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Jackson Square SMID-Cap Growth Fund Commentary

As of September 30, 2018

QUARTERLY MARKET REVIEW

Stocks were up globally in the third quarter, although leadership was narrow and centered in the U.S. Few developed markets outperformed the MSCI ACWI, while emerging markets were particularly weak in both debt and equity markets.

In contrast to the global picture, investors in the U.S. expressed optimism as both style and capitalization indices performed well. Growth outperformed Value and Large-cap outperformed Small-cap.

Growth sectors (Healthcare, Technology) were especially strong while cyclicals (Energy, Materials, Semiconductors), and most other sectors, lagged.

Most global statistical risk factors had positive performance led by stocks with exposure to Profitability and Momentum while the Value factor was significantly negative for the quarter, adding to its poor performance year-to-date.

STRATEGY REVIEW

For the third quarter of 2018, the SMID-Cap Growth Portfolio underperformed its benchmark, the Russell 2500 Growth Index. While performance was largely driven by our stock exposure, on a sector level, real estate was the largest detractor and information technology was the largest contributor to performance.

Contributors

Paycom Software, Inc., an online payroll and human resource technology company, was a contributor to performance during the period. The company reported above consensus second quarter earnings, including revenue of $128.8mm, up 31% year-on-year. Additionally, a leading publication placed Paycom Software fifth on its list of Fastest-Growing Companies. It is the second consecutive year that Paycom has earned a spot in the list's top five. We believe Paycom is a unique human resources software business with strong profitability that is taking share from legacy incumbents due to its SaaS platform and unique sales culture led by the company's founder.

Bio-Techne Corporation, a company that provides bioactive tools and resources for the research and clinical diagnostic communities, was a contributor to performance during the period. The company announced second quarter earnings during the period, demonstrating that the fiscal year fourth quarter organic revenue increase by 9% to $180.3mm and full year revenues of $643mm. Additionally, the company decided to pay a dividend of $0.32 per share for the quarter ended June 30. The dividend was payable August 31 to all common shareholders of record on August 17. We believe in Bio-Techne's unique competitive position in manufacturing reagents and other tools that are instrumental to drug discovery and treatment, without explicitly being tied to less certain, oftentimes binary, drug outcomes.

Acxiom Holdings, Inc., a global technology and enablement services company, was a contributor to performance during the period. We entered into this new position during the period as we believe it is an underfollowed and undervalued name in the market. The company's new CEO, Scott Howe, joined from Microsoft in 2011 and has brought new entrepreneurial vigor to a previously sleepy firm. Howe aggressively pursued and acquired LiveRamp, a rapidly growing, subscription-based, data on-boarding and analytics company that has been nurtured as an autonomous division within Acxiom. Additionally, Acxiom recently announced the sale of their legacy AMS or Acxiom Marketing Services business to Interpublic Group for $2.3bn, which will result in net $1.7bn in cash upon closing. This was approximately half the company's market cap at the time of our investment. As a result, we believe new management combined with a SaaS data middleware provider embedded in a firm with large cash reserves will position Acxiom to drive value over the long-term.

Detractors

The New York Times Company, a global publisher, was a detractor from performance during the quarter. The company has seen slowing subscription growth, adding 109,000 in the second quarter, compared to 139,000 in the first quarter, and 157,000 in the fourth quarter of 2017. Although we are monitoring investor concerns surrounding subscription growth, we are focusing more specifically on the key metric of digital growth which is still growing and is key to our thesis. We believe The New York Times is becoming a high-quality digital subscription business without the content cost inflation inherent in entertainment oriented subscription models. Additionally, we believe that quality journalism is experiencing the early onset of increased consumer willingness to pay for content. We believe these trends will drive value for the company over the longer-term.

Redfin Corp., the web-based real estate database and brokerage service, was a detractor from performance during the period. The stock has lagged due to investor concerns of a weaker macro environment and potential execution risk for Redfin Now, an initiative where Redfin purchases and sells homes themselves rather than brokering deals. Nonetheless, the company reported earnings for the second quarter, announcing a 36% year-on-year increase in revenue. While historically viewed as a buyer's research tool, the company is now beginning to gain critical mass on the sell-side. We believe there is ample opportunity for the company to gain market share as it disrupts the real estate brokerage market by streamlining the home buying and selling process and emphasizing pricing and inventory transparency.

j2Global, Inc., a business cloud and digital media company, was a detractor from performance during the quarter. The company announced second quarter earnings during the period where top line weakness in digital media resulted in revenue and EBITDA rates below forecasts. Nonetheless, the company reaffirmed guidance and we believe these issues to be transitory. We remain invested in j2 because we believe the company will add incremental value for shareholders through small, strategic and financially sound acquisitions.

MARKET OUTLOOK

After significant positive absolute returns in the equity market over the past several years, some measures of volatility emerged during the first half of 2018. The volatility appeared to be both technical and fundamental, leaving investors continuing to struggle with accurately predicting the pace of global economic recovery and assessing external factors that threaten economic fundamentals, such as central bank actions and fiscal policy debates across the globe. In any given period, including the third quarter, the markets oscillate quickly from sector rotations to stock differentiation and then back again. The result can sometimes be investor focus on equities as an asset class as opposed to a focus on company-specific fundamentals. Within this backdrop, the U.S. equity market continues to be strong with only minor, short-lived pullbacks.

President's Trump's unconventional style as a head of state and various controversies surrounding his administration may hamper significant policy change. In the short term, we are mindful of the potential macroeconomic implications of Trump policy shifts, e.g. economic growth, higher corporate and personal incomes from lower tax rates, etc. More recently, President Trump's comments and public positioning on global trade has created more investor concerns about how a potential global trade war might impact the pace of economic growth and the upcoming fall mid-term elections bear close watch. We believe it is too early to determine the long term magnitude of such outcomes but we will closely monitor President Trump's tenure with a keen eye on the execution of significant policy shifts.

Nonetheless, regardless of policy outcomes, we remain consistent in our long-term investment philosophy:

We want to own what we view as strong secular-growth companies with solid business models and competitive positions that we believe can grow market share and have the potential to deliver shareholder value in a variety of market environments.

PERFORMANCE as of 09/30/18	Current quarter	YTD	1 year	3 year	5 year	10 year	Since inception	Inception date	Gross expense	Net expense*
JS SMID-Cap Growth Fund Inst. Class**	6.60%	22.31%	28.89%	18.99%	14.21%	17.10%	11.84%	9/16/16	1.04%	0.98%
JS SMID-Cap Growth Fund Inv. Class**	6.60%	22.11%	28.52%	18.67%	13.91%	16.80%	11.55%	9/19/16	1.29%	1.23%
JS SMID-Cap Growth Fund IS Class	6.64%	22.39%	28.97%	19.07%	14.31%	17.20%	11.94%	12/1/03	0.94%	0.88%
Russell 2500® Growth Index	7.17%	15.78%	23.13%	17.96%	12.88%	13.61%	10.45%	12/1/03		

The performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. To obtain performance data current to the most recent month-end, call 844.577.3863. Performance reflects fee waivers in affect. In the absence of such waiver, returns would be reduced.

* The adviser has contractually agreed to reduce management fees and reimburse operating expenses until 02/28/19. Net expense is what the investor pays.

**Returns shown are for the IS Class shares of the Fund. Pursuant to an Agreement and Plan of Reorganization between Managed Portfolio Series, on behalf of the Fund, and Delaware Pooled Trust on behalf of The Large-Cap Growth Equity Portfolio (the “Predecessor Fund”), the Fund acquired all of the assets and liabilities of the Predecessor Fund in exchange for IS Class shares of the Fund on September 19, 2016 (the “Reorganization”). The IS Class of the Fund had no operations prior to the Reorganization. The Predecessor Fund was a series of Delaware Pooled Trust, a registered open-end investment company. As a result of the Reorganization, the Fund will be the accounting successor of the Predecessor Fund. Prior to September 19, 2016, the Adviser served as sub-adviser to the Predecessor Fund. The IS Class performance has not been restated to reflect any differences in expenses paid by the Predecessor Fund and those paid by the Fund. Performance shown for the periods prior to the inception of the Institutional Class and Investor Class is based on the performance of the IS Class shares, adjusted for the higher expenses applicable to that class.

TOP 10 HOLDINGS		% of Total Net Assets
Bio-Techne	Health Care	5.68
j2 Global	Utilities	5.33
New York Times - Class A	Consumer Discretionary	4.99
Equity Commonwealth - REIT	Financial Services	4.88
Acxiom Holdings, Inc	Technology	4.57
Paycom Software	Technology	4.45
Cars.com	Consumer Discretionary	4.19
Dunkin' Brands Group	Consumer Discretionary	4.10
LendingTree	Financial Services	3.84
ABIOMED	Health Care	3.74
Total Top Ten Holdings		**45.77**

List excludes cash and cash equivalents.

IMPORTANT INFORMATION

Unless otherwise noted, the source of statistical information used in this document was FactSet.

The views expressed represent the Manager’s assessment of the account and market environment as of 09/30/18 and should not be considered a recommendation to buy, hold, or sell any security, and should not be relied on as research or investment advice. Holdings are as of 09/30/18 and subject to change. Investments in small and/or medium-sized companies typically exhibit greater risk and higher volatility than larger, more established companies. Because this strategy expects to hold a concentrated portfolio of a limited number of securities, the portfolio’s risk is increased because each investment has a greater effect on the strategy’s overall performance.

The Fund’s investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company and may be obtained by calling 844.577.3863, or by visiting www.jspfunds.com. Read the prospectus carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified Fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. Small- and Mid-capitalization companies tend to have limited liquidity and greater price volatility than large-capitalization companies. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater in emerging and frontier markets. Investments in Real Estate Investment Trusts (REITs) involve additional risks such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments.

Earnings growth is not representative of the Fund’s future performance.

The Russell 2500® Growth Index measures the performance of the SMID-Cap Growth segment of the U.S. equity universe. It includes those Russell 2500® Growth companies with higher price-to-book ratios and higher forecasted growth values. The MSCI All Country World Index is a free float-adjusted market capitalization weighted index designed to measure equity market performance across developed markets world-wide. Index “net” return reflects minimum possible dividend reinvestment, after deduction of withholding tax at the highest possible rate. For comparison purposes, the index is fully invested and includes the reinvestment of income. Index returns do not reflect management fees, transaction costs, or expenses. Indices are unmanaged, and one cannot invest directly in an index. Benchmark information contained herein has been obtained from third party sources believed to be reliable, but we cannot guarantee its accuracy or completeness. All third-party marks are the property of their respective owners. EBITDA is earning before interest, tax, depreciation and amortization. Basis points is one hundredth of one percent.

Information regarding JSP’s policies and procedures for calculating and reporting performance results is available upon request. A complete list and description of composites managed by Jackson Square Partners is available upon request. The above information is not intended and should not be construed as a presentation of information regarding any mutual fund.

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