Partners Fund

4Q 2023 Review

Market Commentary

The stock market, as measured by the S&P 500, ended 2023 at close to all-time high levels due to investors' outlook for continued economic growth and falling interest rates in 2024. Equities rallied strongly during 4Q23 as investors discounted multiple (up to six) rate cuts. While the market assumed a more aggressive rate cut path than the Fed's dot rate plot, the change in direction was more important. The net result was investors began bidding up equities and stocks are now priced for perfection with an embedded expectation of 12% earnings growth in 2024.

As we look forward, our market outlook is one of cautious optimism. We still see risks – commercial real estate funding pressures, stretched consumers, geopolitical risks and government discord – that could pressure the economy. The market's view that a soft landing will be achieved is not consistent with previous periods of Fed tightening. We have a hard time imagining the Fed aggressively lowering interest rates unless they see real economic weakness, and that is a scenario in which earnings could prove disappointing. As a result, we have positioned the portfolio to own stocks with idiosyncratic opportunities that are less dependent on macroeconomic factors. Additionally, we have been cautious about some of the robust growth assumptions embedded in valuations.

Given all that, I'm pleased to say that we are currently invested in 30 companies that we believe offer compelling ratios of reward to risk regardless of whether we see continued growth or an economic slowdown in 2024. We also have a cash position equal to roughly 5% of assets. Because of the macroeconomic risks we see, we are going to remain highly selective in making new investments. Furthermore, our cash investments currently yield about 5% -- admittedly below our 15% hurdle rate, but far higher than we've received in more than a decade. In effect, the potential opportunity cost of being selective is lower today than it has been since the Global Financial Crisis – cash is not trash!

Portfolio Changes and Positioning

The Fund performed well during 4Q23 as our investments outpaced the Russell 1000 Value Index. The Poplar Forest Partners Fund finished ~200 bps ahead of the benchmark during the final three months of the year. Our performance was led by gains in Information Technology, Financials, and Consumer Staples. In Tech, our investment in Intel did well as management continues to deliver on its technology roadmap. Performance in Financials was strong across all our holdings as investors gravitated back to the sector following the Fed's changed tone. Credit risk should fall as interest rate pressures ease. One area where we were negatively surprised was in Industrials. Our investment in FedEx is based on the company right-sizing its cost structure and package volumes rebounding after a long slump. While FedEx made additional progress reducing its expenses, package volumes were disappointing last quarter, especially in the higher-priced Express segment. We remain optimistic volumes will rebound over time.

Portfolio Changes

New Positions	Ticker
Sun Communities	SUI
Exited Positions	
DXC Technologies	DXC

The following paragraph detail our new positions this quarter:

Sun Communities (SUI): We purchased shares of Sun Communities, an owner/operator of manufactured housing (MH), recreational vehicle (RV), and marina sites, after it cut earnings projections for 2023. The REIT faced unexpected headwinds with its Park Holiday acquisition (UK) and less transient RV demand following the end of the pandemic. Investors were disappointed that a highly defensive business model such as SUI had a down year in earnings. Our research determined that the company's issues were temporary and management had a solid plan to get things back on track. We believe once SUI returns it focus to recurring revenues and pares less productive assets, the shares can re-rate back to its historic premium.

The following paragraphs detail our exited positions this quarter.

DXC Technologies (DXC): We exited our position in DXC Technologies during the quarter following continued declines in both the consulting and outsourcing businesses. The thesis disconfirming results suggested that share losses were also continuing given the results of key competitors. Following our exit from the stock, the company announced the resignation of CEO Mike Salvino, further evidence that the company's transformation efforts had lost momentum.

Attributions:

Top 5 Contributors	Bottom 5 Detractors
Intel	Chevron
Allstate	Murphy Oil
Dollar Tree	FedEx
IBM	Dominion Energy
Equitable Holdings	National Fuel Gas Co

Top Ten Holdings	% Wt.
Equitable Holdings Inc	5.1
Allstate	4.9
IBM Corp	4.8
Intel Corp	4.8
Tyson Food	4.3
CVS Health	4.3
Dow Inc	4.0
Cencora	3.9
AT&T	3.9
Philip Morris International	3.8

Composition of sector weightings and fund holdings are subject to change and are not recommendations to buy or sell any securities

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Performance as of 12/31/2023

	Total Return %		Average Annual Total Return %				
	QTR	YTD	1 YR	3 YR	5 YR	10 YR	ITD*
I Shares (IPFPX)	11.50	5.00	5.00	13.80	12.10	7.14	9.90
A Shares No Load (PFPFX)	11.45	4.73	4.73	13.51	11.81	6.88	9.62
A Shares with Load (PFPFX)	5.88	-0.51	-0.51	11.59	10.67	6.33	9.22
S&P 500 Index	11.69	26.29	26.29	10.00	15.69	12.03	13.12
Russell 1000 Value Index	9.50	11.46	11.46	8.86	10.91	8.40	10.50

Expense Ratio: I Shares—1.04% (Gross)/0.95% (Net) | A Shares—1.29% (Gross)/1.20% (Net)

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.

*Investment performance reflects fee waivers. In the absence of such waivers, total returns would be reduced. Performance data shown for A Shares With Load reflects the Class A maximum sales charge of 5%. Performance data shown for Class A No Load does not reflect the deduction of the sales load. If reflected, the load would reduce the performance. The Adviser has contractually agreed to waive a portion or all of its management fees and/or pay Fund expenses in order to limit the Net Annual Fund Operating Expenses to 1.20% and 0.95% of average daily net assets of the Fund's Class A shares and Institutional Class shares, respectively until January 27, 2024. *Inception date is 12/31/09 for Poplar Forest Partners Fund IPFPX/PFPFX. Minimum account size is $25,000.*

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 medium sized companies may involve greater risk than investing in larger, more established companies because 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 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. Diversification does not assure a profit, nor does it protect against a loss in a declining market. Earnings growth is not a measure of a fund's performance.

Attribution data is sourced from S&P Global Capital IQ. 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 and the Cornerstone Fund, both of which are distributed by Quasar Distributors, LLC. Basis Point (bp) is a value equaling one one-hundredth of a percent (1/100 of 1%). Earnings Per Share (EPS): is the net income of a company divided by the total number of shares it has outstanding. Dividend Yield: Represents the trailing 12-month dividend yield aggregating all income distributions per share over the past year, divided by the period ending fund or stock share price. It does not reflect capital gains distributions. Free Cash Flow (cash flow): is equal to the after-tax net income of a company plus depreciation and amortization less capital expenditures. 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 Index is unmanaged, and one cannot invest directly in the 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. Yield curve is a line that compares the yield of bonds of equal quality but different maturity dates. In general, bonds with longer maturity dates offer higher yields than bonds with shorter maturity dates, thus producing an upward sloping yield curve.

Return on tangible equity (ROTE) is the name given to the return generated by the investment made into a company by its shareholders.

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