

Kalmar Investments Inc.

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KALMARINVESTMENTS.COM

This Brochure provides information about the qualifications and business practices of Kalmar Investments Inc. (“Kalmar”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer at (800) 463-6670 or kalmarinvestments.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Kalmar Investments Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Kalmar Investments Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

March 2017

Material Changes

No material changes have been made to this brochure since March 2011.

Currently, our Brochure may be requested by contacting Marge McMenamin, Director of Operations at (800) 463-6670 or marge@kalmarinvestments.com. Our Brochure is also available on our web site www.kalmarinvestments.com, also free of charge.

Additional information about Kalmar Investments Inc. is also available via the SEC's web site www.adviserinfo.sec.gov.

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Advisory Business

Kalmar Investments Inc. (“Kalmar”) was founded and became a Registered Investment Adviser in 1982. The firm is owned 100% by fifteen of the firm’s active employees; Ford B. Draper, Jr., one of the original founders of the firm as well as the President and Chief Investment Officer, owns a majority ownership position in the company. No other shareholders own more than 25% of the firm. Kalmar is affiliated with Kalmar Investment Advisers (KIA) and the two companies share common employees and common owners.

Kalmar’s primary business activity and source of revenue is the discretionary management of long-only, separately managed equity portfolios for the firm’s clients. The firm manages client investment portfolios in a growth company investment style that the firm calls “Growth-with-Value”. This “Growth-with-Value” investment style is offered in three distinct investment offerings/strategies: Small Cap, SMid Cap, and Mid Cap portfolios. The portfolios created and managed in all three of these strategies are well diversified portfolios that are predominantly comprised of U.S. based businesses whose common stocks are actively traded on public exchanges in the U.S. The firm’s investment services are limited to these three investment strategies.

Within each of the Small Cap, SMid Cap, and Mid Cap investment strategies of the firm, client portfolios are managed to be as consistent as possible with the corresponding model portfolio for the particular strategy the client chooses. Clients may impose investment restrictions in certain securities or types of securities; however doing so may lead to performance results that are materially different than for other clients with portfolios managed in the same strategy but with no restrictions.

Kalmar may participate in select wrap fee arrangements and receive a portion of the wrap fee that is paid by the client. Investment portfolios managed by Kalmar for clients participating in wrap fee arrangements would be managed in a similar fashion as portfolios managed in the same strategy for non-wrap fee clients.

Kalmar may also serve as an investment manager to Unified Managed Accounts (UMA) Programs sponsored by brokerage firms, banks and other organizations. In a UMA Program the client executes a contract with the UMA Program sponsor and the sponsor recommends or directs which sub-advisors will be used in the client’s investment program. Kalmar provides the sponsor with a model portfolio for each strategy which has been chosen by the UMA program sponsor. An updated model portfolio is provided to the sponsor whenever a change is made in the model portfolio (e.g. adding an investment position, deleting a position or increasing/decreasing a position). The sponsor may or may

not elect to execute all the purchase and/or sale transactions submitted. Kalmar does not enter trades, receive trade reports, perform or have access to recordkeeping, performance data or reporting or any client reporting. Kalmar generally does not interface with sponsor clients.

Kalmar Investment Advisers (KIA), an affiliate of Kalmar, was founded and became a Registered Investment Adviser in 1996. The firm is owned 100% by fifteen of the firm's active employees; Ford B. Draper, Jr., one of the original founders of the firm as well as the President and Chief Investment Officer, owns a majority ownership position in the company. No other shareholders own more than 25% of the firm. KIA is affiliated with Kalmar Investments Inc. (Kalmar) and the two companies share common employees and common owners.

KIA's sole business activity and sole source of revenue is the discretionary management of long-only equity portfolios for mutual funds where KIA is the Adviser or Sub-Adviser of the mutual fund. The firm manages investment portfolios in a growth company investment style that the firm calls "Growth-with-Value". This "Growth-with-Value" investment style is offered in three distinct investment offerings/strategies: Small Cap, SMid Cap, and Mid Cap portfolios. The portfolios created and managed in all three of these strategies are well diversified portfolios that are predominantly comprised of US based businesses whose common stocks are actively traded on public exchanges in the US. The firm's investment services are limited to these three investment strategies and are only available to registered investment companies.

As of December 31, 2016, Kalmar managed client assets of approximately \$453 million in assets on discretionary basis. Together with our affiliated investment advisor (KIA), described above, we managed approximately \$2.0 billion in assets as of December 31, 2016.

Fees and Compensation

Kalmar generally charges a fixed percentage fee per annum for investment advisory services based on assets under management. Our basic fee schedule is as follows:

Small Cap

<u>Market Value of Assets</u>	<u>Annual Fees</u>
First \$10,000,000	1.00%
\$10,000,001 to \$20,000,000	0.875%

\$20,000,001 and above 0.75%

SMID & Mid Cap

Market Value of Assets Annual Fees

First \$10,000,000 1.00%

\$10,000,001 to \$20,000,000 0.875%

\$20,000,001 to \$50,000,000 0.75%

\$50,000,001 and above 0.625%

The specific manner in which fees are charged by Kalmar is established in a client's written agreement with Kalmar. Kalmar will generally bill its fees on a quarterly basis in advance calculated on the valuation of assets under management on the last day of the prior quarterly period. Clients may also elect to be billed directly for fees or to authorize Kalmar to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon 30 day written notice of termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Kalmar's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, investment consultants and other third parties such as fees charged by account administrators, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage or custodial accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Kalmar's fees, and Kalmar shall not receive any portion of these commissions, fees, and costs.

Kalmar will generally determine the minimum account size to manage a separate account after gaining an understanding of the investment requirements, client service requirements, and future new business opportunities that may exist. Separate account minimums typically range from \$500,000 to \$3,000,000 but may be lower or higher depending on the specific circumstances.

Kalmar may participate in wrap fee programs for select broker-dealers, banks or other financial institutions who are in turn, "Wrap Sponsors". Under this program, the Wrap Sponsor offers Kalmar's discretionary investment management services and those of other investment advisors to their clients. Each client enters into an investment advisory agreement with the Wrap Sponsor and, in turn, the Wrap Sponsor has a separate investment advisory agreement with Kalmar. The client pays an all-inclusive fee to the Wrap Sponsor for a variety of services based on a predetermined fee. From this fee, the Wrap Sponsor pays Kalmar for advisory services to the client. It is the responsibility of the Wrap Sponsor to notify the client of the services provided by Kalmar and the portion of the attributable fee paid. As these programs are generally part of a multiple client program, they offer efficiencies to participating managers. As such, fees paid to Kalmar may be slightly lower than are otherwise available.

KIA's investment advisory fees are negotiated directly with the boards of the investment companies we manage, and the fees paid by these companies are paid pursuant to applicable prospectus disclosure.

Kalmar's separately managed account fees are generally not subject to negotiation.

Item 12 further describes the factors that Kalmar considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Performance-Based Fees and Side-By-Side Management

Kalmar does not participate in performance based fee contracts with separately managed accounts.

In some cases, KIA has entered into performance fee arrangements with qualified registered investment company clients: such fees are subject to individualized negotiation. Kalmar will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, Kalmar shall include realized and unrealized capital gains and losses. Performance based fee arrangements could create an incentive for Kalmar to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. However, Kalmar has procedures designed and implemented to ensure that all clients are treated fairly and

equally, and to prevent conflicts from influencing the allocation of investment opportunities among clients.

Types of Clients

Kalmar provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, banking or thrift institutions, charitable institutions, foundations, endowments, municipalities, trust programs, and other U.S. institutions.

KIA provides portfolio management services solely to registered investment companies.

Methods of Analysis, Investment Strategies and Risk of Loss

Kalmar's "Growth-with-Value" investment style that is the foundation of the firm's Small Cap, SMid Cap, and Mid Cap investment strategies is driven primarily by the proprietary bottom-up, fundamental investment research and analysis conducted by Kalmar's investment team. This research seeks to identify good businesses that are expected to improve the quality of their business characteristics, that are expected to sustain future revenue and earnings growth rates over the next two years or more that are substantially greater than the broad rate of economic growth, and that have stocks trading at valuation levels that the investment team believes can expand over a two-year or longer investment horizon if the business value of the enterprise grows as expected. Businesses whose future growth is expected to be aided by favorable environmental factors, including favorable economic conditions, industry outlooks, and internal developments are preferred by the investment team. The objective is to own the stock of such companies for an extended period of time and to benefit from their growing earnings stream and enterprise value and from the willingness of other investors to raise the valuation that is accorded to this earnings stream.

There is no guarantee that the expectations generated by the investment team's research and decision making process will occur in the future as expected. While investments in individual stocks are made with the intention of owning these stocks for more than one year, there is no guarantee that this will occur.

Any investment in equity securities involves significant risk of loss and clients should be prepared to bear such losses. Losses may occur with individual portfolio holdings that do not perform as businesses or as stocks as expected. This may occur for many reasons, including but not limited to a company that does not execute the business plan as expected; by changes in the competitive environment that prevents the company from executing its business plan as expected; by changes in demand for the products or services of the company that are unanticipated that may be unique to the particular company or endemic to a sector of the economy or to the overall economy; or for some combination of these reasons or other reasons that are not anticipated. Losses may also occur if prevailing equity market conditions are unfavorable even if an individual company performs as well as or better than expected. Kalmar manages investment portfolios that are typically relatively fully invested in equities and that typically hold minimal levels of cash. Losses may be more or less than overall benchmark in any given period. Kalmar does not seek to manage portfolios that reflect the composition or risk characteristics of the relevant benchmark and performance may be more or less than the benchmark in any given period. Further, as each strategy is focused on a particular size company (Small, SMid, or Mid Cap) and portfolios are built to reflect the “Growth-with-Value” characteristics described above, there may be extended periods of time when this style of investing and/or the company size focus of any one or all of the three strategies underperforms other investment opportunities.

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Kalmar or the integrity of Kalmar’s management. Kalmar has no information to disclose pertinent to this Item.

Other Financial Industry Activities and Affiliations

Kalmar Investments Inc. is affiliated with Kalmar Investment Advisers, a registered Investment Adviser (SEC file No. 801-53608) founded in 1996, by virtue of the fact that both firms are owned in a majority by Ford B. Draper, Jr., who is the President of each firm

and fourteen other employee shareholders common to each. While Kalmar Investments Inc. provides investment management services for separately managed accounts of clients such as corporations, qualified retirement plans, trusts, charitable institutions and high net worth individuals. Kalmar Investment Advisers provides investment management services solely to registered investment companies. The two separate firms were formed solely due to tax considerations. As an affiliate of Kalmar Investment Advisers, Kalmar Investments Inc. is also considered an “affiliated person” of Kalmar Pooled Investment Trust, a registered investment company which is advised by Kalmar Investment Advisers.

Code of Ethics

Kalmar has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Kalmar must acknowledge the terms of the Code of Ethics annually, or as amended.

Kalmar anticipates that, in appropriate circumstances, consistent with clients’ investment objectives, it will cause accounts over which Kalmar has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Kalmar, its affiliates and/or clients, directly or indirectly, have a position of interest. Kalmar’s employees and persons associated with Kalmar are required to follow Kalmar’s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Kalmar and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Kalmar’s clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Kalmar will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Kalmar’s clients. In addition, the Code requires pre-clearance of most transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a

possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Kalmar and its clients.

Kalmar's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the Compliance department at (800) 463-6670.

It is Kalmar's policy that the firm will not affect principal or agency cross securities transactions for client accounts. Kalmar will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which Kalmar is not and does not.

Brokerage Practices

In the management of discretionary accounts, Kalmar selects the securities and amounts to be purchased and sold for its clients. It does this in accordance with such objectives as the client may from time to time have furnished it in writing and subject only to such written limitations as the client may impose.

Generally, Kalmar also selects brokers, dealers or banks through which to execute securities transactions for its clients, whether having discretionary or non-discretionary accounts. It is also generally negotiates the commission rates at which such transactions are executed. Kalmar believes its allocation of brokerage is important to assure its clients best execution. Kalmar selects brokers or dealers based upon a judgment of their professional capabilities. As discussed below, best price and execution refers to many factors, including price paid or received for a security, the commission charged, the promptness and reliability of execution, the confidentiality and placement accorded the order and other factors affecting the overall benefit obtained by clients in the transaction.

Section 206 of the Advisers Act imposes a fiduciary obligation on investment advisers to act in the best interests of clients, which has been construed to include the requirement that

each investment adviser with discretionary authority to direct brokerage obtain the best price and execution for client transactions. Kalmar always seeks best execution when affecting the purchases and sales of portfolio securities for the account of the mutual funds it may manage as well as all of its clients. Best execution and achieving it is a complex objective and process given the many challenges of managing small, smid and mid cap portfolios. In seeking best execution we consider five primary factors:

1. The best net price under the circumstances of the particular transaction;
2. The execution capabilities of the broker;
3. Its responsiveness and its financial responsibility as a counter party;
4. The commission rate;
5. The value of research provided by the broker/dealer.

Best execution also involves many additional considerations, among them are: the difficulty and effort required to transact as a result of such factors as block trade requirements; limited trading volume or the state of the market for the security; the market; the market impact of an institutional size order; and the cost of delay in trade execution. The quoted brokerage commission is only one of the numbers of factors in evaluating best price and execution, and is regularly outweighed by other considerations, especially if the transaction is believed to require more than routine execution skill and service. Trades may be made on a net basis if either client buys or sells securities directly from or to a dealer. In these instances, there is no commission charged, but there is the equivalent of a commission.

In addition to its own research and analysis, Kalmar's investment personnel rely to an important extent upon the availability from securities brokers a broad range of information on companies, industries and investment strategy, and on financial, economic and political subjects which is referred to generally as research. In selecting brokers for client account transactions, Kalmar considers the value of research it receives from brokers. Kalmar also makes use of products and services which are paid for through commission dollars or "soft dollars". All Kalmar and KIA clients benefit from research and other permitted services accessed through soft dollar arrangements. The products and services that Kalmar may receive through soft dollar arrangements include reports on the economy, industries, sectors and individual companies or issuers, charting services, trading alerts, client DTC instructions, ECN Trading Systems, Live Quotes, Market Commentary and Fundamental Research Services. In normal times Kalmar typically utilizes anywhere between 5% to 10% of the firm's total commission dollars to pay for soft dollar arrangements, which typically

converts into “hard dollar” indirect compensation on a soft/hard dollar ratio relationship of between 1.25/1.00 to 2.00/1.00.

Clients may pay a higher brokerage commission for a securities transaction which is executed by a broker that provides Kalmar with research and services than another broker would have charged for executing the same transaction. Such research and services are valuable to Kalmar and all its clients in broadening the opinions, ideas and data available to it.

Kalmar may combine or bunch orders of clients to take advantage of block trading opportunities, to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among clients differences in prices, commissions or other transaction costs. Kalmar has adopted bunching and trade allocation policies and procedures which it believes provides for allocation of bunched trades on a reasonable and equitable basis. Kalmar’s ability to negotiate commissions and obtain best execution or trading access to thinly traded securities by bunching, using market makers or otherwise, will be limited or eliminated if a client directs Kalmar to trade through a specific broker or there is a restrictive broker custody of client’s assets.

To the extent feasible, Kalmar places its portfolio transactions in such a manner that brokers who supply useful information to Kalmar and deliver best execution service receive transactions in amounts reasonably commensurate over a period of time with the value of their information, in the opinion of Kalmar’s investment personnel. In cases in which a broker has supplied useful information in connection with a particular security, Kalmar frequently places transactions for the security with that broker. Occasionally Kalmar places transactions with brokers to provide a fair return for the value of their research and information, even though a lower commission, and therefore a possibly lower net price, might have been obtainable elsewhere on a basis solely of execution. All of Kalmar’s clients receive the benefit of such outside research information in the servicing and management of their accounts.

Review of Accounts

Kalmar’s fully managed accounts are reviewed continuously in an effort to anticipate and profit from developments which have investment significance in the overall economy, in particular industries and companies, and in the dynamics of the financial markets. This review process is keyed to the observations of Kalmar’s research and its portfolio strategy determinations. While not advocating high turnover, we attempt to keep portfolio asset mix refreshed, productive and focused to achieve the particular objectives of each account.

Both Kalmar's ongoing research and account reviews are conducted by its professional investment personnel. So as not to spread its efforts in either area too thin, Kalmar concentrates on accounts with similar overall objectives, namely longer term capital appreciation. Kalmar presently has ten experienced investment professionals who work as a team reviewing and managing all accounts.

Kalmar generally furnishes clients with quarterly evaluations of their accounts. Meetings to discuss progress, strategy and objectives are scheduled periodically by Kalmar or, within reason, as often as desired by clients.

Client Referrals and Other Compensation

Kalmar does not pay compensation for client referrals.

Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. In no circumstances does Kalmar custody client assets. Kalmar urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Investment Discretion

Kalmar usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Kalmar observes the investment policies, limitations and restrictions of the clients which it advises. For registered investment companies, Kalmar's authority to trade securities may also be limited by certain

federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Kalmar in writing.

Voting Client Securities

Kalmar understands and appreciates the importance of proxy voting. To the extent that Kalmar has discretion to vote the proxies of its advisory clients, Kalmar will vote such proxies in the best interests of its clients. In an effort to minimize potential conflicts of interest when voting client proxies, Kalmar has contracted with an independent third party, Glass Lewis & Co. (“Glass Lewis”), to vote proxies according to a set of pre-determined proxy voting guidelines. Importantly, however, Kalmar retains the on-going right to override Glass Lewis proxy votes that it does not believe are the best interest of its clients.

Clients may obtain a copy of Kalmar’s complete proxy voting policies and procedures upon request. Clients may also obtain information from Kalmar about how Kalmar voted any proxies on behalf of their account(s).

Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Kalmar’s financial condition. Kalmar has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.