Poplar Forest Funds Quarterly Review

December 31, 2019

About Poplar Forest

Formed in September 2007, Poplar Forest Capital provides investment management to select individual and institutional investors. We currently manage over $1.5 billion of assets using a focused, disciplined and long-term contrarian approach to investing. We offer access to our expertise through two mutual funds:

Poplar Forest Partners Fund: Established in 2009, our flagship fund is a U.S. focused, contrarian value fund designed to complement 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 is comprised of U.S. focused equity and debt securities and is designed to complement 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.

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.

FUND PERFORMANCE OVERVIEW

Average Annual Total Returns % as of December 31 2019

PARTNERS FUND	QTR	YTD	1 YR	3 YR	5 YR	10 YR	ITD
I Shares (IPFPX)	7.40	21.64	21.64	1.87	4.46	9.92	9.92
A Shares No Load (PFPFX)	7.33	21.33	21.33	1.62	4.20	9.65	9.65
A Shares With Load (PFPFX)	1.97	15.25	15.25	-0.10	3.14	9.09	9.09
S&P 500 Index	9.07	31.49	31.49	15.27	11.70	13.56	13.56
Russell 1000 Value Index	7.41	26.54	26.54	9.68	8.29	11.80	11.80

CORNERSTONE FUND	QTR	YTD	1 YR	3 YR	5 YR	10 YR	ITD
I Shares (IPFCX)	5.31	16.61	16.61	3.43	4.73	-	4.73
A Shares No Load (PFCFX)	5.20	16.31	16.31	3.20	4.48	-	4.48
A Shares With Load (PFCFX)	-0.05	10.48	10.48	1.45	3.41	-	3.41
S&P 500 Index	9.07	31.49	31.49	15.27	11.70	-	11.70
60/40 Blended Index*	5.46	22.18	22.18	10.87	8.37	-	8.37
CPI +3%	NA	NA	NA	NA	-	-	NA

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 1.28% gross for the A Shares and 1.00% net and 1.03% gross for the I Shares. The Cornerstone Fund expense ratio is 1.16% net, 1.75% gross for the A Shares and 0.91% net and 1.50% gross for the I Shares. The Advisor has contractually agreed to the fee waiver through at least January 27, 2020. The Partners Fund inception date is 12/31/2009; Cornerstone Fund inception date is 12/31/2014.

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

PARTNERS FUND REVIEW

Portfolio Manager: J. Dale Harvey

The Partners Fund Institutional Class shares produced a return of 7.40% in the quarter ended December 31, 2019 versus a return of 9.07% for the S&P 500 Index and 7.41% for the Russell 1000 Value Index.

Compared to the S&P 500, the Fund benefitted at the sector level from its overweight in the Consumer Staples and Energy sectors as well as its underweight in the Utilities and Real Estate sectors this quarter. Conversely, the Fund's overweight in Financials and Healthcare as well as its underweight in Information Technology negatively impacted performance.

At the security level, the Fund was most positively impacted by its investments in the Materials, Financial, Healthcare and Information Technology sectors with the largest contributors of performance being Reliance Steel and Aluminum in the Materials sector; Bank of America in the Financials sector; CVS Health and Eli Lilly in the Healthcare sector; and Qualcomm in the Information Technology sector. Offsetting this was negative contribution from International Business Machines and in the Information Technology sector; Ally Financial and American International Group in the Financials sector; ViacomCBS in the Communication Services sector; and Antero Resources in the Energy sector.

Value Proposition

As of December 31, 2019, the Fund traded at 11x forward earnings, compared to a forward price-to-earnings multiple (P/E) of 19x and 16x for the S&P 500 Index and Russell 1000 Value Index, respectively. This P/E differential provides a record discount of approximately 40% compared to the S&P 500 and 28% compared to the Russell 1000 Value indices.

	Price-to-Earnings	1YR Earnings Growth (EPS)
Partners Fund	11.3x	16.0%
S&P 500 Index	18.9x	7.3%
Russell 1000 Value Index	15.6x	10.4%

Source: S&P Global Capital IQ as of 12/31/19, forward figures

As we enter 2020, we believe the Fund offers an excellent opportunity for investors who are looking for potential growth at a discount and believe our holdings are poised to outperform the broader market once the value cycle returns.

Market Overview

Market conditions are strong. The S&P 500 Index experienced a steady climb of 9.1% over the quarter. Sentiment has continued to favor growth investing, and in the fourth quarter, the Russell 1000 Growth Index rose 11% while the Russell 1000 Value Index trailed with an increase of 7%. While lagging from a relative standpoint, the Value Index's return was still quite impressive on an absolute basis.

From an economic perspective, the outlook looks favorable. In particular, employment remains very strong—businesses are creating jobs faster than the growth of the working age population and unemployment is at historic low levels. Meanwhile, the international trade situation has improved, with the initial agreement between the U.S. and China underway, as well as a new North American trade agreement in place. These developments provide the confidence of easing some of the uncertainty that hinders business owners from moving ahead with capital expenditures. We see this positive economic backdrop as being a favorable operating environment for our holdings.

Outlook for 2020

We believe the Fund is well positioned as we enter the new year. We are encouraged by the current strong economic environment and the opportunity for continued expansion and GDP (Gross Domestic Product) growth. From an overall market perspective, equity valuations appear reasonable even though the disparity of returns between growth and value investing continued in 2019.

We believe that, in time, investors will once again view value investing in a different light and focus on companies with demonstrated long-term success and impressive levels of free cash flow. Regardless when that shift will take place, we remain fundamentally focused on building a portfolio of companies that have the opportunity for impressive returns as they return to normalized earnings or increase earnings through margin expansion. With a portfolio that trades at a wide discount to the market, we believe the current landscape should bode well for patient investors that embrace value investing.

Portfolio Changes

During the quarter, we established new investments in Carnival and Murphy Oil. Conversely, we exited our positions in Antero Resources and DaVita.

Carnival is the largest cruise line operator in the world with ~45% share of global cruise capacity. Despite its scale in a relatively attractive leisure category, Carnival's mixed execution and elevated European exposure have caused shares to fall out of favor. We see early signs of execution improving, and view Carnival's global scale as a positive over the long term. The company is aggressively deploying its substantial cash flow into new, more efficient, and higher-return ships that will come into operation over the next several years. With shares trading at ~10x next year's earnings estimates, an A-rated balance sheet, and a dividend yield of over 4% at the time of purchase, we believe the opportunity looks attractive.

Murphy Oil seems particularly attractive. Like Antero Resources, the shares are trading at around 2.5x projected cash flow and at a substantial discount to book value (a relevant metric for asset-based businesses like energy producers). Unlike Antero, Murphy is currently generating free cash flow and is returning that free cash to shareholders through dividends that produced a yield of over 4% when we started acquiring the shares. Murphy has a differentiated operating strategy that focuses on offshore energy production and its core area of operation is the Gulf of Mexico, where it is now the fifth largest operator (behind Shell, BP, Chevron and Occidental Petroleum). We believe this differentiated strategy, at a time when many energy producers are focused on shale-based resources, will generate far better results than are reflected in the stock's currently depressed price-to-cash flow valuation. Over the last 20 years, the stock has been valued at over 5.5x trailing cash flow.

Antero Resources proved to be a disappointing investment as U.S. natural gas prices fell to lower levels than we anticipated. From our vantage point, Antero management is running the company well and volumes will continue to grow at attractive rates in the next couple of years, but gas prices are beyond their control. Hedges will protect earnings and cash flow in 2020 and into 2021, but as we looked out beyond 2021, we had less confidence in the cash flow outlook. Given the company's balance sheet, we thought it prudent to move to the sidelines.

DaVita was one of our best performing investments in 2019. When we originally invested, we viewed DaVita as an under-earning business. The problem was a collection of physician practices that the company had acquired. That part of the business wasn't making money and we saw potential for improvement. In a somewhat unexpected, but positive development, DaVita decided to sell the under-performing business to United Health at what we considered a very full price. That transaction closed and the proceeds were used to buy back stock such that the share count today is approximately 40% below where it stood just four years ago. At this point in time, we no longer see DaVita as particularly undervalued and we saw much better potential in Carnival.

It's worth mentioning that Viacom and CBS successfully merged in December and became ViacomCBS. We continue to view the deal as nicely accretive and see opportunity for further industry consolidation, with ViacomCBS both an acquirer or a potential target. The combined company controls the largest share of US TV viewership across all demographics and has a range of growing and underappreciated direct-to-consumer offerings, including *CBS: All Access*, *Showtime OTT*, and *Pluto*. In addition to its strengths, ViacomCBS offered a 2.3% yield at the time of the merger, a solid balance sheet, and a valuation at the very low end of the peer group.

Following these changes, the Fund ended the quarter with 30 investments and 5% cash.

CORNERSTONE FUND REVIEW

Portfolio Managers: J. Dale Harvey and Derek Derman

The Cornerstone Fund Institutional Class shares produced a 5.31% return versus 5.46% for a 60/40 blend of the S&P 500® Index and the Bloomberg Barclays U.S. Aggregate Bond Index in the quarter ended December 31, 2019.

The Fund benefitted from equity investments in the Materials, Healthcare, Information Technology and Consumer Staples sectors this quarter with our top contributors being Reliance Steel & Aluminum (materials), CVS Health (healthcare), Eli Lilly (healthcare), Qualcomm (information technology), and Kroger (consumer staples). The top detractors to our results were Advance Auto Parts (consumer discretionary), ViacomCBS (communication services), Ally Financial (financials), American International Group (financials), and International Business Machines (information technology).

While the overlap between the equities owned in the Cornerstone and Partners funds is high, the Cornerstone Fund remains far more defensive with roughly 7% in cash and equivalents and roughly 25% in fixed income investments. Over time, we would expect the Fund to hold between 25% and 50% in fixed income securities.

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 approximately 68% 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 42% of our fixed income portfolio is invested in Inflation Protected Treasury bonds (TIPs). Considering the current interest rate environment, we are positioning the portfolio for an increase in income produced by TIPs once inflation rises.

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.

We established new equity investments in Carnival and Murphy Oil this quarter, while we exited our positions in Antero Resources and DaVita.

Carnival is the largest cruise line operator in the world with ~45% share of global cruise capacity. Despite its scale in a relatively attractive leisure category, Carnival's mixed execution and elevated European exposure have caused shares to fall out of favor. We see early signs of execution improving, and view Carnival's global scale as a positive over the long term. The company is aggressively deploying its substantial cash flow into new, more efficient, and higher-return ships that will come into operation over the next several years. With shares trading at ~10x next year's earnings estimates, an A-rated balance sheet, and a dividend yield of over 4% at the time of purchase, we believe the opportunity looks attractive.

Murphy Oil seems particularly attractive. Like Antero Resources, the shares are trading at around 2.5x projected cash flow and at a substantial discount to book value (a relevant metric for asset-based businesses like energy producers). Unlike Antero, Murphy is currently generating free cash flow and is returning that free cash to shareholders through dividends that produced a yield of over 4% when we started acquiring the shares. Murphy has a differentiated operating strategy that focuses on offshore energy production and its core area of operation is the Gulf of Mexico, where it is now the fifth largest operator (behind Shell, BP, Chevron and Occidental Petroleum). We believe this differentiated strategy, at a time when many energy producers are focused on shale-based resources, will generate far better results than are reflected in the stock's currently depressed price-to-cash flow valuation. Over the last 20 years, the stock has been valued at over 5.5x trailing cash flow.

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With these changes, the Fund ended the quarter with 34 equity investments and 10 fixed income investments.

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 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.

The Partners Fund top ten holdings and weightings are as follows:

CVS Health	4.53%
Kroger	4.40%
AmerisourceBergen	4.34%
International Business Machines	4.17%
AT&T	4.04%
Bank of America	4.03%
Advance Auto Parts	3.99%
AXA Equitable	3.85%
American International Group	3.83%
Eli Lilly	3.81%

The Cornerstone Fund top ten equity holdings and weightings are as follows:

CVS Health	3.04%
Kroger	3.04%
AmerisourceBergen	2.91%
Advance Auto Parts	2.88%
American International Group	2.81%
AT&T	2.74%
International Business Machines	2.74%
Lincoln National	2.66%

AXA Equitable	2.62%
Eli Lilly	2.59%

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. **Current and future holdings are subject to risk.**

Definitions

Bloomberg Barclays U.S. Aggregate Bond Index is a broad base index, maintained by Bloomberg L.P. since August 24th 2016, It is often used to represent investment grade bonds being traded in United States. You cannot invest directly in an index.

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).

Cash Flow is the net amount of cash and cash-equivalents being transferred into and out of a business.

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 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.

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 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.

Price /Cash Flow Ratio (P/CF) is a stock valuation measure calculated by dividing a firm's cash flow per share into the current stock price. Financial analysts often prefer to value stocks using cash flow rather than earnings because the latter is more easily manipulated.

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 1000® Growth Index measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. 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. It is not possible to invest directly in an index.

PF43269   ML18-005657 exp 10/31/19