Poplar Forest Funds Quarterly Review

June 30, 2019

About Poplar Forest

Formed in September 2007, Poplar Forest Capital provides investment management to select individual and institutional investors. We currently manage over $1.7 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 June 30, 2019						
PARTNERS FUND	**QTR**	**YTD**	**1 YR**	**3 YR**	**5 YR**	**ITD**
I Shares (IPFPX)	-0.26	12.96	-5.14	5.51	2.98	9.62
A Shares No Load (PFPFX)	-0.33	12.80	-5.40	5.24	2.72	9.34
A Shares With Load (PFPFX)	-5.30	7.15	-10.13	3.45	1.67	8.75
S&P 500 Index	4.30	18.54	10.42	14.19	10.71	13.09
Russell 1000 Value Index	3.84	16.24	8.46	10.19	7.46	11.46

CORNERSTONE FUND	**QTR**	**YTD**	**1 YR**	**3 YR**	**5 YR**	**ITD**
I Shares (IPFCX)	0.75	10.17	-0.79	5.21	-	3.95
A Shares No Load(PFCFX)	0.67	10.04	-0.95	4.99	-	3.71
A Shares With Load (PFCFX)	-4.36	4.52	-5.88	3.21	-	2.53
S&P 500 Index	4.30	18.54	10.42	14.19	-	10.51
60/40 Blended Index*	3.96	13.64	9.87	9.51	-	7.60

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 -0.26% in the quarter ended June 30, 2019 versus a return of 4.30% for the S&P 500 Index and 3.84% for the Russell 1000 Value Index.

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

At the security level, the Fund was most negatively impacted by its investments in the Energy, Information Technology, Healthcare and Consumer Staples sectors with the largest detractors of performance being Weatherford International and Antero Resources in the Energy sector; DXC Technology in the Information Technology sector; Eli Lilly in the Healthcare sector; and Kroger in the Consumer Staples sector. Offsetting this was positive contribution from Qualcomm in the Information Technology sector; American International Group, Ally Financial, Citigroup and Lincoln National in the Financial sector.

Perceived Risk in the Current Stock Market

The S&P 500 Index is near all-time highs, but paradoxically we see a heightened level of investor anxiety. Many investors are focused on avoiding perceived risk based on recessionary fears. As a result, they have navigated to areas of the market that they believe are relatively safer, choosing stocks with lower volatility over economically sensitive businesses. From a valuation perspective this has translated into a bias toward very expensive stocks when viewed from a fundamental perspective.

At Poplar Forest, we look at risk differently. When assessing potential investments for the portfolio, we focus on company fundamentals, balance sheet strength and the sustainability of free cash flow. Today's market, however, seems to ignore fundamentals and more narrowly define risk as volatility.

As contrarian value investors, we remain committed to our process of buying companies that are unloved and undervalued. Our investments often trade at meaningful discounts, and we believe they have the potential to outperform the S&P 500 Index over a full market cycle as they return to normalized earnings or expand operating margins.

Partners Fund Valuations Relative to the S&P 500 Index

History shows us that the relative outperformance of value versus growth stocks occurs in cycles. In 1999, valuation discounts were similar to current levels for value stocks. In 2000, the market recognized this extraordinary valuation disparity and shifted in favor of value stocks for several years. While we can't say when a similar shift from growth investing might occur, the Fund's relative valuations are the most attractive they have ever been since the Fund's inception in 2009.

The Fund's current valuations relative to the S&P 500 Index are found below:

Valuation Multiple	Partners Fund	S&P 500	Discount
Price-to-Earnings	10.7x	17.3x	**38%**
Price-to-Book Value	1.4x	3.2x	**55%**
Price-to-Cash Flow	9.5x	22.0x	**57%**
Price-to-Sales	0.6x	2.2x	**71%**

Source: S&P Global Capital IQ as of 6/30/19

This valuation gap provides investors with the opportunity to potentially outperform the broader market when sentiment shifts in favor of value-based investing.

Portfolio Changes

During the quarter, we established new investments in CBS, CVS Health and AT&T. We exited our positions in Abbott Laboratories, Coty and Weatherford International.

CBS is a leading media company with ~$15b in annual revenue, generated primarily through its ownership of the CBS broadcast network (the #1 most watched network for 11 straight years), 29 local TV stations, and the *Showtime* premium cable network. We believe the company's assets are being significantly undervalued by the market due to concerns around the Pay TV ecosystem. We see CBS offsetting these pressures with continued growth from: its successful direct-to-consumer offering (*CBS All Access* and *Showtime)* and affiliate fees for its must-have content. Significant upside potential exists around a long-rumored merger with sister company Viacom, but given the current valuation, solid balance sheet, earnings growth, and dividend yield, we're happy owning CBS without the merger.

CVS Health is a leading provider of health insurance, prescription benefits management, and pharmacy services. The stock is currently trading near five year lows and being valued as if earnings will never grow again. We recently initiated a position and believe the business can grow, while downside risks are low, and we may benefit from an above average dividend yield while we wait for synergies from the Aetna acquisition to materialize.

The combination of AT&T's immense distribution network, Time Warner's differentiated content, and Xandr's analytics creates an enormous opportunity for a stock that has a history of significantly outperforming at this stage in the market cycle. Just getting back to its own (relatively depressed) historical valuation levels provides an attractive upside opportunity, particularly considering the mid-single digit dividend yield.

Abbott Labs is an innovative medical products company benefitting from multiple new product cycles in diabetes, laboratory testing equipment, and cardiovascular devices. At the time of our initial investment, most investors were skeptical about Abbott's pipeline, growth prospects, and recent acquisitions; whereas, our analysis suggested sales, margins, and EPS were all likely to inflect higher. Our investment thesis played out as expected and we exited our position after Abbott's share price appreciated to levels that we believe accurately reflect the company's improving business fundamentals.

Coty had an eventful 12 months, with the shares approaching $6 in late December as fears of a recession and an over-levered balance sheet punished the stock. A better-than-feared earnings release, followed by a tender offer by JAB holdings (which increased JAB's stake from 40% to 60%) caused a swift reversal in sentiment and valuation for Coty's shares. While we remain positive on the company's long-term prospects and JAB's substantial ownership, the risk/reward trade-off above $13 looks far less compelling when combined with significant management turnover, high leverage, and our increased concerns around the critically important mass beauty category.

We became interested in Weatherford when new management laid out plans to streamline a company built by acquisition. The company's portfolio of businesses was too diverse and costs were too high. The long-tenured CEO had been fired and the then CFO had been named interim CEO. He laid out a strategy designed to drive margins to 20% over time while reducing financial leverage. Our initial investment, in December 2016, was based on assumptions that, in our view, were more conservative than suggested by management's plan. However, during the investment period, the stock started a descent. After the stock market closed on May 10th 2019, Weatherford surprisingly announced plans for a voluntary financial reorganization which would benefit bond holders but effectively wipe out shareholders. Following this announcement, we exited our position.

Following these changes, the Fund ended the quarter with 32 investments and 4% cash.

CORNERSTONE FUND REVIEW

Portfolio Managers: J. Dale Harvey and Derek Derman

The Cornerstone Fund Institutional Class shares produced a 0.75% return versus 3.96% for a 60/40 blend of the S&P 500® Index and the Bloomberg Barclays U.S. Aggregate Bond Index in the quarter ended June 30, 2019.

The Fund benefitted from equity investments in the Information Technology and Financial sectors this quarter with our top contributors being Qualcomm (information technology), American International Group (financial), Ally Financial (financial), Citigroup (financial), and Lincoln National (financial). The top detractors to our results were DXC Technology (information technology), Antero Resources (Energy), Eli Lilly (healthcare), Kroger (consumer staples), and MSC Industrial Direct (industrials).

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 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 bonds, with our current exposure being driven by concerns that interest rates could increase further 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 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 32% of our fixed income portfolio is invested in Inflation Protected Treasury bonds (TIPs). The income produced by TIPs increases in periods when 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.

Portfolio Changes

We established new investments in Brixmor Property Group, CBS, CVS Health and AT&T, while we exited our positions in Abbott Laboratories and Coty.

Brixmor owns and operates roughly 425 open-air shopping centers with a gross leasable area of 74M square feet. The vast majority (75%) of Brixmor's portfolio is community centers (125K-400K sf) with the remainder being power centers (12%), grocery-anchored regional centers (11%) and other properties. Brixmor's shares trade at the low end of the REIT universe due to concerns about retailer tenants. However, we believe the company has reasonable debt levels, healthy dividend coverage (6.5% yield) and a repositioning plan that should start to produce funds from operations growth. Brixmor has a challenged history, but new management is repositioning the neglected portfolio to drive long-term value. Management is wisely disposing of weaker centers and redeploying the capital into higher return opportunities. Additionally, the company is executing on its plan to fix property leases at below-market rates. As these rents are renegotiated and troubled tenants replaced, we see a much improved growth profile that should help lift the company's underappreciated valuation.

CBS is a leading media company with ~$15b in annual revenue, generated primarily through its ownership of the CBS broadcast network (the #1 most watched network for 11 straight years), 29 local TV stations, and the *Showtime* premium cable network. We believe the company's assets are being significantly undervalued by the market due to concerns around the Pay TV ecosystem. We see CBS offsetting these pressures with continued growth from: its successful direct-to-consumer offering (*CBS All Access* and *Showtime)* and affiliate fees for its must-have content. Significant upside potential exists around a long-rumored merger with sister company Viacom, but given the current valuation, solid balance sheet, earnings growth, and dividend yield, we're happy owning CBS without the merger.

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The combination of AT&T's immense distribution network, Time Warner's differentiated content, and Xandr's analytics creates an enormous opportunity for a stock that has a history of significantly outperforming at this stage in the market cycle. Just getting back to its own (relatively depressed) historical valuation levels provides an attractive upside opportunity, particularly considering the mid-single digit dividend yield.

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With these changes, the Fund ended the quarter with 36 equity 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 equity holdings and their percentage weights as of 6/30/2019:

American International Group	5.44
AmerisourceBergen	4.74
Reliance Steel & Aluminum	4.72
Ally Financial	4.67
International Business Machines	4.50
Lincoln National	4.35
MSC Industrial Direct	4.00
DXC Technology	3.88
Qualcomm	3.62
Kroger	3.57

The Cornerstone Fund top ten equity holdings and their percentage weights as of 6/30/2019:

American International Group	3.25
Ally Financial	3.24
AmerisourceBergen	3.14
International Business Machines	3.09
Lincoln National	2.98
Merck	2.87

MSC Industrial Direct	2.73
Reliance Steel & Aluminum	2.70
DXC Technology	2.59
Qualcomm	2.44

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).

Dividend yield is a stock's dividend as a percentage of the stock price. Dividend Yield = Annual Dividend / Current Stock Price

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.

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) of a fund is the weighted average of the price/book ratios of all the stocks in a fund's portfolio.

Price/Cash Flow (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.

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/Sales Ratio represents the amount an investor is willing to pay for a dollar generated from a particular company's operations.

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.

A REIT, or real estate investment trust, is a closed-end investment company that owns assets related to real estate such as buildings, land and real estate securities. REITs sell on the major stock market exchanges just like common stock.

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.

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