Poplar Forest Funds Quarterly Review

December 31, 2018

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 December 31, 2018						
PARTNERS FUND	**QTR**	**YTD**	**1 YR**	**3 YR**	**5 YR**	**ITD**
I Shares (IPFPX)	-20.97	-18.61	-18.61	3.14	2.41	8.69
A Shares No Load (PFPFX)	-21.01	-18.80	-18.80	2.89	2.16	8.42
A Shares With Load (PFPFX)	-24.96	-22.87	-22.87	1.15	1.12	7.80
S&P 500 Index	-13.52	-4.38	-4.38	9.26	8.49	11.73
Russell 1000 Value Index	-11.72	-8.27	-8.27	6.95	5.95	10.27
CORNERSTONE FUND	**QTR**	**YTD**	**1 YR**	**3 YR**	**5 YR**	**ITD**
I Shares (IPFCX)	-13.95	-10.49	-10.49	4.09	-	1.95
A Shares No Load(PFCFX)	-13.92	-10.62	-10.62	3.85	-	1.72
A Shares With Load (PFCFX)	-18.23	-15.07	-15.07	2.10	-	0.42
S&P 500 Index	-13.52	-4.38	-4.38	9.26	-	7.23
60/40 Blended Index*	-7.56	-2.35	-2.35	6.50	-	5.17

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, 1.83% gross for the A Shares and 0.91% net and 1.58% gross for the I Shares. The Advisor has contractually agreed to the fee waiver through at least January 27, 2019. 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 -20.97% in the quarter ended December 31, 2018 versus a return of -13.52% for the S&P 500 Index and -11.72% for the Russell 1000 Value Index.

For the quarter, the Fund benefitted at the sector level from its overweight to the Healthcare sector and its underweight to Industrials and Information Technology. Conversely, the Fund's overweight to the Energy and Financial sectors negatively impacted performance.

At the security level, the Fund was most negatively impacted by its investments in the Energy, Financials and Consumer Discretionary sectors with the largest detractors of performance being Weatherford International, Antero Resources, and Noble Energy in the Energy sector; Citigroup in the Financial sector; and Tapestry in the Consumer Discretionary sector. Offsetting this was positive contribution from Eli Lilly, Merck and Abbott Labs in the Healthcare sector; DXC Technology in the Information Technology sector; and Kroger in the Consumer Staples sector.

Would you please share your thoughts on recent stock market volatility?

Increased market volatility and negative investor sentiment has caused investors to ignore the strong underlying fundamentals of many companies and focus solely on perceived risk. As a result, we are in the midst of a "risk-off" market which has discounted the price of economically sensitive businesses in the financial services, industrials and energy sectors while rewarding companies in the utilities and consumer staples sectors. Additionally, in the fourth quarter, year-end tax loss harvesting and algorithmic trading seem to have exaggerated the market drawdown.

We believe the recent decline is a near-term correction in an ongoing bull market. Macroeconomic factors support our view that indiscriminate selling in the market is unwarranted. The Federal Reserve has been on a path to normalize monetary policy, not to raise rates for the purpose of cooling down an overheated market. The level of inflation at 2%, coupled with a Fed funds rate of 2.25% to 2.50% indicates sustainable growth.

In our view, the fundamentals of the companies in the Fund remain solid and healthy. We have strong conviction in our holdings that currently have low valuations despite their positive outlooks. In our view, many of these companies have become extremely underpriced, and we believe the recent market sell-off has created an excellent buying opportunity.

Why might now be an opportune time to invest in the Fund?

Currently, we believe the discount levels on several key metrics are very attractive. The Fund is trading at over a 30% discount to the S&P 500 Index on a price-to-earnings basis as of December 31, 2018. The Fund also looks inexpensive based on several valuation metrics:

Valuation Multiple	Partners Fund	S&P 500	Discount (%)
Price-to-Earnings	10.21x	14.83x	**31**
Price-to-Sales	0.66x	1.94x	**66**
Price-to-Book Value	1.28x	2.84x	**55**
Price-to-Cash Flow	10.42x	18.97x	**45**

Our opinion is that the companies in the Fund could generate long-term earnings growth of more than 11% per year. Based on current prices as well as expectations of growth, we believe the Fund offers a compelling long-term opportunity for patient investors.

The largest sector weightings in the Fund have been financials and healthcare. Would you please comment on what makes these sectors attractive?

The Fund concentrates on our "best ideas" and typically holds 25-35 stocks. The Fund's largest weighting is in Financials, an unloved sector of the current market. With respect to our Financial holdings, return on equity and absolute earnings have improved, thus providing clear evidence that fundamentals are stable to improving. However, these improvements are not reflected in the stock price, as valuations compressed by more than 20% over the quarter. As market sentiment shifts away from a risk-off environment and back to fundamentals, these companies should have the potential to quickly recover.

Regarding the Healthcare sector, the Fund holds select large pharmaceutical companies, considered to be in a more stable category, as well as some healthcare stocks that tend to be more volatile and therefore have experienced valuation compression based on price-to-earnings ratios. We believe their deeply discounted stock prices will be reversed as investors turn their attention to valuations based on fundamentals.

Were there any changes to the fund's portfolio in the fourth quarter?

During the quarter, we established new investments in DXC Technology and AXA Equitable; we didn't exit any positions this investment period.

We re-established a position in DXC Technology, taking advantage of a fairly significant re-rating of the stock following two earnings reports in which the company posted slower than expected growth in their digital franchise. The valuation extrapolates declines in both the core and the growth businesses, which fails to reflect that over two-thirds of the company's revenue base is highly recurring. Management will continue to invest behind growth initiatives and rationalize the cost structure in the core business, leading to expanding margins. Finally, the company intends to return over one-third of free cash flow to shareholders, which suggests a very attractive return profile for a stock that is trading at a significant discount when compared to the company's trading history, its peers and the overall market.

European insurer AXA sold a 28% stake in its Equitable Life Insurance business unit, and over time, plans to exit its position completely. The May IPO priced below the anticipated range as investors shunned life insurers and worried about future share offerings. However, the market's negativity is creating an interesting opportunity. As an independent entity, we believe AXA Equitable should benefit from optimizing its investment portfolio and enhancing productivity. The firm is well established in the markets in which it competes with leading market share and robust distribution. Capital is at targeted levels, suggesting healthy share buyback potential. Finally, we believe profitability is already strong and should improve, so to us, it seems that investor concerns are exaggerated. In our view, AXA Equitable shares are deeply discounted to the market. The company maintains a strong capital position, has generated healthy profitability and should be able to achieve healthy EPS growth.

Following these changes, the Fund ended the quarter with 32 investments and less than 1% cash.

CORNERSTONE FUND REVIEW

Portfolio Managers: J. Dale Harvey and Derek Derman

The Cornerstone Fund Institutional Class shares produced a -13.95% return versus -7.56% for a 60/40 blend of the S&P 500® Index -13.52% and the Bloomberg Barclays U.S. Aggregate Bond Index 1.64% in the quarter ended December 31, 2018.

The Fund benefitted from equity investments in the Healthcare, Financial and Consumer Staples sectors this quarter with our top contributors being Merck (healthcare), Eli Lilly (healthcare), Abbott Laboratories (healthcare), AXA Equitable (financials), and Kroger (consumer). The top detractors to our results were Tapestry (consumer), Citigroup (financials), Devon Energy (energy), Baker Hughes (energy), and Noble Energy (energy).

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 5% in cash and equivalents and roughly 30% 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 65% 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 27% of our fixed income portfolio is invested in Inflation Protected Treasury bonds (TIPs). The income produced by TIPs increases in periods when inflation rises. We also own one Treasury note whose income is indexed to short-term interest rates. The note comprises 7% of the fixed income portfolio and should protect purchasing power if interest rates rise as we expect.

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

Quarterly Changes

We made new investments in Antero Resources, AXA Equitable and E-TRADE Financial this quarter, and we exited our position in EQT Corporation.

Both Antero and EQT are low cost natural gas producers in the Marcellus shale with large and attractive acreage positions that provide many years of future drilling potential. We swapped our position in EQT for Antero Resources this quarter due to what we believe is a superior risk/reward profile in Antero after comparing the two companies at various commodity prices and accounting for current share prices. Antero's balance sheet has improved, and we believe, is likely on a path towards an investment grade rating within the next year. EQT's nominal dividend of $0.01 was not a big factor in the decision making process.

European insurer AXA sold a 28% stake in its Equitable Life Insurance business unit, and over time, plans to exit its position completely. The May IPO priced below the anticipated range as investors shunned life insurers and worried about future share offerings. However, the market's negativity is creating an interesting opportunity. As an independent entity, we believe AXA Equitable should benefit from optimizing its investment portfolio and enhancing productivity. The firm is well established in the markets in which it competes with leading market share and robust distribution. Capital is at targeted levels, suggesting healthy share buyback potential. Finally, we believe profitability is already strong and should improve, so to us, it seems investor concerns are exaggerated. In our view, AXA Equitable shares are deeply discounted to the market. The company maintains a strong capital position, has generated healthy profitability and should be able to achieve healthy EPS growth.

We believe E-TRADE shares represent a compelling investment opportunity after investors expressed frustration with the company's decision to remain independent. JP Morgan's entry into the online brokerage industry caused a sell-off in the company's shares. E-TRADE undertook a strategic review approximately two years ago after the board's dissatisfaction with the company's performance compared to peers. As a result, the company established several financial measurements that would need to be achieved to justify remaining independent. After it became clear that these measurements would not be met, anticipation grew that E-TRADE would put itself up for auction. However, with management making strong strides, the board agreed to keep the company independent and initiated a $7+ EPS target by 2022. Investors who were focused on short-term gains exited their positions, especially after JP Morgan's "free" commission offering appeared to suggest competition was intensifying. In our review, E-TRADE's financial targets are based on reasonable assumptions and the JP Morgan threat is no different than several other offers already in the marketplace. Therefore, we find E-TRADE an attractive investment opportunity that should benefit from the secular shift to discount brokers, higher interest rates and management's plan to lift margins. If management fails to execute, we would expect a sale of the company.

With these changes, the Fund ended the quarter with 35 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 Growth Fund invests in other funds and ETFs an investor will indirectly bear the principal risks and its share of the fees and expenses of the underlying funds. Investments in asset-backed and mortgage-backed securities involve additional risks such as credit risk, prepayment risk, possible illiquidity and default, and increased susceptibility to adverse economic developments. Diversification does not assure a profit, nor does it protect against a loss in a declining market.

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

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

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

The Partners Fund top ten equity holdings and their percentage weights as of 12/31/2018:

Qualcomm	4.88
MSC Industrial Direct	4.84
Bank of America	4.79
AmerisourceBergen	4.76
American International Group	4.73
Reliance Steel & Aluminum	4.64
Citigroup	4.29
International Business Machines	4.16
Lincoln National	4.12
Ally Financial	4.09

The Cornerstone Fund top ten equity holdings and their percentage weights as of 12/31/2018:

Qualcomm	3.15
Abbott Labs	3.03
MSC Industrial Direct	2.93
AmerisourceBergen	2.89
Merck	2.89

Zimmer Biomet	2.71
International Business Machines	2.63
Advance Auto Parts	2.59
Citigroup	2.59
American International Group	2.49

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).

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

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

Free Cash Flow is 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.

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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