Poplar Forest Funds Quarterly Report

March 31, 2016

Poplar Forest Capital

About Poplar Forest

Formed in September 2007, Poplar Forest Capital provides investment management to select individual and institutional investors. We currently manage approximately $1.3 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 2014, 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 March 31, 2016					
CONTRARIAN VALUE FUNDS	1Q 2016	1 YR	3 YR	5 YR	SINCE INCEPTION 12/31/2009
Partners Fund					
I Shares	2.84%	-3.61%	9.82%	10.28%	11.60%
A Shares No Load	2.78%	-3.86%	9.54%	9.99%	11.32%
A Shares With Load	-2.36%	-8.68%	7.68%	8.87%	10.40%
S&P 500® Index	1.35%	1.78%	11.82%	11.58%	12.68%
Cornerstone Fund					12/31/2014
I Shares	3.54%	-0.34%	-	-	-0.66%
A Shares No Load	3.46%	-0.57%	-	-	-0.91%
A Shares With Load	-1.70%	-5.55%	-	-	-4.91%
S&P 500® Index	1.35%	1.78%	-	-	2.20%
Barclays Aggregate Bond Index	3.03%	1.96%	-	-	2.88%
CONTRARIAN MID-CAP FUND					
Outliers Fund	1Q 2016	1 YR	3 YR	5 YR	12/31/2011
I Shares	0.37%	-12.73%	8.02%	-	13.77%
Russell Midcap® Index	2.24%	-4.04%	10.45%	-	14.61%
					12/31/2014
A Shares No Load	0.28%	-12.98%	-	-	-9.84%
A Shares With Load	-4.75%	-17.33%	-	-	-13.48%
Russell Midcap® Index	2.24%	-4.04%	-	-	-0.20%

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. Expense Ratio Net of fee waiver reflects contractual fee waiver in effect through at least 1/27/2017. The Partners Fund expense ratio is 1.26% net and 1.31% gross for the A Shares and 1.01% net and 1.06% gross for the I Shares. The Cornerstone Fund expense ratio is 1.17% net, 3.36% gross for the A Shares and 0.92% net and 3.16% gross for the I Shares. The Outliers Fund expense ratio is 1.37% net, 4.94% gross for the A Shares and 1.12% net, 4.69% gross for the I Shares. Short term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns.

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.

CONTRARIAN VALUE LETTER TO PARTNERS

Dear Partner,

Thirty six years ago, in the spring of 1980, I bought my first stocks – 10 shares of IBM and 20 shares of American Medical International (AMI). I was in the 9th grade. It didn't take long before I was hooked on investing. I looked up the prices of IBM and AMI in the newspaper and plotted them on graph paper. The up and down movements led me to ask: "Why?" I was fortunate to be working with Dave Basten, then a broker at Legg Mason. Dave took me under his wing and started explaining concepts like price/earnings ratios, price/book value multiples, and dividend yields. I loved it!

When I think back to those first equity purchases, I realize that my excitement about the treasures I was discovering in the stock market wasn't typical. At the time, investor uncertainty was high – and for good reason. In November 1979, Iranian revolutionaries had taken over the U.S. embassy and were holding Americans hostage. Watergate and Vietnam were still fresh memories. Oil prices were high, inflation was a big problem and there were worries that a recession was coming (and it did). The country was in a real funk and looking for change. A former actor (and two-term California governor) was running for the White House (after failing to win a contested convention in 1976).

I was recently reminded of an article by Warren Buffett in the August 6, 1979 issue of *Forbes* magazine. Mr. Buffett offered these observations (emphasis added):

> *An "argument is made that there are just too many question marks about the near future; wouldn't it be better to wait until things clear up a bit? You know the prose: 'Maintain buying reserves until current uncertainties are resolved,' etc. Before reaching for that crutch, face up to two unpleasant facts: the future is never clear; you pay a very high price in the stock market for a cheery consensus.* ***Uncertainty actually is the friend of the buyer of long-term values****."*

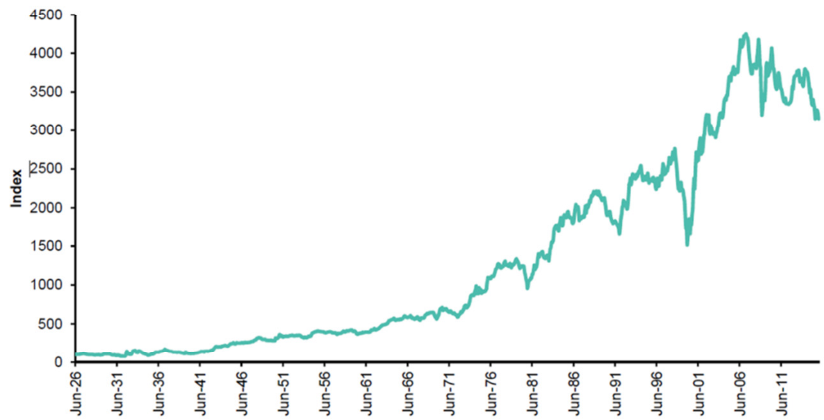
Despite concerns that led many investors to shun stocks, the market rewarded those who saw opportunity in the uncertainty. In 1980, the S&P 500 rose over 30% despite all the negativity. In the seven years of 1980 to 1986, the S&P produced compound annual returns in excess of 20% per year. **Today, I feel very much like Warren Buffett did back then: uncertainty has created what I believe are great bargains in the stock market.**

Value investing is hard. Not many have the courage to invest in uncertain times, but there can be substantial rewards for those willing to go against the crowd – to use fundamental research to identify bargain-priced securities that others may be anxious to sell.

While value investing has a long history of market-beating returns, it doesn't win every year. From 1965 to 2015, Mr. Buffett, arguably the most famous value investor in the world, generated a compound total return of 20.8% per year for shareholders of Berkshire Hathaway versus 9.7% for the S&P 500. But it was at times a bumpy ride – his results lagged behind the S&P 500 in 16 of 51 years. And the bad years were rarely near misses. In 2015, for example, Berkshire Hathaway shares fell 12.5% as compared to the 1.4% total return of the S&P 500.

VALUE PEAKED IN 2007

Exhibit 3
Value Long Term Performance in the US (long short cumulative return)



Source: The Ken French data library, available at http://mba.tuck.dartmouth/edu

As you can see in the graph above, value investing's great long-term results include long stretches of underperformance. The last eight years has been one of those stretches. The Russell 1000 Value Index, which measures the performance of the cheapest half of the 1,000 largest companies in the United States, can help us gauge how challenging the environment has been for value managers. From the end of 2007 to the end of 2015, the S&P 500 generated a total annual return of 6.5% while the Russell 1000 Value index grew 5.1%.

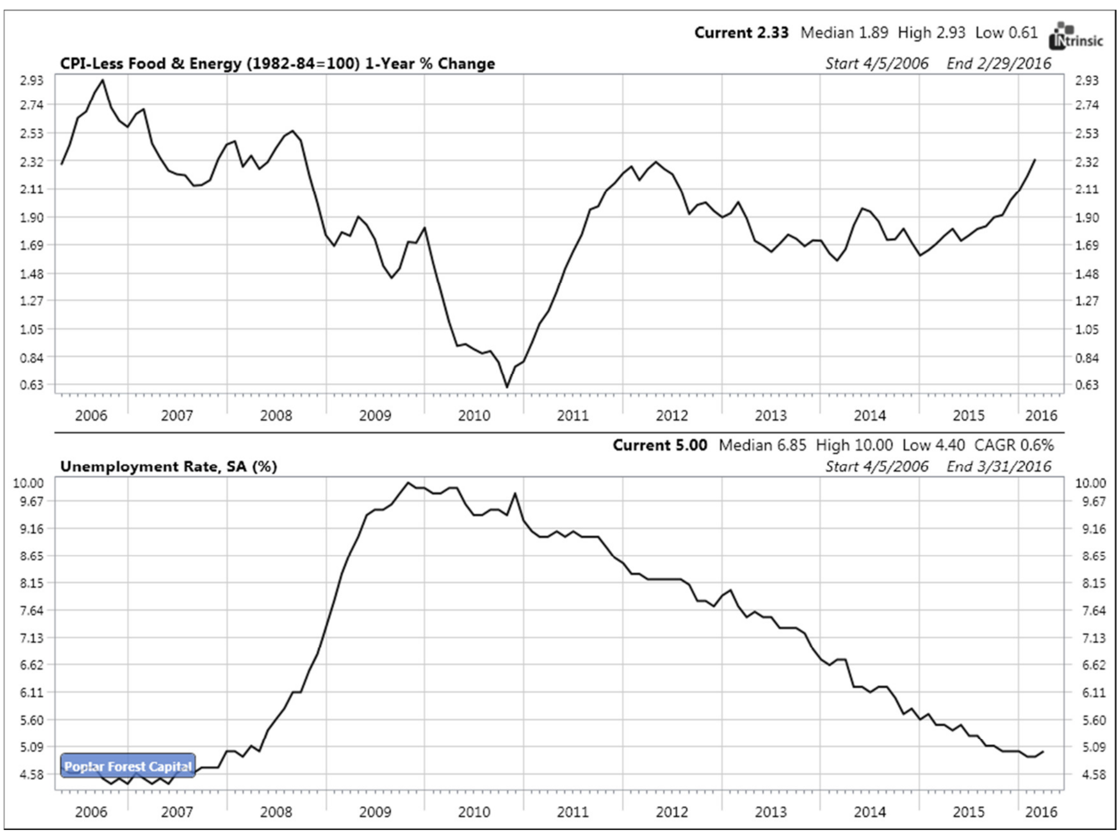
Why might the last eight years have been difficult for strategies that emphasize discounted stock valuations? Perhaps it has been the rise of passive investing – an inherently "anti-value" strategy. In passive investment funds, like many Index and Exchange Traded Funds (ETFs), when new money comes into the fund, the portfolio is replicated proportionately. In practical terms, that means that the fund buys twice as much of the stock that recently doubled and half as much of the stock that fell 50%. This is a momentum strategy: buy more of what's doing well in the belief that it will continue to do well. It is the opposite of what we do - we prefer to buy low and sell high.

Another potential explanation for value strategy struggles is that, after a great run in the eight years after the bursting of the tech bubble in 2000, it became difficult to find bargains. In the period from the end of 1999 to the end of 2007, the Russell 1000 Value Index compounded at 6.8% - more than 5% a year better than the S&P 500's 1.7%. It's possible that there simply wasn't as much value in value stocks. That's not the case today.

Maybe the problem has been weak macroeconomic fundamentals in the aftermath of the financial crisis and the accompanying Great Recession. In response to the bursting of the housing bubble in 2007, financial authorities began what has become an extraordinary monetary policy experiment by cutting interest rates to zero in an effort to fend off the deflation they feared would result from deleveraging of the financial system. Central banks cut interest rates to encourage borrowing, which was expected to be used to expand businesses and, thus, the economy as a whole.

While cutting rates was an appropriate response in the immediate aftermath of the financial crisis, conditions no longer demand such action. Keynesian policy seems to have been transformed from a tool used in emergencies into a perceived cure for all economic ills. Despite an historic level of monetary intervention, global economic growth remains anemic. There appear to be diminishing returns from debt funded growth. I am hopeful that we will soon enter a new phase of monetary responsibility where policies that have piled new debt on top of the old are replaced with lessening of central bank intervention in markets and a gradual rise in interest rates. If we don't head in this direction, I worry that we will be forced to live with the costs of misallocated societal resources and, potentially, much higher inflation in future years.

In the United States, the stage appears set for this potential policy evolution. As you can see below, unemployment and inflation, the key metrics the Federal Reserve is charged with managing, are moving in a direction that suggests a need for normalization of monetary policy in coming months and years. In a recent speech at the National Association for Business Economics Economic Policy Conference, Stanley Fischer, Federal Reserve Vice Chairman, said "we may well at present be seeing the first stirrings of an increase in the inflation rate – something that we would like to happen."



The situation looks less rosy overseas. In Europe and Japan, authorities remain concerned that economic weakness in China will pull their already moribund economies into recession. Despite a lack of evidence that cutting interest rates will do the trick, they keep trying. I am reminded of the definition of *insanity* attributed to Albert Einstein: "Doing the same thing over and over again and expecting different results." Cutting rates hasn't worked as expected. Yet to a hammer, every problem is a nail, and many central bankers around the world don't seem to know what else to do, but they believe they must do something. In our globally connected financial markets, the pull of negative interest rates in Japan and Europe are putting downward pressure on U.S. interest rates. In time, I believe rates will be forced higher given continued low but steady growth in the U.S. and declining unemployment. I don't know when rates will start moving materially higher, but I believe our portfolios are well positioned for that outcome.

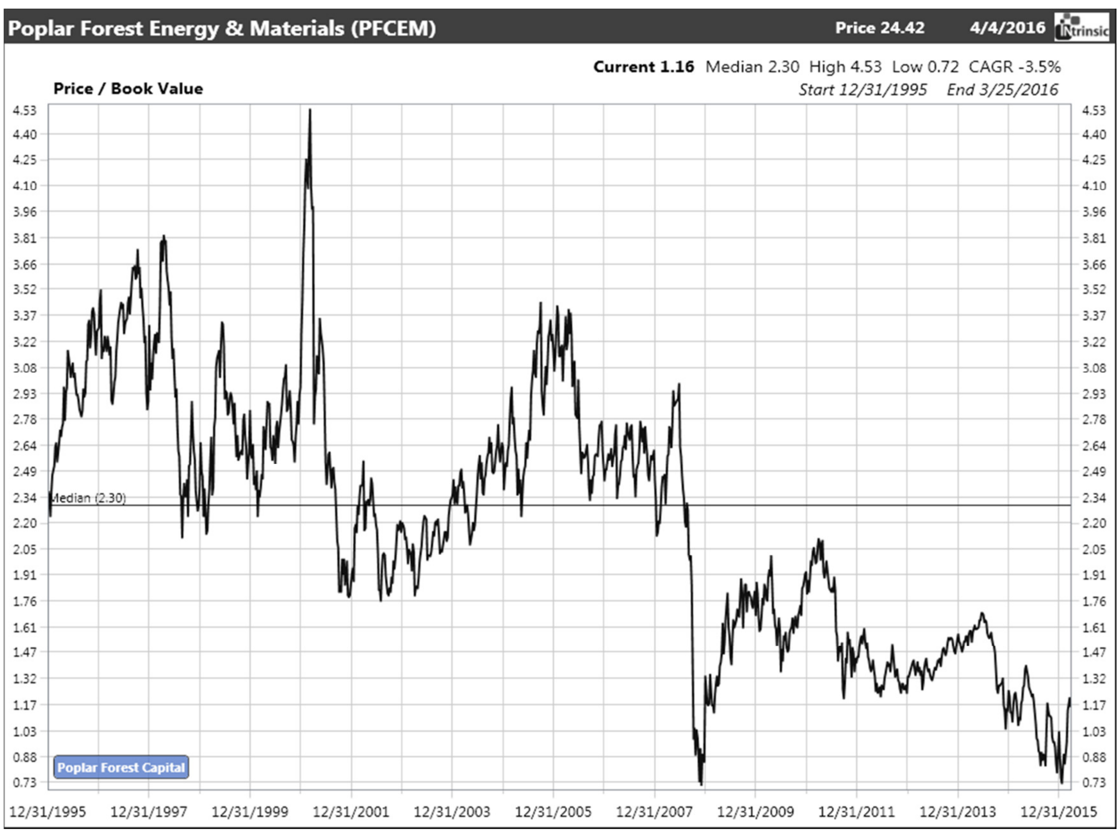
Financial Services – A Potential Beneficiary of Higher Rates

One area where we continue to see great value is in large cap financial service companies. From my vantage point, these stocks remain among the most eye-catching values in the market and they continue to be the largest commitment in both the Partners and Cornerstone Funds. As you can see on the graph below, **the banking and insurance companies in which we are invested are currently being valued at just 74% of book value – a roughly 50% discount to the valuation they have been accorded over the last 20 years**. While I acknowledge that new regulatory burdens have lessened the attractiveness of the business, I believe investors, still scarred by the devastation in the '07-'08 financial crisis, are unwilling to accord these businesses the valuations they deserve, particularly given their balance sheets look stronger than they have in a generation.

In the short run, the downward pressure of global interest rates has kept U.S. interest rates at levels that I simply do not believe are justified by U.S. economic fundamentals. The profitability of financial service companies is dependent on the level of interest rates, and in recent months, globally influenced low interest rates have been a major headwind to our banking and insurance investments. In addition, fears of recession have led to increased worries about potential credit losses at banks and write-downs on the energy bonds held by insurance companies. We believe these concerns are overblown and that the companies have more than sufficient reserves and capital balances to avoid a repeat of the financial crisis meltdown.

Energy – A Classic Opportunity to Buy Low

It is probably no surprise that we have a keen interest in energy and materials companies. The fall in the price of oil, natural gas, copper and many other commodities has resulted in material declines in the stock prices of companies associated with these goods. While investors appear to believe these low prices will result in permanently lower returns and/or major asset impairments that will lead to falling book value for these businesses, we see opportunities.



First, we see the potential for higher commodity prices over our investment horizon. Investors have largely underappreciated the sharp supply correction underway in many of these commodities as new investments have been curtailed. In the U.S., for example, oil and gas rigs are down approximately 75% from the peak and 30% YTD, while new capital investment is down more than 50%. Oil and gas wells require ongoing investments as reserves become depleted with production. Without new investments, current production begins to decline. This decline is ~5% globally and more than double in the U.S. due to a high mix of shale production. Shrinking long-term supply and growing demand is setting the stage for more balanced markets and higher prices. Second, we focus on well capitalized companies that we believe have staying power at lower commodity prices. The companies we are focused on are diversified, have balance sheet flexibility (e.g. limited covenants, unsecured debt structure) and ample liquidity. Third, these companies are lowering their cost structures (down 20-25% on average) and taking advantage of the current environment to high grade their assets. These actions could result in higher returns long-term. Finally, valuation is attractive on both current and future metrics. As you can see on the preceding page, **the companies in which we are invested are trading at only a slight premium to book value – 50% less than they have traded, on average, over the last 20 years**. For these companies, we see limited risk of major asset impairments.

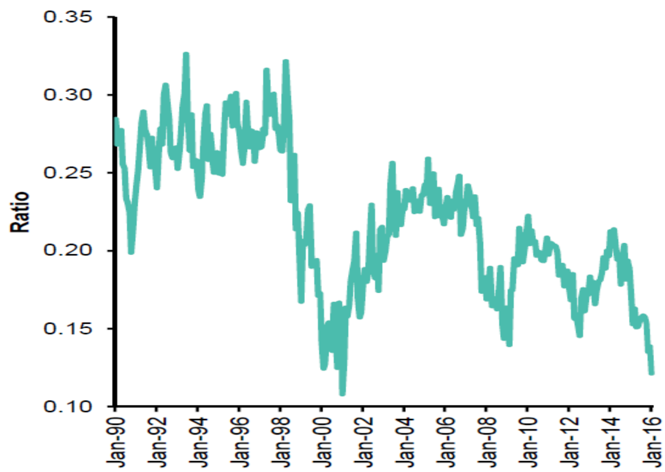
As the opportunity set has grown, we have increased our exposure to energy and materials companies from nothing in the first five years of Poplar Forest's existence to roughly 20% of the equity exposure in both the Partners and Cornerstone Funds today.

In the early years of my career, I was an analyst focused on the energy sector. The current cycle reminds me of the mid-1980s – a time of great stress for energy companies. That stress created multi-year, market beating results for the companies that survived the cycle. At Poplar Forest, a key focus of our analytical work involves understanding each company's cost position as well as its financial constraints. I'm delighted to report that our efforts in this area were enhanced in early February when Akash Ghiya joined Poplar Forest's research team. Previously, Akash was part of a successful hedge fund team at Pimco where he had focused on energy and industrial companies. Before that, Akash worked for a small investment firm in Boston where he developed an expertise in energy and energy infrastructure while investing in both debt and equity securities. With Akash on board, we have a fresh set of eyes to review our investments in this area and his expertise and 11 years of financial service experience are a real plus. Please join me in welcoming Akash to Poplar Forest!

The Value Opportunity - It's Bigger than Financials and Energy

At the sector level, there appears to be great opportunities in financial service and energy and materials companies, but bargain shopping doesn't stop there. As the chart on the next page demonstrates, valuation spreads within industries are approaching levels last seen in 2000: the starting point for a terrific period of performance for value investors. As a practical matter, I am having a much easier time finding stocks whose price looks attractive relative to our assessment of the underlying value of the business. In the last six months, we have made new investments in the consumer, healthcare and technology sectors. **It has been several years since the environment looked this good to me. This evidence leads me to believe that we may be on the cusp of a multi-year period of market-beating results for value strategies like those pursued at Poplar Forest.**

Exhibit 12
US Industry neutral price/book factor valuation (median long/median short)



Source: MSCI, Factset Bernstein analysis

In Closing

I realize there are many things for investors to worry about: economic weakness in China and its impact on the global economy, worries about recession here at home, and a presidential race unlike anything I remember. I am particularly thankful to our founding fathers for creating a system of government that balances power between the executive, legislative, and judicial branches. The U.S. economic and political systems are messy and sometimes create disquieting feelings but, as Winston Churchill said, "Democracy is the worst form of government, except for all those other forms that have been tried from time to time."

Markets have certainly been volatile over the last year with the S&P falling 12% between May and August followed by a strong rally into November; then a second decline to a new low in February followed by yet another strong rally into early March. Sentiment seems to be shifting back and forth between optimism given decent economic conditions in the U.S. and worries that Chinese economic weakness will drag the world into recession. As long as investors remain uncertain about the future, this volatility may continue. With a shopping list of potential investments that exceeds our cash reserves, we are positioned to take advantage of additional bouts of investor nervousness. As Buffett said: "*Uncertainty actually is the friend of the buyer of long-term values."*

From my vantage point, equity valuations aren't stretched, economic fundamentals look solid, and investment opportunities appear abundant. The bond market doesn't look as attractive, but corporate spreads have opened a little and we recognize that carefully chosen bonds can play an important defensive role in portfolio construction. In the Partners Fund, we have been roughly 97% invested in equities for the last several months with cash reserves of 3%. In the more conservatively managed Cornerstone Fund, we've maintained a 65% exposure to equities with another 35% in cash and high quality bonds that we believe should cushion the downside if economic fundamentals unexpectedly disappoint. While we think the Partners Fund will do better in strong equity market years, the more defensive posture of the Cornerstone Fund should be a benefit in lean periods. Since inception on Dec. 31, 2009, the Partners Fund has generated a total return of 11.60% per year. In the more challenging last 12 months, Cornerstone was down just 0.34% versus a 3.61% decline for the Partners Fund.

I remember well the excitement that my 14-year old self felt when buying those first stocks in the early 1980s. I feel that same delight today as I sift through the opportunities created by the current bout of uncertainty. We appreciate the patience of our client partners who understand that even great investment processes don't beat the market every year. We will continue to do what we've done from the beginning: invest alongside you in our funds with the goal of generating market-beating, long-term returns by building portfolios of high conviction investments that we believe are only temporarily unloved or underappreciated.

Thank you for your continued confidence in Poplar Forest.

Dale

J. Dale Harvey

April 4, 2016

PARTNERS FUND COMMENTARY

Portfolio Manager: J. Dale Harvey

The first quarter was a period of great volatility, but little net progress. After starting the year at 2044, the S&P 500 fell almost 10% to a mid-February low of 1829 before rallying back to 2060 at quarter-end. Including dividends, the S&P produced a modest gain of 1.35%. In this environment, we are pleased with the Partners Fund's 2.84% return in the quarter ending 3/31/16.

The biggest headwind to our results this quarter came from our financial service investments. In the short run, the downward pressure of global interest rates has kept U.S. interest rates at levels that I simply do not believe are justified by U.S. economic fundamentals. The profitability of financial service companies is dependent on the level of interest rates, and in recent months, globally influenced low interest rates have been a major headwind to our banking and insurance investments. In addition, fears of recession have led to increased worries about potential credit losses at banks and write-downs on the energy bonds held by insurance companies. We believe these concerns are overblown and that the companies have more than sufficient reserves and capital balances to avoid a repeat of the financial crisis meltdown.

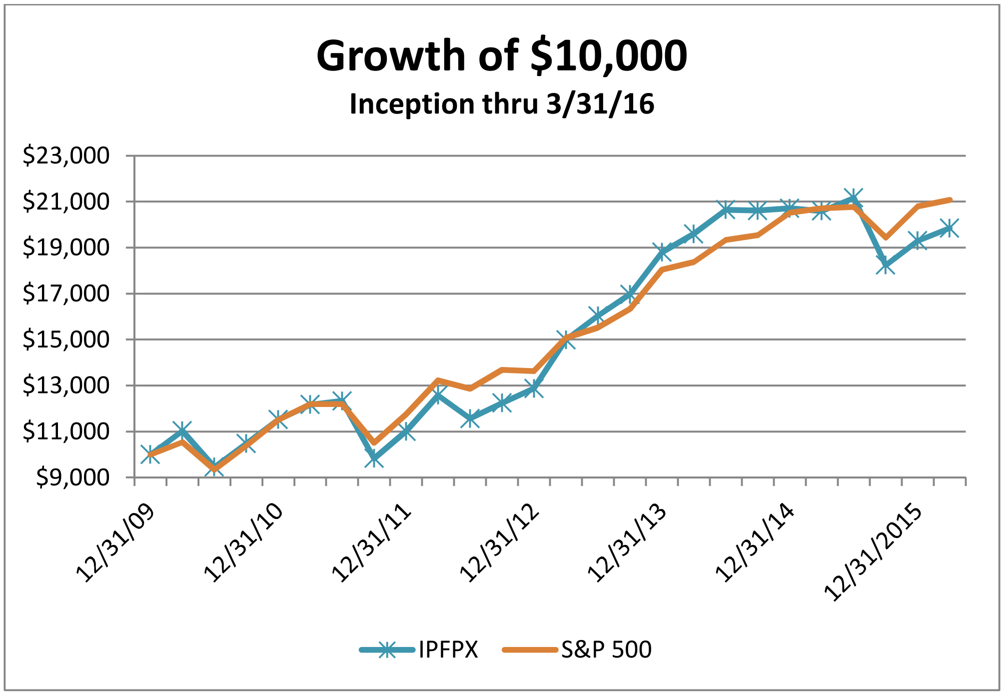
One of the biggest positive contributors to our results this quarter was a gain in Freeport-McMoRan, a producer of copper, gold, oil, natural gas and other commodities. As I said last quarter: "*Freeport has been in the cross hairs of investors who believe that slowing growth in China and other developed markets has resulted in a permanent reduction in prices of the key commodities produced by Freeport. In recent months, the company has taken steps to improve its balance sheet and cash generating ability as it works through the challenges of the current macro environment. We continue to believe Freeport will produce solid future investment gains when this cyclical decline in commodity prices reverses*." Commodity prices did reverse in the first quarter and Freeport shares recovered a portion of their losses incurred in 2015.

Other energy and materials related companies that helped our results included Reliance Steel & Aluminum and MSC Industrial Direct, a distributor of industrial goods. Both stocks had been dragged down in the commodity downdraft last year despite having variable cost business models that should result in less downside during tough times. Also benefitting results were investments in Mattel and Avon, both recognized consumer companies undergoing operational turnarounds that should result in higher operating margins over time.

I'm particularly excited about the value I see in the portfolio today. The companies in which we've invested offer proportionate free cash flow equaling more than 7% of their market value (excluding energy & materials), they trade at a more than 30% discount to our appraisal of fair value, and at close to a 50% discount to the S&P 500 on our assessment of normalized earnings. We believe that investing in financially strong companies when they are out of favor, and thus trading at heavily discounted prices, can offer very compelling prospective returns – particularly in the current low yield investment environment.

Given our focus on long-term investing, we pay most attention to our long-term results – specifically on the Fund's Institutional Class shares (IPFPX). The recent performance of the Fund has resulted in cumulative results that have not kept pace with the S&P 500. While we are disappointed in current comparisons, this has happened before and we believe that by sticking to our investment discipline, we can deliver on our goal of market-beating returns over full market cycles.

The chart below is a hypothetical representation of how $10,000 would have grown had it been invested in either the Institutional Class shares of the Fund (to $19,846) or in the S&P 500 (to $21,078). If we are successful, the gap between the lines on the chart will widen over time.



Past performance does not guarantee future results. This chart illustrates the performance of a hypothetical $10,000 investment made in the Fund since the Fund's inception on 12/31/2009. It assumes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales charge or redemption fees.

CORNERSTONE FUND COMMENTARY

Portfolio Managers: J. Dale Harvey and Derek Derman

We launched the Cornerstone Fund in 2014 to provide investors with a less volatile version of our flagship Partners Fund. It is our belief that investors can enjoy solid long-term returns with an approach that balances the volatile growth of equities with the stability of bonds and cash. Our balanced strategy focuses on growing our client partners' long-term purchasing power while avoiding permanent losses of capital. We believe compounding returns can be a powerful wealth producer. By building on the firm's flagship strategy, Cornerstone uses fixed income and cash when seeking to lower volatility and emphasize capital preservation. Equities will always be at least half of the Fund's assets, but a mandate to invest in fixed income allows us to tactically adjust the Fund's profile based on market conditions and perceived risk.

As was the case last year, the Cornerstone Fund's defensive posture was a benefit in the difficult markets with which we've had to contend. In 2015, Cornerstone was down 4.21% versus a 6.82% decline for the Partners Fund. In the last three months, Cornerstone generated a positive 3.54% return versus a 2.84% gain for the Partners Fund. The first quarter's positive results may be compared with the S&P 500 Index's 1.35% gain and the Barclays Aggregate Bond Index's 3.03% return. A blend of these indices, weighted like the fund at 65% equity and 35% bonds and cash, would have produced a total return of 1.94%. In the short-term, the Cornerstone Fund is doing just what we hoped it would do.

As you would expect, the biggest headwinds and tailwinds for the Cornerstone Fund were similar to that of the Partners Fund: financial service companies hurt and Freeport-McMoRan, Reliance Steel & Aluminum, MSC Industrial Direct, and Mattel helped. One noteworthy difference between the two funds is an investment in Las Vegas Sands. As we reported last quarter, we recently established a position in the company as we believed investors had overly punished the company due to concerns about the Chinese economy. With respect to the company, those concerns appear to have dissipated and the stock was one of the better contributors to the Fund's results.

The portfolio's asset allocation is currently 65% equities, 25% fixed income and 10% cash and equivalents. This is unchanged from the prior quarter. The bond portfolio continues to hold high-quality low-duration securities with the intention of limiting risk from rising interest rates. The Fund's cash and equivalents weighting sets us up to deploy assets as opportunities emerge.

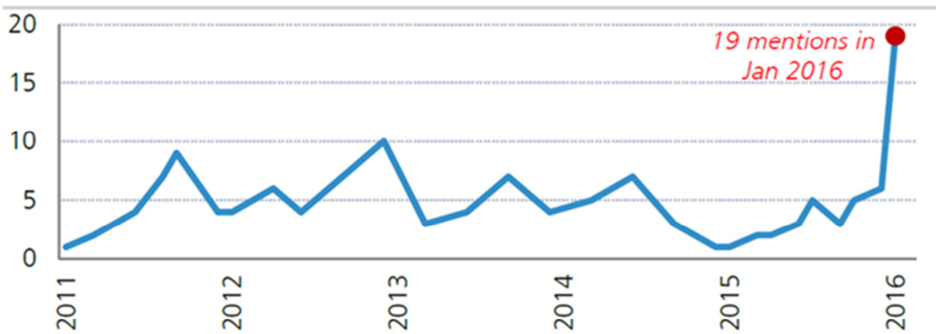
As we look ahead, we believe our portfolio is well positioned to generate solid inflation-adjusted returns. The Fund remains focused on high quality companies that are trading at what we believe are discounted valuations. Our stock and bond selection continues to emphasize capital preservation. The overwhelming majority of our equity investments are investment grade rated and dividend paying. The fixed income holdings are highly rated credits with short duration to dampen the impact of rising interest rates.

CONTRARIAN MID-CAP LETTER TO PARTNERS

Dear Partner,

Many investors proclaim that today's investing and economic environment is infused with greater uncertainty than at any time in recent memory. Even the economists at the U.S. Federal Reserve, with access to some of the most timely and granular data on the state of the U.S. and global economies, are perplexed by the current environment. As you can see below, there were 19 mentions of the word "uncertainty" in the minutes of the January meeting of the Federal Open Markets Committee (FOMC).

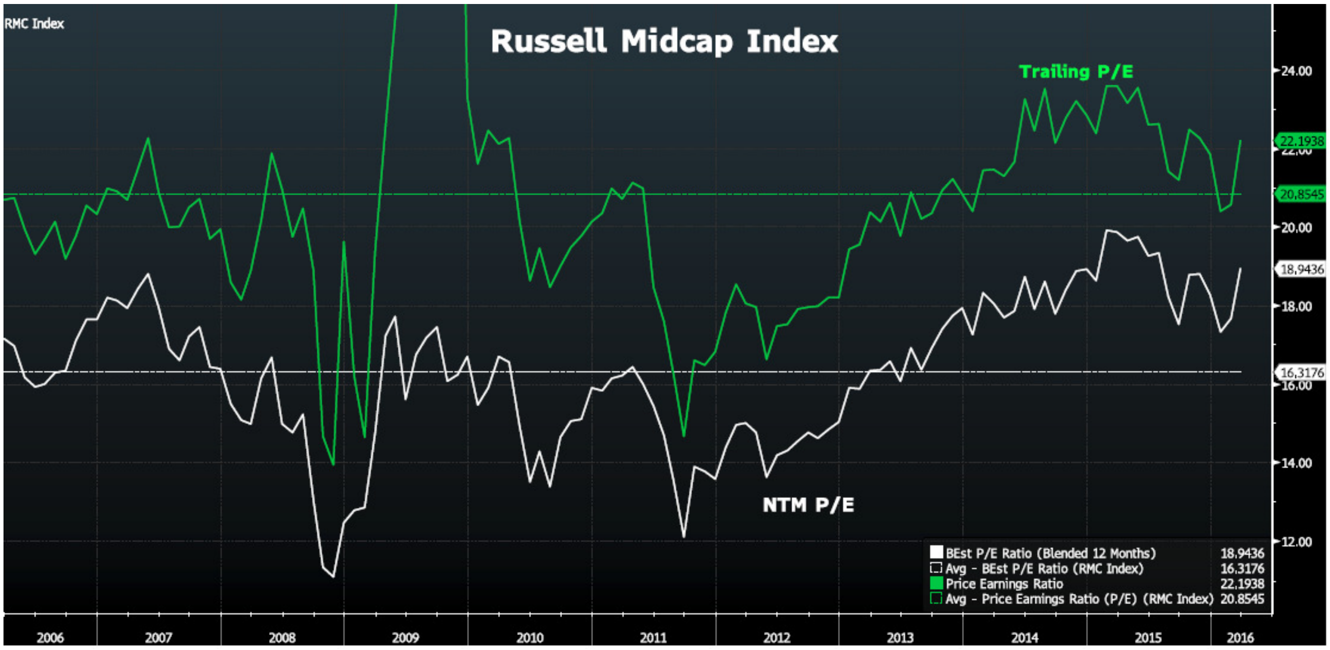
Figure 1: Mentions of "Uncertainty" in FOMC minutes



Source: Federal Reserve, UBS

While the future is inherently uncertain, the current environment feels especially so due to a combination of factors which suggest the patterns of global economic growth over the last 5-10 years may have changed. The dramatic decline in oil prices, a slowing Chinese economy, and the inability of global central bankers to induce self-sustaining economic growth despite historically low and in many cases *negative* interest rates all combine to create a feeling among investors that we are sailing through unchartered and potentially treacherous waters. Of particular concern is the potential for persistently low or negative interest rates to cause a misallocation of resources towards substandard investments whose returns can only be justified by a record low cost of money.

While the U.S. and global economies continue to expand at a modest pace, the health of both seems far from robust. Valuation or price paid is often the key offset for an investor to consider when faced with an uncertain economic outlook. As a long-term investor, if you can buy something at a price that implies weak economic growth will persist far into the future, you often set yourself up for favorable returns since economies, and the companies that define them, find ways to grow over the long run. Based on data from Bloomberg, the current valuation ratios or "expensiveness" of midcap stocks sits at approximately 22x trailing twelve month (TTM) earnings per share and 19x estimated forward earnings per share . These valuation levels both exceed trailing 10 year averages. Valuations for indices of small cap stocks are higher still. Profit margins are also at relatively high levels. Tepid economic growth, premium valuations, and above average profit margins leave me neutral on the outlook for midcap stocks.



I can envision at least three reasonable future scenarios that investors should consider: (1) accelerating economic growth and rising interest rates, (2) a continuation of tepid economic growth and flat to rising interest rates, or (3) deteriorating economic growth and flat to declining interest rates. Importantly, I believe that in scenarios one and two, value oriented investment styles, such as ours, may generate favorable returns. In scenario three, our cash balance and exposure to non-cyclical businesses would give us the purchasing power to make opportunistic long-term investments in the face of broader stock market declines.

In the last few years, investment styles focused on fast growing companies with valuations tied to earnings projections ten years into the future have been outperforming strategies focused on slower growing companies where valuations are often anchored more towards historical earnings trends. Sales and earnings growth have been scarce and, as a result, many investors have favored a company's growth prospects over its valuation. The value of perceived future earnings growth is also amplified by low interest rates which tend to lower the discount rate used by investors when valuing future profit streams. In scenario one, where economic growth accelerates and interest rates rise, growth would become less scarce and future profits would get discounted at higher rates. This scenario could cause investors to become less interested in fast growing companies with premium valuations and more interested in companies with slower but improving growth prospects that are valued at a discount to the market. In scenario two, where the economy continues to muddle along at historically low rates of economic growth and interest rates are flat to rising, I also believe our strategy would be well positioned. We have many investments in companies which have now optimized their business models for tepid economic growth but which are still valued as if weak economic growth will be a headwind. Scenario two is also likely to entail various "growth scares" where statistical noise or temporary weakness in economic data causes investors to extrapolate a recession and push valuations to below average levels. Having some excess cash will enable a long term investor to potentially take advantage of these growth scares and buy when everyone else is selling. In scenario three, where economic growth deteriorates and interest rates are flat to declining, equity markets would likely experience broad based declines. As I stated above, in this scenario our cash balances would become particularly valuable as would our investments in sectors with below average cyclicality.

While there is value in thinking through the investment implications of various scenarios for economic growth, I profess no ability to make broad economic predictions. I generally agree with the observation of the Harvard economist J.K. Galbraith that, "The only purpose of economic forecasting is to make astrology look respectable." In my opinion, for the broader stock market to make a sustained move higher, a broad based acceleration in domestic and global economic growth is likely necessary. **Despite my neutral view on the outlook for midcap stocks as a category, I remain quite optimistic about the prospects for our portfolio since we have the ability to be patient and we can focus our investments around only the very best values.** For instance, many cyclical companies in the Energy, Industrials, and Materials sectors are trading at valuations that already reflect significant declines in future earnings trends and that embed a reasonable margin of safety for longer-term investors even if economic growth is weak. At quarter end, we had approximately 25% of the portfolio invested across these sectors. Balancing out these more cyclical companies, we have approximately 21% of the portfolio invested in the less cyclical Healthcare Sector. The sector's recent sell off has yielded a growing number of companies that are priced at below average valuations and yet have the potential to generate above average earnings growth.

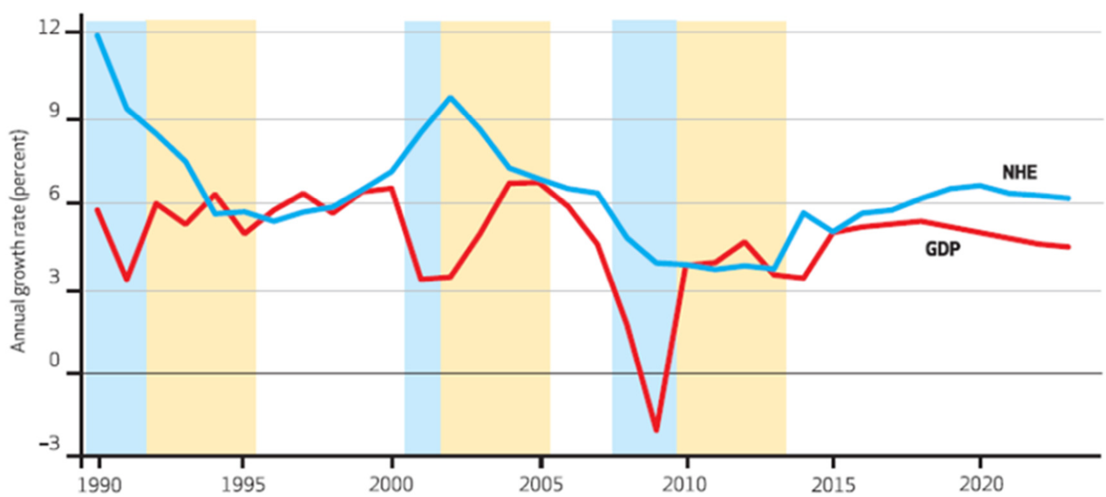
I've been studying the healthcare sector since I was teenager, and the drug company Pfizer (PFE) was one of the very first companies I researched in the early 1990s during an internship at a money management firm in Baltimore, Maryland. While the companies, products, and regulatory framework for the Healthcare sector have certainly changed over the past 20 years, the fundamental drivers of healthcare demand continue to be strong.

According to the U.S. census bureau[1] the cohort of Americans aged 65+ is currently growing at a 3% rate compared to a < 1% growth rate in the overall population. By 2020, there will be approximately 55 million Americans in this age range representing about 17% of the population. As we age, we consume significantly more healthcare. Similar trends are underway in Japan, Europe, and China. Seniors, especially in the U.S., have substantial political power and tend to represent a disproportionate share of active voters which suggests that their healthcare benefits are unlikely to be cut anytime soon. Outside of the U.S., as global living standards rise and middle classes emerge in places like China, India, and Latin America, long-term demand for healthcare products and services is also likely to increase since spending on healthcare rises with disposable income. Finally, there has been a tremendous amount of innovation over the last decade which is yielding meaningful improvements in our healthcare system's ability to treat serious and costly diseases. Research and development of new and better therapies has been enhanced by the combination of significant increases in low cost computing power and dramatic improvements in our ability to cost effectively sequence and understand the genetic makeup of people, animals, tumors, and viruses.

As the chart below highlights, history suggests that during periods of economic weakness, like 2008-2009, healthcare spending (the top line) outgrows the broader economy (the bottom line) and that during periods of economic expansion health care spending tends to grow in line with the economy. The trends in demographics and innovation that I previously highlighted suggest to me there is a high likelihood that growth in healthcare spending can continue to exceed growth in the broader economy. This is likely to be especially true whenever we experience a slowdown or decline in economic growth.

Healthcare spending has historically grown faster than the broader economy:

Annual Growth Rates, Gross Domestic Product (GDP) And National Health Expenditures (NHE), Calendar Years 1990–2023



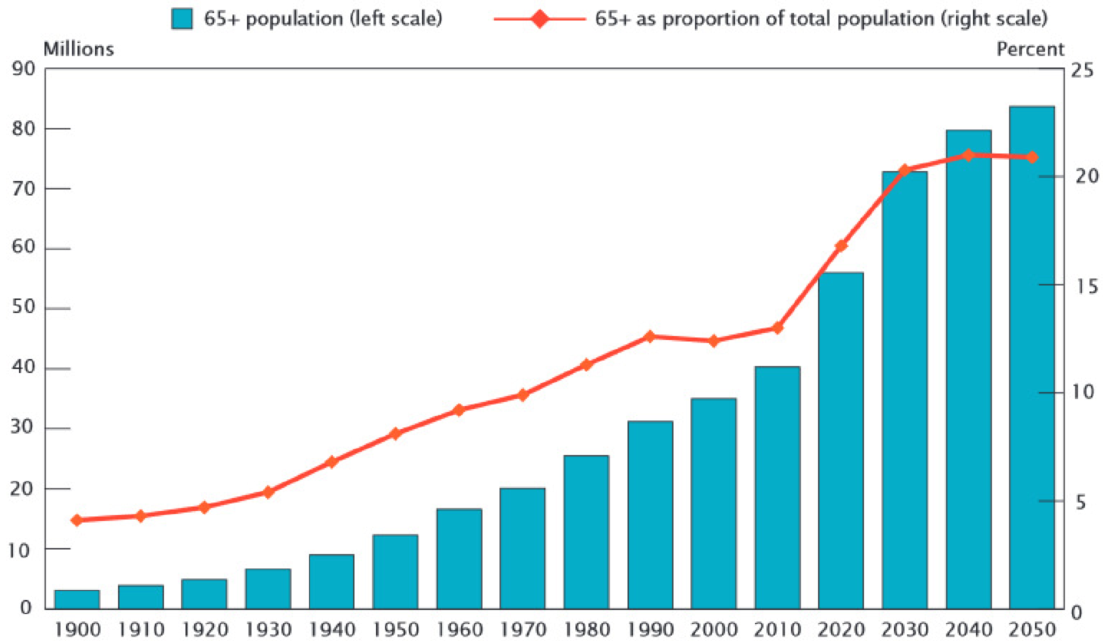
SOURCE Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group; and Department of Commerce, Bureau of Economic Analysis and National Bureau of Economic Research. **NOTES** Numbers for 2013–23 are projections. Blue areas represent US business cycle contractions (recessions in July 1990–March 1991, March 2001–November 2001, and December 2007–June 2009). Tan areas represent the four-year period after each contraction: 1992–95, when GDP was 5.6 percent and NHE 6.7 percent; 2002–05, when GDP was 5.4 percent and NHE 8.0 percent; and 2010–13, when GDP was 3.9 percent and NHE 3.7 percent.

Demographic trends are likely to increase healthcare spending:

Figure 1-1.

Population Aged 65 and Over: 1900 to 2050

(For information on confidentiality protection, nonsampling error, and definitions, see *www.census.gov/prod/cen2010/doc/sf1.pdf*)



Sources: 1900 to 1940, and 1960 to 1980, U.S. Bureau of the Census,1983; 1950, U.S. Bureau of the Census, 1953; 1990, U.S. Bureau of the Census, 1992; 2000, U.S. Census Bureau, 2001; 2010, U.S. Census Bureau, 2011; 2020 to 2050, U.S. Census Bureau, 2012a; 1900 to 2010, decennial census; 2020 to 2050, *2012 National Population Projections*, Middle series.

While the above points have not been entirely lost on the stock market, the Healthcare sector has recently fallen out of favor with investors and is one of the worst performing sectors year-to-date and over the last six months. The recent sell-off reflects an unwinding of a run up in biotechnology companies, sector rotation following multiple years of strong returns, and concerns about the threat of price controls and rising regulation which are popular talking points in an election year. Historically high valuations for many healthcare product companies kept most of our investments focused around healthcare service companies, such as Aetna (AET), a leading health insurer, and Quest Diagnostics (DGX), a leading provider of diagnostic testing services. Aetna and Quest stand to both benefit from increased healthcare spending and I believe they are likely to grow their earnings at a faster rate than the broader market. Despite their above average growth potential, they are both valued at a discount to the market, which creates a favorable multi-year risk/reward profile. Following declines in their stock prices and valuations, I recently built positions in two product focused companies, Zimmer Biomet (ZBH), a leading manufacturer of orthopedic implants, and Horizon Pharmaceuticals (HZNP), a highly controversial drug company. These businesses trade at a significant valuation discount to both the broader market and competitors while offering above average earnings growth potential.

After an unprecedented increase in healthcare regulations under President Obama, it seems unlikely to me that substantive additional reforms will be implemented. Nevertheless, political rhetoric and fears about drug pricing reform are likely to reach a crescendo this fall as we head towards the Presidential election which may create attractive investment opportunities in healthcare companies with depressed valuations. History suggests there is usually a big difference between what gets promised on the campaign trail and what sorts of new policies, if any, survive the convolutions of our legislative process. Stay tuned.

Despite weak recent performance trends, we remain excited about and committed to our contrarian investment process. The portfolio continues to trade at a significant discount to our estimates of normalized earnings power and is diversified among cyclical and non-cyclical businesses. Should economic growth accelerate from here, we have a number of cyclical businesses that would significantly benefit and which are being valued as if the opposite is about to happen. Should economic growth weaken, we have a healthy mix of non-cyclical investments with above average growth potential that are trading at below average valuations. In summary, the portfolio isn't dependent on accelerating economic growth for success and by currently maintaining a 10%-20% cash balance I have the flexibility to opportunistically buy companies of interest in the face of share price declines.

Thank you for your interest and continued support!

Cordially,

Stephen A. Burlingame, CFA

April 1, 2016

OUTLIERS FUND COMMENTARY

Portfolio Manager: Stephen Burlingame

During 1Q'16, the Russell Midcap Index experienced significant volatility as investors grew concerned about mixed signals on the health of the U.S. economy. The Russell Midcap Index® declined by more than -12% during the quarter before recovering to eke out a modest positive return. I wouldn't be surprised to see additional bouts volatility over the course of 2016. During the quarter, the fund's Institutional Class shares generated a return of 0.37% which was lower than the Russell Midcap Index® return of 2.24%. 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 13.77% which compares to a 14.61% return for the Russell Midcap Index®.

Relative to the Russell Midcap Index®, the fund's quarterly performance was hurt by sector allocation decisions and helped by stock selection. Investments in the Healthcare and Energy sectors contributed the most to the fund's relative returns whereas investments in the Consumer Discretionary sector and lack of investments in the Utilities sector detracted the most. As noted earlier in this letter, I continue to find significant value in both the Energy and Healthcare sectors. The primary driver of weak performance in the Consumer discretionary sector was the fund's investment in H&R Block (HRB). HRB is the market leader in U.S. tax preparation services and the company's stock price declined on weaker than expected filings of early tax returns. As the stock price declined, I bought more shares of HRB and I continue to have a favorable long-term view on the company's ability to win back lost market share as state and federal governments crack down on rising rates of tax fraud by independent tax preparers. 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, I initiated investments in Verisk Analytics (VRSK) and Devon Energy (DVN) and exited the fund's investments in UTI Worldwide (UTIW) and Zynga (ZNGA). The fund continues to look quite different from the Russell Midcap Index® with notably higher allocations to the Healthcare and Energy sectors and notably lower allocations to the Financials, Utilities, and Consumer Staples sectors.

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.

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 March 31, 2016, the Poplar Forest Partners Fund's 10 largest holdings accounted for 41.61% of total fund assets. The Fund's 10 largest holdings at March 31, 2016:

MSC Industrial Direct – 4.88%
Reliance Steel & Aluminum – 4.68%
American International Group – 4.24%
AECOM – 4.18%
Chevron – 4.13%
Quest Diagnostics – 4.06%
Microsoft – 4.03%
Dun & Bradstreet – 3.98%
Mattel – 3.73%
TE Connectivity– 3.71%

As of March 31, 2016, the Poplar Forest Cornerstone Fund's 10 largest holdings accounted for 25.58% of total fund assets. The Fund's 10 largest holdings at March 31, 2016:

Mattel – 2.73%

International Business Machines – 2.70%
Zimmer Biomet Holdings – 2.68%
Chevron – 2.65%
American International Group – 2.61%
Dun & Bradstreet – 2.59%
MetLife – 2.58%
Lincoln National– 2.49%
Hewlett Packard – 2.31%
MSC Industrial Direct – 2.27%

As of March 31, 2016, the Poplar Forest Outliers Fund's 10 largest holdings accounted for 45.61% of total fund assets. The Fund's 10 largest holdings at March 31, 2016:

Zimmer Biomet – 5.91%
Aetna– 5.46%
Progressive – 5.24%
Motorola – 5.05%
Checkpoint Software Technologies – 4.75%
Gildan Activewear – 4.07%
H&R Block– 3.91%
Dun & Bradstreet – 3.84%
Humana– 3.73%
Reliance Steel & Aluminum- 3.60%

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

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.

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.

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.

The 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.

Duration is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

The Russell 1000 includes 1,000 or fewer of the largest U.S. firms by market capitalization and represents about 90% of the U.S. market; if an issue disappears because of bankruptcy, merger or other corporate action, it is not replaced until the next index reconstitution. The index is reconstituted on a June 30th annual cycle.

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.

Price/Book is the ratio of a firm's closing stock price and its fiscal year end book value per share.

Price/Earnings (P/E) Ratio is the ratio of a firm's closing stock price and its earnings per share.

Earnings Per Share is calculated by dividing a company's net income by its outstanding common shares.

Earnings growth is the percentage increase in earnings per share from one year to the next.

Gross Domestic Product is the amount of goods and services produced in a year, in a country.

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.

Dividend Yield is a financial ratio that indicates how much a company pays out in dividends each year relative to its share price. Dividend yield is represented as a percentage and can be calculated by dividing the dollar value of dividends paid in a given year per share of stock held by the dollar value of one share of stock.

Forward earnings per share or forward price/ earnings is a measure of the price-to-earnings ratio (P/E) using forecasted earnings for the P/E calculation. The forecasted earnings used in the formula can either be for the next 12 months or for the next full-year fiscal period.

[1] https://www.census.gov/content/dam/Census/library/publications/2014/demo/p23-212.pdf