Edgar Lomax Value Fund

Market Commentary
(through 12/31/17)

We are pleased to provide an update regarding the performance of the Edgar Lomax Value Fund through December 31, 2017. The Edgar Lomax Company is the Fund's investment advisor. We are considered a traditional large-cap value manager, and seek to achieve above-average long-term results by participating fully in rising markets while limiting "bear market" losses.

During 2017's final three months, **the Fund's portfolio ran well ahead of its benchmarks**—an especially pleasing development, given that both the quarter and full calendar year environments favored large "growth" stocks over their large "value" counterparts. Specifically, our holdings rose **7.57%** during the quarter versus S&P 500 Value and S&P 500 respective returns of **6.33%** and **6.64%**. Following is a summary of average annual total returns through December 31, 2017:

	Fund	**S&P 500 Value**	**S&P 500**	**Lipper Large Cap Value Average**
1-year	**19.48%**	**15.36%**	**21.83%**	**15.85%**
5-year	**14.97%**	**14.24%**	**15.79%**	**13.34%**
10-year	**7.82%**	**6.80%**	**8.50%**	**6.56%**

Performance data quoted represents past performance and 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 (866) 205-0524 or visiting www.edgarlomax.com*. Before deducting fees that the Advisor contractually waived or expenses of the Fund that the Advisor absorbed, the gross expense ratio is 1.02%*; however, after such waivers or absorptions, the Fund's maximum net expense ratio is 0.70%. Including the voluntary performance-based waiver arrangement, actual Total Annual Fund Operating Expenses (the net expenses that investors paid) were 0.50% for the fiscal year ended October 31, 2017.*

As the year closed, the dominant theme for many investors was an eagerness to own (at almost any cost) the headline-grabbing "growth" names, primarily among the "FAANG" stocks (that is, Facebook, Amazon, Apple, Netflix and Google) or those related to cryptocurrencies and artificial intelligence. While, in general, their valuations appear excessive, some are downright extreme with investors enjoying little if any margin of safety. Among those companies with actual reported profits, Amazon may be the most striking example of over-valuation, with a year-end price-to-earnings ratio ("P/E") of 297. This excitement may continue for a time, but it <u>will</u> end and, like previous bubbles, probably in dramatic fashion.

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* Figures are from the Fund's prospectus dated February 28, 2017. The Advisor has contractually agreed to waive its fees and/or absorb expenses of the Fund to ensure that the Fund's Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursement (excluding acquired fund fees and expenses, interest, taxes and extraordinary expenses) do not exceed 0.70% through at least February 27, 2018. In addition, the Advisor has voluntarily agreed to waive a portion of its investment advisory fee contingent upon the Fund's performance versus the S&P 500 Value Index. While the Advisor may discontinue its voluntary waiver any time after February 27, 2018, it has no intention of doing so.

Before closing, let's look at a few of the Fund's stocks and see how they performed for us during the quarter ended December 31, 2017. On a sector basis, the quarter's largest absolute gains came from our Financial and Information Technology positions. The Financial sector rose a bit over 12%, with the largest contribution coming from Allstate (up 14.5%). Our continued strong outlook for the company earns it a nearly-maximum weighting in the portfolio at about 5%. This is a well-run, conservatively-financed and highly profitable company. Moreover, even after its recent price appreciation, it remains undervalued with a P/E of just 15 (versus an S&P 500 P/E of 25). Information Technology, meanwhile, rose nearly 14% with the lion's share coming from Intel (up 22%). It, too, has an enviably-strong balance sheet and a record of having delivered fairly steady earnings. Intel's fundamentals remain attractive versus the index, with a P/E of just 16 and a dividend yield of 2.4% (the S&P 500 yields 1.9%).

One reality of investing is that, even in a "bull" market, your top holdings will seldom rise in lockstep each quarter; some of them will require more patience. A prime example is the performance of CVS Health this past quarter. The stock declined roughly 16% in the aftermath of its offer to acquire Aetna, and as stiff competition and continued pressure on drug reimbursements took the shine off what we find to be a very profitable enterprise (with a price-to-earnings ratio of just 15 versus the S&P 500's ratio of 25). We are actually hopeful that the pending acquisition of Aetna will enhance revenue while limiting expenses (thus, higher profits).

Must be preceded or accompanied by a prospectus.

Mutual fund investing involves risk; principal loss is possible. "Value" investing as a strategy may be out of favor in the market for an extended period. Value stocks can perform differently from the market as a whole and from other types of stocks. Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.

Investment performance reflects expense waivers in effect. In the absence of such waivers, total return would be reduced.

The opinions expressed are those of the investment advisor, are subject to change, and forecasts made cannot be guaranteed. Fund holdings and sector allocations are subject to change and should not be considered recommendations to buy or sell any security. As of December 31, 2017 the Fund held 13.43% in Financials, 5.00% in Allstate, 9.57% in Information Technology, 1.90% in Intel and 3.31% in CVS Health.

The price-to-earnings ratio is calculated by dividing the current price of a stock by the company's trailing 12 months' earnings per share.

The Dividend Yield is calculated by dividing a company's per-share projected annual dividend payment by the company's stock price per share.

The S&P 500 Growth Index is a capitalization-weighted index of stocks in the S&P 500 Index which exhibit strong growth characteristics. The S&P 500 Value Index is a capitalization-weighted index of stocks in the S&P 500 Index which exhibit strong value characteristics. The S&P 500 Index is an unmanaged capitalization-weighted index of 500 stocks designed to represent the broad domestic economy. Lipper Averages are compiled by Lipper, Inc., an independent mutual fund research and rating service. Each Lipper average represents a universe of funds with similar investment objectives. You cannot invest directly in an index.

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