



Poplar Forest Funds Quarterly Report

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September 30, 2017



About Poplar Forest

Formed in September 2007, Poplar Forest Capital provides investment management to select individual and institutional investors. We currently manage approximately \$1.6 billion of assets using a focused, disciplined and long-term contrarian approach to investing. We offer access to our expertise through three mutual funds:

Poplar Forest Partners Fund: Established in 2009, our flagship fund is a U.S. focused, contrarian value fund designed to be a core portfolio holding. The Fund seeks long-term growth of capital by investing primarily in equity securities of underappreciated large and medium-sized companies and industries.

Poplar Forest Cornerstone Fund: Established in 2014, our balanced fund of U.S. focused equity and debt securities is designed to be a core portfolio holding. The Fund may be suitable for long-term investors who seek a combination of both capital growth and preservation with less volatility than would generally be inherent in an all equity account.

Poplar Forest Outliers Fund: Established in 2011, Outliers is a U.S. focused, contrarian value fund designed for long-term investors interested in the growth potential of underappreciated medium and small sized companies and industries. The Fund may be suitable for investors who seek capital growth and are comfortable with the increased volatility that can come with these kinds of investments.

Our Mission and Values

Our mission is to achieve superior risk adjusted returns, net of fees and taxes, over full market cycles by investing in underappreciated companies and industries. We strive to be successful and live by these values:

- Stewardship
 - We put our client-partners first, our associates second, and the company third.
 - We believe in remaining small, so that size won't impede investment results.
 - We continually strive to exemplify the highest ethical standards.
- Partnership
 - We personally invest alongside our client-partners.
 - We share the benefits of scale with our stakeholders.
 - We treat our associates equitably.
- Passion with Humility
 - We aim for nothing less than market beating, long-term returns.
 - Even in our convictions, we remember that the other guy may be right.
 - We recognize that mistakes are inherent in investing. We try to admit mistakes early while striving to learn from them.





Average Annual Total Returns as of September 30, 2017						
	SINCE					
CONTRARIAN VALUE FUNDS	INCEPTION					
Partners Fund	QTR	YTD	1 YR	3 YR	5 YR	12/31/2009
I Shares	2.76%	1.17%	11.35%	6.14%	15.03%	12.35%
A Shares No Load	2.68%	0.97%	11.06%	5.87%	14.74%	12.06%
A Shares With Load	-2.45%	-4.07%	5.51%	4.08%	13.57%	11.32%
S&P 500® Index	4.48%	14.24%	18.61%	10.81%	14.22%	13.46%
Russell 1000® Value Index	3.11%	7.92%	15.12%	8.53%	13.20%	12.52%
Cornerstone Fund	12/31/2014					
I Shares	1.79%	1.95%	7.83%	-	-	5.58%
A Shares No Load	1.72%	1.76%	7.57%	-	-	5.30%
A Shares With Load	-3.38%	-3.34%	2.18%	-	-	3.35%
60/40 Blended Index*	3.02%	9.70%	10.90%	-	-	6.97%
CONTRARIAN MID-CAP FUND						
Outliers Fund	QTR	YTD	1 YR	3YR	5 YR	12/31/2011
I Shares	1.83%	0.80%	5.83%	-1.03%	10.66%	12.02%
Russell Midcap® Index	3.47%	11.74%	15.32%	9.54%	14.26%	14.87%

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 877-522-8860. Performance for Class A Shares with load reflects a maximum 5.00% sales charge. Class A shares without load do not take into account any sales charges which would reduce performance. The Partners Fund expense ratio is 1.25% net and 1.29% gross for the A Shares and 1.00% net and 1.04% gross for the I Shares. The Cornerstone Fund expense ratio is 1.16% net, 2.30% gross for the A Shares and 0.91% net and 1.98% gross for the I Shares. The Outliers Fund expense ratio is 1.13% net, 4.23% gross for I Shares. The Advisor has contractually agreed to the fee waiver through at least April 6, 2018.

The Outliers performance shown prior to December 31, 2014 is that of the Predecessor Partnership and includes expenses of the Predecessor Partnership. Simultaneous with the commencement of the Fund's investment operations on December 31, 2014, the Predecessor Partnership converted into the Institutional Class of the Fund. The Predecessor Partnership maintained an investment objective and investment policies that were, in all material respects, equivalent to those of the Fund. The performance returns of the Predecessor Partnership are unaudited and are calculated by the Adviser on a total return basis. The Predecessor Partnership was not a registered mutual fund and was not subject to the same investment and tax restrictions as the Fund, which, if applicable, may have adversely affected its performance.

*The 60/40 blended index includes 60% of the S&P 500® Index and 40% Bloomberg Barclays US Aggregate Bond Index.





CONTRARIAN VALUE COMMENTARY

To My Partners,

A few weeks ago, I was fortunate to see Taj Mahal perform live at a small venue in Minneapolis. I've loved the blues since first hearing a grizzled sax player wail on his horn at my uncle's wedding reception back in 1983. I've long wanted to see Mahal live and his performance exceeded my expectations. It didn't hurt that he is touring with Keb Mo, another seasoned blues artist. Onstage, Keb Mo treated Mahal with the kind of respect and deference befitting a living musical legend. It was a packed house and the duo, backed up by a handful of talented artists, put on a heck of a show. It's clear that after 50 years of performing, Mahal still loves what he does and he brought joy to the crowd at the sold out show.

Born Henry Saint Clair Fredericks, Jr., Taj Mahal plays what he calls the country blues. He may sound like he was raised on a farm in Mississippi, but he was actually born in Harlem to musically inclined parents. The music he heard at home was different from the popular music he heard on the radio. Instead of conforming to the tastes of the day, he started making music that was his own. He tied together traditional blues, jazz and gospel with Caribbean and African musical traditions to create a unique sound that his fans love.

In the same way that Taj Mahal puts his own unique spin on the blues, at Poplar Forest, we put our own spin on value investing. In developing my "sound," I've drawn from traditional value investing principles, but I've made it my own by concentrating on under-earning companies. I don't feel compelled to conform to the popular style of current times (even though we might attract a larger crowd). I don't want to be the Justin Bieber of investing. We aren't trying to fill the biggest stadiums in the country; I prefer smaller places packed with people who appreciate our distinctive approach to investing. Like Mahal, we bring optimism to our work investing in out of favor and unloved companies. Like Mahal, I expect to be doing what I love at age 75 and I hope you'll all still be in the audience enjoying the work of the Poplar Forest ensemble decades from now.

In the same way that particular styles of music come into and then fall out of favor, investor tastes also change over time. As those of you who read my letters know, I have believed that the Federal Reserve's first interest rate increase back in December 2015 was going to usher in a new multi-year period of outperformance for value-based investment strategies. Value beat growth in 2016 and we did even better in delivering results that beat the Russell 1000 Value Index. All that has reversed in the first nine months of 2017 as dysfunction in D.C. has dimmed expectations for accelerating economic growth. While investor perceptions have shifted back to a mindset of low growth and low inflation for the foreseeable future, I believe that consensus is too pessimistic.

Surprises and Questions

I believe that securities prices can be "reverse engineered" in order to assess the expectations of investors. For example, the current 2.24% yield on a ten year Treasury bond suggests fixed income investors either 1) see a recession in the short term, 2) expect falling inflation in the next decade, or 3) are willing to accept a return above inflation that looks ridiculously low relative to history (please see the





Appendix for more information). With respect to the risk of recession, relatively tight spreads between government and corporate bond yields suggest this isn't the concern. Thus, it seems fair to reason that market participants generally expect a continuation of the low inflation environment we've lived with for roughly eight years now.

Central bankers around the world have expected inflation to be much higher given the extraordinary liquidity they've provided. The global economy seems to be expanding in a synchronized way, unemployment rates have fallen dramatically, and indicators such as metals prices suggest inflation should be running much higher than it is. The models used by the world's leading economists don't seem to be working any more. Why hasn't there been more inflation? It's the conundrum of the last decade.

Looking ahead, the Federal Reserve has plans to slowly reduce its massive (\$4.5 trillion) holdings of bonds purchased as a tonic for the illness of the Great Recession. How will the great unwinding impact markets? Consensus opinion on this subject seems surprisingly calm, but I'm less sanguine. Extrapolating the past well into the future could be particularly frustrating given that we may have a new Chair of the Federal Reserve in a few months' time. Will President Trump really appoint a new maestro who'll deliver more of the same? It seems unlikely, given his rhetoric.

Complacency on the part of fixed income investors will prove sound if the future resembles the recent past, but markets have a way of confounding the consensus. So far this decade, inflation has averaged 1.88% and 10 Year Treasury bonds have yielded 2.19% - a 0.31% spread to core inflation. This is an historically low spread - a reversal to levels seen in prior decades and/or an increase in inflation, could create some serious dissonance in the bond market.

If there is market turbulence in coming years, due to rising rates or other potential shocks, currently popular passive investment strategies could get severely tested. ETFs and index funds are fully invested portfolios that offer no downside protection if markets correct, as happens from time to time. If the massive flow of money into index funds were to reverse, would that exacerbate a market decline?

Given these unanswered questions, and a stock market at new all-time high levels, it doesn't surprise me that it's becoming cool to be bearish. There is a slowly growing list of pundits urging caution. While I will acknowledge being less bullish on the broad market than I have been in recent years, **I continue to believe that it's too early to build cash defensively.** With our portfolio generally moving sideways this year, we aren't seeing many stocks hit our target prices and we're continuing to find what we believe are compelling new investment ideas.

In this more challenging investment environment, I feel even better about managing a fund that only owns 30 stocks. We can be patient making new investments; **unlike an index fund, we aren't forced to buy more of everything we own just because a new client invests with us.** We can build cash if we stop finding good new investment opportunities and we can hopefully avoid the higher flying parts of the market that may suffer the brunt of a market decline, whenever it occurs. **In my opinion, if ever there were a time for value-based, active management, it's now.**





Picking Stocks is an Imperfect Process

When looking at stocks, I think from the perspective of someone who owns the whole business with plans to own it indefinitely. The enterprise is sure to have both good and bad years, but what I concern myself with is the average year – what I consider “normal” – or, said another way, what the business should be able to do as opposed to what it currently is doing. Where others may get scared away by sub-normal results, the opportunity to close the gap between current and normal whets my appetite.

When an enterprise is off key, the question to be answered is simply: is this the fault of management or has the company structurally changed for the worse? In any case, many investors will simply sell the stock because 1) they don't want to be invested in what is perceived to be a bad business, regardless of the price and 2) they do want to invest in companies with good management. I'm more open minded – price matters. **The market generally does a good job of reflecting current fundamentals in the price of stocks, but a poor job assessing changes to fundamentals.**

For a fundamentally sound business producing sub-par results, I'm usually willing to patiently stay invested with the idea that one of several things will lead to a brighter future:

- The current management team will get the band back on track, or
- The board will fire existing management and a new conductor will fix things, or
- An activist investor will force the board to make changes, or
- A third party firm will acquire the company.

I suppose there is a fine line between being appropriately patient and ill-advisedly hard headed. To help address this challenge, as part of our investment process, we often use a “designated bear” to argue the smartest sellers’ perspective on a company we are evaluating. It's important to understand as many angles as possible when evaluating individual stocks and I believe the “designated bear” process helps reduce the number of value traps into which we fall. That said, I don't know of any investment process that plays every note perfectly.

The three stocks that have hurt us the most this year are Avon, Mattel and Signet Jewelers. Avon and Mattel were both turnarounds with new management teams promising growing revenues and rising margins. Our work suggested that the targets were reasonable and we felt confident in the companies’ outlooks. The price of each company's stock reflected investor skepticism about managements’ plans. This is the type of investment I've generally had success with over my career. However, in the cases of Avon and Mattel, the skeptics were right – the new management teams failed to deliver.

With Avon, I have long believed that growth and improved profitability were likely, but after years of reinvestment, the company has not been able to stop the decline in the number of representatives selling its products. Having hoped for a better future for far too long, I have recently concluded that there is something I just don't understand about the business. This is a case in which my patience has hurt our results. We have liquidated our position and expect to stay on the sidelines at least until a new leader can better explain the root issues while providing a well-conceived plan to change the trajectory of the business. Even then, I will approach any new management strategy with skepticism.





At Mattel, a second new CEO, Margo Georgiadis, is now in place and one of her first decisions was to cut the dividend to free funds for reinvestment in the business. We had thought the dividend was safe; the cut suggested underlying fundamentals were worse than we appreciated. Ms. Georgiadis appears to have a clear vision about Mattel's challenges and a plan that follows Hasbro's winning formula to get the company back to growing revenues and mid-teens margins over time. What's less clear is just how much short-term pain will be required to set the company up for long-term gains. In the short term, we have decided to exit the investment. We may revisit the idea once the dust settles if we believe the stock price reflects undue pessimism about the company's long term potential.

A few months ago, our investment in Signet Jewelers looked like another mistake. The Company had announced a second consecutive quarter of disappointing results and the stock fell to about half of its December level. We had a special discussion about Signet with a "designated bull" arguing to buy more and a "designated bear" making the case to sell out. Through this process, we teased out the bear case in a way that helped me understand just how pessimistic investors had become – we added to the position. Our patience was rewarded - the stock has rallied by over 35% since our discussion and it still looks cheap relative to our assessment of normalized earnings.

We're Still Finding Opportunity

With a portfolio of roughly 30 stocks and a three to five year holding period, we generally make six to eight investments a year. There are times, like 2009-2011, when there are an abundance of compelling ideas from which to choose. Not surprisingly, as the market goes higher, great values become harder to find. Such is the case today. We are turning over more rocks than usual in our search for new ideas, but fewer stocks are surviving our triage process and meriting a more in-depth look. As a result, we have made just three new investments so far this year. While fewer in number, these new investments are consistent with our framework – **with the market at all time high levels, we haven't and won't relax our standards.** If the new idea process fails to unearth what we believe are compelling long-term values, then our cash position may grow. Provided we can continue to find ideas like the ones I discuss below, we will stay close to fully invested.

Ally Financial - we started building our position in Ally during the first quarter. Ally is the former lending arm of General Motors, though the business has been repositioned since being spun off from GM during the financial crisis. Our average cost is roughly 70% of book value. Investors appear unduly concerned about negative developments on the credit side in the auto lending business. We believe the company is well reserved and cognizant of the auto finance cycle. Stocks that trade at a discount to book value reflect investor expectations for a bleak future. In contrast to the market's perspective, we see room for higher earnings and an improving return on equity as Ally continues to shift its funding from expensive debt securities to much cheaper bank deposits. This change in funding costs is key to our investment thesis. This is a potential double play of growing book value with the potential for a higher price-to-book valuation over time.

Johnson Controls - we started building our position in Johnson Controls, a multi-industry company primarily focused on building controls and HVAC systems, during the second quarter. Investors have





long valued Johnson Controls at a P/E discount to the market based on the historically large contribution (65-70% of earnings) of their automotive businesses. In 2016, the business was transformed by the spin out of their highly-cyclical auto interiors business (Adient plc) and subsequent merger with Tyco International. The new company has far more dependence on industrial businesses with their remaining automotive business (primarily less-cyclical replacement car batteries) now contributing less than 40% of total corporate earnings. Our average costs basis is roughly 16x 2017 expected earnings - a 10% discount to the S&P 500 and an even larger discount to a broad cross section of industrial companies. While the stock is trading at a below average valuation, we believe the company should be able to grow earnings at an above average rate as they recognize cost savings and other synergies from the Tyco merger. Delivering merger synergies and improving the conversion of earnings to free cash flow are key tenets of our investment thesis.

Advance Auto Parts - we started accumulating shares of Advance Auto in the third quarter. The stock price of this auto parts retailer had fallen over 40% this year before we made our initial investment. The stock doesn't look cheap given expectations of around \$5 of earnings per share this year, but we believe current results are not reflective of the business's normalized earnings power. The Company grew through acquisitions, but they never got around to rationalizing them. The management team has targeted \$750 million of productivity enhancements which would bring their margins to 15% and their earnings to \$15 a share. Given the company's track record, we are skeptical that the management team will deliver everything they are promising despite the fact that, at 15%, the Company's targeted margins would still be below the ~19% reported by competitors AutoZone and O'Reilly Automotive. Delivering improved productivity is key and we conservatively assume that management will deliver about 60% of their target. We also assume the shares will trade at just 13-15x normalized earnings of ~\$11 per share - a P/E discount to the market given the potential for electric vehicle penetration and internet disintermediation to provide a long term headwind to revenue growth.

I am excited about all three of these new investments - investor expectations are low as reflected in each stock's valuation relative to our assessment of their normalized earnings. I hope that the descriptions of these stocks helps you see that we aren't being forced out of our traditional comfort zone despite the market being at all time high levels. I believe these new investments look good on an absolute basis and even better relative to the broad market. Perhaps more importantly, **I continue to feel great about the other 26 stocks in the portfolio that we purchased prior to the start of the year.** We don't see stretched valuations in the portfolio.

Closing - Many Thanks for a Great 10 Years

Taj Mahal wasn't the only musical legend I saw perform live this year - my all-time favorite band is Tom Petty and the Heartbreakers. I saw them three times this summer and I loved every show. Perhaps it's our shared southern roots, but there is something in the lyrics to many of their songs that really speaks to me. In this, the third year out of four in which value stocks have underperformed the S&P 500, one song seems particularly relevant: "I Won't Back Down:"

No, I'll stand my ground





*Won't be turned around
And I'll keep the world from draggin' me down
Gonna stand my ground*

Poplar Forest is now ten years old. We've come a long way from a three-piece garage band managing \$42.5 million on behalf of nine clients. After starting Poplar Forest, I learned that one of the biggest factors influencing clients who invested with us was trust. We consider ourselves stewards of our client partners' funds and I'm proud of what we've accomplished in that regard since taking the stage a decade ago. I feel even more confident about the next 10 years. We've assembled an outstanding ensemble who all care deeply about our mission - about taking care of Mrs. Jones, as we say at Poplar Forest. I love coming to work every day and I'm thankful to have a great band with which to work.

As we move into the future, we will be doing so without the skills of our bandmate Peter McAniff. Peter was the first analyst I hired and an equity partner from day one. In addition to his analytical work, Peter was our first Chief Compliance Officer; he handled recruiting and lease negotiations; he's been our in-house historian and he's always been willing to do whatever was asked of him along the way. We will miss Peter's many and varied contributions to Poplar Forest and we wish him well as he pursues his entrepreneurial interests and returns to writing and teaching.

While Poplar Forest will continue to grow and evolve in the years to come, our commitment to you, our client partners, is unwavering. You are our priority and our interests are aligned. Everyone at Poplar Forest has personally invested in our funds. For a decade now, virtually all of my liquid assets have been invested in Poplar Forest funds. While an independent financial advisor might say I shouldn't have all my eggs in one basket, I believe that the investment process we use at Poplar Forest offers the potential for market-beating, long-term returns. If I knew of a more promising way to invest, I'd pursue it.

While the prevalent fashion today is passive investment strategies that simply mimic returns of the broad market, I am more convinced than ever that actively managed, contrarian investment strategies, like those pursued at Poplar Forest, offer the potential for better than average returns.

Long term, contrarian value investing is what I believe in and I am grateful for the opportunity to manage your money exactly as I manage my own – as Tom Petty put it:

*Well I know what's right
I got just one life
In a world that keeps on pushin' me around
But I'll stand my ground*

And I won't back down

Thank you for putting your trust in Poplar Forest,



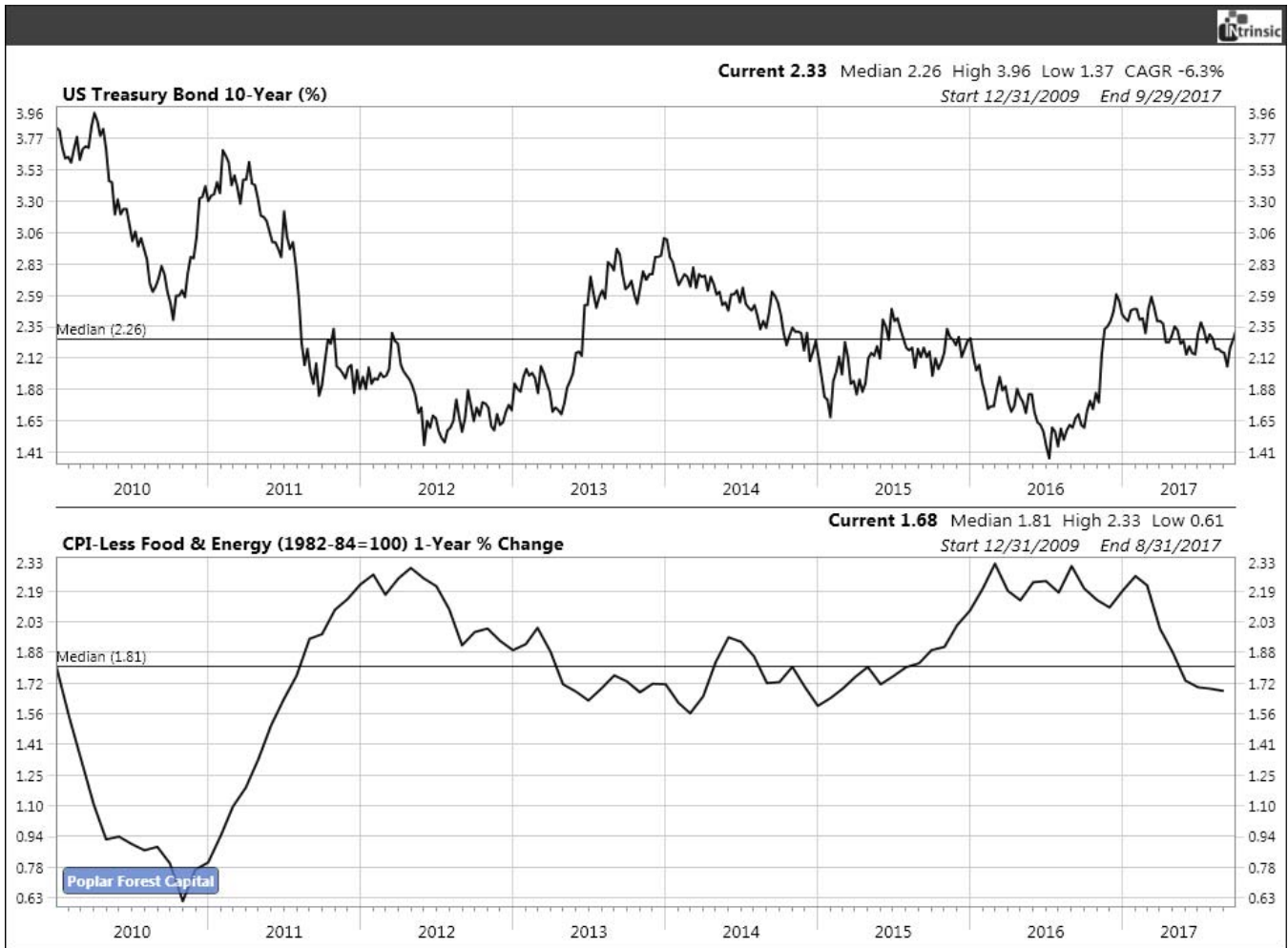


J. Dale Harvey
October 1, 2017





Appendix – Historical Interest Rates and Inflation



Source: Intrinsic Research

	Median 10 Year Treasury Yield	Median Core CPI	Spread of Yield Over CPI
Most Recent	2.33%	1.68%	0.65%
2010s	2.19%	1.88%	0.31%
2000s	4.22%	2.14%	2.08%
1990s	6.33%	2.79%	3.54%
1980s	9.56%	4.54%	5.02%
1970s	7.62%	6.54%	1.08%
1960s	4.65%	1.63%	3.12%





PARTNERS FUND REVIEW

Portfolio Manager: J. Dale Harvey

The Partners Fund Institutional Class shares produced a 2.76% return versus the S&P 500®'s 4.48% in the quarter ending 9/30/17. This period was difficult for value strategies like those employed by Poplar Forest; the Russell 1000® Value index, for example, also lagged the S&P 500® with a gain of 3.11%.

For the quarter, the Fund benefitted from investments in the industrial, healthcare, information technology, and financial sectors with our top contributors being Aecom (industrials), Abbott Laboratories (healthcare), Hewlett Packard Enterprise (technology), Ally Financial (financial services), and Citigroup (financial services). The bottom detractors to our results were Coach (consumer), Avon Products (consumer), MSC Industrial Direct (industrials), Mattel (consumer), and Zimmer Biomet Holdings (healthcare).

We eliminated Avon Products, Dun & Bradstreet and Mattel from the portfolio this quarter, while establishing a new investment in Advance Auto Parts, an underearning retailer of auto parts. Hewlett Packard Enterprises ("HPE") successfully completed the spinoff of its software businesses, which merged with Micro Focus International. The Fund ended the quarter with 29 investments and roughly 2% cash.





CORNERSTONE FUND REVIEW

Portfolio Managers: J. Dale Harvey and Derek Derman

The Cornerstone Fund Institutional Class shares produced a 1.79% return versus 3.02% for a 60/40 blend of the S&P 500® (4.48%) and the Bloomberg Barclay's Aggregate bond Index (0.85%) in the quarter ending 9/30/17.

The Fund benefitted from investments in several different industries this quarter with our top contributors being Ally Financial (financial), Abbott Laboratories (healthcare), Lincoln National (financial services), Citigroup (financial services), and Devon Energy (energy). The bottom detractors to our results were Coach (consumer), AmerisourceBergen (healthcare), MSC Industrial Direct (industrials), Zimmer Biomet Holdings (healthcare), and Mattel (consumer).

While exiting investments in Dun & Bradstreet and Mattel, we made a new investment in Advance Auto Parts this quarter. In addition, the spin-off of Hewlett Packard Enterprise's software division resulted in the fund receiving shares of Micro Focus International, and MetLife's spinoff of its U.S. retail business resulted in shares of Brighthouse Financial. Due to these changes, the Fund ended the quarter with 37 equity investments.

While the overlap between the equities owned in the Cornerstone and Partners funds is quite high, the Cornerstone Fund remains far more defensive with roughly 10% in cash and equivalents and 25% in fixed income investments. Over time, we would expect the Fund to hold between 25% and 50% in bonds, and our current exposure is driven by concerns that interest rates could increase materially in coming periods. When interest rates rise, the value of bonds generally falls.

In Cornerstone, we remain focused on trying to manage downside risk while also striving to protect our investors' long-term purchasing power. With equities accounting for ~66% of the Fund, the potential draw-down in a weak stock market environment should be less than what we would expect from the Partners Fund. Furthermore, our fixed income investments offer a far different profile than what would commonly be found in a balanced fund. Roughly 24% of our fixed income portfolio is invested in Inflation Protected Treasury bonds (TIPs). The income produced by TIPs increases in periods when inflation rises. We also own a Treasury bond whose income is indexed to short-term interest rates and this security should also protect purchasing power if interest rates rise as we expect.

As we look ahead, we believe our portfolio is well positioned to generate solid inflation-adjusted returns. The Fund remains focused on high quality companies that are trading at what we believe are discounted valuations, while our bond selections continue to emphasize our goal of capital preservation.





CONTRARIAN MID-CAP COMMENTARY

Dear Partner,

I've always found interesting connections between nature, markets, and investing. In late August, I was fortunate enough to enjoy a day of fly fishing with some close friends on the Snake River in Jackson, Wyoming. Similar to markets, rivers like the Snake can change significantly from one year to the next and yet, over longer-time scales, conform to repeating patterns and cycles. While water levels were unusually low last year, the river was flowing full and fast this year and we were able to fish out of a drift boat with one of us casting from the front and the other from the back. My friends got off to a very strong start and had each caught multiple "cutties", or cutthroat trout, within the first hour. I was initially lagging and my strategy of longer casts on the opposite bank didn't seem to be paying off. However, just as I was getting frustrated and thinking I should copy their approach, the topography of the river changed and we entered a long stretch of water with a more balanced distribution of overhanging trees, rocks, and shadows. This subtle change made all of the difference. I started to hook fish and, by day's end, had lots of catches to my name. Not surprisingly, this experience reminded me of investing. While our style of value investing has been lately out of favor, history suggests investing is cyclical. With high conviction value styles enduring multiple years of unpopularity, we believe the stage may be set for a reversal.

Despite the market achieving gains in 2017, our strategy is basically flat. Given these weak relative results, it may be helpful to review the merits of our investment strategy. First and foremost, we are contrarians. We tend to focus on companies mired in controversy, fear, and complexity because these sorts of uncomfortable fact patterns may create misperceptions that cause a company's stock price to become undervalued. We invest with a long-term horizon because short-term stock price movements reflect lots of economic noise and are challenging to consistently predict. We generally plan to hold our investments for three years or more and make buy and sell decisions based on our estimates of a company's normalized earnings power. We operate under the assumption that markets are highly competitive and limit our investments to only our best 25-35 investment ideas in order to create a portfolio offering healthy diversification and attractive prospective returns. In terms of risk management, we regularly explore opposing views and stress our investments under various risk scenarios. Our largest position sizes tend to be the ones we believe have below average risk of a loss. Most importantly, we only invest when our analysis yields a favorable return vs. risk profile. At present, our portfolio is valued at 11x our estimates of normalized earnings which we believe compares favorably to the much higher current valuations of mid-cap indices and the broader stock market. While we are frustrated with current performance, concentrated contrarian investment strategies, such as ours, can often have lumpy return patterns. With time, we very much believe the merits of our investment process will be vindicated.

More specifically, we continue to find attractive values in the Healthcare sector which remains our largest sector weighting and offers the combination of below average valuation multiples, favorable demographics, and innovation-driven sales and earnings growth. We believe the generally favorable





stock price performance for our Healthcare investments in 2017 is justified and have been selectively adding to positions.

Our investments in the consumer and energy sectors have recently pressured our results but, in both cases, we think the stage is set for improving returns in 2018 and beyond. Within the consumer sector, inconsistent execution at Mattel (MAT) and Ralph Lauren (RL) led us to reduce our weightings and harvest losses earlier in the year. Price matters, however, and recent price declines have led us to begin selectively adding to our consumer investments. The energy sector is one of the more volatile sectors in the economy as evidenced by it being one of the best performers in 2016 but one of the worst in 2017. Oil prices are unpredictable in the short-term and oil price fluctuations are often a root cause of the sector's volatility in any given year. Relative to a current oil price around \$50/barrel, we believe energy industry cost structures support a normalized range for oil prices between \$40-\$70/barrel. We've focused our energy investments in companies with self-help opportunities, staying power, and the ability to generate good returns at \$40/barrel and great returns at higher prices. Devon Energy (DVN), for example, screens attractively across these dimensions.

Selectivity is important in investing and we believe the risk of a permanent loss is low with our energy investments since valuations don't appear to be giving credit for cost structure improvements and other company-specific restructuring initiatives. In terms of staying power, we think our energy investments have strong or dramatically improved balance sheets and an underappreciated ability to survive lower oil prices. These companies have the potential to be good investments if oil prices are relatively stable and great investments should oil prices rise over the next few years. We've recently been adding to our energy investments.

We often add to investments after they have declined in price because, barring a change in our estimates of normalized earnings power, a lower price creates the potential for reduced risk and enhanced prospective returns. While our investments in the consumer and energy sectors have clearly hurt the portfolio in the short run we think our patience with these investments will be rewarded over the long run.

Dale and I appreciate your patience and look forward to discussing with all of you the great catches we believe exist within our portfolio.

Thank you for your interest and continued support!

Cordially,

Stephen A. Burlingame, CFA

October 1, 2017





OUTLIERS FUND REVIEW

Portfolio Managers: J. Dale Harvey and Stephen Burlingame

During the quarter, the Fund's Institutional Class shares generated a return of 1.83% which lagged the Russell Midcap® Index return of 3.47%. Our goal is not to outperform every quarter or even every year but rather to generate market-beating annualized returns over a full market cycle. Since inception on December 31, 2011, the Fund has generated an annualized return of 12.02% which compares to a 14.87% return for the Russell Midcap® Index.

Relative to the Russell Midcap® Index, the Fund's quarterly underperformance was driven by stock selection and sector allocation effects. Investments in the Financials sector contributed the most to the Fund's relative returns, whereas investments in the Consumer Discretionary sector detracted the most. Within Financials, our returns were broad based. Ally Financial, an investment we made earlier in the year, benefited from improving sentiment around the company's ability to both lower their cost of funds and improve their pricing on auto loans. Our conviction in the business's profitability improvement plan remains high and Ally Financial continues to be our largest investment in the Financials sector. Poor results in the Consumer Discretionary sector were driven by Mattel, Coach and Party City. During the quarter, we added to our position in Party City and reduced our position in Mattel. The self-help initiatives underway at these companies are taking longer than anticipated to improve earnings due to worse than expected industry trends and mixed execution. While we still believe each of these investments is undervalued on a multi-year basis, we've been early.

The Fund continues to have no exposure to Utilities or Real Estate Investment Trusts (REITs). Many of these companies pay investors high dividend yields and are often viewed as fixed income equivalents. Over the next three to five years, investors may become less interested in Utilities and REITs if interest rates on competing fixed income assets rise.

Quarterly Changes:

During the quarter, we initiated investments in Advance Auto Parts (AAP), CommScope (COMM) and CSRA Inc. (CSRA). Advance Auto Parts is a good example of the sort of under-earning investments we favor. The stock price of this auto parts retailer had fallen over 40% this year before we made our initial investment. The stock doesn't look cheap given expectations of around \$5 of earnings per share this year, but we believe current results are not reflective of the business's normalized earnings power. The Company grew through acquisitions, but they never got around to rationalizing them. The management team has targeted \$750 million of productivity enhancements which would bring their margins to 15% and their earnings to \$15 a share. Given the company's track record, we are skeptical that the management team will deliver everything they are promising despite the fact that, at 15%, the Company's targeted margins would still be below the ~19% reported by competitors AutoZone and O'Reilly Automotive. Delivering improved productivity is critical and we conservatively assume that management will deliver about 60% of their target. We also assume the shares will trade at just 13-15x normalized earnings of ~\$11 per share - a P/E discount to the market given the potential for electric vehicle penetration and internet disintermediation to provide a long term headwind to revenue growth.





Recent sales include exiting investments in Avon Products (AVP) and Dun & Bradstreet (DNB) both of which failed to deliver on key tenets of our original investment thesis.

The Fund continues to look quite different from the Russell Midcap® Index with notably higher allocations to the Healthcare and Energy sectors, notably lower allocations to the Consumer Staples sector, and no exposure to the Real Estate, Utilities, and Telecom sectors. As price sensitive value investors, there will be times when we have more investments to sell than to buy resulting in a temporary uptick in our cash balance. During the quarter, our cash balance remained under 10%. Our cash balance positions us to opportunistically buy a number of fully researched investments where we are simply waiting for lower prices.



**Disclosures**

The Funds' objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectuses contain this and other important information and can be obtained by calling (626) 304-6000 or by visiting www.poplarforestfunds.com. Read it carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. The funds may invest in debt securities which typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. The funds may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater in emerging markets. Investing in small and medium sized companies may involve greater risk than investing in larger, more established companies because small and medium capitalization companies can be subject to greater share price volatility. The funds may invest in options, which may be subject to greater fluctuations in value than an investment in the underlying securities. When the Cornerstone Growth Fund invests in other funds and ETFs an investor will indirectly bear the principal risks and its share of the fees and expenses of the underlying funds. Investments in asset-backed and mortgage-backed securities involve additional risks such as credit risk, prepayment risk, possible illiquidity and default, and increased susceptibility to adverse economic developments. Diversification does not assure a profit, nor does it protect against a loss in a declining market.

Earnings growth is not a measure of the Fund's future performance.

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.

Poplar Forest Capital LLC is the advisor to the Poplar Forest Partners Fund which is distributed by Quasar Distributors, LLC.

As of September 30, 2017, the Poplar Forest Partners Fund's 10 largest holdings accounted for 47.34% of total fund assets. The Fund's 10 largest holdings at September 30, 2017:

ABBOTT LABORATORIES	5.67
CITIGROUP	5.42
LINCOLN NATIONAL	5.05
ZIMMER BIOMET HOLDINGS	4.86
SIGNET JEWELERS	4.53
METLIFE	4.48
BANK OF AMERICA	4.43
AECOM	4.36
TE CONNECTIVITY	4.31
RELIANCE STEEL & ALUMINUM	4.24

As of September 30, 2017, the Poplar Forest Cornerstone Fund's 10 largest holdings accounted for 29.74% of total fund assets. The Fund's 10 largest holdings at September 30, 2017:

BAKER HUGHES A GE COMPANY	3.44
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LINCOLN NATIONAL	3.36
SIGNET JEWELERS	3.30
ABBOTT LABORATORIES	3.29
CITIGROUP	3.27
ZIMMER BIOMET HOLDINGS	2.77
BECTON DICKINSON & CO 11/12/2020	2.61
AMERICAN INTERNATIONAL GROUP	2.58
METLIFE	2.57
SCHLUMBERGER HOLDINGS	2.55

As of September 30, 2017, the Poplar Forest Outliers Fund's 10 largest equity holdings accounted for 42.50% of total fund assets. The Fund's 10 largest equity holdings at September 30, 2017:

AMERISOURCEBERGEN	4.69
PERRIGO	4.51
ZIMMER BIOMET HOLDINGS	4.46
ALLY FINANCIAL	4.29
NN INC	4.24
RELIANCE STEEL & ALUMINUM	4.15
MOTOROLA SOLUTIONS	4.10
AECOM	4.09
WEATHERFORD INTERNATIONAL	4.00
KEYSIGHT TECHNOLOGIES	3.96

Fund holdings and sector allocations are subject to change at any time, and should not be considered a recommendation to buy or sell any security.

Definitions

Active investing generally has higher management fees because of the manager's increased level of involvement while passive investing generally has lower management and operating fees. Investing in both actively and passively managed funds involves risk, and principal loss is possible. Both actively and passively managed funds generally have daily liquidity. There are no guarantees regarding the performance of actively and passively managed funds. Actively managed mutual funds may have higher portfolio turnover than passively managed funds. Excessive turnover can limit returns and can incur capital gains. Exchange-Traded Funds (ETFs) are securities that track an index, a commodity or basket of assets like an index fund, but trade like a stock on an exchange. ETFs experience price changes throughout the day as they are bought and sold. Mutual Funds are structured and maintained to match their investment objectives and generally are priced and traded only once a day at the market close.

The Bloomberg Barclays Aggregate Bond Index, which used to be called the "Lehman Aggregate Bond Index," is a broad base index, maintained by Barclays Capital, which took over the index business of the now defunct Lehman Brothers, and is often used to represent investment grade bonds being traded in the United States.





A blended index (also known as a blended benchmark) is a combination of two or more indices in varying percentages. To take a simple example, if an investor's assets are allocated to 60% stocks and 40% bonds, the portfolio's performance might be best measured against a blended benchmark consisting of 60% in a stock index (e.g. S&P 500® index) and 40% in a bond index (e.g. Bloomberg Barclays Capital U.S. Aggregate Bond Index).

Book value of an asset is the value at which the asset is carried on a balance sheet. Book value is also the net asset value of a company, calculated as total assets minus intangible assets (patents, goodwill) and liabilities.

Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The annual percentage change in a CPI is used as a measure of inflation.

Earnings Per Share (EPS) is the net income of a company divided by the total number of shares it has outstanding.

Free cash flow is revenue less operating expenses including interest expenses and maintenance capital spending. It is the discretionary cash that a company has after all expenses and is available for purposes such as dividend payments, investing back into the business or share repurchases.

An Index Fund is a type of mutual fund with a portfolio constructed to match or track the components of a market index, such as the Standard & Poor's 500 Index (S&P 500). Normalized earnings are adjusted to remove the effects of seasonality, revenue and expenses that are unusual or one-time influences. Normalized earnings help business owners, financial analysts and other stakeholders understand a company's true earnings from its normal operations.

Price/Book Ratio (P/B) is the price/book ratio of a fund is the weighted average of the price/book ratios of all the stocks in a fund's portfolio.

Price / Earnings (P/E) Ratio is a common tool for comparing the prices of different common stocks and is calculated by dividing the earnings per share into the current market price of a stock.

The Russell 1000® Value index measures the performance of the Russell 1000's value segment, which is defined to include firms whose share prices have lower price/book ratios and lower expected long/term mean earnings growth rates.

The Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies. It is not possible to invest directly in an index.

The S&P 500® Index is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. It is not possible to invest directly in an index.

