and liquidity needs before choosing an investment style. Value style investing presents the risk that the holdings or securities may never reach their full market value because the market fails to recognize what the portfolio management team considers the true business value or because the portfolio management team has misjudged those values. In addition, value style investing may fall out of favor and underperform growth or other style investing during given periods.

Uniplan Investment Counsel is a registered investment advisor. The views expressed contain certain forward-looking statements which can be speculative in nature. Uniplan Investment Counsel believes these forward-looking statements to be reasonable, although they are forecasts and actual results may be meaningfully different. This material represents an assessment of the market at a particular time and is not a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any particular security and is subject to change without notice. Past performance does not guarantee future results. Prices, quotes and other statistics have been obtained from sources we believe to be reliable, but Uniplan Investment Counsel cannot guarantee their accuracy or completeness. All expressions of opinion are subject to change without notice. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of this security. A list of securities purchased and sold in the portfolio during the past year, including the purchase or sale price and the current market price, is available upon request by calling 262-534-3000.