



### QUARTERLY MARKET REVIEW

The third quarter of 2017 saw the U.S. large-cap equity markets at record low volatility, despite rising tensions between the U.S. and North Korea. Equity markets drifted higher, with the S&P 500 and Nasdaq both reaching new highs on September 29th. After oil prices sunk during the first half of the year, prices rose in the third quarter. Yields experienced little change, with the Fed holding off on the possibility of another hike until later in the year. Political turmoil, devastating storms, and interest rate news have done little to sway positive investor sentiment, as investors instead focus on the prospects of lower corporate taxes.

In the U.S. it was a strong quarter for equities, as energy and technology led the way over real estate and consumer discretionary sectors.

Globally, Brazil and China were the best performing countries.

In the U.S. for the third quarter of 2017, the small-mid cap Russell 2500 Growth<sup>®</sup> gained 5.78% while the Large-Cap Russell 1000 Growth<sup>®</sup> gained 5.90% and the Russell 3000 Growth<sup>®</sup> gained 5.93%. In the international equity markets, the MSCI ACWI ND<sup>®</sup> gained 5.18%.

### STRATEGY REVIEW

For the third quarter of 2017, the SMID-Cap Growth Fund outperformed its benchmark, the Russell 2500 Growth Index. Performance was largely driven by our stock exposure, on a sector level, financials was the largest contributor and information technology was the largest detractor.

#### Contributors

**LendingTree Inc.**, an online lending exchange, was a contributor to performance during the quarter. The company reported impressive second quarter results with revenue beating expectations in every category. For the quarter, mortgage products were up 26% year-over-year (YOY) and personal loans were up 23% YOY, leading management to raise guidance for the full year. There continues to be an acceleration in MyLendingTree customer signup, resulting in nearly ~6mm users and a subsequent revenue growth rate of over 60% YOY. Additionally, the recent CompareCards acquisition is performing better than expected. We believe LendingTree will not only continue to be a leader in online loan referrals, but will also strengthen its business model by successfully diversifying its product offerings.

**Yelp Inc.**, a platform for crowd sourced reviews of local businesses, was a contributor to performance during the quarter. In August, the company reported 2Q earnings, beating expectations, raising guidance and announcing a \$200mm share repurchase program. For the quarter, the company saw approximately 400 basis points in margin improvement and net income growth of 73% YOY. Yelp also announced a strategic partnership with GrubHub, securing an attractive transaction fee based business without the associated costs of maintaining its own food delivery platform. We believe Yelp's product development efforts into mobile and transaction based offerings will drive higher adoption of the company's mobile app and continue to grow the network effect of the business.

**ABIOMED Inc.**, a leading provider of medical devices that provides circulatory support, was a contributor to performance during the quarter. The company's, Impella RP heart pump received FDA approval to treat right-side heart failure, opening up an annual opportunity of 15,000 patients and an addressable market of \$375mm revenue per year. A controlled launch is expected to take place in the end of 2018. We believe, the increased usage of the company's heart pump through additional indications and geographical expansion should further enhance the company's ability to grow and increase shareholder value.

#### Detractors

**Shutterstock Inc.**, a stock photography and editing tools provider, was a detractor from performance during the third quarter. The company reported disappointing earnings and guided down for the full year, revising EBITDA guidance down by 20%. Revenue grew 9% year-over-year (YOY) but was down 14% from last quarter. The company cited a mix shift towards lower average selling price packages in the core ecommerce business and the ongoing technology re-platforming transition costs. Despite near-term margin pressure, Shutterstock provides an alternative to the historically expensive and complex content providers with their simple and affordable model which we believe positions them well to gain considerable market share over the long-term.

**j2 Global Inc.**, a business cloud and digital media company, was a detractor from performance in the third quarter. The company reported positive earnings, with revenue up 29% YOY; however the positive results may have been dampened by the announcement of the divestment of Cambridge BioMarketing, a non-core-asset, which is expected to decrease full-year revenue by \$15mm. Additionally, the company refinanced its debt and expects a headwind to non-generally accepted accounting principles earnings per share. Despite the near-term pressure on the stock, we are invested in j2 because we believe the company will add incremental value for shareholders by making small, strategic and financially sound acquisitions.

**Equity Commonwealth**, a commercial office real estate investment trust, was a detractor from performance in the third quarter. The company continues to sell less prime properties, with year-to-date sales up to 13 properties and 5.1mm square feet with sales totaling to \$755.7mm. As a result, the company's cash position has increased, causing a cash-drag in an otherwise appreciating market. Nonetheless, we believe it is a prudent approach to make such moves in a frothy commercial real estate market. We are supportive of management and its current strategy of concentrating investment into the highest quality properties.

## MARKET OUTLOOK

Despite positive absolute returns in the equity market over the past several years, Jackson Square Partners believes that a lack of meaningful volatility combined with tepid investor confidence in the global macroeconomic outlook demonstrates that there are more than just fundamental factors affecting stock prices. Many investors have struggled 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. Nonetheless, absolute equity market returns have been strong since the market bottom in 2009, perhaps driven by asset allocation decision-makers seeking the potential for high returns in a low interest rate environment. The result has been more of an investor focus on equities as an asset class as opposed to a focus on company-specific fundamentals.

More recently, President Trump's surprising victory last November and the corresponding initial market reaction reflected growing investor optimism, at least in the short-term, that potential policy shifts could stimulate economic growth. While there are varying degrees of uncertainty to President Trump's unconventional style as a head of state and current questions and investigations surrounding his administration may hamper significant policy change in the short term, we are mindful of the potential macroeconomic implications of Trump's policy shifts, e.g. economic growth, higher corporate and personal incomes from lower tax rates, etc. We believe it is too early to determine the long term direction or 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 09/30/17	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**	6.28%	14.21%	13.96%	13.06%	13.33%	11.65%	10.70%	9/16/16	1.00%	0.97%
JS SMID-Cap Growth Fund Inv. Class**	6.24%	13.99%	13.71%	12.77%	13.04%	11.37%	10.42%	9/19/16	1.25%	1.22%
JS SMID-Cap Growth Fund IS Class	6.33%	14.26%	14.09%	13.15%	13.43%	11.76%	10.80%	12/1/03	0.90%	0.87%
Russell 2500® Growth Index	5.78%	17.03%	20.07%	11.27%	14.46%	8.72%	9.58%	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 effect. In the absence of such waiver, returns would be reduced.

\* The adviser has contractually agreed to reduce management fees and reimburse operating expenses until 3/28/18. 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
LendingTree	Financial Services	5.23
Equity Commonwealth - REIT	Financial Services	5.02
Logitech International	Technology	4.88
Bio-Techne	Health Care	4.78
Blackbaud	Technology	4.73
ABIOMED	Health Care	4.03
j2 Global	Utilities	4.00
Dunkin' Brands Group	Consumer Discretionary	3.95
Yelp	Technology	3.85
Affiliated Managers Group	Financials	3.73
<b>Total Top Ten Holdings</b>		<b>44.20</b>

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 09/30/17 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 09/30/17 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](http://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 3000® Growth Index measures the growth segment of the U.S. equity universe. It includes those Russell 3000® Index companies with higher growth earning potential, as defined by Russell's leading style methodology. 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. Russell 1000® Growth Index is an unmanaged index that measures the performance of the large-cap growth segment of the U.S. equity universe. 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. The index is unmanaged and one cannot invest directly in it. The S&P 500 Index is a capitalization weighted index of 500 large capitalization stocks which is designed to measure broad domestic securities markets. Nasdaq is a global electronic marketplace for buying and selling securities, as well as the benchmark index for U.S. technology stocks. EBITDA is earnings 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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