Poplar Forest Capital

Active. Contrarian. Value.

Manager Commentary: Poplar Forest Partners Fund

as of March 31, 2021

In the following commentary, the Poplar Forest investment team discusses the market as we close out the first quarter of 2021, the recent recovery in value-oriented stocks, changes in the portfolio, and the Fund's investment case.

1 Can you discuss your views on the economy and the market in light of the recent recovery for value stocks?

Due to robust economic activity, the air is starting to come out of the growth bubble. Progress on vaccination efforts and record stimulus injections into the economy have resulted in a bullish outlook on the market, a benefit for low-expectation value stocks. As referenced in the chart on page 2, the Russell 1000 Value outperformed both the Russell 1000 Growth and the S&P 500 year to date. So far this year, investors have allocated $11.5 billion into U.S. large cap value exchange traded funds, versus almost $4 billion in outflows from growth funds.[1]

We view this value recovery in two tranches: cyclical value and defensive value. Economically-exposed cyclical businesses— Financials, Energy, and Industrials, for example— have been early beneficiaries. However, the defensive half of Value, such as Real Estate or Consumer Staples, is still cheap and has yet to participate. So, we may have more of this "recovery runway" to experience: economists surveyed by the Wall Street Journal predict economic growth will accelerate by almost 6% this year, the fastest pace in nearly four decades.[1] Although we don't know the length of this recovery, it will be defined by the magnitude. Two critical components we will continue to evaluate are employment reports and the shape of the yield curve. Employment is improving faster than anyone expected, and most forecasters think the unemployment rate will be lower than anticipated. In recent months, the yield curve has steepened, an additional positive sign for a stronger economy. We expect both these positive trends to continue.

2 How is the Fund positioned for the remainder of this recovery?

Although growth in actual company earnings has rebounded, this reality is not reflected in earnings estimates. Historically, coming out of recessions, Wall Street analysts underestimate how strong recoveries will be. The 2022 expected earnings for our portfolio companies are still 10% below actual earnings from 2019. So, the earnings we estimate, for example, are not embedded in a 14x P/E based on consensus 2021 expectations. Additionally, our portfolio has a 5.6% free cash flow yield (latest 12 months) and we believe that can grow 9-10% per year for the next three to four years.

We also believe the Fund is well positioned for reflation, driven by a record amount of federal stimulus. Financials, Energy and Materials comprise roughly 43% of the Fund, all beneficiaries of reflation. Yet, research suggests that only 20-25% of stimulus is making its way into the economy (versus stock markets and bank

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Investment Team

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About Poplar Forest

Poplar Forest Capital is purposefully different: We are active, contrarian, value investors. Dale Harvey, CEO and CIO, founded the firm in 2007 after 16 years with Capital Group, where upon his resignation, he managed roughly $20 billion in client assets for the American Funds.

Fund Characteristics

Net Assets	$300M
# of Holdings	30
Turnover Rate	34%
Ticker Symbol (I Shares)	IPFPX
Ticker Symbol (A Shares)	PFPFX

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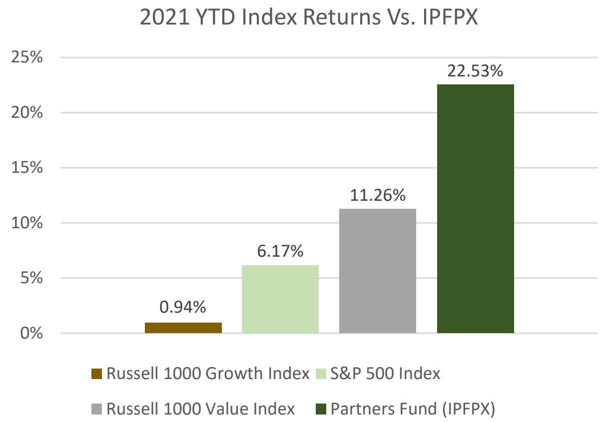
accounts). That means there is a large amount of cash and borrowing capacity on the sidelines that has yet to further benefit economic activity and the reflation trade. Furthermore, congressional approval of infrastructure spending could further benefit these economically-sensitive companies.

3 What changes were made to the portfolio during the quarter and what are you focused on for the Fund's future outlook?

We did not establish any new positions or eliminate any existing positions during the quarter. Although our process is focused on bottom-up, company-specific research, macro activities will influence where we focus our attention. We are looking at opportunities that would benefit from an infrastructure bill, beneficiaries of reflation, and companies that would fall into the aforementioned defensive value category. However, the most important observation right now is that everyone from the White House to Congress to the U.S. Treasury to the Federal Reserve is committed to delivering more robust economic growth. If the next eight years follow the same pattern as 2000-2007, and value stocks outperform growth stocks, then we believe the companies in our concentrated, high-conviction, benchmark-agnostic portfolio could shine.



Disclosures and Definitions

Past performance does not guarantee future results. Index performance is not indicative of fund performance. To obtain fund performance visit www. poplarforestfunds.com or call 1-877-522-8860. Earnings growth is not representative of the Fund's future performance.

The most recent standardized quarterly performance can be found by clicking here. Composition of sector weightings and fund holdings are subject to change and are not recommendations to buy or sell any securities.

Mutual fund investing involves risk. Principal loss is possible. The Fund 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 Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. 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 Fund may invest in options, which may be subject to greater fluctuations in value than an investment in the underlying securities.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory prospectus and summary prospectus contain this and other important information and can be obtained by calling 1-877-522-8860 or by visiting www.poplarforestfunds.com. Read it carefully before investing.

Free Cash Flow is equal to the after-tax net income of a company plus depreciation and amortization minus capital expenditures. The S&P 500 Index is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. Reflation is a fiscal or monetary policy to expand output, stimulate spending, and curb the effects of deflation, which usually occurs after a period of economic uncertainty or a recession. The term may also be used to describe the first phase of economic recovery after a period of contraction. 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 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. One cannot invest directly in an index. Price/Earnings (P/E) is the ratio of a firm's closing stock price & its earnings/share. 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.

Poplar Forest Capital, LLC (the "Adviser") is the Investment Adviser to the Fund. Poplar Forest Partners Fund is distributed by Quasar Distributors, LLC.

[1] Michael Wursthorn,'Stocks Favored in Reopening Trade Hit Turbulence', The Wall Street Journal, March 29, 2021, https://www.wsj.com/articles/stocks-favored-in-reopening-trade-hit-turbulence-11617010200?mod=hp_lead_pos4

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